

RATCHTHANI LEASING

THAILAND / DIVERSIFIED FINANCIALS

THANI TB

BUY

UNCHANGED

แนวโน้มดีขึ้นในช่วง 2H22

- คาดกำไรสุทธิ 1Q22 จะอยู่ในระดับที่ไม่น่าตื่นเต้นที่ 430 ลบ. THANI น่าจะรายงานสินเชื่อโตดีขึ้นเล็กน้อยแต่จะยังจัดสรรผลขาดทุนทางเครดิตที่คาดว่าจะเกิดขึ้น (ECL) ในระดับสูง
- แนวโน้มกำไรน่าจะดีขึ้นในช่วง 2H22
- คงแนะนำซื้อที่ราคาเป้าหมาย 4.8 บาท (GGM)

| | |
|-----------------|-----------|
| TARGET PRICE | THB4.80 |
| CLOSE | THB4.36 |
| UP/DOWNSIDE | +10.1% |
| PRIOR TP | THB4.80 |
| CHANGE IN TP | UNCHANGED |
| TP vs CONSENSUS | -2.6% |

สินเชื่อจะยังโตดีขึ้นแต่จะยังจัดสรร (ECL) ในระดับสูง

เรามีมุมมองเป็นกลางต่อผลประกอบการของ THANI ใน 1Q22 เราคาดว่าบริษัท จะรายงานกำไรสุทธิ 1Q22 ในระดับที่ไม่น่าตื่นเต้นที่ 430 ลบ. (+1% y-y, -5% q-q) จาก ECL ที่เพิ่มขึ้น แม้ว่าคุณภาพสินทรัพย์กำลังปรับตัวดีขึ้น โดยคาดว่าอัตราส่วนหนี้ต่อคุณภาพ (NPL) จะลดลงเล็กน้อยเป็น 3.7% ใน 1Q22 เทียบกับ 3.8% ใน 4Q21 THANI ยังตั้งเป้าเพิ่มสัดส่วนสำรองหนี้ต่อคุณภาพ (Coverage ratio) เป็นประมาณ 85% ภายในปี 2022 จาก 80% ณ สิ้น 4Q21 ซึ่งทำให้เราคาดว่าบริษัท จะยังจัดสรร ECL ในระดับสูง ในด้านสินเชื่อใหม่ แม้ว่ายอดขายรถบรรทุกจะโตขึ้น 1Q22 เราคาดว่า THANI จะปล่อยสินเชื่อใหม่ด้วยความระมัดระวังที่ประมาณ 6.5 พัน ลบ. ต่อไตรมาสเทียบกับ 6.2 พัน ลบ. ใน 4Q21 ซึ่งน่าจะทำให้ปริมาณสินเชื่อโตเพียง 1.5% q-q

ผลกระทบที่จำกัดจากราคาน้ำมันที่สูงขึ้น

ประมาณ 60% ของลูกค้ารถบรรทุกของ THANI เป็นผู้ประกอบธุรกิจในระดับกลางถึงใหญ่ ปกติกลุ่มดังกล่าวจะสามารถส่งผ่านต้นทุนที่สูงขึ้นจากราคาพลังงานที่เพิ่มขึ้นให้แก่ผู้ว่าจ้าง เราคิดว่าลูกค้าของ THANI จะยังได้รับผลกระทบที่จำกัดจากราคาพลังงานที่กำลังปรับตัวสูงขึ้น เพราะฉะนั้นคุณภาพสินทรัพย์จึงไม่เป็นปัญหาสำคัญสำหรับเรา

ขยายเข้าสู่สินเชื่อทะเบียนรถบรรทุก

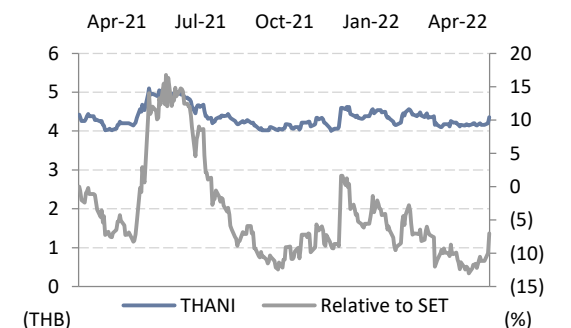
THANI กำลังขอรับใบอนุญาตสินเชื่อทะเบียนรถยนต์จาก ธปท. เพื่อประกอบธุรกิจสินเชื่อทะเบียนรถบรรทุก โดยคาดว่าจะเริ่มดำเนินงานได้ใน 2Q-3Q22 ในขั้นต้นบริษัท คาดว่าจะปล่อยสินเชื่อให้แก่ลูกค้าปัจจุบัน โดยตั้งเป้าหมายของพอร์ตไว้ที่ 1 พัน ลบ. ในปี 2022 อย่างไรก็ตาม อาจขยายไปยังลูกค้าใหม่ในอนาคต เราคิดว่ากลยุทธ์ดังกล่าวอาจช่วยบริษัท รักษาฐานลูกค้าเดิมได้ เนื่องจากลูกค้าจะไม่จำเป็นต้องกู้ยืมจากผู้ประกอบการรายอื่น นอกจากนี้ THANI ยังอาจจะกระจายความเสี่ยงไปยังสินเชื่อที่ให้ผลตอบแทนที่สูงกว่า บริษัท อาจต้องใช้เวลา 1-2 ปีก่อนที่ธุรกิจดังกล่าวจะสร้างรายได้และกำไรเพิ่มขึ้น

ปัจจัยบวกน้อยในระยะสั้น; คงแนะนำซื้อในระยะยาว

ในระยะสั้นเราเห็นปัจจัยบวกที่จำกัดที่จะผลักดันราคาหุ้นของ THANI เราเชื่อว่า THANI น่าจะรายงานผลประกอบการดีกว่าเมื่อเทียบกับบริษัทอื่นในกลุ่มฯ ใน 2 ไตรมาสข้างหน้า อย่างไรก็ตาม เราคิดว่าบริษัท จะรายงานกำไรสุทธิโตขึ้นในช่วง 2H22 ตามสินเชื่อที่โตขึ้นและ ECL ที่ลดลง นอกจากนี้เรายังคิดว่าการประเมินมูลค่าของ THANI ยังต่ำที่ 13.0x ของค่า 2022E P/E และ 2.0x ของค่า 2022E P/BV เพราะฉะนั้นเราจึงคงแนะนำซื้อสำหรับการลงทุนระยะยาวที่ราคาเป้าหมาย 4.8 บาท

KEY STOCK DATA

| YE Dec (THB m) | 2021 | 2022E | 2023E | 2024E |
|----------------------|--------|-------|-------|-------|
| Operating profit | 2,143 | 2,360 | 2,682 | 2,947 |
| Net profit | 1,709 | 1,906 | 2,165 | 2,373 |
| EPS (THB) | 0.30 | 0.34 | 0.38 | 0.42 |
| vs Consensus (%) | - | (0.3) | (0.3) | 4.2 |
| Core net profit | 1,709 | 1,906 | 2,165 | 2,373 |
| Core EPS (THB) | 0.30 | 0.34 | 0.38 | 0.42 |
| Chg. In EPS est. (%) | - | - | - | - |
| EPS growth (%) | (25.0) | 11.5 | 13.6 | 9.6 |
| Core P/E (x) | 14.4 | 13.0 | 11.4 | 10.4 |
| Dividend yield (%) | 3.9 | 4.3 | 4.4 | 5.8 |
| Price/book (x) | 2.1 | 2.0 | 1.8 | 1.7 |
| ROE (%) | 15.3 | 15.9 | 16.7 | 17.0 |
| ROA (%) | 3.5 | 3.7 | 3.8 | 3.7 |



| Share price performance | 1 Month | 3 Month | 12 Month |
|--------------------------------|--------------------------------|---------|----------|
| Absolute (%) | 3.3 | 0.5 | 0.9 |
| Relative to country (%) | 3.5 | (0.6) | (5.1) |
| Mkt cap (USD m) | 731 | | |
| 3m avg. daily turnover (USD m) | 3.0 | | |
| Free float (%) | 21 | | |
| Major shareholder | Thanachart SPV1 Co., LTD (56%) | | |
| 12m high/low (THB) | 5.30/3.96 | | |
| Issued shares (m) | 5,663 | | |

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 20 เมษายน 2022

Investment thesis

THANI has a longstanding and strong business position in hire purchase loans in niche markets, mainly for commercial trucks and luxury cars.

We maintain our BUY call for long-term investment as we believe THANI is still the market leader in the truck lending business, and we expect its bottom-line growth to accelerate in 2022. However, in the short term, we believe THANI will likely deliver inferior performance compared to its peers. Therefore, THANI is not one of our top picks at the moment.

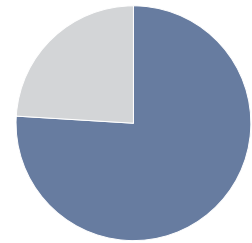
Company profile

The company's main businesses are hire purchase loans, targeting new and used trucks, and financial leasing, as well as services related to its core businesses.

www.ratchthani.com

Principal activities (revenue, 2021)

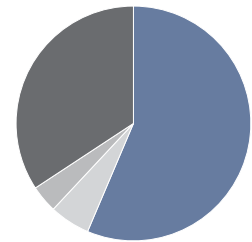
- Net interest income - 76.0 %
- Non-interest income - 24.0 %



Source: Ratchthani Leasing

Major shareholders

- Thanachart SPV1 Co., LTD - 56.4 %
- Raffles Nominees - 5.6 %
- Thanachart Capital - 3.8 %
- Others - 34.3 %



Source: Ratchthani Leasing

Catalysts

Potential share price catalysts for THANI include:

- 1) Lower credit cost due to the effective management of its non-performing loans;
- 2) Strong private investment;
- 3) The growth of logistics activities which would push its loan growth.

Risks to our call

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.

Event calendar

| Date | Event |
|--------------|---------------------------|
| Mid-May 2022 | 1Q22 results announcement |

Key assumptions

| | 2022E | 2023E | 2024E |
|--------------------|-------|-------|-------|
| | (%) | (%) | (%) |
| Net profit (THB m) | 1,906 | 2,165 | 2,373 |
| Net profit growth | 11.5 | 13.6 | 9.6 |
| NIM | 5.09 | 5.05 | 4.94 |
| Loan growth | 8.0 | 12.0 | 12.0 |
| Fee growth | 3.8 | 4.3 | 3.8 |
| Non-NII growth* | 6.5 | 4.7 | 7.1 |
| Credit cost (bp) | 100 | 80 | 75 |
| Cost to income* | 17.0 | 16.2 | 16.1 |

*Including share of profits from associates

Source: FSSIA estimates

Earnings sensitivity

| | | 2022E | | |
|------------------------|-------|-------|-------|-------|
| | | | | |
| Loan growth | ±2ppt | 6.0 | 8.0 | 10.0 |
| % change in net profit | | (1.2) | - | 1.2 |
| NIM (%) | ±5bp | 5.04 | 5.09 | 5.14 |
| % change in net profit | | (1.1) | - | 1.1 |
| Credit cost (bp) | ±10bp | 90.0 | 100.0 | 110.0 |
| % change in net profit | | 2.2 | - | (2.2) |
| | | | | |
| | | | | |

Source: FSSIA estimates

Stronger loan growth but still high ECL

We have a neutral view on THANI's 1Q22 performance. We expect it to deliver an unexciting 1Q22 net profit of THB430m (+1% y-y, -5% q-q) due to a rise in its ECL. Although its asset quality is improving, with a slight decline expected in its NPL ratio to 3.7% in 1Q22 vs 3.8% in 4Q21, THANI aims to increase its coverage ratio to c85% within 2022 from 80% as of 4Q21. As a result, we expect the company will still set a high ECL level. Regarding its new lending, amid the strong growth in truck sales in 1Q22, we expect THANI to lend new loans conservatively at cTHB6.5b per quarter vs THB6.2b in 4Q21. This would result in only a 1.5% q-q increase in its loan volume.

1Q22E key highlights

- Due to its conservative lending strategy, we expect THANI to deliver slower loan growth than its peers at 1.5% q-q and 3.4% y-y in 1Q22.
- We expect its OPEX in 1Q22 to rise 2% y-y due to an increase in losses on repossessed trucks. The company is continuing to speed up its truck confiscation process to prevent its asset quality from declining.
- Its NPLs are likely to be stable q-q, accounting for an NPL ratio of 3.7% vs 3.8% in 4Q21.

Exhibit 1: THANI – 1Q22E results preview

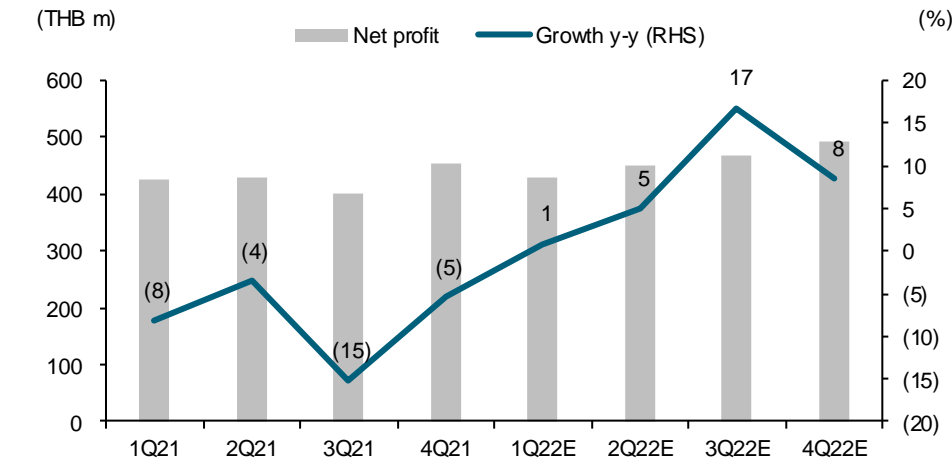
| Year-end Dec 31 | 1Q21 | 4Q21 | 1Q22E | ---- Change ---- | | 2021 | 2022E | Change | 1Q22E comments |
|--------------------------------|------------|------------|------------|------------------|------------|--------------|--------------|-----------|-------------------------------|
| | (THB m) | (THB m) | (THB m) | (y-y%) | (q-q%) | (THB m) | (THB m) | (y-y %) | |
| Net interest income | 613 | 596 | 609 | (1) | 2 | 2,517 | 2,616 | 4 | |
| Non-interest income | 189 | 240 | 203 | 7 | (15) | 796 | 848 | 6 | |
| Operating income | 803 | 835 | 812 | 1 | (3) | 3,313 | 3,464 | 5 | |
| Operating expenses | 141 | 156 | 144 | 2 | (8) | 585 | 590 | 1 | |
| PPOP before tax | 661 | 680 | 668 | 1 | (2) | 2,729 | 2,874 | 5 | |
| Provision | 106 | 109 | 137 | 29 | 26 | 586 | 514 | (12) | |
| Income tax | 128 | 117 | 101 | (21) | (14) | 434 | 454 | 5 | |
| Minority interest | 0 | (0) | 0 | | | 0 | 0 | | |
| Normalised profit | 427 | 454 | 430 | 1 | (5) | 1,709 | 1,906 | 11 | |
| Extraordinary items | 0 | 0 | 0 | | | 0 | 0 | | |
| Net profit | 427 | 454 | 430 | 1 | (5) | 1,709 | 1,906 | 11 | |
| EPS (THB) | 0.08 | 0.08 | 0.08 | 1 | (5) | 0.30 | 0.34 | 11 | |
| Asset quality ratio | | | | | | | | | |
| Gross NPLs (THB m) | 1,563 | 1,863 | 1,863 | 19 | 0 | 1,863 | 2,087 | 12 | |
| NPL ratios (%) | 3.22 | 3.77 | 3.72 | | | 3.77 | 3.91 | | |
| LLR/NPLs (%) | 79 | 80 | 82 | | | 80 | 88 | | |
| Credit cost (bp) | 88 | 88 | 110 | | | 120 | 100 | | |
| Profitability ratio (%) | | | | | | | | | |
| Cost to income ratio | 17.6 | 18.6 | 17.7 | | | 17.6 | 17.0 | | |
| Average yield | 7.0 | 6.7 | 6.7 | | | 7.0 | 6.9 | | |
| Cost of fund | 2.5 | 2.4 | 2.5 | | | 2.5 | 2.5 | | |
| Net interest margin (NIM) | 5.1 | 4.8 | 4.9 | | | 5.2 | 5.1 | | |
| Non-int inc/total income | 23.6 | 28.7 | 25.0 | | | 24.0 | 24.5 | | |
| Loan growth (%) | | | | | | | | | |
| y-y | (6.2) | 3.0 | 3.4 | | | 3.0 | 8.0 | | |
| q-q | 1.0 | 0.6 | 1.5 | | | | | | Conservative lending strategy |

Sources: THANI; FSSIA estimates

Brighter earnings growth momentum in 2H22

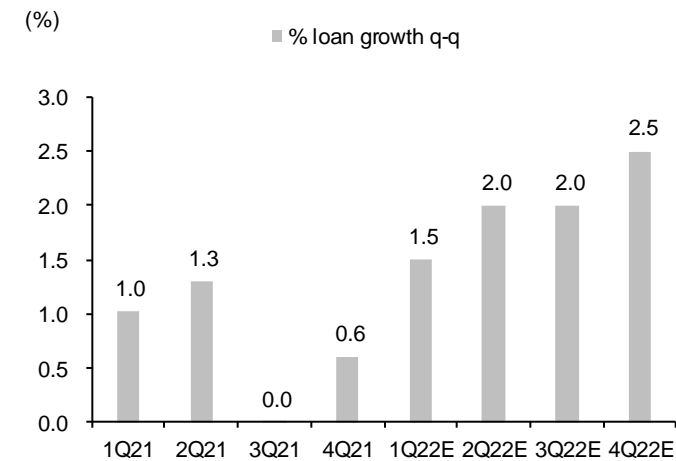
We think THANI's net profit growth should be stronger in 2H22 compared with 1H22. We believe THANI will gradually resume its growth mode once the economy recovers at a faster pace. Thus, we expect its loan growth to accelerate in 2H22. Also, we think THANI will set front-loaded provisions in 1H22 to increase its coverage ratio. Then, in 2H22, we think it will set slightly lower ECL. We have few concerns over its asset quality as the company has aggressively confiscated cars from borrowers unable to repay their debts since 4Q21. As a result, we think it should be able to contain its asset quality effectively.

Exhibit 2: Quarterly net profit growth



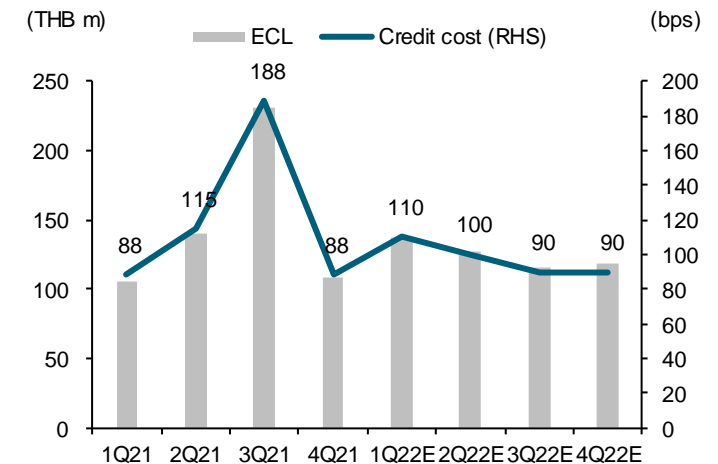
Sources: THANI; FSSIA estimates

Exhibit 3: Quarterly loan growth



Sources: THANI; FSSIA estimates

Exhibit 4: Quarterly credit cost



Sources: THANI; FSSIA estimates

Financial Statements

Ratchthani Leasing

| Profit and Loss (THB m) Year Ending Dec | 2020 | 2021 | 2022E | 2023E | 2024E |
|---------------------------------------------------|---------|--------|-------|---------|---------|
| Interest Income | 3,516 | 3,430 | 3,545 | 3,930 | 4,433 |
| Interest expense | (1,063) | (913) | (929) | (1,076) | (1,303) |
| Net interest income | 2,452 | 2,517 | 2,616 | 2,854 | 3,130 |
| Net fees & commission | 316 | 380 | 394 | 411 | 426 |
| Foreign exchange trading income | - | - | - | - | - |
| Securities trading income | - | - | - | - | - |
| Dividend income | 0 | 0 | 0 | 0 | 0 |
| Other income | 431 | 417 | 454 | 477 | 525 |
| Non interest income | 747 | 796 | 848 | 888 | 951 |
| Total income | 3,199 | 3,313 | 3,464 | 3,742 | 4,081 |
| Staff costs | (188) | (183) | (188) | (194) | (203) |
| Other operating costs | (350) | (402) | (402) | (414) | (456) |
| Operating costs | (538) | (585) | (590) | (608) | (659) |
| Pre provision operating profit | 2,662 | 2,729 | 2,874 | 3,134 | 3,422 |
| Provision for bad and doubtful debt | (338) | (586) | (514) | (452) | (475) |
| Other provisions | - | - | - | - | - |
| Operating profit | 2,324 | 2,143 | 2,360 | 2,682 | 2,947 |
| 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 | 2,324 | 2,143 | 2,360 | 2,682 | 2,947 |
| Tax | (464) | (434) | (454) | (516) | (575) |
| Profit after tax | 1,860 | 1,709 | 1,906 | 2,165 | 2,373 |
| Minority interests | 0 | 0 | 0 | 0 | 0 |
| Preferred dividends | - | - | - | - | - |
| Other items | - | - | - | - | - |
| Reported net profit | 1,860 | 1,709 | 1,906 | 2,165 | 2,373 |
| Non recurring items & goodwill (net) | - | - | 0 | 0 | 0 |
| Recurring net profit | 1,860 | 1,709 | 1,906 | 2,165 | 2,373 |
| Per share (THB) | | | | | |
| Recurring EPS * | 0.40 | 0.30 | 0.34 | 0.38 | 0.42 |
| Reported EPS | 0.40 | 0.30 | 0.34 | 0.38 | 0.42 |
| DPS | 0.17 | 0.17 | 0.19 | 0.19 | 0.25 |
| Growth | | | | | |
| Net interest income (%) | (3.0) | 2.6 | 3.9 | 9.1 | 9.7 |
| Non interest income (%) | 6.8 | 6.6 | 6.5 | 4.7 | 7.1 |
| Pre provision operating profit (%) | 0.2 | 2.5 | 5.3 | 9.1 | 9.2 |
| Operating profit (%) | (5.7) | (7.8) | 10.1 | 13.6 | 9.9 |
| Reported net profit (%) | (5.3) | (8.1) | 11.5 | 13.6 | 9.6 |
| Recurring EPS (%) | (22.6) | (25.0) | 11.5 | 13.6 | 9.6 |
| Reported EPS (%) | (22.6) | (25.0) | 11.5 | 13.6 | 9.6 |
| Income Breakdown | | | | | |
| Net interest income (%) | 76.7 | 76.0 | 75.5 | 76.3 | 76.7 |
| Net fees & commission (%) | 9.9 | 11.5 | 11.4 | 11.0 | 10.4 |
| Foreign exchange trading income (%) | - | - | - | - | - |
| Securities trading income (%) | - | - | - | - | - |
| Dividend income (%) | - | - | - | - | - |
| Other income (%) | 13.5 | 12.6 | 13.1 | 12.7 | 12.9 |
| Operating performance | | | | | |
| Gross interest yield (%) | 7.04 | 7.05 | 6.90 | 6.95 | 7.00 |
| Cost of funds (%) | 2.70 | 2.49 | 2.45 | 2.55 | 2.70 |
| Net interest spread (%) | 4.34 | 4.56 | 4.45 | 4.40 | 4.30 |
| Net interest margin (%) | 4.9 | 5.2 | 5.1 | 5.0 | 4.9 |
| Cost/income(%) | 16.8 | 17.6 | 17.0 | 16.2 | 16.1 |
| Cost/assets(%) | 1.1 | 1.2 | 1.2 | 1.1 | 1.0 |
| Effective tax rate (%) | 19.9 | 20.2 | 19.3 | 19.3 | 19.5 |
| Dividend payout on recurring profit (%) | 42.2 | 56.3 | 56.0 | 50.0 | 60.0 |
| ROE (%) | 20.1 | 15.3 | 15.9 | 16.7 | 17.0 |
| ROE - COE (%) | 9.3 | 4.5 | 5.1 | 5.9 | 6.2 |
| ROA (%) | 3.7 | 3.5 | 3.7 | 3.8 | 3.7 |
| RORWA (%) | - | - | - | - | - |
| * Pre-exceptional, pre-goodwill and fully diluted | | | | | |

Sources: Ratchthani Leasing; FSSIA estimates

Financial Statements

Ratchthani Leasing

| Balance Sheet (THB m) Year Ending Dec | 2020 | 2021 | 2022E | 2023E | 2024E |
|----------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Gross customer loans | 47,976 | 49,396 | 53,348 | 59,749 | 66,919 |
| Total provisions | (1,228) | (1,485) | (1,839) | (1,962) | (2,136) |
| interest in suspense | 0 | 0 | 0 | 0 | 0 |
| Net customer loans | 46,748 | 47,911 | 51,509 | 57,787 | 64,783 |
| Bank loans | - | - | - | - | - |
| Government securities | - | - | - | - | - |
| Trading securities | - | - | - | - | - |
| Investment securities | 0 | 0 | 0 | 0 | 0 |
| Cash & equivalents | 1,044 | 476 | 712 | 1,050 | 1,179 |
| Other interesting assets | - | - | - | - | - |
| Tangible fixed assets | 147 | 165 | 200 | 257 | 345 |
| Associates | - | - | - | - | - |
| Goodwill | - | - | - | - | - |
| Other intangible assets | - | - | - | - | - |
| Other assets | 579 | 671 | 511 | 713 | 916 |
| Total assets | 48,518 | 49,223 | 52,932 | 59,807 | 67,224 |
| Customer deposits | 0 | 0 | 0 | 0 | 0 |
| Bank deposits | - | - | - | - | - |
| Other interest bearing liabilities | 36,691 | 36,512 | 39,325 | 45,057 | 51,462 |
| Non interest bearing liabilities | 1,008 | 1,145 | 1,202 | 1,262 | 1,325 |
| Hybrid Capital | - | - | - | - | - |
| Total liabilities | 37,699 | 37,657 | 40,527 | 46,319 | 52,787 |
| Share capital | 5,663 | 5,663 | 5,663 | 5,663 | 5,663 |
| Reserves | 5,156 | 5,904 | 6,742 | 7,825 | 8,774 |
| Total equity | 10,819 | 11,567 | 12,405 | 13,488 | 14,437 |
| Minority interests | 0 | 0 | 0 | 0 | 0 |
| Total liabilities & equity | 48,518 | 49,223 | 52,932 | 59,807 | 67,224 |
| Supplementary items | | | | | |
| Risk weighted assets (RWA) | n/a | n/a | n/a | n/a | n/a |
| Average interest earning assets | 49,955 | 48,686 | 51,372 | 56,549 | 63,334 |
| Average interest bearing liabilities | 39,439 | 36,602 | 37,919 | 42,191 | 48,260 |
| 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) | 1,500 | 1,863 | 2,087 | 2,191 | 2,410 |
| Per share (THB) | | | | | |
| Book value per share | 1.91 | 2.04 | 2.19 | 2.38 | 2.55 |
| Tangible book value per share | 1.91 | 2.04 | 2.19 | 2.38 | 2.55 |
| Growth | | | | | |
| Gross customer loans | (7.6) | 3.0 | 8.0 | 12.0 | 12.0 |
| Average interest earning assets | (0.6) | (2.5) | 5.5 | 10.1 | 12.0 |
| Total asset (%) | (4.6) | 1.5 | 7.5 | 13.0 | 12.4 |
| Risk weighted assets (%) | - | - | - | - | - |
| Customer deposits (%) | nm | nm | nm | nm | nm |
| Leverage & capital measures | | | | | |
| Customer loan/deposits (%) | - | - | - | - | - |
| Equity/assets (%) | 22.3 | 23.5 | 23.4 | 22.6 | 21.5 |
| Tangible equity/assets (%) | 22.3 | 23.5 | 23.4 | 22.6 | 21.5 |
| RWA/assets (%) | - | - | - | - | - |
| Tier 1 CAR (%) | - | - | - | - | - |
| Total CAR (%) | - | - | - | - | - |
| Asset Quality | | | | | |
| Change in NPL (%) | (26.8) | 24.2 | 12.0 | 5.0 | 10.0 |
| NPL/gross loans (%) | 3.1 | 3.8 | 3.9 | 3.7 | 3.6 |
| Total provisions/gross loans (%) | 2.6 | 3.0 | 3.4 | 2.9 | 3.2 |
| Total provisions/NPL (%) | 81.9 | 79.7 | 88.1 | 89.6 | 88.6 |
| Valuation | | | | | |
| Recurring P/E (x) * | 10.8 | 14.4 | 13.0 | 11.4 | 10.4 |
| Recurring P/E @ target price (x) * | 11.9 | 15.9 | 14.3 | 12.6 | 11.5 |
| Reported P/E (x) | 10.8 | 14.4 | 13.0 | 11.4 | 10.4 |
| Dividend yield (%) | 3.9 | 3.9 | 4.3 | 4.4 | 5.8 |
| Price/book (x) | 2.3 | 2.1 | 2.0 | 1.8 | 1.7 |
| Price/tangible book (x) | 2.3 | 2.1 | 2.0 | 1.8 | 1.7 |
| Price/tangible book @ target price (x) | 2.5 | 2.4 | 2.2 | 2.0 | 1.9 |

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Ratchthani Leasing; 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 | MITSI | 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 | 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 Suwanumphai FSS International Investment Advisory Securities Co., Ltd

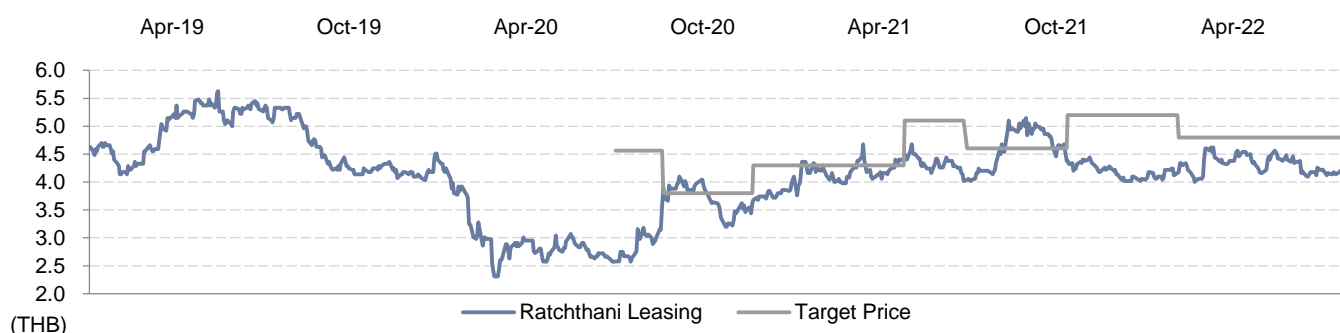
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) 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

Ratchthani Leasing (THANI TB)



| Date | Rating | Target price | Date | Rating | Target price | Date | Rating | Target price |
|-------------|--------|--------------|-------------|--------|--------------|-------------|--------|--------------|
| 16-Jul-2020 | BUY | 4.56 | 23-Mar-2021 | BUY | 5.10 | 15-Nov-2021 | BUY | 4.80 |
| 26-Aug-2020 | BUY | 3.80 | 14-May-2021 | BUY | 4.60 | | | |
| 12-Nov-2020 | BUY | 3.30 | 11-Aug-2021 | BUY | 5.20 | | | |

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 |
|--------------------|----------|----------|--------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Ratchthani Leasing | THANI TB | THB 4.36 | 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. |

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 19-Apr-2022 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as (target price* - current price) / 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.