

# BANGKOK COMMERCIAL ASSET MNGT.

## THAILAND / FINANCE & SECURITIES

BAM TB

**HOLD**

UNCHANGED

## Aid from large repayments

- While the overall economic landscape has weakened q-q, we expect 2Q24 net profit to grow slightly due to repayments from large clients.
- We expect investment in NPLs to accelerate in 2Q24, with 1H24E equal to 62% of our estimate for the 2024 budget.
- Maintain HOLD call at a lower TP of THB7.50.

### Expect 2Q24 to grow on collection from large clients

We expect BAM to post a 2Q24 net profit of THB433m, implying limited growth of 2.3% q-q and 1.9% y-y, thanks to repayments from large portfolios worth cTHB400m, from both the NPL and NPA segments equally. Due to seasonality and weakening economic momentum, we expect the NPL segment to face challenges, with 2Q24 cash collection at THB1.95b (down 10.1% q-q, 3.1% y-y) despite significant repayments. We anticipate NPL revenue to contract by 1.5% q-q but expand by 23.0% y-y in the quarter. In contrast, the revenue of the NPA business should grow by 17.7% q-q from large-ticket sales gains, but decline by 21.2% y-y due to the high base in 2Q23. Accordingly, the 2Q24 expected NPA cash collection rises by 44.1% q-q but falls by 6.6% y-y. We foresee total 2Q24 cash collection at THB3.92b (up 10.8% q-q, but down 4.9% y-y), missing the overly aggressive quarterly guidance of THB6.48b by 40%. Our 2H24E net profit accounts for 48% of our 2024 estimate.

### Debt acquisition to accelerate in 2Q24

We expect 2Q24 investment in NPLs to accelerate q-q to THB5.0b (worth cTHB20.0b in claimable amount) from THB1.2b in 1Q24. The 1H24E investment accounts for 62% of our full-year estimate and guidance. Regarding the 50:50 JV with GSB, Ari-AMC, BAM has invested THB12.5m in 2Q24 and plans to increase it to THB500m in subsequent phases. The JV is acquiring an AMC license from the BoT within 3Q24 and commencing operations thereafter. We view the prospect as challenging given that 1) the asset purchase concentrates on the unsecured segment, which is not BAM's specialty; and 2) the unfavorable retail debt collection at present.

### Challenging outlook; vulnerable performance

We maintain our 2024-26 net profit forecast at a 9.2% CAGR. Although the second half is the high season for its business, we do not expect a significant h-h improvement due to the headwinds from the slowing property demand and banks' prudent lending policies.

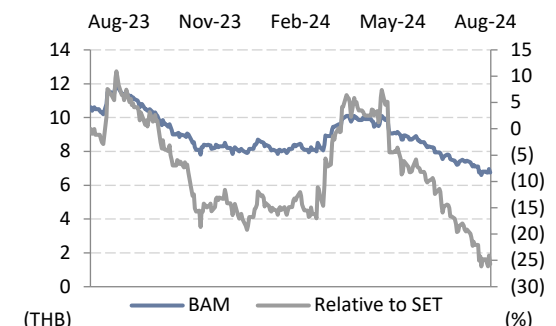
### Retain our HOLD call with a lower TP of THB7.50

Although the share price has constantly been trading at a deep discount to its traits, we maintain our unfavorable view on BAM and the AMC sector. Therefore, we retain our HOLD call while lowering our 2024 NAV-based TP to THB7.50 (from THB8.75), implying a P/BV ratio of 0.55x (from 0.64x).

TARGET PRICE	THB7.50
CLOSE	THB6.75
UP/DOWNSIDE	+11.1%
PRIOR TP	THB8.75
CHANGE IN TP	-14.3%
TP vs CONSENSUS	-10.9%

### 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 (%)	-	(8.0)	(15.2)	(20.9)
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)	14.2	12.3	11.5	10.6
Dividend yield (%)	8.1	5.5	5.7	7.4
Price/book (x)	0.5	0.5	0.5	0.5
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 (%)	(7.5)	(28.2)	(38.1)
Relative to country (%)	(9.3)	(25.4)	(26.9)
Mkt cap (USD m)	617		
3m avg. daily turnover (USD m)	1.9		
Free float (%)	21		
Major shareholder	FIDF (46%)		
12m high/low (THB)	12.30/6.55		
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 key overhangs into 2024.
- We expect BAM's 2024-26 earnings to grow only moderately by 9.2% 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 2024 fair value of THB7.50, implying a P/BV ratio of 0.55x. Given the limited upside, we maintain our HOLD recommendation.

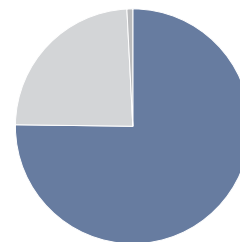
## Company profile

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, 1Q24)

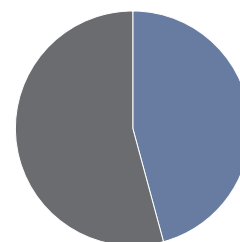
- NPLs management - 75.2 %
- NPAs management - 24.0 %
- Other income - 0.8 %



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;
- 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
13 Aug 2024	2Q24 results announcement
14 Aug 2024	Analyst meeting

## 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	11.8	12.0	12.3
% change in net profit		(5.5)	-	5.5
Cost of funds	±10bp	3.23	3.33	3.43
% change in net profit		4.7	-	(4.7)
Cost to income	±1ppt	31.22	32.22	33.22
% change in net profit		4.6	-	(4.6)

Source: FSSIA estimates

## Exhibit 1: BAM – 2Q24 earnings preview

	2Q23	3Q23	4Q23	1Q24	2Q24E	----- Change -----		1H24E	Change	% of	2024E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(y-y %)	24E	(THB m)	(y-y %)
Interest income from NPLs	1,607	1,704	1,844	1,800	1,799	(0.0)	12.0	3,599	14.1	54	6,716	0.2
Interest income from installment loans	22	39	35	46	49	6.5	122.6	95	72.7	69	137	6.1
Total interest income	1,635	1,747	1,822	1,830	1,850	1.1	13.2	3,680	14.5	54	6,862	0.5
Interest expense	723	736	756	771	795	3.1	10.0	1,566	10.6	51	3,044	4.7
Net interest income	912	1,011	1,066	1,059	1,055	(0.3)	15.7	2,114	17.6	55	3,819	(2.6)
Gain on NPL receivables	604	541	637	689	672	(2.5)	11.3	1,361	16.3	54	2,528	7.7
Gain on NPA sales	575	604	496	443	548	23.5	(4.8)	991	(6.9)	36	2,743	26.7
Gain on installment loans	275	157	127	94	90	(4.3)	(67.2)	184	(40.5)	40	456	(23.1)
Other non-interest income	14	17	20	12	12	-	(16.4)	23	(27.4)	27	85	23.6
Total non-interest income	1,468	1,318	1,281	1,238	1,322	6.7	(10.0)	2,560	(0.6)	44	5,813	12.3
Operating expenses	742	777	825	680	735	8.1	(0.9)	1,415	(0.8)	46	3,106	2.6
ECL expense	1,126	1,084	1,028	1,099	1,107	0.7	(1.6)	2,206	4.4	51	4,357	3.1
Income tax	88	84	80	95	102	6.9	15.5	197	35.9	50	391	26.4
<b>Net profit</b>	<b>425</b>	<b>383</b>	<b>460</b>	<b>423</b>	<b>433</b>	<b>2.3</b>	<b>1.9</b>	<b>857</b>	<b>23.8</b>	<b>48</b>	<b>1,779</b>	<b>15.9</b>
EPS (THB)	0.13	0.12	0.14	0.13	0.13	2.3	1.9	0.27	23.8	48	0.55	15.9
Cash collection												
NPL cash collection	2,013	2,146	2,320	2,169	1,951	(10.1)	(3.1)	4,121	3.4	45	9,126	8.0
NPA cash collection	2,104	1,716	1,593	1,364	1,965	44.1	(6.6)	3,330	(0.7)	45	7,375	10.7
Total cash collection	4,118	3,862	3,913	3,534	3,917	10.8	(4.9)	7,450	1.5	45	16,501	9.2
Key balance sheet items												
Gross NPL receivables	84,193	87,543	86,575	85,569	87,869	2.7	4.4	87,869	4.4	98	90,004	4.0
Gross NPA	43,945	44,723	45,635	46,788	48,087	2.8	9.4	48,087	9.4	97	49,603	8.7
Additional acquisition	4,723	5,431	1,514	1,194	5,000	318.8	5.9	6,194	(16.0)	62	10,000	(30.2)
Key financial ratios (%)	(%)	(%)	(%)	(%)	(%)			(%)			(%)	
Cost to income ratio	31.17	33.38	35.14	29.59	30.92			30.26			32.22	
Cost of funds	3.34	3.40	3.42	3.43	3.49			3.49			3.33	
Gross profit margin	76.71	75.99	75.63	74.87	74.94			74.91			75.99	
Net profit margin	13.71	12.49	14.83	13.80	13.66			13.73			14.03	
ROA	1.27	1.14	1.35	1.24	1.26			1.26			1.28	
ROE	3.91	3.56	4.24	3.86	3.97			3.98			4.06	
D/E (x)	2.10	2.15	2.15	2.10	2.21			2.21			2.20	
IBD/E (x)	2.03	2.00	2.08	2.03	2.14			2.14			2.11	

Sources: BAM; FSSIA estimates

## Exhibit 2: Operating performance by segment

	2Q23	3Q23	4Q23	1Q24	2Q24E	----- Change -----		1H24E	Change	% of	2024E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(y-y %)	24E	(THB m)	(y-y %)
<b>Revenue from NPL management</b>	<b>1,251</b>	<b>1,251</b>	<b>1,482</b>	<b>1,563</b>	<b>1,539</b>	<b>(1.5)</b>	<b>23.0</b>	<b>3,102</b>	<b>23.0</b>	<b>57</b>	<b>5,447</b>	<b>3.6</b>
Interest income from NPLs	647	710	845	874	867	(0.8)	34.0	1,741	28.7	60	2,919	0.4
Gain on NPLs	604	541	637	689	672	(2.5)	11.3	1,361	16.3	54	2,528	7.7
<b>Revenue from NPA management</b>	<b>872</b>	<b>800</b>	<b>658</b>	<b>584</b>	<b>687</b>	<b>17.7</b>	<b>(21.2)</b>	<b>1,271</b>	<b>(11.1)</b>	<b>38</b>	<b>3,336</b>	<b>15.5</b>
Gain on NPAs	575	604	496	443	548	23.5	(4.8)	991	(6.9)	36	2,743	26.7
Interest income from installment loans	22	39	35	46	49	6.5	122.6	95	72.7	69	137	6.1
Gain on installment loans	275	157	127	94	90	(4.3)	(67.2)	184	(40.5)	40	456	(23.1)

Sources: BAM; FSSIA estimates

**Exhibit 3: Historical cash collection performance vs guidance**

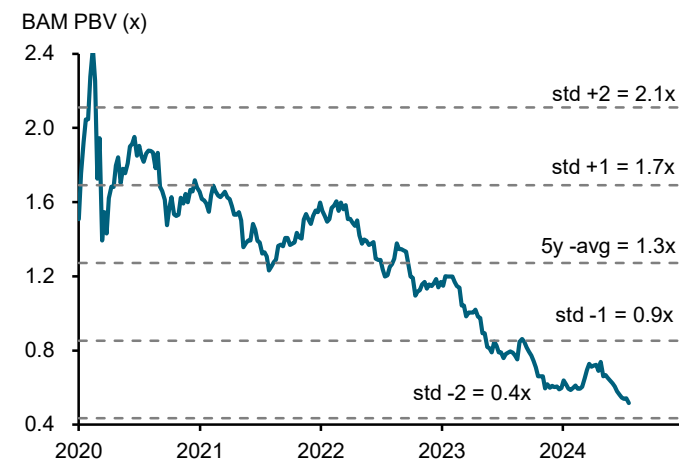
	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24E	1H23	1H24E	2023	2024E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)
Company's target												
NPL	2,593	3,070	2,298	2,682	2,521	2,999	2,600	3,118	4,980	5,718	10,500	10,000
NPA	1,704	2,839	1,169	1,782	1,967	2,382	2,300	3,360	2,951	5,660	7,300	10,000
<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>4,900</b>	<b>6,478</b>	<b>7,931</b>	<b>11,378</b>	<b>17,800</b>	<b>20,000</b>
Actual/FSSIA estimate												
NPL	2,552	3,118	1,972	2,013	2,146	2,320	2,169	1,951	3,986	4,121	8,452	9,126
NPA	1,868	2,277	1,249	2,104	1,716	1,593	1,364	1,965	3,353	3,330	6,661	7,375
<b>Total</b>	<b>4,420</b>	<b>5,395</b>	<b>3,221</b>	<b>4,118</b>	<b>3,862</b>	<b>3,913</b>	<b>3,534</b>	<b>3,917</b>	<b>7,339</b>	<b>7,450</b>	<b>15,113</b>	<b>16,501</b>
Relative to guidance	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)			(%)	(%)
NPL	(1.6)	1.6	(14.2)	(24.9)	(14.9)	(22.6)	(16.6)	(37.4)	(20.0)	(27.9)	(19.5)	(8.7)
NPA	9.6	(19.8)	6.8	18.1	(12.8)	(33.1)	(40.7)	(41.5)	13.6	(41.2)	(8.7)	(26.3)
<b>Total</b>	<b>2.9</b>	<b>(8.7)</b>	<b>(7.1)</b>	<b>(7.8)</b>	<b>(14.0)</b>	<b>(27.3)</b>	<b>(27.9)</b>	<b>(39.5)</b>	<b>(7.5)</b>	<b>(34.5)</b>	<b>(15.1)</b>	<b>(17.5)</b>

Sources: BAM; FSSIA estimates

**Exhibit 4: BAM – GGM-based 2024 TP**

NAV Valuation	New (THB m)	Previous (THB m)
Discounted value of NPLs and NPAs	99,865	103,906
Discounted value of other assets	1,750	1,750
Liabilities	90,518	90,518
Net asset value	24,253	28,294
No. of shares (m shares)	3,232	3,232
BVS (THB)	13.64	13.64
<b>Implied PBV (x)</b>	<b>0.55</b>	<b>0.64</b>
<b>NAV per share (THB)</b>	<b>7.50</b>	<b>8.75</b>

Source: FSSIA estimates

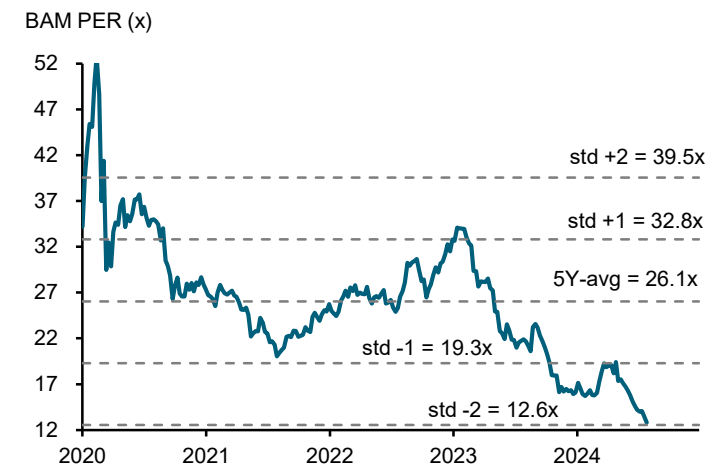
**Exhibit 6: BAM – one-year prospective P/BV band**

Sources: Bloomberg; FSSIA estimates

**Exhibit 5: Share price performance of non-banks under coverage, as of 2 August 2024**

	Price performance				
	1M	3M	6M	1Y	YTD
	(%)	(%)	(%)	(%)	(%)
TIDLOR TB	(15.7)	(27.4)	(26.8)	(23.7)	(28.1)
MTC TB	(3.4)	(6.1)	(4.5)	22.5	(6.1)
SAWAD TB	(9.4)	(14.1)	(13.0)	(24.0)	(15.1)
AEONTS TB	(10.0)	(25.7)	(24.3)	(23.0)	(26.9)
KTC TB	1.9	(9.2)	(10.3)	(14.2)	(9.8)
SAK TB	(1.9)	5.7	24.4	10.6	25.0
ASK TB	(17.6)	(32.5)	(44.0)	(52.9)	(43.7)
THANI TB	(21.7)	(23.0)	(22.7)	(38.0)	(25.1)
JMT TB	(15.0)	(45.9)	(47.2)	(69.3)	(55.7)
<b>BAM TB</b>	<b>(8.8)</b>	<b>(25.4)</b>	<b>(17.2)</b>	<b>(36.9)</b>	<b>(17.2)</b>
CHAYO TB	(20.6)	(36.5)	(46.5)	(61.2)	(49.0)
<b>SETFIN</b>	<b>(7.9)</b>	<b>(19.9)</b>	<b>(21.3)</b>	<b>(27.5)</b>	<b>(23.4)</b>
<b>SET</b>	<b>0.1</b>	<b>(4.1)</b>	<b>(5.1)</b>	<b>(14.2)</b>	<b>(7.3)</b>

Source: Bloomberg

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

Sources: Bloomberg; FSSIA estimates

## Exhibit 8: Peer comparisons, as of 2 August 2024

Company name	BBG	Rec	Share	Target	Up	----- PE -----		----- PBV -----		----- ROE -----		----- Div yld -----	
	code		price	price	side	24E	25E	24E	25E	24E	25E	24E	25E
Auto title													
Muangthai Capital	MTC TB	BUY	42.25	50.00	18.3	14.2	11.4	2.4	2.0	18.1	19.0	0.6	0.8
Srisawad Corp	SAWAD TB	HOLD	31.25	40.00	28.0	8.7	7.7	1.5	1.3	18.4	18.2	5.7	1.3
Ngern Tid Lor	TIDLOR TB	BUY	15.60	21.00	34.6	9.7	8.2	1.4	1.2	15.4	16.2	3.1	3.7
Saksiam Leasing	SAK TB	HOLD	5.20	5.28	1.6	13.1	11.5	1.7	1.6	13.7	14.4	3.2	3.7
Unsecured finance													
AEON Thana Sinsap (Thailand)	AEONTS TB	HOLD	117.00	145.00	23.9	9.0	8.5	1.1	1.0	12.8	12.6	4.7	5.0
Krungthai Card	KTC TB	HOLD	39.25	40.00	1.9	13.2	12.7	2.5	2.3	20.3	19.0	3.4	3.6
Hire-purchase truck													
Asia Sermkij Leasing	ASK TB	REDUCE	11.20	10.70	(4.5)	10.0	7.9	0.6	0.5	5.5	6.9	5.0	6.3
Ratchthani Leasing	THANI TB	HOLD	1.77	2.28	28.8	8.0	7.7	0.8	0.8	10.1	10.0	6.9	7.1
AMCs													
Bangkok Commercial Asset Mgmt.	BAM TB	HOLD	6.75	7.50	11.1	12.3	11.5	0.5	0.5	4.1	4.3	5.5	5.7
JMT Network services	JMT TB	HOLD	11.30	17.00	50.4	10.1	8.3	0.6	0.6	6.1	7.2	6.0	7.2
Chayo Group	CHAYO TB	HOLD	2.78	3.00	7.9	10.9	7.0	0.8	0.7	8.1	11.1	2.4	2.1
Average						10.8	9.3	1.3	1.1	12.1	12.6	4.2	4.2

The Chairman of The Board of Directors of Finansia Syrus Securities PCL is also AEONTS's Director

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	0.55	0.37	0.38	0.50
<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	115.8	68.0	65.0	78.0
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) *	8.0	14.2	12.3	11.5	10.6
Recurring P/E @ target price (x) *	8.9	15.8	13.6	12.8	11.7
Reported P/E (x)	8.0	14.2	12.3	11.5	10.6
Dividend yield (%)	8.1	8.1	5.5	5.7	7.4
Price/book (x)	0.5	0.5	0.5	0.5	0.5
Price/tangible book (x)	0.5	0.5	0.5	0.5	0.5
Price/tangible book @ target price (x)	0.6	0.6	0.5	0.5	0.5

\* Pre-exceptional, pre-goodwill and fully diluted

Sources: Bangkok Commercial Asset Mngt.; FSSIA estimates

# Bangkok Commercial Asset Mngt. (BAM TB)

FSSIA ESG rating

★ ★ ★

Exhibit 9: FSSIA ESG score implication

55.19 /100

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 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](#); FSSIA's compilation

Exhibit 11: 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 12: 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
<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><tr><th>NEGL</th><th>Low</th><th>Medium</th><th>High</th><th>Severe</th></tr><tr><td>0-10</td><td>10-20</td><td>20-30</td><td>30-40</td><td>40+</td></tr></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><tr><td>AAA</td><td>8.571-10.000</td><td rowspan="3">Leader:</td><td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td></tr><tr><td>AA</td><td>7.143-8.570</td></tr><tr><td>A</td><td>5.714-7.142</td></tr><tr><td>BBB</td><td>4.286-5.713</td><td rowspan="3">Average:</td><td rowspan="3">a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td></tr><tr><td>BB</td><td>2.857-4.285</td></tr><tr><td>B</td><td>1.429-2.856</td></tr><tr><td>CCC</td><td>0.000-1.428</td><td>Laggard:</td><td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td></tr></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																					
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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; &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 6.75	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.
Ratchthani Leasing	THANI TB	THB 1.77	HOLD	Downside risks to our GGM-derived TP include 1) an economic slowdown, especially for logistics activities and private investment; 2) deteriorating asset quality; and 3) changes in financial regulations from the Bank of Thailand. Upside risks include 1) a better-than-expected macroeconomic improvement; 2) a downtrend in the policy rate could reduce cost of funds and enhance interest spreads; and 3) a faster-than-expected decline in ECL expense.
Muangthai Capital	MTC TB	THB 42.25	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.
Srisawad Corp	SAWAD TB	THB 31.25	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 15.60	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.
Saksiam Leasing	SAK TB	THB 5.20	HOLD	Upside risks to our GGM-derived TP include 1) loan expansion following the broad-based economic recovery 2) a reduction in cost of funds due mainly to the downward interest rate trend and 3) an accelerated decrease in credit costs owing to the rise in consumers purchasing power. Downside risks include 1) competition from existing and new players 2) regulatory changes by the Bank of Thailand (BoT) and 3) a slower-than-expected reduction in its cost of funds due to a shift toward more long-term loans.
Aeon Thana Sinsap (Thailand)	AEONTS TB	THB 117.00	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 39.25	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.
Asia Sermkij Leasing PCL	ASK TB	THB 11.20	REDUCE	Upside risks include 1) a better-than-expected macroeconomic improvement; 2) downtrend of policy rate could reduce cost of funds and enhance interest spreads; and 3) a faster-than-expected decline in ECL expense.
JMT Network Services	JMT TB	THB 11.30	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 include 1) better-than-expected purchasing power and cash collection 2) lower-than-expected operating and financing expense
Chayo Group	CHAYO TB	THB 2.78	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 02-Aug-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.