

# BANGKOK COMMERCIAL ASSET MNGT.

## THAILAND / FINANCE & SECURITIES

BAM TB

BUY

UNCHANGED

## 2H24 poised for a recovery

- The message from our "Exclusive Talk" event provided further evidence of BAM's recovery path in 2H24.
- We have raised our 2024-26E net profit by 3-4%, with an improved expectation for Ari-AMC, a 5-8% net profit upside in 2025-26.
- Maintain our BUY rating while raising our 2024 TP to THB9.00.

### The on-ground view indicates a recovery momentum

We hosted an exclusive talk with BAM's management (29 August). The key discussion was around 1) a top-down view of the industry and implications on BAM, 2) the outlook into 2H24, and 3) more information on Ari-AMC. Management had an optimistic view of its 1H24 performance. Developed from a challenging year in 2023, the firm's on-ground view showed its NPL business had seen a meaningful recovery, especially of those related to the tourism sector. Meanwhile, there were certain large-ticket portfolios (>THB50m in size) apart from the total of THB800m presented in the previous analyst meeting that had positive progress. For the NPA segment, BAM considered adopting more accessible pricing on its assets for sale as a more reasonable stance for market making. The selling price-to-appraisal ratio of 85% in 2Q24, which dropped meaningfully q-q, remained within its comfort level.

### A more visible outlook in 2H24

For 2H24, BAM anticipates continued recovery momentum in both its NPL and NPA businesses. With 1H24 cash collections of THB7.5b (+2.1% y-y), BAM's aggressive 2024 target of THB20b seems out of reach. However, it remains confident that the figure will show y-y growth, suggesting an improvement in 2H24. Moreover, with expectations of a h-h decline in investments, we foresee a reduced bottom-line burden from expected credit losses (ECL), particularly for newly purchased NPLs. BAM would continue to achieve h-h growth in net profit in 2H24, resulting in an 18.8% y-y increase for 2024.

### Moderate 2024-26E earnings upgrade

We raise our 2024-26E net profit moderately by 3-4% to reflect adjustments in our forecast. We lifted our projection for the revenue from the NPL segment, which was underestimated, but a lower revenue projection from NPAs offsets it. Our new 2024-26E average bottom-line growth is 12.0% (from 9.2% CAGR), with 2024 likely showing the most promising growth of 18.8% y-y. With more detailed information for Ari-AMC, we have an improved expectation for the benefit of Ari-AMC, fueling a 5-8% upside on our estimate for 2025-26 net profit.

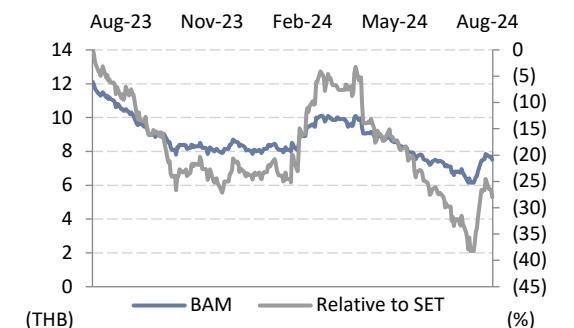
### Maintain BUY call with a higher TP of THB9.00

We retain our BUY rating for BAM due to its strong earnings visibility compared to its peers. We have raised our NAV-based 2024 target price to THB9.00 (from THB7.50), implying a PBV ratio of 0.64x (up from 0.55x), with a high dividend yield of c6-7%.

|                 |         |
|-----------------|---------|
| TARGET PRICE    | THB9.00 |
| CLOSE           | THB7.50 |
| UP/DOWNSIDE     | +20.0%  |
| PRIOR TP        | THB7.50 |
| CHANGE IN TP    | +20.0%  |
| TP vs CONSENSUS | +16.0%  |

### KEY STOCK DATA

| YE Dec (THB m)       | 2023   | 2024E | 2025E | 2026E |
|----------------------|--------|-------|-------|-------|
| Operating profit     | 1,843  | 2,237 | 2,418 | 2,631 |
| Net profit           | 1,534  | 1,823 | 1,970 | 2,144 |
| EPS (THB)            | 0.47   | 0.56  | 0.61  | 0.66  |
| vs Consensus (%)     | -      | 0.4   | (2.4) | (9.8) |
| Recurring net profit | 1,534  | 1,823 | 1,970 | 2,144 |
| Core EPS (THB)       | 0.47   | 0.56  | 0.61  | 0.66  |
| Chg. In EPS est. (%) | -      | 2.5   | 3.7   | 3.8   |
| EPS growth (%)       | (43.7) | 18.8  | 8.1   | 8.8   |
| Core P/E (x)         | 15.8   | 13.3  | 12.3  | 11.3  |
| Dividend yield (%)   | 7.3    | 6.0   | 6.5   | 7.1   |
| Price/book (x)       | 0.6    | 0.5   | 0.5   | 0.5   |
| ROE (%)              | 3.5    | 4.1   | 4.4   | 4.8   |
| ROA (%)              | 1.1    | 1.3   | 1.4   | 1.5   |



| Share price performance        | 1 Month    | 3 Month | 12 Month |
|--------------------------------|------------|---------|----------|
| Absolute (%)                   | 10.3       | (13.3)  | (37.0)   |
| Relative to country (%)        | 6.2        | (13.8)  | (27.2)   |
| Mkt cap (USD m)                | 714        |         |          |
| 3m avg. daily turnover (USD m) | 2.0        |         |          |
| 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 have a BUY rating for 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 an h-h improvement for 2H24 as the debtors of its NPL portfolio gradually recover, representing a lesser drag, while BAM continues aggressive sales of NPA business. Therefore, we think the firm has already passed its quarterly trough in 1Q24. Meanwhile, our estimated 2024 net profit growth of 18.8% y-y is the most outstanding figure relative to peers under coverage.
- Our NAV-based valuation model suggests a 2024 fair value of THB9.00, implying a P/BV ratio of 0.64x, which currently has a sufficient upside.

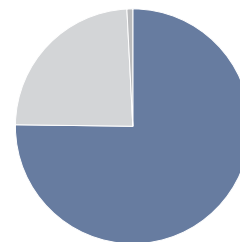
## Company profile

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 further disposal or transfer.

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

## Principal activities (revenue, 1H24)

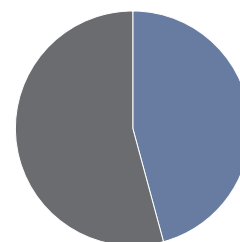
- NPLs management - 75.2 %
- NPAs management - 24.0 %
- Other income - 0.8 %



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 investments in bad debts;
- Higher-than-expected cash collections 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 collections 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  | 2025E  | 2026E  |
|---------------------------|--------|--------|--------|
| Net profit (THB m)        | 1,823  | 1,970  | 2,144  |
| Net profit growth (%)     | 18.8   | 8.1    | 8.8    |
| Cash collection (THB m)   | 16,177 | 17,182 | 18,077 |
| Cash collection ratio (%) | 12.0   | 12.2   | 12.4   |
| Purchase of A/R (THB m)   | 10,000 | 10,500 | 10,763 |
| Investment growth (%)     | (30.2) | 5.0    | 2.5    |
| Cost to income (%)        | 31.4   | 30.7   | 30.6   |
| Cost of funds (%)         | 3.52   | 3.54   | 3.54   |

Source: FSSIA estimates

## Earnings sensitivity

|                        |       | 2024E |       |       |
|------------------------|-------|-------|-------|-------|
| Cash collection ratio  | ±10bp | 11.7  | 12.0  | 12.2  |
| % change in net profit |       | (3.7) | -     | 3.7   |
| Cost of funds          | ±10bp | 3.42  | 3.52  | 3.62  |
| % change in net profit |       | 4.3   | -     | (4.3) |
| Cost to income         | ±1ppt | 30.43 | 31.43 | 32.43 |
| % change in net profit |       | 4.4   | -     | (4.4) |

Source: FSSIA estimates

## The on-ground view indicates recovery momentum

We hosted an exclusive talk with BAM's management on August 29. The key discussion points included 1) a top-down view of the industry and its implications for BAM, 2) the outlook for 2H24, and 3) more information on Ari-AMC.

Management expressed an optimistic view of its 1H24 performance. Following a challenging year in 2023, the firm has observed a meaningful recovery in its NPL business, particularly in segments related to the tourism sector. Additionally, there has been positive progress in specific large-ticket portfolios (valued at over THB50m), apart from the total of THB800m presented in the previous analyst meeting.

For the NPA segment, BAM considered adopting more accessible pricing on its assets for sale as a more reasonable stance for market making. The selling price-to-appraisal ratio of 85% in 2Q24, which dropped meaningfully q-q, remained within its comfort level.

## Lesser NPL supplies in 2H24

Despite observing an abnormal proportion of special-mention loans in the economy, BAM reaffirmed its view of a lesser supply of NPLs for sale in 2H24. Typically, BAM and Sukhumvit Asset Management (SAM) account for approximately 80% of secured NPL demand. If players remain cautious about ongoing macroeconomic risks, the pricing on auctioned loans is likely to stay suppressed, reducing the incentive for financial institutions (FIs) to release them. Instead, FIs may consider alternative options, such as establishing a JV AMC or pursuing internal management. By contrast, a favorable pricing of NPLs in 2024 will have a positive impact on BAM's long-term profitability.

## A more visible outlook in 2H24

For 2H24, BAM foresees continued recovery momentum in its NPL and NPA businesses. With 1H24 cash collections at THB7.5b (+2.1% y-y), the aggressive 2024 target of THB20.0b appears out of reach. However, it remains confident that the figure will show y-y growth, indicating an h-h improvement in 2H24. Both the NPL and NPA segments would be growth drivers for 2024. Moreover, with an expected h-h decline in investments, we anticipate a reduced bottom-line burden from ECLs (the provision for newly purchased NPLs). BAM would continue to achieve h-h growth in net profit in 2H24, resulting in an 18.8% year-over-year increase for 2024.

## Moderate 2024-26E earnings upgrade

We raise our 2024-26E net profit moderately by 3-4% to reflect adjustments in our forecast. We lifted our projection for the revenue from the NPL segment, which was underestimated but a lower revenue projection from NPAs would offset it. Our new 2024-26E average bottom-line growth is 12.0% (from 9.2% CAGR), with 2024 likely showing the most promising growth of 18.8%, rebounding from a tough year in 2023.

### Exhibit 1: 2024-26E earnings revision

|                           | New              |                  |                  | Previous         |                  |                  | Change       |              |              |
|---------------------------|------------------|------------------|------------------|------------------|------------------|------------------|--------------|--------------|--------------|
|                           | 2024E<br>(THB m) | 2025E<br>(THB m) | 2026E<br>(THB m) | 2024E<br>(THB m) | 2025E<br>(THB m) | 2026E<br>(THB m) | 2024E<br>(%) | 2025E<br>(%) | 2026E<br>(%) |
| Net profit (THB m)        | 1,823            | 1,970            | 2,144            | 1,779            | 1,899            | 2,066            | 2.5          | 3.7          | 3.8          |
| Net profit growth (%)     | 18.8             | 8.1              | 8.8              | 15.9             | 6.8              | 8.8              |              |              |              |
| Cash collection (THB m)   | 16,177           | 17,182           | 18,077           | 16,501           | 17,302           | 18,270           | (2.0)        | (0.7)        | (1.1)        |
| Cash collection ratio (%) | 12.0             | 12.2             | 12.4             | 12.2             | 12.3             | 12.5             |              |              |              |
| Purchase of A/R (THB m)   | 10,000           | 10,500           | 10,763           | 10,000           | 10,500           | 10,763           | -            | -            | -            |
| Investment growth (%)     | (30.2)           | 5.0              | 2.5              | (30.2)           | 5.0              | 2.5              |              |              |              |
| Cost to income (%)        | 31.4             | 30.7             | 30.6             | 32.2             | 31.7             | 31.3             |              |              |              |

Source: FSSIA estimates

## Exhibit 2: 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    | 49   | 7,429   | 10.8    |
| Interest income from installment loans | 22      | 39      | 35      | 46      | 15      | (67.4)             | (31.8)  | 61      | 10.9    | 48   | 128     | (0.7)   |
| Total interest income                  | 1,635   | 1,747   | 1,822   | 1,830   | 1,886   | 3.1                | 15.4    | 3,716   | 15.6    | 49   | 7,538   | 10.4    |
| Interest expense                       | 723     | 736     | 756     | 771     | 802     | 4.0                | 11.0    | 1,573   | 11.1    | 49   | 3,213   | 10.5    |
| Net interest income                    | 912     | 1,011   | 1,066   | 1,059   | 1,084   | 2.4                | 18.8    | 2,143   | 19.2    | 50   | 4,325   | 10.3    |
| Gain on NPL receivables                | 604     | 541     | 637     | 689     | 691     | 0.3                | 14.4    | 1,380   | 17.9    | 51   | 2,726   | 16.1    |
| Gain on NPA sales                      | 575     | 604     | 496     | 443     | 693     | 56.2               | 20.4    | 1,136   | 6.7     | 50   | 2,277   | 5.2     |
| Gain on installment loans              | 275     | 157     | 127     | 94      | 100     | 6.7                | (63.5)  | 195     | (37.2)  | 51   | 382     | (35.7)  |
| Other non-interest income              | 14      | 17      | 20      | 12      | 23      | 95.3               | 63.4    | 34      | 7.3     | 49   | 70      | 1.8     |
| Total non-interest income              | 1,468   | 1,318   | 1,281   | 1,238   | 1,507   | 21.7               | 2.6     | 2,745   | 6.5     | 50   | 5,454   | 5.4     |
| Operating expenses                     | 742     | 777     | 825     | 680     | 730     | 7.4                | (1.6)   | 1,409   | (1.2)   | 46   | 3,074   | 1.5     |
| ECL expense                            | 1,126   | 1,084   | 1,028   | 1,099   | 1,296   | 17.9               | 15.1    | 2,395   | 13.4    | 54   | 4,469   | 5.8     |
| Pre-tax profit                         | 513     | 467     | 540     | 519     | 565     | 9.0                | 10.2    | 1,084   | 29.7    | 48   | 2,237   | 21.3    |
| Income tax                             | 88      | 84      | 80      | 95      | 109     | 14.5               | 23.8    | 204     | 41.0    | 49   | 414     | 33.9    |
| Net profit                             | 425     | 383     | 460     | 423     | 456     | 7.8                | 7.3     | 880     | 27.1    | 48   | 1,823   | 18.8    |
| EPS (THB )                             | 0.13    | 0.12    | 0.14    | 0.13    | 0.14    | 7.8                | 7.3     | 0.27    | 27.1    | 48   | 0.56    | 18.8    |
| Cash collection                        |         |         |         |         |         |                    |         |         |         |      |         |         |
| NPL cash collection                    | 2,013   | 2,146   | 2,320   | 2,169   | 1,973   | (9.1)              | (2.0)   | 4,142   | 3.9     | 45   | 9,151   | 8.3     |
| NPA cash collection                    | 2,104   | 1,716   | 1,593   | 1,364   | 1,985   | 45.5               | (5.7)   | 3,349   | (0.1)   | 48   | 7,026   | 5.5     |
| Total cash collection                  | 4,118   | 3,862   | 3,913   | 3,534   | 3,958   | 12.0               | (3.9)   | 7,491   | 2.1     | 46   | 16,177  | 7.0     |
| 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     |      | 88,943  | 2.7     |
| Gross NPA                              | 43,945  | 44,723  | 45,635  | 46,788  | 46,903  | 0.2                | 6.7     | 46,903  | 6.7     |      | 48,729  | 6.8     |
| Additional acquisition                 | 4,723   | 5,431   | 1,514   | 1,194   | 4,558   | 281.7              | (3.5)   | 5,752   | (22.0)  |      | 10,000  | (30.2)  |
| Key financial ratios (%)               | (%)     | (%)     | (%)     | (%)     | (%)     |                    |         | (%)     |         |      | (%)     |         |
| Cost to income ratio                   | 31.17   | 33.38   | 35.14   | 29.59   | 28.17   |                    |         | 28.83   |         |      | 31.43   |         |
| Cost of funds                          | 3.34    | 3.40    | 3.42    | 3.43    | 3.50    |                    |         | 3.49    |         |      | 3.52    |         |
| Gross profit margin                    | 76.71   | 75.99   | 75.63   | 74.87   | 76.36   |                    |         | 75.65   |         |      | 75.27   |         |
| 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    |         |      | 1.32    |         |
| ROE                                    | 3.91    | 3.56    | 4.24    | 3.86    | 4.17    |                    |         | 4.08    |         |      | 2.01    |         |
| D/E (x)                                | 2.10    | 2.15    | 2.15    | 2.10    | 2.23    |                    |         | 2.23    |         |      | 2.16    |         |
| IBD/E (x)                              | 2.03    | 2.00    | 2.08    | 2.03    | 2.15    |                    |         | 2.15    |         |      | 2.09    |         |

Sources: BAM; FSSIA estimates

## Exhibit 3: 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 NPLs                      | 1,251   | 1,251   | 1,482   | 1,563   | 1,424   | (8.9)              | 13.8    | 2,987   | 18.4    | 50   | 5,986   | 13.9    |
| Interest income from NPLs              | 647     | 710     | 845     | 874     | 733     | (16.1)             | 13.3    | 1,607   | 18.8    | 49   | 3,260   | 12.1    |
| Gain on NPLs                           | 604     | 541     | 637     | 689     | 691     | 0.3                | 14.4    | 1,380   | 17.9    | 51   | 2,726   | 16.1    |
| Revenue from NPAs                      | 872     | 800     | 658     | 584     | 808     | 38.5               | (7.4)   | 1,392   | (2.6)   | 50   | 2,787   | (3.5)   |
| Gain on NPAs                           | 575     | 604     | 496     | 443     | 693     | 56.2               | 20.4    | 1,136   | 6.7     | 50   | 2,277   | 5.2     |
| Interest income from installment loans | 22      | 39      | 35      | 46      | 15      | (67.4)             | (31.8)  | 61      | 10.9    | 48   | 128     | (0.7)   |
| Gain on installment loans              | 275     | 157     | 127     | 94      | 100     | 6.7                | (63.5)  | 195     | (37.2)  | 51   | 382     | (35.7)  |

Sources: BAM; FSSIA estimates

**Exhibit 4: Historical cash collections 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        |
| <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         | 1,973         | 3,986        | 4,142         | 8,452         | 9,151         |
| NPA                    | 1,868        | 2,277        | 1,249        | 2,104        | 1,716         | 1,593         | 1,364         | 1,985         | 3,353        | 3,349         | 6,661         | 7,026         |
| <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>3,958</b>  | <b>7,339</b> | <b>7,491</b>  | <b>15,113</b> | <b>16,177</b> |
| 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)        | (8.5)         |
| NPA                    | 9.6          | (19.8)       | 6.8          | 18.1         | (12.8)        | (33.1)        | (40.7)        | (40.9)        | 13.6         | (40.8)        | (8.7)         | (29.7)        |
| <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>(38.9)</b> | <b>(7.5)</b> | <b>(34.2)</b> | <b>(15.1)</b> | <b>(19.1)</b> |

Sources: BAM; FSSIA estimates

## Expect a profitable Ari-AMC

Regarding the first tranche of loans worth THB30b in OS amount of Ari-AMC (a 50:50 JV AMC with GSB), management expects the initial capital of THB1.0b would be sufficient to absorb. In terms of investment breakdown for Ari-AMC, the firm stated that it would consist of c70% in unsecured and c30% in secured loans and was confident in the profitability of JV investment as BAM put an immense effort into investment pricing and risks relative to returns. BAM expects to see progress in Ari-AMC as soon as from 4Q24 onwards. For further growth, Ari-AMC is likely to receive financing aid from GSB as well.

Management sees the possibility of transferring its cTHB130b of clean loans (the remainder of secured loans managed) under Ari-AMC's management. However, the matter requires further discussion with GSB.

We have an improved expectation regarding the benefit of Ari-AMC and estimate that both profit sharing from the JV and management fee income from part of secured loans will fuel a 5-8% upside on our estimate for BAM's 2025-26 net profit, assuming Avg. IRR of 12.0%, CIR of 25-26%, and D/E ratio of 0.8-2.4x.

### Exhibit 5: Upside from Ari-AMC projection

|                                   | 2024E        | 2025E        | 2026E        |
|-----------------------------------|--------------|--------------|--------------|
|                                   | (THB m)      | (THB m)      | (THB m)      |
| OS loans                          | 30,000       | 75,000       | 115,000      |
| Gross investment                  | 1,812        | 3,757        | 5,319        |
| Interest income                   | 130          | 769          | 1,223        |
| - part of accrued income          | 72           | 424          | 675          |
| - part of amount received         | 58           | 345          | 548          |
| - part of gain of NPLs            | 0            | 0            | 0            |
| Interest expenses                 | 10           | 79           | 147          |
| Net interest income               | 140          | 848          | 1,370        |
| Operating expenses                | 28           | 155          | 244          |
| ECL                               | 108          | 472          | 719          |
| Pre-tax income                    | 4            | 222          | 408          |
| Income tax                        | 1            | 44           | 82           |
| Net income                        | 3            | 177          | 326          |
| Cash collection                   | 90           | 530          | 844          |
| <b>Key ratios</b>                 | <b>(%)</b>   | <b>(%)</b>   | <b>(%)</b>   |
| Avg. IRR on loans                 | 12.0         | 12.0         | 12.0         |
| Cost-to-income                    | 26.7         | 25.4         | 25.7         |
| 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)                           | 0.8          | 2.0          | 2.4          |
| IBD/E (x)                         | 0.8          | 2.0          | 2.4          |
| BAM shareholding                  | 50.0         | 50.0         | 50.0         |
| Share of profit to BAM            | 1            | 89           | 163          |
| Management fee to BAM             | -            | 10           | 15           |
| <b>2024-26E net profit</b>        | <b>1,823</b> | <b>1,970</b> | <b>2,144</b> |
| <b>Upside to BAM's net profit</b> | <b>1</b>     | <b>98</b>    | <b>178</b>   |
| <b>% Upside (downside)</b>        | <b>0</b>     | <b>5</b>     | <b>8</b>     |

Source: FSSIA estimates

## Maintain BUY rating with a higher TP of THB9.00

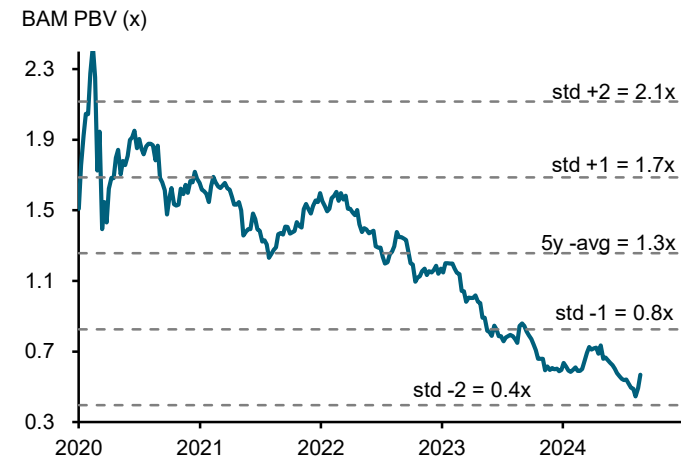
We retain a BUY rating for BAM due to its highest earnings visibility among peers, where the net profit is on a trajectory of a solid y-y recovery. Coupled with our earnings upgrade, we raise our NAV-based 2024 TP to THB9.00 (from THB7.50), implying a PBV ratio of 0.64x (from 0.55X), which offers an upside relative to the current share price. Moreover, we expect BAM to deliver an attractive dividend yield in 2024-26 in a range of c6-7% p.a. (over an 80% payout ratio assumption).

### Exhibit 6: BAM – NAV-based 2024 TP

| NAV Valuation                    | New<br>(THB m) | Previous<br>(THB m) |
|----------------------------------|----------------|---------------------|
| Discounted value of NPL and NPAs | 107,787        | 99,865              |
| Discounted value of other assets | 1,437          | 1,750               |
| Liabilities                      | 93,509         | 90,518              |
| Net asset value                  | 29,114         | 24,253              |
| No. of shares (m shares)         | 3,232          | 3,232               |
| BVS (THB)                        | 14.02          | 13.64               |
| <b>Implied PBV (x)</b>           | <b>0.64</b>    | <b>0.55</b>         |
| <b>NAV per share (THB)</b>       | <b>9.00</b>    | <b>7.50</b>         |

Source: FSSIA estimates

### Exhibit 8: BAM – one-year prospective PBV band



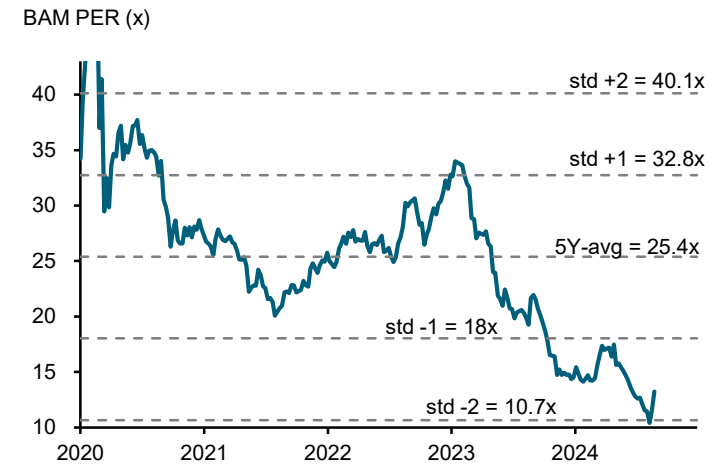
Sources: Bloomberg; FSSIA estimates

### Exhibit 7: Share price performance of non-banks under coverage, as of 29 August 2024

|               | Price performance |               |               |               |               |
|---------------|-------------------|---------------|---------------|---------------|---------------|
|               | 1M<br>(%)         | 3M<br>(%)     | 6M<br>(%)     | 1Y<br>(%)     | YTD<br>(%)    |
| TIDLOR TB     | 5.1               | (18.0)        | (24.4)        | (28.5)        | (24.4)        |
| MTC TB        | 10.0              | (2.2)         | (3.8)         | 6.7           | (2.2)         |
| SAWAD TB      | 16.0              | (9.5)         | 10.0          | (17.2)        | 3.2           |
| SAK TB        | (3.2)             | (17.3)        | 12.6          | (11.2)        | 16.3          |
| AEONTS TB     | 15.0              | (16.8)        | (15.7)        | (28.9)        | (20.9)        |
| KTC TB        | 8.2               | (6.0)         | 0.0           | (12.3)        | (1.7)         |
| ASK TB        | 16.4              | (14.7)        | (27.3)        | (50.8)        | (35.7)        |
| THANI TB      | 13.6              | (15.3)        | (2.9)         | (34.9)        | (15.4)        |
| JMT TB        | 42.0              | (3.0)         | (29.0)        | (66.7)        | (37.6)        |
| <b>BAM TB</b> | <b>11.1</b>       | <b>(13.3)</b> | <b>(10.7)</b> | <b>(38.0)</b> | <b>(8.0)</b>  |
| CHAYO TB      | 26.9              | (12.4)        | (39.3)        | (56.7)        | (37.6)        |
| <b>SETFIN</b> | <b>11.0</b>       | <b>(10.7)</b> | <b>(12.3)</b> | <b>(30.6)</b> | <b>(15.6)</b> |
| <b>SET</b>    | <b>3.8</b>        | <b>0.4</b>    | <b>(1.0)</b>  | <b>(13.9)</b> | <b>(4.1)</b>  |

Source: Bloomberg

### Exhibit 9: BAM – one-year prospective PER band



Sources: Bloomberg; FSSIA estimates

Exhibit 10: Peers comparison, as of 29 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 |
|                                |           |      | (LCY)  | (LCY)  | (%)    | (x)            | (x)  | (x)             | (x) | (%)             | (%)  | (x)                 | (x) |
| Auto title                     |           |      |        |        |        |                |      |                 |     |                 |      |                     |     |
| Muangthai Capital              | MTC TB    | BUY  | 44.00  | 50.00  | 13.6   | 14.8           | 11.9 | 2.5             | 2.1 | 18.1            | 19.0 | 0.6                 | 0.8 |
| Srisawad Corp                  | SAWAD TB  | HOLD | 38.00  | 37.00  | (2.6)  | 11.0           | 9.8  | 1.7             | 1.5 | 17.0            | 16.2 | 0.3                 | 1.0 |
| Ngern Tid Lor                  | TIDLOR TB | HOLD | 16.40  | 15.80  | (3.7)  | 10.9           | 9.3  | 1.5             | 1.3 | 14.5            | 15.1 | 2.8                 | 3.2 |
| Saksiam Leasing                | SAK TB    | BUY  | 4.84   | 5.28   | 9.1    | 12.2           | 10.7 | 1.6             | 1.5 | 13.7            | 14.4 | 3.4                 | 3.9 |
| Unsecured finance              |           |      |        |        |        |                |      |                 |     |                 |      |                     |     |
| AEON Thana Sinsap (Thailand)   | AEONTS TB | HOLD | 126.50 | 145.00 | 14.6   | 9.7            | 9.2  | 1.2             | 1.1 | 12.8            | 12.6 | 4.3                 | 4.6 |
| Krungthai Card                 | KTC TB    | HOLD | 42.75  | 40.00  | (6.4)  | 14.4           | 13.8 | 2.8             | 2.5 | 20.3            | 19.0 | 3.1                 | 3.3 |
| Hire-purchase truck            |           |      |        |        |        |                |      |                 |     |                 |      |                     |     |
| Asia Sermkij Leasing           | ASK TB    | HOLD | 12.80  | 9.60   | (25.0) | 15.2           | 12.0 | 0.6             | 0.6 | 4.2             | 5.3  | 3.3                 | 4.2 |
| Ratchthani Leasing             | THANI TB  | HOLD | 2.00   | 1.88   | (6.0)  | 10.8           | 10.0 | 0.9             | 0.9 | 8.5             | 8.9  | 5.1                 | 5.5 |
| AMCs                           |           |      |        |        |        |                |      |                 |     |                 |      |                     |     |
| Bangkok Commercial Asset Mgmt. | BAM TB    | BUY  | 7.50   | 9.00   | 20.0   | 13.3           | 12.3 | 0.5             | 0.5 | 4.1             | 4.4  | 6.0                 | 6.5 |
| JMT Network services           | JMT TB    | HOLD | 15.90  | 11.00  | (30.8) | 14.2           | 11.7 | 0.9             | 0.8 | 6.1             | 7.2  | 4.2                 | 5.1 |
| Chayo Group                    | CHAYO TB  | HOLD | 3.40   | 3.00   | (11.8) | 13.3           | 8.6  | 1.0             | 0.9 | 8.1             | 11.1 | 1.9                 | 1.7 |
| Average                        |           |      |        |        |        | 12.7           | 10.8 | 1.4             | 1.2 | 11.6            | 12.1 | 3.2                 | 3.6 |

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   | 10,264  | 10,787  | 11,089  |
| Interest expense                        | (2,637) | (2,908) | (3,213) | (3,346) | (3,495) |
| Net interest income                     | 7,201   | 6,269   | 7,051   | 7,441   | 7,593   |
| Net fees & commission                   | -       | -       | -       | -       | -       |
| Foreign exchange trading income         | -       | -       | -       | -       | -       |
| Securities trading income               | -       | -       | -       | -       | -       |
| Dividend income                         | 0       | 0       | 0       | 0       | 0       |
| Other income                            | 2,942   | 2,827   | 2,728   | 2,892   | 3,088   |
| Non interest income                     | 2,942   | 2,827   | 2,728   | 2,892   | 3,088   |
| Total income                            | 10,143  | 9,096   | 9,779   | 10,333  | 10,681  |
| Staff costs                             | -       | -       | -       | -       | -       |
| Other operating costs                   | (2,888) | (3,028) | (3,074) | (3,169) | (3,267) |
| Operating costs                         | (2,888) | (3,028) | (3,074) | (3,169) | (3,267) |
| Pre provision operating profit          | 7,255   | 6,068   | 6,705   | 7,164   | 7,415   |
| Expected credit loss                    | (4,049) | (4,225) | (4,469) | (4,747) | (4,784) |
| Other provisions                        | -       | -       | -       | -       | -       |
| Operating profit                        | 3,206   | 1,843   | 2,237   | 2,418   | 2,631   |
| 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   | 2,237   | 2,418   | 2,631   |
| Tax                                     | (482)   | (309)   | (414)   | (447)   | (487)   |
| Profit after tax                        | 2,724   | 1,534   | 1,823   | 1,970   | 2,144   |
| Non-controlling interest                | 0       | 0       | 0       | 0       | 0       |
| Preferred dividends                     | -       | -       | -       | -       | -       |
| Other items                             | -       | -       | -       | -       | -       |
| Reported net profit                     | 2,724   | 1,534   | 1,823   | 1,970   | 2,144   |
| Non recurring items & goodwill (net)    | -       | -       | 0       | 0       | 0       |
| Recurring net profit                    | 2,724   | 1,534   | 1,823   | 1,970   | 2,144   |
| <b>Per share (THB)</b>                  |         |         |         |         |         |
| Recurring EPS *                         | 0.84    | 0.47    | 0.56    | 0.61    | 0.66    |
| Reported EPS                            | 0.84    | 0.47    | 0.56    | 0.61    | 0.66    |
| DPS                                     | 0.55    | 0.55    | 0.45    | 0.49    | 0.53    |
| <b>Growth</b>                           |         |         |         |         |         |
| Net interest income (%)                 | 2.7     | (12.9)  | 12.5    | 5.5     | 2.0     |
| Non interest income (%)                 | (21.3)  | (3.9)   | (3.5)   | 6.0     | 6.8     |
| Pre provision operating profit (%)      | (9.5)   | (16.4)  | 10.5    | 6.8     | 3.5     |
| Operating profit (%)                    | (1.5)   | (42.5)  | 21.3    | 8.1     | 8.8     |
| Reported net profit (%)                 | 4.8     | (43.7)  | 18.8    | 8.1     | 8.8     |
| Recurring EPS (%)                       | 4.8     | (43.7)  | 18.8    | 8.1     | 8.8     |
| Reported EPS (%)                        | 4.8     | (43.7)  | 18.8    | 8.1     | 8.8     |
| <b>Income Breakdown</b>                 |         |         |         |         |         |
| Net interest income (%)                 | 71.0    | 68.9    | 72.1    | 72.0    | 71.1    |
| Net fees & commission (%)               | -       | -       | -       | -       | -       |
| Foreign exchange trading income (%)     | -       | -       | -       | -       | -       |
| Securities trading income (%)           | -       | -       | -       | -       | -       |
| Dividend income (%)                     | -       | -       | -       | -       | -       |
| Other income (%)                        | 29.0    | 31.1    | 27.9    | 28.0    | 28.9    |
| <b>Operating performance</b>            |         |         |         |         |         |
| Gross interest yield (%)                | -       | -       | -       | -       | -       |
| Cost of funds (%)                       | 3.18    | 3.30    | 3.52    | 3.54    | 3.55    |
| Net interest spread (%)                 | (3.18)  | (3.30)  | (3.52)  | (3.54)  | (3.55)  |
| Net interest margin (%)                 | -       | -       | -       | -       | -       |
| Cost/income(%)                          | 28.5    | 33.3    | 31.4    | 30.7    | 30.6    |
| Cost/assets(%)                          | 2.2     | 2.2     | 2.2     | 2.2     | 2.2     |
| Effective tax rate (%)                  | 15.0    | 16.8    | 18.5    | 18.5    | 18.5    |
| Dividend payout on recurring profit (%) | 65.2    | 65.0    | 80.0    | 80.0    | 80.0    |
| ROE (%)                                 | 6.3     | 3.5     | 4.1     | 4.4     | 4.8     |
| ROE - COE (%)                           | (4.5)   | (7.3)   | (6.7)   | (6.4)   | (6.0)   |
| ROA (%)                                 | 2.1     | 1.1     | 1.3     | 1.4     | 1.5     |
| 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         | 88,943         | 91,193         | 93,272         |
| Allowance for expected credit loss         | (21,710)       | (25,667)       | (29,836)       | (34,262)       | (38,706)       |
| interest in suspense                       | 13,256         | 17,051         | 21,220         | 25,646         | 30,090         |
| <b>Net customer loans</b>                  | <b>72,384</b>  | <b>77,959</b>  | <b>80,327</b>  | <b>82,577</b>  | <b>84,656</b>  |
| Bank loans                                 | -              | -              | -              | -              | -              |
| Government securities                      | -              | -              | -              | -              | -              |
| Trading securities                         | -              | -              | -              | -              | -              |
| Investment securities                      | 476            | 459            | 500            | 500            | 500            |
| Cash & equivalents                         | 86             | 107            | 219            | 175            | 141            |
| Other interesting assets                   | 39,576         | 37,316         | 39,418         | 41,777         | 44,196         |
| Tangible fixed assets                      | 1,139          | 1,190          | 1,191          | 1,193          | 1,194          |
| Associates                                 | -              | -              | -              | -              | -              |
| Goodwill                                   | -              | -              | -              | -              | -              |
| Other intangible assets                    | -              | -              | -              | -              | -              |
| Other assets                               | 19,143         | 20,284         | 18,141         | 18,610         | 18,864         |
| <b>Total assets</b>                        | <b>132,805</b> | <b>137,315</b> | <b>139,795</b> | <b>144,833</b> | <b>149,551</b> |
| Customer deposits                          | -              | -              | -              | -              | -              |
| Bank deposits                              | -              | -              | -              | -              | -              |
| Other interest bearing liabilities         | 85,552         | 90,518         | 92,246         | 96,604         | 100,581        |
| Non interest bearing liabilities           | 3,544          | 3,167          | 3,325          | 3,492          | 3,666          |
| Hybrid Capital                             | -              | -              | -              | -              | -              |
| <b>Total liabilities</b>                   | <b>89,097</b>  | <b>93,685</b>  | <b>95,572</b>  | <b>100,096</b> | <b>104,247</b> |
| Share capital                              | 16,160         | 16,160         | 16,160         | 16,160         | 16,160         |
| Reserves                                   | 27,548         | 27,469         | 28,064         | 28,576         | 29,144         |
| <b>Total equity</b>                        | <b>43,708</b>  | <b>43,629</b>  | <b>44,224</b>  | <b>44,736</b>  | <b>45,304</b>  |
| Non-controlling interest                   | 0              | 0              | 0              | 0              | 0              |
| <b>Total liabilities &amp; equity</b>      | <b>132,805</b> | <b>137,315</b> | <b>139,795</b> | <b>144,833</b> | <b>149,551</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         | 91,382         | 94,425         | 98,593         |
| 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          | 13.68          | 13.84          | 14.02          |
| Tangible book value per share              | 13.52          | 13.50          | 13.68          | 13.84          | 14.02          |
| <b>Growth</b>                              |                |                |                |                |                |
| Gross customer loans                       | (1.0)          | 7.1            | 2.7            | 2.5            | 2.3            |
| Average interest earning assets            | -              | -              | -              | -              | -              |
| Total asset (%)                            | 5.5            | 3.4            | 1.8            | 3.6            | 3.3            |
| Risk weighted assets (%)                   | -              | -              | -              | -              | -              |
| Customer deposits (%)                      | -              | -              | -              | -              | -              |
| <b>Leverage &amp; capital measures</b>     |                |                |                |                |                |
| Customer loan/deposits (%)                 | -              | -              | -              | -              | -              |
| Equity/assets (%)                          | 32.9           | 31.8           | 31.6           | 30.9           | 30.3           |
| Tangible equity/assets (%)                 | 32.9           | 31.8           | 31.6           | 30.9           | 30.3           |
| 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           | 33.5           | 37.6           | 41.5           |
| Allowance for ECL/NPL (%)                  | -              | -              | -              | -              | -              |
| <b>Valuation</b>                           |                |                |                |                |                |
| Recurring P/E (x) *                        | 8.9            | 15.8           | 13.3           | 12.3           | 11.3           |
| Recurring P/E @ target price (x) *         | 10.7           | 19.0           | 16.0           | 14.8           | 13.6           |
| Reported P/E (x)                           | 8.9            | 15.8           | 13.3           | 12.3           | 11.3           |
| Dividend yield (%)                         | 7.3            | 7.3            | 6.0            | 6.5            | 7.1            |
| Price/book (x)                             | 0.6            | 0.6            | 0.5            | 0.5            | 0.5            |
| Price/tangible book (x)                    | 0.6            | 0.6            | 0.5            | 0.5            | 0.5            |
| Price/tangible book @ target price (x)     | 0.7            | 0.7            | 0.7            | 0.7            | 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 11: 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 12: ESG – peer comparison

|          | FSSIA<br>ESG<br>score | Domestic ratings |             |      |             |              |           | Global ratings          |             |      |         |           | Bloomberg     |              |                     |
|----------|-----------------------|------------------|-------------|------|-------------|--------------|-----------|-------------------------|-------------|------|---------|-----------|---------------|--------------|---------------------|
|          |                       | DJSI             | SET<br>THSI | THSI | CG<br>score | AGM<br>level | Thai CAC  | Morningstar<br>ESG risk | ESG<br>Book | MSCI | Moody's | Refinitiv | S&P<br>Global | ESG<br>score | Disclosure<br>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 13: 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 14: 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 ( <a href="#">DJSI</a> ) 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 ( <a href="#">THSI</a> ) by The Stock Exchange of Thailand ( <a href="#">SET</a> ) | 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.<br><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. |   |              |                |   |           |             |          |             |            |             |                 |   |           |             |          |             |            |             |                 |   |
| <b>CG Score</b> 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%).  |   |              |                |   |           |             |          |             |            |             |                 |   |           |             |          |             |            |             |                 |   |
| <b>AGM level</b> 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.  |   |              |                |   |           |             |          |             |            |             |                 |   |           |             |          |             |            |             |                 |   |
| <a href="#">Thai CAC</a> 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.<br><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.   |   |              |                |   |           |             |          |             |            |             |                 |   |           |             |          |             |            |             |                 |   |
| <a href="#">Morningstar Sustainability</a>  | 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+          |                |   |           |             |          |             |            |             |                 |   |           |             |          |             |            |             |                 |   |
| <a href="#">ESG Book</a>  | 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.   |   |              |                |   |           |             |          |             |            |             |                 |   |           |             |          |             |            |             |                 |   |
| <a href="#">MSCI</a>  | 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><b>AAA</b></td><td>8.571-10.000</td><td rowspan="3"><b>Leader:</b></td><td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td></tr><tr><td><b>AA</b></td><td>7.143-8.570</td></tr><tr><td><b>A</b></td><td>5.714-7.142</td></tr><tr><td><b>BBB</b></td><td>4.286-5.713</td><td rowspan="3"><b>Average:</b></td><td rowspan="3">a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td></tr><tr><td><b>BB</b></td><td>2.857-4.285</td></tr><tr><td><b>B</b></td><td>1.429-2.856</td></tr><tr><td><b>CCC</b></td><td>0.000-1.428</td><td><b>Laggard:</b></td><td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td></tr></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 |
| <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                                   |              |                |   |           |             |          |             |            |             |                 |   |           |             |          |             |            |             |                 |   |
| <a href="#">Moody's ESG solutions</a>   | 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.  |   |   |              |                |   |           |             |          |             |            |             |                 |   |           |             |          |             |            |             |                 |   |
| <a href="#">Refinitiv ESG rating</a>  | 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>  |   |   |              |                |   |           |             |          |             |            |             |                 |   |           |             |          |             |            |             |                 |   |
| <a href="#">S&amp;P Global</a>  | 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.   |   |   |              |                |   |           |             |          |             |            |             |                 |   |           |             |          |             |            |             |                 |   |
| <b>Bloomberg</b>  | 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 7.50   | 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.  |
| JMT Network Services           | JMT TB    | THB 15.90  | HOLD   | Downside risks to our P/BV-based TP include 1) lower cash collection from both debt management and debt tracking collection services; and 2) higher-than-expected funding costs and operating expenses. Upside risks includes 1) better-than-expected purchasing power and cash collection 2) lower-than-expected operating and financing expense   |
| Chayo Group                    | CHAYO TB  | THB 3.40   | 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.  |
| Muangthai Capital              | MTC TB    | THB 44.00  | 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 38.00  | 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.                           |
| Ngern Tid Lor                  | TIDLOR TB | THB 16.40  | 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) the lower-than-expected credit costs from better asset quality management and 2) the higher-than-expected loan and insurance premium growth from the positive effects of the more favorable economic situations.                                   |
| Saksiam Leasing                | SAK TB    | THB 4.84   | 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.  |
| Aeon Thana Sinsap (Thailand)   | AEONTS TB | THB 126.50 | 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 42.75  | 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 12.80  | 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) downtrend of policy rate could reduce cost of funds and enhance interest spreads; and 3) a faster-than-expected decline in ECL expense.       |
| Ratchthani Leasing             | THANI TB  | THB 2.00   | 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. |

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 29-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.