

BANGKOK COMMERCIAL ASSET MNGT.

THAILAND / FINANCE & SECURITIES

BAM TB

HOLD

FROM BUY

TARGET PRICE	THB9.00
CLOSE	THB8.30
UP/DOWNSIDE	+8.4%
PRIOR TP	THB11.00
CHANGE IN TP	-18.2%
TP vs CONSENSUS	+8.3%

Expect dismaying 3Q24 NPA results

- We expect collections from NPLs to improve, while those from NPAs should contract sharply, causing weak 3Q24 results.
- We have cut our 2024-26E net profit to reflect a lower performance expectation on the NPA business.
- We downgrade BAM to HOLD with an NAV-based TP of THB9.00.

Expect underperformance in the NPA business in 3Q24

We expect BAM to report a disappointing 3Q24 net profit of THB207m, implying steep declines of 54.6% q-q and 45.9% y-y, owing to the underperforming NPA segment despite the firm's persisting effort to adopt an aggressive pricing strategy. The 3Q24E cash collection is THB3.6b, dropping 10.3% q-q and 8.1% y-y, largely due to a lower contribution from the NPA business, which is expected to dwindle 30.2% q-q and 19.3% y-y as the firm encounters a weakening demand for housing and a lower collection from big-ticket clients. Accordingly, we expect revenue from NPAs to contract 39.6% q-q and 39.0% y-y. By contrast, we expect seasonal influence and a higher degree of adaptability of debtors to result in a moderate improvement in the NPL business, with expected cash collection and revenue increasing 9.8% q-q and 0.9% y-y and 1.7% q-q and 15.7% y-y, respectively. We expect 3Q24 CIR to surge to 31.7% from 28.2% over a weakening revenue performance, while the cost of funds should remain stable at 3.48%. The 9M24E net profit accounts for 81% of our 2024 estimate.

Investment in NPLs declines as expected

We expect NPL investment in 3Q24 at THB1.75b, declining from THB4.6b in 2Q24, in line with management guidance, where loan supply from FIs would likely decline h-h in 2H24. However, auctioned NPL pricing during the period remains easy, with a cost-to-appraisal ratio of c35%. We expect 9M24 NPL investment at THB7.5, securing 88% of our full-year estimate.

Slash 2024-26E NPA estimates

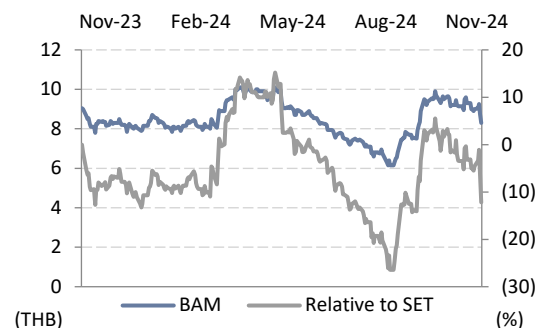
We have cut our 2024-26E net profit by 15-26%, largely to reflect our more conservative assumptions for the NPA segment. Accordingly, we have slashed our cash collection and NPL investment estimates by 7-10% and 15%, respectively. By contrast, we include our projections for the performance of Ari-AMC, which should contribute 3-6% in 2025-26.

Downgrade to HOLD for attractive dividend yield of 4-6% p.a.

Following our estimate cut, we downgrade our recommendation on BAM to HOLD from BUY. Our new NAV-based TP is THB9.00 (from THB11.00), implying a P/BV ratio of 0.65x and reflecting a higher discount rate applied on its NPAs due to a higher business risk assumption. However, our estimate for the 2024-26 dividend yield remains attractive at 4-6% p.a., assuming an average payout ratio of 80%.

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Operating profit	1,843	1,650	1,968	2,234
Net profit	1,534	1,345	1,604	1,820
EPS (THB)	0.47	0.42	0.50	0.56
vs Consensus (%)	-	(23.2)	(18.4)	(20.1)
Recurring net profit	1,534	1,345	1,604	1,820
Core EPS (THB)	0.47	0.42	0.50	0.56
Chg. In EPS est. (%)	-	(26.2)	(18.6)	(15.1)
EPS growth (%)	(43.7)	(12.4)	19.2	13.5
Core P/E (x)	17.5	19.9	16.7	14.7
Dividend yield (%)	6.6	4.0	4.8	5.4
Price/book (x)	0.6	0.6	0.6	0.6
ROE (%)	3.5	3.1	3.6	4.1
ROA (%)	1.1	1.0	1.2	1.3



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(14.0)	23.0	(7.3)
Relative to country (%)	(15.0)	10.8	(12.6)
Mkt cap (USD m)	795		
3m avg. daily turnover (USD m)	4.6		
Free float (%)	21		
Major shareholder	FIDF (46%)		
12m high/low (THB)	10.40/6.10		
Issued shares (m)	3,232		

Sources: Bloomberg consensus; FSSIA estimates

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Investment thesis

We have a HOLD recommendation for BAM for reasons as follows

- 1) We expect a gradual recovery in the NPL business as debtors continue to thrive under sluggish economic conditions and a stressful level of household debts.
- 2) However, we have a cautious expectation of the NPA business as it should encounter stalls such as strict lending conditions of financial institutions and sluggish demand for property, especially for retail buyers.
- 3) Our NAV-based TP is THB9.00, implying a P/BV ratio of 0.65x. We expect BAM to deliver a 2024-26 dividend yield of 4-6% p.a.

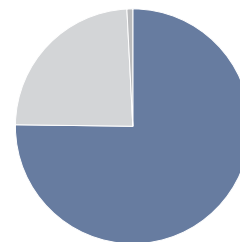
Company profile

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

www.bam.co.th

Principal activities (revenue, 2023)

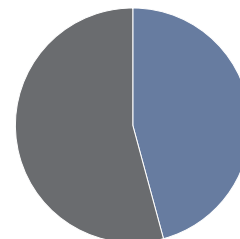
- NPLs management - 75.2 %
- NPAs management - 24.0 %
- Other income - 0.8 %



Source: Bangkok Commercial Asset Mngt.

Major shareholders

- FIDF - 45.8 %
- Others - 54.2 %



Source: Bangkok Commercial Asset Mngt.

Catalysts

- A higher-than-expected supply of NPLs for sale;
- Higher-than-expected investments in bad debts;
- Higher-than-expected cash collections from NPL receivables;
- Higher-than-expected cash collection from NPAs due to market strategies.

Risks to our call

Downside risks to our NAV-based TP include 1) lower cash collection than estimated; 2) lower-than-expected bad debt acquisition; and 3) a slowdown in the property market. Upsides include 1) better-than-expected economic conditions and debt repayment momentum; and 2) an acceleration in the demand for NPAs.

Event calendar

Date	Event
14 Nov 2024	3Q24 results announcement
15 Nov 2024	Analyst meeting

Key assumptions

	2024E	2025E	2026E
Net profit (THB m)	1,345	1,604	1,820
Net profit growth (%)	(12.4)	19.2	13.5
Cash collection (THB m)	15,006	15,691	16,285
Cash collection ratio (%)	12.0	12.4	12.6
Purchase of A/R (THB m)	8,500	8,925	9,148
Investment growth (%)	(40.6)	5.0	2.5
Cost to income (%)	31.5	31.3	30.9
Cost of funds (%)	3.47	3.44	3.46

Source: FSSIA estimates

Earnings sensitivity

			2025E	
Cash collection ratio	±10bp	12.3	12.4	12.5
% change in net profit		(3.5)	-	3.5
Cost of funds	±10bp	3.37	3.47	3.57
% change in net profit		4.6	-	(4.6)
Cost to income	±1ppt	30.51	31.51	32.51
% change in net profit		5.1	-	(5.1)

Source: FSSIA estimates

Exhibit 1: BAM – 3Q24 earnings preview

	3Q23	4Q23	1Q24	2Q24	3Q24E	----- Change -----		9M24E	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	1,704	1,844	1,800	1,861	1,903	2.3	11.7	5,564	14.5	73	7,619	13.7
part of amount received	710	845	874	733	748	2.1	5.4	2,355	14.2	74	3,162	8.7
part of accrued income	994	999	926	1,128	1,155	2.4	16.2	3,209	14.8	72	4,457	17.4
Interest income from installment loans	39	35	46	15	15	-	(61.5)	76	(19.1)	59	128	(0.7)
Total interest income	1,747	1,822	1,830	1,886	1,928	2.2	10.4	5,644	13.8	73	7,728	13.2
Interest expense	736	756	771	802	820	2.2	11.4	2,393	11.2	76	3,147	8.2
Net interest income	1,011	1,066	1,059	1,084	1,108	2.2	9.6	3,251	15.7	71	4,581	16.8
Gain on NPL receivables	541	637	689	691	700	1.2	29.3	2,080	21.5	74	2,812	19.8
Gain on NPA sales	604	496	443	693	375	(45.8)	(37.9)	1,511	(9.4)	79	1,913	(11.6)
Gain on installment loans	157	127	94	100	98	(2.7)	(37.7)	292	(37.3)	77	382	(35.7)
Other non-interest income	17	20	12	23	20	(11.8)	21.2	54	12.0	80	68	(1.1)
Total non-interest income	1,318	1,281	1,238	1,507	1,193	(20.9)	(9.5)	3,938	1.1	76	5,174	(0.0)
Operating expenses	777	825	680	730	730	-	(6.1)	2,139	(2.9)	70	3,074	1.5
ECL expense	1,084	1,028	1,099	1,296	1,312	1.3	21.0	3,707	16.0	74	5,032	19.1
Pre-tax profit	467	540	519	565	259	(54.2)	(44.6)	1,343	3.0	81	1,650	(10.5)
Income tax	84	80	95	109	52	(52.5)	(38.4)	256	11.8	84	305	(1.4)
Net profit	383	460	423	456	207	(54.6)	(45.9)	1,087	1.1	81	1,345	(12.4)
EPS (THB)	0.12	0.14	0.13	0.14	0.06	(54.6)	(45.9)	0.34	1.1	81	0.42	(12.4)
Cash collection												
NPL cash collection	2,146	2,320	2,169	1,973	2,165	9.8	0.9	6,307	2.9	73	8,684	2.7
NPA cash collection	1,716	1,593	1,364	1,985	1,385	(30.2)	(19.3)	4,734	(6.6)	75	6,322	(5.1)
Total cash collection	3,862	3,913	3,534	3,958	3,551	(10.3)	(8.1)	11,042	(1.4)	74	15,006	(0.7)
Key balance sheet items												
Gross NPL receivables	87,543	86,575	85,569	88,424	89,237	0.9	1.9	89,237	1.9		87,096	0.6
Gross NPA	44,723	45,635	46,788	46,903	48,175	2.7	7.7	48,175	7.7		48,729	6.8
Additional acquisition	5,431	1,514	1,194	4,558	1,748	(61.6)	(67.8)	7,500	38.1	88	8,500	(40.6)
Key financial ratios (%)	(%)	(%)	(%)	(%)	(%)			(%)			(%)	
Cost to income ratio	33.38	35.14	29.59	28.17	31.72			29.76			31.51	
Cost of funds	3.40	3.42	3.43	3.50	3.48			3.52			3.47	
Gross profit margin	75.99	75.63	74.87	76.36	73.72			75.03			75.61	
Net profit margin	12.49	14.83	13.80	13.45	6.64			11.34			10.42	
ROA	1.14	1.35	1.24	1.32	0.59			1.04			0.98	
ROE	3.56	4.24	3.86	4.17	1.90			3.34			1.49	
D/E (x)	2.15	2.15	2.10	2.23	2.24			2.24			2.16	
IBD/E (x)	2.00	2.08	2.03	2.15	2.17			2.17			2.08	

Sources: BAM ;FSSIA estimates

Exhibit 2: Revenue breakdown

	3Q23	4Q23	1Q24	2Q24	3Q24E	----- Change -----		9M24E	Change	% of	2024E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(y-y %)	24E	(THB m)	(y-y %)
Revenue from NPL management	1,251	1,482	1,563	1,424	1,448	1.7	15.7	4,435	17.5	74	5,974	13.7
Interest income from NPLs	710	845	874	733	748	2.1	5.4	2,355	14.2	74	3,162	8.7
Gain on NPLs	541	637	689	691	700	1.2	29.3	2,080	21.5	74	2,812	19.8
Revenue from NPA management	800	658	584	808	488	(39.6)	(39.0)	1,880	(15.7)	78	2,422	(16.1)
Gain on NPAs	604	496	443	693	375	(45.8)	(37.9)	1,511	(9.4)	79	1,913	(11.6)
Interest income from installment loans	39	35	46	15	15	-	(61.5)	76	(19.1)	59	128	(0.7)
Gain on installment loans	157	127	94	100	98	(2.7)	(37.7)	292	(37.3)	77	382	(35.7)

Sources: BAM; FSSIA estimates

Exhibit 3: Historical cash collection performance vs management guidance

	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24E	9M23	9M24E	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)	(THB m)
Company's target													
NPL	2,593	3,070	2,298	2,682	2,521	2,999	2,600	3,118	3,148	7,501	8,866	10,500	10,000
NPA	1,704	2,839	1,169	1,782	1,967	2,382	2,300	3,360	3,295	4,918	8,955	7,300	10,000
Total	4,297	5,909	3,467	4,464	4,488	5,381	4,900	6,478	6,443	12,419	17,821	17,800	20,000
Actual/ FSSIA estimate													
NPL	2,552	3,118	1,972	2,013	2,146	2,320	2,169	1,973	2,165	6,132	6,307	8,452	8,684
NPA	1,868	2,277	1,249	2,104	1,716	1,593	1,364	1,985	1,385	5,069	4,734	6,661	6,322
Total	4,420	5,395	3,221	4,118	3,862	3,913	3,534	3,958	3,551	11,200	11,042	15,113	15,006
Relative to guidance													
	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)			(%)	(%)
NPL	(1.6)	1.6	(14.2)	(24.9)	(14.9)	(22.6)	(16.6)	(36.7)	(31.2)	(18.3)	(28.9)	(19.5)	(13.2)
NPA	9.6	(19.8)	6.8	18.1	(12.8)	(33.1)	(40.7)	(40.9)	(58.0)	3.1	(47.1)	(8.7)	(36.8)
Total	2.9	(8.7)	(7.1)	(7.8)	(14.0)	(27.3)	(27.9)	(38.9)	(44.9)	(9.8)	(38.0)	(15.1)	(25.0)

Sources: BAM; FSSIA estimates

Exhibit 4: 2024-26E earnings revisions

	New			Previous			Change		
	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(%)	(%)	(%)
Net profit (THB m)	1,345	1,604	1,820	1,823	1,970	2,144	(26.2)	(18.6)	(15.1)
Net profit growth (%)	(12.4)	19.2	13.5	18.8	8.1	8.8			
Cash collection (THB m)	15,006	15,691	16,285	16,177	17,182	18,077	(7.2)	(8.7)	(9.9)
Cash collection ratio (%)	12.0	12.4	12.6	12.0	12.2	12.4			
Purchase of A/R (THB m)	8,500	8,925	9,148	10,000	10,500	10,763	(15.0)	(15.0)	(15.0)
Investment growth (%)	(40.6)	5.0	2.5	(30.2)	5.0	2.5			
Cost of funds (%)	3.47	3.44	3.46	3.52	3.54	3.54			
Cost to income (%)	31.5	31.3	30.9	31.4	30.7	30.6			
Ari-AMC assumptions									
Gross loans	690	2,831	4,048						
Paid-up capital	275	1,000	1,000						
D/E (x)	1.9	2.0	2.2						
Cash collection	34.5	352.1	687.9						
Share of profit	(3.3)	38.4	116.8						
Service fee income	1.3	13.6	26.5						
Percentage contributions	(0.1)	2.6	6.4						

Source: FSSIA estimates

Exhibit 5: BAM – NAV-based TP

NAV Valuation	New	Previous
	(THB m)	(THB m)
Discounted value of NPL and NPAs	107,787	114,242
Discounted value of other assets	1,437	1,437
Liabilities	93,509	93,509
Net asset value	29,114	35,569
No. of shares (m shares)	3,232	3,232
BVS (THB)	13.86	14.02
Implied PBV (x)	0.65	0.78
NAV per share (THB)	9.00	11.00

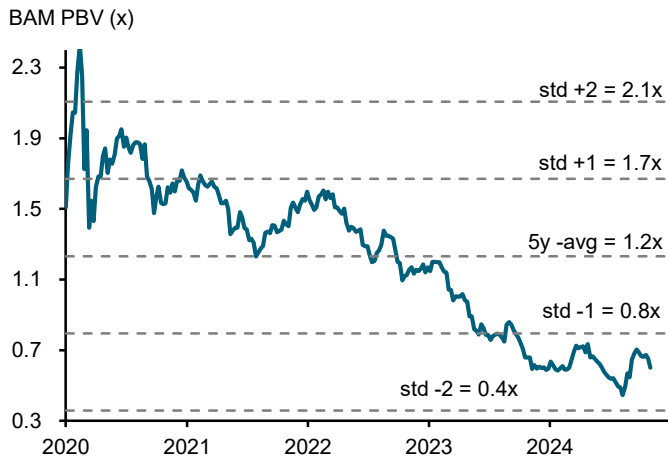
Source: FSSIA estimates

Exhibit 6: Share price performance of non-banks under coverage, as of 31 October 2024

	Price performance				
	1M	3M	6M	1Y	YTD
	(%)	(%)	(%)	(%)	(%)
TIDLOR TB	(3.3)	11.3	(15.3)	(4.9)	(18.4)
MTC TB	2.5	23.8	11.5	36.2	12.8
SAWAD TB	(1.2)	28.6	14.7	12.6	16.1
SAK TB	3.8	0.9	11.1	35.7	29.8
AEONTS TB	(1.8)	19.7	(13.3)	(5.4)	(12.5)
KTC TB	(2.6)	22.4	11.0	7.9	9.8
ASK TB	(10.9)	7.0	(27.4)	(39.6)	(38.7)
THANI TB	(11.4)	8.3	(18.8)	(23.4)	(17.5)
JMT TB	8.7	65.8	(3.9)	(36.3)	(22.0)
BAM TB	(14.0)	19.4	(16.6)	(6.2)	1.8
CHAYO TB	(12.1)	21.7	(21.3)	(37.9)	(36.1)
SETFIN	(2.3)	21.6	(2.3)	(2.9)	(6.1)
SET	0.1	10.8	7.2	6.2	3.5

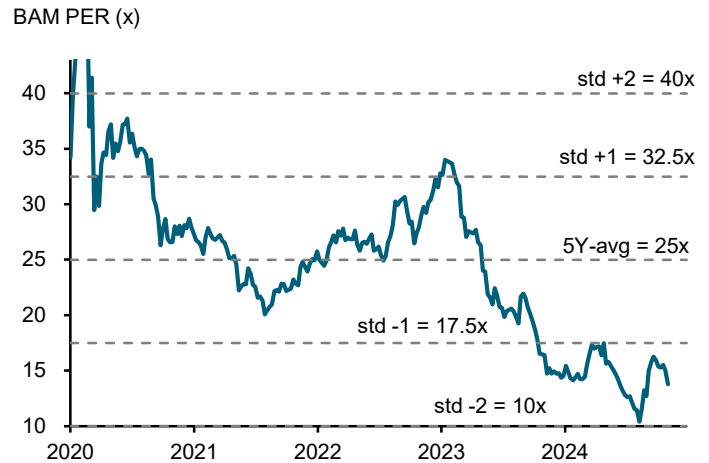
Source: Bloomberg

Exhibit 7: BAM – one-year prospective PBV band



Sources: Bloomberg; FSSIA estimates

Exhibit 8: BAM – one-year prospective PER band



Sources: Bloomberg; FSSIA estimates

Exhibit 9: Peers comparisons, as of 31 October 2024

Company name	BBG code	Rec	Share price (LCY)	Target price (LCY)	Up side (%)	---- PE ----		---- PBV ----		---- ROE ----		---- Div yld ----	
						24E (x)	25E (x)	24E (x)	25E (x)	24E (%)	25E (%)	24E (x)	25E (x)
Auto title													
Muangthai Capital	MTC TB	BUY	50.75	62.00	22.2	17.1	13.2	2.9	2.4	18.1	19.7	0.5	0.7
Srisawad Corp	SAWAD TB	HOLD	42.75	37.00	(13.5)	12.4	11.1	1.9	1.7	17.0	16.2	0.2	0.9
Ngern Tid Lor	TIDLOR TB	HOLD	17.70	17.64	(0.3)	11.7	10.1	1.6	1.4	14.5	15.1	2.6	3.0
Saksiam Leasing	SAK TB	BUY	5.40	5.28	(2.2)	13.6	11.9	1.8	1.7	13.7	14.4	3.1	3.5
Unsecured finance													
AEON Thana Sinsap (Thailand)	AEONTS TB	HOLD	140.00	142.00	1.4	11.8	10.9	1.3	1.2	11.7	11.9	3.6	3.9
Krungthai Card	KTC TB	HOLD	47.75	44.00	(7.9)	16.5	15.5	3.1	2.8	19.8	18.9	2.7	2.9
Hire-purchase truck													
Asia Sermkij Leasing	ASK TB	HOLD	12.20	11.00	(9.8)	14.5	11.4	0.6	0.6	4.2	5.3	3.5	4.4
Ratchthani Leasing	THANI TB	HOLD	1.95	2.00	2.6	10.6	9.8	0.9	0.8	8.5	8.9	5.2	5.6
AMCs													
Bangkok Commercial Asset Mgmt.	BAM TB	HOLD	8.30	9.00	8.4	19.9	16.7	0.6	0.6	3.1	3.6	4.0	4.8
JMT Network services	JMT TB	HOLD	19.90	11.00	(44.7)	17.7	14.7	1.1	1.0	6.1	7.2	3.4	4.1
Chayo Group	CHAYO TB	BUY	3.48	4.00	14.9	14.1	8.2	1.0	0.9	7.9	11.8	1.9	1.8
Average						14.5	12.1	1.5	1.4	11.3	12.1	2.8	3.2

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	10,540	10,820	11,092
Interest expense	(2,637)	(2,908)	(3,147)	(3,164)	(3,250)
Net interest income	7,201	6,269	7,393	7,656	7,841
Net fees & commission	-	-	-	-	-
Foreign exchange trading income	-	-	-	-	-
Securities trading income	-	-	-	-	-
Dividend income	0	0	0	0	0
Other income	2,942	2,827	2,362	2,483	2,743
Non interest income	2,942	2,827	2,362	2,483	2,743
Total income	10,143	9,096	9,755	10,139	10,584
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	6,681	6,970	7,317
Expected credit loss	(4,049)	(4,225)	(5,032)	(5,002)	(5,084)
Other provisions	-	-	-	-	-
Operating profit	3,206	1,843	1,650	1,968	2,234
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	1,650	1,968	2,234
Tax	(482)	(309)	(305)	(364)	(413)
Profit after tax	2,724	1,534	1,345	1,604	1,820
Non-controlling interest	0	0	0	0	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	2,724	1,534	1,345	1,604	1,820
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	2,724	1,534	1,345	1,604	1,820
Per share (THB)					
Recurring EPS *	0.84	0.47	0.42	0.50	0.56
Reported EPS	0.84	0.47	0.42	0.50	0.56
DPS	0.55	0.55	0.33	0.40	0.45
Growth					
Net interest income (%)	2.7	(12.9)	17.9	3.5	2.4
Non interest income (%)	(21.3)	(3.9)	(16.4)	5.1	10.5
Pre provision operating profit (%)	(9.5)	(16.4)	10.1	4.3	5.0
Operating profit (%)	(1.5)	(42.5)	(10.5)	19.3	13.5
Reported net profit (%)	4.8	(43.7)	(12.3)	19.2	13.5
Recurring EPS (%)	4.8	(43.7)	(12.4)	19.2	13.5
Reported EPS (%)	4.8	(43.7)	(12.4)	19.2	13.5
Income Breakdown					
Net interest income (%)	71.0	68.9	75.8	75.5	74.1
Net fees & commission (%)	-	-	-	-	-
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	-	-	-	-	-
Dividend income (%)	-	-	-	-	-
Other income (%)	29.0	31.1	24.2	24.5	25.9
Operating performance					
Gross interest yield (%)	-	-	-	-	-
Cost of funds (%)	3.18	3.30	3.47	3.44	3.46
Net interest spread (%)	(3.18)	(3.30)	(3.47)	(3.44)	(3.46)
Net interest margin (%)	-	-	-	-	-
Cost/income(%)	28.5	33.3	31.5	31.3	30.9
Cost/assets(%)	2.2	2.2	2.2	2.3	2.3
Effective tax rate (%)	15.0	16.8	18.5	18.5	18.5
Dividend payout on recurring profit (%)	65.2	115.8	79.9	80.0	80.0
ROE (%)	6.3	3.5	3.1	3.6	4.1
ROE - COE (%)	(4.5)	(7.3)	(7.7)	(7.2)	(6.7)
ROA (%)	2.1	1.1	1.0	1.2	1.3
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	87,096	87,402	87,534
Allowance for expected credit loss	(21,710)	(25,667)	(30,124)	(34,676)	(39,310)
interest in suspense	13,256	17,051	21,508	26,060	30,694
Net customer loans	72,384	77,959	78,480	78,786	78,918
Bank loans	-	-	-	-	-
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	476	459	500	500	500
Cash & equivalents	86	107	130	60	281
Other interesting assets	39,576	37,316	39,418	41,277	43,696
Tangible fixed assets	1,139	1,190	1,191	1,193	1,194
Associates	-	-	-	-	-
Goodwill	-	-	-	-	-
Other intangible assets	-	-	-	-	-
Other assets	19,143	20,284	18,409	18,694	18,789
Total assets	132,805	137,315	138,129	140,510	143,378
Customer deposits	-	-	-	-	-
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	85,552	90,518	91,060	92,745	94,901
Non interest bearing liabilities	3,544	3,167	3,325	3,492	3,666
Hybrid Capital	-	-	-	-	-
Total liabilities	89,097	93,685	94,385	96,237	98,567
Share capital	16,160	16,160	16,160	16,160	16,160
Reserves	27,548	27,469	27,584	28,113	28,650
Total equity	43,708	43,629	43,744	44,273	44,811
Non-controlling interest	0	0	0	0	0
Total liabilities & equity	132,805	137,315	138,129	140,510	143,378
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	90,789	91,903	93,823
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	13.53	13.70	13.86
Tangible book value per share	13.52	13.50	13.53	13.70	13.86
Growth					
Gross customer loans	(1.0)	7.1	0.6	0.4	0.2
Average interest earning assets	-	-	-	-	-
Total asset (%)	5.5	3.4	0.6	1.7	2.0
Risk weighted assets (%)	-	-	-	-	-
Customer deposits (%)	-	-	-	-	-
Leverage & capital measures					
Customer loan/deposits (%)	-	-	-	-	-
Equity/assets (%)	32.9	31.8	31.7	31.5	31.3
Tangible equity/assets (%)	32.9	31.8	31.7	31.5	31.3
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	34.6	39.7	44.9
Allowance for ECL/NPL (%)	-	-	-	-	-
Valuation					
Recurring P/E (x) *	9.8	17.5	19.9	16.7	14.7
Recurring P/E @ target price (x) *	10.7	19.0	21.6	18.1	16.0
Reported P/E (x)	9.8	17.5	19.9	16.7	14.7
Dividend yield (%)	6.6	6.6	4.0	4.8	5.4
Price/book (x)	0.6	0.6	0.6	0.6	0.6
Price/tangible book (x)	0.6	0.6	0.6	0.6	0.6
Price/tangible book @ target price (x)	0.7	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 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 Sustainability	The Sustainability's 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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Company	Ticker	Price	Rating	Valuation & Risks
Bangkok Commercial Asset Mngt.	BAM TB	THB 8.30	HOLD	Downside risks to our NAV-based TP include 1) lower cash collection than estimated; 2) lower-than-expected bad debt acquisition; and 3) a slowdown in the property market.
JMT Network Services	JMT TB	THB 19.90	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 3.48	BUY	Downside risks to our GGM-based TP include 1) lower-than-expected bad debt acquisition; and 2) higher-than-expected operating expenses.
Muangthai Capital	MTC TB	THB 50.75	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 42.75	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 17.70	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 5.40	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 140.00	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 47.75	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 12.20	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. 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.
Ratchthani Leasing	THANI TB	THB 1.95	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 31-Oct-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.