

BANGKOK COMMERCIAL ASSET MNGT.

THAILAND / FINANCE & SECURITIES

BAM TB

BUY

FROM HOLD

TARGET PRICE	THB7.50
CLOSE	THB6.50
UP/DOWNSIDE	+15.4%
PRIOR TP	THB7.50
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	-6.4%

Strategy to steer toward NPA segment

- 2Q24 profit showed notable weakness in the NPL segment, but it was buried by outstanding NPA sales, beating the estimate by 5%.
- Outlook for 2H24 is favorable for boosting NPA sales, while the expected investment in 2H24 declines.
- We upgrade to BUY given the current upside to our TP of THB7.50.

2Q24 profit beat our estimate and the BBG consensus by 5%

BAM reported a 2Q24 net profit of THB456m, increasing by 7.8% q-q and 7.3% y-y. The figure surpassed our estimate and the BBG consensus by 5%. The NPL segment was the most impacted, with revenue falling short of forecasts. However, its concerted efforts to boost property sales led to a solid performance in the NPA segment, which helped offset the underperforming NPLs. The situation resulted in 2Q24 cash collection of THB3.96b, representing 12.0% q-q growth, though it still contracted by 3.9% y-y.

2024 strategy steering toward NPAs

In response to challenges in the NPL segment, BAM is shifting its growth strategy toward the NPA segment for 2H24. It will continue its aggressive pricing strategy, anticipating a further decline in the selling price-to-appraisal ratio, but expects it to stabilize at 80-81% in 2H24, down from 85% in 2Q24 and 90% in 1Q24. BAM's backlog includes THB700m in large-ticket clients, with THB450m from NPLs and THB250m from NPAs. The focus on the NPA segment is aimed at sustaining bottom-line growth, which showed improvement in 2Q24, signaling that BAM's performance may have bottomed out in 1Q24, and we expect a gradual recovery in the latter half of the year.

Maintain 2024-26 forecast; some upside from Ari-AMC in 2025-26

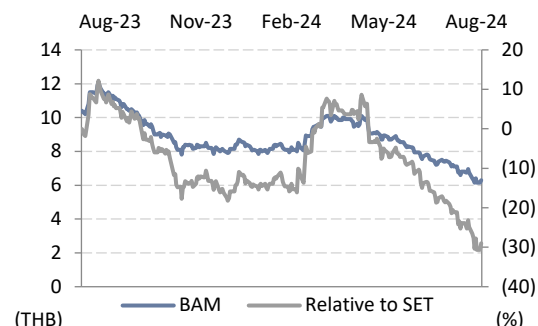
We maintain our net profit forecasts for 2024-26 with an average of 9.2% growth (CAGR). Regarding progress on establishing the JV AMC – Ari-AMC (a 50:50 joint venture with GSB) – BAM expects Ari-AMC to receive its AMC license and commence operations within 3Q24. Initially, the JV will manage THB30.0b in outstanding loans, covering over 140K accounts, with 90% unsecured loans. The expected loan amount will increase to THB200b and 500K accounts within a couple of years. BAM will recognize profits from the JV and management fees from the secured loan portion, while the management of unsecured loans will be outsourced to third-party collectors. Under our conservative approach in 2025-26E, we expect Ari-AMC to provide a revenue contribution of 2-3% and 1-2% in net profit.

Upgrade to BUY; the most outstanding among peers

We expect BAM's 2H24 net profit performance to continue on its path to recovery, especially with its NPA strategy, leading to the most outstanding growth of 15.9% y-y – the highest projection among AMC peers. With the share price having declined by over 20% YTD, opening the upside, we upgrade BAM to BUY from Hold with a TP of THB7.50.

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 (%)	-	(1.8)	(6.1)	(12.4)
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)	13.7	11.8	11.1	10.2
Dividend yield (%)	8.5	5.8	5.9	7.7
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 (%)	(12.8)	(25.3)	(38.1)
Relative to country (%)	(10.1)	(20.4)	(26.5)
Mkt cap (USD m)	602		
3m avg. daily turnover (USD m)	1.8		
Free float (%)	21		
Major shareholder	FIDF (46%)		
12m high/low (THB)	12.30/6.10		
Issued shares (m)	3,232		

Sources: Bloomberg consensus; FSSIA estimates



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Investment thesis

We upgrade our rating to BUY on BAM due to:

- BAM's 1H24 performance has largely received a boost from its NPA segment after adopting an aggressive pricing plan. Although, the trade-off was lower profitability on assets, the move more than made up for the stagnant NPL segment.
- We expect a h-h recovery for 2H24, especially as the firm will continue to focus on its NPA business. Therefore, we think the firm has already passed its quarterly trough in 1Q24. Meanwhile, our estimate of 2024 net profit growth of 15.9% y-y is the most outstanding figure relative to peers under coverage.
- Our NAV-based valuation model suggests a 2024 fair value of THB7.50, implying a P/BV ratio of 0.55x. With the upside to our current TP, we upgrade our recommendation to BUY.

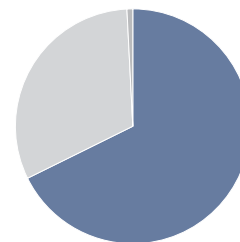
Company profile

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

www.bam.co.th

Principal activities (revenue, 1H24)

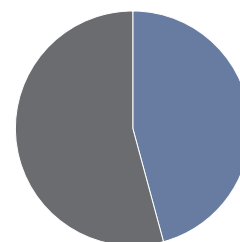
- NPLs management - 67.7 %
- NPAs management - 31.5 %
- Other income - 0.8 %



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.

Event calendar

Date	Event
Nov 2024	3Q24 results announcement

Key assumptions

	2024E (THB m)	2025E (THB m)	2026E (THB m)
Net profit	1,779	1,899	2,066
Net profit growth (%)	15.9	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		(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

2Q24 performance highlights

(-) NPL business was weaker than expected: The NPL segment continued to be affected by impaired household spending power in 2Q24. Cash collection from this segment amounted to THB1.97b, down 9.1% and 2.0%. Revenue from the NPL segment contracted by 8.9% q-q but grew by 13.8% y-y. 1H24 revenue from NPLs was THB2.99b, increasing 18.4% y-y and accounting for 55% of our 2024 estimate.

(+) NPA business was better than expected: 2Q24 revenue from NPAs was THB808m, a significant increase of 38.5% q-q (but a 7.4% contraction y-y due to a high base in 2Q23). BAM's aggressive pricing strategy drove this growth during the period, which led to NPA cash collection finishing at THB1.98b (up 45.5% q-q but down 5.7% y-y). However, this came at the cost of lower profitability, as the average selling price to appraisal value in 2Q24 dropped to 85% from 91% in 1Q24. 1H24 revenue from NPAs was THB1.39b, contracting 2.6% y-y as there were collections from several large-ticket clients in 2Q23. The figure secured 42% of our 2024 forecast.

(+) Investment: The 2Q24 NPL acquisition totaled THB4.6b, with the total purchase in 1H24 amounting to THB5.7b, accounting for 58% of our 2024 estimate and BAM's guidance. In 2Q24, BAM provided insights into the secured NPL auction market, noting that secured AMC's are slowing down their bidding due to the high-interest rate environment and challenging operating conditions. The situation has led to easier pricing for BAM and increased sales cancellations by sellers. As a result, BAM anticipates a h-h decline in market supplies in 2H24.

Some upside from Ari-AMC in 2025-26

BAM expects Ari-AMC (50:50 JV with GSB) to be granted an AMC license within 3Q24 along with the beginning of its operations. After that, both BAM and GSB intend to increase capital in the JV by up to THB500m from each party (from THB12.5m each currently).

Initially, the JV will manage THB30.0b in outstanding loans, covering over 140K accounts, with 90% unsecured loans. The expected loan amount will increase to THB200b and 500K accounts within a couple of years. BAM will recognize profits from the JV and management fees from the secured loan portion, while the management of unsecured loans will be outsourced to third-party collectors.

We expect Ari-AMC's recognition of revenue from unsecured loans to begin in 4Q24, while secured loans should occur later in 1Q25 due to their nature of having more legal complications. Based on an average portfolio IRR of 12% p.a., we estimate Ari-AMC to exhibit a small share of loss in 2024 given that most operations should occur in 2025 onwards. We expect a more noticeable upside in 2025-26 at 1-2%, respectively, with THB124m and THB212m cash collection and 20-22% cost-to-income ratio assumptions. The expected 2024-26 D/E ranges from 0.4-1.6x (Exhibit 4).

Exhibit 1: BAM – 2Q24 operating summary

	2Q23	3Q23	4Q23	1Q24	2Q24	----- Change -----		1H24	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	1,861	3.4	15.8	3,661	16.0	55	6,716	0.2
Interest income from installment loans	22	39	35	46	15	(67.4)	(31.8)	61	10.9	45	137	6.1
Total interest income	1,635	1,747	1,822	1,830	1,886	3.1	15.4	3,716	15.6	54	6,862	0.5
Interest expense	723	736	756	771	802	4.0	11.0	1,573	11.1	52	3,044	4.7
Net interest income	912	1,011	1,066	1,059	1,084	2.4	18.8	2,143	19.2	56	3,819	(2.6)
Gain on NPL receivables	604	541	637	689	691	0.3	14.4	1,380	17.9	55	2,528	7.7
Gain on NPA sales	575	604	496	443	693	56.2	20.4	1,136	6.7	41	2,743	26.7
Gain on installment loans	275	157	127	94	100	6.7	(63.5)	195	(37.2)	43	456	(23.1)
Other non-interest income	14	17	20	12	23	95.3	63.4	34	7.3	40	85	23.6
Total non-interest income	1,468	1,318	1,281	1,238	1,507	21.7	2.6	2,745	6.5	47	5,813	12.3
Operating expenses	742	777	825	680	730	7.4	(1.6)	1,409	(1.2)	45	3,106	2.6
ECL expense	1,126	1,084	1,028	1,099	1,296	17.9	15.1	2,395	13.4	55	4,357	3.1
Income tax	88	84	80	95	109	14.5	23.8	204	41.0	52	391	26.4
Net profit	425	383	460	423	456	7.8	7.3	880	27.1	49	1,779	15.9
EPS (THB)	0.13	0.12	0.14	0.13	0.14	7.7	7.3	0.27	27.1	49	0.55	15.9
Cash collection												
NPL cash collection	2,013	2,146	2,320	2,169	1,973	(9.1)	(2.0)	4,142	3.9	45	9,126	8.0
NPA cash collection	2,104	1,716	1,593	1,364	1,985	45.5	(5.7)	3,349	(0.1)	45	7,375	10.7
Total cash collection	4,118	3,862	3,913	3,534	3,958	12.0	(3.9)	7,491	2.1	45	16,501	9.2
Key balance sheet items												
Gross NPL receivables	84,193	87,543	86,575	85,569	88,424	3.3	5.0	88,424	5.0	98	90,004	4.0
Gross NPA	43,945	44,723	45,635	46,788	46,903	0.2	6.7	46,903	6.7	95	49,603	8.7
Additional acquisition	4,723	5,431	1,514	1,194	4,558	281.7	(3.5)	5,752	(22.0)	58	10,000	(30.2)
Key financial ratios (%)	(%)	(%)	(%)	(%)	(%)			(%)			(%)	
Cost to income ratio	31.17	33.38	35.14	29.59	28.17			28.83			32.22	
Cost of funds	3.34	3.40	3.42	3.43	3.50			3.49			3.33	
Gross profit margin	76.71	75.99	75.63	74.87	76.36			75.65			75.99	
Net profit margin	13.71	12.49	14.83	13.80	13.45			13.62			14.03	
ROA	1.27	1.14	1.35	1.24	1.32			1.29			1.28	
ROE	3.91	3.56	4.24	3.86	4.17			4.08			4.06	
D/E (x)	2.10	2.15	2.15	2.10	2.23			2.23			2.20	
IBD/E (x)	2.03	2.00	2.08	2.03	2.15			2.15			2.11	

Sources: BAM; FSSIA estimates

Exhibit 2: Operating performance by segment

	2Q23	3Q23	4Q23	1Q24	2Q24	----- Change -----		1H24	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 %)
Revenue from NPL management	1,251	1,251	1,482	1,563	1,424	(8.9)	13.8	2,987	18.4	55	5,447	3.6
Interest income from NPLs	647	710	845	874	733	(16.1)	13.3	1,607	18.8	55	2,919	0.4
Gain on NPLs	604	541	637	689	691	0.3	14.4	1,380	17.9	55	2,528	7.7
Revenue from NPA management	872	800	658	584	808	38.5	(7.4)	1,392	(2.6)	42	3,336	15.5
Gain on NPAs	575	604	496	443	693	56.2	20.4	1,136	6.7	41	2,743	26.7
Interest income from installment loans	22	39	35	46	15	(67.4)	(31.8)	61	10.9	45	137	6.1
Gain on installment loans	275	157	127	94	100	6.7	(63.5)	195	(37.2)	43	456	(23.1)

Sources: BAM; FSSIA estimates

Exhibit 3: Historical cash collection vs guidance

	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	1H23	1H24	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
Total	4,297	5,909	3,467	4,464	4,488	5,381	4,900	6,478	7,931	11,378	17,800	20,000
Actual/ FSSIA estimate												
NPL	2,552	3,118	1,972	2,013	2,146	2,320	2,169	1,973	3,986	4,142	8,452	9,126
NPA	1,868	2,277	1,249	2,104	1,716	1,593	1,364	1,985	3,353	3,349	6,661	7,375
Total	4,420	5,395	3,221	4,118	3,862	3,913	3,534	3,958	7,339	7,491	15,113	16,501
Relative to guidance	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)			(%)	(%)
NPL	(1.6)	1.6	(14.2)	(24.9)	(14.9)	(22.6)	(16.6)	(36.7)	(20.0)	(27.6)	(19.5)	(8.7)
NPA	9.6	(19.8)	6.8	18.1	(12.8)	(33.1)	(40.7)	(40.9)	13.6	(40.8)	(8.7)	(26.3)
Total	2.9	(8.7)	(7.1)	(7.8)	(14.0)	(27.3)	(27.9)	(38.9)	(7.5)	(34.2)	(15.1)	(17.5)

Sources: BAM; FSSIA estimates

Exhibit 4: Upside from Ari-AMC projection

	2024E	2025E	2026E
	(THB m)	(THB m)	(THB m)
OS loans	35,000	80,000	115,000
Gross investment	785	1,762	2,633
Interest income	28	180	307
Interest expenses	5	34	68
Net interest income	33	214	375
Operating expenses	16	58	89
ECL	24	112	182
Pre-tax income	(6)	44	104
Income tax	-	9	21
Net income	(6)	36	83
Cash collection	20	124	212
Key ratios	(%)	(%)	(%)
Avg. IRR on loans	12.0	12.0	12.0
Cost-to-income	38.5	22.1	20.0
Cost of funds	5.0	5.0	5.0
Cash collection to avg. NPL	20.0	20.0	20.0
Unsecured loan commission fee	6.0	6.0	6.0
Secured loan commission fee	6.0	6.0	6.0
D/E (x)	0.4	0.9	1.6
IBD/E (x)	0.4	0.9	1.6
BAM shareholding (%)	50.0	50.0	50.0
Share of profit to BAM (THB m)	(3)	18	42
Management fee to BAM (THB m)	-	2	4
2024-26E net profit (THB m)	1,779	1,815	1,998
Upside to BAM's net profit (THB m)	(3)	20	46
% Upside (downside)	(0)	1	2

Source: FSSIA estimates

Upgrade to BUY; the most outstanding among peers

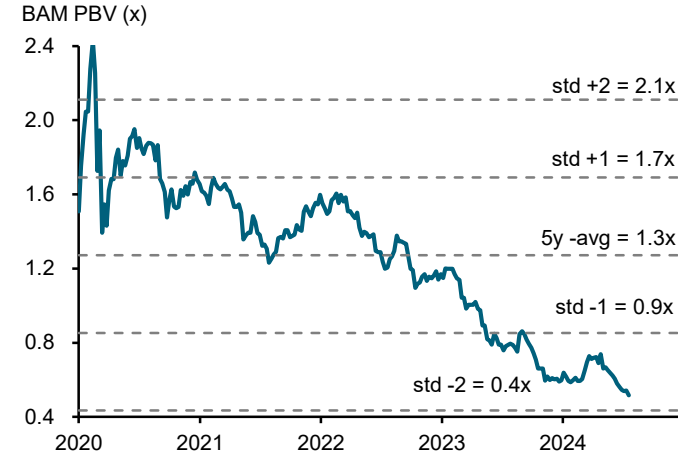
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Exhibit 5: BAM – NAV-based 2024 TP

NAV Valuation	2024E (THB m)
Discounted value of NPL and NPAs	99,865
Discounted value of other assets	1,750
Liabilities	90,518
Net asset value	24,253
No. of shares (m shares)	3,232
BVS (THB)	13.64
Implied PBV (x)	0.55
NAV per share (THB)	7.50

Source: FSSIA estimates

Exhibit 7: BAM – one-year prospective P/BV band



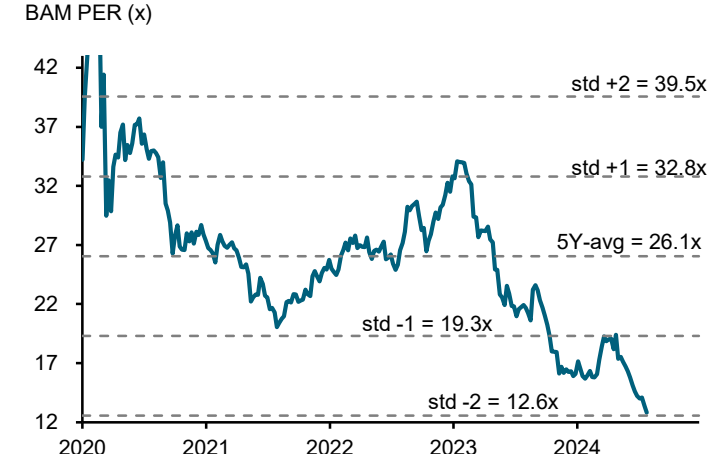
Sources: Bloomberg; FSSIA estimates

Exhibit 6: Share price performance of non-banks under coverage, as of 14 August 2024

	Price performance				
	1M (%)	3M (%)	6M (%)	1Y (%)	YTD (%)
TIDLOR TB	(24.0)	(36.7)	(39.0)	(34.3)	(38.7)
MTC TB	(2.4)	(12.1)	(10.6)	6.0	(11.1)
SAWAD TB	(25.7)	(27.6)	(21.8)	(34.2)	(23.3)
AEONTS TB	(5.6)	(30.2)	(27.2)	(29.9)	(31.3)
KTC TB	0.6	(9.8)	(9.3)	(15.7)	(10.3)
SAK TB	(15.2)	(8.4)	(2.1)	(6.5)	10.1
ASK TB	(28.3)	(35.0)	(48.4)	(58.9)	(51.0)
THANI TB	(20.9)	(26.3)	(24.0)	(38.7)	(26.4)
JMT TB	(3.8)	(27.4)	(46.6)	(70.8)	(50.2)
BAM TB	(11.6)	(25.3)	(20.2)	(37.5)	(20.2)
CHAYO TB	(23.1)	(32.3)	(51.9)	(65.6)	(52.3)
SETFIN	(11.4)	(23.1)	(26.2)	(33.8)	(27.7)
SET	(3.0)	(6.0)	(7.2)	(15.3)	(9.1)

Source: Bloomberg

Exhibit 8: BAM – one-year prospective PER band



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
Per share (THB)					
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
Growth					
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
Income Breakdown					
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
Operating performance					
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
Net customer loans	72,384	77,959	81,550	83,686	85,596
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
Total assets	132,805	137,315	141,117	146,912	155,333
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	-	-	-	-	-
Total liabilities	89,097	93,685	96,966	102,071	109,661
Share capital	16,160	16,160	16,160	16,160	16,160
Reserves	27,548	27,469	27,991	28,681	29,513
Total equity	43,708	43,629	44,151	44,841	45,673
Non-controlling interest	0	0	0	0	0
Total liabilities & equity	132,805	137,315	141,117	146,912	155,333
Supplementary items					
Risk weighted assets (RWA)	n/a	n/a	n/a	n/a	n/a
Average interest earning assets	n/a	n/a	n/a	n/a	n/a
Average interest bearing liabilities	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
Per share (THB)					
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
Growth					
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 (%)	-	-	-	-	-
Leverage & capital measures					
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 (%)	-	-	-	-	-
Asset Quality (FSSIA's calculation)					
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 (%)	-	-	-	-	-
Valuation					
Recurring P/E (x) *	7.7	13.7	11.8	11.1	10.2
Recurring P/E @ target price (x) *	8.9	15.8	13.6	12.8	11.7
Reported P/E (x)	7.7	13.7	11.8	11.1	10.2
Dividend yield (%)	8.5	8.5	5.8	5.9	7.7
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


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

Sources: Bloomberg; FSSIA's compilation

Disclaimer for ESG scoring

ESG score	Methodology	Rating																				
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.																				
Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET)	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for THSI inclusion , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. SETTHSI Index is extended from the THSI companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.																				
CG Score by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).																				
AGM level By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <i>(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)</i>	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																				
Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. <i>(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</i>	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.																				
Morningstar Sustainalytics	The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality & peer reviews.</i>	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table><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	
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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; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)</i>																					
S&P Global	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.																					
Bloomberg	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.																				
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.																				

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

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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 6.50	BUY	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.
Saksiam Leasing	SAK TB	THB 4.42	BUY	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.
Srisawad Corp	SAWAD TB	THB 28.00	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 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.
JMT Network Services	JMT TB	THB 13.20	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.
Ngern Tid Lor	TIDLOR TB	THB 13.50	HOLD	Downside risks to our GGM-based TP include 1) further weakening asset quality could potentially hit both loan yield and credit cost; and 2) tighter supervision from related regulators. Upside risks are 1) lower-than-expected credit costs from better asset quality management; and 2) higher-than-expected loan and insurance premium growth from the positive effects of a more favorable economic situation.
Ratchthani Leasing	THANI TB	THB 1.75	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 40.25	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.
Aeon Thana Sinsap (Thailand)	AEONTS TB	THB 110.50	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 39.00	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.
Asia Sermkij Leasing PCL	ASK TB	THB 10.10	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.
Chayo Group	CHAYO TB	THB 2.70	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 14-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.