

# BANGKOK COMMERCIAL ASSET MNGT.

## THAILAND / FINANCE & SECURITIES

# BAM TB

# HOLD

UNCHANGED

TARGET PRICE	THB8.75
CLOSE	THB8.35
UP/DOWNSIDE	+4.8%
PRIOR TP	THB8.75
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	-2.4%

## Further estimate cuts

- We expect BAM to report a 4Q23 net profit of THB424m, increasing 10.8% q-q but declining 51.1% y-y.
- We marginally cut our 2023-25E net profit to reflect lower cash collection and adjustments in 2024-25E investments.
- Maintain our HOLD call and 2024 TP of THB8.75

### Net profit to be up q-q but down on y-y basis in 4Q

We expect BAM to report a 4Q23 net profit of THB424m, increasing 10.8% q-q but declining 51.1% y-y due to the high-base effect from large-ticket collection and more solid industry backdrops in 4Q22. We project the soft industry trend following 3Q23 to continue to weigh on 4Q23 performance. However, 4Q23 results should have a certain degree of support from large-ticket NPLs and NPAs. We estimate the cost of funds to increase slightly q-q on the maturity of a lower-yield issue. Our forecast suggests a 2023 net profit of THB1.5b, plunging 45% y-y.

### Cash collection continues to underperform

We expect 4Q23 cash collection to finish at THB4b (25.4% lower than management's guidance of THB5.4b), edging up 4% q-q but dropping 24.2% y-y. We estimate the q-q improvement to come from 1) seasonal factors; and 2) repayments from large-ticket NPL and NPA debtors, which would be partially offset by a q-q drop from the overall NPA segment – which should continue to experience slowing demand in residential property and pressure from banks' prudent lending policies. Our estimates imply 2023 cash collection of THB15.2b, coming in 14.5% short of the firm's target of THB17.8b.

### 2023-25E earnings revisions

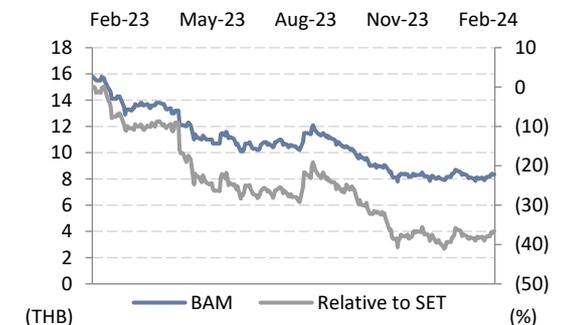
We cut our 2023 net profit forecast by 1.1% to represent 1) our lower expectation of BAM's cash collection performance; and 2) slightly higher assumptions on operating expenses, with cost to income finishing at 33.3% for the year. For 2024-25E, we slightly lower our investment assumptions on the firm's guidance, leading to a limited effect on the firm's revenue and marginal cuts in our net profit estimates. We expect portfolio expansion to represent the key catalyst for 2024-25, as we foresee only a gradual improvement in the repayment ability of debtors, resulting in a decline in cost to income. However, we remain cautious regarding the highly volatile nature of the results, especially under the macro-economic pressure.

### Maintain our HOLD call at NAV-based 2024 TP of THB8.75

We maintain our HOLD rating for BAM. Our NAV-based valuation method yields a 2024 TP of THB8.75, implying a P/BV ratio of 0.64x, representing a -2SD discount from its 5Y average.

### KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Operating profit	3,206	1,821	2,169	2,316
Net profit	2,724	1,499	1,779	1,899
EPS (THB)	0.84	0.45	0.55	0.59
vs Consensus (%)	-	(24.0)	(19.4)	(25.3)
Recurring net profit	2,724	1,499	1,779	1,899
Core EPS (THB)	0.84	0.45	0.55	0.59
Chg. In EPS est. (%)	-	(1.1)	(0.2)	(0.4)
EPS growth (%)	4.8	(46.0)	21.0	6.8
Core P/E (x)	9.9	18.4	15.2	14.2
Dividend yield (%)	6.6	3.8	4.5	4.6
Price/book (x)	0.6	0.6	0.6	0.6
ROE (%)	6.3	3.4	4.1	4.3
ROA (%)	2.1	1.1	1.3	1.3



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(2.3)	1.2	(46.5)
Relative to country (%)	(0.5)	2.4	(35.6)
Mkt cap (USD m)	752		
3m avg. daily turnover (USD m)	2.2		
Free float (%)	21		
Major shareholder	FIDF (46%)		
12m high/low (THB)	16.00/7.75		
Issued shares (m)	3,232		

Sources: Bloomberg consensus; FSSIA estimates


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## 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 we do not expect to reverse course in the near term, along with the pressure from the high level of household debt and low purchasing power of debtors and NPA customers.
- We expect BAM's 2023 earnings to contract by 45% y-y from weak domestic macroeconomic factors, while we forecast 7-18% bottom-line growth in 2024-25, following the firm's expansion in its earnings asset base.

Our downward revisions from our previous estimates are due to 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.

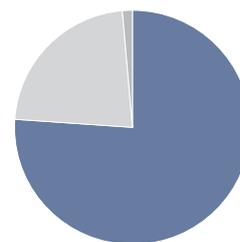
## Company profile

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](http://www.bam.co.th)

## Principal activities (revenue, 9M23)

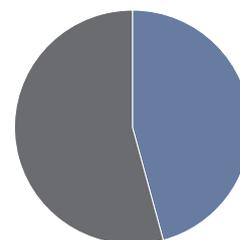
- NPLs management - 76.1 %
- NPAs management - 22.5 %
- Other income - 1.4 %



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
23 February 2024	2023 results announcement

## Key assumptions

	2023E	2024E	2025E
Net profit	1,499	1,779	1,899
Net profit growth (%)	(45.0)	18.7	6.8
Cash collection	15,225	16,501	17,302
Cash collection ratio (%)	11.3	11.3	11.5
Purchase of A/R	14,000	10,000	10,500
Investment growth (%)	73.3	(28.6)	5.0
Cost to income (%)	33.2	32.2	31.7

Source: FSSIA estimates

## Earnings sensitivity

		----- 2024E -----		
Cash collection ratio	±25bp	11.1	11.3	11.6
% change in net profit		(9.3)	0.0	9.3
Cost to income	±1ppt	31.2	32.2	33.2
% change in net profit		4.4	0.0	(4.4)

Source: FSSIA estimates

## Net profit to be up q-q but down on y-y basis in 4Q

We expect BAM to report a 4Q23 net profit of THB424m, increasing 10.8% q-q but declining 51.1% y-y due to the high-base effect from large-ticket collection and more solid industry backdrops in 4Q22. We project the soft industry trend following 3Q23 to continue to weigh on 4Q23 performance. However, apart from the seasonal tailwinds, 4Q23 results should have a certain degree of support from large-ticket NPLs and NPAs discussed during the 3Q23 analyst meeting (at a similar amount from 3Q23), leading us to forecast interest income and gains from the two segments to slightly improve q-q.

The pressure from ECL should decline slightly by 5.4% q-q to THB1.03b, as we foresee BAM's acquisition activity slowing down in 4Q23 from 3Q23. We estimate the cost of funds in 4Q23 to finish at 3.43%, increasing from 3.39% in the previous quarter on the maturity of a lower-yield issue. Our forecast suggests a 2023 net profit of THB1.5b, plunging 45% y-y, representing an underperforming year.

### Exhibit 1: BAM – 4Q23 earnings preview

	4Q22	1Q23	2Q23	3Q23	4Q23E	----- Change -----		2023E	Change
	(THB m)	(q-q%)	(y-y%)	(THB m)	(y-y%)				
Interest income	2,528	2,156	2,249	2,288	2,358	3.0	(6.7)	9,051	(8.2)
Interest income from purchased loans	1,521	1,548	1,607	1,704	1,728	1.4	13.6	6,587	8.4
Gain from purchased loans	972	566	604	541	548	1.4	(43.6)	2,259	(39.0)
Interest income from installment A/Rs	30	33	22	39	52	34.1	74.3	146	30.6
Interest income from cash at Fis	9	11	10	2	6	175.8	(38.7)	29	67.7
Other interest-related income	(5)	(2)	6	2	24	1,099.0	n/a	30	(156.6)
Interest expenses	694	693	722	735	752	2.3	8.4	2,902	10.0
Net interest income	1,834	1,463	1,527	1,551	1,608	3.7	(12.3)	6,149	(14.8)
Non-interest income	954	542	864	777	723	(7.0)	(24.2)	2,906	(1.2)
Gain from properties for sale	782	489	575	604	612	1.4	(21.7)	2,281	(10.0)
Gain from installment A/R	53	35	275	157	74	(53.0)	40.0	541	118.4
Other income	119	18	14	17	37	121.3	(69.4)	85	(46.6)
Total revenue	2,788	2,005	2,391	2,328	2,330	0.1	(16.4)	9,055	(10.9)
Operating expenses	861	684	742	777	807	3.8	(6.3)	3,011	4.2
Operating profit, PPOP	1,926	1,321	1,649	1,551	1,523	(1.8)	(20.9)	6,045	(16.9)
Expected credit losses	860	987	1,126	1,084	1,026	(5.4)	19.4	4,223	4.3
Income tax	191	57	88	84	94	11.3	(51.1)	323	(33.0)
<b>Net profit</b>	<b>866</b>	<b>267</b>	<b>425</b>	<b>383</b>	<b>424</b>	<b>10.8</b>	<b>(51.1)</b>	<b>1,499</b>	<b>(45.0)</b>
EPS (THB)	0.27	0.08	0.13	0.12	0.13	10.8	(51.1)	0.45	(46.0)
Cash collection	5,293	3,221	4,127	3,862	4,015	4.0	(24.2)	15,225	(9.5)
NPL Collection	3,118	1,972	2,013	2,146	2,414	12.5	(22.6)	8,546	(15.5)
NPA Collection	2,175	1,249	2,114	1,716	1,600	(6.7)	(26.4)	6,679	(0.6)
<b>Key financial items</b>	<b>(THB m)</b>	<b>(%)</b>	<b>(%)</b>	<b>(THB m)</b>	<b>(%)</b>				
Gross NPL	80,838	81,409	84,193	87,543	87,958	0.5	8.8	87,958	8.81
Gross NPA	42,938	44,047	43,945	44,723	46,699	4.4	8.8	46,699	8.76
Additional acquisition	4,962	2,650	4,723	5,431	1,196	(78.0)	(75.9)	14,000	73.29
<b>Key financial ratios (%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>			<b>(%)</b>	
Cost to income	30.90	34.13	31.02	33.39	34.63			33.25	
Cost of funds	3.29	3.23	3.34	3.39	3.43			3.31	
Gross margin	65.79	72.96	63.86	66.62	69.00			67.91	
Net profit margin	31.08	13.29	17.78	16.44	18.20			16.55	
ROA (%)	2.65	0.80	1.27	1.14	1.24			1.09	
ROE (%)	8.01	2.43	3.91	3.56	3.92			3.38	
D/E (x)	2.04	2.06	2.10	2.15	2.15			2.15	
IBD/E (x)	1.96	1.94	2.03	2.00	2.06			2.06	

Sources: BAM; FSSIA estimates

## Cash collection continues to underperform

We expect 4Q23 cash collection to finish at THB4b (25.4% lower than management's guidance of THB5.4b), edging up 4% q-q but dropping 24.2% y-y. We estimate the q-q improvement to come from 1) seasonal factors, especially on NPL cash collection; and 2) repayments from large-ticket NPL and NPA debtors combined at THB200m (around THB400m is left outstanding), which would be partially offset by a q-q drop from the overall NPA segment – which should continue to experience slowing demand in residential property and pressure from banks' prudent lending policies.

On a y-y basis, both NPL and NPA segments should see a 24.2% and 26.4% drop amid the slowing backdrop we saw throughout 2023. Our estimates imply 2023 cash collection of THB15.2b (4.6% below our previous estimate of THB15.9b), coming in 14.5% short of the firm's target of THB17.8b – an amount which BAM has been less confident to achieve since 3Q23.

### Exhibit 2: Quarterly cash collection relative to BAM's target

	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)
Company's target						
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
<b>Total</b>	<b>4,297</b>	<b>5,909</b>	<b>3,467</b>	<b>4,464</b>	<b>4,488</b>	<b>5,381</b>
Actual and estimates	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)
NPL	2,552	3,118	1,972	2,013	2,146	2,414
NPA	1,877	2,175	1,249	2,114	1,716	1,600
<b>Total</b>	<b>4,429</b>	<b>5,293</b>	<b>3,221</b>	<b>4,127</b>	<b>3,862</b>	<b>4,015</b>
Relative to guidance	(%)	(%)	(%)	(%)	(%)	(%)
NPL	(1.57)	1.55	(14.17)	(24.93)	(14.88)	(19.49)
NPA	10.13	(23.38)	6.83	18.63	(12.77)	(32.81)
<b>Total</b>	<b>3.07</b>	<b>(10.42)</b>	<b>(7.09)</b>	<b>(7.54)</b>	<b>(13.96)</b>	<b>(25.39)</b>

Sources: BAM; FSSIA estimates

## 2023-25E earnings revisions

We cut our 2023 net profit forecast by 1.1% to represent 1) our lower expectation of BAM's cash collection performance, especially from the NPA side; and 2) slightly higher assumptions on operating expenses, with cost to income finishing at 33.3% for the year.

For 2024-25E, we lower our investment assumptions from THB11b-11.5b to THB10b-10.5b, following the firm's guidance, as it has already acquired a significant amount throughout 2023. This should have a limited effect on the firm's revenue, assuming cash collection on new investments should have the most meaningful acceleration during the second year, leading to a marginal cut in our net profit estimates for 2024-25 by 0.2-0.4%, respectively. We expect portfolio expansion to represent the key catalyst for 2024-25, as we foresee only a gradual improvement in the repayment ability of debtors, resulting in a decline in the cost-to-income ratio to 31.7-32.2%, but still higher than the 2020-22 average of 27%. However, we remain cautious regarding the highly volatile nature of the results, especially under the macro-economic pressure.

### Exhibit 3: 2023-25E earnings revisions

	Current			Previous			Change		
	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(%)	(%)	(%)
Net profit	1,499	1,779	1,899	1,515	1,783	1,907	(1.08)	(0.23)	(0.40)
Net profit growth (%)	(44.98)	18.70	6.77	(44.40)	17.70	7.00			
Cash collection	15,225	16,501	17,302	15,971	16,521	17,423	(4.67)	(0.12)	(0.70)
Cash collection ratio (%)	11.25	11.33	11.48	11.70	11.50	11.60			
Purchase of A/R	14,000	10,000	10,500	14,000	11,000	11,550	-	(9.09)	(9.09)
Investment growth (%)	73.29	(28.57)	5.00	73.30	(21.40)	5.00			
Cost to income (%)	33.25	32.22	31.74	33.00	31.70	30.90			

Source: FSSIA estimates

## Maintain our HOLD call at NAV-based 2024 TP of THB8.75

We maintain our HOLD rating for BAM. Our NAV-based valuation method yields a 2024 TP of THB8.75, implying a P/BV ratio of 0.64x. The share price has been on a declining trend since 4Q23, representing a -2SD discount from its 5Y average. We expect that macro factors will continue to pressure BAM's and its industry peers' performance, leading us to believe that a near-term re-rating is unlikely.

### Exhibit 4: NAV-based 2024 TP

NAV-based valuation	2024E
NPL - Reported appraisal value	192,989
Discount rate	55%
NPL - Discounted appraisal value	86,845
NPA - Reported appraisal value	69,807
Discount rate	80%
NPA - Discounted appraisal value	13,961
Total appraisal value	100,806
Cash and equivalents	840
Discount rate	95%
Other assets - Discounted	17
Interest bearing liabilities	86,443
Net Asset Value	28,079
No. of shares	3,232
<b>NAV per share</b>	<b>8.75</b>

Sources: BAM; FSSIA estimates

### Exhibit 5: Share price performance of non-banks under coverage as of 8 February 2024

	Price performance				
	1M	3M	6M	1Y	YTD
	(%)	(%)	(%)	(%)	(%)
TIDLOR TB	(2.98)	7.55	5.07	(12.31)	1.33
MTC TB	(3.24)	7.83	16.99	23.45	(0.56)
SAWAD TB	(3.64)	(11.67)	(17.62)	(28.38)	(1.85)
AEONTS TB	(0.32)	(0.32)	(3.46)	(24.75)	(4.06)
KTC TB	(1.12)	(3.83)	(6.88)	(23.14)	1.15
JMT TB	(13.96)	(15.56)	(47.28)	(54.85)	(10.59)
<b>BAM TB</b>	<b>(1.19)</b>	<b>2.47</b>	<b>(20.95)</b>	<b>(47.47)</b>	<b>1.84</b>
CHAYO TB	(8.85)	(6.36)	(29.49)	(45.05)	(5.50)
<b>SETFIN</b>	<b>(3.59)</b>	<b>(1.05)</b>	<b>(10.80)</b>	<b>(28.77)</b>	<b>(1.34)</b>
<b>SET</b>	<b>(1.63)</b>	<b>0.06</b>	<b>(9.43)</b>	<b>(16.47)</b>	<b>(1.79)</b>

Source: Bloomberg

### Exhibit 6: BAM – one-year prospective P/BV band



Sources: Bloomberg; FSSIA estimates

### Exhibit 7: BAM – one-year prospective PER band



Sources: Bloomberg; FSSIA estimates

### Exhibit 8: Peers comparison, as of 9 February 2024

Company name	BBG code	Rec	Share price (LCY)	Target price (LCY)	Up side (%)	PE		PBV		ROE		Div yld	
						23E (x)	24E (x)	23E (x)	24E (x)	23E (%)	24E (%)	23E (x)	24E (x)
AEON Thana Sinsap (Thailand)	AEONTS TB	HOLD	154.00	169.00	10	12.4	11.5	1.6	1.5	13.1	13.2	3.6	4.1
Krungthai Card	KTC TB	HOLD	44.00	49.00	11	15.6	14.3	3.2	2.8	21.8	20.7	2.3	2.6
Muangthai Capital	MTC TB	HOLD	45.00	43.00	(4)	20.0	16.0	3.0	2.6	15.6	17.2	0.8	0.9
Srisawad Corp	SAWAD TB	BUY	39.75	54.00	36	10.2	8.7	1.9	1.7	19.7	20.7	4.5	5.0
Ngern Tid Lor	TIDLOR TB	BUY	22.70	28.00	23	16.7	13.8	2.2	2.0	14.2	15.2	1.2	1.5
JMT Network services	JMT TB	HOLD	22.60	25.70	14	16.8	13.7	1.3	1.2	8.0	9.1	4.8	5.8
<b>Bangkok Commercial Asset Mgmt.</b>	<b>BAM TB</b>	<b>HOLD</b>	<b>8.35</b>	<b>8.75</b>	<b>5</b>	<b>18.4</b>	<b>15.2</b>	<b>0.6</b>	<b>0.6</b>	<b>3.4</b>	<b>4.1</b>	<b>3.8</b>	<b>4.5</b>
Chayo Group	CHAYO TB	HOLD	5.15	5.70	11	15.6	15.0	1.7	1.5	11.6	10.7	0.7	1.0
<b>Average</b>						<b>15.7</b>	<b>13.5</b>	<b>1.9</b>	<b>1.7</b>	<b>13.4</b>	<b>13.9</b>	<b>2.7</b>	<b>3.2</b>

Sources: Bloomberg; 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	9,051	9,391	9,763
Interest expense	(2,559)	(2,637)	(2,902)	(3,044)	(3,202)
Net interest income	7,010	7,201	6,149	6,347	6,560
Net fees & commission	-	-	-	-	-
Foreign exchange trading income	-	-	-	-	-
Securities trading income	-	-	-	-	-
Dividend income	0	0	0	0	0
Other income	3,737	2,942	2,906	3,284	3,525
Non interest income	3,737	2,942	2,906	3,284	3,525
Total income	10,747	10,143	9,055	9,632	10,086
Staff costs	-	-	-	-	-
Other operating costs	(2,727)	(2,888)	(3,011)	(3,106)	(3,204)
Operating costs	(2,727)	(2,888)	(3,011)	(3,106)	(3,204)
Pre provision operating profit	8,020	7,255	6,045	6,526	6,882
Expected credit loss	(4,765)	(4,049)	(4,223)	(4,357)	(4,565)
Other provisions	-	-	-	-	-
Operating profit	3,255	3,206	1,821	2,169	2,316
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	1,821	2,169	2,316
Tax	(656)	(482)	(323)	(391)	(417)
Profit after tax	2,600	2,724	1,499	1,779	1,899
Non-controlling interest	0	0	0	0	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	2,600	2,724	1,499	1,779	1,899
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	2,600	2,724	1,499	1,779	1,899
<b>Per share (THB)</b>					
Recurring EPS *	0.80	0.84	0.45	0.55	0.59
Reported EPS	0.80	0.84	0.45	0.55	0.59
DPS	0.55	0.55	0.32	0.37	0.38
<b>Growth</b>					
Net interest income (%)	(7.2)	2.7	(14.6)	3.2	3.4
Non interest income (%)	50.6	(21.3)	(1.2)	13.0	7.3
Pre provision operating profit (%)	8.5	(9.5)	(16.7)	8.0	5.5
Operating profit (%)	48.3	(1.5)	(43.2)	19.1	6.8
Reported net profit (%)	41.3	4.8	(45.0)	18.7	6.8
Recurring EPS (%)	41.3	4.8	(46.0)	21.0	6.8
Reported EPS (%)	41.3	4.8	(46.0)	21.0	6.8
<b>Income Breakdown</b>					
Net interest income (%)	65.2	71.0	67.9	65.9	65.0
Net fees & commission (%)	-	-	-	-	-
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	-	-	-	-	-
Dividend income (%)	-	-	-	-	-
Other income (%)	34.8	29.0	32.1	34.1	35.0
<b>Operating performance</b>					
Gross interest yield (%)	-	-	-	-	-
Cost of funds (%)	3.05	3.18	3.31	3.33	3.35
Net interest spread (%)	(3.05)	(3.18)	(3.31)	(3.33)	(3.35)
Net interest margin (%)	-	-	-	-	-
Cost/income(%)	25.4	28.5	33.2	32.2	31.8
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	65.0
ROE (%)	6.1	6.3	3.4	4.1	4.3
ROE - COE (%)	(4.7)	(4.5)	(7.4)	(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	87,958	90,004	92,140
Allowance for expected credit loss	(17,850)	(21,710)	(25,460)	(29,288)	(33,203)
interest in suspense	9,578	13,256	17,006	20,834	24,749
<b>Net customer loans</b>	<b>73,406</b>	<b>72,384</b>	<b>79,504</b>	<b>81,550</b>	<b>83,686</b>
Bank loans	-	-	-	-	-
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	470	476	500	500	500
Cash & equivalents	99	86	1,219	1,302	2,427
Other interesting assets	33,833	39,576	37,237	38,863	41,058
Tangible fixed assets	1,163	1,139	1,163	1,188	1,213
Associates	-	-	-	-	-
Goodwill	-	-	-	-	-
Other intangible assets	-	-	-	-	-
Other assets	16,933	19,143	17,028	17,714	18,028
<b>Total assets</b>	<b>125,904</b>	<b>132,805</b>	<b>136,652</b>	<b>141,117</b>	<b>146,912</b>
Customer deposits	-	-	-	-	-
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	80,154	85,552	89,530	93,059	97,968
Non interest bearing liabilities	2,995	3,544	3,721	3,908	4,103
Hybrid Capital	-	-	-	-	-
<b>Total liabilities</b>	<b>83,148</b>	<b>89,097</b>	<b>93,251</b>	<b>96,966</b>	<b>102,071</b>
Share capital	16,160	16,160	16,160	16,160	16,160
Reserves	26,595	27,548	27,240	27,991	28,681
<b>Total equity</b>	<b>42,756</b>	<b>43,708</b>	<b>43,401</b>	<b>44,151</b>	<b>44,841</b>
Non-controlling interest	0	0	0	0	0
<b>Total liabilities &amp; equity</b>	<b>125,904</b>	<b>132,805</b>	<b>136,652</b>	<b>141,117</b>	<b>146,912</b>
<b>Supplementary items</b>					
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	91,294	95,514
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
<b>Per share (THB)</b>					
Book value per share	13.23	13.52	13.43	13.66	13.87
Tangible book value per share	13.23	13.52	13.43	13.66	13.87
<b>Growth</b>					
Gross customer loans	(4.9)	(1.0)	8.8	2.3	2.4
Average interest earning assets	-	-	-	-	-
Total asset (%)	(4.7)	5.5	2.9	3.3	4.1
Risk weighted assets (%)	-	-	-	-	-
Customer deposits (%)	-	-	-	-	-
<b>Leverage &amp; capital measures</b>					
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 (%)	-	-	-	-	-
<b>Asset Quality (FSSIA's calculation)</b>					
Change in NPL (%)	-	-	-	-	-
NPL/gross loans (%)	-	-	-	-	-
Allowance for ECL/gross loans (%)	21.9	26.9	28.9	32.5	36.0
Allowance for ECL/NPL (%)	-	-	-	-	-
<b>Valuation</b>					
Recurring P/E (x) *	10.4	9.9	18.4	15.2	14.2
Recurring P/E @ target price (x) *	10.9	10.4	19.2	15.9	14.9
Reported P/E (x)	10.4	9.9	18.4	15.2	14.2
Dividend yield (%)	6.6	6.6	3.8	4.5	4.6
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 9: 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	<b>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.</b>
★★☆☆☆	>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 10: 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 11: ESG score by Bloomberg**

FY ending Dec 31	FY 2019	FY 2020	FY 2021	FY 2022
<b>ESG financial materiality scores - ESG score</b>	<b>—</b>	<b>—</b>	<b>2.16</b>	<b>2.88</b>
BESG environmental pillar score	—	—	0.00	0.00
BESG social pillar score	—	—	2.08	3.50
BESG governance pillar score	—	—	4.46	4.59
<b>ESG disclosure score</b>	<b>30.85</b>	<b>37.10</b>	<b>45.20</b>	<b>54.79</b>
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
<b>Environmental</b>				
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 12: ESG score by Bloomberg (cont.)**

<b>FY ending Dec 31</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>
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
<b>Social</b>				
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
<b>Governance</b>				
<b>Board size</b>	<b>10</b>	<b>10</b>	<b>9</b>	<b>11</b>
<b>No. of independent directors (ID)</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>5</b>
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
<b>No. of executives / company managers</b>	<b>7</b>	<b>9</b>	<b>9</b>	<b>8</b>
No. of female executives	1	2	2	2
Executive share ownership guidelines	No	No	No	No
<b>Size of audit committee</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>
No. of ID on audit committee	4	4	4	4
Audit committee meetings	18	16	16	16
Audit meeting attendance %	85	98	97	97
<b>Size of compensation committee</b>	<b>3</b>	<b>4</b>	<b>3</b>	<b>4</b>
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
<b>Size of nomination committee</b>	<b>3</b>	<b>4</b>	<b>3</b>	<b>4</b>
No. of nomination committee meetings	14	17	12	14
Nomination meeting attendance %	98	100	100	98
<b>Sustainability governance</b>				
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 <b>THSI inclusion</b> , 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. <b>SETTHSI Index</b> 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&amp;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 &amp; 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><b>AAA</b></td> <td>8.571-10.000</td> <td rowspan="3"><b>Leader:</b></td> <td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td><b>AA</b></td> <td>7.143-8.570</td> </tr> <tr> <td><b>A</b></td> <td>5.714-7.142</td> </tr> <tr> <td><b>BBB</b></td> <td>4.286-5.713</td> <td rowspan="3"><b>Average:</b></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><b>BB</b></td> <td>2.857-4.285</td> </tr> <tr> <td><b>B</b></td> <td>1.429-2.856</td> </tr> <tr> <td><b>CCC</b></td> <td>0.000-1.428</td> <td><b>Laggard:</b></td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </tbody> </table>	<b>AAA</b>	8.571-10.000	<b>Leader:</b>	leading its industry in managing the most significant ESG risks and opportunities	<b>AA</b>	7.143-8.570	<b>A</b>	5.714-7.142	<b>BBB</b>	4.286-5.713	<b>Average:</b>	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	<b>BB</b>	2.857-4.285	<b>B</b>	1.429-2.856	<b>CCC</b>	0.000-1.428	<b>Laggard:</b>	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. <i>(Score ratings are 0 to 25 = poor; &gt;25 to 50 = satisfactory; &gt;50 to 75 = good; and &gt;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.																			

Rating regarding the sustainable development of Thai listed companies, both on the SET and MAI, are publicly available on the website of the Securities and Exchange Commission of Thailand (SEC). Currently, ratings available are 1) "CG Score"; 2) "AGM Level"; 3) "Thai CAC"; and 4) THSI. The ratings are updated on an annual basis. FSSIA does not confirm nor certify the accuracy of such ratings.

Source: FSSIA's compilation

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

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Company	Ticker	Price	Rating	Valuation & Risks
Bangkok Commercial Asset Mngt.	BAM TB	THB 8.35	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.
JMT Network Services	JMT TB	THB 22.60	HOLD	Downside risks to our P/BV-based TP include 1) lower cash collection from both debt management and debt tracking collection services; and 2) higher-than-expected funding costs and operating expenses. Upside risks includes 1) better-than-expected purchasing power and cash collection 2) lower-than-expected operating and financing expense
Aeon Thana Sinsap (Thailand)	AEONTS TB	THB 154.00	HOLD	Downside risks are: 1) regulatory actions to curb industry growth; 2) a higher-than-expected policy rate; and 3) deteriorating asset quality. Upside risks are: 1) better-than-estimated economic improvement; 2) stronger-than-estimated improvement in the overall asset quality; and 3) less pressure from the market yield and cost of funds.
Krungthai Card	KTC TB	THB 44.00	HOLD	Downside risks are: 1) regulatory actions to curb industry growth; 2) a higher-than-expected policy rate; and 3) deteriorating asset quality. Upside risks are: 1) better-than-estimated economic improvement; 2) stronger-than-estimated improvement in the overall asset quality; and 3) less pressure from the market yield and cost of funds.
Muangthai Capital	MTC TB	THB 45.00	HOLD	Downside risks to our GGM-based TP include 1) a further weakening of asset quality that could potentially hit both loan yield and credit cost; and 2) changes in financial regulations by the Bank of Thailand and the Office of Consumer Protection Board. Upside risks are 1) a positive development of asset quality which could bring down its credit costs and 2) a decreasing market interest rate which could alleviate its cost of funds burden.
Srisawad Corp	SAWAD TB	THB 39.75	BUY	Downside risks to our GGM-based TP include 1) a further weakening of asset quality that could potentially hit both loan yield and credit cost; and 2) changes in financial regulations by the Bank of Thailand and the Office of Consumer Protection Board.
Ngern Tid Lor	TIDLOR TB	THB 22.70	BUY	Downside risks to our GGM-based TP include 1) the expansion into auto-title loans by the Government Savings Bank and Auto X (subsidiary of SCB X); 2) further weakening asset quality could potentially hit both loan yield and credit cost; and 3) tighter supervision from related regulators.
Chayo Group	CHAYO TB	THB 5.15	HOLD	Downside risks to our GGM-based TP include 1) lower-than-expected bad debt acquisition; and 2) higher-than-expected operating expenses. Upside risks include 1) better-than-expected cash collection performance and lower pressure from ECL, 2) stronger-than-expected loan growth, and 3) better cost control than expected.

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.

All share prices are as at market close on 09-Feb-2024 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.