

BUY (Unchanged)**TP: Bt 27.00** (From: Bt 24.00)**4 MARCH 2022**

Change in Numbers

Upside : 25.0%

Bangkok Com. Asset Pcl (BAM TB)

Plenty of drivers

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BAM is a reopening play with positive structural developments to drive growth and profitability. In addition to a faster turnaround of assets in hand, JVAMC contribution in the most conservative scenario is still earnings accretive near term. We lift our 2022F EPS to reflect strong 4Q21 results and reaffirm our BUY with higher Bt27 TP.

Cyclical and structural positives

BAM has been a victim of COVID as it has had to offer debt-assistance plans to affected customers and faced settlement hiccups given the closure of the Legal Execution Department during lockdowns. The less severe Omicron variant is limiting the risk of more lockdowns. Riding the cyclical economic recovery, BAM is also transforming for the better. We identify three positive structural drivers as follows: 1) shortening turnaround time via flexible terms, attractive pricing and expansion to digital channels; 2) an asset-light expansion model via the set-up of JVs with commercial banks; and 3) beefing up clean loan windfalls.

Our view on JVAMC contributions

We see JVAMCs as a win-win move for both BAM and banks. We estimate at least Bt20bn of secured NPLs to be available to be acquired by JVs. Assuming JVs are set up in 2H22 with an equity investment of Bt100m each at a 3x gearing ratio, each JV can purchase Bt1.2bn in NPLs at a 50% acquisition price. Using BAM's seven-year payback period and our assumed outsourcing fee of 1.5% with interest charged at MLR, its JV would incur a loss of Bt22m in 2022F, turning to small profits of Bt1.5m in 2023F and Bt22m in 2024F. BAM would earn outsourcing fees which would help minimize loss sharing from the JV while we expect accretive profit contribution from 2023F. Pending more information, we leave JV profit contributions as potential upside.

Strong growth with potential upside

In light of BAM's strong 4Q21 profits and its updated five-year cash collection target, we lift our earnings forecast for this year by 14% but cut them by an average of 6% over 2023-24F. Despite a strong earnings growth turnaround of 41% last year, we expect 25% growth in 2022F, 18% in 2023F and 21% in 2024F. Key growth drivers are growth in cash collection of 7%/20%/5%, manageable cost of funds and improving efficiency. BAM has around 1,300 employees. We expect no material change in hirings and estimate a drop in cost-to-income ratio from 25.4% to 24.6% in 2022F, 24.1% in 2023F and 23.1% in 2024F.

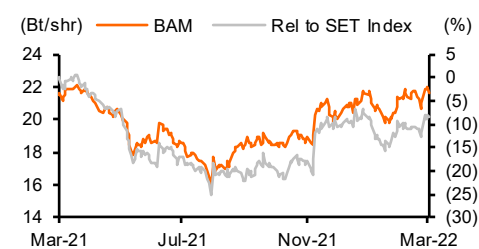
Reaffirming BUY call with a higher TP of Bt27

We like BAM as it offers both near-term and long-term catalysts. 1Q21 quarterly earnings were the lowest of the year and with our expectation of over 20% cash collection growth in 1Q22F, BAM looks on track to post decent results. Next in line in 2H22 should be an announcement of its JVAMC. This is while we expect BAM's ROE to double to 12% in four years. Valuation wise, BAM trades at a 2022F PE of 21x in light of 25% EPS growth in 2022F and 18% in 2023F. As an asset-based company, BAM looks attractive at a 2022F P/BV of 1.6x with an over 3% dividend yield.

COMPANY VALUATION

Y/E Dec (Bt m)	2021A	2022F	2023F	2024F
Pre Provision Profit	8,021	8,757	9,322	10,013
Net profit	2,600	3,259	3,832	4,626
Consensus NP	—	3,228	4,203	5,110
Diff frm cons (%)	—	1.0	(8.8)	(9.5)
Norm profit	2,600	3,259	3,832	4,626
Prev. Norm profit	—	2,867	4,200	4,788
Chg frm prev (%)	—	13.7	(8.7)	(3.4)
Norm EPS (Bt)	0.8	1.0	1.2	1.4
Norm EPS grw (%)	41.3	25.3	17.6	20.7
Norm PE (x)	26.9	21.4	18.2	15.1
P/BV (x)	1.6	1.6	1.5	1.5
Div yield (%)	2.5	3.3	3.8	4.6
ROE (%)	6.2	7.5	8.6	10.0
ROA (%)	2.0	2.5	2.7	3.1

PRICE PERFORMANCE



COMPANY INFORMATION

Price: as of 4-Mar-22 (Bt)	21.60
Market Cap (US\$ m)	2,136
Listed Shares (m shares)	3,232.0
Free Float (%)	54.2
Avg. Daily Turnover (US\$ m)	16.87
12M Price H/L (Bt)	22.10/16.00
Sector	Finance
Major Shareholder	FIDF 45.79%

Sources: Bloomberg, Company data, Thanachart estimates



Cyclical and structural positives

BAM is a reopening play with positive structural developments

Bangkok Commercial Asset Management Pcl (BAM) has been a clear victim of the COVID-19 crisis as it has had to offer debt-assistance plans to affected customers while it has faced settlement hiccups given the closure of the Legal Execution Department during lockdowns. However, the less severe Omicron variant is limiting the risk of further lockdowns. We see BAM as a reopening play and it is riding the economic recovery brought about by pent-up demand and improving consumption while it has also been transforming itself for the better. We identify three positive structural drivers for the company to further enhance profit growth and ROE.

First, *shortening its payback period from seven to eight years currently to less than seven years*. This has been BAM's key strategy focus since 2020. However, we saw good progress on this front in 2021 and expect more to come. BAM's moves to speed up cash collection last year were via using a pricing strategy, offering flexible and attractive restructuring terms. It is also expanding to many digital channels, ie, campaigns on Shopee and Lazada as well as organizing digital auctions. BAM's success stories with NPLs and NPAs in 2021 are shown in Exhibit 1.

Ex 1: Initiatives To Speed Up Collection During The Severe COVID Outbreak In 2021

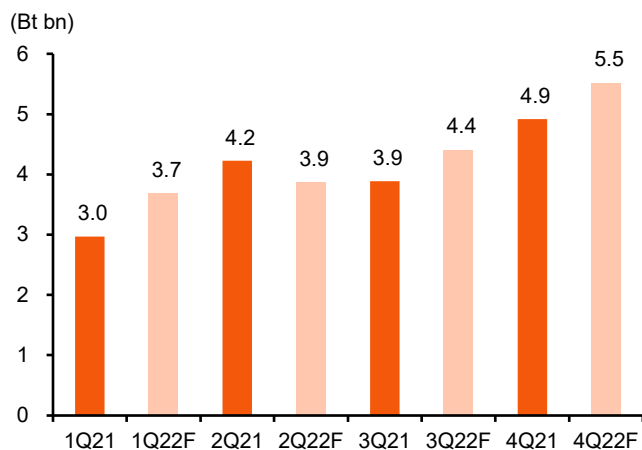
NPLs	NPA
NPL cash collection: Bt8.7bn (83% of target)	NPA cash collection: Bt7.3bn (104% of target)
TDR borrowers increased to over 2,000 equaling 61% of the target	3,226 items sold
Approval of a one-off settlement of Bt4.6bn	Installment sales of 768 items (77% of target)
	NPA renovation of Bt147m (65% of target)
	Approval of special prices for 4,104 NPAs (137% of target)

Source: Company data

Second, *an asset-light expansion model via the set-up of a joint venture asset management company (JVAMC)*. Please see the next section for details.

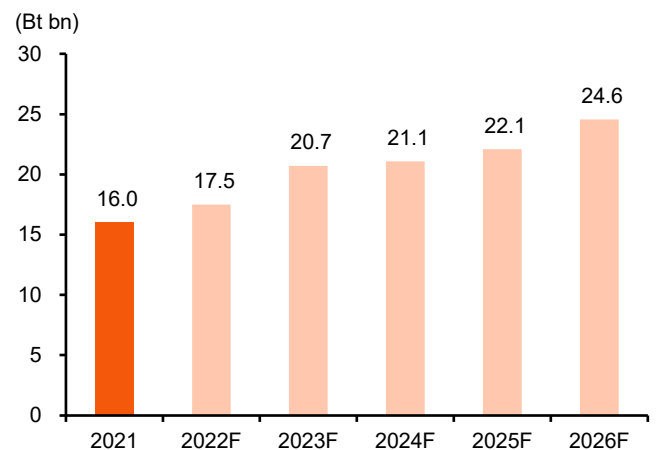
Third, *beefing up clean loan windfalls*. BAM's expertise is in secured loans. It has never acquired unsecured NPLs. However, it does have rights over claims for NPLs in hand. These are leftover rights to claim after it completed the NPA settlement and made decent profits on the purchased NPLs. Aiming to beef up the windfalls while gaining expertise in managing unsecured NPLs, BAM has set up a separate unit to focus on this segment. It has more than 10,000 debtors with Bt10bn-plus in debt outstanding. We don't expect it to be able to claim these leftovers in full but any cash flow it can recoup from the unsecured pool would flow almost directly to the bottom line. And these are not incorporated in BAM's growing cash collection target over the next five years.

Ex 2: Quarterly Collection Target In 2022 Vs Actual 2021



Source: Company data

Ex 3: Five-year Cash Collection Target



Source: Company data

Our view on JVAMC contributions

We are positive about the JVAMC move

To recap, the Bank of Thailand (BoT) finalized the JVAMC regulatory framework on 14 January this year. This will pave the way for financial institutions to join hands with asset management companies (AMCs) to set up JVs to manage NPLs and NPAs. According to the regulations, the formation of JVs has to be carried out by 2024.

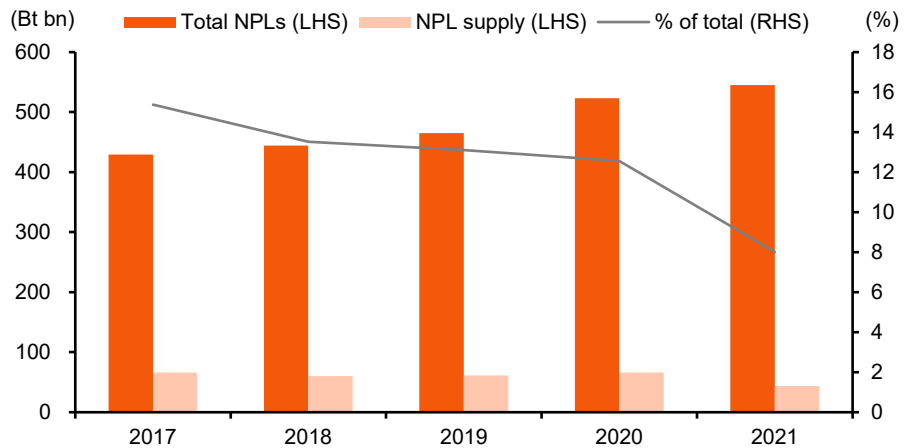
The JV structure is not limited to one bank and one AMC. However, a bank and an AMC have to have equal stake holdings which cannot be below 10% if there are many parties involved in the investment. The acquisition prices have to be fair and the JV has to extend at least one debt-assistance plan to debtors.

Risk-weighted assets of a bank's investment in a JV are set at 100% and banks are allowed to extend loans to the JV under a waiver of a 25% cap in lending to related parties. The JV's operational timeframe is set at 15 years from the regulation becoming effective.

Asset light expansion model

The JVAMCs are a win-win move for both BAM and banks, in our view. We estimate at least Bt20bn of secured NPLs are available to be acquired by the JVs. As the leading secured loans AMC, BAM is in talks with many commercial banks. The company expects to provide more clarity on this in 2H22. We believe BAM can finalize at least one or two JVs this year. We are positive on the JVAMC move. Aside from being an asset-light expansion model, allowing BAM to keep gearing below 3x to sustain its good credit rating, we expect it to enhance BAM's recurring income streams. The JV is likely to incur losses in the first year of operation. But loss sharing would be limited as it would be offset by the collection of management and success fees. The JV would be leaner and have lower fixed costs than BAM's. We expect positive earnings contributions from the JV from 2023F onwards. Pending more information, we leave the JV profit contribution as potential upside.

Ex 4: Lowest Ever NPL Supply Last Year



Source: Company data

To help investors gauge potential earnings upside, we perform our case study below using the most conservative assumptions.

JVAMC contribution in the most conservative scenario is still accretive to profits near term

Assuming the JVs are set up in 2H22 with equity investment of only Bt100m each, at a 3x gearing ratio, each JV can purchase Bt1.2bn worth of NPLs at a 50% acquisition price. Using BAM's seven-year payback period and our assumption of an outsourcing fee of 1.5% with interest charged at the MLR, its JV would incur a loss of Bt22m in 2022F, turning to small profits of Bt1.9m in 2023F and Bt26m in 2024F. BAM would earn outsourcing fees which would help minimize loss sharing from the JV and we expect accretive profits contributions from 2023F.

Exhibit 5 below shows our preliminary estimates for the JV's P&L and its contributions to BAM and the bank. The calculation below reflects the most conservative assumptions in our view. Any larger equity investments and a rise of D/E covenant to 5x would result in much higher profits contribution from the JV to both BAM and the bank.

Ex 5: Preliminary Estimates Of The JV's P&L

Equity investment (Bt m)	200.00	Bt m
1. BAM	100.00	Bt m
2. Bank A	100.00	Bt m
Value of NPLs	1,200.00	Bt m
Acquisition price (%)	50.0%	%
NPLs at costs (Bt bn)	600.00	Bt m
Payback period	7.00	year
Outsourcing fees	1.5%	pa
Borrowings	600.00	Bt m
D/E covenant	3.00	x
Interest rate	5.47%	pa
Loan repayment	6.00	year
Grace period	1.00	year

Profits and loss statement	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F
Total cash collection	—	120.00	162.00	275.40	257.04	192.78	115.67	53.98	18.51
Cost amortization	—	63.60	85.86	145.96	136.23	102.17	61.30	4.87	—
Net revenue from collection	—	56.40	76.14	129.44	120.81	90.61	54.36	49.11	18.51
Outsourcing fee	3.00	17.10	14.99	11.70	7.71	4.34	2.02	0.75	0.21
Interest expenses	16.41	31.45	27.35	21.88	16.41	10.94	5.47	1.37	—
Staff costs	3.00	6.00	6.18	6.37	6.56	6.75	6.96	7.16	7.38
EBT	(22.41)	1.85	27.63	89.49	90.13	68.58	39.91	39.83	10.92
Tax expenses	—	—	1.41	17.90	18.03	13.72	7.98	7.97	2.18
EAT	(22.41)	1.85	26.21	71.59	72.10	54.86	31.93	31.86	8.74
BAM's JV contribution	(7.98)	18.01	27.83	46.78	43.04	31.22	17.67	16.36	4.49
- Outsourcing fees	3.00	17.10	14.99	11.70	7.71	4.34	2.02	0.75	0.21
- JV's equity income	(10.98)	0.91	12.84	35.08	35.33	26.88	15.65	15.61	4.28
Bank's JV contribution	5.43	32.36	40.19	56.96	51.74	37.82	21.12	16.98	4.28
- Interest received	16.41	31.45	27.35	21.88	16.41	10.94	5.47	1.37	—
- JV's equity income	(10.98)	0.91	12.84	35.08	35.33	26.88	15.65	15.61	4.28

Source: Thanachart estimates

Strong growth with upsides

We estimate a strong three-year EPS CAGR of 21%

In light of BAM's stronger-than-expected 4Q21 profits and its updated five-year cash collection target, we revise up our earnings estimate for this year by 14% but lower them by an average of 6% over 2023-24F. We had previously baked in too low an assumption for assets purchased as BAM's policy is now at no less than 110% of the reduced acquisition costs. It is expecting to acquire no less than Bt9bn worth of NPLs this year.

Ex 6: Earnings Revisions

	2020A	2021A	2022F	2023F	2024F	2025F	2026F
Net profits (Bt bn)							
- New	1.84	2.60	3.26	3.83	4.63	5.98	7.51
- Old			2.87	4.20	4.79	5.50	6.43
- Change (%)			13.68	(8.75)	(3.37)	8.81	16.86
Total income (Bt bn)							
- New	12.43	13.31	14.35	15.40	16.44	17.98	19.68
- Old			13.70	13.70	13.70	13.70	13.70
- Change (%)			4.78	12.40	20.05	31.26	43.68
Cash collection (Bt bn)							
- New	13.12	15.99	17.15	20.58	21.64	22.49	24.53
- Old			17.98	20.49	22.84	24.29	26.02
- Change (%)			(4.61)	0.43	(5.23)	(7.43)	(5.73)
Purchased NPLs (Bt bn)							
- New	10.60	3.66	9.00	9.00	9.50	10.00	10.50
- Old			6.50	7.50	8.67	10.03	11.62
- Change (%)			38.46	20.00	9.62	(0.28)	(9.61)
Operating expenses (Bt bn)							
- New	2.64	2.73	2.85	2.96	3.01	3.10	3.18
- Old			2.64	2.66	2.73	2.78	2.84
- Change (%)			7.88	11.14	10.48	11.76	11.65
Interest expenses (Bt bn)							
- New	2.39	2.56	2.74	3.12	3.42	3.66	3.87
- Old			2.64	2.57	2.70	2.81	2.93
- Change (%)			4.02	21.23	26.83	30.30	32.29

Sources: Company data, Thanachart estimates

Despite a strong earnings growth turnaround of 41% last year, we estimate 25% growth in 2022F, 18% in 2023F and 21% in 2024F. Key growth drivers are growth in cash collection of 7%/20%/5%, manageable cost of funds and improving efficiency. BAM has around 1,300 employees. We expect no material change in hirings and estimate its cost-to-income ratio to drop from 25.4% to 24.6% in 2022F, 24.1% in 2023F and 23.1% in 2024F.

Reaffirming BUY call with a higher TP of Bt27

Offers both near-term and long-term share price catalysts

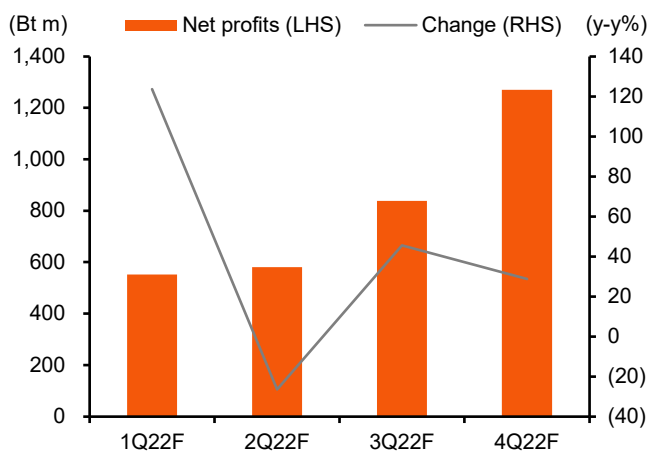
On the back of our earnings changes for BAM, we raise our DDM-based 12-month TP, using a 2022F base year, to Bt27 from Bt24 and reaffirm our BUY rating on the stock. We like BAM as it offers both near-term and long-term share price catalysts. 1Q21 quarterly earnings were the lowest of the year and with our expectation of more than 20% cash collection growth in 1Q22F, BAM looks on track to post decent results. Next in line in 2H22F would be the announcement of its JVAMC set-up. This is while we expect BAM's ROE to double to 12% in four years. Valuation wise, BAM trades on a forward PE of 21x in light of 25% EPS growth in 2022F and 18% in 2023F. As an asset-based company, we regard BAM as attractive trading on a 2022F P/BV of 1.6x with over a 3% dividend yield.

Ex 7: 12-month DDM-based TP Calculation Using A Base Year Of 2022F

(Bt m)	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F	Terminal Value
Dividend of common shares	2,029	2,482	2,961	3,714	4,725	5,735	6,714	7,754	8,702	11,661	15,006	15,006
Dividend of preferred shares	—	—	—	—	—	—	—	—	—	—	—	—
Dividend payment	2,029	2,482	2,961	3,714	4,725	5,735	6,714	7,754	8,702	11,661	15,006	180,078
Risk-free rate (%)	2.5											
Market risk premium (%)	8.0											
Beta	1.0											
WACC (%)	10.5											
Cost of equity	10.5											
Terminal growth (%)	2.0											
Equity value	87,347											
No. of shares (m)	3,232											
Equity value / share (Bt)	27.00											

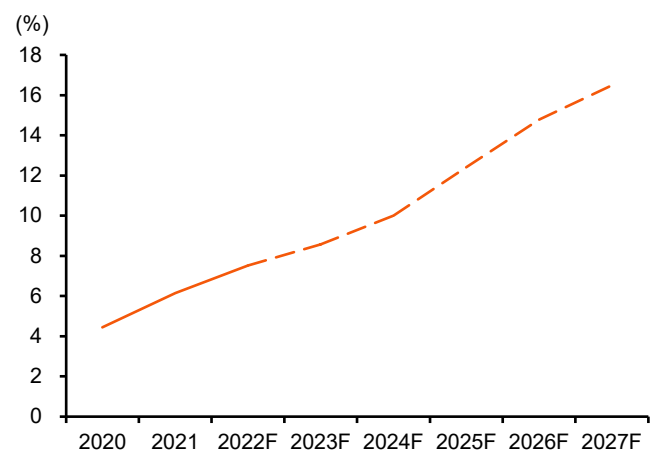
Sources: Company data, Thanachart estimates

Ex 8: Estimated Quarterly Profits



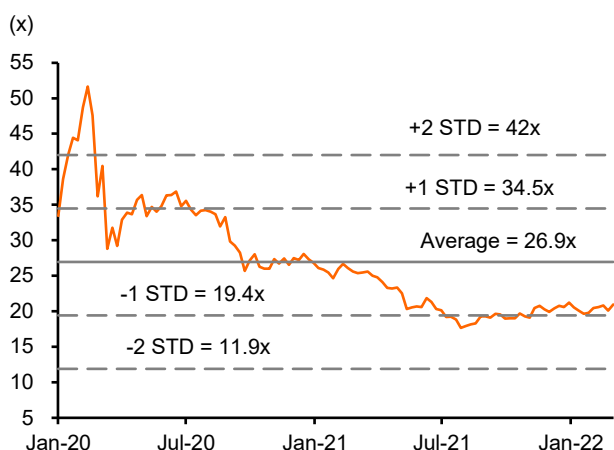
Source: Thanachart estimates

Ex 9: Rising ROE



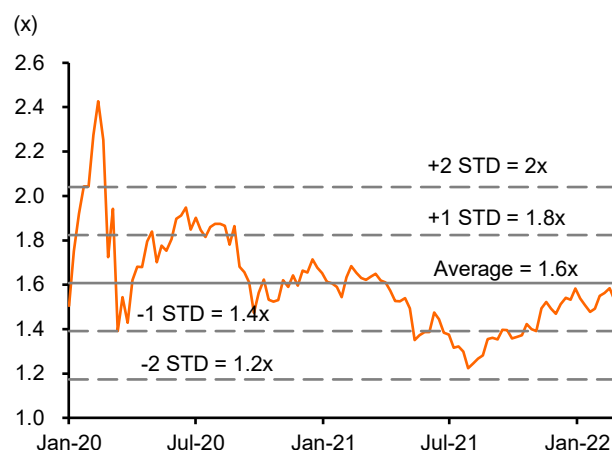
Sources: Company data, Thanachart estimates

Ex 10: STD PE



Sources: Bloomberg, Thanachart estimates

Ex 11: STD P/BV



Sources: Bloomberg, Thanachart estimates

Valuation Comparison

Ex 12: Valuation Comparison With Global Peers

Name	BBG Code	Country	EPS growth		— PE —		— P/BV —		— ROE —		— Div. Yield —	
			22F (%)	23F (%)	22F (x)	23F (x)	22F (x)	23F (x)	22F (%)	23F (%)	22F (%)	23F (%)
China Cinda Asset Management	1359 HK	China	15.0	2.4	3.9	3.8	0.3	0.3	7.9	7.9	8.3	8.2
Cohen & Steers Inc.	CNS US	US	(5.8)	9.2	19.4	17.7	na	na	82.9	102.0	3.8	3.2
Legg Mason Inc.	LM US	US	27.9	na	na	na	na	na	7.8	8.3	na	na
Federated Hermes Inc.	FHI US	US	17.8	10.8	10.1	9.1	2.5	2.4	22.5	22.4	3.4	3.6
Artisan Partners Asset MA -A	APAM US	US	(10.8)	6.5	8.3	7.8	na	na	na	na	11.1	11.3
Affiliated Managers Group	AMG US	US	44.2	11.9	6.8	6.0	1.8	1.6	19.8	16.8	0.0	0.0
Waddell & Reed Financial -A	WDR US	US	89.8	na	na	na	na	na	na	na	na	na
Eaton Vance Corp	EV US	US	227.4	(3.0)	na	na	na	na	53.1	na	na	na
Azimut Holding SPA	AZM IM	Italy	(4.9)	6.0	7.5	7.1	2.0	1.8	27.1	25.4	6.9	7.4
Fiera Capital Corp	FSZ CN	Canada	95.4	8.6	7.6	7.0	2.6	2.5	36.5	37.5	8.2	8.2
Bangkok Commercial Asset Mgt.	BAM TB *	Thailand	25.3	17.6	21.4	18.2	1.6	1.5	7.5	8.6	3.3	3.8
Chayo Group	CHAYO TB	Thailand	38.5	19.3	37.3	31.3	3.3	2.7	11.8	10.3	0.5	0.5
JMT Network Services	JMT TB	Thailand	21.6	33.8	41.7	31.2	4.8	4.6	13.2	15.4	1.4	2.0
Average			44.7	11.2	16.4	13.9	2.4	2.2	26.4	25.5	4.7	4.8

Source: Bloomberg

Note: * Thanachart estimates, using Thanachart normalized EPS

Based on 4 Mar 2022 closing prices

COMPANY DESCRIPTION

Founded in 1998 under the Ministry of Finance's Financial Institutions Development Fund (FIDF) plan, BAM's mandate was to acquire and manage distressed assets from Bangkok Bank of Commerce (BBC). The company was later given approval by the Bank of Thailand (BoT) to operate under the Financial Institutions Asset Management Corporation decree in 2001 to manage distressed assets of other financial institutions. BAM is Thailand's largest asset management company (AMC) with total assets under management of Bt107bn as of 2020.

Source: Thanachart

COMPANY RATING



Rating Scale

Excellent	5
Good	4
Fair	3
Weak	2
Very Weak	1
None	0

Source: Thanachart; * CG Rating

THANACHART'S SWOT ANALYSIS

S — Strength

- Over 20 years of experience in the business.
- Scale advantage.
- Pricing power.

O — Opportunity

- Asset acquisitions.

W — Weakness

- In a capital-intensive business with lengthy payback periods.
- Lumpy earnings book as most income is from gains from asset sales.

T — Threat

- Lower asset sales as banks are doing management in-house.
- Changes in accounting treatment.

CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	24.56	27.00	10%
Net profit 22F (Bt m)	3,228	3,259	1%
Net profit 23F (Bt m)	4,203	3,832	-9%
Consensus REC	BUY: 10	HOLD: 1	SELL: 1

HOW ARE WE DIFFERENT FROM THE STREET?

- Our earnings for 2023F are lower than the Bloomberg consensus numbers over the near term, which we attribute to us being more conservative on cash collection and margin.
- But we expect BAM's margin to improve and for it to pay out higher dividends, which we believe is the reason why our DDM-based TP is higher.

Sources: Bloomberg consensus, Thanachart estimates

RISKS TO OUR INVESTMENT CASE

- If BAM were to dispose of lower amounts of NPLs and NPAs than we currently assume, this would represent significant downside risk to our earnings and TP.
- Higher-than-expected operating costs are a secondary downside risk.

Source: Thanachart

INCOME STATEMENT

	FY ending Dec (Bt m)	2020A	2021A	2022F	2023F	2024F
<i>Improving collections</i>	Interest Income	9,946	9,569	10,544	11,579	12,384
	Interest Expenses	2,391	2,559	2,742	3,116	3,419
	Net Interest Income	7,555	7,010	7,802	8,463	8,965
	% of total income	75.3%	65.2%	67.2%	68.9%	68.8%
	Gain on sale of properties for sale	1,998	2,963	3,107	3,153	3,415
	Gain on installment sales	404	690	617	575	550
	Gain on investments	0	0	0	0	0
	Others	79	84	84	89	94
	Non-interest Income	2,481	3,737	3,808	3,816	4,059
	% of total income	24.7%	34.8%	32.8%	31.1%	31.2%
	Total Income	10,036	10,747	11,610	12,279	13,024
	Operating Expenses	2,641	2,727	2,853	2,957	3,011
	Pre-provisioning Profit	7,395	8,021	8,757	9,322	10,013
	Provisions	5,199	4,765	4,684	4,532	4,230
	Pre-tax Profit	2,196	3,256	4,073	4,791	5,783
	Income Tax	355	656	815	958	1,157
	After Tax Profit	1,841	2,600	3,259	3,832	4,626
	Equity Income	0	0	0	0	0
	Minority Interest	0	0	0	0	0
	Extraordinary Items	0	0	0	0	0
	NET PROFIT	1,841	2,600	3,259	3,832	4,626
	Normalized Profit	1,841	2,600	3,259	3,832	4,626
	EPS (Bt)	0.6	0.8	1.0	1.2	1.4
	Normalized EPS (Bt)	0.6	0.8	1.0	1.2	1.4

BALANCE SHEET

	FY ending Dec (Bt m)	2020A	2021A	2022F	2023F	2024F
	ASSETS:					
	Liquid Items	8,164	3,903	2,493	2,578	2,666
<i>Higher self-financed portion</i>	Cash and ST investments	8,164	3,903	2,493	2,578	2,666
	Securities under resale agreement	728	833	725	639	589
	Net loan purchased	77,726	73,406	83,272	93,181	101,524
	Properties for sales-net	28,078	29,666	29,515	30,539	31,557
	property for sales - gross	36,282	37,592	38,898	40,194	41,482
	(less) allowance for impairment	8,204	7,926	9,383	9,655	9,925
	Fixed assets - net	1,174	1,155	1,088	1,021	954
	Other assets	16,199	16,941	17,455	17,979	18,512
	Total assets	132,070	125,904	134,548	145,936	155,801
	LIABILITIES:					
	Liquid Items	1,505	1,540	1,570	1,600	1,630
	Accrued interest payable	518	553	583	613	643
	Provisions	987	987	987	987	987
	Current portion of lease liabilities	0	0	0	0	0
	Debt issued and borrowings	87,435	80,155	87,855	97,647	105,792
	Other liabilities	1,333	1,453	1,155	1,356	1,365
	Total liabilities	90,273	83,148	90,533	100,541	108,710
	Minority interest	0	0	0	0	0
	Shareholders' equity	41,797	42,756	44,015	45,395	47,091
	Preferred capital	0	0	0	0	0
	Paid-in capital	16,160	16,160	16,160	16,160	16,160
	Share premium	6,044	6,044	6,044	6,044	6,044
	Surplus/ Others	240	255	285	315	345
	Retained earnings	19,352	20,296	21,525	22,876	24,542
	Liabilities & Equity	132,070	125,904	134,548	145,936	155,801

Sources: Company data, Thanachart estimates

VALUATION

FY ending Dec	2020A	2021A	2022F	2023F	2024F
Normalized PE (x)	37.9	26.9	21.4	18.2	15.1
Normalized PE - at target price (x)	47.4	33.6	26.8	22.8	18.9
PE (x)	37.9	26.9	21.4	18.2	15.1
PE - at target price (x)	47.4	33.6	26.8	22.8	18.9
P/PPP (x)	9.4	8.7	8.0	7.5	7.0
P/PPP - at target price (x)	11.8	10.9	10.0	9.4	8.7
P/BV (x)	1.7	1.6	1.6	1.5	1.5
P/BV - at target price (x)	2.1	2.0	2.0	1.9	1.9
Dividend yield (%)	2.4	2.5	3.3	3.8	4.6
Market cap / net assets (x)	0.9	0.9	0.8	0.7	0.7
Market cap / appraisal value (x)	0.3	0.3	0.3	0.3	0.3
(Bt)					
Normalized EPS	0.6	0.8	1.0	1.2	1.4
EPS	0.6	0.8	1.0	1.2	1.4
DPS	0.5	0.6	0.7	0.8	1.0
PPP/Share	2.3	2.5	2.7	2.9	3.1
BV/Share	12.9	13.2	13.6	14.0	14.6

*Inexpensive, in our view***FINANCIAL RATIOS**

FY ending Dec	2020A	2021A	2022F	2023F	2024F
Growth Rate (%)					
Net interest income (NII)	7.8	(7.2)	11.3	8.5	5.9
Non-interest income (Non-II)	(19.9)	50.6	1.9	0.2	6.4
Operating expenses	(29.7)	3.2	4.6	3.6	1.8
Pre-provisioning profit (PPP)	(64.7)	48.3	25.1	17.6	20.7
Net profit	(82.8)	41.3	25.3	17.6	20.7
Normalized profit growth	(82.8)	41.3	25.3	17.6	20.7
EPS	(84.4)	41.3	25.3	17.6	20.7
Normalized EPS	(84.4)	41.3	25.3	17.6	20.7
Dividend payout ratio	90.0	68.4	70.0	70.0	70.0
NPL portfolio	8.8	0.3	9.8	9.8	7.5
NPA portfolio	12.6	3.6	3.5	3.3	3.2
Debt and borrowings	453.5	431.3	8,742.1	8,015.4	8,780.8
Total assets	10.1	(4.7)	6.9	8.5	6.8
Total equity	1.5	2.3	2.9	3.1	3.7
Operating Ratios (%)					
Interest yield on NPL	10.3	33.4	36.2	36.0	36.0
Interest yield on installment sales rec.	7.2	4.9	5.3	5.0	5.2
Interest yield on investment in securities	2.6	0.0	0.0	0.0	0.0
Avg cost of fund	6.3	2.7	2.6	2.6	2.6
NII / operating income	304.6	187.6	204.9	221.7	220.8
Non-II / operating income	24.7	34.8	32.8	31.1	31.2
Normalized net margin	14.8	19.5	22.7	24.9	28.1
Cost-to-income	26.3	25.4	24.6	24.1	23.1
Pretax Profits/ total assets	1.7	2.5	3.1	3.4	3.8
Pretax Profits / total equity	5.3	7.7	9.4	10.7	12.5
Avg assets/avg equity (leverage)	3.0	3.1	3.0	3.1	3.3
ROA	1.5	2.0	2.5	2.7	3.1
ROE	4.4	6.2	7.5	8.6	10.0

Improving efficiency and ROE

Sources: Company data, Thanachart estimates

FINANCIAL RATIOS

	FY ending Dec	2020A	2021A	2022F	2023F	2024F
Liquidity and Quality Ratio (%)						
<i>Policy is to contain D/E at below 3x to maintain its good credit rating</i>	Receivables to borrowing ratio	109.4	111.3	116.2	115.2	113.8
	Debt to equity ratio (x)	2.1	1.9	2.0	2.2	2.2
	Allow ance for doubtful A/C to rec.	14.6	19.6	16.9	15.3	14.1
	Cash collection from NPL management business to NPLs	18.2	10.8	11.9	13.6	17.9
	Cash collection from NPA management business to NPAs	23.1	16.4	23.9	23.3	23.8
	Interest yield on gross NPL	1.8	6.5	6.6	7.7	8.7
	Gain on loan purchase/loan purchase	8.9	4.2	3.6	3.7	3.9
	Return on NPL management business	10.7	10.7	10.3	11.4	12.6
	Interest yield on installment receivables	7.2	4.9	5.3	5.0	5.2
	Gain on installment sales/installment sales	6.3	20.9	31.8	31.8	31.8
	Gain on sales of foreclosed properties properties foreclosed	13.1	7.7	10.3	10.5	10.5
	Return on NPA management business	9.7	6.1	8.3	8.5	8.3

Sources: Company data, Thanachart estimates

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