

# BANGKOK COMMERCIAL ASSET MNGT.

## THAILAND / FINANCE & SECURITIES

# BAM TB

# HOLD

UNCHANGED

TARGET PRICE	THB8.75
CLOSE	THB8.00
UP/DOWNSIDE	+9.4%
PRIOR TP	THB8.75
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+11.9%

## Challenging 2024 on aggressive guidance

- We maintain our neutral view on BAM despite its 2024 aggressive debt collection guidance.
- 4Q23 net profit beat ours, and the consensus estimate, but debt collection continues to sign the pressure from a slowing backdrop.
- Maintain our HOLD call and 2024 TP of THB8.75.

### Aggressive 2024 collection guidance from both NPLs and NPAs

At BAM's analyst meeting on 27 February, the focus was on its strategies for NPL and NPA management in 2024 and its aggressive growth targets. The company reaffirmed its THB20b cash collection target, which is to be achieved within the first ten months of 2024. Management expects 2024 NPL collection to grow by 18% y-y. BAM emphasized collection acceleration from freshly secured NPLs (not long past due), which would be the firm's acquisition target in 2024. The scheme should boost the company's 2024 NPL management performance with its efforts to offer personalized, attractive repayment plans. Meanwhile, for NPAs, the guidance implies targeted collection growth of 50% y-y, which the firm expects to come from its continued aggressive marketing campaigning.

### 2024 investment budget is also very challenging

BAM set its 2024 NPL investment target at THB70b in terms of outstanding debt amount. The firm expects to require at least THB20b in investment cost for its expectation on the prolonged NPL supply glut this year. The trend should allow BAM to be more selective in acquiring fresh NPLs for better collectability. However, if collection performance during the year is worse than anticipated, BAM admits it would suppress its investment and lower its dividend payout ratio as cash flow management measures.

### Higher gain from NPLs supported better-than-expected 4Q23 profit

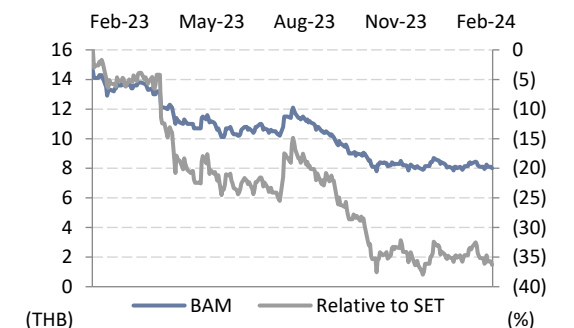
BAM disclosed a 4Q23 net profit of THB459m, increasing 19.9% q-q but declining 47% y-y. The result exceeded our estimate and the Bloomberg consensus forecast by 8% and 11%, respectively. The q-q rise was mainly from a higher gain from NPLs, where the performance in managing mid-sized accounts was moderately better than expected. However, the positive factors were partially offset by underperformance in the NPA business amid the dull environment of the segment and a lack of large NPA buyers during the period compared to 2Q-3Q23.

### Maintain our forecasts and HOLD call

Despite BAM's ambitious 2024 targets, we remain cautious and maintain our 2024-26 forecasts for its low earnings visibility amid the dull backdrop, resulting in a slow recovery in operations. We reiterate our HOLD call on BAM with our NAV-based 2024 TP of THB8.75, implying a P/BV ratio of 0.64x.

## KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Operating profit	1,843	2,169	2,316	2,583
Net profit	1,534	1,779	1,899	2,066
EPS (THB)	0.47	0.55	0.59	0.64
vs Consensus (%)	-	3.8	(9.1)	(13.9)
Recurring net profit	1,534	1,779	1,899	2,066
Core EPS (THB)	0.47	0.55	0.59	0.64
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	(43.7)	15.9	6.8	8.8
Core P/E (x)	16.9	14.5	13.6	12.5
Dividend yield (%)	4.6	4.7	4.8	5.0
Price/book (x)	0.6	0.6	0.6	0.6
ROE (%)	3.5	4.1	4.3	4.6
ROA (%)	1.1	1.3	1.3	1.4



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	0.0	(2.4)	(46.3)
Relative to country (%)	(1.8)	(2.2)	(37.1)
Mkt cap (USD m)	722		
3m avg. daily turnover (USD m)	1.9		
Free float (%)	21		
Major shareholder	FIDF (46%)		
12m high/low (THB)	15.40/7.75		
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:

- Despite the firm's aggressive targets for 2024, we do not expect the dull industry trend to reverse course in the near term, especially for secured NPL AMCs like BAM. The weak demand for residential properties and banks' strict lending policies should continue to be the key overhang way into 2024.
- We expect BAM's 2024-26 earnings to grow only moderately by 7.7% CAGR along with the theme of portfolio expansion, while the cash collection front should remain suppressed from weak domestic macroeconomic factors.
- 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.

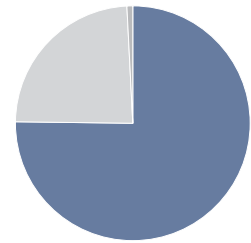
## Company profile

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, 2023)

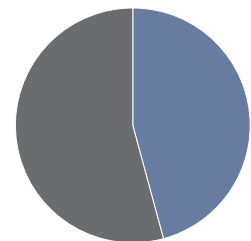
- NPLs management - 75.2 %
- NPAs management - 24.0 %
- Other income - 0.8 %



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
Apr 2024	1Q24 results announcement

## Key assumptions

	2024E (THB m)	2025E (THB m)	2026E (THB m)
Net profit	1,779	1,899	2,066
Net profit growth (%)	18.7	6.8	8.8
Cash collection	16,501	17,302	18,270
Cash collection ratio (%)	11.3	11.5	11.7
Purchase of A/R	10,000	10,500	10,763
Investment growth (%)	(28.6)	5.0	2.5
Cost to income (%)	32.2	31.7	31.3

Source: FSSIA estimates

## Earnings sensitivity

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

Source: FSSIA estimates

## Aggressive 2024 collection guidance for both NPLs and NPAs

At BAM's analyst meeting on 27 February, the focus was on its strategies for NPL and NPA management in 2024 and its aggressive growth targets. The company reaffirmed its THB20b cash collection target (divided into THB10b between the NPL and NPA segments), which is to be achieved within the first ten months of 2024. Management expects 2024 NPL collection to grow by 18% y-y. BAM emphasized the rapid acceleration of collection from freshly secured NPLs (6-12 months overdue), which the firm has been acquiring since 2H23, and will remain the target for 2024 investment. Management expects that by offering attractive repayment plans, the scheme should yield an immediate boost to the year's NPL management performance. Meanwhile, for NPAs, the guidance implies targeted collection growth of 50% y-y, which the firm expects to come from its continued aggressive marketing campaigning. BAM intends to be more selective as to which asset and customer segments to apply pricing strategies to in order to retain the current ratio of sales to appraisal value of NPAs.

## 2024 investment budget is also very challenging

BAM set its 2024 NPL investment target at THB70b in terms of outstanding debt amount. The firm expects to require at least THB20b in investment cost for its expectation on the prolonged NPL supply glut this year. The trend should allow BAM to be more selective in acquiring fresh NPLs for better collectability. However, if collection performance during the year is worse than anticipated, BAM admits it would suppress its investment and lower its dividend payout ratio as cash flow management measures.

## Higher gain from NPLs supported the better-than-expected 4Q23 profit

BAM disclosed a 4Q23 net profit of THB459m, increasing 19.9% q-q but declining 47% y-y. The result exceeded our estimate and the Bloomberg consensus forecast by 8% and 11%, respectively. The q-q rise was mainly from a higher gain from NPLs, where the performance in managing mid-sized accounts was moderately better than expected. However, the positive factors were partially offset by underperformance in the NPA business amid the dull environment of the segment and a lack of large NPA buyers during the period compared to 2Q-3Q23.

**(0) Cash collection:** BAM's 4Q23 cash collection amounted to THB3.9b, which aligned with our expectations for the NPL and NPA segments, but missed management's guidance by 27%. The figure showed only a marginal increase of 1.3% q-q despite the seasonal factors, but declined by 26.1% y-y, reflecting the impaired repayment capability of NPL debtors and the low purchasing power of NPA buyers. All in all, 2023 cash collection was THB15.1b, decreasing 10.2% y-y and highlighting the challenging macro environment we have witnessed since 2H23.

**(0) Update and views on JV AMC:** On 12 Feb-24, BAM announced a plan to co-establish a JV AMC with the Government Savings Bank (GSB) in a 50:50 shareholding proportion, targeting the management of GSB's clean loans (unsecured) worth approximately THB230b in outstanding loan amount. However, the matter is under regulation re-consideration for the Bank of Thailand (BoT) to allow JVs between AMCs and SFIs, while neither party has disclosed further details. The move is currently not reflected in our estimates, and we do not believe unsecured NPL management to be BAM's strong suit. We will continue to monitor the development of the matter.

## Exhibit 1: BAM – 4Q23 operating results

	4Q22	1Q23	2Q23	3Q23	4Q23	----- Change -----		2023	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(y-y%)
Interest income	2,528	2,156	2,249	2,288	2,505	9.5	(0.9)	9,177	(6.7)
Interest income from purchased loans	1,521	1,548	1,607	1,704	1,844	8.2	21.2	6,703	10.3
Gain from purchased loans	972	566	604	541	637	17.7	(34.5)	2,348	(36.6)
Interest income from installment A/R	30	33	22	39	35	(10.3)	16.7	129	15.2
Interest income from cash at Fis	9	11	10	2	2	-	(77.8)	25	47.1
Other interest-related income	(5)	(2)	6	2	(13)	n/a	160.0	(28)	(60.0)
Interest expenses	694	693	722	735	756	2.9	9.0	2,908	10.3
Net interest income	1,834	1,463	1,527	1,551	1,749	12.8	(4.6)	6,269	(12.9)
Non-interest income	954	542	864	777	644	(17.2)	(32.5)	2,827	(3.9)
Gain from properties for sale	782	489	575	604	496	(17.8)	(36.5)	2,165	(14.6)
Gain from installment A/R	53	35	275	157	127	(19.1)	140.9	594	139.9
Other income	119	18	14	17	20	22.9	(83.0)	69	(56.8)
Total revenue	2,788	2,005	2,391	2,328	2,393	2.8	(14.2)	9,096	(10.3)
Operating expenses	861	684	742	777	825	6.1	(4.3)	3,028	4.9
Operating profit, PPOP	1,926	1,321	1,649	1,551	1,568	1.1	(18.6)	6,068	(16.4)
Expected credit losses	860	987	1,126	1,084	1,029	(5.2)	19.6	4,225	4.3
Income tax	191	57	88	84	80	(4.6)	(58.0)	309	(35.9)
<b>Net profit</b>	<b>866</b>	<b>267</b>	<b>425</b>	<b>383</b>	<b>459</b>	<b>19.9</b>	<b>(47.0)</b>	<b>1,534</b>	<b>(43.7)</b>
EPS (THB)	0.27	0.08	0.13	0.12	0.14	19.9	(47.0)	0.47	(43.7)
Cash collection	5,293	3,221	4,127	3,862	3,913	1.3	(26.1)	15,113	(10.2)
NPL Collection	3,118	1,972	2,013	2,146	2,320	8.1	(25.6)	8,452	(16.4)
NPA Collection	2,175	1,249	2,114	1,716	1,593	(7.2)	(26.8)	6,661	(0.8)
<b>Key financial items</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(THB m)</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	86,575	(1.1)	7.1	86,575	7.1
Gross NPA	42,938	44,047	43,945	44,723	45,635	2.0	6.3	45,635	6.3
Additional acquisition	4,962	2,650	4,723	5,431	1,514	(72.1)	(69.5)	14,318	77.2
<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	34.47			33.29	
Cost of funds	3.29	3.23	3.34	3.39	3.42			3.30	
Gross margin	65.79	72.96	63.86	66.62	73.10			68.92	
Net profit margin	31.08	13.29	17.78	16.44	19.18			16.87	
ROA (%)	2.65	0.80	1.27	1.14	1.34			1.14	
ROE (%)	8.01	2.43	3.91	3.56	4.23			3.51	
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	2.07			2.07	

Sources: BAM; FSSIA's compilation

## Exhibit 2: Cash collection performance – guidance vs actual

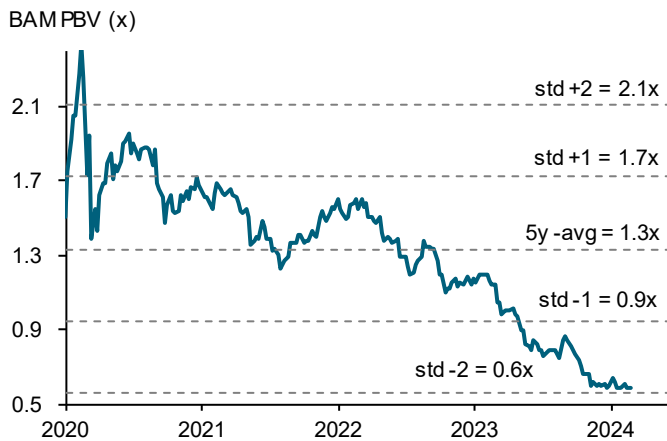
	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23
<b>Company's target</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(THB m)</b>
NPL	2,593	3,070	2,298	2,682	2,521	2,999
NPA	1,704	2,839	1,169	1,782	1,967	2,382
<b>Total</b>	<b>4,297</b>	<b>5,909</b>	<b>3,467</b>	<b>4,464</b>	<b>4,488</b>	<b>5,381</b>
<b>Actual performance</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(THB m)</b>
NPL	2,552	3,118	1,972	2,013	2,146	2,320
NPA	1,877	2,175	1,249	2,114	1,716	1,593
<b>Total</b>	<b>4,429</b>	<b>5,293</b>	<b>3,221</b>	<b>4,127</b>	<b>3,862</b>	<b>3,913</b>
<b>Relative to guidance</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>
NPL	(1.57)	1.55	(14.17)	(24.93)	(14.88)	(22.64)
NPA	10.13	(23.38)	6.83	18.63	(12.77)	(33.14)
<b>Total</b>	<b>3.07</b>	<b>(10.42)</b>	<b>(7.09)</b>	<b>(7.54)</b>	<b>(13.96)</b>	<b>(27.28)</b>

Sources: BAM; FSSIA's compilation

### Maintain our forecasts and HOLD call

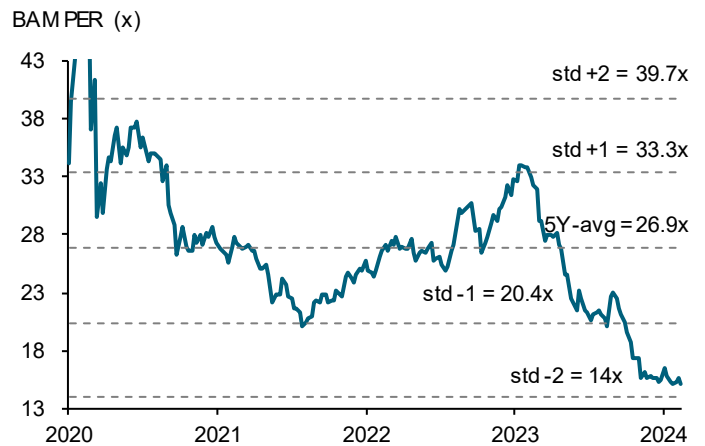
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**Exhibit 3: BAM – one-year prospective P/BV band**



Sources: Bloomberg; FSSIA estimates

**Exhibit 4: BAM – one-year prospective PER band**



Sources: Bloomberg; FSSIA estimates

**Exhibit 5: Peer comparisons as of 27 Feb-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	150.50	169.00	12.3	12.1	11.2	1.5	1.4	13.1	13.2	3.7	4.2
Krungthai Card	KTC TB	HOLD	43.25	46.00	6.4	15.3	14.6	3.1	2.8	21.8	20.2	2.9	3.1
Muangthai Capital	MTC TB	HOLD	46.25	43.00	(7.0)	20.0	16.9	3.1	2.6	16.1	16.8	0.5	0.5
Srisawad Corp	SAWAD TB	HOLD	40.50	45.00	11.1	11.1	10.4	2.0	1.8	18.7	18.0	4.4	4.8
Ngern Tid Lor	TIDLOR TB	BUY	23.30	28.00	20.2	17.1	14.1	2.3	2.0	14.2	15.2	1.2	1.4
JMT Network services	JMT TB	HOLD	23.00	25.70	11.7	16.7	14.0	1.3	1.3	8.1	9.0	4.7	5.7
<b>Bangkok Commercial Asset Mgmt.</b>	<b>BAM TB</b>	<b>HOLD</b>	<b>8.00</b>	<b>8.75</b>	<b>9.4</b>	<b>16.9</b>	<b>14.5</b>	<b>0.6</b>	<b>0.6</b>	<b>3.5</b>	<b>4.1</b>	<b>4.6</b>	<b>4.7</b>
Chayo Group	CHAYO TB	HOLD	5.75	5.70	(0.9)	16.7	16.8	2.0	1.7	12.4	10.7	0.5	0.9
<b>Average</b>						<b>15.7</b>	<b>14.1</b>	<b>2.0</b>	<b>1.8</b>	<b>13.5</b>	<b>13.4</b>	<b>3.1</b>	<b>3.2</b>

Sources: Bloomberg; FSSIA estimates

## Financial Statements

Bangkok Commercial Asset Mngt.

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Interest Income	9,838	9,177	9,391	9,763	10,079
Interest expense	(2,637)	(2,908)	(3,044)	(3,202)	(3,298)
Net interest income	7,201	6,269	6,347	6,560	6,781
Net fees & commission	-	-	-	-	-
Foreign exchange trading income	-	-	-	-	-
Securities trading income	-	-	-	-	-
Dividend income	0	0	0	0	0
Other income	2,942	2,827	3,284	3,525	3,772
Non interest income	2,942	2,827	3,284	3,525	3,772
Total income	10,143	9,096	9,632	10,086	10,554
Staff costs	-	-	-	-	-
Other operating costs	(2,888)	(3,028)	(3,106)	(3,204)	(3,305)
Operating costs	(2,888)	(3,028)	(3,106)	(3,204)	(3,305)
Pre provision operating profit	7,255	6,068	6,526	6,882	7,248
Expected credit loss	(4,049)	(4,225)	(4,357)	(4,565)	(4,665)
Other provisions	-	-	-	-	-
Operating profit	3,206	1,843	2,169	2,316	2,583
Recurring non operating income	0	0	0	0	0
Associates	-	-	-	-	-
Goodwill amortization	-	-	-	-	-
Non recurring items	0	0	0	0	0
Profit before tax	3,206	1,843	2,169	2,316	2,583
Tax	(482)	(309)	(391)	(417)	(517)
Profit after tax	2,724	1,534	1,779	1,899	2,066
Non-controlling interest	0	0	0	0	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	2,724	1,534	1,779	1,899	2,066
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	2,724	1,534	1,779	1,899	2,066
<b>Per share (THB)</b>					
Recurring EPS *	0.84	0.47	0.55	0.59	0.64
Reported EPS	0.84	0.47	0.55	0.59	0.64
DPS	0.55	0.38	0.37	0.38	0.41
<b>Growth</b>					
Net interest income (%)	2.7	(12.9)	1.3	3.4	3.4
Non interest income (%)	(21.3)	(3.9)	16.2	7.3	7.0
Pre provision operating profit (%)	(9.5)	(16.4)	7.6	5.5	5.3
Operating profit (%)	(1.5)	(42.5)	17.7	6.8	11.5
Reported net profit (%)	4.8	(43.7)	16.0	6.8	8.8
Recurring EPS (%)	4.8	(43.7)	15.9	6.8	8.8
Reported EPS (%)	4.8	(43.7)	15.9	6.8	8.8
<b>Income Breakdown</b>					
Net interest income (%)	71.0	68.9	65.9	65.0	64.3
Net fees & commission (%)	-	-	-	-	-
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	-	-	-	-	-
Dividend income (%)	-	-	-	-	-
Other income (%)	29.0	31.1	34.1	35.0	35.7
<b>Operating performance</b>					
Gross interest yield (%)	-	-	-	-	-
Cost of funds (%)	3.18	3.30	3.33	3.35	3.24
Net interest spread (%)	(3.18)	(3.30)	(3.33)	(3.35)	(3.24)
Net interest margin (%)	-	-	-	-	-
Cost/income(%)	28.5	33.3	32.2	31.8	31.3
Cost/assets(%)	2.2	2.2	2.2	2.2	2.2
Effective tax rate (%)	15.0	16.8	18.0	18.0	20.0
Dividend payout on recurring profit (%)	65.2	80.0	68.0	65.0	65.0
ROE (%)	6.3	3.5	4.1	4.3	4.6
ROE - COE (%)	(4.5)	(7.3)	(6.7)	(6.5)	(6.2)
ROA (%)	2.1	1.1	1.3	1.3	1.4
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	2022	2023	2024E	2025E	2026E
Gross customer loans	80,838	86,575	90,004	92,140	94,050
Allowance for expected credit loss	(21,710)	(25,667)	(29,288)	(33,203)	(37,299)
interest in suspense	13,256	17,051	20,834	24,749	28,845
<b>Net customer loans</b>	<b>72,384</b>	<b>77,959</b>	<b>81,550</b>	<b>83,686</b>	<b>85,596</b>
Bank loans	-	-	-	-	-
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	476	459	500	500	500
Cash & equivalents	86	107	1,302	2,427	2,381
Other interesting assets	39,576	37,316	38,863	41,058	47,170
Tangible fixed assets	1,139	1,190	1,188	1,213	1,239
Associates	-	-	-	-	-
Goodwill	-	-	-	-	-
Other intangible assets	-	-	-	-	-
Other assets	19,143	20,284	17,714	18,028	18,447
<b>Total assets</b>	<b>132,805</b>	<b>137,315</b>	<b>141,117</b>	<b>146,912</b>	<b>155,333</b>
Customer deposits	-	-	-	-	-
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	85,552	90,518	93,059	97,968	105,353
Non interest bearing liabilities	3,544	3,167	3,908	4,103	4,308
Hybrid Capital	-	-	-	-	-
<b>Total liabilities</b>	<b>89,097</b>	<b>93,685</b>	<b>96,966</b>	<b>102,071</b>	<b>109,661</b>
Share capital	16,160	16,160	16,160	16,160	16,160
Reserves	27,548	27,469	27,991	28,681	29,513
<b>Total equity</b>	<b>43,708</b>	<b>43,629</b>	<b>44,151</b>	<b>44,841</b>	<b>45,673</b>
Non-controlling interest	0	0	0	0	0
<b>Total liabilities &amp; equity</b>	<b>132,805</b>	<b>137,315</b>	<b>141,117</b>	<b>146,912</b>	<b>155,333</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	82,853	88,035	91,294	95,514	101,661
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	13.52	13.50	13.66	13.87	14.13
Tangible book value per share	13.52	13.50	13.66	13.87	14.13
<b>Growth</b>					
Gross customer loans	(1.0)	7.1	4.0	2.4	2.1
Average interest earning assets	-	-	-	-	-
Total asset (%)	5.5	3.4	2.8	4.1	5.7
Risk weighted assets (%)	-	-	-	-	-
Customer deposits (%)	-	-	-	-	-
<b>Leverage &amp; capital measures</b>					
Customer loan/deposits (%)	-	-	-	-	-
Equity/assets (%)	32.9	31.8	31.3	30.5	29.4
Tangible equity/assets (%)	32.9	31.8	31.3	30.5	29.4
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 (%)	26.9	29.6	32.5	36.0	39.7
Allowance for ECL/NPL (%)	-	-	-	-	-
<b>Valuation</b>					
Recurring P/E (x) *	9.5	16.9	14.5	13.6	12.5
Recurring P/E @ target price (x) *	10.4	18.4	15.9	14.9	13.7
Reported P/E (x)	9.5	16.9	14.5	13.6	12.5
Dividend yield (%)	6.9	4.6	4.7	4.8	5.0
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)	0.6	0.6	0.6	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 6: 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 7: 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 8: 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 9: 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+																		
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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="0" style="margin-left: 20px;"> <tr> <td><b>AAA</b></td> <td>8.571-10.000</td> <td><b>Leader:</b></td> <td>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> <td></td> <td></td> </tr> <tr> <td><b>A</b></td> <td>5.714-7.142</td> <td></td> <td></td> </tr> <tr> <td><b>BBB</b></td> <td>4.286-5.713</td> <td><b>Average:</b></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><b>BB</b></td> <td>2.857-4.285</td> <td></td> <td></td> </tr> <tr> <td><b>B</b></td> <td>1.429-2.856</td> <td></td> <td></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> </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

## GENERAL DISCLAIMER

## ANALYST(S) CERTIFICATION

## 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 8.00	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.
Muangthai Capital	MTC TB	THB 46.20	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) positive developments in asset quality which could bring down its credit costs; and 2) a decreasing market interest rate, which could alleviate its cost of funds burden.
Aeon Thana Sinsap (Thailand)	AEONTS TB	THB 150.50	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 43.25	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.
Srisawad Corp	SAWAD TB	THB 40.50	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 include 1) a faster-than-expected decline in losses on sales of repossessed cars for SCAP; and 2) an interest rate downtrend could push its interest spread.
Ngern Tid Lor	TIDLOR TB	THB 23.30	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.
JMT Network Services	JMT TB	THB 23.00	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; and 2) lower-than-expected operating and financing expenses.
Chayo Group	CHAYO TB	THB 5.75	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 27-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.