

BANGKOK COMMERCIAL ASSET MNGT.

THAILAND / FINANCE & SECURITIES

BAM TB

HOLD

UNCHANGED

TARGET PRICE	THB8.75
CLOSE	THB8.10
UP/DOWNSIDE	+8.0%
PRIOR TP	THB9.50
CHANGE IN TP	-7.9%
TP vs CONSENSUS	-14.5%

Further earnings cut from prolonged gloom

- We have a more negative view on BAM's operations in 4Q23 from a lack of positive catalysts from both the NPL and NPA segments.
- We further cut our 2023-25E net profit by to reflect prolonged concerns over the overall economy and lending conditions.
- We maintain our HOLD call on BAM and cut our 2024 TP to THB8.75.

Cash collection gloom from the muted macro backdrops

BAM's analyst meeting mainly focused on the 3Q23 cash collection, which showed a disappointing q-q drop. It disclosed THB864m worth of big-ticket backlogs, of which BAM expects 80% of the amount to be realizable by 4Q23. The firm has given an outlook for NPA collection that should pick up in 4Q23 from the seasonal influence and visible backlogs, while the gloom in NPL collection should be prolonged, citing the muted economic conditions. BAM toned down its expected cash collection and stated that a mere THB16b should be reachable (10% below prior target of THB17.8b).

More backlogs from both NPLs and NPAs

The firm has disclosed a THB864m backlog (THB440m from NPLs, THB424m from NPAs), accumulated from prior postponed backlogs and new items, 80% of which BAM is confident to collect within 4Q23, with around 70-80% of the collection realizable as gains. However, we have not considered these items in our estimates due to their uncertain nature, accompanied with the ongoing strict lending conditions from banks. Any positive development can be displayed as upsides to our forecasts.

2023-25E earnings cut; no new meaningful catalyst for 4Q23-2024

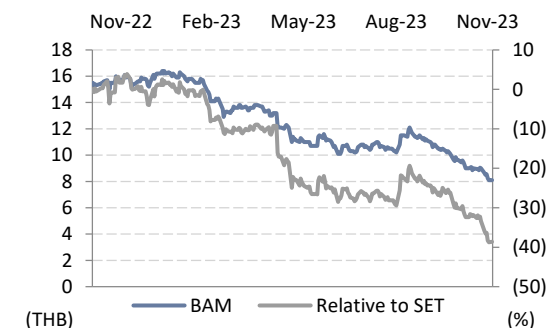
BAM gave no new catalyst for the current NPL collection shortfall. The firm expects to miss its 4Q23 collection target formerly set at THB3b from the backdrop of the tight debt level and the deteriorating purchasing power of households. In contrast, the firm showed confidence in its 4Q23 NPA performance mainly from the visible sales from campaigning events and online channels, amounting to over THB3.8b. However, we remain cautious about the dimmed demand and tightened lending conditions from banks, which should reflect prolonged underperformance in the NPA business until 2024. We further cut our forecasts for 2023/24/25 by 14.4%/3.6%/0.1% to reflect our concern over the macroeconomic impact on the firm's performance. We estimate a 7-20% net profit growth rate for 2024-25 due to earnings asset expansion, but remain cautious of BAM's high volatility.

We maintain our HOLD call; 2024TP cut to THB8.75

We maintain HOLD and further cut our NAV-based 2024 TP of THB9.5 to THB8.75, implying a P/BV ratio of 0.64x, via adjusting the discount rate on BAM's asset appraisal value to reflect our estimate cuts in 4Q23-2024.

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Operating profit	3,206	1,841	2,174	2,326
Net profit	2,724	1,515	1,783	1,907
EPS (THB)	0.84	0.46	0.55	0.59
vs Consensus (%)	-	(25.7)	(22.4)	(32.5)
Recurring net profit	2,724	1,515	1,783	1,907
Core EPS (THB)	0.84	0.46	0.55	0.59
Chg. In EPS est. (%)	-	(16.0)	(3.7)	(0.2)
EPS growth (%)	4.8	(45.4)	19.9	7.0
Core P/E (x)	9.6	17.6	14.7	13.7
Dividend yield (%)	6.8	4.0	4.6	4.5
Price/book (x)	0.6	0.6	0.6	0.6
ROE (%)	6.3	3.5	4.1	4.3
ROA (%)	2.1	1.1	1.3	1.3



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(16.1)	(22.9)	(48.7)
Relative to country (%)	(12.2)	(14.6)	(39.5)
Mkt cap (USD m)	727		
3m avg. daily turnover (USD m)	3.9		
Free float (%)	21		
Major shareholder	FIDF (46%)		
12m high/low (THB)	16.60/8.05		
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 Cherdsatirakul

 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, which should be prolonged until 2024, pressured by a high level of household debt and the low purchasing power of debtors and NPA customers.
- We expect BAM's earnings to contract by 45.4% y-y in 2023 from weak domestic macroeconomic factors, while we forecast 7-20% bottom-line growth in 2024-25, following the firm's expansion in its earnings asset base.
- Our downward revisions from our previous estimates are from our more negative outlook on BAM. Our NAV-based valuation model suggests a fair value of THB8.75, implying a P/BV ratio of 0.64x. Given the limited upside, we maintain our HOLD recommendation.

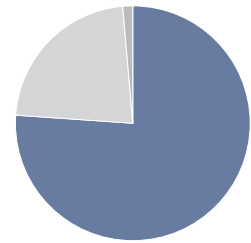
Company profile

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 (revenue, 2022)

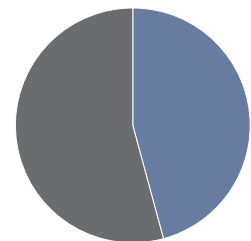
- NPLs management - 76.1 %
- NPAs management - 22.5 %
- Other income - 1.4 %



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 strategies.

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
Mid-Feb 2024	2023 results announcement

Key assumptions

	2023E	2024E	2025E
Net profit	1,515	1,783	1,907
Net profit growth (%)	(45.4)	17.7	7.0
Cash collection	15,971	16,521	17,423
Cash collection ratio (%)	11.7	11.5	11.6
Purchase of A/R	14,000	11,000	11,550
Growth (%)	73.3	(21.4)	5.0
Cost to income (%)	33.0	31.7	30.9

Source: FSSIA estimates

Earnings sensitivity

		2024E		
Cash collection ratio	±25bp	11.3	11.5	11.7
% change in net profit		(9.2)	-	9.2
Cost to income	±1ppt	30.8	31.8	32.8
% change in net profit		4.3	-	(4.3)

Source: FSSIA estimates

Cash collection gloom from the muted macro backdrops

BAM's analyst meeting mainly focused on the 3Q23 cash collection, which showed a disappointing q-q drop. The company disclosed THB864m worth of big-ticket backlogs, of which BAM expects 80% of the amount to be realizable by 4Q23. The firm has given an outlook for NPA collection that should pick up in 4Q23 from the seasonal influence and visible backlogs, while the gloom in NPL collection should be prolonged, with BAM citing the muted economic conditions. BAM toned down its expected cash collection and stated that a mere THB16b should be reachable (10% below prior target of THB17.8b).

Exhibit 1: Quarterly cash collection performance vs target

	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23
Company's target	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)
NPL	2,593	3,070	2,298	2,682	2,521	2,999
NPA	1,704	2,839	1,169	1,782	1,967	2,382
Actual results	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)
NPL	2,552	3,118	1,972	2,013	2,146	n/a
NPA	1,877	2,175	1,249	2,114	1,716	n/a

Sources: BAM; FSSIA's compilation

More backlogs showed from both NPLs and NPAs

The firm has disclosed a THB864m backlog (THB440m from NPLs, THB424m from NPAs), accumulated from prior postponed backlogs and new items, 80% of which BAM is confident to collect within 4Q23, with around 70-80% of the collection realizable as gains. However, we have not considered these items in our estimates due to their uncertain nature, accompanied with the ongoing strict lending conditions from banks. Any positive development can be displayed as upsides to our forecasts.

Slowdown in 4Q23 investment, entering wait-and-see mode

BAM plans to continue investing for the remainder of the year but not as aggressive as in the past 9M23 – a movement similar to its peers, reflecting a higher amount of industry NPL sales cancellations by banks. Meanwhile, it intends to put more weight on monitoring supplies in 2024, which are expected to be abundant from the currently high amount of SMLs.

2023-25E earnings cut; no new meaningful catalyst for 4Q23-2024

BAM gave no new catalyst for the current NPL collection shortfall. The firm expects to miss its 4Q23 collection target formerly set at THB3b from the backdrop of the tight debt level and the deteriorating purchasing power of households. In contrast, the firm showed confidence in its 4Q23 NPA performance, mainly from the visible sales from campaigning events and online channels, amounting to over THB3.8b. However, we remain cautious about the dimmed demand and tightened lending conditions from banks, which should reflect prolonged underperformance in the NPA business until 2024. We further cut our forecasts for 2023/24/25 by 14.4%/3.7%/0.1% to reflect our concern over the macroeconomic impact on the firm's performance. We estimate a 7-20% net profit growth rate for 2024-25 due to earnings asset expansion, but remain cautious of BAM's high volatility.

We maintain our HOLD call; 2024 TP cut to THB8.75

We maintain our HOLD recommendation and further cut our NAV-based 2024 TP of THB9.5 to THB8.75, implying a P/BV ratio of 0.64x, via adjusting the discount rate on BAM's asset appraisal value to reflect our estimate cuts in 4Q23-2024.

Exhibit 2: 2023-25E earnings revisions

	Current			Previous			Change		
	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E
Net profit (THB m)	1,515	1,783	1,907	1,769	1,852	1,910	(14.4)	(3.7)	(0.1)
Net profit growth (%)	(45.4)	19.9	7.0	(35.0)	4.7	3.1			
New debt acquisition (THB m)	14,000	11,000	11,550	15,000	11,000	11,550			
Net interest income growth (%)	(15.1)	4.6	4.9	(9.2)	2.5	5.5			
Non-interest income growth (%)	(1.1)	12.9	7.3	7.4	2.7	9.2			
Total cash collection (THB m)	15,971	16,521	17,423	16,264	16,699	17,676			

Source: FSSIA estimates

Exhibit 3: BAM – 3Q23 operations summary

	3Q22	4Q22	1Q23	2Q23	3Q23	Change		9M23	Change	% of	2023E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(y-y%)	23E	(THB m)	(y-y%)
Interest income	2,532	2,528	2,156	2,249	2,288	1.7	(9.6)	6,672	(9.0)	74	9,018	(8.5)
Interest income from purchased loans	1,515	1,521	1,548	1,607	1,704	6.0	12.5	4,859	6.7	74	6,559	8.0
Gain from purchased loans	1,005	972	566	604	541	(10.4)	(46.1)	1,711	(230.7)	75	2,267	(38.8)
Interest income from installment A/R	27	30	33	22	39	77.3	44.4	94	14.6	70	134	19.7
Interest income from cash at Fis	4	9	11	10	2	(80.0)	(50.0)	23	187.5	81	29	67.7
Other interest-related income	(19)	(5)	(2)	6	2	(66.7)	n/a	6	n/a	20	30	(156.6)
Interest expenses	672	694	693	722	735	1.8	9.4	2,150	10.6	74	2,892	9.7
Net interest income	1,860	1,834	1,463	1,527	1,551	1.6	(16.6)	4,521	(16.0)	74	6,126	(15.1)
Non-interest income	752	954	542	864	777	(10.1)	3.3	2,184	9.8	75	2,910	(1.1)
Gain from properties for sale	690	782	489	575	604	5.0	(12.5)	1,669	(4.8)	73	2,284	(9.9)
Gain from installment A/R	49	53	35	275	157	(43.0)	218.0	467	139.6	86	541	118.4
Other income	13	119	18	14	17	18.9	26.3	48	21.1	57	85	(46.6)
Total revenue	2,612	2,788	2,005	2,391	2,328	(2.6)	(10.9)	6,725	(8.8)	74	9,036	(11.1)
Operating expenses	692	861	684	742	777	4.8	12.3	2,204	8.7	74	2,979	3.2
Operating profit, PPOP	1,920	1,926	1,321	1,649	1,551	(6.0)	(19.2)	4,521	(15.4)	75	6,057	(16.7)
Expected credit losses	1,048	860	987	1,126	1,084	(3.7)	3.5	3,197	0.2	76	4,216	4.1
Pre-tax income	872	1,067	334	524	466	(10.9)	(46.5)	1,324	(38.6)	72	1,841	(42.9)
Income tax	152	191	57	88	84	(4.8)	(44.6)	229	(21.2)	70	326	(32.3)
Net profit	716	866	267	425	383	(10.0)	(46.5)	1,075	(42.2)	71	1,515	(45.4)
EPS (THB)	0.22	0.27	0.08	0.13	0.12	(10.0)	(46.5)	0.3	(42.2)	72	0.46	(45.4)
Cash collection	4,429	5,293	3,221	4,127	3,862	(6.4)	(12.8)	11,210	(2.8)	70	15,971	(5.1)
NPL Collection	2,552	3,118	1,972	2,013	2,146	6.6	(15.9)	6,132	(12.4)	69	8,826	(12.7)
NPA Collection	1,877	2,175	1,249	2,114	1,716	(18.8)	(8.6)	5,079	11.8	71	7,145	6.4
Key financial items	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(%)	(%)	(THB m)	(%)		(THB m)	(%)
Gross NPL	78,475	80,838	81,409	84,193	87,543	4.0	11.6	87,543	11.6		86,703	7.25
Gross NPA	42,744	42,938	44,047	43,945	44,723	1.8	4.6	44,723	4.6		46,685	8.73
Additional acquisition	379	4,962	2,650	4,723	5,431	15.0	1333	12,804	310.8		14,000	73.29
Key financial ratio (%)	(%)	(%)	(%)	(%)	(%)			(%)			(%)	
Cost to income	26.50	30.90	34.13	31.02	33.39			32.77			32.97	
Cost of funds	3.28	3.29	3.23	3.34	3.39			3.38			3.30	
Gross margin	71.20	65.79	72.96	63.86	66.62			67.23			67.80	
Net profit margin	27.41	31.08	13.29	17.78	16.44			15.98			16.77	
ROA (%)	2.24	2.65	0.80	1.27	1.14			1.08			1.10	
ROE (%)	6.74	8.01	2.43	3.91	3.56			3.33			3.41	
D/E (x)	2.01	2.04	2.06	2.10	2.15			2.15			2.15	
IBD/E (x)	1.94	1.96	1.94	2.03	2.00			2.00			2.06	

Sources: BAM; FSSIA estimates

Exhibit 4: NAV-based, 2024E TP revision

	New	Previous
NPL - Reported appraisal value	192,989	183,649
Discount rate	55%	55%
NPL - Discounted appraisal value	86,845	82,642
NPA - Reported appraisal value	69,807	69,275
Discount rate	80%	70%
NPA - Discounted appraisal value	13,961	20,782
Total appraisal value	100,806	103,424
Cash and equivalents	840	1,074
Discount rate	95%	95%
Other assets - Discounted	17	16
Interest bearing liabilities	86,443	86,943
Net Asset Value	28,079	30,608
No. of shares	3,232	3,232
NAV per share	8.75	9.5

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	9,018	9,411	9,884
Interest expense	(2,559)	(2,637)	(2,892)	(3,009)	(3,165)
Net interest income	7,010	7,201	6,126	6,402	6,718
Net fees & commission	-	-	-	-	-
Foreign exchange trading income	-	-	-	-	-
Securities trading income	-	-	-	-	-
Dividend income	0	0	0	0	0
Other income	3,737	2,942	2,910	3,284	3,525
Non interest income	3,737	2,942	2,910	3,284	3,525
Total income	10,747	10,143	9,036	9,687	10,244
Staff costs	-	-	-	-	-
Other operating costs	(2,727)	(2,888)	(2,979)	(3,073)	(3,170)
Operating costs	(2,727)	(2,888)	(2,979)	(3,073)	(3,170)
Pre provision operating profit	8,020	7,255	6,057	6,614	7,073
Expected credit loss	(4,765)	(4,049)	(4,216)	(4,439)	(4,747)
Other provisions	-	-	-	-	-
Operating profit	3,255	3,206	1,841	2,174	2,326
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	1,841	2,174	2,326
Tax	(656)	(482)	(326)	(391)	(419)
Profit after tax	2,600	2,724	1,515	1,783	1,907
Non-controlling interest	0	0	0	0	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	2,600	2,724	1,515	1,783	1,907
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	2,600	2,724	1,515	1,783	1,907
Per share (THB)					
Recurring EPS *	0.80	0.84	0.46	0.55	0.59
Reported EPS	0.80	0.84	0.46	0.55	0.59
DPS	0.55	0.55	0.32	0.38	0.37
Growth					
Net interest income (%)	(7.2)	2.7	(14.9)	4.5	4.9
Non interest income (%)	50.6	(21.3)	(1.1)	12.9	7.3
Pre provision operating profit (%)	8.5	(9.5)	(16.5)	9.2	7.0
Operating profit (%)	48.3	(1.5)	(42.6)	18.1	7.0
Reported net profit (%)	41.3	4.8	(44.4)	17.7	7.0
Recurring EPS (%)	41.3	4.8	(45.4)	19.9	7.0
Reported EPS (%)	41.3	4.8	(45.4)	19.9	7.0
Income Breakdown					
Net interest income (%)	65.2	71.0	67.8	66.1	65.6
Net fees & commission (%)	-	-	-	-	-
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	-	-	-	-	-
Dividend income (%)	-	-	-	-	-
Other income (%)	34.8	29.0	32.2	33.9	34.4
Operating performance					
Gross interest yield (%)	-	-	-	-	-
Cost of funds (%)	3.05	3.18	3.30	3.30	3.31
Net interest spread (%)	(3.05)	(3.18)	(3.30)	(3.30)	(3.31)
Net interest margin (%)	-	-	-	-	-
Cost/income(%)	25.4	28.5	33.0	31.7	31.0
Cost/assets(%)	2.1	2.2	2.2	2.2	2.2
Effective tax rate (%)	20.1	15.0	18.0	18.0	18.0
Dividend payout on recurring profit (%)	68.4	65.3	70.0	68.0	62.0
ROE (%)	6.1	6.3	3.5	4.1	4.3
ROE - COE (%)	(4.7)	(4.5)	(7.3)	(6.7)	(6.5)
ROA (%)	2.0	2.1	1.1	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	86,703	89,756	92,950
Allowance for expected credit loss	(17,850)	(21,710)	(25,424)	(29,213)	(33,132)
interest in suspense	9,578	13,256	16,970	20,759	24,678
Net customer loans	73,406	72,384	78,249	81,302	84,496
Bank loans	-	-	-	-	-
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	470	476	500	500	500
Cash & equivalents	99	86	1,673	1,567	1,575
Other interesting assets	33,833	39,576	37,232	38,858	41,053
Tangible fixed assets	1,163	1,139	1,163	1,188	1,213
Associates	-	-	-	-	-
Goodwill	-	-	-	-	-
Other intangible assets	-	-	-	-	-
Other assets	16,933	19,143	17,851	17,722	18,104
Total assets	125,904	132,805	136,668	141,137	146,940
Customer deposits	-	-	-	-	-
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	80,154	85,552	89,530	93,070	97,983
Non interest bearing liabilities	2,995	3,544	3,721	3,908	4,103
Hybrid Capital	-	-	-	-	-
Total liabilities	83,148	89,097	93,251	96,978	102,086
Share capital	16,160	16,160	16,160	16,160	16,160
Reserves	26,595	27,548	27,257	28,000	28,695
Total equity	42,756	43,708	43,417	44,160	44,855
Non-controlling interest	0	0	0	0	0
Total liabilities & equity	125,904	132,805	136,668	141,137	146,940
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	87,541	91,300	95,526
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	13.43	13.66	13.88
Tangible book value per share	13.23	13.52	13.43	13.66	13.88
Growth					
Gross customer loans	(4.9)	(1.0)	7.3	3.5	3.6
Average interest earning assets	-	-	-	-	-
Total asset (%)	(4.7)	5.5	2.9	3.3	4.1
Risk weighted assets (%)	-	-	-	-	-
Customer deposits (%)	-	-	-	-	-
Leverage & capital measures					
Customer loan/deposits (%)	-	-	-	-	-
Equity/assets (%)	34.0	32.9	31.8	31.3	30.5
Tangible equity/assets (%)	34.0	32.9	31.8	31.3	30.5
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	29.3	32.5	35.6
Allowance for ECL/NPL (%)	-	-	-	-	-
Valuation					
Recurring P/E (x) *	10.1	9.6	17.6	14.7	13.7
Recurring P/E @ target price (x) *	10.9	10.4	19.0	15.9	14.8
Reported P/E (x)	10.1	9.6	17.6	14.7	13.7
Dividend yield (%)	6.8	6.8	4.0	4.6	4.5
Price/book (x)	0.6	0.6	0.6	0.6	0.6
Price/tangible book (x)	0.6	0.6	0.6	0.6	0.6
Price/tangible book @ target price (x)	0.7	0.6	0.7	0.6	0.6

* 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 ESG score	Domestic ratings						Global ratings						Bloomberg	
		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](https://www.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%). <i>(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.)</i>	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. <i>(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.)</i>	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. <i>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.</i>	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" style="margin-left: auto; margin-right: auto;"> <tbody> <tr> <td>AAA</td> <td>8.571-10.000</td> <td>Leader:</td> <td>leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td>AA</td> <td>7.143-8.570</td> <td></td> <td></td> </tr> <tr> <td>A</td> <td>5.714-7.142</td> <td></td> <td></td> </tr> <tr> <td>BBB</td> <td>4.286-5.713</td> <td>Average:</td> <td>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> <td></td> <td></td> </tr> <tr> <td>B</td> <td>1.429-2.856</td> <td></td> <td></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	
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																											
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. <i>(Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)</i>																													
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

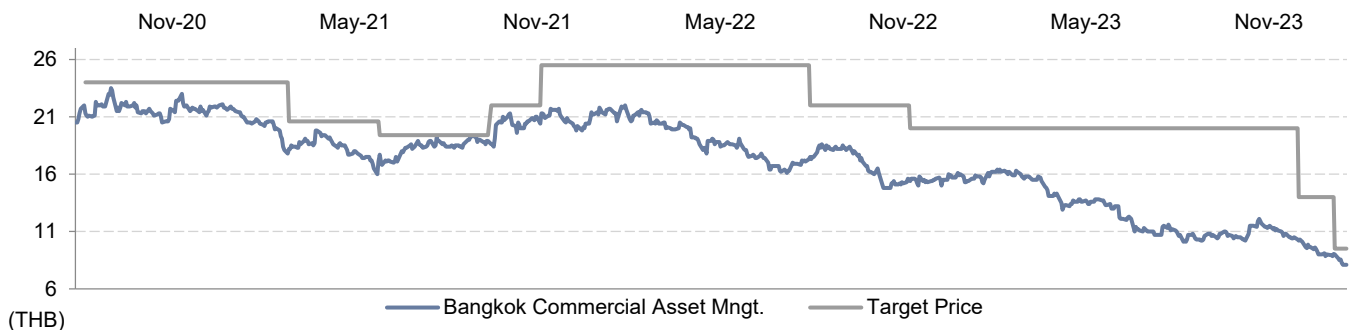
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

This report has been prepared by FSS International Investment Advisory Company Limited (FSSIA). The information herein has been obtained from sources believed to be reliable and accurate; however FSS makes no representation as to the accuracy and completeness of such information. Information and opinions expressed herein are subject to change without notice. FSS has no intention to solicit investors to buy or sell any security in this report. In addition, FSS does not guarantee returns nor price of the securities described in the report nor accept any liability for any loss or damage of any kind arising out of the use of such information or opinions in this report. Investors should study this report carefully in making investment decisions. All rights are reserved.

This report may not be reproduced, distributed or published by any person in any manner for any purpose without permission of FSSIA. Investment in securities has risks. Investors are advised to consider carefully before making investment decisions.

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	02-Nov-2023	HOLD	9.50

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 8.10	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 13-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.