

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% |

แนวโน้มระยะกลางดีขึ้น

คาดผลประกอบการดีพอใช้ใน 3Q21

เราคาดว่า TIDLOR จะรายงานกำไรสุทธิ 3Q21 ที่ 819 ลบ. (+1% y-y, +5% q-q) เราคิดว่า บริษัทฯ จะสามารถควบคุมค่าใช้จ่ายในการดำเนินงาน (OPEX) ได้อย่างมีประสิทธิภาพ ซึ่งอาจทำให้อัตราส่วนค่าใช้จ่ายในการดำเนินงานต่อรายได้รวมอยู่ในระดับที่ต่ำที่สุดในรอบ 11 ไตรมาสที่ 55.5% นอกจากนี้เรายังคาดว่าจะเห็นว่าหนี้ต่อคุณภาพ (NPL) จะลดลง 5% q-q จากกระบวนการติดตามหนี้ที่เข้มงวดมากยิ่งขึ้น อย่างไรก็ตามเราคาดว่ารายได้ที่ไม่ใช่ดอกเบี้ยสุทธิ (Non-NII) จะลดลง 1% y-y และ 9% q-q โดยได้แรงกดดันจาก 1) ค่าธรรมเนียมนายหน้าขายประกันที่ลดลงจากผลกระทบของ Covid ซึ่งทำให้อำนาจในการซื้อของลูกค้าลดลง; และ 2) ค่าธรรมเนียมในการติดตามหนี้ที่ลดลงจากข้อจำกัดใหม่สำหรับค่าธรรมเนียมติดตามหนี้ ใน 3Q21 เราคาดว่าปริมาณสินเชื่อจะเพิ่มในระดับปานกลางที่ 3.0% q-q สินเชื่อเช่าซื้อรถยนต์มอเตอร์ไซด์และสินเชื่อทะเบียนรถบรรทุกน่าจะเพิ่ม ในขณะที่สินเชื่อทะเบียนรถยนต์อาจลดลง q-q

การดำเนินงานหลักกำลังดีขึ้นใน 4Q21

ใน 4Q21 เราคาดว่ากำไรจะโตแบบก้าวกระโดด y-y และค่อนข้างทรงตัว q-q การดำเนินงานหลักทั้งของธุรกิจสินเชื่อและตัวแทนขายประกันน่าจะปรับตัวดีขึ้นเล็กน้อยหลังสถานการณ์ Covid-19 บรรเทาลง ในปี 2022 เราคาดว่ากำไรจากการดำเนินงานจะโตต่อเนื่องที่ 22% y-y โดยได้ปัจจัยผลักดันจากสินเชื่อที่โตในอัตราที่เพิ่มขึ้นและรายได้ค่าธรรมเนียมนายหน้าขายประกันที่สูงขึ้น

ปรับประมาณการกำไรและการประเมินมูลค่า

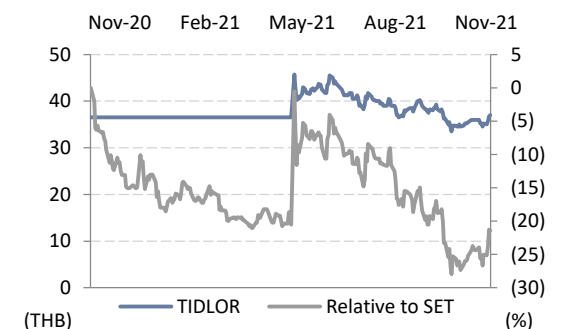
เราปรับเพิ่มประมาณการกำไรสุทธิปี 2021 เล็กน้อย โดยอยู่ที่ 2% เพื่อสะท้อนการควบคุม OPEX และคุณภาพสินทรัพย์ที่ดีขึ้น อย่างไรก็ตามเราปรับลดประมาณการกำไรจากการดำเนินงานในปี 2023 ลง 5% ส่วนมากเพื่อสะท้อนสมมติฐานอัตราการเติบโตของสินเชื่อที่ลดลงเหลือ 15% y-y จาก 18% y-y ก่อนหน้า เนื่องจากเราคาดว่าจะการแข่งขันจะดุเดือดมากยิ่งขึ้นจากทั้งผู้เล่นหลักในปัจจุบันและขาใหญ่ที่จะมาใหม่ กล่าวคือ Auto X (บริษัทย่อยของ SCBX) เราปรับลดราคาเป้าหมายปี 2022 เป็น 43 บาท (GGM) เพื่อสะท้อนค่า 2022 P/BV เป้าหมายที่ลดลงเหลือ 4.0x จาก 4.3x

คงคำแนะนำซื้อแต่ไม่ใช่หุ้นที่เราชอบมากที่สุด

เราคงคำแนะนำซื้อ เนื่องจากเราเชื่อว่าการควบคุมคุณภาพสินทรัพย์ที่เข้มงวดและธุรกิจนายหน้าขายประกันที่ดีจะทำให้กำไรสุทธิของ TIDLOR ในรอบ 3 ปี (2020-23) เพิ่ม 24% CAGR อย่างไรก็ตามในระยะที่ยาวกว่านั้น เราคิดว่า TIDLOR อาจเป็นหนึ่งในบริษัทที่ได้รับผลกระทบจากการขยายธุรกิจของ Auto X เราคิดว่า Auto X จะใช้วิธีเดียวกันกับ TIDLOR เพื่อเจาะตลาดโดยใช้ทั้งเทคโนโลยีและการขยายสาขา TIDLOR อาจสูญเสียข้อได้เปรียบในการแข่งขันในอนาคต เพราะฉะนั้นในกลุ่มผู้ให้บริการหลักสำหรับสินเชื่อทะเบียนสินทรัพย์ TIDLOR จึงไม่ได้เป็นหุ้นที่เราชอบมากที่สุดขณะนี้

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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PREPARED BY FSS INTERNATIONAL INVESTMENT ADVISORY SECURITIES CO LTD (FSSIA). ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES CAN BE FOUND AT THE END OF THIS REPORT

บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 5 พฤศจิกายน 2021

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.

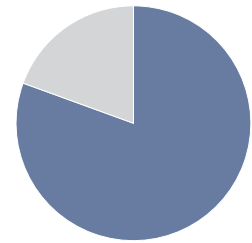
Company profile

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)

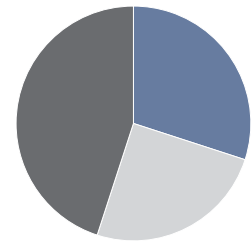
- Net interest income - 80.5 %
- Non-interest income - 19.5 %



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:

1. Stronger non-life premium growth;
2. The reversal of provisions;
3. 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 | | |
|------------------------|-------|-------|-------|-------|
| | | 12.0 | 14.0 | 16.0 |
| Loan growth | ±2ppt | | | |
| % 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 | Old | New | Change | Old | New | Change | Old | New | Change |
| | (THB m) | (THB m) | (THB m) | (%) | (THB m) | (THB m) | (%) | (THB m) | (THB m) | (%) |
| 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 | | 255 | 297 | | 247 | 283 | |
| Credit cost (bps) | 118 | 90 | 80 | | 110 | 87 | | 120 | 110 | |
| Profitability ratio (%) | | | | | | | | | | |
| Cost to income ratio* | 61.5 | 58.7 | 58.5 | | 56.4 | 56.9 | | 53.7 | 55.0 | |
| Average yield | 17.7 | 17.7 | 18.0 | | 17.6 | 17.7 | | 17.5 | 17.6 | |
| Cost of funds | 3.1 | 3.0 | 3.0 | | 3.0 | 3.0 | | 3.0 | 3.1 | |
| Net interest margin (NIM) | 15.4 | 15.6 | 15.8 | | 15.7 | 15.7 | | 15.5 | 15.6 | |
| Loan growth (%) | | | | | | | | | | |
| y-y | 6.7 | 16.0 | 14.0 | | 18.0 | 18.0 | | 18.0 | 15.0 | |

*Including share of profits from associates

Sources: TIDLOR; FSSIA estimates

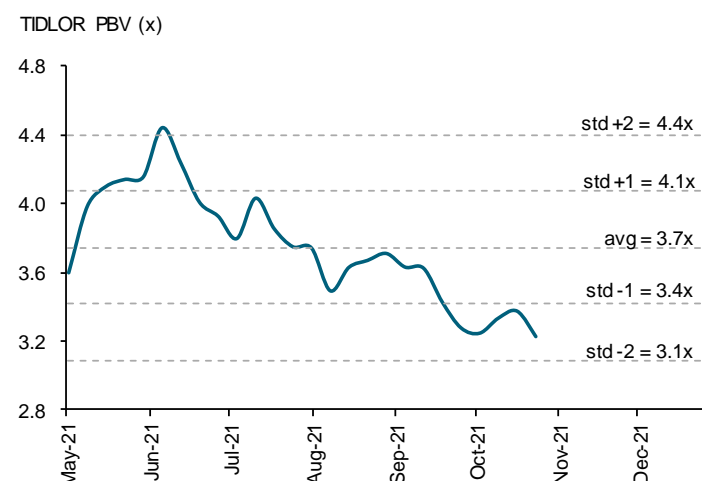
We revise down our 2022 GGM-based TP to THB43 from THB47, as we revise down our target 2022 P/BV to 4.0x from 4.3x as a result of our lower average long-term ROE target of 18.0% from 18.6%; our lower long-term growth assumption to 8.3% from 8.4%; and our higher cost of equity assumption. We believe that 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. |

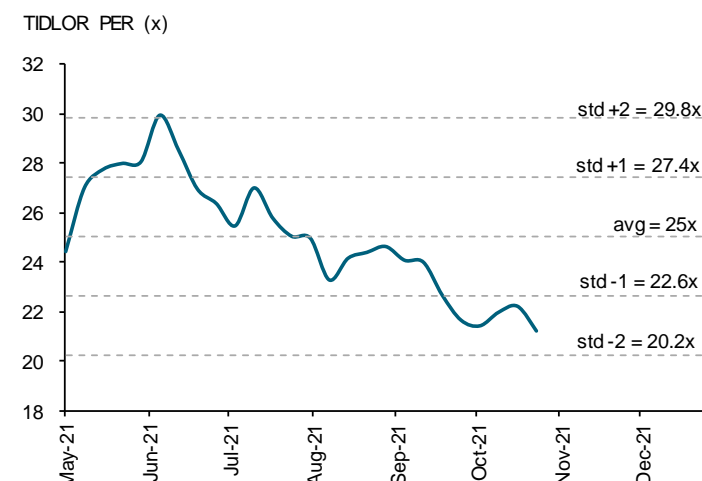
Source: FSSIA estimates

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 | Rec | ---Share price--- | | Up | Market | EPS growth | | ---- P/E ---- | | ---- ROE ---- | | ---- PBV ---- | |
|---------------------------------|-----------|------|-------------------|--------|------|---------------|-------------|-------------|---------------|-------------|---------------|-------------|---------------|------------|
| | code | | Current | Target | side | Cap | 21E | 22E | 21E | 22E | 21E | 22E | 21E | 22E |
| | | | (THB) | (THB) | (%) | (USD m) | (%) | (%) | (x) | (x) | (%) | (%) | (x) | (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 | ICHI | 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 | TTB | 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 | WIIK | 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 | HL | 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 | AMANA | 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 | SEAOL | 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 | WIIC | 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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| 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.