

BANGKOK COMMERCIAL ASSET MNGT.
THAILAND / FINANCE & SECURITIES

BAM TB

HOLD

FROM BUY

ปรับลดประมาณการจากผลของการเก็บเงินสด

- เราปรับลดประมาณการกำไรสุทธิ 3Q23 ลงเหลือ 423 ลบ. จากผลของการเก็บเงินสดที่ลดลง
- เราปรับลดประมาณการกำไรสุทธิปี 2023-25 ลง 23.7-26.7% พร้อมคาดว่ากำไรจะโตลดลงในปี 2024-25
- เราปรับลดคำแนะนำเป็นถือที่ราคาเป้าหมายใหม่ที่ 9.5 บาท

TARGET PRICE	THB9.50
CLOSE	THB8.85
UP/DOWNSIDE	+7.3%
PRIOR TP	THB14.00
CHANGE IN TP	-32.1%
TP vs CONSENSUS	-24.5%

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Operating profit	3,206	2,202	2,315	2,388
Net profit	2,724	1,769	1,852	1,910
EPS (THB)	0.84	0.55	0.57	0.59
vs Consensus (%)	-	(27.1)	(30.7)	(36.8)
Recurring net profit	2,724	1,769	1,852	1,910
Core EPS (THB)	0.84	0.55	0.57	0.59
Chg. In EPS est. (%)	-	(23.7)	(25.0)	(26.6)
EPS growth (%)	4.8	(35.0)	4.7	3.2
Core P/E (x)	10.5	16.2	15.4	15.0
Dividend yield (%)	6.2	4.2	4.4	4.1
Price/book (x)	0.7	0.7	0.6	0.6
ROE (%)	6.3	4.0	4.2	4.3
ROA (%)	2.1	1.3	1.3	1.3

ปรับลดประมาณการกำไรสุทธิ 3Q23

เราปรับลดประมาณการกำไรสุทธิ 3Q23 ลง 44% เป็น 423 ลบ. (ทรงตัว q-q แต่ลดลง 41% y-y) จาก 756 ลบ. ก่อนหน้า ส่วนมากจากการปรับสมมติฐานการเก็บเงินสด เราคาดว่ากำไรก่อนหักสำรอง (PPOP) อยู่ที่ 1.5 พัน ลบ. (-9.2% q-q, -21.9% y-y) โดยแรงกดดันส่วนมากน่าจะมาจากความล่าช้าในการเก็บเงินสดจากหนี้และสินทรัพย์ต่อคุณภาพขนาดใหญ่ 2 รายการคิดเป็นเงินรวม 500-600 ลบ. ลูกหนี้ทั้งที่เป็นหนี้และสินทรัพย์ต่อคุณภาพต่างกำลังคืนเงินในการหาเงินกู้จากธนาคารซึ่งก่อให้เกิดความล่าช้าอย่างยาวนานในการเก็บเงินสด นอกจากนี้รายการขนาดใหญ่ทั้งสองดังกล่าวแล้ว การเก็บเงินสดจากสินทรัพย์ต่อคุณภาพ (NPA) ยังมีแนวโน้มต่ำกว่าที่เราและบริษัท คาดจากความต้องการ NPA ที่ลดลงในท่ามกลางสภาวะเศรษฐกิจที่ไม่สดใส แม้ว่า BAM จะออกมาตรการและกลยุทธ์ในด้านราคาเชิงรุกในระหว่างไตรมาส เราคาดว่ากำไรจะจบที่ 3.82 พัน ลบ. ลดลงจากประมาณการก่อนหน้า 12.8% และต่ำกว่าเป้าของ BAM อยู่ 15% โดยจะลดลง 7.5% q-q และ 13.8% y-y

การลงทุนเชิงรุกมากขึ้นจะทำให้สัดส่วนหนี้ต่อส่วนผู้ถือหุ้นเพิ่มขึ้น

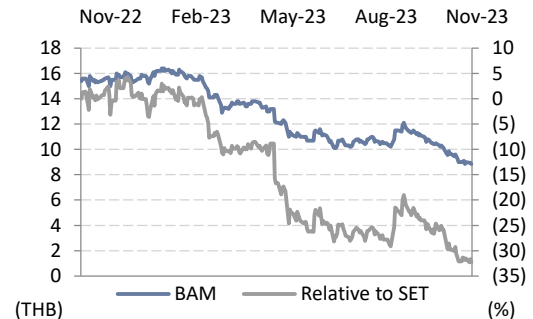
ใน 3Q23 BAM เร่งซื้อหนี้ใหม่โดยเราคาดว่าบริษัท จะลงทุนเพิ่มอีก 5 พัน ลบ. ซึ่งมากกว่าประมาณการก่อนหน้าของเราที่ 1.63 พัน ลบ. อยู่มาก ตัวเลขดังกล่าวทำให้เราปรับเพิ่มประมาณการลงทุนใน NPL ใหม่เป็น 15 พัน ลบ. จาก 11 พัน ลบ. และทำให้คาดว่าสัดส่วนหนี้สินต่อส่วนผู้ถือหุ้น (D/E ratio) จะออกมาที่ 2.19x และ 2.15x ณ สิ้น 3Q23 และ 4Q23 ตามลำดับ (เพิ่มจากประมาณการก่อนหน้าที่ 2.04x และ 2.03x)

ปรับลดประมาณการกำไรปี 2023-25 ลง 23.7-26.7%

เราคาดว่ากำไรสุทธิ 9M23 อยู่ที่ 1.1 พัน ลบ. (-40% y-y) เราปรับลดประมาณการกำไรสุทธิปี 2023-25 ของเราลง 23.7-26.7% เพื่อสะท้อนการเก็บเงินสดจากลูกค้าขนาดใหญ่ที่ต่ำกว่าคาดและการชะลอตัวในธุรกิจ NPA แม้ว่าภาพหลังจะเป็นลบ เราคาดว่ากำไรเติบโตของกำไรในปี 2024-25 จะอยู่ในช่วง 3.2-4.7% จากการขยายฐานสินทรัพย์ทำกำไร อย่างไรก็ตามเรายังคงระมัดระวังเกี่ยวกับธุรกิจ NPA ซึ่งมีลักษณะผันผวน

ปรับลดคำแนะนำเป็นถือที่ราคาเป้าหมาย 9.5 บาท

เราปรับอัตราส่วนลดในแบบจำลองการประเมินมูลค่าด้วยวิธี NAV ของเราภายใต้สมมติฐานสถานการณ์การชำระบัญชีเพื่อสะท้อนความเสี่ยงทางเศรษฐกิจที่สูงขึ้นและความสามารถในการชำระหนี้ที่ลดลงซึ่งทำให้เราปรับลดคำแนะนำของเราเป็นถือจากซื้อที่ราคาเป้าหมาย 9.5 บาท (NAV) ลดลงจาก 14 บาทก่อนหน้าและคิดเป็นค่า P/BV ได้ที่ 0.7x (จาก 1x)



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(15.7)	(19.5)	(43.3)
Relative to country (%)	(10.1)	(9.3)	(33.2)
Mkt cap (USD m)	790		
3m avg. daily turnover (USD m)	3.4		
Free float (%)	21		
Major shareholder	FIDF (46%)		
12m high/low (THB)	16.60/8.70		
Issued shares (m)	3,232		

Sources: Bloomberg consensus; FSSIA estimates



Usanee Liurut, CISA

Fundamental Investment Analyst on Capital Market; License no. 017928
usanee.l@fssia.com, +66 2646 9967

Maeta Cherdasatirakul

Research Assistant
maeta.c@fssia.com, +66 2646 9971

Investment thesis

We have a HOLD call on BAM due to :

- The muted cash collection performance in 2023 from both NPL and NPA segments, pressured by the gloomy economy and low purchasing power of debtors and NPA customers.
- We expect BAM's earnings to contract 35% y-y in 2023 from weak domestic macroeconomic factors, while we forecast 3.2-4.7% bottom-line growth in 2024-25, following the firm's expansion in its earnings asset base.
- Our downward revisions from our previous estimates lead us to expect short-term negative share price movement for BAM. Our NAV-based valuation model suggests a fair value of THB9.5, implying a P/BV ratio of 0.7x. Given the limited upside, we reduce our recommendation to HOLD from Buy.

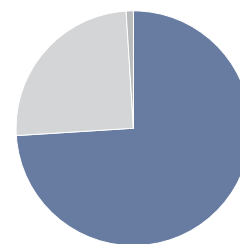
Company profile

BAM was established in 1998 following the financial crisis in Thailand. Its key businesses include the purchase or transfer of non-performing loans (NPLs) and non-performing assets (NPAs) for management or for further disposal or transfer.

www.bam.co.th

Principal activities (1H23, 2022)

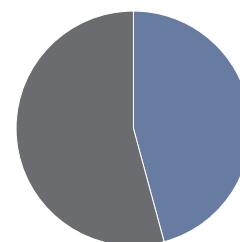
- NPLs management - 74 %
- NPAs management - 25 %
- Other income - 1 %



Source: Bangkok Commercial Asset Mngt.

Major shareholders

- FIDF - 45.8 %
- Others - 54.2 %



Source: Bangkok Commercial Asset Mngt.

Catalysts

- A higher-than-expected supply of NPLs for sale from financial institutions;
- Higher-than-expected investment in bad debts;
- Higher-than-expected cash collection from NPL receivables;
- Higher-than-expected NPA cash collection due to market

Risks to our call

Downside risks to our NAV-based TP include 1) lower cash collection than estimated; 2) lower-than-expected bad debt acquisition; and 3) a slowdown in the property market. Upsides include 1) better-than-expected economic conditions and debt repayment momentum; and 2) an acceleration in the demand for NPAs.

Event calendar

Date	Event
10 Nov 2023	3Q23 results announcement
13 Nov 2023	3Q23 analyst meeting

Key assumptions

	2023E	2024E	2025E
Net profit	1,769	1,852	1,910
Net profit growth (%)	(35.0)	4.7	3.2
Cash collection	16,264	16,699	17,676
Cash collection ratio (%)	12.1	11.7	12.0
Purchase of A/R	15,000	11,000	11,550
Growth (%)	85.7	(26.7)	5.0
Cost to income (%)	32.5	31.8	31.5

Source: FSSIA estimates

Earnings sensitivity

		2024E		
Cash collection ratio	±25bp	11.4	11.7	11.9
% change in net profit		(8.8)	-	8.8
Cost to income	±1ppt	30.8	31.8	32.8
% change in net profit		4.3	-	(4.3)

Source: FSSIA estimates

3Q23E net profit revised downward

We cut our 3Q23 net profit forecast to THB423m from THB756m previously – a 44% cut – flat q-q but contracting 41% y-y, largely from our revised cash collection assumption. We forecast 3Q23 PPOP at THB1.5b, falling 9.2% q-q and 21.9% y-y. The negative pressure came largely from the delay in cash collection from two big-ticket NPL and NPA items amounting to THB500-600m in total. Both NPL and NPA receivables were struggling with bank financing, causing the prolonged delay in cash collection. Apart from the big-ticket items, the overall momentum in NPA collection fell short of both our and the company's estimates, weakened by softer NPA demand amid the gloomy economic backdrop, despite BAM's aggressive campaigning and pricing strategy during the quarter. We estimate 3Q23 cash collection to finish at THB3.82b, down from our previous estimate by 12.8% and short of BAM's guidance by 15%, implying a drop of 7.5% q-q and 13.8% y-y.

Exhibit 1: BAM – 3Q23 earnings preview

	3Q22	4Q22	1Q23	2Q23	3Q23E	----- Change -----		9M22	9M23E	Change	% of	2023E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)	23E	(THB m)	(y-y%)
Interest income	2,532	2,528	2,156	2,249	2,250	0.0	(11.1)	7,328	6,655	(9.2)	71	9,429	(4.3)
Interest income from purchased loans	1,515	1,521	1,548	1,607	1,590	(1.1)	4.9	4,555	4,745	4.2	72	6,620	9.0
Gain from purchased loans	1,005	972	566	604	585	(3.1)	(41.8)	2,731	1,755	(35.7)	68	2,598	(29.8)
Interest income from installment A/R	27	30	33	22	50	127.3	85.2	82	105	28.0	78	135	20.8
Other interest-related income	(19)	(5)	(2)	6	15	150.0	(178.9)	(47)	19	(140.4)	49	39	(173.5)
Interest expenses	672	694	693	722	732	1.3	8.9	1,943	2,147	10.5	75	2,874	9.0
Net interest income	1,860	1,834	1,463	1,527	1,518	(0.6)	(18.3)	5,385	4,508	(16.3)	69	6,555	(9.2)
Non-interest income	752	954	542	864	760	(12.1)	1.0	1,988	2,166	9.0	69	3,158	7.4
Gain from properties for sale	690	782	489	575	615	6.9	(10.8)	1,753	1,680	(4.2)	66	2,528	(0.3)
Gain from installment A/R	49	53	35	275	120	(56.4)	143.2	195	430	120.7	79	545	120.3
Other income	13	119	18	14	25	80.1	91.3	40	57	42.4	67	85	(46.6)
Total revenue	2,612	2,788	2,005	2,391	2,278	(4.7)	(12.8)	7,373	6,675	(9.5)	69	9,714	(4.4)
Operating expenses	692	861	684	742	780	5.1	12.7	2,027	2,206	8.9	70	3,152	9.2
Operating profit, PPOP	1,920	1,926	1,321	1,649	1,498	(9.2)	(21.9)	5,346	4,469	(16.4)	68	6,561	(9.8)
Expected credit losses	1,048	860	987	1,126	970	(13.8)	(7.4)	3,189	3,082	(3.4)	71	4,322	6.7
Pre-tax income	872	1,067	334	524	528	0.9	(39.4)	2,157	1,386	(35.7)	62	2,240	(30.5)
Income tax	152	191	57	88	106	19.6	(30.4)	291	251	(13.7)	58	433	(10.2)
Net profit	716	866	267	425	423	(0.6)	(41.0)	1,858	1,114	(40.0)	63	1,769	(35.0)
EPS (THB)	0.22	0.27	0.08	0.13	0.13	(0.6)	(41.0)	0.6	0.3	(40.0)	63	0.55	(35.0)
Cash collection													
Total cash collection	4,429	5,293	3,221	4,127	3,816	(7.5)	(13.8)	11,539	11,164	(3.2)	69	16,264	(3.4)
NPL Collection	2,552	3,118	1,972	2,013	2,071	2.9	(18.8)	6,997	6,057	(13.4)	66	9,218	(8.9)
NPA Collection	1,877	2,175	1,249	2,114	1,744	(17.5)	(7.0)	4,542	5,107	12.5	72	7,047	4.9
Key financial items													
Gross NPL	78,475	80,838	81,409	84,193	89,297	6.1	13.8	78,475	89,297	13.8		87,893	8.7
Gross NPA	42,744	42,938	44,047	43,946	44,412	1.1	3.9	42,744	44,412	3.9		45,152	5.2
Additional acquisition	379	4,962	2,650	4,723	5,000	5.9	1,219.3	3,117	12,373	297.0		15,000	85.7
Key financial ratios (%)													
Cost to income	26.5	30.9	34.1	31.0	34.2			27.5	33.1			32.5	
Cost of funds	3.3	3.3	3.2	3.3	3.3			3.2	3.3			3.3	
Gross margin	71.2	65.8	73.0	63.9	66.6			73.0	67.5			67.5	
Net profit margin	27.4	31.1	13.3	17.8	18.6			25.2	16.7			18.2	
ROA (%)	2.2	2.6	0.8	1.3	1.2			2.0	1.1			1.3	
ROE (%)	6.7	8.0	2.4	3.9	3.9			5.9	3.5			4.1	
D/E (x)	2.0	2.0	2.1	2.1	2.2			2.0	2.2			2.2	
IBD/E (x)	1.9	2.0	1.9	2.0	2.0			1.9	2.0			2.1	

Sources: BAM; FSSIA estimates

More aggressive investment to weigh on gearing

During 3Q23, BAM accelerated its new debt acquisition – we expect the company to report THB5b in additional investment – which was much more aggressive than our previous forecast of THB1.63b. This prompts us to raise our new NPL investment estimate to THB15b from THB11b, resulting in our expected D/E ratio to finish at 2.19x and 2.15x at the end of 3Q23 and 4Q23, respectively (up from our former estimates of 2.04x and 2.03x). We expect BAM to retain its appetite on the pricing of its new investment at a 50-60% discount from the loan's collateral value, while we expect the company to exhibit repayments from new NPLs within the next 6-12 months.

Exhibit 2: BAM's investment and cash collection with new estimates

	2018	2019	2020	2021	2022	2023E	2024E	2025E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)
Investment	10,971	12,810	10,600	3,663	8,079	15,000	11,000	11,550
Purchased loan receivables - net	75,434	77,375	77,726	73,406	72,384	79,439	82,506	85,863
Cash collection	16,569	19,732	13,134	15,995	16,832	16,264	16,699	17,676
Outstanding debt under management	81,719	83,622	85,922	81,678	80,838	87,893	90,960	94,317

Sources: BAM; FSSIA estimates

2023-25E earnings revised down by 23.7-26.7%

Our estimates suggest a 9M23 net profit of THB1.1b, decreasing 40% y-y. In addition, we cut our 2023-25 net profit forecasts by 23.7-26.7% to reflect the worse-than-expected cash collection from big-ticket receivables and the slowdown in the overall NPA business. Despite the worse-than-expected cash collection backdrop, we forecast the bottom-line growth in 2024-25 to be within the range of 3.2-4.7% because of the expansion in the earnings asset base. However, we remain cautious of the volatile nature of its NPA business.

Exhibit 3: 2023-25E earnings revisions

	Current			Previous			Change		
	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E
Net profit (THB m)	1,769	1,852	1,910	2,318	2,468	2,604	(23.7)	(25.0)	(26.7)
Net profit growth (%)	(35.0)	4.7	3.2	(14.9)	6.5	5.5			
New debt acquisition (THB m)	15,000	11,000	11,550	11,000	11,550	12,128			
Net interest income growth (%)	(9.2)	2.5	5.5	(12.8)	5.9	4.4			
Non-interest income growth (%)	7.4	2.7	9.2	18.7	4.6	6.2			
Total cash collection	16,264	16,699	17,676	16,585	17,584	18,654			
NPL collection	9,218	9,471	10,137	9,052	9,538	10,098			
NPA collection	7,047	7,228	7,538	7,533	8,046	8,556			

Source: FSSIA estimates

Rating changed to HOLD at a new NAV-based TP of THB9.5

We have adjusted the discount rate on our NAV-based valuation model under a liquidation scenario assumption to reflect the heightened economic risk and deterioration of debtors' repayment ability, leading to a reduction in our recommendation on BAM to HOLD from Buy with a NAV-based TP of THB9.5 (from THB14 previously), implying a P/BV of 0.7x (from 1x).

Exhibit 4: NAV-based TP, revision

	New	Previous
NPL - Reported appraisal value	183,649	183,649
Discount rate	55%	55%
NPL - Discounted appraisal value	82,642	82,642
NPA - Reported appraisal value	69,275	69,275
Discount rate	70%	50%
NPA - Discounted appraisal value	20,782	34,637
Total appraisal value	103,424	117,279
Cash and equivalents	1,074	1,074
Discount rate	95%	90%
Other assets - Discounted	16	33
Interest bearing liabilities	86,943	86,943
Net Asset Value	30,608	44,479
No. of shares	3,233	3,233
NAV per share	9.5	14.0

Sources: BAM; FSSIA estimates

Financial Statements

Bangkok Commercial Asset Mngt.

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Interest Income	9,569	9,838	9,429	9,750	10,420
Interest expense	(2,559)	(2,637)	(2,912)	(3,055)	(3,350)
Net interest income	7,010	7,201	6,517	6,695	7,070
Net fees & commission	-	-	-	-	-
Foreign exchange trading income	-	-	-	-	-
Securities trading income	-	-	-	-	-
Dividend income	0	0	0	0	0
Other income	3,737	2,942	3,158	3,242	3,541
Non interest income	3,737	2,942	3,158	3,242	3,541
Total income	10,747	10,143	9,676	9,937	10,611
Staff costs	-	-	-	-	-
Other operating costs	(2,727)	(2,888)	(3,152)	(3,169)	(3,344)
Operating costs	(2,727)	(2,888)	(3,152)	(3,169)	(3,344)
Pre provision operating profit	8,020	7,255	6,523	6,769	7,266
Expected credit loss	(4,765)	(4,049)	(4,322)	(4,454)	(4,879)
Other provisions	-	-	-	-	-
Operating profit	3,255	3,206	2,202	2,315	2,388
Recurring non operating income	0	0	0	0	0
Associates	-	-	-	-	-
Goodwill amortization	-	-	-	-	-
Non recurring items	0	0	0	0	0
Profit before tax	3,255	3,206	2,202	2,315	2,388
Tax	(656)	(482)	(433)	(463)	(478)
Profit after tax	2,600	2,724	1,769	1,852	1,910
Non-controlling interest	0	0	0	0	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	2,600	2,724	1,769	1,852	1,910
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	2,600	2,724	1,769	1,852	1,910
Per share (THB)					
Recurring EPS *	0.80	0.84	0.55	0.57	0.59
Reported EPS	0.80	0.84	0.55	0.57	0.59
DPS	0.55	0.55	0.37	0.39	0.37
Growth					
Net interest income (%)	(7.2)	2.7	(9.5)	2.7	5.6
Non interest income (%)	50.6	(21.3)	7.4	2.7	9.2
Pre provision operating profit (%)	8.5	(9.5)	(10.1)	3.8	7.4
Operating profit (%)	48.3	(1.5)	(31.3)	5.1	3.2
Reported net profit (%)	41.3	4.8	(35.1)	4.7	3.2
Recurring EPS (%)	41.3	4.8	(35.0)	4.7	3.2
Reported EPS (%)	41.3	4.8	(35.0)	4.7	3.2
Income Breakdown					
Net interest income (%)	65.2	71.0	67.4	67.4	66.6
Net fees & commission (%)	-	-	-	-	-
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	-	-	-	-	-
Dividend income (%)	-	-	-	-	-
Other income (%)	34.8	29.0	32.6	32.6	33.4
Operating performance					
Gross interest yield (%)	-	-	-	-	-
Cost of funds (%)	3.05	3.18	3.31	3.35	3.56
Net interest spread (%)	(3.05)	(3.18)	(3.31)	(3.35)	(3.56)
Net interest margin (%)	-	-	-	-	-
Cost/income(%)	25.4	28.5	32.6	31.9	31.5
Cost/assets(%)	2.1	2.2	2.3	2.3	2.3
Effective tax rate (%)	20.1	15.0	19.7	20.0	20.0
Dividend payout on recurring profit (%)	68.4	65.3	68.5	68.0	62.0
ROE (%)	6.1	6.3	4.0	4.2	4.3
ROE - COE (%)	(4.7)	(4.5)	(6.8)	(6.6)	(6.5)
ROA (%)	2.0	2.1	1.3	1.3	1.3
RORWA (%)	-	-	-	-	-

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Bangkok Commercial Asset Mngt.; FSSIA estimates

Financial Statements

Bangkok Commercial Asset Mngt.

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Gross customer loans	81,678	80,838	87,893	90,960	94,317
Allowance for expected credit loss	(17,850)	(21,710)	(25,582)	(29,427)	(33,503)
interest in suspense	9,578	13,256	17,128	20,973	25,049
Net customer loans	73,406	72,384	79,439	82,506	85,863
Bank loans	-	-	-	-	-
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	470	476	500	500	500
Cash & equivalents	99	86	92	96	124
Other interesting assets	33,833	39,576	38,583	37,881	39,184
Tangible fixed assets	1,163	1,139	1,163	1,188	1,213
Associates	-	-	-	-	-
Goodwill	-	-	-	-	-
Other intangible assets	-	-	-	-	-
Other assets	16,933	19,143	17,986	17,930	18,348
Total assets	125,904	132,805	137,763	140,100	145,232
Customer deposits	-	-	-	-	-
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	80,154	85,552	90,380	91,892	96,176
Non interest bearing liabilities	2,995	3,544	3,721	3,908	4,103
Hybrid Capital	-	-	-	-	-
Total liabilities	83,148	89,097	94,101	95,799	100,279
Share capital	16,160	16,160	16,160	16,160	16,160
Reserves	26,595	27,548	27,502	28,142	28,793
Total equity	42,756	43,708	43,662	44,302	44,954
Non-controlling interest	0	0	0	0	0
Total liabilities & equity	125,904	132,805	137,763	140,100	145,232
Supplementary items					
Risk weighted assets (RWA)	n/a	n/a	n/a	n/a	n/a
Average interest earning assets	n/a	n/a	n/a	n/a	n/a
Average interest bearing liabilities	83,787	82,853	87,966	91,136	94,034
CET 1 capital	n/a	n/a	n/a	n/a	n/a
Total capital	0	0	0	0	0
Gross non performing loans (NPL)	n/a	n/a	n/a	n/a	n/a
Per share (THB)					
Book value per share	13.23	13.52	13.51	13.71	13.91
Tangible book value per share	13.23	13.52	13.51	13.71	13.91
Growth					
Gross customer loans	(4.9)	(1.0)	8.7	3.5	3.7
Average interest earning assets	-	-	-	-	-
Total asset (%)	(4.7)	5.5	3.7	1.7	3.7
Risk weighted assets (%)	-	-	-	-	-
Customer deposits (%)	-	-	-	-	-
Leverage & capital measures					
Customer loan/deposits (%)	-	-	-	-	-
Equity/assets (%)	34.0	32.9	31.7	31.6	31.0
Tangible equity/assets (%)	34.0	32.9	31.7	31.6	31.0
RWA/assets (%)	-	-	-	-	-
CET 1 CAR (%)	-	-	-	-	-
Total CAR (%)	-	-	-	-	-
Asset Quality (FSSIA's calculation)					
Change in NPL (%)	-	-	-	-	-
NPL/gross loans (%)	-	-	-	-	-
Allowance for ECL/gross loans (%)	21.9	26.9	29.1	32.4	35.5
Allowance for ECL/NPL (%)	-	-	-	-	-
Valuation					
Recurring P/E (x) *	11.0	10.5	16.2	15.4	15.0
Recurring P/E @ target price (x) *	11.8	11.3	17.4	16.6	16.1
Reported P/E (x)	11.0	10.5	16.2	15.4	15.0
Dividend yield (%)	6.2	6.2	4.2	4.4	4.1
Price/book (x)	0.7	0.7	0.7	0.6	0.6
Price/tangible book (x)	0.7	0.7	0.7	0.6	0.6
Price/tangible book @ target price (x)	0.7	0.7	0.7	0.7	0.7

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Bangkok Commercial Asset Mngt.; FSSIA estimates

Bangkok Commercial Asset Mngt (BAM TB)

FSSIA ESG rating

55.19 /100

Exhibit 5: FSSIA ESG score implication

Rating	Score	Implication
★★★★★	>79-100	Leading its industry peers in managing the most significant ESG risks which not only better cost efficiency but also lead to higher profitability.
★★★★	>59-79	A mixed track record of managing the most significant ESG risks and opportunities relative to industry peers.
★★★	>39-59	Relevant ESG materiality matrix has been constructively addressed, well-managed and incorporated into day-to-day operations, in which targets and achievements are evaluated annually.
★★	>19-39	Relevant ESG materiality matrix has been identified with key management in charge for progress to be followed up on and to provide intensive disclosure. Most targets are conventional and achievable.
★	1-19	The company has adopted the United Nations Sustainable Development Goals (UN SDGs), established sustainability management guidelines and fully complies with regulations or ESG suggested guidance from related organizations such as the SET and SEC.

Sources: FSSIA estimates

Exhibit 6: ESG – peer comparison

	FSSIA	Domestic ratings						Global ratings						Bloomberg	
	ESG score	DJSI	SET THSI	THSI	CG score	AGM level	Thai CAC	Morningstar ESG risk	ESG Book	MSCI	Moody's	Refinitiv	S&P Global	ESG score	Disclosure score
SET100	69.20	5.34	4.40	4.40	4.76	4.65	3.84	Medium	51.76	BBB	20.87	58.72	63.91	3.72	28.17
Coverage	67.12	5.11	4.15	4.17	4.83	4.71	3.53	Medium	52.04	BB	16.97	56.85	62.09	3.40	31.94
BAM	55.19	--	Y	Y	5.00	4.00	Certified	Medium	47.11	B	--	49.29	14.00	2.88	54.79
CHAYO	13.00	--	--	--	4.00	4.00	--	--	--	--	--	--	--	--	--
JMT	35.60	--	--	--	4.00	5.00	Declared	Medium	--	BBB	--	12.70	13.00	--	39.90

Sources: SETTRADE.com; FSSIA's compilation

Exhibit 7: ESG score by Bloomberg

FY ending Dec 31	FY 2019	FY 2020	FY 2021	FY 2022
ESG financial materiality scores - ESG score	—	—	2.16	2.88
BESG environmental pillar score	—	—	0.00	0.00
BESG social pillar score	—	—	2.08	3.50
BESG governance pillar score	—	—	4.46	4.59
ESG disclosure score	30.85	37.10	45.20	54.79
Environmental disclosure score	0.00	14.38	32.35	55.45
Social disclosure score	11.28	15.66	22.01	27.72
Governance disclosure score	81.10	81.10	81.10	81.10
Environmental				
Emissions reduction initiatives	No	No	Yes	Yes
Climate change policy	No	No	No	No
Climate change opportunities discussed	No	No	No	No
Risks of climate change discussed	No	No	No	No
GHG scope 1	—	—	0	0
GHG scope 2 location-based	—	—	1	1
GHG Scope 3	—	—	2	0
Carbon per unit of production	—	—	—	—
Biodiversity policy	No	No	No	No
Energy efficiency policy	No	No	Yes	Yes
Total energy consumption	—	—	10	3
Renewable energy use	—	—	0	0
Electricity used	—	—	7	2
Fuel used - natural gas	—	—	—	—

Sources: Bloomberg; FSSIA's compilation

Exhibit 8: ESG score by Bloomberg (cont.)

FY ending Dec 31	FY 2019	FY 2020	FY 2021	FY 2022
Fuel used - crude oil/diesel	No	No	No	No
Waste reduction policy	No	No	Yes	Yes
Hazardous waste	—	—	0	0
Total waste	—	—	0	0
Waste recycled	—	—	—	0
Waste sent to landfills	—	—	—	—
Environmental supply chain management	No	Yes	Yes	Yes
Water policy	No	No	No	Yes
Water consumption	—	—	30	28
Social				
Human rights policy	Yes	Yes	Yes	Yes
Policy against child labor	Yes	Yes	Yes	Yes
Quality assurance and recall policy	No	No	No	No
Consumer data protection policy	No	Yes	Yes	Yes
Equal opportunity policy	No	No	Yes	Yes
Gender pay gap breakout	No	No	No	No
Pct women in workforce	—	—	53	55
Pct disabled in workforce	—	—	—	—
Business ethics policy	Yes	Yes	Yes	Yes
Anti-bribery ethics policy	Yes	Yes	Yes	Yes
Health and safety policy	Yes	Yes	Yes	Yes
Lost time incident rate - employees	—	—	0	0
Total recordable incident rate - employees	—	—	—	—
Training policy	Yes	Yes	Yes	Yes
Fair remuneration policy	No	No	No	No
Number of employees – CSR	1,297	1,291	1,285	1,285
Employee turnover pct	—	—	—	8
Total hours spent by firm - employee training	—	—	39,835	43,690
Social supply chain management	No	Yes	Yes	Yes
Governance				
Board size	10	10	9	11
No. of independent directors (ID)	4	4	4	5
No. of women on board	3	3	2	2
No. of non-executive directors on board	7	6	6	10
Company conducts board evaluations	Yes	Yes	Yes	Yes
No. of board meetings for the year	22	19	15	15
Board meeting attendance pct	92	98	99	97
Board duration (years)	3	3	3	3
Director share ownership guidelines	No	No	No	No
Age of the youngest director	47	48	49	50
Age of the oldest director	64	65	66	67
No. of executives / company managers	7	9	9	8
No. of female executives	1	2	2	2
Executive share ownership guidelines	No	No	No	No
Size of audit committee	4	4	4	4
No. of ID on audit committee	4	4	4	4
Audit committee meetings	18	16	16	16
Audit meeting attendance %	85	98	97	97
Size of compensation committee	3	4	3	4
No. of ID on compensation committee	1	2	2	3
No. of compensation committee meetings	14	17	12	14
Compensation meeting attendance %	98	100	100	98
Size of nomination committee	3	4	3	4
No. of nomination committee meetings	14	17	12	14
Nomination meeting attendance %	98	100	100	98
Sustainability governance				
Verification type	No	No	No	No

Sources: Bloomberg; FSSIA's compilation

Disclaimer for ESG scoring

ESG score	Methodology	Rating																				
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.																				
Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET)	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for THSI inclusion , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. SETTHSI Index is extended from the THSI companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.																				
CG Score by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).																				
AGM level by Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). (The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																				
Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. (Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.																				
Morningstar Sustainalytics	The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality & peer reviews.	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>NEGL</th> <th>Low</th> <th>Medium</th> <th>High</th> <th>Severe</th> </tr> </thead> <tbody> <tr> <td>0-10</td> <td>10-20</td> <td>20-30</td> <td>30-40</td> <td>40+</td> </tr> </tbody> </table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+										
NEGL	Low	Medium	High	Severe																		
0-10	10-20	20-30	30-40	40+																		
ESG Book	The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.	The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.																				
MSCI	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers.																					
	<table border="1"> <tbody> <tr> <td>AAA</td> <td>8.571-10.000</td> <td rowspan="3">Leader:</td> <td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td>AA</td> <td>7.143-8.570</td> </tr> <tr> <td>A</td> <td>5.714-7.142</td> </tr> <tr> <td>BBB</td> <td>4.286-5.713</td> <td rowspan="3">Average:</td> <td rowspan="3">a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td> </tr> <tr> <td>BB</td> <td>2.857-4.285</td> </tr> <tr> <td>B</td> <td>1.429-2.856</td> </tr> <tr> <td>CCC</td> <td>0.000-1.428</td> <td>Laggard:</td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </tbody> </table>	AAA	8.571-10.000	Leader:	leading its industry in managing the most significant ESG risks and opportunities	AA	7.143-8.570	A	5.714-7.142	BBB	4.286-5.713	Average:	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	BB	2.857-4.285	B	1.429-2.856	CCC	0.000-1.428	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks	
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Moody's ESG solutions	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.																					
Refinitiv ESG rating	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. (Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)																					
S&P Global	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.																					
Bloomberg	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.																				
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.																				

Source: FSSIA's compilation

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Usanee Liurut, CISA FSS International Investment Advisory Securities Co., Ltd

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History of change in investment rating and/or target price

Bangkok Commercial Asset Mngt. (BAM TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
23-Nov-2020	BUY	24.00	05-Nov-2021	BUY	22.00	02-Nov-2022	BUY	20.00
17-May-2021	BUY	20.60	20-Dec-2021	BUY	25.50	02-Oct-2023	BUY	14.00
03-Aug-2021	BUY	19.40	08-Aug-2022	BUY	22.00			

Usanee Liurut, CISA started covering this stock from 02-Oct-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Bangkok Commercial Asset Mngt.	BAM TB	THB 8.85	HOLD	Downside risks to our NAV-based TP include 1) lower cash collection than estimated; 2) lower-than-expected bad debt acquisition; and 3) a slowdown in the property market. Upsides include 1) better-than-expected economic conditions and debt repayment momentum; and 2) an acceleration in the demand for NPAs.

Source: FSSIA estimates

Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finansia Syrus Securities Public Company Limited

FSSIA may incorporate the recommendations and target prices of companies currently covered by FSS Research into equity research reports, denoted by an 'FSS' before the recommendation. FSS Research is part of Finansia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 01-Nov-2023 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as $(\text{target price}^* - \text{current price}) / \text{current price}$.

BUY (B). The upside is 10% or more.

HOLD (H). The upside or downside is less than 10%.

REDUCE (R). The downside is 10% or more.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

Industry Recommendations

Overweight. The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.

Neutral. The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.

Underweight. The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

Country (Strategy) Recommendations

Overweight (O). Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Neutral (N). Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Underweight (U). Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.