

BANGKOK COMMERCIAL ASSET MNGT.

THAILAND / FINANCE & SECURITIES

BAM TB

BUY

UNCHANGED

Solid debt management direction in 2025

- BAM & KBANK announced a new JV AMC focusing on secured NPLs.
- We have a favorable view of both BAM and KBANK, while we see a neutral effect for JMT due to distinctions in the types of loans involved.
- We maintain our net profit forecasts, while raising our TP for BAM to THB11 due to more growth potentials in sight.

TARGET PRICE	THB11.00
CLOSE	THB8.90
UP/DOWNSIDE	+23.6%
PRIOR TP	THB9.00
CHANGE IN TP	+22.2%
TP vs CONSENSUS	+38.8%

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 (%)	-	0.7	(2.7)	(10.1)
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. (%)	-	-	-	-
EPS growth (%)	(43.7)	18.8	8.1	8.8
Core P/E (x)	18.7	15.8	14.6	13.4
Dividend yield (%)	6.2	5.1	5.5	6.0
Price/book (x)	0.7	0.7	0.6	0.6
ROE (%)	3.5	4.1	4.4	4.8
ROA (%)	1.1	1.3	1.4	1.5

The second JV AMC announcement in 2024

Regarding the announcement of the new JV AMC being established by BAM and KBANK, the second one for each party, the company will have a 50:50 shareholding between BAM and KVision, a subsidiary of KBANK. The JV AMC's initial capital will amount to THB25m and it is applying for a business license from the BoT. After receiving the license, both parties plan to recapitalize the JV AMC, with an initial estimate exceeding THB1b and surpassing the capital of Ari-AMC, as it aims to focus on secured NPL management – SME and corporate loans from KBANK. Based on the timeline for establishing Ari-AMC with the license expected to be granted by the end of 3Q24, we estimate that the new JV AMC could operate in 1Q25.

Positive impact for BAM and KBANK with no concern about JMT

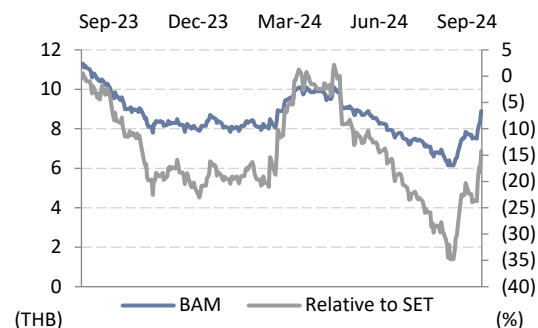
We see the establishment of the new JV AMC as positive news for BAM, as this JV AMC will focus on secured loans, an area where BAM has significant expertise. In total with Ari-AMC, we estimate both JVs to fuel an upside of 7-9% in 2025 and 11-13% in 2026. For KBANK, we also have a positive view of the new JV AMC, which will be KBANK's second JV AMC following JK AMC, which has shown strong performance since its establishment. The new JV AMC will provide another channel for managing KBANK's NPLs in the secured loan segment, in line with the guidance that credit costs will normalize by 2025. Lastly, given the clear separation of the types of loans to be acquired, we have a neutral view on JMT and JK AMC.

Comfortable leverage allows for undisturbed investment potentials

As of 2Q24, BAM's D/E ratio stood at 2.23x, well below its internal limit of 2.50x and debt covenant of 3.00x. With these thresholds, it possesses investment capacities of THB11.9b and THB33.6b, respectively. In addition, we do not expect BAM's D/E ratio in 2025-26 to exceed its 2.50x threshold despite future capital injections. Therefore, we do not expect the initiation of the new JV AMC to affect our loan investment forecasts for BAM.

Maintain our BUY call for BAM with 2024 TP of THB11

With more growth potentials in sight, we raise our TP (NAV-based) for BAM to THB11 (from THB9), implying a P/BV ratio of 0.78x (from 0.64x) with an attractive 2024-26 dividend yield expected at a range of c5-6% p.a. We retain our 2024 TP and BUY call for KBANK (TP THB145). However, we are reviewing our estimates and recommendation for JMT (HOLD; TP THB11), as the share price has surged by 68% over the past month.



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	41.3	7.9	(21.2)
Relative to country (%)	26.1	0.4	(14.6)
Mkt cap (USD m)	859		
3m avg. daily turnover (USD m)	2.1		
Free float (%)	21		
Major shareholder	FIDF (46%)		
12m high/low (THB)	11.70/6.10		
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 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 NPA sales. 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 THB11, implying a P/BV ratio of 0.78x. We expect the firm to offer an attractive 2024-26 dividend yield of c5-6% p.a.

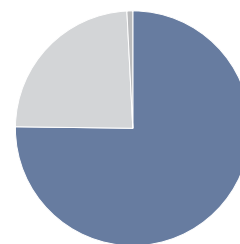
Company profile

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)

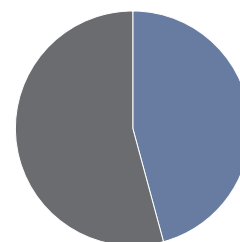
- NPLs management - 75.2 %
- NPAs management - 24.0 %
- Other income - 0.8 %



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 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	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

Announcement of the new secured JV AMC

Regarding the announcement of the new JV AMC being established by BAM and KBANK, the second one for each party, the company will have a 50:50 shareholding between BAM and KVision, a subsidiary of KBANK. The JV AMC's initial capital will amount to THB25m and it is applying for a business license from the Bank of Thailand (BoT).

After receiving the license, both parties plan to recapitalize the JV AMC, with an initial estimate exceeding THB1b and surpassing the capital of Ari-AMC, as it aims to focus on secured NPL management – SME and corporate loans from KBANK. Based on the timeline for establishing Ari-AMC with the license expected to be granted by the end of 3Q24, we estimate that the new JV AMC could commence operations in 1Q25.

Exhibit 1: Ari-AMC vs the new JV AMC

Type of loans	Ari-AMC		New JV AMC		Total	
	Secured/ Unsecured		Secured			
	Before licensed	After licensed	Before licensed	After licensed		
Capital (THB m)	25	1,000	25	>1,000		
Percentage shareholding of BAM (%)	50		50			
Expected operation	4Q24		1Q25			
Initial OS loans (THB m)	30,000		n/a			
	2025E	2026E	2025E	2026E	2025E	2026E
Upside to net profit estimates (%)	5	8	2-4	3-5	7-9	11-13

Sources: BAM; FSSIA estimates

Positive impact for BAM and KBANK with no concern about JMT

(+) BAM: We view the establishment of the new JV AMC as a positive development for BAM, as the company will focus on secured NPLs, an area where BAM has significant expertise. We expect to see a strong growth trend for BAM in 2025-26. In addition to the boost from the profit sharing from Ari-AMC, which provides a c5-8% upside to our net profit forecast for BAM, there will also be an added benefit from the profit sharing from the new JV AMC.

We have conducted a scenario analysis where we assume the capital of the new JV to be at THB1-5b in 2025, which would yield an upside to our 2025E net profit for BAM by 2-4%, assuming 1) a D/E ratio of 2.5x; 2) an investment to OS loan of 50%; 3) the average NPA selling price to appraisal at 80%; 4) average breakeven of five years; and 5) a net margin of 13.6%, all referencing BAM's performance (Exhibit 3).

For 2026, we assume the JV would require an increase in capital of THB2b. Under the same assumptions, we expect a 3-5% upside to our 2026E net profit. However, given the limit information in our possession, we have not factored in the potential upside risks, as detailed clarifications are yet to be provided.

In total, with Ari-AMC, we estimate both JVs to fuel an upside of 7-9% in 2025 and 11-13% in 2026.

(+) KBANK: We also have a positive outlook for KBANK regarding the new JV AMC, which will be the bank's second JV AMC after JK AMC. JK AMC has demonstrated strong performance since its inception, with a net profit of THB1.08b in 2023 and THB456m in 1H24.

Currently, most of the debts managed by JK AMC are unsecured NPLs, in collaboration with JMT, which specializes in this area. The new JV AMC will provide another channel for managing KBANK's secured NPLs. Partnering with BAM, which has expertise in managing this type of debt, will be advantageous for the bank. KBANK's NPL management is expected to remain proactive, aligning with the bank's guidance that credit costs will normalize by 2025.

(0) JMT: We have a neutral view on JMT, as we are not concerned that the new JV AMC will compete with JK AMC for purchasing KBANK's debts, given the clear separation of the types of loans to be acquired.

Comfortable leverage allows for undisturbed investment potentials

As of 2Q24, BAM's D/E ratio stood at 2.23x, which remains below its internal limit of 2.50x and debt covenant of 3.00x. Relative to these thresholds, the firm has lending capacities of THB11.9b and THB33.6b, respectively (Exhibit 2). We remain confident in BAM's strong track record of debenture issuance, with a remaining allowance for new bond issues approved by the board at THB28.0b. Meanwhile, we expect the investment in NPLs in 2H24 to decline h-h to THB4.2b, bringing the total for 2024 to THB10.0b. Under our preliminary estimates (Exhibit 3), despite the capital investment in the new JV AMC, we do not expect BAM's D/E ratio in 2025-26 to exceed its 2.50x threshold. Therefore, we do not expect the initiation of the new JV AMC to affect our loan investment forecasts for BAM.

Exhibit 2: Lending capability relative to covenant limits

	2Q24	Internal limit	Debt covenant
D/E ratio (x)	2.23	2.50	3.00
Liability (THB m)	96,774		
Equity (THB m)	43,460		
Investment capability (THB m)		11,876	33,605

Sources: BAM; FSSIA's compilation

Exhibit 3: Assumptions for new JV AMC

	Base estimate	2025E				
Paid-up capital		1,000	2,000	3,000	4,000	5,000
D/E - 2.5X		2,500	5,000	7,500	10,000	12,500
O/S		5,000	10,000	15,000	20,000	25,000
Assumed sale price - 80%		4,000	8,000	12,000	16,000	20,000
Expected gain on sales		1,200	2,400	3,600	4,800	6,000
Expected breakeven - 5y		240	480	720	960	1,200
Share of profit to BAM		16	33	49	65	82
% upside to 2025E net profit		1%	2%	2%	3%	4%
BAM 2025E D/E ratio	2.24	2.21	2.22	2.23	2.24	2.26
	Base estimate	2026E				
Paid-up capital in 2025E		1,000	2,000	3,000	4,000	5,000
Increase in capital		2,000	2,000	2,000	2,000	2,000
Paid-up capital		3,000	4,000	5,000	6,000	7,000
D/E - 2.5X		7,500	10,000	12,500	15,000	17,500
O/S		15,000	20,000	25,000	30,000	35,000
Assumed sale price - 80%		12,000	16,000	20,000	24,000	28,000
Expected gain on sales		3,600	4,800	6,000	7,200	8,400
Expected breakeven - 5y		720	960	1,200	1,440	1,680
Share of profit to BAM		49	65	82	98	114
% upside to 2026E net profit		2%	3%	4%	5%	5%
BAM 2026E D/E ratio	2.30	2.37	2.38	2.40	2.41	2.42

Sources: BAM; FSSIA estimates

Maintain net profit estimates, while raising our TP on BAM to THB11

We maintain our 2024-26 net profit forecasts for all companies involved. With more growth potentials in sight, we raise our TP (NAV-based) for BAM to THB11 (from THB9), implying a P/BV ratio of 0.78x (from 0.64x) with an attractive 2024-26 dividend yield expected at a range of c5-6% p.a. We retain our 2024 TP and BUY call for KBANK (TP THB145). However, we are reviewing our estimates and recommendation for JMT (HOLD; TP THB11), as the share price has surged by 68% over the past month, far exceeding our 2024 TP, driven by expectations of improved performance in 2H24.

Exhibit 4: 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	

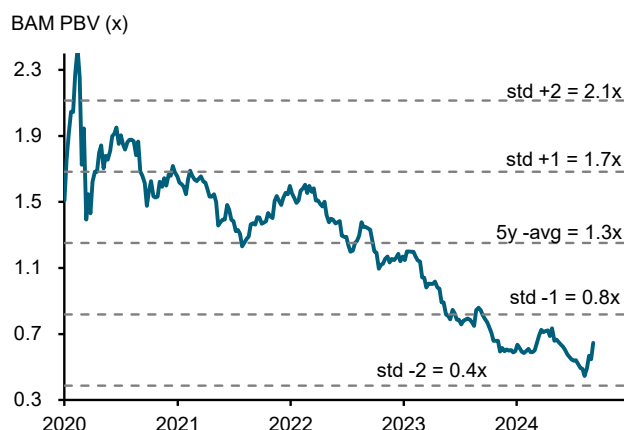
Sources: BAM; FSSIA estimates

Exhibit 5: BAM – NAV-based 2024 TP

NAV Valuation	New (THB m)	Previous (THB m)
Discounted value of NPL and NPAs	114,242	107,787
Discounted value of other assets	1,437	1,437
Liabilities	93,509	93,509
Net asset value	35,569	29,114
No. of shares (m shares)	3,232	3,232
BVS (THB)	14.02	14.02
Implied PBV (x)	0.78	0.64
NAV per share (THB)	11.00	9.00

Source: FSSIA estimates

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



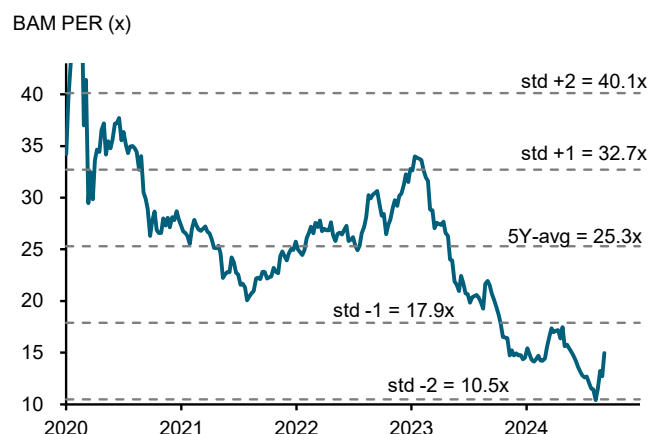
Sources: Bloomberg; FSSIA estimates

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

	Price performance				
	1M (%)	3M (%)	6M (%)	1Y (%)	YTD (%)
TIDLOR TB	24.3	(5.0)	(8.8)	(12.1)	(12.9)
MTC TB	16.2	10.2	6.0	23.6	7.8
SAWAD TB	35.0	1.9	19.6	(5.2)	10.0
SAK TB	8.9	1.9	28.5	4.8	32.2
AEONTS TB	24.8	(7.8)	(6.8)	(20.7)	(15.0)
KTC TB	12.7	(2.2)	1.1	(4.3)	2.3
ASK TB	31.0	0.7	(12.9)	(39.1)	(25.6)
THANI TB	24.1	(4.4)	0.9	(27.6)	(8.6)
JMT TB	67.6	19.7	(17.4)	(61.7)	(31.0)
BAM TB	44.7	7.2	0.0	(21.9)	9.2
CHAYO TB	69.2	12.8	(21.2)	(47.2)	(25.5)
SETFIN	27.2	1.6	(5.7)	(21.5)	(7.8)
SET	10.1	7.1	3.0	(7.7)	0.8

Source: Bloomberg

Exhibit 8: BAM – one-year prospective PER band



Sources: Bloomberg; FSSIA estimates

Exhibit 9: Peers comparison, as of 6 September 2024

Company name	BBG code	Rec	Share price (LCY)	Target price (LCY)	Up side (%)	----- PE ----- 24E 25E (x) (x)	----- PBV ----- 24E 25E (x) (x)	----- ROE ----- 24E 25E (%) (%)	---- Div yld ---- 24E 25E (x) (x)				
Auto title													
Muangthai Capital	MTC TB	BUY	48.50	50.00	3.1	16.3	13.1	2.7	2.3	18.1	19.0	0.6	0.7
Srisawad Corp	SAWAD TB	HOLD	40.50	37.00	(8.6)	11.7	10.5	1.8	1.6	17.0	16.2	0.3	1.0
Ngern Tid Lor	TIDLOR TB	HOLD	18.90	15.80	(16.4)	12.5	10.8	1.7	1.5	14.5	15.1	2.4	2.8
Saksiam Leasing	SAK TB	BUY	5.50	5.28	(4.0)	13.9	12.1	1.8	1.7	13.7	14.4	3.0	3.5
Unsecured finance													
AEON Thana Sinsap (Thailand)	AEONTS TB	HOLD	136.00	145.00	6.6	10.5	9.9	1.3	1.2	12.8	12.6	4.0	4.3
Krungthai Card	KTC TB	HOLD	44.50	40.00	(10.1)	15.0	14.3	2.9	2.6	20.3	19.0	3.0	3.1
Hire-purchase truck													
Asia Sermkij Leasing	ASK TB	HOLD	14.80	9.60	(35.1)	17.6	13.8	0.7	0.7	4.2	5.3	2.8	3.6
Ratchthani Leasing	THANI TB	HOLD	2.16	1.88	(13.0)	11.7	10.8	1.0	0.9	8.5	8.9	4.7	5.1
AMCs													
Bangkok Commercial Asset Mgmt.	BAM TB	BUY	8.90	11.00	23.6	15.8	14.6	0.7	0.6	4.1	4.4	5.1	5.5
JMT Network services	JMT TB	HOLD	17.60	11.00	(37.5)	15.7	13.0	1.0	0.9	6.1	7.2	3.8	4.6
Chayo Group	CHAYO TB	HOLD	4.06	3.00	(26.1)	15.9	10.2	1.2	1.1	8.1	11.1	1.6	1.5
Average						14.2	12.1	1.5	1.4	11.6	12.1	2.8	3.2

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

Sources: Bloomberg; FSSIA estimates

Financial Statements

Bangkok Commercial Asset Mngt.

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Interest Income	9,838	9,177	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
Per share (THB)					
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
Growth					
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
Income Breakdown					
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
Operating performance					
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	115.8	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
Net customer loans	72,384	77,959	80,327	82,577	84,656
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
Total assets	132,805	137,315	139,795	144,833	149,551
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	-	-	-	-	-
Total liabilities	89,097	93,685	95,572	100,096	104,247
Share capital	16,160	16,160	16,160	16,160	16,160
Reserves	27,548	27,469	28,064	28,576	29,144
Total equity	43,708	43,629	44,224	44,736	45,304
Non-controlling interest	0	0	0	0	0
Total liabilities & equity	132,805	137,315	139,795	144,833	149,551
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	91,382	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
Per share (THB)					
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
Growth					
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 (%)	-	-	-	-	-
Leverage & capital measures					
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 (%)	-	-	-	-	-
Asset Quality (FSSIA's calculation)					
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 (%)	-	-	-	-	-
Valuation					
Recurring P/E (x) *	10.6	18.7	15.8	14.6	13.4
Recurring P/E @ target price (x) *	13.0	23.2	19.5	18.0	16.6
Reported P/E (x)	10.6	18.7	15.8	14.6	13.4
Dividend yield (%)	6.2	6.2	5.1	5.5	6.0
Price/book (x)	0.7	0.7	0.7	0.6	0.6
Price/tangible book (x)	0.7	0.7	0.7	0.6	0.6
Price/tangible book @ target price (x)	0.8	0.8	0.8	0.8	0.8

* 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 10: 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 11: 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 12: 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 13: 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

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

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Company	Ticker	Price	Rating	Valuation & Risks
Bangkok Commercial Asset Mngt.	BAM TB	THB 8.90	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 17.60	HOLD	Downside risks to our P/BV-based TP include 1) lower cash collection from both debt management and debt tracking collection services; and 2) higher-than-expected funding costs and operating expenses. Upside risks include 1) better-than-expected purchasing power and cash collection 2) lower-than-expected operating and financing expense.
Chayo Group	CHAYO TB	THB 4.06	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.
Srisawad Corp	SAWAD TB	THB 40.50	HOLD	Downside risks to our GGM-based TP include 1) a further weakening of asset quality that could potentially hit both loan yield and credit cost; and 2) changes in financial regulations by the Bank of Thailand and the Office of Consumer Protection Board. Upside risks include 1) a faster-than-expected decline in losses on sales of repossessed cars for SCAP; and 2) an interest rate downtrend could push its interest spread.
Ngern Tid Lor	TIDLOR TB	THB 18.90	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 2.16	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 48.50	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.
Saksiam Leasing	SAK TB	THB 5.50	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 136.00	HOLD	Downside risks are: 1) regulatory actions to curb industry growth; 2) a higher-than-expected policy rate; and 3) deteriorating asset quality. Upside risks are: 1) better-than-estimated economic improvement; 2) stronger-than-estimated improvement in the overall asset quality; and 3) less pressure from the market yield and cost of funds.
Krungthai Card	KTC TB	THB 44.50	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.
Asia Sermkij Leasing PCL	ASK TB	THB 14.80	HOLD	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.

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 06-Sep-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.