

7 MAY 2021

THAILAND / DIVERSIFIED FINANCIALS

NGERN TID LOR TIDLOR TB

BUY

TARGET PRICE	THB54.00
CLOSE	THB36.50
UP/DOWNSIDE	+47.9%
TP vs CONSENSUS	+3.8%

พร้อมเติบโตก้าวกระโดด

เติบโตดีทั้งในระยะสั้นและระยะยาว

TIDLOR เป็นหนึ่งในสถาบันการเงินรายย่อยที่ใหญ่ที่สุดในประเทศไทย บริษัทฯ มุ่งเน้นในด้านสินเชื่อที่เบียดเบียนและประกันวินาศภัย ในสภาวะการแข่งขันที่รุนแรง เราคาดว่า TIDLOR จะรายงานกำไรจากการดำเนินงานได้อย่างโดดเด่นเมื่อเทียบกับบริษัทในกลุ่มที่ 31% CAGR ในช่วงปี 2020-23 โดยได้แรงหนุนจาก 1) การเติบโตของสินเชื่อในระดับสูงจากผลิตภัณฑ์ที่มี innovative สามารถตอบสนองความต้องการลูกค้าได้และช่องทางการบริการลูกค้าที่หลากหลาย (Omni-channel) ของบริษัทฯ; 2) ค่าธรรมเนียมนายหน้าธุรกิจประกันภัยที่สูงขึ้นจากผลิตภัณฑ์ที่ออกใหม่และแพลตฟอร์ม Areegator; และ 3) อัตราส่วนค่าใช้จ่ายดำเนินงานต่อรายได้รวมที่ลดลงจากผลของการลงทุนในระบบ IT ของบริษัทฯ เราเชื่อว่าจุดมุ่งหมายของ บริษัทฯ ที่จะมอบบริการทางการเงินที่ยุติธรรม โปร่งใสและมีความรับผิดชอบต่อลูกค้าทุกคน บวกกับชื่อเสียงที่ดีและธุรกิจที่บริหารโดยมืออาชีพควรทำให้บริษัทรายงานการเติบโตที่ยั่งยืน

สถาบันการเงินรายย่อยที่ให้ความสำคัญกับเทคโนโลยี

ต่างจากผู้แข่งขันรายอื่น TIDLOR เลือกที่จะลงทุนเป็นจำนวนมากในเทคโนโลยี ซึ่งทำให้บริษัทฯ มีต้นทุนการดำเนินงานที่สูงกว่าคู่แข่ง แต่เราคาดว่าบริษัทฯ จะเริ่มใช้ประโยชน์จากการลงทุนดังกล่าวเพื่อก่อให้เกิดประสิทธิภาพในด้านต้นทุนที่ดีขึ้น นอกจากนี้การลงทุนในด้าน IT จะทำให้บริษัทฯ มีคุณภาพสินทรัพย์ที่ดี และท้ายที่สุดเราเชื่อว่าบริษัทฯ จะใช้ประโยชน์จากระบบ IT เพื่อสร้างรายได้ที่สูงขึ้นกว่าบริษัทอื่นในกลุ่มฯ จากผลิตภัณฑ์ที่มี innovative เช่นบัตรเงินสดหมุนเวียนและแพลตฟอร์มประกันภัย Areegator เราเชื่อว่าข้อดังกล่าวจะเป็นปัจจัยหลักที่ช่วยผลักดันความสามารถในการทำกำไรของ TIDLOR ในอนาคต

ประโยชน์จากการเป็นส่วนหนึ่งของ Bank of Ayudhya

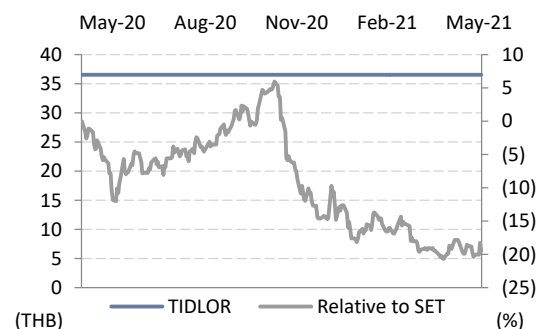
หลัง IPO ธนาคารกรุงศรีอยุธยา (BAY TB, not rated) จะยังเป็นผู้ถือหุ้นใหญ่ของบริษัทฯ โครงสร้างการถือหุ้นดังกล่าวทำให้บริษัทฯ แตกต่างจากคู่แข่งอย่างเห็นได้ชัด จากการเป็นส่วนหนึ่งของ BAY เราเชื่อว่าบริษัทฯ ได้พัฒนาและใช้มาตรฐานที่สูงและเข้มงวดกว่าบริษัทอื่นในกลุ่ม เช่น ในด้านการบริหารความเสี่ยง นอกจากนี้ TIDLOR ยังได้รับความน่าเชื่อถือมากขึ้นจากการมีหนึ่งในธนาคารหลักของไทยเป็นผู้ถือหุ้น ทำให้ TRIS ให้อันดับความน่าเชื่อถือที่สูงกว่าคู่แข่ง ซึ่งทำให้มีต้นทุนทางการเงินที่ต่ำกว่า ในประการสุดท้าย TIDLOR ยังสามารถใช้ประโยชน์จากสาขาและฐานเงินทุนของ BAY ในการดำเนินงานธุรกิจ

คุณภาพของการเติบโตทำให้สมควรได้รับการประเมินมูลค่าในระดับสูง เริ่มด้วยคำแนะนำซื้อ

เราเริ่ม TIDLOR ด้วยคำแนะนำซื้อที่ราคาเป้าหมายปี 2022 ที่ 54 บาท (GGM) ซึ่งคิดเป็น 5.0x ของค่า 2022E P/BV และ 0.88x ของค่า 2022E PEG แม้ว่าบริษัทฯ จะมีผลตอบแทนจากส่วนผู้ถือหุ้นต่ำกว่าเพื่อน เราเชื่อว่าบริษัทฯ สมควรได้รับการประเมินมูลค่าในระดับที่สูงจากอัตราการเติบโตของกำไรสุทธิในระยะสั้น การเติบโตที่ยั่งยืนในระยะยาว และความสามารถในการแข่งขัน เราเห็นว่า TIDLOR เป็นหุ้นที่คุ้มค่าการลงทุนและเป็นหนึ่งในหุ้นเด่นของเรา

KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Operating profit	3,027	4,088	5,369	6,782
Net profit	2,416	3,270	4,295	5,425
EPS (THB)	1.15	1.45	1.85	2.34
vs Consensus (%)	-	(2.0)	(1.6)	1.7
Core net profit	2,416	3,270	4,295	5,425
Core EPS (THB)	1.15	1.45	1.85	2.34
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	(15.0)	26.8	27.4	26.3
Core P/E (x)	31.8	25.1	19.7	15.6
Dividend yield (%)	-	0.6	0.8	1.0
Price/book (x)	6.5	3.9	3.4	2.9
ROE (%)	22.9	19.8	18.6	20.0
ROA (%)	4.7	5.7	6.3	6.7



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	n/a	n/a	n/a
Relative to country (%)	n/a	n/a	n/a
Mkt cap (USD m)	2,709		
3m avg. daily turnover (USD m)	n/a		
Free float (%)	21		
Major shareholder	Bank of Ayudhya (30%)		
12m high/low (THB)	n/a		
Issued shares (m)	2,319		

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 7 พฤษภาคม 2021

Investment thesis

TIDLOR is one of the largest microfinance operators in Thailand. Unlike its peers, we believe that the company has three outstanding differences that will allow it to deliver superior and quality growth among the intense competition in the auto title loan industry and the upcoming price competition in certain segments, including 1) being a technology-driven microfinance operator; 2) having synergies from being part of BAY; and 3) providing sustainable growth.

We initiate our coverage of TIDLOR with a BUY rating and a 2022 GGM-based target price of THB54. In our view, TIDLOR is a stock worth investing in due to 1) its 2022E highest net profit growth; 2) its philosophy and corporate culture in running its business, which should allow the company to grow sustainably; and 3) its higher competitiveness in terms of technology and innovation.

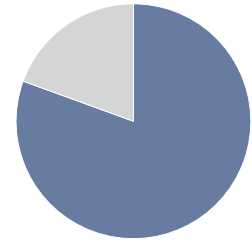
Company profile

TIDLOR, currently, has two main businesses, namely auto title loans and insurance brokerage services. In 2019, it was the largest auto title loan provider in Thailand, with a market share of 16%. Regarding its insurance broker businesses, it was one of top five insurance brokerages for retail segments and was the eighth-largest non-life insurance broker in Thailand.

<https://www.ngerntidor.com>

Principal activities (revenue, 2020)

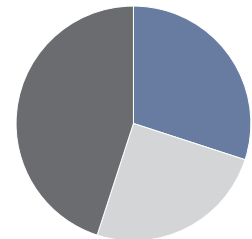
- Net interest income - 80.5 %
- Non-interest income - 19.5 %



Source: Ngerm Tid Lor

Major shareholders

- Bank of Ayudhya - 30.0 %
- Siam Asia Credit Access PTE Ltd - 25.0 %
- Others - 45.0 %



Source: Ngerm Tid Lor

Catalysts

Potential share price catalysts for TIDLOR include:

- Stronger non-life premium growth;
- The reversal of provisions;
- Effective cost control.

Risks to our call

Downside risks to our GGM-based TP include 1) the expansion into auto-title loans by the Government Savings Bank; 2) further weakening asset quality could potentially hit both loan yield and credit cost; and 3) tighter supervision from related regulators.

Event calendar

Date	Event
10 May 2021	Listing on the SET
11-14 May 2021	1Q21 results announcement

Key assumptions

	2021E	2022E	2023E
	(%)	(%)	(%)
Net profit (THB m)	3,270	4,295	5,425
Net profit growth (%)	35.3	31.3	26.3
NIM (%)	15.45	15.43	15.14
Loan growth (%)	20.0	20.0	20.0
Fee growth (%)	36.2	26.7	26.9
Non-NII growth (%)*	35.6	26.4	26.7
Credit cost (bp)	120	120	120
Cost to income (%)*	57.2	54.2	52.0

*Including share of profits from associates

Source: FSSIA estimates

Earnings sensitivity

		2021E		
		18.0	20.0	22.0
Loan growth	±2ppt			
% change in net profit		(2.1)	-	2.1
NIM (%)	±5bp	15.40	15.45	15.50
% change in net profit		(0.7)	-	0.7
Credit cost (bp)	±10bp	110	120	130
% change in net profit		1.4	-	(1.4)

Source: FSSIA estimates

Executive summary

TIDLOR is one of the largest microfinance operators in Thailand. The company currently has two core businesses, namely auto title loans (ATL) (83% of total revenue) and a non-life insurance brokerage business (7% of total revenue). Regarding its lending business, in terms of total portfolio size among listed auto title loan companies, it was ranked as having the second largest portfolio at THB48.6b in 2020. Muang Thai Capital (MTC TB, BUY, TP THB74) ranked first with the largest total portfolio, while Srisawad Corp (SAWAD TB, BUY, TP THB108) was the third largest. TIDLOR offers various types of ATL, including for pickup trucks and passenger cars (64% of total port), commercial trucks, and motorcycles. Regarding its insurance brokerage business, TIDLOR is presently focusing on non-life insurance products. The company is ranked the third largest non-life retail insurance broker as of 2020 with a 2% market share.

Unlike its peers, we believe that the company has three outstanding differences that will allow it to deliver superior and quality growth among the intense competition in the ATL industry.

1) Technology-driven microfinance operator

Unlike its competitors, TIDLOR has chosen to invest heavily in its IT platform for its 1) front office, i.e. a chatbot and mobile application to provide more satisfactory services to its clients and a more efficient workflow for its employees – its innovative products solve the pain points of retail finance, like its revolving cash card, insurance products, and Areegator platform; and 2) back office, i.e. its credit scoring system for prudent risk management, its geodatabase for effective branch expansion, and its clients' big data analysis to deliver in-demand products.

The large IT investment has resulted in a high-cost base relative to its peers. However, in the medium to longer term, we expect the company to leverage and utilise this investment, leading to better cost efficiency. Moreover, its IT investment should allow it to have a healthy balance sheet. Eventually, we believe the company will utilise its IT system to generate higher revenue than its peers. We believe these are the key areas to drive TIDLOR's future profitability.

2) Synergies from being part of BAY

Post IPO, BAY will still be its major shareholder with a 30% holding. This shareholding structure clearly distinguishes the company from its competitors. MTC and Saksiam Leasing (SAK TB, BUY, TP THB15.2) do not have banks as shareholders. While SAWAD, despite partnering with the Government Savings Bank (GSB TB; not listed) to run a motorcycle title loan (MTL) business, SAWAD does not receive the entire benefit as TIDLOR does, i.e. having a bank as major shareholder.

By being part of BAY, we think the company will have developed and implemented higher and tighter standards than its peers, i.e. risk management. TIDLOR also gains more credibility by having one of the major banks in Thailand as its shareholder, leading to a higher credit rating from TRIS Rating than its peers, resulting in a lower cost of funds. Additionally, TIDLOR is able to utilise BAY's branches and funding to run its business.

3) Sustainable growth

We believe that TIDLOR will gradually catch up with its competitors and be able to improve its sustainably due to 1) sacrificing its short-term profits to invest in IT and brand recognition in order to have an efficient system and become well-known in customer groups to accommodate the disruptions that could occur in the future; 2) its business is helmed by professional executives; and 3) its core value to provide “fair, transparent and responsible” financial services to everyone.

Earnings outlook and valuation

We expect TIDLOR to deliver outstanding core profit growth vs its peers at a 31% three-year CAGR from 2020-23 – vs 30% for SAK, 21% for SAWAD and 19% for MTC – to THB3.3m/THB4.3m/THB5.4m in 2021-23 from THB2.4m in 2020, backed by 1) strong loan growth at 20% per year, thanks mainly to its innovative products and network expansion; 2) an increase in Non-NII at a 30% three-year CAGR due to a rise in its insurance brokerage fees from its newly launched products and Areegator platform; and 3) a lower cost to income ratio to 57.2%/54.2%/52.0% in 2021-23 vs 61.5% in 2020, owing to the economies of scale.

We initiate our coverage of TIDLOR with a BUY rating and a 2022 GGM-based target price of THB54 (10.7% cost of equity, 8.5% LT growth). Our target price implies a 5.0x 2022E P/BV with an 18.6% 2022E ROE. Our target price also implies a 0.88x 2022E PEG ratio. Our rationale in deriving our target price has not only considered its ROE, but we have also incorporated our projections on its short-term net profit growth rate, sustainable long-term growth, and competitiveness. In our view, TIDLOR is a stock worth investing in, and it is one of our top picks due to 1) its highest CAGR net profit growth from 2020-23E; 2) its philosophy and corporate culture in running its business, which should allow the company to grow sustainably; and 3) its higher competitiveness in terms of technology and innovative products.

TIDLOR at first glance

Company profile and development

TIDLOR is one of the largest microfinance operators in Thailand, focusing on ATL and non-life insurance. It was established in 1980 as 'Srisawad Phetchabun Company Limited'. In 2007, the business was acquired by American International Group (AIG). In 2009, BAY acquired 100% of the business. Siam Asia Credit Access Pte. Ltd (SACA), in 2019, purchased 50% of TIDLOR from BAY.

Exhibit 1: TIDLOR's key milestones

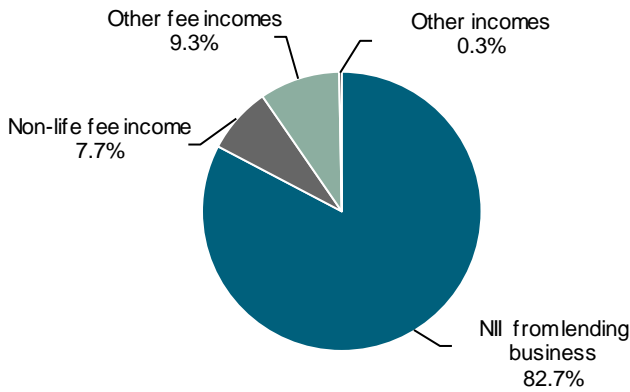
Year	TIDLOR's key milestones
1980	Established as 'Srisawad Phetchabun Company Limited'
2007	Acquired by AIG and renamed to 'CFG Services Company Limited'
2009	Acquired by BAY
2010	A new logo was designed, and television advertising was undertaken for the first time
2011	Started personal loan business and hire purchase for used trucks
2013	Obtained non-life insurance brokerage license
2015	Business was renamed to Ngern Tid Lor Company Limited
	Obtained Nano Finance License, and started offering to customers
2016	NTL rebranded with a new logo and "Life Rolls Forward" tagline
	Car title loans' time-to-cash reduced from one day to an hour, a first in the market
2017	Launched insurance marketplace linking insurers
	Launched 0% interest and six-month instalment plan to boost affordability of insurance; a first in the market
2018	Removed the word "Srisawad" from logo
2019	CVC Capital Partners Asia Fund (CVC) and Equity Partners Limited (EPL) became strategic shareholders
	Introduced revolving cash card
2020	Public company conversion
	Initial filing to SEC
	Introduced "Areegator" insurance platform

Source: TIDLOR

Business structure

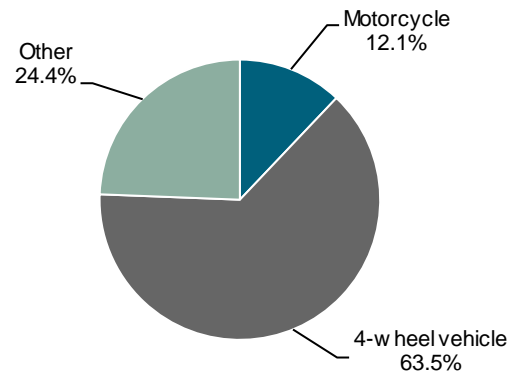
TIDLOR currently has two core businesses, namely ATL (83% of total revenue) and a non-life insurance brokerage business (7% of total revenue). Regarding its lending business, the company was the largest ATL operator in Thailand, with a 16% market share in 2019, according to Oliver Wyman. In terms of total portfolio size among listed auto title loan companies, it was ranked as having the second largest portfolio at THB48.6b in 2020. MTC ranked first with the largest total portfolio, while SAWAD was the third largest. TIDLOR offers various types of ATL, including for pickup trucks, passenger cars, commercial trucks, and motorcycles.

Exhibit 2: TIDLOR's 2020 revenue structure by business



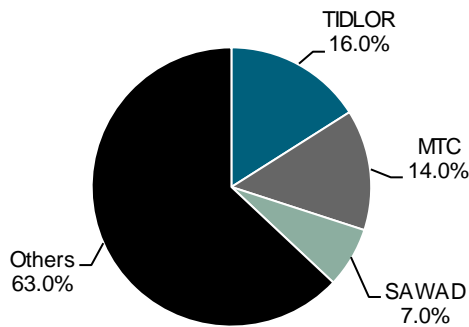
Sources: TIDLOR; FSSIA's compilation

Exhibit 3: TIDLOR's 2020 loan breakdown by collateral



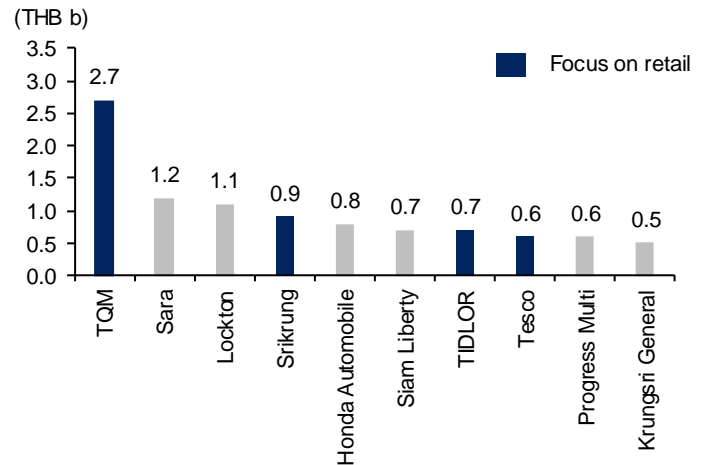
Sources: TIDLOR; FSSIA's compilation

Exhibit 4: 2019 auto title loan market share



Source: Oliver Wyman

Exhibit 5: 2019 non-life insurance brokerage income








Sources: Company Data; Department of Business Development; Office of Insurance Commission (OIC)

Regarding its insurance brokerage business, TIDLOR is presently focusing on non-life insurance products, especially car insurance. The company ranked as the third largest non-life retail insurance broker in 2020 (seventh largest in terms of non-life insurance) with a 2% market share. As of 2020, the company has partnered with 16 insurance companies to provide comprehensive products to its clients.

TIDLOR offers both its loans and insurance products through its omni-channel, i.e. its own physical networks (1,076 branches as of 2020), BAY's branches, its digital platforms, etc.

Exhibit 6: ATL peers comparison

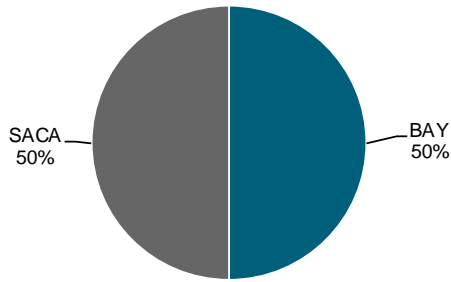
	SAWAD	MTC	TIDLOR	Somwang	SAK
Trademark					
Services	Secured vehicle title loans - Car and pick-up (Majority) - Agricultural truck and tractor - Commercial truck - Motorcycle	Secured vehicle title loans - Motorcycle (Majority) - Passenger car (Majority) - Agricultural truck and tractor	Secured vehicle title loans - Passenger car (Majority) - Commercial truck (Majority) - Agricultural truck and tractor - Motorcycle	Secured vehicle title loans - Passenger car - Commercial truck - Motorcycle	Secured vehicle title loans - Passenger car (Majority) - Commercial truck - Agricultural truck and tractor - Motorcycle
	House, building and land backed loans (Majority)	Land title loans			
		Hire purchase - Motorcycle	Hire purchase - Motorcycle - Agricultural truck and tractor		Hire purchase - Motorcycle
	Personal loan Nanofinance	Personal loan Nanofinance	Personal loan Nanofinance		Personal loan Nanofinance
	Insurance broker	Insurance broker	Insurance broker	Insurance broker	
Branches (no.), 2020	4,750	4,884	1,076	347	519
Location	Nationwide	Nationwide	Nationwide	Nationwide	Central, North, Northeast and West (38 provinces)
Loans outstanding, 2020	THB39,450m	THB 70,968m	THB 50,807m	THB 18,039m	THB 6,497m
Loan-to-value (%)	30-50	50	up to 110	50-100	50
Ticket size per contract	THB70,000-100,000	THB15,000-25,000	THB70,000-100,000	> THB100,000	THB25,000
Profitability ratio, 2020	SAWAD	MTC	TIDLOR	Somwang	SAK
Yield (%)	21.3	21.3	17.7	n/a	24.4
Net yield on portfolio (%)	11.7	7.9	4.9	n/a	8.5
Asset quality ratio	SAWAD	MTC	TIDLOR	Somwang	SAK
NPL ratio (%)	3.8	1.1	1.7	n/a	2.2
Coverage ratio (%)	88.7	177.3	325.1	n/a	113.3

Sources: Company data; FSSIA's compilation

Shareholder structure – pre- vs post-IPO

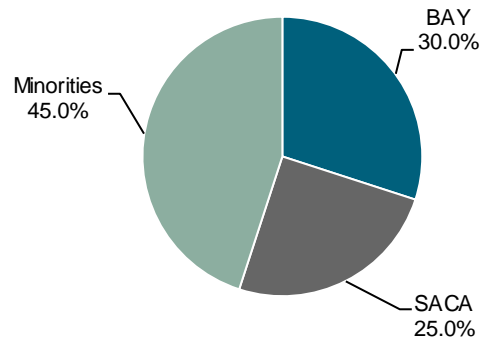
The company will utilise the funds raised from its IPO to expand its ATL and insurance businesses, its working capital and for debt repayment, according to management. Its total share offering is 1,043.54 million shares, consisting of 1) 210.82 million newly issued ordinary shares; and 2) 832.73 million shares (including the 136.11 million over-allotment, which were fully exercised) to be offered by BAY and SACA (See Exhibits 7 & 8). Pre-IPO, the company is 50% held by BAY and 50% by SACA. Post-IPO, BAY will hold 30%, SACA 25%, and other minorities, i.e. institutional and retail investors, will hold 45%.

Exhibit 7: Shareholder structure pre-IPO



Sources: TIDLOR; FSSIA's compilation

Exhibit 8: Shareholder structure post-IPO



Sources: TIDLOR; FSSIA's compilation

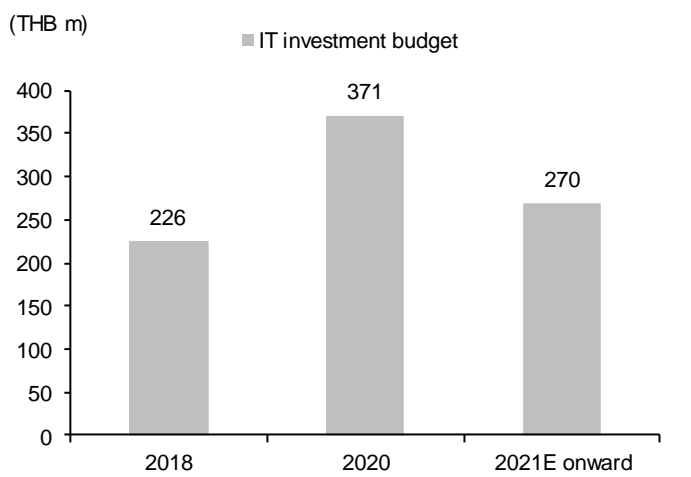
Key investment ideas

1) Technology-driven microfinance operator

Unlike its competitors, TIDLOR has chosen to invest heavily in its IT platform for its 1) front office, i.e. a chatbot and mobile application to provide more satisfactory services to its clients and a more efficient workflow for its employees – its innovative products solve the pain points of retail finance, like its revolving cash card and insurance business; and 2) back office, i.e. its credit scoring system for prudent risk management, its geodatabase for effective branch expansion, and its clients' big data analysis to deliver in-demand products.

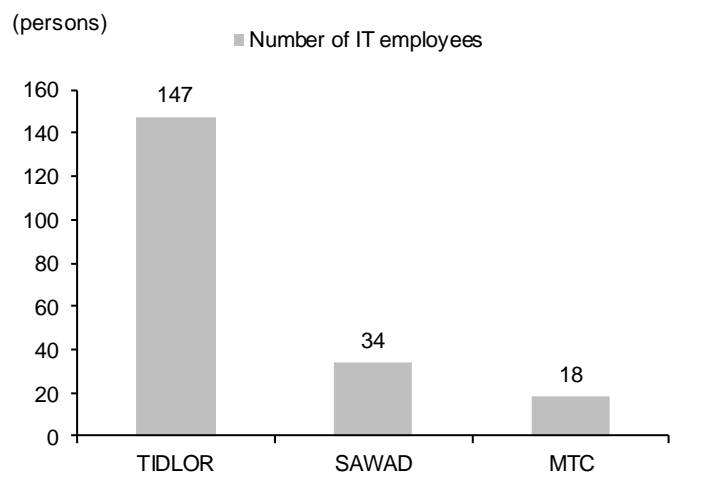
During 2018-20, its IT investment was around THB220m-THB370m per year. It had 147 in its IT team vs 34 people at SAWAD and 18 people at MTC as of 2020. The large IT investment has resulted in a high-cost base relative to its peers. However, in the medium to longer term, we expect the company to leverage and utilise this investment, leading to better cost efficiency. Moreover, its IT investment should allow it to have a healthy balance sheet. Eventually, we believe the company will utilise its IT system to generate higher revenue than its peers. We believe these are the key areas to drive TIDLOR's future profitability.

Exhibit 9: IT investment budget could normalise in 2021



Sources: TIDLOR; FSSIA's compilation

Exhibit 10: TIDLOR has a significantly higher no. of IT employees than its peers – as of 2020



Sources: Company data; FSSIA's compilation

Innovative products to solve the pain points of retail finance

Revolving cash card

By leveraging its outstanding IT platform, in June 2019, TIDLOR has disrupted the ATL industry by launching its innovative revolving cash card, 'Bart TIDLOR'. The features of this revolving cash card are nearly the same as a credit card. Simply put, Bart TIDLOR is a credit card for underbanked people. It enables ATL applicants to conveniently withdraw cash according to their credit limit through ATMs at leading commercial banks nationwide.

Exhibit 11: New innovative revolving cash card vs traditional products of other ATL operators

TIDLOR revolving card		Peers
Loan type	Revolving	Closed end
Selling points	ATMs of major banks across Thailand and 1,076 TIDLOR branches as of 31 Dec 2020	Branches
Operating hours	24 hours everyday	8:30 - 16:30 (5-6 days per week)
Minimum drawdown	THB 500	THB3,000 - THB5,000

Sources: TIDLOR; FSSIA's compilation

Its revolving cash card enables car registration loan applicants to conveniently withdraw cash according to their credit limit through ATMs at leading commercial banks nationwide. We think this is a win-win product for both TIDLOR and its clients.

This card provides more flexibility to access funds when needed. It also reduces the process of submitting new credit documents and reduces the time/cost of traveling to the branch. TIDLOR has started to provide this service to existing motorcycle registration loan customers. It plans to expand the service to other credit customers in the future.

The company, in return, can reduce the workload of its staff. The staff are free to cross-sell other products to generate higher revenue. Moreover, we think the company can retain its existing customer base with no additional cost. We believe this strategy can allow TIDLOR to achieve its growth target without pricing competition.

Exhibit 12: TIDLOR's revolving cash card provides more convenience to its customers...



Source: TIDLOR

Exhibit 13: ... By allowing them to withdraw cash up to their credit limit anytime at ATMs



Source: TIDLOR

Blended local ingenuity with banking best-practice risk management

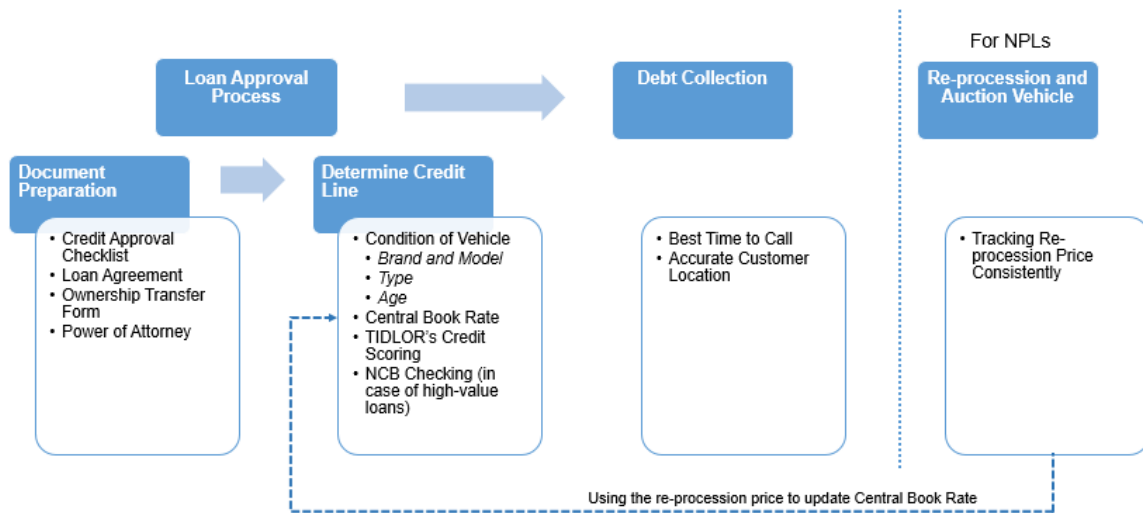
Due to the nature of the ATL business, lending with collateral, most lenders tend to consider the credit limit based solely on the value of the collateral. Most credit operators overlook their clients' credit and risk profiles.

Unlike its competitors, TIDLOR uses not just the traditional method by examining the collateral value, it also utilises its data pool to analyse customers' risk profiles and uses credit history from the National Credit Bureau (NCB) in the same way that banks do for its loan underwriting and approval processes.

Apart from its circumspect loan approval processes, TIDLOR also capitalises on its data-driven platform to increase its debt collection efficiency. For example, the company computerised its clients' payment behaviour to establish the best time to call for debt collection. This allows its debt collection processes to be more effective. Additionally, its staff have more time to cross-sell other products. Furthermore, in the event that the company has to confiscate vehicles and bring cars to auction, the system allows TIDLOR to track the auction prices consistently. After that, the auction prices will be collected to create a reference price to determine the proper loan to value (LTV) for new lending.

The advanced credit approval and debt collection processes result in strong asset quality. TIDLOR, in 2020, was one of the ATL operators with the lowest non-performing loan (NPL) ratio at 1.66%. We expect the healthy asset quality to persist in the long term, projecting an NPL ratio of 1.74% over the next three years.

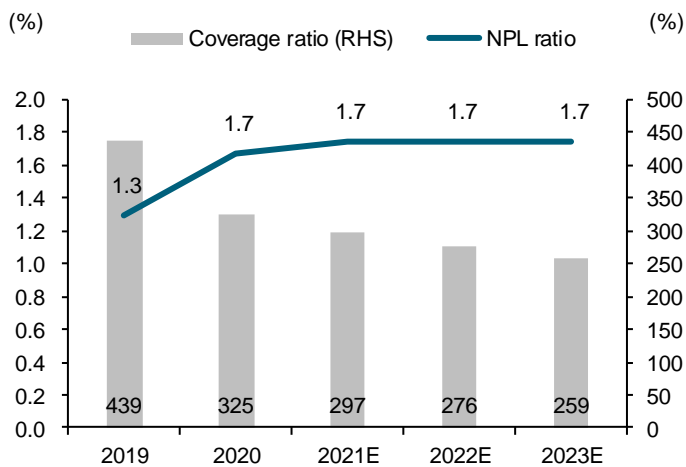
Exhibit 14: Data-driven credit approval and debt collection processes



Source7s: FSSIA's compilation

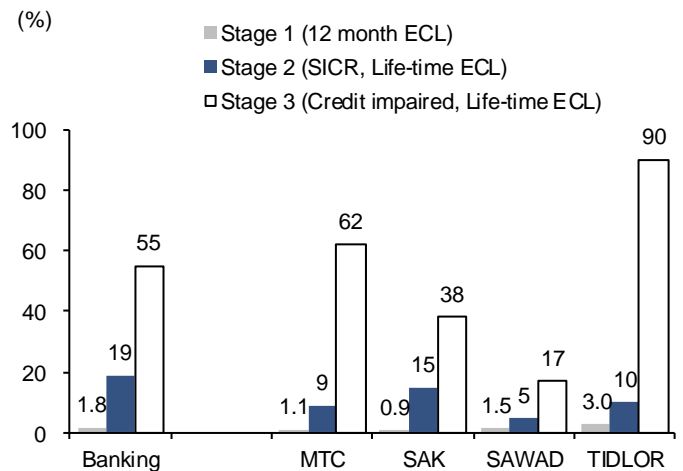
Regarding its credit cost policy, TIDLOR also applies cautious banking standards to set aside provisions conservatively, fully provisioning (not deducting collateral value) for NPLs. As a result, the company had the highest coverage ratio among its peers at 325% in 2020. Currently, there is no clear reversal of provisions from its management. However, we think the excess reserve can reduce its burden to set aside provisions in the future.

Exhibit 15: Healthy asset quality with sufficient cushion



Sources: TIDLOR; FSSIA's compilation

Exhibit 16: TIDLOR has the highest expected credit loss (ECL) to each loan stage ratio (%) as of 2020



Sources: TIDLOR; FSSIA's compilation

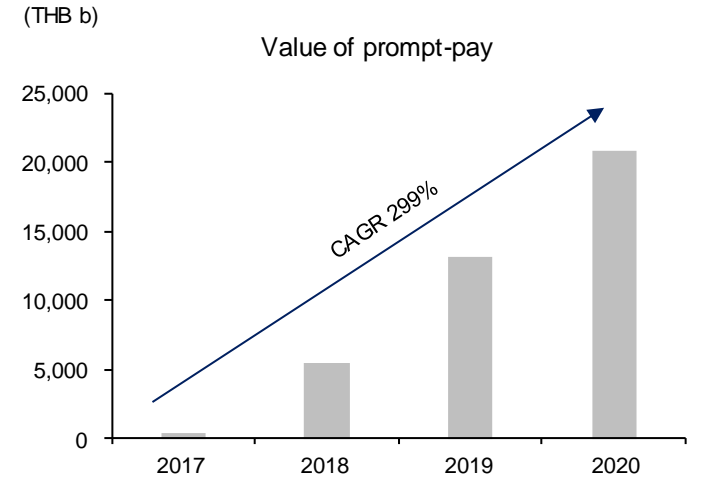
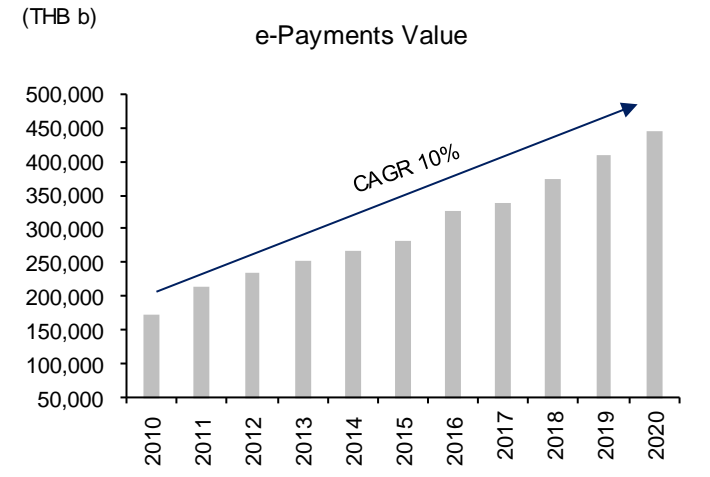
Data-driven branch location selection

Expanding in-depth branch coverage for exponential loan growth has been a long-established practice for ATL. However, TIDLOR has proven that branch effectiveness is another important factor rather than having branches that are deep in all areas.

TIDLOR has its own geodatabase and scoring metrics to identify potential areas for its branch expansions. The company updates its competitors' branch data every six months to better understand its rivals' expansion plan. Like the digital disruption of the banking sector, ATL could eventually face this disruption. The ATL sector will likely gear toward more digital platforms in the next three to four years, in our view.

Exhibit 17: E-payments have increased continuously by 10% CAGR over the past 10 years

Exhibit 18: Prompt-pay has skyrocketed nearly threefold since its inception in 2017



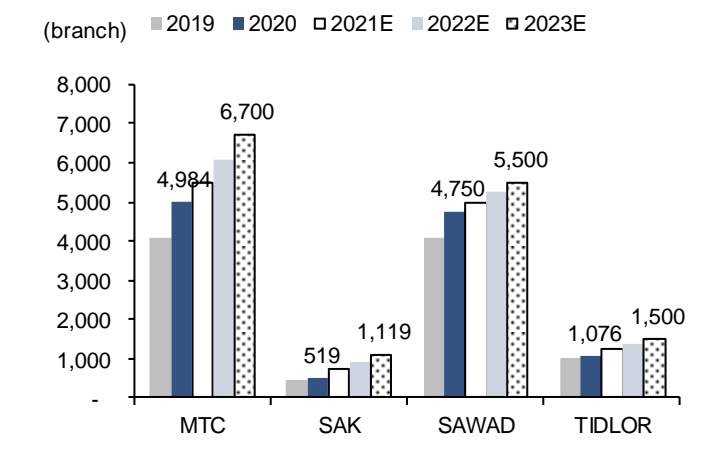
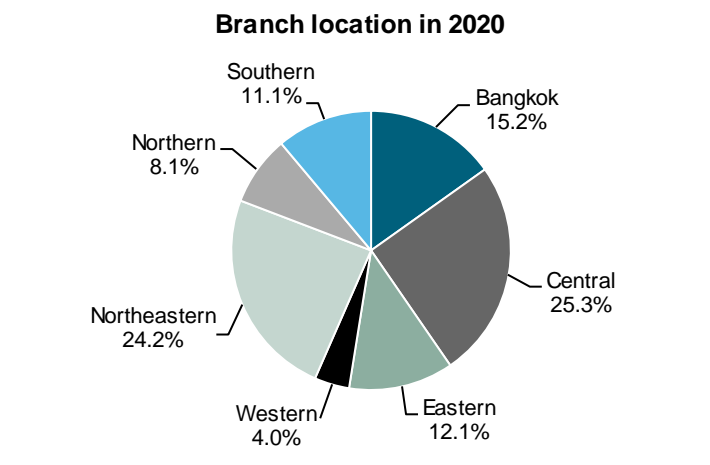
Sources: Bank of Thailand; FSSIA's compilation

Sources: Bank of Thailand; FSSIA's compilation

The company generally focuses on full-service branches vs its competitors' strategy to open full branches, sub-branches, and service centres, in order to provide good and full coverage services to its clients. As a result, TIDLOR had a significantly lower branch coverage of 1,076 branches as of end of 2020 vs MTC's 4,984 branches and SAWAD's 4,750 branches. The company also uses a multi-channel strategy to service its clients, including physical channels, e.g. telesales, agents, dealers and BAY's branches, etc, and online channels, e.g. social media, mobile applications, etc.

Exhibit 19: TIDLOR's 1,076 branches by location

Exhibit 20: 2020 and 2023E no. of branches of each auto title loan provider



Sources: TIDLOR; FSSIA's compilation

Sources: Company data; FSSIA's compilation

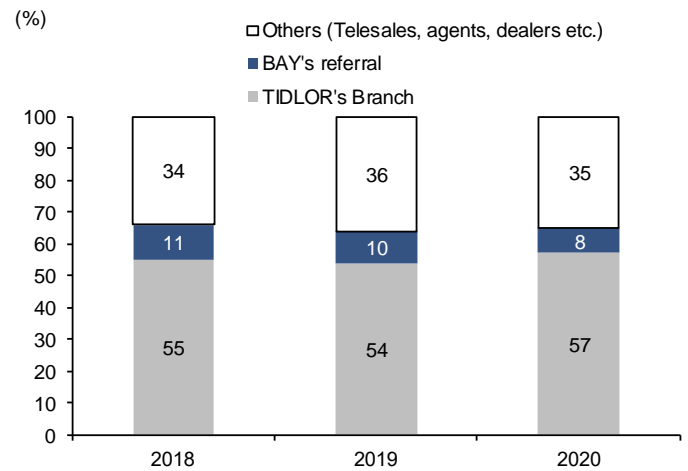
With its smaller network coverage, TIDLOR can fully utilise its branches effectively, in our view. This is reflected in its higher loan per branch rate and its higher revenue per branch. We believe this will be the key difference in its long-term growth vs its peers. We expect that TIDLOR's omni-channel strategy will reduce its branch expansion expenses in the future and generate greater revenue from larger customer bases.

Exhibit 21: TIDLOR's distribution channel as of 2020

Physical channel	(no)
TIDLOR's branches (branch)	1,076
BAY branches (branches)	638
Sale agents (people)	5,132
Used truck dealers (dealers)	491
Telesales (people)	519
Online Channel	(no)
TIDLOR application (accounts)	192,000
TIDLOR Facebook Friend (accounts)	430,000
TIDLOR Line Official (accounts)	129,000

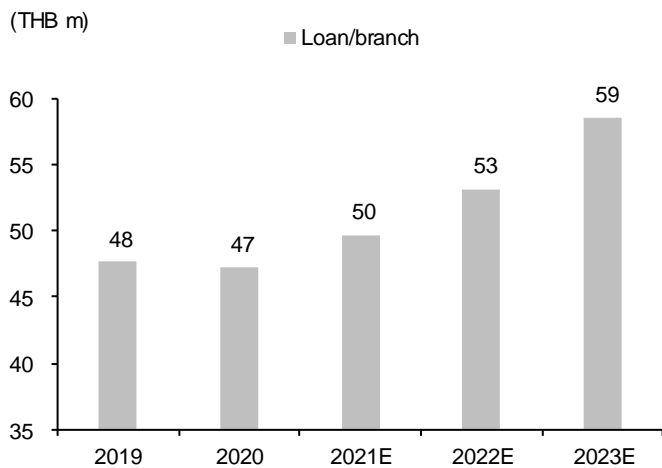
Sources: TIDLOR, FSSIA's compilation

Exhibit 22: % of outstanding loans by channel



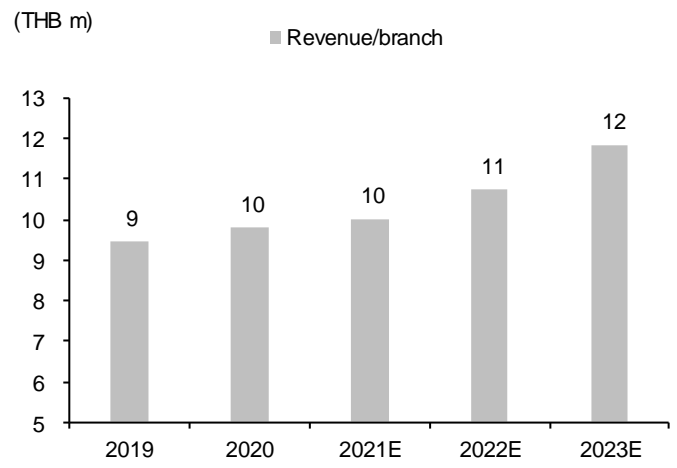
Sources: TIDLOR; FSSIA's compilation

Exhibit 23: TIDLOR's loan value per branch



Sources: TIDLOR; FSSIA's compilation

Exhibit 24: TIDLOR's revenue per branch



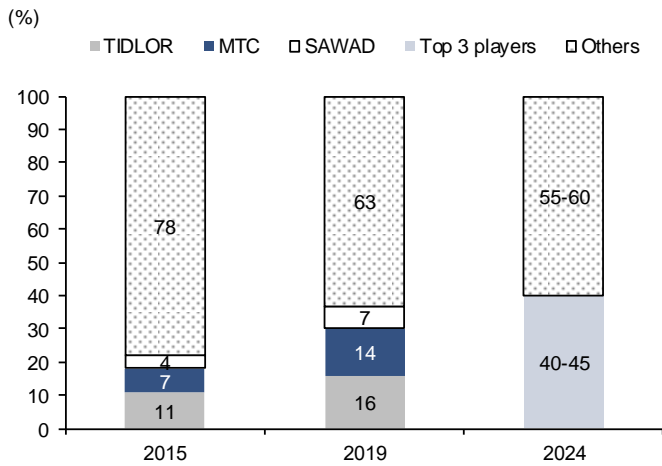
Sources: TIDLOR; FSSIA's compilation

Technology could drive loan volume

With the all of the advanced technology platforms mentioned above, in terms of 1) different lending product features, e.g. revolving cash card, higher LTV; 2) its omni-distribution channel; and 3) prudent risk management, we believe TIDLOR will be able to gain a more competitive advantage over its peers and remain in its leading position in the ATL industry.

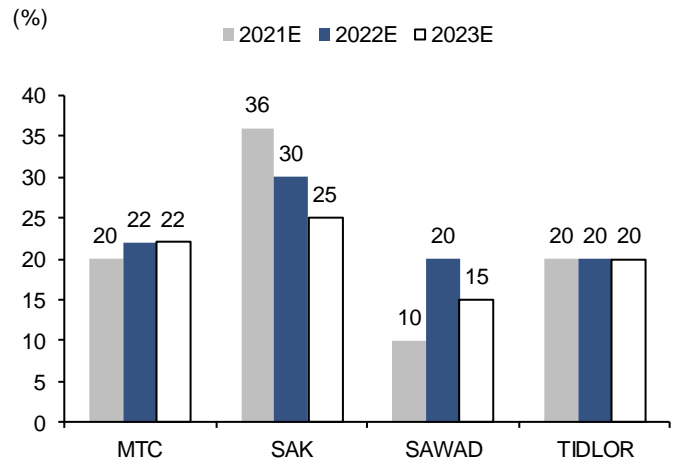
We think the company could potentially gain more market share, especially from local operators, in the next three years. We expect TIDLOR to have loan growth at a 20% CAGR from 2020-23 vs the industry average of 15-20%. Additionally, its innovative products should keep the company afloat from price competition.

Exhibit 25: TIDLOR is the market leader in ATL



Sources: Oliver Wyman

Exhibit 26: TIDLOR's loan growth vs peers



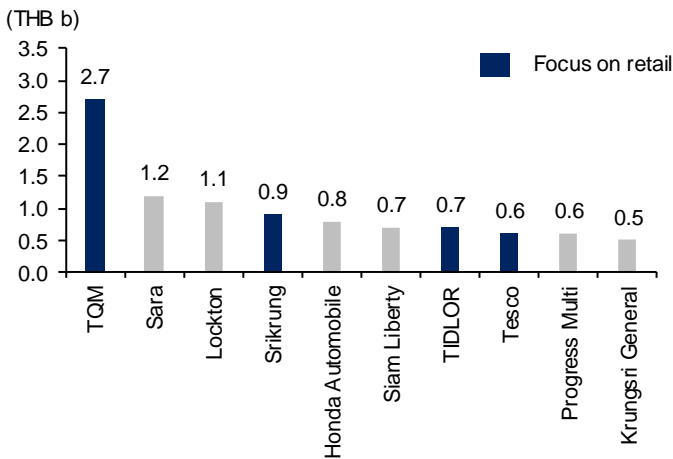
Source: Company data; FSSIA's estimates

Diversifying into insurance business

Apart from its core lending business (83% of total revenue), TIDLOR has leveraged its network to offer non-life insurance (7% of total revenue) since 2017. Presently, TIDLOR focuses mainly on car insurance; >90% of its total non-life premiums.

The company ranked as the third largest non-life retail insurance broker in 2020 (seventh largest in terms of non-life insurance) with a 2% market share. We believe its key success strategies are 1) being the first operator to offer a 0% interest rate for up to a six-month instalment plan to its underbanked clients by leveraging its digital-driven collection method and its nationwide network coverage; and 2) partnering with up to 16 insurance companies and utilising its digital platform to offer different insurance products from its 16 insurance partners on its mobile and online platforms and at its physical branches.

Exhibit 27: 2019 Non-life insurance brokerage income



Sources: Company Data; Department of Business Development; OIC

Exhibit 28: Partnering with up to 16 insurance companies

Listed company
Syn Mun Kong Insurance Public Company Limited (SMK TB, NR)
Bangkok Insurance Public Company Limited (BKI TB, NR)
Muang Thai Insurance Public Company Limited (MTI TB, NR)
Dhipaya Insurance Public Company Limited (TIP TB, NR)
Allianz Ayudhya Capital Public Company Limited (AYUD TB, NR)
Nam Seng Insurance Public Company Limited (NSI TB, NR)
Non-listed company
The Viriyah Insurance Public Company Limited
Tokio Marine Life Insurance (Thailand) Public Company Limited
Thanachart Insurance Public Company Limited
LMG Insurance Public Company Limited
MSIG Insurance (Thailand) Public Company Limited
Thai Insurance Public Company Limited
Chubb Samaggi Insurance Public Company Limited
Krungthai Panich Insurance Public Company Limited
Sompo Insurance (Thailand) Public Company Limited
FWD Life Insurance Public Company Limited

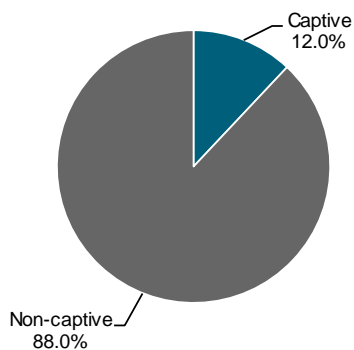
Source: TIDLOR

The company is currently expanding its wide range of products to cover personal accident insurance, life insurance with tax savings, and health insurance.

The company also sees an attractive growth opportunity in the fragmented insurance brokerage business in Thailand. TQM Corporation (TQM TB; not rated) is the leader in this business, with an 8% market share, while over 60% are independent and local operators. The company plans to expand its strong online insurance platform called Areegator to these operators. This would allow the local operators to access its back-end services, including the 0% six-month instalment plan to sell insurance products. We expect that TIDLOR will be able to increase its coverage substantially as there are > 24k licensed agents and >166k independent brokers.

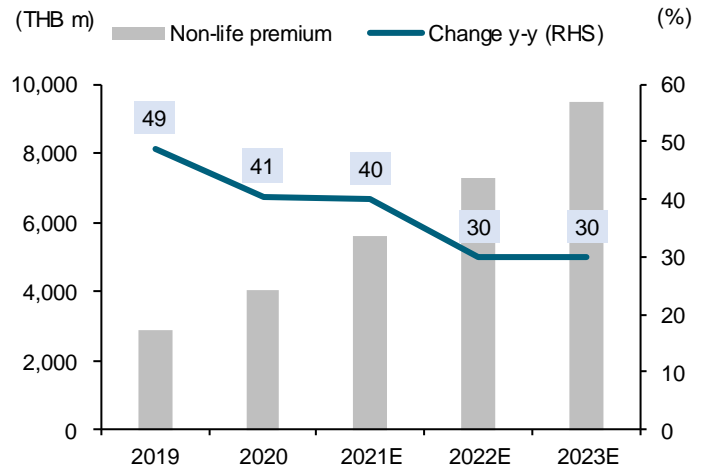
Exhibit 29: In 2020, 88% of voluntary car insurance clients were non-captive

New clients for voluntary car insurance



Sources: TIDLOR; FSSIA's compilation

Exhibit 30: Robust growth of non-life insurance premium



Sources: TIDLOR; FSSIA's estimates

Additionally, we see a greater insurance product cross-selling opportunity for its existing borrowers, as 88% of its voluntary car insurance clients are not loan customers.

With its new product offerings, its Areegator network, and cross-selling opportunities, we believe TIDLOR will be able to sell more insurance products and increase its fee income.

2) Synergies from being part of BAY

Pre-IPO, BAY was the major shareholder of TIDLOR, with a 50% holding. Although BAY's proportion will drop to 30% post-IPO, it will still be TIDLOR's major shareholder. This shareholding structure clearly distinguishes the company from its competitors. MTC and SAK do not have banks as shareholders. While SAWAD, despite partnering with GSB to run an MTL business, SAWAD does not receive the entire benefit as TIDLOR does, i.e. having a bank as major shareholder.

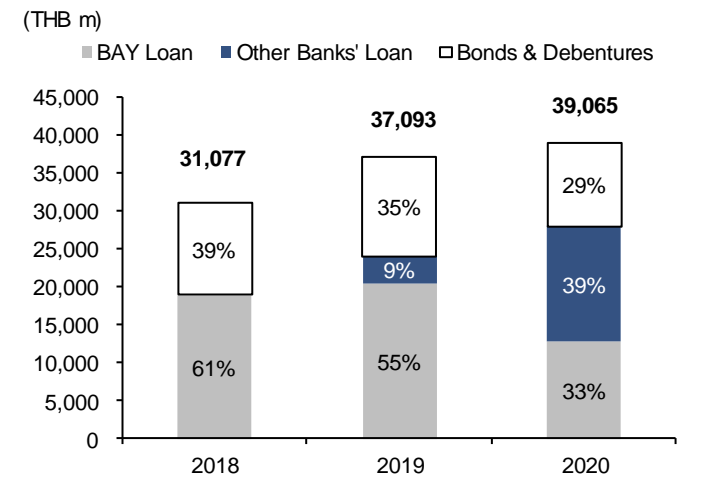
By being part of BAY, we think the company will have developed and implemented higher and tighter standards than its peers, i.e. risk management. TIDLOR also gains more credibility by having one of the major banks in Thailand as its shareholder, leading to a higher credit rating from TRIS Rating than its peers, resulting in a lower cost of funds. Additionally, TIDLOR is able to utilise BAY's branches and funding to run its business.

Note that BAY has agreed to not compete with TIDLOR's business as long as the bank still holds more than 10% in TIDLOR. Furthermore, BAY's currently targeted clients are not underbanked like TIDLOR.

Stable financial status with ample liquidity

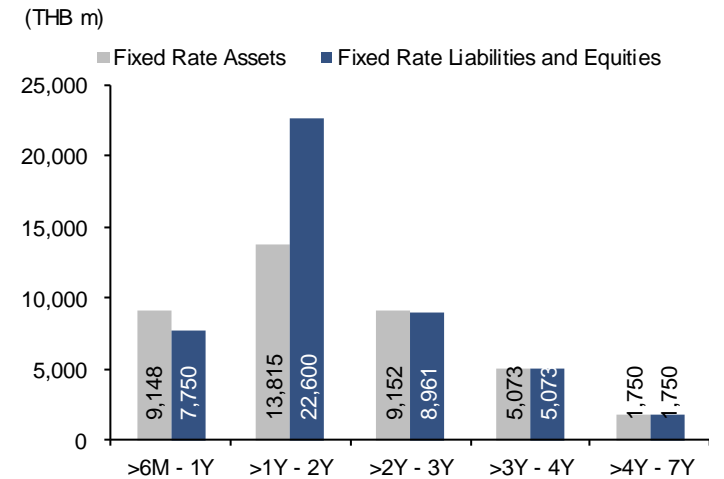
We think that the company’s financial flexibility stems from its status as being part of BAY. The company always receives strong funding support from BAY. However, over the past few years, TIDLOR has diversified its source of funding by including other financial institutions and increasing its debenture proportion. This has further enhanced its funding flexibility, while the credit facilities from BAY can be used as a last resort.

Exhibit 31: TIDLOR’s source of funding



Sources: TIDLOR; FSSIA's compilation

Exhibit 32: Matched asset and liability duration



Sources: TIDLOR; FSSIA's compilation

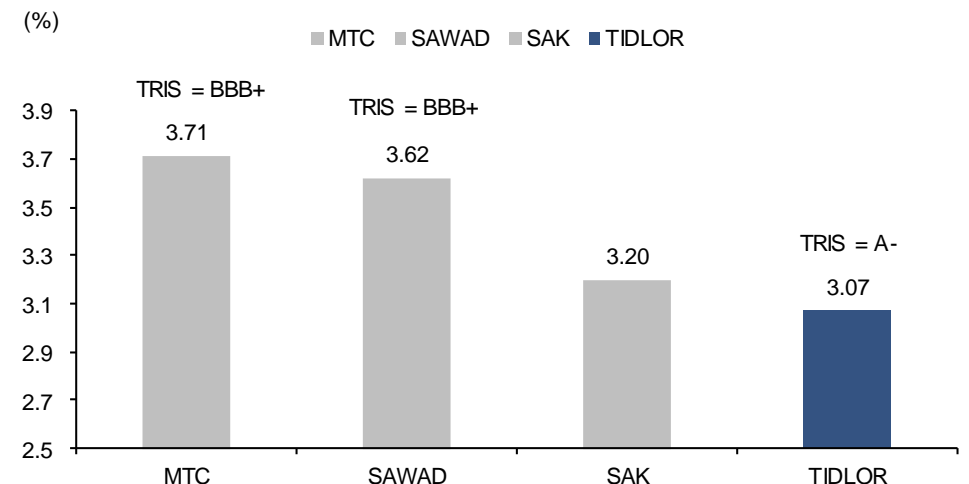
Moreover, we see that there are no major mismatches in its asset and liability structure. Short-term borrowings approximately accounted for 25% of total interest-bearing debts as of 2020. Monthly loan payments from its customers, plus the secured credit lines from BAY and other financial institutions, are sufficient to fill the liquidity gap.

We, therefore, believe that TIDLOR will not face a liquidity problem, even in a high-growth phase.

Higher credit rating than its peers

TIDLOR has a better higher TRIS credit rating of A- vs its major competitors’ BBB+. We believe that one of the key reasons behind this is being strategically linked with BAY. Having a higher credit rating has resulted in its significantly lower cost funds. We believe this cost of fund advantage over its peers will persist in the future.

Exhibit 33: Having a higher credit rating has resulted in its significantly lower cost of funds



Source: Company data

Utilising BAY’s branches to run its business

TIDLOR is able to utilise BAY’s network of 638 branches to support its lending and insurance businesses. This is one of the reasons why the company was able to have outstanding loans at relatively the same level as its competitors while having significantly fewer branches than its competitors. We believe the company can still use this strategy in the future, leading to slower branch-opening related expenses.

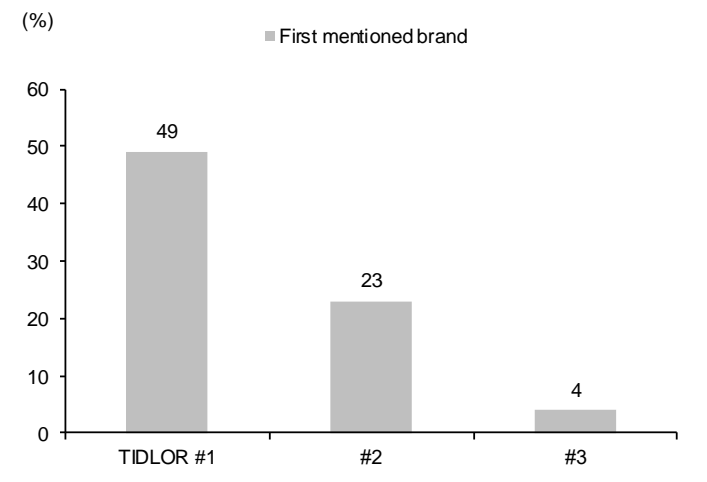
3) Sustainable growth

Although the company's profitability is currently lower than its competitors, we believe that it will gradually catch up with its competitors and will be able to grow sustainably due to 1) sacrificing its short-term profits to invest in IT and brand recognition in order to have an efficient system and become well-known in customer groups to accommodate the disruptions that could occur in the future; 2) its business is helmed by professional executives; and 3) its core value to provide “fair, transparent and responsible” financial services to everyone.

Strong brand perception

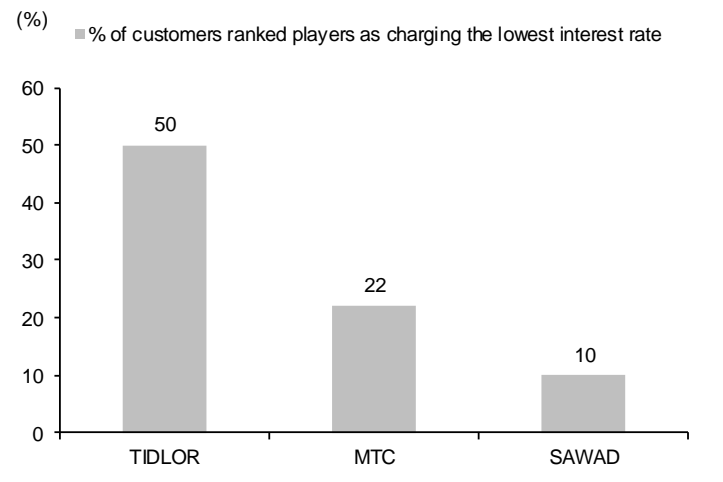
TIDLOR has noticeably invested in building its brand awareness and corporate culture via marketing campaigns, via both below and above the line advertising. We believe that the company has achieved its goals, evidenced by 100% of people surveyed by Ipsos (global market research) in Nov 2019 saying that they were aware of TIDLOR’s brand. Moreover, according to Ipsos, nearly half of surveyed participants mentioned TIDLOR’s brand first. We argue that having robust brand perception is essential for TIDLOR’s long-term growth as it expands its business as planned, especially its insurance brokerage business to more middle-income clients.

Exhibit 34: TIDLOR was the first mentioned brand



Sources: TIDLOR; Ipsos survey

Exhibit 35: 50% of customers ranked TIDLOR as the operator charging the lowest interest rate



Sources: TIDLOR; Ipsos survey

Business helmed by professional executives

Unlike its peers, TIDLOR is run by professional executives, led by Mr. Piyasak Ukritnukun (12 years with TIDLOR). Before joining TIDLOR, he worked with AIG’s Regional Consumer Finance group and Boston Consulting Group. Moreover, the members of its management team have been working with the company for more than three years and have experience at leading financial institutions.

Exhibit 36: TIDLOR’s management team



Piyasak Ukritnukun
Managing Director
 12+ Years at NTL



Bernard Tso
Head of Marketing & Business Development and IT Department
 10+ Years at NTL



Veerapat Viriyakovitya
Head of Finance & Accounting Department
 8+ Years at NTL



Athitaya Phoonwathu
Head of Human Resources and Insurance Brokerage Department
 8+ Years at NTL



Thanya Kitchainukul
Head of Credit & Risk Management Department
 13+ Years at NTL



Chaweemas Yamyim
Head of Branch Development & Sales Management and Collections Department
 6+ Years at NTL



Piano Watcharapolmek
Head of Operations & Operational Risks Department
 3+ Years at NTL
 (+8 Years carried from Krungsri Bank)



Duangporn Utaipat
Head of Compliance Department
 13+ Years at NTL



Nipa Vanichavat
Head of Business Support and Central Service Department
 6+ Years at NTL










































Source: TIDLOR

“Fair, transparent and responsible”

TIDLOR’s mission and corporate culture is “to empower people and enrich lives. We believe that access to fair, transparent, and responsible financial services is everyone’s right. We deliver financial betterment by offering relevant products and services that are simple to understand, convenient, and fast through our committed employees.”

To be better understand why TIDLOR decided to heavily invest in its employees and corporate culture, we conducted a market survey of our own. The survey results are as follows:

Exhibit 37: FSSIA's ATL market survey

	MTC	SAK	SAWAD	TIDLOR	Ngen Turbo
					
Transparency					
1 Loan business					
- Clearly provide details of loans e.g. interest rate charges, repayment methods, LTV, etc.					
- Technology-driven for considering LTV					
2 Insurance brokerage					
- Recommend suitable policy for each client	Not its main business	Not its main business			
- Technology-driven for comparison between each insurance company					
Professionally run					
- Friendly and modern branch environment					
- In-depth products, knowledge of employees					
- Employees' service mindedness					
- Sales force of employees					
LTV (%)	55	55	47	70	40
Interest rate	Lowest	Second highest	Second lowest	Second lowest	Highest
Complexity of products	Simple	Simple	More complicated Pro: choices for clients Con: hard to calculate interest charge	Simple	Simple

Source: FSSIA's survey

What we found from our survey is 1) that customers perceive TIDLOR to be a very technology-driven organisation; 2) it is seen as delivering fair, transparent and simple products over some of its peers; 3) its insurance platform is viewed as very practical and outstanding vs other retail finance companies; and 4) it is seen as the company with the lowest interest rate.

Much of the surveyed respondents' sentiment is in line with the company's operational position in the market, and we see this as imparting a number of benefits to TIDLOR: 1) we think its focus on technology can help it to generate greater income flows and save more costs than its peers in the future; 2) its product transparency and the positive sentiment it generates could be key to supporting its sustainable long-term growth; 3) its practical and straightforward insurance platform could allow it to gain more market share in its insurance brokerage business; and 4) although the positive sentiment over its low interest rate may be beneficial for the company, it might not be the only key success factor for this business as there were still clients willing to borrow money from the operators offering higher interest rates.

In conclusion, we prefer TIDLOR in terms of its technology-driven organisation and its transparent and simple product offerings. We believe these will allow the company to grow sustainably.

Industry overview

1) Auto title loan industry – tighter competition but ample demand

The ATL industry (borrowers pledge their vehicle titles for money, while the borrower still retains ownership of the vehicle and can use it as they see fit) has become one of main methods of borrowing money in Thailand, especially for those who do not have access to banking services.

The ATL industry is extremely competitive and both banks and non-banks operate in this business space. Banks have a lower risk appetite (low-risk client profile, lower interest rate charges, and high loan-to-value (LTV)), while non-bank lenders typically have a higher risk appetite (high-risk client profile, higher interest rate charges and lower LTV). According to the Bank of Thailand (BoT)'s data, non-banks dominate the market with a c80% market share. Non-bank operators can be classified into three groups by loan portfolio size as follows:

Group 1: The top four lenders with nationwide networks: SAWAD, MTC, TIDLOR and Somwang (Tisco Financial (TISCO TB, BUY, TP THB122)'s subsidiary; not listed).

Group 2: The medium-sized lenders which operate in groups of provinces, e.g. SAK, Nim See Seng (not listed), Ngen Turbo (not listed), Quick Leasing (not listed).

Group 3: The small local operators that operate in the provinces.

Exhibit 38: Auto title loan providers

	Banks	Non-banks
Targets	Monthly salary earners	Farmers Small entrepreneurs Factory employees
Key lenders	KBANK Krungsri Auto (Car 4 Cash) KKP KTC (KTC P Berm) SCB (My Car My Cash) TISCO (Auto Cash) TMB (Cash Your Car)	SAWAD MTC TIDLOR Somwang Saksiam Leasing Nim See Seng Ngen Turbo Quick Leasing Small local operators

Sources: Company data; FSSIA's compilation

Tighter competition, especially in motorcycle title loans

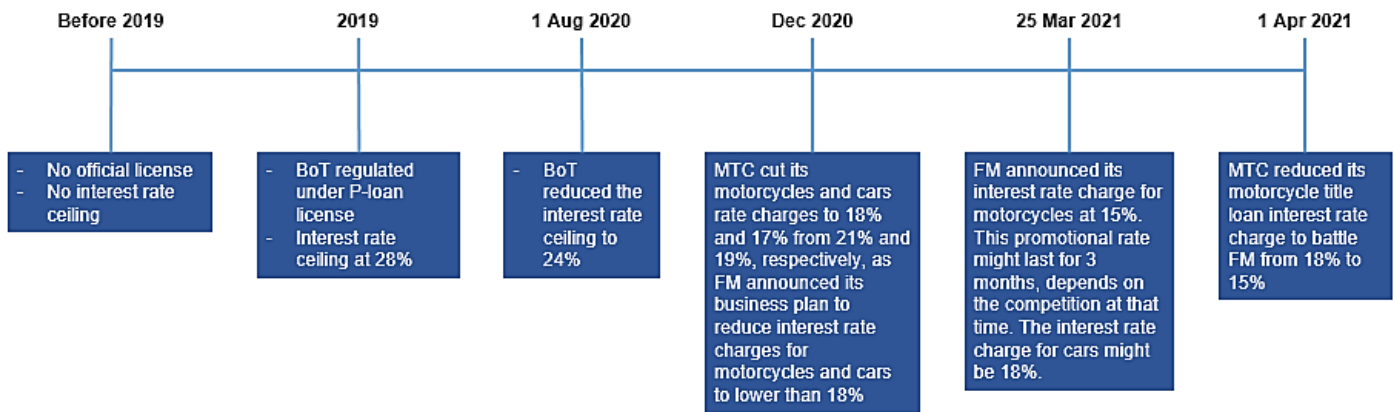
There are four popular types of cars typically pledged as collateral: motorcycles, cars (including sedans and pickups), tractors, and trucks.

We believe that the MTL industry has completely descended into a price war due to the entrance of GSB. In 4Q20, GSB asked non-banks to propose business partnerships to run a joint business. Fast Money (FM), SAWAD's subsidiary, was the winner of this deal. GSB currently holds 49% of FM's shares.

FM fired the first salvo in Nov-20 when it announced its lower interest rate charge of less than 18% from Mar-21 vs the current market average of 24%. MTC promptly responded by reducing its motorbike and car title loan (CTL) interest rates in Dec-20 from 21% and 19% to 18% and 17%, respectively.

The second salvo came on 25 Mar-21 when FM officially launched its grand opening interest rate charge of 15% for MTL. According to GSB's management, this rate would last for three months. However, if FM is not able to achieve its target for a 2021 outstanding loan portfolio valued at THB20b, the promotional period would extend past three months. Again, MTC responded by reducing its motorbike interest rate charge to 15% on 1 Apr-21. According to MTC's management, this rate would last for three months, depending on the competition at the time.

Exhibit 39: Timeline of MTL price war



Source: FSSIA's compilation

We believe that each company has their reasons to join this war. For GSB, we think it wants to be the social bank for the Thai people by forcing down the interest rate charge for ATL, especially MTL, to lower than 18% from the market average rate at 24%. Regarding SAWAD, the company can sacrifice its interest rate charge to receive higher benefits from partnering with GSB, including 1) expanding its business to loans it has less experience with, like MTL; 2) expanding its customer base into a new segment, such as GSB's depositors, which would allow SAWAD to cross-sell its products, e.g. insurance; and 3) sharing its OPEX with GSB, leading to a significantly lower cost to income. Regarding MTC, we believe there are two reasons why the company would want to cut its rate: 1) maintaining its market leader position; and 2) its management's philosophy to offer lower interest rates to customers.

We think the MTL price war has not yet ended. GSB is providing a lower cost of funds for FM to be a weapon to fight with its competitors. FM might further reduce its interest rate to snatch market share from major and local operators.

Price competition is still far away for car and truck title loans

However, we think a CTL price war will not occur in the near term, as this is the majority of SAWAD's portfolio. We believe SAWAD would not hurt its experienced portfolio yield. Moreover, we believe the truck title loan (TTL) business would be the last segment to enter into a price war.

Since we believe that intense price competition for TTL will not occur soon, the interest rate charges for TTL should remain stable or only slightly decrease in the next two to three years at least, in our view, as 1) most competitors charge the relatively same average interest rates suited to the risks associated with each truck's age; 2) there are still no major competitors trying to pressure interest rate charges downward to compete for more market share; and 3) customers are not very price sensitive.

Exhibit 40: Interest rate charges and LTV of truck lenders

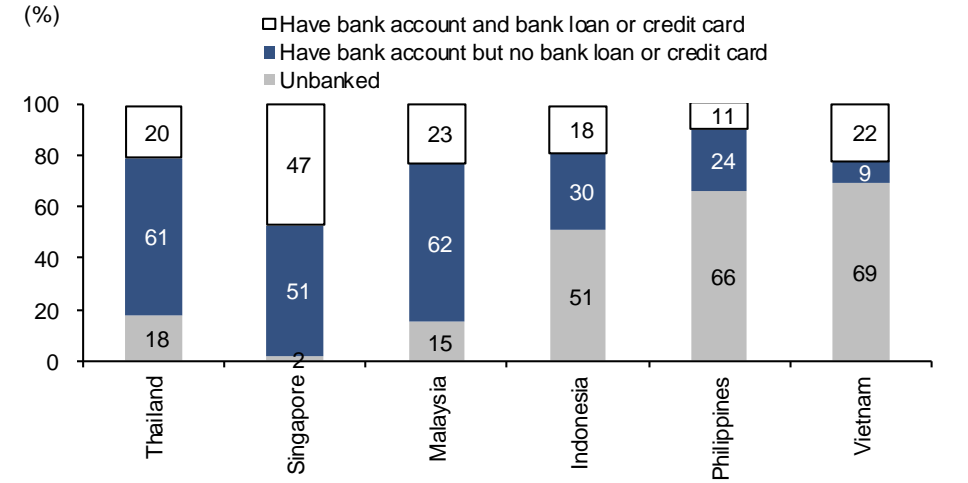
	New truck loans		Used truck loans		Truck title loans	
	Interest rate charge (%)	LTV (%)	Interest rate charge (%)	LTV (%)	Interest rate charge (%)	LTV (%)
Bank	5-7	c80	n/a.	n/a.	n/a.	n/a.
Non-bank						
ASK	6-8	c80	12-14 (majority is trucks aged below 7 yrs)	70-85	Does not run this business	
THANI	6-8	c80	12-14 (majority is trucks aged below 7 yrs)	70-85		
MICRO			17-30 (majority is trucks aged 6-15 yrs)	70-85		
SINGER	Does not run this business		Do not run this business			14-18
TIDLOR			n/a.	n/a.	8-17	60-80

Sources: Company data; FSSIA's estimates

Less attractive but still growing

Although we think the margins of ATL operators are declining, we believe that there is still more room for all operators to increase their loan portfolio sizes. The potential market for auto title loans is extremely large, with a market size of at least cTHB1.1t, in our estimation. Moreover, ATL are like revolving credit for unbanked people. Thus, we believe they would always borrow money to live their lives.

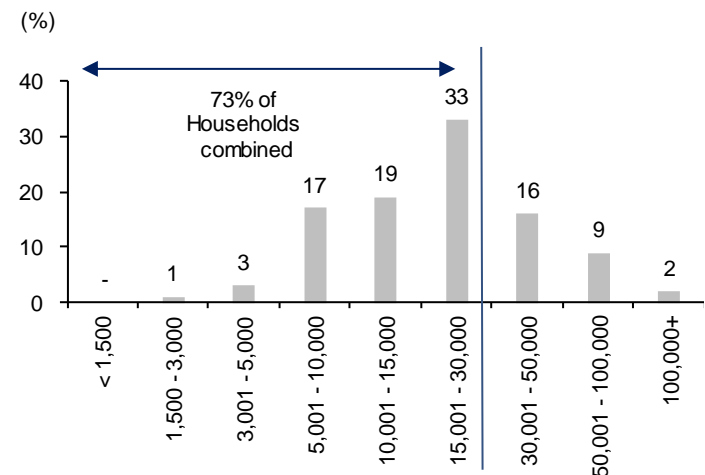
Exhibit 41: Most Thai people could not borrow money from banks as of 2017



Source: World bank

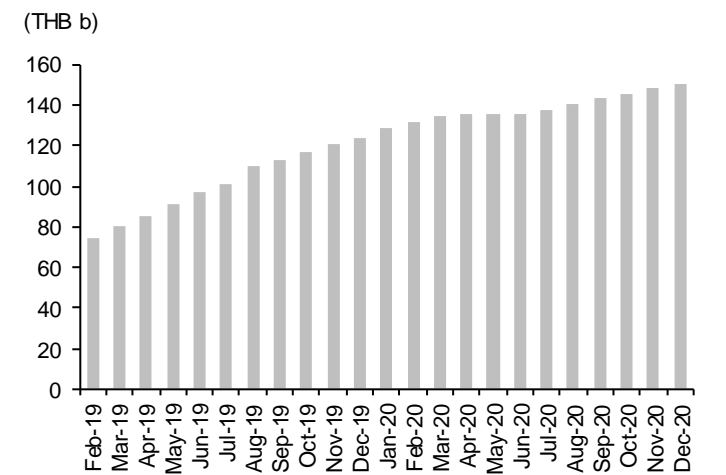
With an official industry volume of cTHB150b, as reported by the BoT, we believe ATL should experience yearly growth of 15-20% in the next three years at least, as 1) nearly three-quarters of Thai households have monthly incomes of lower than THB30,000; 2) a registered pledge loan is like an overdraft credit line for underbanked people; and 3) the Thai government is attempting to reduce the proliferation of loan sharks by drawing underbanked people into the legal non-bank financial system.

Exhibit 42: 73% of households have monthly incomes below THB30,000



Sources: National Statistical Office; FSSIA's compilation

Exhibit 43: Auto title loans outstanding



Sources: Bank of Thailand; FSSIA's compilation

We think the potential market for ATL is extremely large. Based on our estimate, we believe the market size would be cTHB1.1t, with nearly two-thirds in CTL, vs the officially reported figure by the BoT of only cTHB150b, or just a 14% penetration rate.

Our methodology to estimate the potential ATL market size is as follows:

- 1) 70% of registered vehicles are eligible to use as collateral for auto title loans;
- 2) 70% of households which own vehicles valued at THB10,000-500,000/vehicle (76% of total households own vehicles within that range) would use their vehicles to pledge for money;
- 3) The average ticket size per contract for motorcycles is THB15,000, for sedans and pickups it is THB100,000, and for tractors and trucks it is THB500,000.

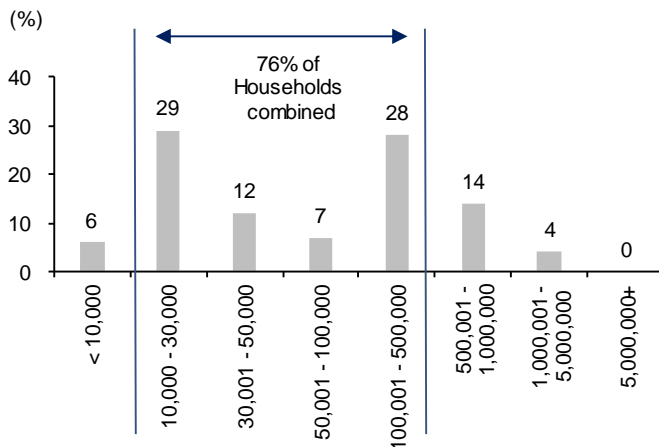
Consequently, we believe all listed operators could grow their loans for at least as long as the industry grows.

Exhibit 44: No. of registered vehicles

Vehicle type	Nationwide (m units)	Greater BKK (m units)	Central (m units)	North (m units)	Northeast (m units)	South (m units)
Sedans	10.45	5.07	1.65	1.27	1.44	1.02
Pickups	6.88	1.52	1.50	1.34	1.72	0.79
Motorcycles	21.40	4.06	5.16	4.22	4.99	2.96
Tractors	0.57	0.12	0.08	0.13	0.23	0.02
Trucks	1.17	0.22	0.38	0.18	0.29	0.10
Total	40.47	10.99	8.78	7.14	8.67	4.89

Sources: Department of Land Transportation; FSSIA's compilation

Exhibit 45: 76% of total households own vehicles valued at THB10,000-500,000 per vehicle



Sources: National Statistical Office; FSSIA's compilation

Exhibit 46: Average ticket size per contract assumptions

Vehicle type	Value per contract
Motorcycle	15,000
Sedan and pickup	100,000
Tractor and truck	500,000

Sources: FSSIA's estimates

Exhibit 47: Potential auto title loans could amount to THB1.1t

Vehicle type	Nationwide (THB b)	Greater BKK (THB b)	Central (THB b)	North (THB b)	Northeast (THB b)	South (THB b)
Sedans	389.0	188.7	61.6	47.3	53.5	37.9
Pickups	256.1	56.7	56.0	49.8	64.0	29.6
Motorcycles	119.5	22.7	28.8	23.6	27.9	16.5
Tractors	107.0	21.8	15.1	25.0	42.0	3.1
Trucks	218.6	41.7	70.0	33.9	54.5	18.5
Total	1,090.3	331.5	231.5	179.6	242.0	105.7

Source: FSSIA's estimates

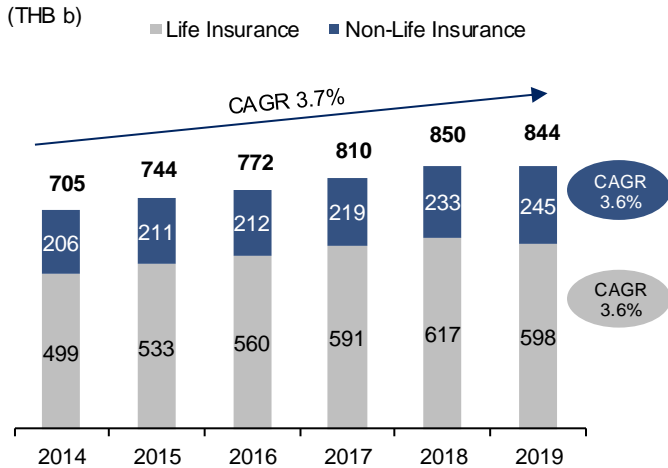
In conclusion, we believe that TIDLOR could continue to grow its ATL portfolio along with the industry's growth at around 20% p.a. in the next three years. Moreover, we think the pressure on its margin would be less than its peers as nearly 90% of its portfolio are CTL and TTL, which are still far away from intense price competition.

2) Insurance industry – non-life premiums should keep growing

Long-term growth should be in line with GDP

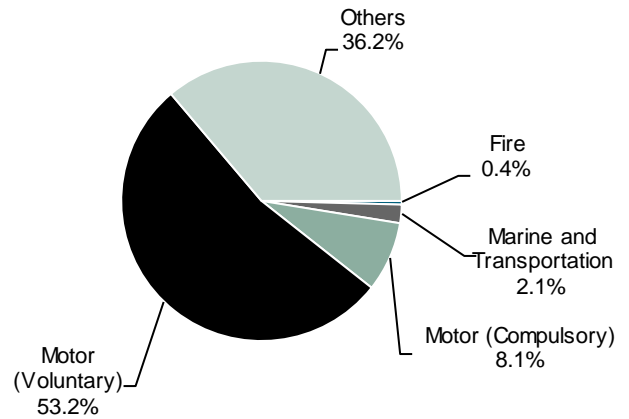
Thailand's insurance market can be separated into two main businesses: life and non-life insurance products. According to the Office of Insurance Commission (OIC), the total premium was approximately THB844b in 2019, with non-life insurance premiums making up 30% of the market. Non-life insurance premiums posted a gradual growth rate of 3.6% CAGR in 2014-19.

Exhibit 48: Non-life premiums grew by 3.6%



Sources: OIC; FSSIA's compilation

Exhibit 49: Non-life insurance premiums breakdown

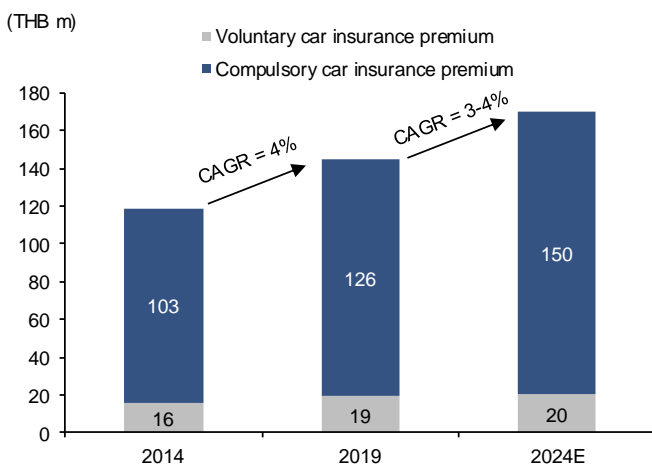


Sources: OIC; FSSIA's compilation

The non-life insurance business is divided into four main product groups: fire insurance, marine and transportation insurance, motor insurance (including compulsory and voluntary insurance), and other insurance (including personal accident insurance and health insurance). According to the OIC, about 60% of the insurance premium for non-life insurance comes from car insurance, which is the key product of TIDLOR (93% of its non-life premium).

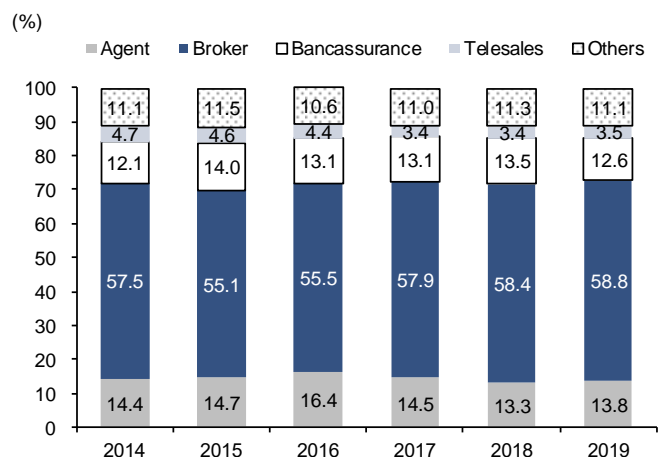
In 2019, total car insurance premiums totalled THB145b, of which 10% were compulsory car insurance and the rest were voluntary car insurance. The penetration rate of voluntary car insurance was approximately only 25%. This implies that more than 75% of cars are not covered by voluntary policies. Additionally, according to Oliver Wyman, the car insurance market could increase at a 3-4% CAGR from 2019-24, driven by increasing car sales and higher penetration rates. The growing outlook of the car insurance industry would be positive for TIDLOR's fee income, in our view.

Exhibit 50: Non-life insurance could grow by 3-4% CAGR from 2019-24



Sources: OIC, Oliver Wyman

Exhibit 51: Insurance brokers play the most important role in the non-life selling channel



Source: OIC

The fragmented market offers TIDLOR the opportunity to increase its premiums

Non-life insurance has various distribution channels, e.g. agents, brokers, bancassurance, telesales, etc. Insurance brokers play the most important role in the non-life selling channel. This distribution channel has gained more market share from 57.5% of total non-life premiums in 2014 to 58.8% in 2019. The insurance brokerage market is very fragmented, with 539 brokers and 166,000 insurance license holders. We believe that the fragmented market offers TIDLOR the opportunity to increase its premiums via its Areegator platform.

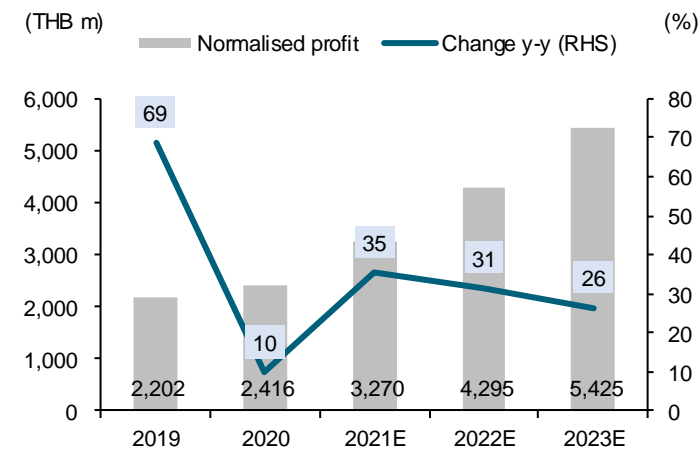
Financial highlights

Earnings could more than double in the next three years

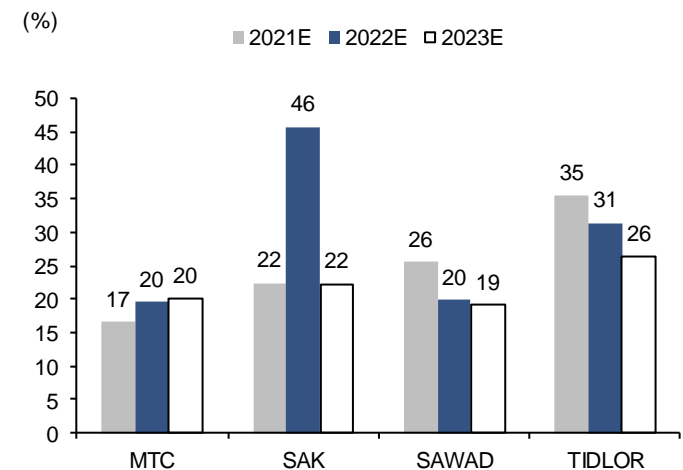
We expect TIDLOR to deliver outstanding core profit growth vs its peers at a 31% three-year CAGR from 2020-23 – vs 30% for SAK, 21% for SAWAD and 19% for MTC – to THB3.3m/THB4.3m/THB5.4m in 2021-23 from THB2.4m in 2020, backed by 1) strong loan growth at 20% per year, thanks mainly to its innovative products and network expansion; 2) an increase in Non-NII at a 30% three-year CAGR due to a rise in its insurance brokerage fees from its newly launched products and Areegator platform; and 3) a lower cost to income ratio to 57.2%/54.2%/52.0% in 2021-23 vs 61.5% in 2020, owing to the economies of scale.

Exhibit 52: TIDLOR could deliver solid core profit growth...

Exhibit 53: ... Higher than that of its peers



Source: Company data; FSSIA estimates



Source: Company data; FSSIA estimates

Exhibit 54: TIDLOR's financial target vs FSSIA's estimate

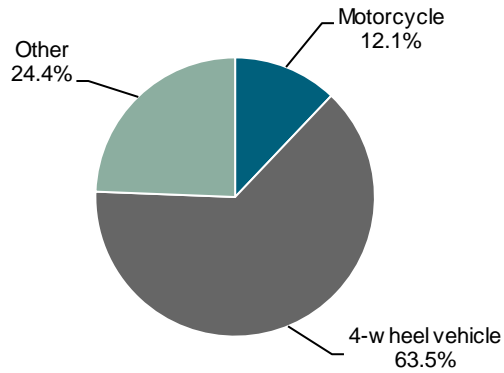
	2019	2020	----- 2021E -----		Note
	Actual	Actual	FSSIA	TIDLOR	
Loan growth (%)	20.1	6.7	20.0	15-20	TIDLOR expects 15-20% p.a. in the medium term
NIM (%)	15.2	15.4	15.4	Stable	
Non-life insurance fee to total income (%)	6.9	7.7	10.3	Increase	Increase to 13-15% within 2-3 years
Cost to income (%)	61.1	61.5	57.2	Decrease	Decrease to 50-55% within 2-3 years

Sources: Company data; FSSIA estimates

1) Decent loan growth over the next three years

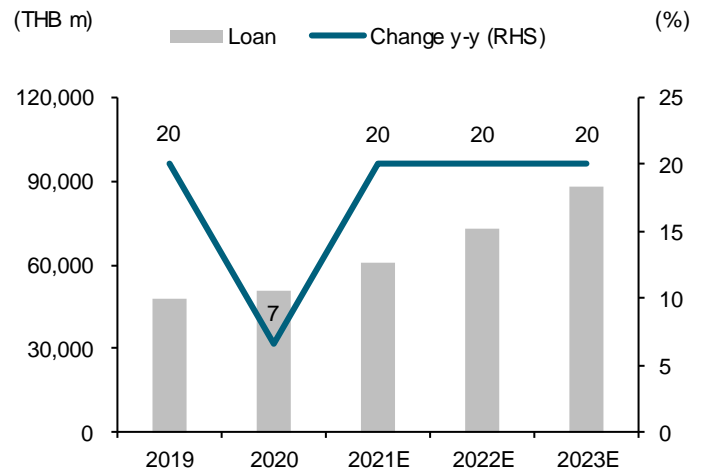
During 2021-23, we expect TIDLOR to post decent loan growth of 20% p.a., which would be in line with the industry, driven by 1) its network expansion of 500 branches (vs 1,076 branches currently) over the next three years; 2) leveraging its data analytics for greater LTV product offerings; and 3) its innovative revolving cash card product leading to longer loan lifetimes.

Exhibit 55: TIDLOR's loan breakdown



Source: Company data; FSSIA estimates

Exhibit 56: TIDLOR's loan growth

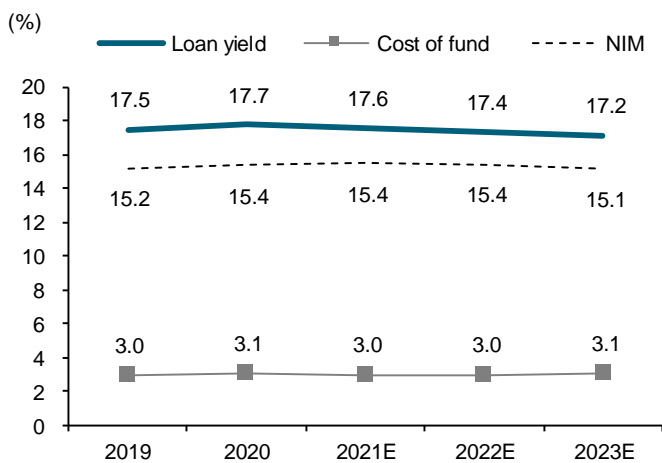


Source: Company data; FSSIA estimates

2) Smaller margin impact from the tight competition in ATL and MTL price wall

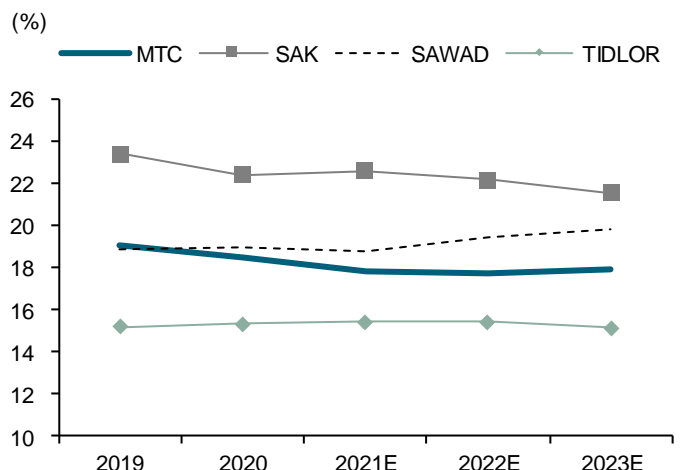
We expect its NIM to be relatively stable at around 15.4% in 2021-22. We believe TIDLOR would suffer a lesser impact from the tight competition in ATL and MTL price wall, as 1) it has unique higher LTV products; 2) it has already offered competitive interest rate charges compared to its peers; and 3) its continued lower cost of funds thanks to its higher company credit rating and BAY's support.

Exhibit 57: TIDLOR's loan yield, cost of funds and NIM



Source: Company data; FSSIA estimates

Exhibit 58: TIDLOR's NIM vs peers

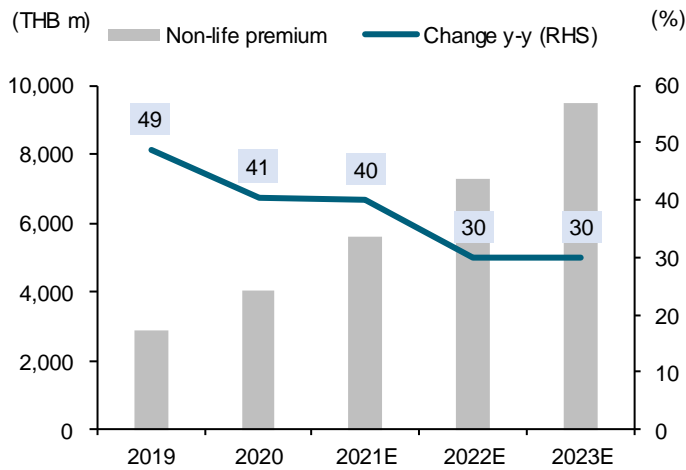


Source: Company data; FSSIA estimates

3) A surge in Non-NII due to its insurance brokerage business

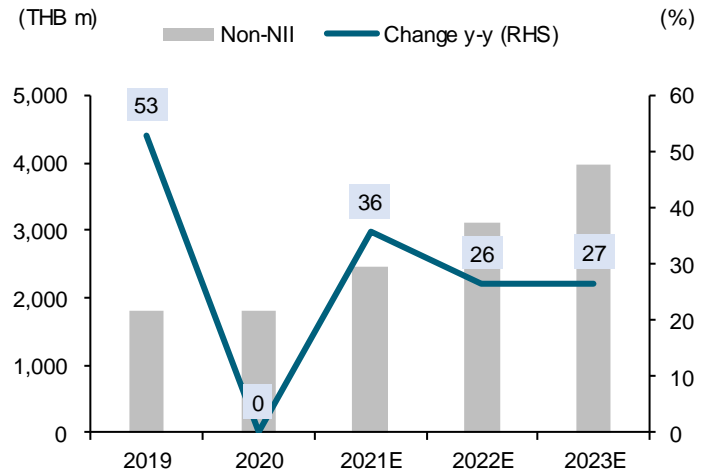
We forecast its non-life insurance fee to play an important role in driving its bottom-line growth. We expect the company to gain more market share, from its 2% non-life premium market share, supported by 1) its new product offerings; 2) its Areegator network; and 3) and cross-selling opportunities.

Exhibit 59: TIDLOR's non-life premium



Source: Company data; FSSIA's estimates

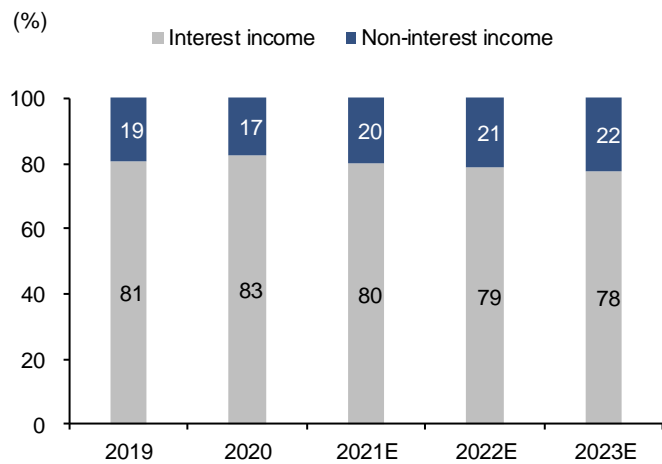
Exhibit 60: TIDLOR's Non-NII growth



Source: Company data; FSSIA's estimates

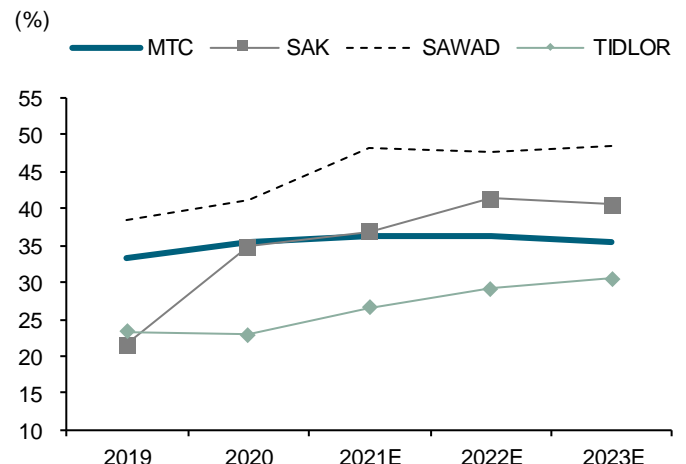
We expect its non-life premium to increase at a 33% three-year CAGR from 2020-23 leading to a 30% CAGR rise in its Non-NII. Its Non-NII to total operating income ratio could increase to 25% in 2023 vs 19% in 2020. As a result, its net margin might continuously increase to 31% in 2023 vs 23% in 2020.

Exhibit 61: TIDLOR's revenue breakdown



Source: Company data; FSSIA estimates

Exhibit 62: TIDLOR's net margin vs peers

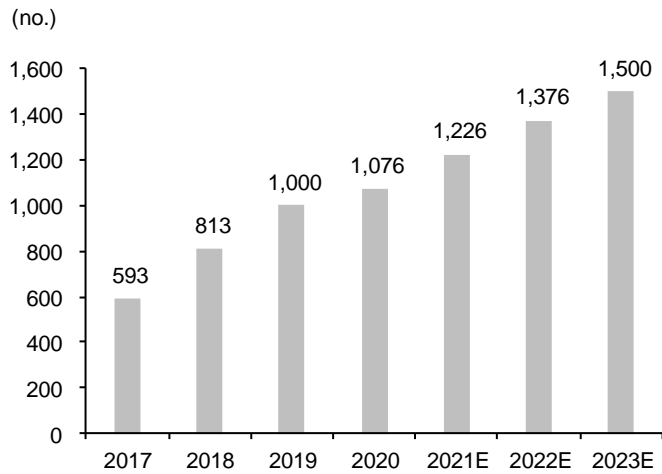


Source: Company data; FSSIA estimates

4) Declining cost to income ratio

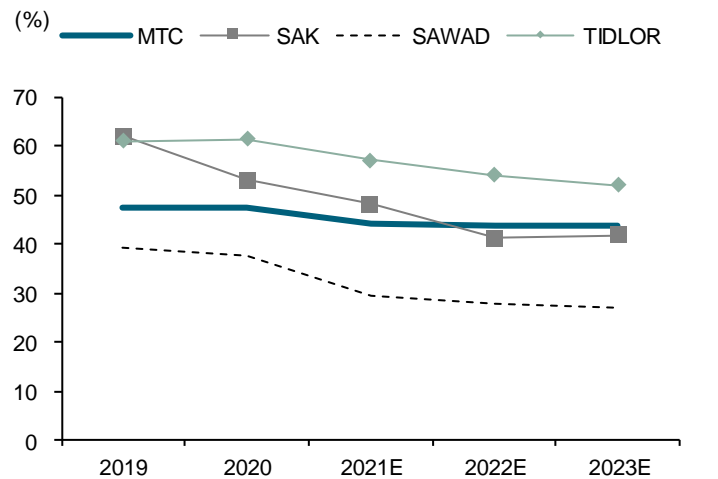
TIDLOR had a significantly higher cost to income ratio (CIR) vs its peers in the past due to its heavy IT and brand awareness investments. However, we think that its CIR has already reached its peak of 61.5% in 2019. We expect its cost to income to gradually decline to 52%, catching up with its peers over the next three years once the benefits of its IT investment start to kick in, i.e. requiring a lower number of new branches than its peers and providing higher LTV offerings to customers.

Exhibit 63: TIDLOR's branch expansion



Source: Company data; FSSIA estimates

Exhibit 64: TIDLOR's CIR vs peers



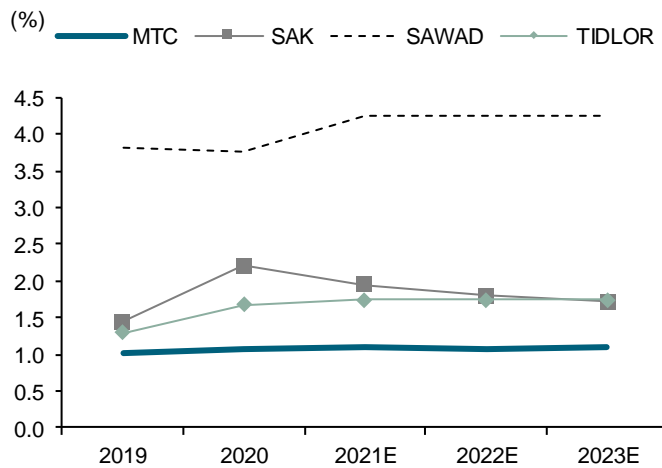
Source: Company data; FSSIA estimates

5) Healthy asset quality with sufficient NPL cushion

We expect its NPL ratio to slightly increase in 2021 to 1.74% and remain at this level in 2022-23, vs 1.67% due to the Covid-19 impact. However, we do not have any concern over its asset quality. Its NPL ratio should be relatively low compared with its peers. Moreover, its NPL coverage ratio might still be the highest among its peers, projecting 256% in 2023.

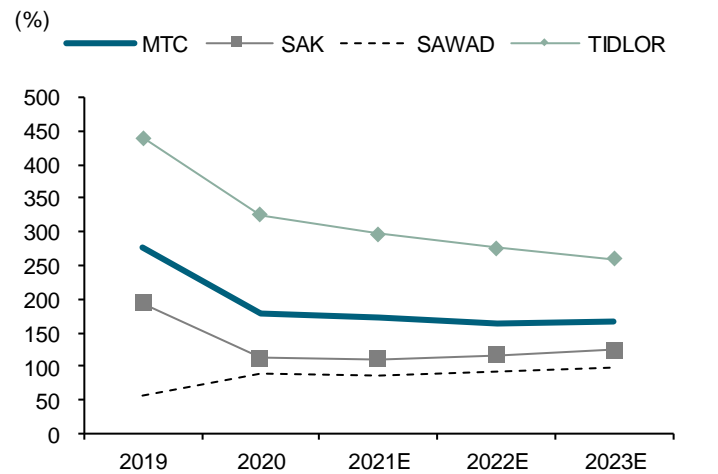
We think the company will continue to set provisions aside prudently. Thus, our credit cost assumptions are for 120 bps per year in 2021-23. We believe TIDLOR has more room to relax its provisioning setup in the future. This is a potential upside risk to our forecast.

Exhibit 65: TIDLOR's NPL ratio vs peers



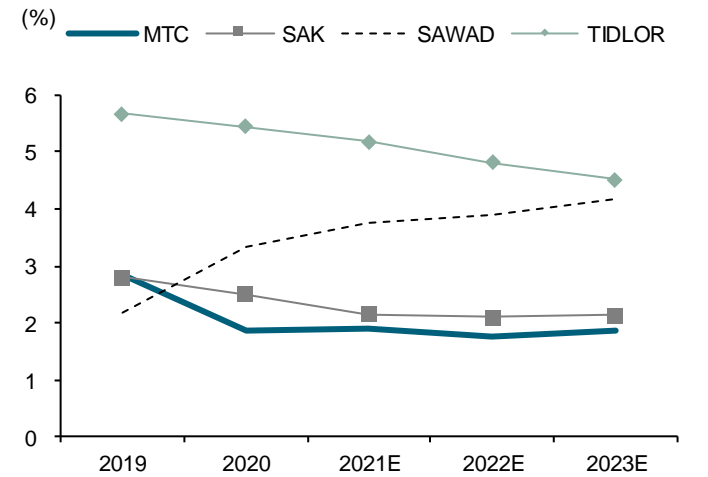
Source: Company data; FSSIA estimates

Exhibit 66: TIDLOR's coverage ratio vs peers



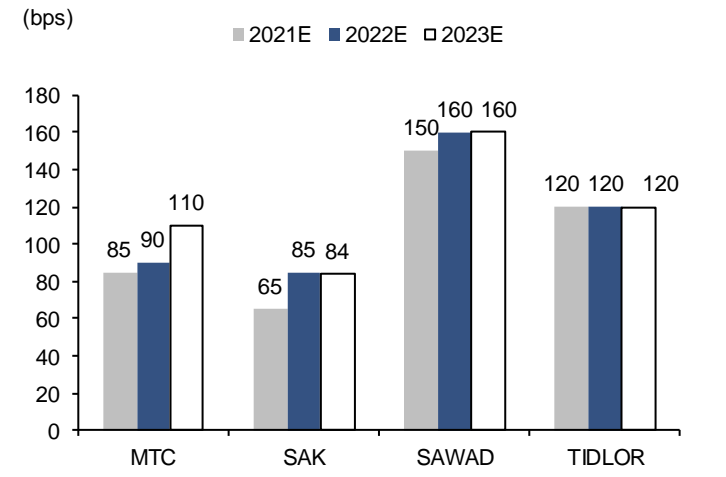
Source: Company data; FSSIA estimates

Exhibit 67: TIDLOR's loan loss reserve to loans vs peers



Source: Company data; FSSIA's estimates

Exhibit 68: TIDLOR's credit cost vs peers

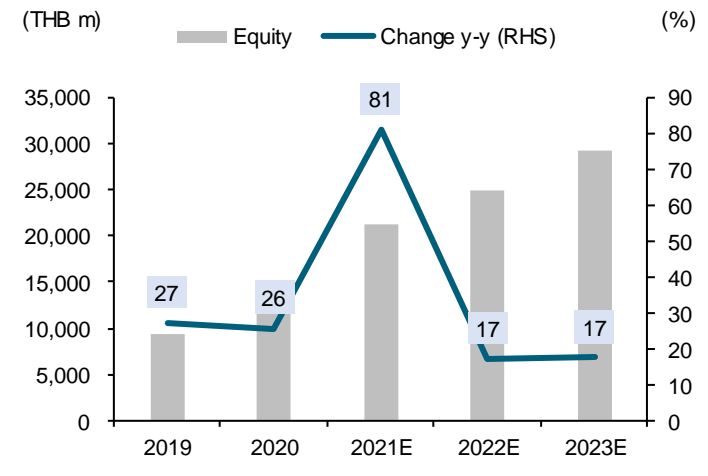


Source: Company data; FSSIA's estimates

6) Improving ROE

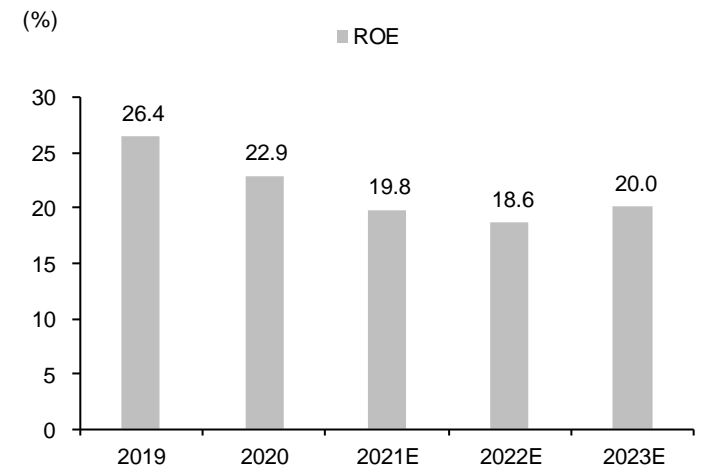
We expect TIDLOR to deliver a lower three-year average ROE of 19.6% vs 25.3% for SAWAD and 25.2% for MTC due to 1) its prudent risk management to set a higher credit cost; and 2) its IT investment. However, we forecast its ROE to reach the lowest point at 18.6% in 2022, then increase gradually to 20.0% due to an increase in the economies of scale and a greater utilisation of its capital.

Exhibit 69: Increase in its equity post-IPO



Source: Company data; FSSIA estimates

Exhibit 70: TIDLOR's ROE

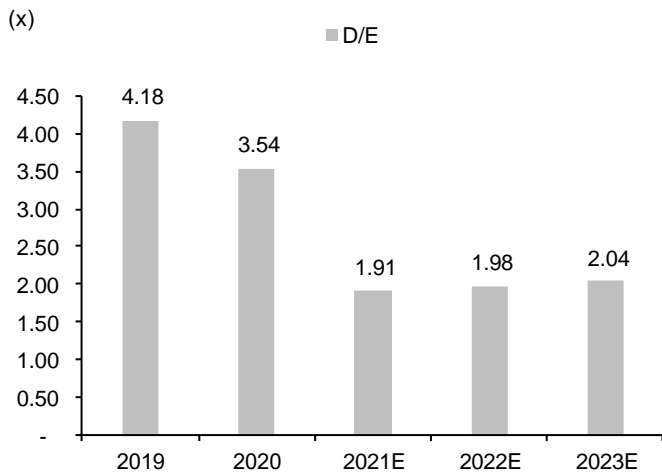


Source: Company data; FSSIA estimates

7) Ample liquidity to grow its business

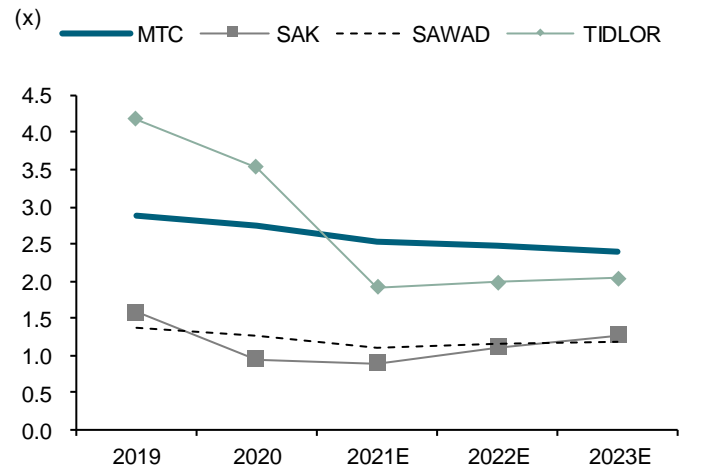
We expect its D/E ratio to be in the range of 1.91-2.04x over the next three years vs 3.54x in 2020, pre-IPO. The capital increase from its IPO should be more than enough for the company to grow its business without a new capital call. However, we do not expect TIDLOR to fully leverage its balance sheet as it could potentially to maintain its A- rating from TRIS to sustain its low cost of funds.

Exhibit 71: TIDLOR's D/E ratio



Source: Company data; FSSIA estimates

Exhibit 72: TIDLOR's D/E ratio vs peers



Source: Company data; FSSIA estimates

Strong start in 1Q21E

We expect TIDLOR to deliver solid 1Q21E core profit growth of THB730m (+4% y-y, +17% q-q), supported by its strong loan growth and a rise in insurance brokerage fees. Regarding its asset quality, amid the uncertainty from the Covid resurgence, we believe TIDLOR would still have healthy asset quality and a high NPL cushion.

Exhibit 73: TIDLOR – summary of 1Q21E earnings preview

Year-end Dec 31	1Q20	4Q20	1Q21E		2020	2021E	Change	1Q21E Comments
	(THBm)	(THBm)	(THBm)	(y-y %)	(q-q %)	(THBm)	(THBm)	
Net interest income	2,124	1,988	2,101	(1)	6	7,557	8,632	14
Non-interest income	457	582	545	19	(6)	1,824	2,473	36
Operating income*	2,581	2,570	2,646	3	3	9,381	11,106	18
Operating expenses	1,599	1,459	1,601	0	10	5,770	6,347	10
PPOP before tax*	982	1,111	1,045	6	(6)	3,611	4,759	32
Expected credit loss	106	333	143	35	(57)	583	671	15
Tax	175	155	171	(2)	10	611	818	34
Minority interest	0	0	0			0	0	
Normalised profit	701	623	730	4	17	2,416	3,270	35
Extraordinary items	0	0	0			0	0	
Net profit	701	623	730	4	17	2,416	3,270	35
Asset quality ratio (%)								
Gross NPLs (THB m)	781	850	893	14	5	850	1,063	25
NPL ratio	1.61	1.67	1.67			1.7	1.7	
Coverage ratio	362	325	311			325	297	
Credit cost (bp)	88	269	110			118	120	
Profitability ratio (%)	(%)	(%)	(%)			(%)	(%)	
Cost to income ratio	61.9	56.8	60.5			61.5	57.2	
Average yield	20.1	18.4	18.5			17.7	17.6	
Cost of funds	2.9	2.9	3.0			3.1	3.0	
NIM **	17.7	16.1	16.1			15.4	15.4	
Non-int inc/total income	17.7	22.6	20.6			19.4	22.3	
Loan growth (%)	(%)	(%)	(%)			(%)	(%)	
y-y	n.a.	6.7	10.1			7	20	
q-q	1.7	5.5	5.0					

*Including share of profits from associates
Sources: TIDLOR; FSSIA estimates

Valuation and TP

“Is TIDLOR too expensive to invest in?” is the question that we are frequently asked. Our answer is “No”. We see TIDLOR as a stock worth investing in.

We initiate our coverage of TIDLOR with a BUY rating and a 2022 GGM-based target price of THB54 (10.7% cost of equity, 8.5% LTG). Our target price implies a 5.0x 2022E P/BV with an 18.7% 2022E ROE. Also, our target price implies a 0.88x 2022E PEG ratio.

Exhibit 74: TIDLOR – GGM-derived target price

Target price (THB)	54
Recommendation	BUY
Risk-free rate (%)	3.0
Market risk premium (%)	8.0
Cost to equity (%)	10.7
Terminal growth (%)	8.5
ROE target (%)	19.5
Target PBV (x)	5.0
Implied PE (x)	28.3
Implied PEG (x)	0.88
Risk to TP	Downside risks to our GGM-based TP include 1) the expansion into auto-title loans by the Government Savings Bank; 2) further weakening asset quality could potentially hit both loan yield and credit cost; and 3) tighter supervision from related regulators.

Source: FSSIA estimates

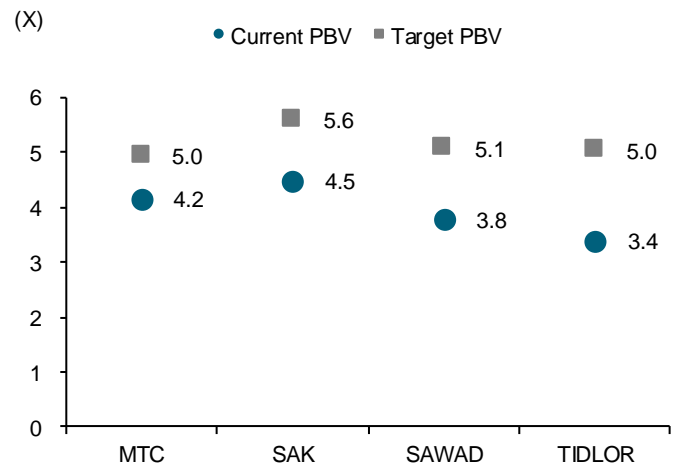
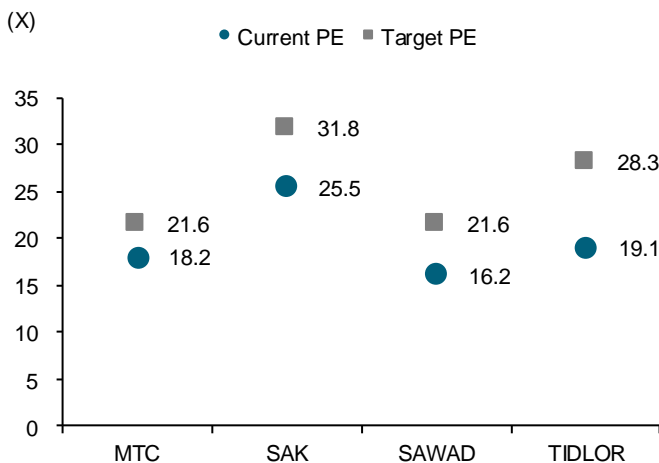
Our rationale in deriving our target price has not only considered its ROE, but we have also incorporated our projections on its short-term net profit growth rate, sustainable long-term growth, and competitiveness.

Among the major competitors, we think SAWAD should trade at the highest premium of 5.2x 2022E P/BV due to its highest 2022E ROE, second highest projected net profit growth and its more diversified business. We think MTC and TIDLOR should trade at relatively the same valuation of 5.0x 2022E P/BV. Although MTC offers a higher 2022E ROE of 25.1% vs 18.7% for TIDLOR, TIDLOR offers higher 2022E net profit growth and better competitive advantages in terms of a smaller potential impact from the MTL price wall and its major focus on technology to drive its company.

We choose TIDLOR as one on our top picks due to 1) its highest CAGR net profit growth from 2020-23E; 2) its philosophy and corporate culture in running its business, which should allow the company to grow sustainably; and 3) its higher competitiveness in terms of technology and innovative products.

Exhibit 75: Current 2022E P/E vs target P/E of ATL operators

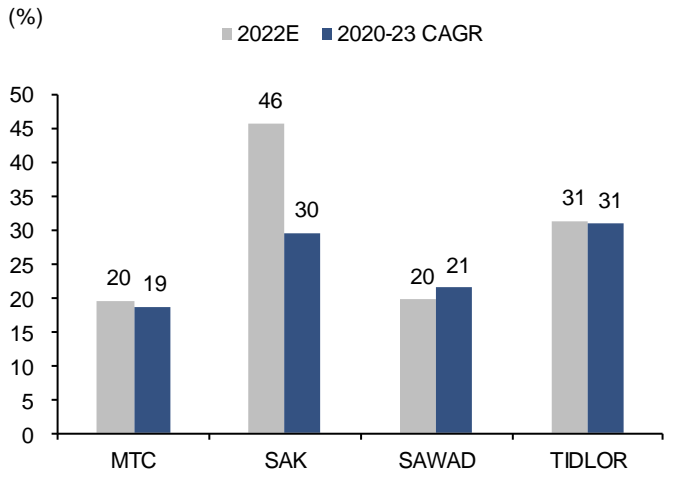
Exhibit 76: Current 2022E P/BV vs target P/BV of ATL operators



Source: FSSIA estimates

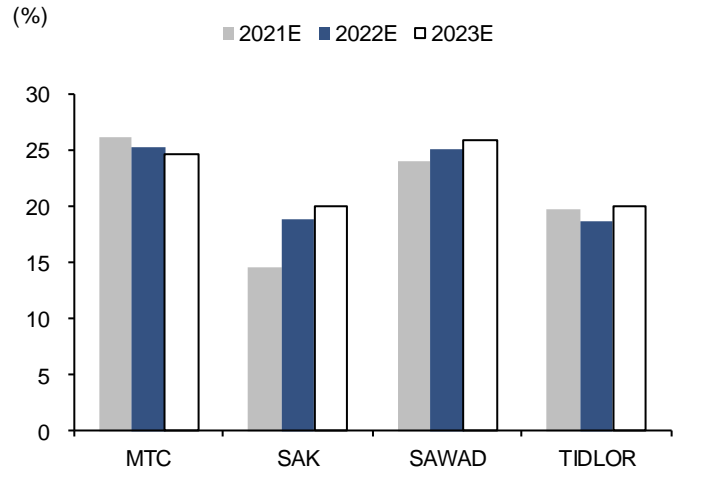
Source: FSSIA estimates

Exhibit 77: 2022E normalised profit growth of ATL operators



Source: FSSIA estimates

Exhibit 78: 2021-23E net ROE of ATL operators



Source: FSSIA estimates

Exhibit 79: Thailand diversified financials - peers comparison

Company	BBG	Rec	---Share price---		Up (down) side	Market Cap	EPS growth		--- PE ---		-- DivYld --		--- ROE ---		--- PBV ---	
			Current (THB)	Target (THB)			21E (%)	22E (%)	21E (x)	22E (x)	21E (%)	22E (%)	21E (%)	22E (%)	21E (x)	22E (x)
Unsecured-loan						7,737	20.5	12.6	22.3	19.8	1.6	1.8	25.1	24.2	5.2	4.4
Aeon Thana Sinsap	AEONTS TB	BUY	215.00	274.00	27	1,719	20.9	14.3	12.0	10.5	2.5	2.8	24.0	23.2	2.7	2.3
Krungthai Card	KTC TB	REDUCE	73.00	50.00	(32)	6,019	20.2	11.4	29.4	26.4	1.4	1.6	26.0	24.9	7.1	6.1
Auto-title lender						11,292	19.6	22.4	22.3	18.2	1.2	1.4	23.0	22.9	4.5	3.9
Muangthai Capital	MTC TB	BUY	62.25	74.00	19	4,220	16.5	19.6	21.7	18.2	0.7	0.8	26.1	25.3	5.1	4.2
Srisawad Corp	SAWAD TB	BUY	80.75	108.00	34	3,546	25.5	19.8	19.4	16.2	2.4	2.8	23.9	25.1	4.4	3.8
Saksiam Leasing	SAK TB	BUY	12.20	15.20	25	818	(6.8)	45.6	37.2	25.5	0.8	1.2	14.5	18.8	5.1	4.5
Ngern Tid Lor	TIDLOR TB	BUY	36.50	54.00	48	2,709	26.8	27.4	25.1	19.7	0.6	0.8	19.8	18.6	3.9	3.4
Truck lender						1,695	4.2	19.1	17.1	14.3	2.5	2.9	18.5	19.8	3.0	2.6
Micro Leasing	MICRO TB	BUY	9.10	12.40	36	272	39.5	36.3	36.9	27.1	0.8	0.7	12.2	15.0	4.3	3.8
Singer Thailand	SINGER TB	BUY	40.75	50.00	23	645	30.6	31.5	28.7	21.8	0.9	1.2	21.3	22.9	5.6	4.4
Ratchthani Leasing	THANI TB	BUY	4.30	5.10	19	779	(6.2)	14.4	11.4	10.0	4.4	5.0	18.8	19.6	2.0	1.9
Other						1,157	8.1	11.6	8.8	7.9	8.7	8.7	6.3	6.8	0.5	0.5
Thanachart Capital	TCAP TB	HOLD	34.50	33.00	(4)	1,157	8.1	11.6	8.8	7.9	8.7	8.7	6.3	6.8	0.5	0.5
Coverage						21,882	17.0	17.6	20.1	17.1	1.9	2.1	17.5	18.0	3.3	2.9

Share prices as of 6 May 2021

Sources: Bloomberg; FSSIA estimates

Corporate Governance - TIDLOR

Board structure

Number of Independent Directors (ID)	4 of 12
Percentage of IDs on the board	33.33%
ID participation/attendance at board meetings	100%
ID participation in audit/remuneration committees	3/3 in audit committee, and 1/5 in remuneration committee
ID terms (years of service, re-election/replacement procedures)	Maximum 9 consecutive years, extendable by Board's approval

Source: TIDLOR

Additional comments: By the Articles of the company, ID must comprise one-third of the total with a minimum of three IDs. At least three IDs must be members of the audit committee.

Audit Practices

Auditor	Deloitte Touche Tohmatsu Jaiyos Audit Company Limited
Length of service	Since 2017
Reporting incidents	None
Fee track record	THB1.9m in 2020, and THB2.1m in 2019
Policy on change of audit firm	To review every five years

Source: TIDLOR

Additional comments: None

Compensation and remuneration

Directors' remuneration vs earnings/ROE/share performance	THB2.53m vs net profit of THB2,416m
Changes/stability in senior management	Stable +
Incidents of termination of senior management	None
Track record on insider sales	None

Source: TIDLOR

Additional comments: TIDLOR has just placed its IPO shares during 22-30 Apr 2021 with its listing in May 2021. From the company's filings, there were several new executives who joined the company since 2019, implying an attempt to strengthen its Corporate Governance. Most key personnel has been with the company for more than eight years.

Shareholders' rights

Communication - shareholder participation in AGMs/EGMs	To hold AGM annually and EGM when appropriate+
Related party transactions	To comply with SEC guidance
Voting issues - policies, incidents of rejected proposals	None

Source: TIDLOR

Additional comments: TIDLOR just placed its first IPO filing on 24 Dec 2020.

Financial Statements

Ngern Tid Lor

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Interest Income	7,635	8,735	9,808	11,636	13,802
Interest expense	(1,006)	(1,178)	(1,176)	(1,289)	(1,621)
Net interest income	6,630	7,557	8,632	10,347	12,181
Net fees & commission	1,803	1,792	2,440	3,092	3,925
Foreign exchange trading income	-	-	-	-	-
Securities trading income	-	-	-	-	-
Dividend income	0	0	0	0	0
Other income	19	33	35	37	39
Non interest income	1,823	1,825	2,475	3,129	3,963
Total income	8,452	9,383	11,108	13,476	16,144
Staff costs	(5,168)	(5,772)	(6,349)	(7,302)	(8,397)
Other operating costs	-	-	-	-	-
Operating costs	(5,168)	(5,772)	(6,349)	(7,302)	(8,397)
Pre provision operating profit	3,284	3,611	4,759	6,174	7,747
Provision for bad and doubtful debt	(531)	(583)	(671)	(805)	(966)
Other provisions	-	-	-	-	-
Operating profit	2,753	3,027	4,088	5,369	6,782
Recurring non operating income	0	0	0	0	0
Associates	0	0	0	0	0
Goodwill amortization	-	-	-	-	-
Non recurring items	0	0	0	0	0
Profit before tax	2,753	3,027	4,088	5,369	6,782
Tax	(551)	(611)	(818)	(1,074)	(1,356)
Profit after tax	2,202	2,416	3,270	4,295	5,425
Minority interests	0	0	0	0	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	2,202	2,416	3,270	4,295	5,425
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	2,202	2,416	3,270	4,295	5,425
Per share (THB)					
Recurring EPS *	1.35	1.15	1.45	1.85	2.34
Reported EPS	1.35	1.15	1.45	1.85	2.34
DPS	1.84	0.00	0.22	0.29	0.36
Growth					
Net interest income (%)	15.9	14.0	14.2	19.9	17.7
Non interest income (%)	52.8	0.1	35.6	26.4	26.7
Pre provision operating profit (%)	23.4	9.9	31.8	29.7	25.5
Operating profit (%)	68.8	10.0	35.0	31.3	26.3
Reported net profit (%)	68.6	9.7	35.4	31.3	26.3
Recurring EPS (%)	21.6	(15.0)	26.8	27.4	26.3
Reported EPS (%)	21.6	(15.0)	26.8	27.4	26.3
Income Breakdown					
Net interest income (%)	78.4	80.5	77.7	76.8	75.5
Net fees & commission (%)	21.3	19.1	22.0	22.9	24.3
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	-	-	-	-	-
Dividend income (%)	-	-	-	-	-
Other income (%)	0.2	0.4	0.3	0.3	0.2
Operating performance					
Gross interest yield (%)	17.49	17.75	17.55	17.35	17.15
Cost of funds (%)	2.95	3.07	3.00	3.00	3.10
Net interest spread (%)	14.54	14.68	14.55	14.35	14.05
Net interest margin (%)	15.2	15.4	15.4	15.4	15.1
Cost/income(%)	61.1	61.5	57.2	54.2	52.0
Cost/assets(%)	11.7	11.3	11.0	10.7	10.3
Effective tax rate (%)	20.0	20.2	20.0	20.0	20.0
Dividend payout on recurring profit (%)	136.3	-	15.5	15.5	15.5
ROE (%)	26.4	22.9	19.8	18.6	20.0
ROE - COE (%)	15.6	12.1	9.0	7.8	9.2
ROA (%)	5.0	4.7	5.7	6.3	6.7
RORWA (%)	-	-	-	-	-

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Ngern Tid Lor; FSSIA estimates

Financial Statements

Ngern Tid Lor

Balance Sheet (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Gross customer loans	47,639	50,807	60,969	73,163	87,795
Total provisions	(2,702)	(2,763)	(3,159)	(3,525)	(3,964)
interest in suspense	340	524	610	732	878
Net customer loans	45,277	48,568	58,419	70,369	84,709
Bank loans	-	-	-	-	-
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	0	0	0	0	0
Cash & equivalents	446	1,265	1,469	1,529	1,479
Other interesting assets	-	-	-	-	-
Tangible fixed assets	698	1,378	1,506	1,646	1,801
Associates	-	-	-	-	-
Goodwill	-	-	-	-	-
Other intangible assets	-	-	-	-	-
Other assets	1,990	2,124	558	668	799
Total assets	48,411	53,336	61,952	74,212	88,788
Customer deposits	7,558	2,600	2,730	2,867	3,010
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	29,536	37,095	35,976	44,368	54,356
Non interest bearing liabilities	1,971	1,892	1,986	2,086	2,190
Hybrid Capital	-	-	-	-	-
Total liabilities	39,065	41,587	40,692	49,320	59,556
Share capital	7,800	7,800	7,800	7,800	7,800
Reserves	1,546	3,948	13,459	17,092	21,432
Total equity	9,346	11,749	21,260	24,892	29,232
Minority interests	0	0	0	0	0
Total liabilities & equity	48,411	53,336	61,952	74,212	88,788
Supplementary items					
Risk weighted assets (RWA)	n/a	n/a	n/a	n/a	n/a
Average interest earning assets	43,656	49,223	55,888	67,066	80,479
Average interest bearing liabilities	34,086	38,395	39,200	42,970	52,301
Tier 1 capital	n/a	n/a	n/a	n/a	n/a
Total capital	0	0	0	0	0
Gross non performing loans (NPL)	616	850	1,063	1,275	1,530
Per share (THB)					
Book value per share	5.72	5.58	9.45	10.73	12.61
Tangible book value per share	5.72	5.58	9.45	10.73	12.61
Growth					
Gross customer loans	20.1	6.7	20.0	20.0	20.0
Average interest earning assets	32.1	12.8	13.5	20.0	20.0
Total asset (%)	20.8	10.2	16.2	19.8	19.6
Risk weighted assets (%)	-	-	-	-	-
Customer deposits (%)	42.6	(65.6)	5.0	5.0	5.0
Leverage & capital measures					
Customer loan/deposits (%)	599.0	1,868.0	2,139.9	2,454.9	2,814.4
Equity/assets (%)	19.3	22.0	34.3	33.5	32.9
Tangible equity/assets (%)	19.3	22.0	34.3	33.5	32.9
RWA/assets (%)	-	-	-	-	-
Tier 1 CAR (%)	-	-	-	-	-
Total CAR (%)	-	-	-	-	-
Asset Quality					
Change in NPL (%)	40.2	38.1	25.0	20.0	20.0
NPL/gross loans (%)	1.3	1.7	1.7	1.7	1.7
Total provisions/gross loans (%)	5.7	5.4	5.2	4.0	4.5
Total provisions/NPL (%)	438.8	325.1	297.4	276.5	259.1
Valuation					
Recurring P/E (x) *	27.1	31.8	25.1	19.7	15.6
Recurring P/E @ target price (x) *	40.0	47.1	37.1	29.2	23.1
Reported P/E (x)	27.1	31.8	25.1	19.7	15.6
Dividend yield (%)	5.0	-	0.6	0.8	1.0
Price/book (x)	6.4	6.5	3.9	3.4	2.9
Price/tangible book (x)	6.4	6.5	3.9	3.4	2.9
Price/tangible book @ target price (x)	9.4	9.7	5.7	5.0	4.3

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Ngern Tid Lor; FSSIA estimates

Corporate Governance report of Thai listed companies 2020

EXCELLENT LEVEL										
AAV	ADVANC	AF	AIRA	AKP	AKR	ALT	AMA	AMATA	AMATAV	ANAN
AOT	AP	ARIP	ARROW	ASP	BAFS	BANPU	BAY	BCP	BCPG	BDMS
BEC	BEM	BGRIM	BIZ	BKI	BLA	BOL	BPP	BRR	BTS	BWG
CENTEL	CFRESH	CHEWA	CHO	CIMBT	CK	CKP	CM	CNT	COL	COMAN
COTTO	CPALL	CPF	CPI	CPN	CSS	DELTA	DEMCO	DRT	DTAC	DTC
DV8	EA	EASTW	ECF	ECL	EGCO	EPG	ETE	FNS	FPI	FPT
FSMART	GBX	GC	GCAP	GEL	GFPT	GGC	GPSC	GRAMMY	GUNKUL	HANA
HARN	HMPRO	ICC	ICI	III	ILINK	INTUCH	IRPC	IVL	JKN	JSP
JWD	K	KBANK	KCE	KKP	KSL	KTB	KTC	LANNA	LH	LHFG
LIT	LPN	MAKRO	MALEE	MBK	MBKET	MC	MCOT	METCO	MFEC	MINT
MONO	MOONG	MSC	MTC	NCH	NCL	NEP	NKI	NOBLE	NSI	NVD
NYT	OISHI	ORI	OTO	PAP	PCSGH	PDJ	PG	PHOL	PLANB	PLANET
PLAT	PORT	PPS	PR9	PREB	PRG	PRM	PSH	PSL	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QTC	RATCH	RS	S	S & J	SAAM
SABINA	SAMART	SAMTEL	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SDC
SEAFCO	SEOIL	SE-ED	SELIC	SENA	SIRI	SIS	SITHAI	SMK	SMPC	SNC
SONIC	SORKON	SPALI	SPI	SPRC	SPVI	SSSC	SST	STA	SUSCO	SUTHA
SVI	SYMC	SYNTEC	TACC	TASCO	TCAP	TFMAMA	THANA	THANI	THCOM	THG
THIP	THRE	THREL	TIP	TIPCO	TISCO	TK	TKT	TMB	TMILL	TNDT
TNL	TOA	TOP	TPBI	TQM	TRC	TSC	TSR	TSTE	TSTH	TTA
TTCL	TTW	TU	TVD	TVI	TVO	TWPC	U	UAC	UBIS	UV
VGI	VIH	WACOAL	WAVE	WHA	WHAUP	WICE	WINNER	TRUE		

VERY GOOD LEVEL										
2S	ABM	ACE	ACG	ADB	AEC	AEONTS	AGE	AH	AHC	AIT
ALLA	AMANAHA	AMARIN	APCO	APCS	APURE	AQUA	ASAP	ASEFA	ASIA	ASIAN
ASIMAR	ASK	ASN	ATP30	AUCT	AWC	AYUD	B	BA	BAM	BBL
BFIT	BGC	BJC	BJCHI	BROOK	BTW	CBG	CEN	CGH	CHARAN	CHAYO
CHG	CHOTI	CHOW	CI	CIG	CMC	COLOR	COM7	CPL	CRC	CRD
CSC	CSP	CWT	DCC	DCON	DDD	DOD	DOHOME	EASON	EE	ERW
ESTAR	FE	FLOYD	FN	FORTH	FSS	FTE	FVC	GENCO	GJS	GL
GLAND	GLOBAL	GLOCON	GPI	GULF	GYT	HPT	HTC	ICN	IFS	ILM
IMH	INET	INSURE	IRC	IRCP	IT	ITD	ITEL	J	JAS	JCK
JCKH	JMART	JMT	KBS	KCAR	KGI	KIAT	KOOL	KTIS	KWC	KWM
L&E	LALIN	LDC	LHK	LOXLEY	LPH	LRH	LST	M	MACO	MAJOR
MBAX	MEGA	META	MFC	MGT	MILL	MITSIB	MK	MODERN	MTI	MVP
NETBAY	NEX	NINE	NTV	NWR	OCC	OGC	OSP	PATO	PB	PDG
PDI	PICO	PIMO	PJW	PL	PM	PPP	PRIN	PRINC	PSTC	PT
QLT	RCL	RICHY	RML	RPC	RWI	S11	SALEE	SAMCO	SANKO	SAPPE
SAWAD	SCI	SCP	SE	SEG	SFP	SGF	SHR	SIAM	SINGER	SKE
SKR	SKY	SMIT	SMT	SNP	SPA	SPC	SPCG	SR	SRICHA	SSC
SSF	STANLY	STI	STPI	SUC	SUN	SYNEX	T	TAE	TAKUNI	TBSP
TCC	TCMC	TEAM	TEAMG	TFG	TIGER	TITLE	TKN	TKS	TM	TMC
TMD	TMI	TMT	TNITY	TNP	TNR	TOG	TPA	TPAC	TPCORP	TPOLY
TPS	TRITN	TRT	TRU	TSE	TVT	TWP	UEC	UMI	UOBKH	UP
UPF	UPOIC	UT	UTP	UWC	VL	VNT	VPO	WIJK	WP	XO
YUASA	ZEN	ZIGA	ZMICO							

GOOD LEVEL										
7UP	A	ABICO	AJ	ALL	ALUCON	AMC	APP	ARIN	AS	AU
B52	BC	BCH	BEAUTY	BGT	BH	BIG	BKD	BLAND	BM	BR
BROCK	BSBM	BSM	BTNC	CAZ	CCP	CGD	CITY	CMAN	CMO	CMR
CPT	CPW	CRANE	CSR	D	EKH	EP	ESSO	FMT	GIFT	GREEN
GSC	GTB	HTECH	HUMAN	IHL	INOX	INSET	IP	JTS	JUBILE	KASET
KCM	KKC	KUMWEL	KUN	KWG	KYE	LEE	MATCH	MATI	M-CHAI	MCS
MDX	MJD	MM	MORE	NC	NDR	NER	NFC	NNCL	NPK	NUSA
OCEAN	PAF	PF	PK	PLE	PMTA	POST	PPM	PRAKIT	PRECHA	PRIME
PROUD	PTL	RBF	RCI	RJH	ROJNA	RP	RPH	RSP	SF	SFLEX
SGP	SISB	SKN	SLP	SMART	SOLAR	SPG	SQ	SSP	STARK	STC
SUPER	SVOA	TC	TCCC	THMUI	TIW	TNH	TOPP	TPCH	TIPIP	TPLAS
TTI	TYCN	UKEM	UMS	VCOM	VRANDA	WIN	WORK	WPH		

Description

Score Range

Excellent

90-100

Very Good

80-89

Good

70-79

Disclaimer:

The disclosure of the survey results of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey results may be changed after that date. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such survey results.

* CGR scoring should be considered with news regarding wrong doing of the company or director or executive of the company such unfair practice on securities trading, fraud, and corruption SEC imposed a civil sanction against insider trading of director and executive; ** delisted

Source: Thai Institute of Directors Association (IOD); FSSIA's compilation

Anti-corruption Progress Indicator 2020

CERTIFIED										
2S	ADVANC	AI	AIE	AIRA	AKP	AMA	AMANAHA	AP	AQUA	ARROW
ASK	ASP	AYUD	B	BAFS	BANPU	BAY	BBL	BCH	BCP	BCPG
BGC	BGRIM	BJCHI	BKI	BLA	BPP	BROOK	BRR	BSBM	BTS	BWG
CEN	CENTEL	CFRESH	CGH	CHEWA	CHOTI	CHOW	CIG	CIMBT	CM	CMC
COL	COM7	CPALL	CPF	CPI	CPN	CSC	DCC	DELTA	DEMCO	DIMET
DRT	DTAC	DTC	EASTW	ECL	EGCO	FE	FNS	FPI	FPT	FSS
FTE	GBX	GC	GCAP	GEL	GFPT	GGC	GJS	GPSC	GSTEEL	GUNKUL
HANA	HARN	HMPRO	HTC	ICC	ICHI	IFS	INET	INSURE	INTUCH	IRPC
ITEL	IVL	K	KASET	KBANK	KBS	KCAR	KCE	KGI	KKP	KSL
KTB	KTC	KWC	L&E	LANNA	LHFG	LHK	LPN	LRH	M	MAKRO
MALEE	MBAX	MBK	MBKET	MC	MCOT	MFC	MFEC	MINT	MONO	MOONG
MPG	MSC	MTC	MTI	NBC	NEP	NINE	NKI	NMG	NNCL	NSI
NWR	OCC	OCEAN	OGC	ORI	PAP	PATO	PB	PCSGH	PDG	PDI
PDJ	PE	PG	PHOL	PL	PLANB	PLANET	PLAT	PM	PPP	PPPM
PPS	PREB	PRG	PRINC	PRM	PSH	PSL	PSTC	PT	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QLT	QTC	RATCH	RML	RWI	S & J
SABINA	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SEAOIL	SE-ED	SELIC
SENA	SGP	SIRI	SITHAI	SMIT	SMK	SMPC	SNC	SNP	SORKON	SPACK
SPC	SPI	SPRC	SRICHA	SSF	SSSC	SST	STA	SUSCO	SVI	SYNTEC
TAE	TAKUNI	TASCO	TBSP	TCAP	TCMC	TFG	TFI	TFMAMA	THANI	THCOM
THIP	THRE	THREL	TIP	TIPCO	TISCO	TKT	TMB	TMD	TMILL	TMT
TNITY	TNL	TNP	TNR	TOG	TOP	TPA	TPCORP	TPP	TRU	TSC
TSTH	TTCL	TU	TVD	TVI	TVO	TWPC	U	UBIS	UEC	UKEM
UOBKH	UWC	VGI	VIH	VNT	WACOAL	WHA	WHAUP	WICE	WIJK	XO
ZEN	TRUE									

DECLARED										
7UP	ABICO	AF	ALT	AMARIN	AMATA	AMATAV	ANAN	APURE	B52	BKD
BM	BROCK	BUI	CHO	CI	COTTO	DDD	EA	EFORL	EP	ERW
ESTAR	ETE	EVER	FSMART	GPI	ILINK	IRC	J	JKN	JMART	JMT
JSP	JTS	KWG	LDC	MAJOR	META	NCL	NOBLE	NOK	PK	PLE
ROJNA	SAAM	SAPPE	SCI	SE	SHANG	SINGER	SKR	SPALI	SSP	STANLY
SUPER	SYNEX	THAI	TKS	TOPP	TRITN	TTA	UPF	UV	WIN	ZIGA

Level	
Certified	This level indicates practical participation with thoroughly examination in relation to the recommended procedures from the audit committee or the SEC's certified auditor, being a certified member of Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) or already passed examination to ensure independence from external parties.
Declared	This level indicates determination to participate in the Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC)

Disclaimer:

The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by Thaipat Institute, is made in order to comply with the policy and sustainable development plan for the listed companies of the Office of the Securities and Exchange Commission. Thaipat Institute made this assessment based on the information received from the listed company, as stipulated in the form for the assessment of Anti-corruption which refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2), or other relevant documents or reports of such listed company. The assessment result is therefore made from the perspective of Thaipat Institute that is a third party. It is not an assessment of operation and is not based on any inside information. Since this assessment is only the assessment result as of the date appearing in the assessment result, it may be changed after that date or when there is any change to the relevant information. Nevertheless, FSS International Investment Advisory Company Limited does not confirm, verify, or certify the accuracy and completeness of the assessment results.

Note: Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of June 24, 2019) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

Source: The Securities and Exchange Commission, Thailand; * FSSIA's compilation

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Yuvanart Suwanumphai FSS International Investment Advisory Securities Co., Ltd

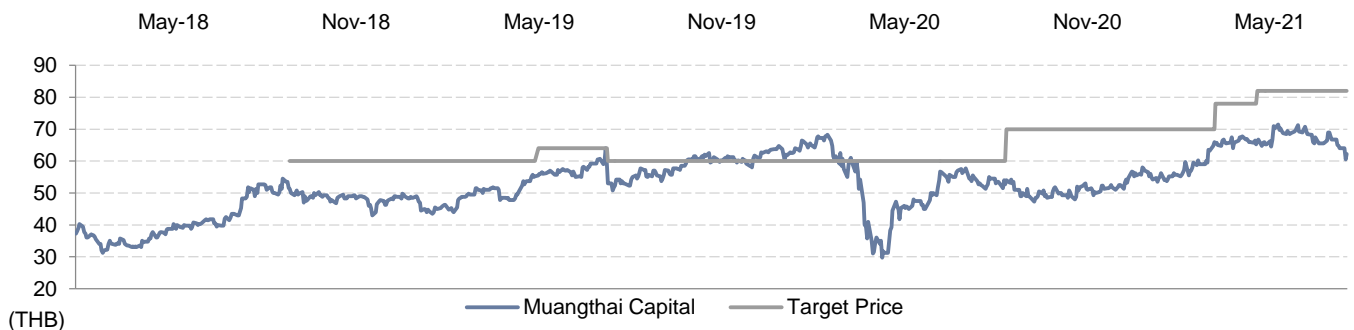
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

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History of change in investment rating and/or target price

Muangthai Capital (MTC TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
08-Nov-2018	BUY	60.00	02-Apr-2020	HOLD	60.00	13-Aug-2020	BUY	70.00
10-Jun-2019	BUY	64.00	16-Jul-2020	BUY	70.00	12-Jan-2021	BUY	78.00
09-Aug-2019	HOLD	60.00	31-Jul-2020	BUY	70.00	17-Feb-2021	BUY	82.00

Yuvanart Suwanumphai started covering this stock from 16-Jul-2020

Price and TP are in local currency

Source: FSSIA estimates

Srisawad Corp (SAWAD TB)



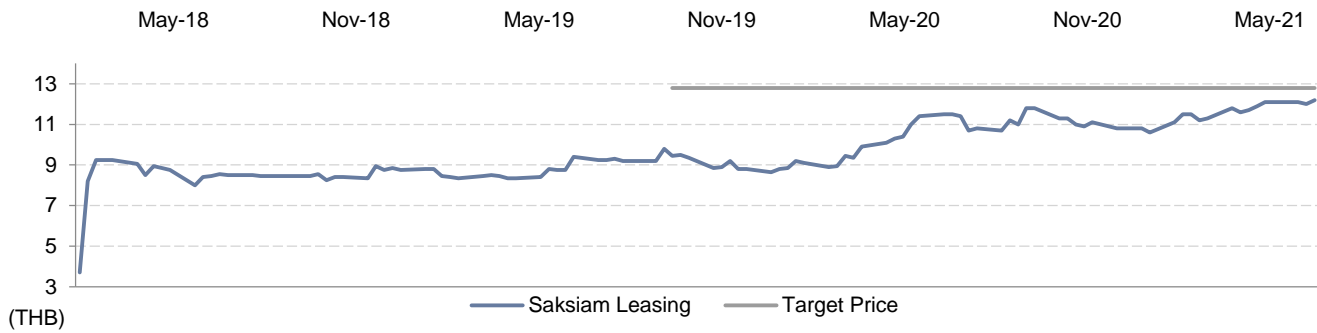
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
19-Nov-2018	BUY	52.00	20-Nov-2019	HOLD	65.00	03-Aug-2020	BUY	68.00
11-Mar-2019	BUY	58.00	02-Apr-2020	HOLD	65.00	25-Nov-2020	BUY	72.00
17-Jun-2019	BUY	65.00	16-Jul-2020	BUY	68.00	04-Mar-2021	BUY	94.00

Yuvanart Suwanumphai started covering this stock from 16-Jul-2020

Price and TP are in local currency

Source: FSSIA estimates

Saksiam Leasing (SAK TB)



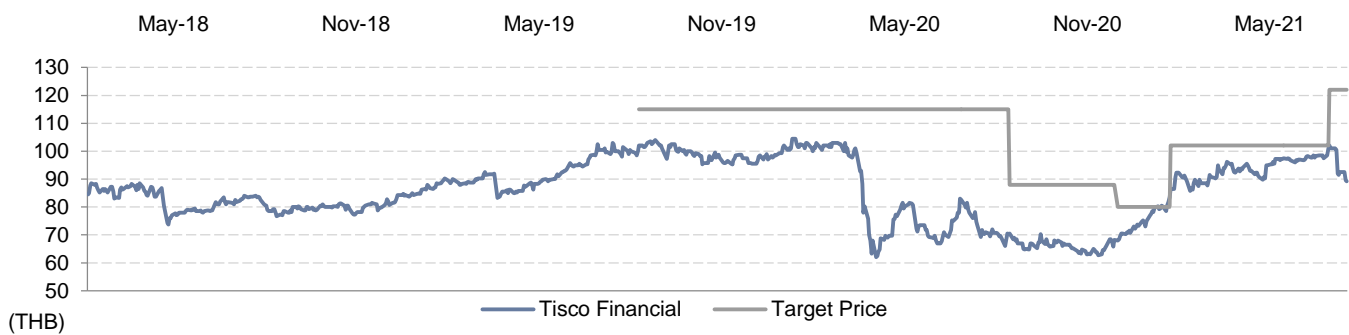
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
16-Feb-2021	BUY	12.80	-	-	-	-	-	-

Yuvanart Suwanumphai started covering this stock from 16-Feb-2021

Price and TP are in local currency

Source: FSSIA estimates

Tisco Financial (TISCO TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
30-Aug-2019	BUY	115.00	16-Oct-2020	BUY	80.00	20-Apr-2021	BUY	122.00
02-Apr-2020	BUY	115.00	03-Dec-2020	BUY	102.00			
16-Jul-2020	BUY	88.00	18-Jan-2021	BUY	102.00			

Yuvanart Suwanumphai started covering this stock from 16-Jul-2020

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Ngern Tid Lor	TIDLOR TB	THB 36.50	BUY	Downside risks to our GGM-based TP include 1) the expansion into auto-title loans by the Government Savings Bank; 2) further weakening asset quality could potentially hit both loan yield and credit cost; and 3) tighter supervision from related regulators.
Muangthai Capital	MTC TB	THB 62.25	BUY	Downside risks to our GGM-based TP include the expansion into auto-title loans by the Government Savings Bank; further weakening asset quality could potentially hit both loan yield and credit cost.
Srisawad Corp	SAWAD TB	THB 80.75	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.
Saksiam Leasing	SAK TB	THB 12.20	BUY	Downside risks to our GGM-derived TP include 1) competition from existing and new players; 2) regulatory changes by the BoT; and 3) a slower-than-expected reduction in its cost of funds due to a shift toward more long-term loans.
Tisco Financial	TISCO TB	THB 89.25	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness and further waves of the Covid-19 pandemic affecting loan growth and asset quality; 2) the impact of new regulations from the Bank of Thailand on debt-servicing programs; and 3) the slow expansion of its high-yield auto cash portfolio.

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 Finasia Syrus Securities Public Company Limited

FSSIA may incorporate the recommendations and target prices of companies currently covered by FSS Research into equity research reports, denoted by an 'FSS' before the recommendation. FSS Research is part of Finasia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 06-May-2021 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.