

5 NOVEMBER 2021

THAILAND / DIVERSIFIED FINANCIALS

NGERN TID LOR TIDLOR TB

BUY

UNCHANGED

TARGET PRICE	THB43.00
CLOSE	THB37.00
UP/DOWNSIDE	+16.2%
PRIOR TP	THB47.00
CHANGE IN TP	-8.5%
TP vs CONSENSUS	-7.1%

Stronger medium-term outlook

Decent performance expected in 3Q21

We expect TIDLOR to report a 3Q21 net profit of THB819m (+1% y-y, +5% q-q). We think the company was able to control its OPEX effectively, potentially leading to the lowest cost to income ratio at 55.5% in the last 11 quarters. We also expect its NPLs to drop by 5% q-q following its more stringent debt collection process. However, we expect its Non-NII to decline by 1% y-y and 9% q-q, pressured by 1) lower insurance brokerage fees due to the Covid impact, resulting in lower purchasing power for its clients; and 2) lower collection fees following the new restrictions on debt collection fees. Its 3Q21E loan volume should moderately increase by 3.0% q-q. Its motorcycle hire purchase and truck title loans should rise in 3Q21, while its car title loans may drop q-q.

Improving core operations in 4Q21

In 4Q21, we expect its bottom line to jump y-y and be relatively stable q-q. The core operations of both its loan growth and insurance brokerage businesses should slightly improve after Covid-19 abates. In 2022, we expect its normalised profit to continue to rise by 22% y-y, driven by stronger loan growth and higher insurance brokerage fee income.

Earnings revisions and valuation de-rating

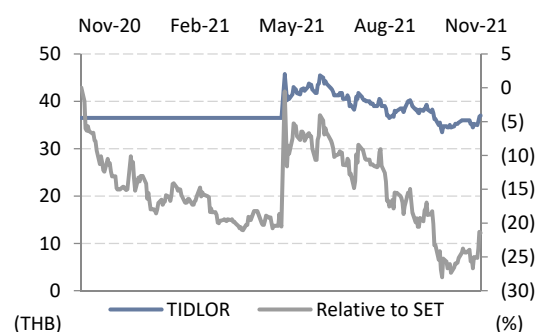
We slightly revise up our 2021 net profit forecast by 2% to reflect the better OPEX control and asset quality. However, we lower our core profit forecast for 2023 by 5% to mainly reflect our lower loan growth assumption to 15% y-y from 18% y-y previously, as we expect tighter competition from both the major existing players and the new big player, Auto X (a subsidiary of SCBX). We revise down our 2022 GGM-based TP to THB43 to reflect our lower target 2022 P/BV to 4.0x from 4.3x.

Maintain BUY but not our most preferred

We maintain our BUY call as we believe its stringent asset quality control and strong insurance brokerage business should allow TIDLOR's net profit to increase at a 24% three-year CAGR from 2020-23. However, in the longer run, we think TIDLOR may be one of the companies affected by Auto X's expansion. We think Auto X will use the same method as TIDLOR to penetrate the market by using both technology and traditional branches. TIDLOR might lose its competitive advantage in the future. Thus, among major title loan lenders, TIDLOR is not our most preferred stock at the moment.

KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Operating profit	3,027	3,991	4,847	5,821
Net profit	2,416	3,193	3,878	4,657
EPS (THB)	1.15	1.42	1.67	2.01
vs Consensus (%)	-	2.8	(2.0)	(6.2)
Core net profit	2,416	3,193	3,878	4,657
Core EPS (THB)	1.15	1.42	1.67	2.01
Chg. In EPS est. (%)	-	1.5	0.0	(5.1)
EPS growth (%)	(15.0)	23.8	17.8	20.1
Core P/E (x)	32.3	26.1	22.1	18.4
Dividend yield (%)	-	0.6	0.7	0.8
Price/book (x)	6.6	3.8	3.4	3.0
ROE (%)	22.9	18.9	16.4	17.2
ROA (%)	4.7	5.5	5.7	6.0



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	6.5	(8.6)	n/a
Relative to country (%)	5.7	(13.2)	n/a
Mkt cap (USD m)	2,567		
3m avg. daily turnover (USD m)	19.8		
Free float (%)	21		
Major shareholder	Bank of Ayudhya (30%)		
12m high/low (THB)	55.50/33.25		
Issued shares (m)	2,319		

Sources: Bloomberg consensus; FSSIA estimates



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Investment thesis

TIDLOR is one of the largest microfinance operators in Thailand. We believe its stringent asset quality control and strong insurance brokerage business should allow its net profit to increase at a 24% three-year CAGR from 2020-23. However, in the longer run, we think TIDLOR may be one of the companies affected by Auto X's expansion. We think Auto X will use the same method as TIDLOR to penetrate the market by using both technology and traditional branches. TIDLOR might lose its competitive advantage in the future. Thus, among major title loan lenders, TIDLOR is not our most preferred stock at the moment.

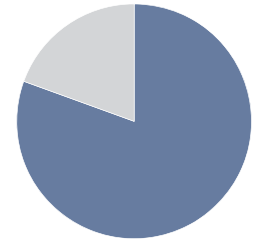
Company profile

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.

www.ngerntidlor.com

Principal activities (revenue, 2020)

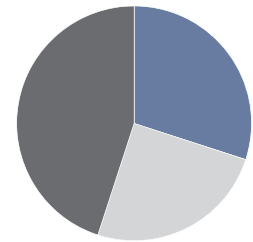
- Net interest income - 80.5 %
- Non-interest income - 19.5 %



Source: Ngern Tid Lor

Major shareholders

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



Source: Ngern 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 and Auto X (subsidiary of SCB); 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
15 Nov 2021	3Q21 results announcement

Key assumptions

	2021E	2022E	2023E
	(%)	(%)	(%)
Net profit (THB m)	3,193	3,878	4,657
Net profit growth (%)	32.2	21.5	20.1
NIM (%)	15.80	15.72	15.56
Loan growth (%)	14.0	18.0	15.0
Fee growth (%)	14.8	26.0	26.6
Non-NII growth (%)*	13.5	25.9	26.5
Credit cost (bp)	80	87	110
Cost to income (%)*	58.5	56.9	55.0

*Including share of profits from associates

Source: FSSIA estimates

Earnings sensitivity

		2021E		
Loan growth	±2ppt	12.0	14.0	16.0
% change in net profit		(2.1)	-	2.1
NIM (%)	±5bp	15.75	15.80	15.85
% change in net profit		(0.7)	-	0.7
Credit cost (bp)	±10bp	70	80	90
% change in net profit		1.4	-	(1.4)

Source: FSSIA estimates

Decent performance expected in 3Q21

We expect TIDLOR to report a 3Q21 net profit of THB819m (+1% y-y, +5% q-q). We think the company was able to control its OPEX effectively, potentially leading to the lowest cost to income ratio at 55.5% in the last 11 quarters. We also expect its NPLs to drop by 5% q-q following its more stringent debt collection process. However, we expect its Non-NII to decline by 1% y-y and 9% q-q, pressured by 1) lower insurance brokerage fees due to the Covid impact, resulting in lower purchasing power for its clients; and 2) lower collection fees following the new restrictions on debt collection fees. Its 3Q21E loan volume should moderately increase by 3.0% q-q. Its motorcycle hire purchase and truck title loans should rise in 3Q21, while its car title loans may drop q-q.

3Q21E key highlights

- Total loan volume should increase moderately by 3.0% q-q, driven by its new motorcycle hire purchase and truck title loans. We think TIDLOR's cash card is one of the key factors to push its motorbike title loans.
- Its loan yield is likely to decline to 17.9% from 18.0% in 2Q21 due to the lower interest rate charge campaign for truck title loans in Sep-21. However, its cost of funds is also likely to decline. Thus, we expect a stable NIM q-q at 15.8%.
- We expect an 11% q-q increase in its expected credit loss (ECL). The company is still taking a conservative approach by not releasing excess ECL.

Exhibit 1: TIDLOR – summary of 3Q21E results

Year-end Dec 31	3Q20	2Q21	3Q21E		9M21E			2021E	Change	3Q21E comments	
	(THB m)	(THB m)	(THB m)	(y-y %)	(q-q %)	(THB m)	(y-y %)	%21E	(THB m)	(y-y %)	
Net interest income	1,936	2,113	2,177	12	3	6,331	14	74	8,589	14	
Non-interest income*	463	506	459	(1)	(9)	1,517	22	73	2,069	13	Drop in insurance brokerage and debt collection fees
Operating income*	2,398	2,619	2,636	10	1	7,848	15	74	10,658	14	
Operating expenses	1,366	1,519	1,462	7	(4)	4,572	9	73	6,232	8	
PPOP before tax	1,032	1,100	1,174	14	7	3,275	25	74	4,426	23	
Expected credit loss	12	130	144	1,101	11	297	(22)	68	435	(25)	
Income tax	209	192	210	0	9	598	31	75	798	31	
Minority interest	0	0	0			0			0		
Normalised profit	811	777	819	1	5	2,380	33	75	3,193	32	
Extraordinary items	0	0	0			0			0		
Net profit	811	777	819	1	5	2,380	33	75	3,193	32	
EPS (THB)	0.39	0.34	0.35	(8)	5	1.06	25	75	1.42	24	
Asset quality ratio (%)											
NPLs (THB m)	589	853	811	38	(5)				893	5	More stringent debt collection process
NPLs / loans	1.22	1.57	1.45						1.54		
Loan loss reserve/NPLs	469	306	323						329		
Credit cost (bps)	10	97	105						80		
Profitability ratio (%)											
Cost to income ratio	57.0	58.0	55.5						58.5		
Average yield	18.8	18.0	17.9						18.0		
Cost of funds	2.8	2.9	2.8						3.0		
Net interest margin (NIM)	16.4	15.8	15.8						15.8		
Non-int inc / total income	19.3	19.3	17.4						19.4		
Loan growth (%)											
y-y		17.3	16.0						14.0		
q-q	4.2	2.7	3.0								

*Including share of profits from associates

Sources: TIDLOR; FSSIA estimates

Earnings revisions and valuation de-rating

We slightly revise up our 2021 net profit forecast by 2% to reflect the better OPEX control and asset quality. However, we lower our core profit forecast for 2023 by 5% to mainly reflect our lower loan growth assumption to 15% y-y from 18% y-y previously, as we expect tighter competition from both the major existing players and the new big player, Auto X (a subsidiary of SCBX). According to Siam Commercial Bank (SCB TB, BUY, TP THB160)'s management, it will expand into the auto title loan grassroots segment aggressively next year. We think it might take around two years before Auto X gains more meaningful market share. Thus, we expect the loan growth prospects of existing auto title loan lenders to be lower in 2023.

Exhibit 2: Key changes in assumptions

	2021E				2022E			2023E		
	2020 (THB m)	Old (THB m)	New (THB m)	Change (%)	Old (THB m)	New (THB m)	Change (%)	Old (THB m)	New (THB m)	Change (%)
Net interest income	7,557	8,558	8,589	0.4	10,078	9,927	(1.5)	11,775	11,435	(2.9)
Non-interest income*	1,824	2,160	2,069	(4.2)	2,646	2,605	(1.5)	3,445	3,294	(4.4)
Operating income*	9,381	10,717	10,658	(0.6)	12,724	12,532	(1.5)	15,220	14,729	(3.2)
Operating expenses	5,770	6,289	6,232	(0.9)	7,170	7,136	(0.5)	8,174	8,099	(0.9)
PPOP before tax*	3,611	4,428	4,426	(0.0)	5,554	5,397	(2.8)	7,045	6,630	(5.9)
Expected credit loss (Reversal)	583	494	435	(11.9)	707	549	(22.3)	910	808	(11.2)
Tax expenses	611	787	798	1.5	969	969	0.0	1,227	1,164	(5.1)
Minority interest	-	0	-	-	0	-	-	0	-	-
Normalised profit	2,416	3,147	3,193	1.5	3,878	3,878	0.0	4,909	4,657	(5.1)
Extraordinary items	-	0	-	-	0	-	-	0	-	-
Net profit	2,416	3,147	3,193	1.5	3,878	3,878	0.0	4,909	4,657	(5.1)
EPS (THB)	1.15	1.40	1.42	1.5	1.72	1.72	0.0	2.2	2.07	(5.1)
Key statistics and ratios										
Asset quality ratio										
Gross NPLs (THB m)	850	1,105	893	(19.2)	1,326	1,071	(19.2)	1,591	1,285	(19.2)
Gross NPLs / Loans (%)	1.67	1.9	1.5	-	1.9	1.6	-	1.9	1.6	-
Loan loss reserve/NPLs (%)	325	271	329	20.7	255	297	16.5	247	283	13.4
Credit cost (bps)	118	90	80	(11.1)	110	87	(20.9)	120	110	(8.3)
Profitability ratio (%)										
Cost to income ratio*	61.5	58.7	58.5	(0.2)	56.4	56.9	0.5	53.7	55.0	1.3
Average yield	17.7	17.7	18.0	0.3	17.6	17.7	0.1	17.5	17.6	0.1
Cost of funds	3.1	3.0	3.0	(0.1)	3.0	3.0	0.0	3.0	3.1	0.1
Net interest margin (NIM)	15.4	15.6	15.8	0.2	15.7	15.7	0.0	15.5	15.6	0.1
Loan growth (%)										
y-y	6.7	16.0	14.0	(13.8)	18.0	18.0	0.0	18.0	15.0	(16.7)

*Including share of profits from associates

Sources: TIDLOR; FSSIA estimates

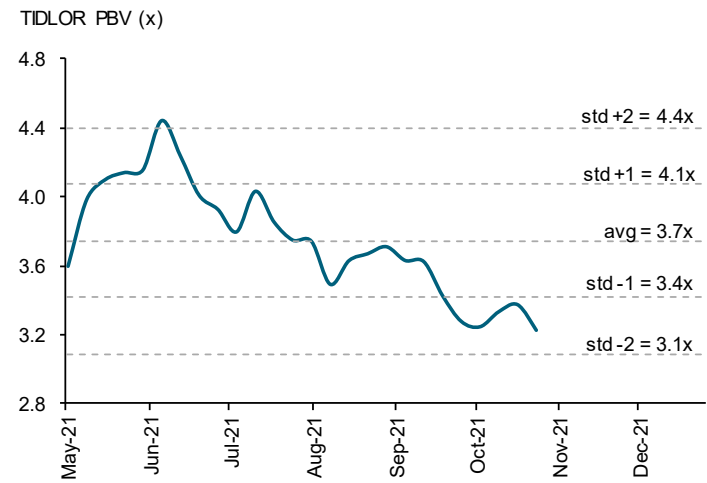
We revise down our 2022 GGM-based TP to THB43 from THB47, as we revise down our target 2022 P/BV to 4.0x from 4.3x as a result of our lower average long-term ROE target of 18.0% from 18.6%; our lower long-term growth assumption to 8.3% from 8.4%; and our higher cost of equity assumption. We believe that auto title loan operators' premium valuations should de-rate due to the continued fierce competition, leading to a lower profitability margin and a less satisfactory earnings growth outlook.

Exhibit 3: TIDLOR – GGM-derived target price

Target price (THB)	43 (from 47)
Recommendation	BUY (unchanged)
Risk-free rate (%)	3.0 (unchanged)
Market risk premium (%)	8.0 (unchanged)
Cost to equity (%)	10.9 (from 10.8)
Terminal growth (%)	8.3 (from 8.4)
ROE target (%)	18.0 (from 18.6)
Target PBV (x)	4.0 (from 4.3)
Risk to TP	Downside risks to our GGM-based TP include 1) the expansion into auto-title loans by the Government Savings Bank and Auto X (SCB's subsidiary); 2) further weakening asset quality could potentially hit both loan yield and credit cost; and 3) tighter supervision from related regulators.

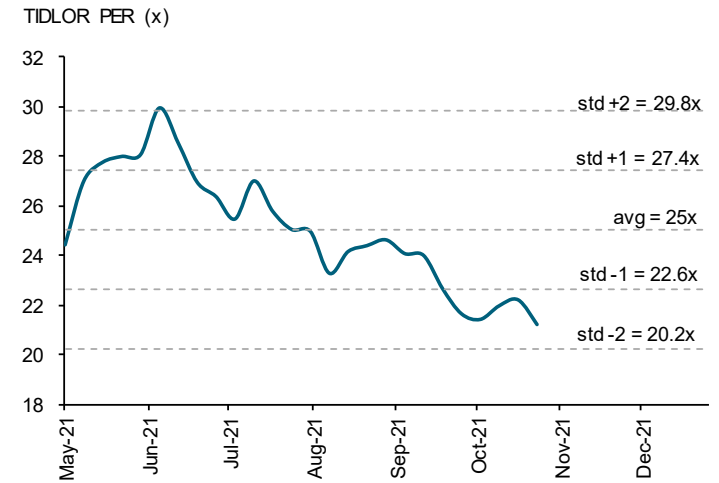
Source: FSSIA estimates

Exhibit 4: TIDLOR – prospective P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 5: TIDLOR – prospective P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 6: Thailand diversified financials – peers comparison

	BBG code	Rec	---Share price---		Up side (%)	Market Cap (USD m)	EPS growth		---- P/E ----		---- ROE ----		---- PBV ----	
			Current (THB)	Target (THB)			21E (%)	22E (%)	21E (x)	22E (x)	21E (%)	22E (%)	21E (x)	22E (x)
Diversified financials						22,451	11.6	21.9	24.3	19.9	18.9	18.6	4.1	3.3
Unsecured-loan lenders						5,967	14.3	13.1	21.4	19.0	24.0	23.4	4.8	4.2
Aeon Thana Sinsap (Thailand)	AEONTS TB	HOLD	197.00	204.00	4	1,474	7.5	13.9	12.4	10.9	21.5	21.1	2.5	2.1
Krungthai Card	KTC TB	HOLD	58.25	52.00	(11)	4,494	15.4	13.0	24.4	21.6	24.8	24.1	5.6	4.9
Auto-title lenders						9,804	7.8	23.4	23.9	19.4	20.8	21.2	4.4	3.8
Muangthai Capital	MTC TB	BUY	64.00	71.00	11	4,059	3.1	26.6	25.2	19.9	23.4	24.3	5.4	4.4
Srisawad Corp	SAWAD TB	BUY	64.75	80.00	24	2,660	4.2	20.6	18.7	15.5	20.2	22.0	3.6	3.2
Saksiam Leasing	SAK TB	BUY	8.25	11.00	33	517	(19.5)	39.1	29.1	20.9	12.6	15.9	3.5	3.1
Ngern Tid Lor	TIDLOR TB	BUY	37.00	43.00	16	2,567	23.8	17.8	26.1	22.1	18.9	16.4	3.8	3.4
Truck lenders						1,543	12.1	11.8	22.7	20.3	14.1	13.6	2.8	2.2
Micro Leasing	MICRO TB	BUY	7.85	10.70	36	220	23.1	33.5	36.0	27.0	10.8	13.2	3.8	3.4
Singer Thailand	SINGER TB	BUY	39.50	51.00	29	608	24.8	2.4	29.1	28.4	13.0	9.8	3.2	2.1
Ratchthani Leasing	THANI TB	BUY	4.22	5.20	23	715	(20.9)	15.8	13.3	11.5	16.0	17.0	2.0	1.9
Asset management						3,774	14.1	32.8	34.6	26.1	11.6	10.1	3.7	2.2
Bangkok Commercial Asset Mngt.	BAM TB	BUY	18.90	22.00	16	1,828	20.9	35.8	27.5	20.2	5.1	6.5	1.3	1.3
Chayo Group	CHAYO TB	BUY	11.70	18.80	61	337	18.5	39.6	45.6	32.7	12.8	11.7	4.1	3.3
JMT Network Services	JMT TB	BUY	47.75	57.00	19	1,609	7.8	29.1	40.5	31.4	18.7	13.9	6.4	2.9
Other						1,122	8.1	11.6	9.1	8.2	6.4	6.8	0.6	0.5
Thanachart Capital	TCAP TB	HOLD	35.75	35.00	(2)	1,122	8.1	11.6	9.1	8.2	6.4	6.8	0.6	0.5
Hire purchase motorcycle						242	55.9	33.4	25.8	19.3	17.4	19.8	4.2	3.5
Next Capital	NCAP TB	BUY	9.00	16.80	87	242	55.9	33.4	25.8	19.3	17.4	19.8	4.2	3.5

Share prices as of 4 Nov 2021

Sources: Bloomberg; FSSIA estimates

Financial Statements

Ngern Tid Lor

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Interest Income	7,635	8,735	9,758	11,175	12,931
Interest expense	(1,006)	(1,178)	(1,169)	(1,247)	(1,496)
Net interest income	6,630	7,557	8,589	9,927	11,435
Net fees & commission	1,803	1,792	2,057	2,592	3,281
Foreign exchange trading income	-	-	-	-	-
Securities trading income	-	-	-	-	-
Dividend income	0	0	0	0	0
Other income	19	33	14	15	15
Non interest income	1,823	1,825	2,071	2,607	3,296
Total income	8,452	9,383	10,660	12,534	14,731
Staff costs	(5,168)	(5,772)	(6,234)	(7,138)	(8,101)
Other operating costs	-	-	-	-	-
Operating costs	(5,168)	(5,772)	(6,234)	(7,138)	(8,101)
Pre provision operating profit	3,284	3,611	4,426	5,397	6,630
Provision for bad and doubtful debt	(531)	(583)	(435)	(549)	(808)
Other provisions	-	-	-	-	-
Operating profit	2,753	3,027	3,991	4,847	5,821
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	3,991	4,847	5,821
Tax	(551)	(611)	(798)	(969)	(1,164)
Profit after tax	2,202	2,416	3,193	3,878	4,657
Minority interests	0	0	0	0	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	2,202	2,416	3,193	3,878	4,657
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	2,202	2,416	3,193	3,878	4,657
Per share (THB)					
Recurring EPS *	1.35	1.15	1.42	1.67	2.01
Reported EPS	1.35	1.15	1.42	1.67	2.01
DPS	1.84	0.00	0.22	0.26	0.31
Growth					
Net interest income (%)	15.9	14.0	13.6	15.6	15.2
Non interest income (%)	52.8	0.1	13.5	25.9	26.4
Pre provision operating profit (%)	23.4	9.9	22.6	21.9	22.8
Operating profit (%)	68.8	10.0	31.8	21.5	20.1
Reported net profit (%)	68.6	9.7	32.2	21.5	20.1
Recurring EPS (%)	21.6	(15.0)	23.8	17.8	20.1
Reported EPS (%)	21.6	(15.0)	23.8	17.8	20.1
Income Breakdown					
Net interest income (%)	78.4	80.5	80.6	79.2	77.6
Net fees & commission (%)	21.3	19.1	19.3	20.7	22.3
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	-	-	-	-	-
Dividend income (%)	-	-	-	-	-
Other income (%)	0.2	0.4	0.1	0.1	0.1
Operating performance					
Gross interest yield (%)	17.49	17.75	17.95	17.70	17.60
Cost of funds (%)	2.95	3.07	2.95	2.95	3.10
Net interest spread (%)	14.54	14.68	15.00	14.75	14.50
Net interest margin (%)	15.2	15.4	15.8	15.7	15.6
Cost/income(%)	61.1	61.5	58.5	56.9	55.0
Cost/assets(%)	11.7	11.3	10.7	10.5	10.4
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	18.9	16.4	17.2
ROE - COE (%)	15.6	12.1	8.1	5.6	6.4
ROA (%)	5.0	4.7	5.5	5.7	6.0
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	57,921	68,346	78,598
Total provisions	(2,702)	(2,763)	(2,937)	(3,179)	(3,634)
interest in suspense	340	524	579	683	786
Net customer loans	45,277	48,568	55,562	65,851	75,751
Bank loans	-	-	-	-	-
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	0	0	0	0	0
Cash & equivalents	446	1,265	3,946	1,943	1,906
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	2,542	2,893	3,311
Total assets	48,411	53,336	63,556	72,333	82,769
Customer deposits	7,558	2,600	520	546	573
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	29,536	37,095	39,072	44,425	51,004
Non interest bearing liabilities	1,971	1,892	1,986	2,086	2,190
Hybrid Capital	-	-	-	-	-
Total liabilities	39,065	41,587	41,578	47,057	53,767
Share capital	7,800	7,800	8,580	8,580	8,580
Reserves	1,546	3,948	13,398	16,696	20,422
Total equity	9,346	11,749	21,978	25,276	29,002
Minority interests	0	0	0	0	0
Total liabilities & equity	48,411	53,336	63,556	72,333	82,769
Supplementary items					
Risk weighted assets (RWA)	n/a	n/a	n/a	n/a	n/a
Average interest earning assets	43,656	49,223	54,364	63,133	73,472
Average interest bearing liabilities	34,086	38,395	39,644	42,281	48,274
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	893	1,071	1,285
Per share (THB)					
Book value per share	5.72	5.58	9.77	10.90	12.51
Tangible book value per share	5.72	5.58	9.77	10.90	12.51
Growth					
Gross customer loans	20.1	6.7	14.0	18.0	15.0
Average interest earning assets	32.1	12.8	10.4	16.1	16.4
Total asset (%)	20.8	10.2	19.2	13.8	14.4
Risk weighted assets (%)	-	-	-	-	-
Customer deposits (%)	42.6	(65.6)	(80.0)	5.0	5.0
Leverage & capital measures					
Customer loan/deposits (%)	599.0	1,868.0	10,685.1	12,060.5	13,213.1
Equity/assets (%)	19.3	22.0	34.6	34.9	35.0
Tangible equity/assets (%)	19.3	22.0	34.6	34.9	35.0
RWA/assets (%)	-	-	-	-	-
Tier 1 CAR (%)	-	-	-	-	-
Total CAR (%)	-	-	-	-	-
Asset Quality					
Change in NPL (%)	40.2	38.1	5.0	20.0	20.0
NPL/gross loans (%)	1.3	1.7	1.5	1.6	1.6
Total provisions/gross loans (%)	5.7	5.4	5.1	4.0	4.6
Total provisions/NPL (%)	438.8	325.1	329.1	296.8	282.7
Valuation					
Recurring P/E (x) *	27.4	32.3	26.1	22.1	18.4
Recurring P/E @ target price (x) *	31.9	37.5	30.3	25.7	21.4
Reported P/E (x)	27.4	32.3	26.1	22.1	18.4
Dividend yield (%)	5.0	-	0.6	0.7	0.8
Price/book (x)	6.5	6.6	3.8	3.4	3.0
Price/tangible book (x)	6.5	6.6	3.8	3.4	3.0
Price/tangible book @ target price (x)	7.5	7.7	4.4	3.9	3.4

* 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	PAP	PCSGH	PDJ	PG	PHOL	PLANB
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	TTB	TMILL	TNDT
TNL	TOA	TOP	TPBI	TQM	TRC	TRC	TSC	TSR	TSTE	TSTH
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	TTB	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 Suwanumchai 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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Company	Ticker	Price	Rating	Valuation & Risks
Ngern Tid Lor	TIDLOR TB	THB 37.00	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 64.00	BUY	Downside risks to our GGM-based TP include 1) a further weakening of asset quality that could potentially hit both loan yield and credit cost; and 2) changes in financial regulations by the Bank of Thailand and the Office of Consumer Protection Board.
Srisawad Corp	SAWAD TB	THB 64.75	BUY	Downside risks to our GGM-based TP include 1) a further weakening of asset quality that could potentially hit both loan yield and credit cost; and 2) changes in financial regulations by the Bank of Thailand and the Office of Consumer Protection Board.
Saksiam Leasing	SAK TB	THB 8.25	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.
Micro Leasing	MICRO TB	THB 7.85	BUY	Downside risks to our GGM-derived TP include 1) an economic slowdown, especially for logistics activities and private investment; 2) deteriorating asset quality; and 3) a slower-than-expected reduction in the cost of funds due to a shift toward more long-term loans.
Singer Thailand	SINGER TB	THB 39.50	BUY	Downside risks to our GGM-derived TP include 1) an economic slowdown leading to slower loan growth and lower sales of electrical products and home appliances; and 2) deteriorating asset quality.
Ratchthani Leasing	THANI TB	THB 4.22	BUY	Downside risks to our GGM-derived TP include 1) an economic slowdown, especially for logistics activities and private investment; 2) deteriorating asset quality; and 3) changes in financial regulations from the Bank of Thailand.
Bangkok Commercial Asset Mngt.	BAM TB	THB 18.90	BUY	Downside risks to our GGM-based TP include 1) lower cash collection from its fully amortised portfolio; 2) lower-than-expected bad debt acquisition; and 3) the prolonged slowdown of the property market.
Chayo Group	CHAYO TB	THB 11.70	BUY	Downside risks to our GGM-based TP include 1) lower-than-expected bad debt acquisition; and 2) higher-than-expected operating expenses.
JMT Network Services	JMT TB	THB 47.75	BUY	Downside risks to our GGM-based TP include 1) lower cash collection from its fully amortised portfolio; and 2) the lower-than-expected acquisition of new bad debt.
Thanachart Capital	TCAP TB	THB 35.75	HOLD	Upside risks to our GGM-based target price are M&A completions and long-term synergy gained, leading to a higher contribution to its earnings. Downside risks are impacts from a prolonged weak macro outlook on loan growth and asset quality which could lead to higher provisions for both TMB and THANI.
Next Capital	NCAP TB	THB 9.00	BUY	Downside risks to our GGM-derived TP include 1) an economic slowdown, especially for food delivery and logistics activities; 2) deteriorating asset quality; and 3) tighter competition from new players.
Siam Commercial Bank	SCB TB	THB 132.00	BUY	Downside risks to our SOTP-based TP are 1) prolonged economic sluggishness and further waves of the Covid-19 pandemic affecting loan growth and asset quality; and 2) the impact of further interest rate cuts on its NIM.

Source: FSSIA estimates

Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finansia Syrus Securities Public Company Limited

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 Finansia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 04-Nov-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.