Finance Sector – Overweight

News update

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Thailand NPL Resolution

- **Unsecured NPL program via SAM & Ari-AMC**
- **Banks: negligible effect**
- **NBFCs: better benefit than banks; AEONTS the best**
- **AMCs: limited positive for BAM; slight negative for JMT**

- The Thai government and BoT are moving forward with **a national unsecured debt restructuring initiative** that is planned to commence in early 2026. Under this program, **Sukhumvit Asset Management (SAM) and Ari-AMC** — a newly established joint venture between Bangkok Commercial Asset Management (BAM) and Government Savings Bank (GSB) — will serve as designated asset management companies (AMCs) responsible for acquiring unsecured consumer debt.
- Eligible loans under this scheme are limited to **unsecured exposures not exceeding Bt100k per borrower**, with the government **targeting up to Bt 122bn of unsecured NPLs** to be transferred from participating financial institutions across the system. The budget for this program is around Bt10bn, which comes from the remaining funds of the "You Fight, We Help" program.
- In the first phase, 2.56 million NPL accounts from commercial banks -- representing 1.25 million borrowers with total debts of Bt43.6bn -- are to be transferred to SAM. Another 790,000 accounts from specialized financial institutions, representing about 700,000 borrowers with total debts of Bt18.8bn, will be transferred to Ari AMC. (source: bangkokpost)
- **Impact:**

1) ***Macro:*** While the targeted NPL acquisition size remains small relative to the total volume of bad debt in the financial system, we **believe this program is a constructive step that should contribute modestly to asset quality improvement and consumer sentiment.**

2) ***An equity market perspective:*** We have a **generally neutral view**. This initiative signals supportive policy direction for consumer debt resolution, but its short-term impact on listed financial institutions is expected to be limited and unevenly distributed across players.

Banks: Insignificant scale vs loan books. Thus, we expect **minimal earnings/provisioning impact**

NBFCs: Greater beneficiary due to higher unsecured exposure, but benefit depends on NPL acquisition pricing.

- **AEONTS**: **best positioned** given almost fully unsecured portfolio
- **MTC, TIDLOR, SAWAD, SAK**: mild benefit; potential to offload 2 and 4-wheeler problematic loans
- **KTC**: **limited participation** expected due to strong internal collections

Ex 1: Summary Of AMCs Program

Criteria	Details
Eligible loan type	Unsecured NPLs
Max loan size	≤ Bt100k per borrower
Target acquisition size	Up to Bt122bn system-wide
Objective	Reduce household debt burden and accelerate asset quality clean-up

Source: Thanachart

AMCs

- **BAM**: **limited upside** as Ari-AMC might likely to offer favorable repayment terms to drive participation
- **JMT**: **slight negative risk** from reduced supply of unsecured NPLs in market.

Ex 2: Banks Valuations

Stocks	Rating	Current price (Bt)	Target price (Bt)	Norm EPS growth 2025F (%)	Norm EPS growth 2026F (%)	Norm PE 2025F (x)	Norm PE 2026F (x)	P/BV 2025F (x)	P/BV 2026F (x)	Yield 2025F (%)	Yield 2026F (%)
BBL	SELL	154.50	141.00	9.0	(9.0)	6.0	6.6	0.5	0.5	5.5	5.5
KBANK	BUY	180.00	190.00	0.4	(2.9)	8.7	9.0	0.7	0.7	6.7	6.7
KKP	BUY	65.00	76.00	14.0	6.9	9.5	8.9	0.8	0.8	7.3	7.8
KTB	BUY	27.50	31.00	8.2	(10.9)	8.1	9.1	0.8	0.8	6.2	5.5
SCB	HOLD	129.50	135.00	7.2	(4.2)	9.3	9.7	0.9	0.9	8.6	8.3
TISCO	HOLD	107.50	102.00	(5.7)	0.1	13.2	13.2	2.0	2.0	7.2	7.2

Sources: Company data, Thanachart estimates

Ex 3: NBFCs Valuation

Stocks	Rating	Current price (Bt)	Target price (Bt)	Norm EPS growth 2025F (%)	Norm EPS growth 2026F (%)	Norm PE 2025F (x)	Norm PE 2026F (x)	P/BV 2025F (x)	P/BV 2026F (x)	Yield 2025F (%)	Yield 2026F (%)
ASK	SELL	7.75	7.30	25.8	(8.0)	9.8	10.7	0.5	0.5	4.6	4.7
BAM	HOLD	6.95	7.50	36.1	(19.3)	10.3	12.8	0.5	0.5	7.8	6.3
JMT	SELL	9.30	8.50	(25.4)	5.0	11.3	10.8	0.5	0.5	5.3	5.6
KTC	BUY	28.25	36.00	2.4	4.3	9.6	9.2	1.7	1.5	5.2	5.5
MTC	BUY	39.75	45.00	12.9	15.2	12.7	11.0	2.0	1.7	1.2	1.4
SAK	BUY	3.60	4.60	10.4	12.0	8.1	7.3	1.1	1.0	5.5	6.2
SAWAD	BUY	28.75	36.00	(10.8)	13.6	9.6	8.5	1.3	1.2	4.7	5.3
THANI	BUY	1.72	2.30	26.3	16.2	10.5	9.0	0.8	0.7	5.3	6.1
TIDLOR	BUY	21.10	23.00	20.8	15.2	12.0	10.4	1.9	1.7	3.7	4.3

Sources: Company data, Thanachart estimates

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