

NGERN TID LOR TIDLOR TB

THAILAND / DIVERSIFIED FINANCIALS

BUY

UNCHANGED

As good as it could be

- Expect a solid 2Q22 NP of THB954m on strong top-line growth.
- Revise down 2022/23/24 net profit forecasts by 2%/2%/4% to reflect the potential rate hikes and high inflation.
- Maintain BUY on its innovative products and strong asset quality.

TARGET PRICE	THB37.00
CLOSE	THB29.00
UP/DOWNSIDE	+27.6%
PRIOR TP	THB43.00
CHANGE IN TP	-14.0%
TP vs CONSENSUS	-12.1%

Strong top line should drive 2Q22 performance

We expect TIDLOR to post a 2Q22 net profit of THB954m (+23% y-y, +1% q-q), driven by 1) strong loan growth of 25% y-y and 5% q-q following ample demand from the resumption of business activity and high inflation; and 2) an increase in its insurance brokerage fee income y-y. Strong revenue growth should offset a rise in its ECL following an increase in NPLs and its conservative strategy; setting special provisions to provide a cushion against future uncertainties. We expect NPLs to rise moderately by 12% q-q in 2Q22, thanks to the end of the forbearance program. However, we have little concern about asset quality due to its sufficient provisions, with an expected coverage ratio at 296% in 2Q22.

Expect 2H22 net profit to rise y-y, but be relatively be stable h-h

In 2H22, we expect TIDLOR's net profit to increase y-y, driven by 1) a rise in its loan volume from ample loan demand; and 2) an increase in insurance fee income from the low base due to Covid last year. However, net profit might drop h-h from a rise in seasonal OPEX and a higher provisioning setup. Due to the slow economic recovery and high inflation, we believe TIDLOR will implement a conservative policy to set extra ECL.

Slight impact from rate hikes and high inflation

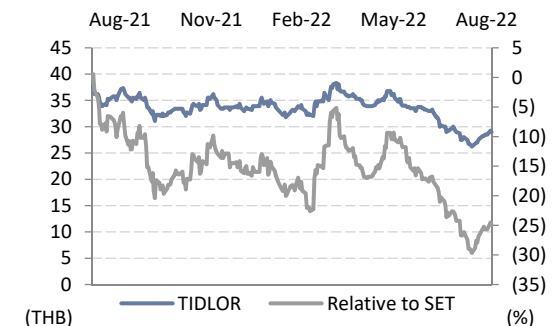
Rate hikes and high inflation should impact TIDLOR in four key areas, including one positive – stronger loan growth – and three negatives: slower insurance fees, an intensified NIM squeeze and a higher asset deterioration rate (details in report). All in all, we think TIDLOR should be able to manage its cost of funds better than its peers due to its upgraded credit rating. We see a slightly negative impact on TIDLOR's performance, and hence cut our 2022/23/24E net profit by 2%/2%/4%.

Maintain BUY at 2023 GGM-based TP of THB37

We roll forward our valuation to 2023 and derive a new GGM-based TP of THB37, down from our 2022 TP of THB43. We maintain our BUY call on TIDLOR due to 1) its stringent asset quality control and highest coverage ratio among auto title lenders; 2) its strong insurance brokerage business; and 3) its strategy to not engage in price wars but instead use unique product strategies, e.g. TIDLOR cash card, to take on competitors. However, we prefer MTC to TIDLOR as TIDLOR has a more expensive valuation at its current 2023E PEG of 0.74x vs 0.64x for MTC.

KEY STOCK DATA

YE Dec (THB m)	2021	2022E	2023E	2024E
Operating profit	3,953	4,768	5,734	6,694
Net profit	3,169	3,785	4,587	5,355
EPS (THB)	1.41	1.57	1.84	2.14
vs Consensus (%)	-	(1.1)	(5.3)	(7.5)
Core net profit	3,169	3,785	4,587	5,355
Core EPS (THB)	1.41	1.57	1.84	2.14
Chg. In EPS est. (%)	-	(2.4)	(1.7)	(3.7)
EPS growth (%)	22.9	11.4	16.9	16.7
Core P/E (x)	20.6	18.5	15.8	13.5
Dividend yield (%)	1.0	1.1	1.3	1.1
Price/book (x)	2.9	2.8	2.4	2.1
ROE (%)	18.6	15.6	16.3	16.6
ROA (%)	5.3	5.2	5.3	5.3



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	0.0	(21.1)	(19.9)
Relative to country (%)	(1.0)	(18.0)	(22.4)
Mkt cap (USD m)	2,006		
3m avg. daily turnover (USD m)	11.8		
Free float (%)	21		
Major shareholder	Bank of Ayudhya (30%)		
12m high/low (THB)	38.54/26.00		
Issued shares (m)	2,319		

Sources: Bloomberg consensus; FSSIA estimates


Yuvarart Suwanumchai

 yuvarart.suw@fssia.com
 +66 2611 3554

Investment thesis

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

We maintain BUY on TIDLOR due to 1) its stringent asset quality control and highest coverage ratio among auto title lenders; 2) its strong insurance brokerage business; and 3) its strategy to not engage in price wars but instead use unique product strategies, e.g. TIDLOR cash card, to take on competitors.

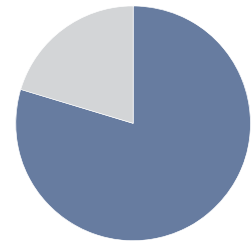
Company profile

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, 2021)

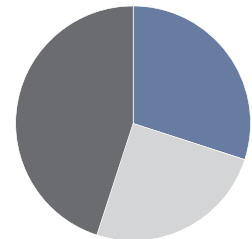
- Net interest income - 79.7 %
- Non-interest income - 20.3 %



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
10 August 2022	2Q22 results announcement

Key assumptions

	2022E (%)	2023E (%)	2024E (%)
Net profit (THB m)	3,785	4,587	5,355
Net profit growth	19.4	21.2	16.7
NIM	15.96	15.57	15.51
Loan growth	23.0	18.0	18.0
Non-NII growth	9.9	14.9	12.9
Credit cost (bp)	105	95	100
Cost to income	58.5	57.8	57.4

Source: FSSIA estimates

Earnings sensitivity

		2022E		
Loan growth	±2ppt	21.0	23.0	25.0
% change in net profit		(2.1)	-	2.1
NIM (%)	±5bp	15.91	15.96	16.01
% change in net profit		(0.8)	-	0.8
Credit cost (bp)	±10bp	95	105	115
% change in net profit		1.3	-	(1.3)

Source: FSSIA estimates

Strong top line should drive 2Q22 performance

We expect TIDLOR to post a 2Q22 net profit of THB954m (+23% y-y, +1% q-q). The solid net profit should be driven by 1) strong loan growth of 25% y-y and 5% q-q following ample demand from the resumption of business activity and high inflation; and 2) an increase in its insurance brokerage fee income y-y (dropping q-q due to seasonality). Strong revenue growth should offset a rise in TIDLOR's expected credit loss (ECL) following an increase in non-performing loans (NPLs) and its conservative strategy; setting special provisions to provide a cushion against future uncertainties. We expect NPLs to rise moderately by 12% q-q in 2Q22, implying an NPL ratio of 1.4% from 1.3% in 1Q22, thanks to the end of the forbearance program. However, we have little concern about asset quality due to its stringent credit underwriting and sufficient provisions. We expect that TIDLOR should still have a high coverage ratio at 296% in 2Q22.

2Q22E highlights

- We expect NII to increase 25% y-y and 6% q-q following a rise in its loan volume and a stable q-q NIM at 16%.
- Cost to income ratio should remain stable q-q at 57% from better cost control.

Exhibit 1: TIDLOR – 2Q22 results preview

Year-end Dec 31	2Q21	1Q22	2Q22E	--- Change ---		----- 1H22E -----			2022E	Change	Comments
	(THB m)	(THB m)	(THB m)	(y-y%)	(q-q%)	(THB m)	(y-y %)	%22E	(THB m)	(y-y %)	
Net interest income	2,113	2,496	2,641	25	6	5,137	24	48	10,738	23	
Non-interest income	506	596	556	10	(7)	1,151	9	47	2,443	10	
Operating income	2,619	3,092	3,197	22	3	6,288	21	48	13,181	21	
Operating expenses	1,519	1,779	1,823	20	2	3,601	16	47	7,707	18	
PPOP before tax	1,100	1,313	1,374	25	5	2,687	28	49	5,475	25	
Provision	130	140	182	40	30	322	111	46	706	71	
Income tax	192	233	238	24	2	471	21	48	983	25	
Minority interest	0	0	0			0			0		
Normalised profit	777	940	954	23	1	1,894	21	50	3,785	19	
Extraordinary items	0	0	0			0			0		
Net profit	777	940	954	23	1	1,894	21	50	3,785	19	
EPS (THB)	0.34	0.41	0.41	23	1	0.82	16	52	1.57	11	
Asset quality ratio											
Gross NPLs (THB m)	853	823	922	8	12				930	27	
NPL ratios (%)	1.57	1.28	1.36						1.25		
LLR/NPLs (%)	306	317	296						293		
Credit cost (bp)	97	90	110						105		
Profitability ratio											
Cost to income ratio	58.0	57.5	57.0						58.5		
Average yield	18.04	17.71	17.70						17.8		
Cost of fund	2.90	2.43	2.46						2.7		
Net interest margin (NIM)	15.80	15.99	15.97						16.0		
Non-int inc/total income	19.31	19.26	17.39						18.5		
Loan growth											
y-y	17.3	22.3	25.0						23.0		
q-q	2.7	7.0	5.0								

Source: TIDLOR; FSSIA estimates

Slight impact from rate hikes and high inflation

Rate hikes and high inflation should impact TIDLOR in four key areas, including one positive – stronger loan growth – and three negatives: slower insurance fees, an intensified NIM squeeze and a higher asset deterioration rate.

1) Stronger loan growth. We expect stronger loan demand for TIDLOR as its clients will likely borrow more to maintain their lifestyles and operate their businesses in a highly inflationary environment. On top of that, we think its promotional campaign for truck title loans and its new product – TIDLOR cash card for car title loans – are working well. Thus, we increase our loan growth assumption in 2022 to 23% y-y from 18% y-y.

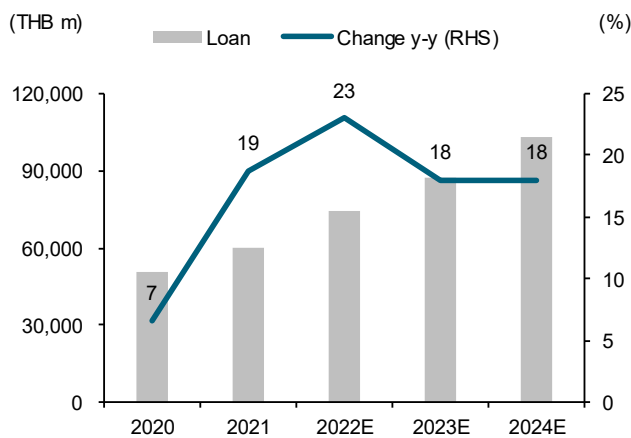
2) Slower insurance fee income. We lower our non-NII estimates by 3%/6%/11% in 2022/23/24 due to the expectation of lower insurance income. High inflation may cause customers to switch from first-class insurance to second-class insurance, in our view.

3) Greater NIM squeeze. We expect TIDLOR’s NIM to narrow as cost of funds should increase along with the rise in the M-rate of banks, while its loan yields are fixed rate. But, we believe TIDLOR will be the least impacted compared to its peers due to its upgraded company rating by Thai Rating and Information Services (TRIS) from A- to A in May 2021. Thus, we only slightly increase our cost of fund assumptions in 2023/24 to 2.9%/3.0% from 2.75%/2.8%.

4) Higher asset deterioration rate. We increase our credit cost assumptions in 2022/23/24 to 105/95/100 bps from 80/80/80 bps as we expect a higher asset deterioration rate from the high inflation environment. We think TIDLOR will conservatively set aside extra provisions to provide a cushion against future uncertainties.

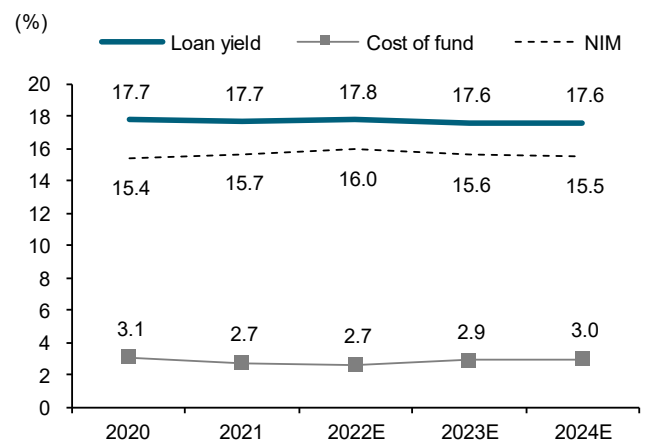
All in all, we see a slightly negative impact on TIDLOR’s performance. Therefore, we lower our net profit forecasts for 2022/23/24 by 2%/2%/4%.

Exhibit 2: Loan growth (y-y%)



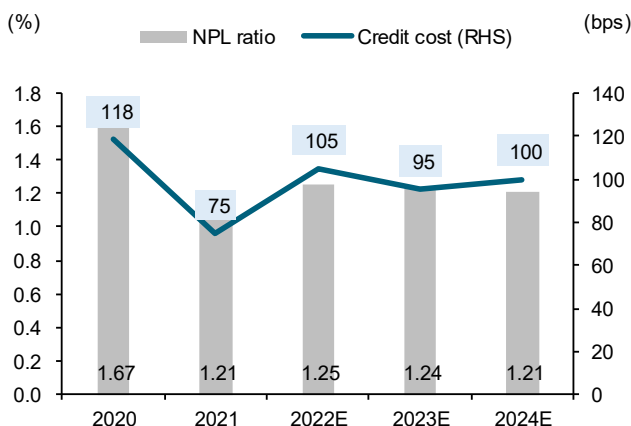
Source: FSSIA estimates

Exhibit 3: NIM, loan yield, and cost of funds



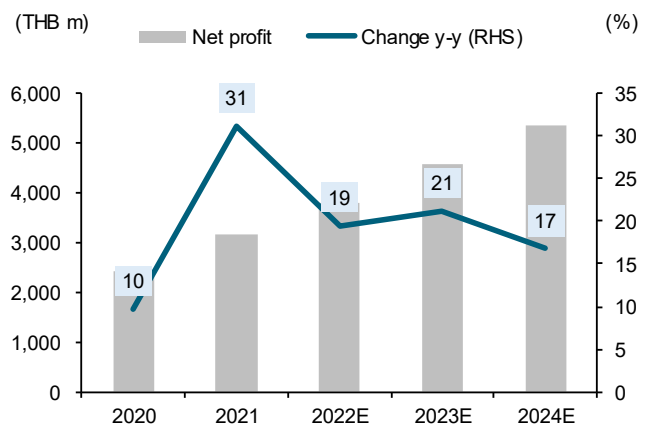
Source: FSSIA estimates

Exhibit 4: NPL ratio (%) and credit cost (bps)



Source: FSSIA estimates

Exhibit 5: Net profit growth (y-y%)



Source: FSSIA estimates

Earnings and target price revisions

We lower our net profit forecasts for 2022/23/24 by 2%/2%/4% to mainly reflect a rise in cost of funds, lower insurance fees, and an increase in its ECL from rate hikes and high inflation.

To recap, FSSIA believes the Bank of Thailand (BoT)'s upcoming MPC meeting on 10 Aug-22 is likely to result in a hike in its policy rate by 0.25%, followed by another 0.25% hike in Nov-22, with the aim of proactively reining in consumer inflation expectations, given the rising prices of energy, electricity, and food despite the potential for collateral damage in the form of lower GDP in 2022-23. Then in 2023, we expect the BoT to hike its rate by 0.25% twice, likely in 1H23, in order to curb inflation and – mostly importantly – crush higher consumer inflation expectations. Note that we forecast banks to increase their M-rate to only 50% of the policy rate hike vs the normal rate of 60-70% due to the slow economic recovery.

Exhibit 6: Key changes in assumptions

	2022E				2023E			2024E		
	2021 (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	8,704	10,380	10,738	3.4	12,131	12,597	3.8	14,101	14,804	5.0
Non-interest income	2,222	2,509	2,443	(2.6)	2,982	2,807	(5.9)	3,545	3,170	(10.6)
Operating income	10,926	12,889	13,181	2.3	15,113	15,404	1.9	17,646	17,974	1.9
Operating expenses	6,559	7,477	7,707	3.1	8,674	8,901	2.6	9,975	10,325	3.5
PPOP before tax	4,367	5,412	5,475	1.2	6,439	6,503	1.0	7,672	7,649	(0.3)
Expected credit loss (Reversal)	414	526	706	34.3	621	769	23.8	733	955	30.3
Tax expenses	784	1,007	983	(2.4)	1,161	1,147	(1.3)	1,388	1,339	(3.5)
Minority interest	-	0	-		0	-		-	-	
Normalised profit	3,169	3,878	3,785	(2.4)	4,657	4,587	(1.5)	5,551	5,355	(3.5)
Extraordinary items	-	0	-		0	-		-	-	
Net profit	3,169	3,878	3,785	(2.4)	4,657	4,587	(1.5)	5,551	5,355	(3.5)
EPS (THB)	1.41	1.61	1.57	(2.4)	1.9	1.84	(1.7)	2.22	2.14	(3.7)
Key statistics and ratios										
Asset quality ratio										
Gross NPLs (THB m)	732	879	930	5.8	1,010	1,088	7.7	1,112	1,251	12.6
Gross NPLs / Loans (%)	1.21	1.23	1.25		1.20	1.24		1.12	1.21	
Loan loss reserve/NPLs (%)	357	292	310		291	320		303	349	
Credit cost (bps)	75	80	105		80	95		80	100	
Profitability ratio (%)										
Cost to income ratio	60.0	58.0	58.5		57.4	57.8		56.5	57.4	
Average yield	17.7	17.70	17.80		17.60	17.60		17.65	17.60	
Cost of funds	2.7	2.80	2.65		2.75	2.90		2.80	3.00	
Net interest margin (NIM)	15.7	15.78	15.96		15.63	15.57		15.60	15.51	
Loan growth (%)										
y-y	18.8	18.0	23.0		18.0	18.0		18.0	18.0	

Sources: TIDLOR; FSSIA estimates

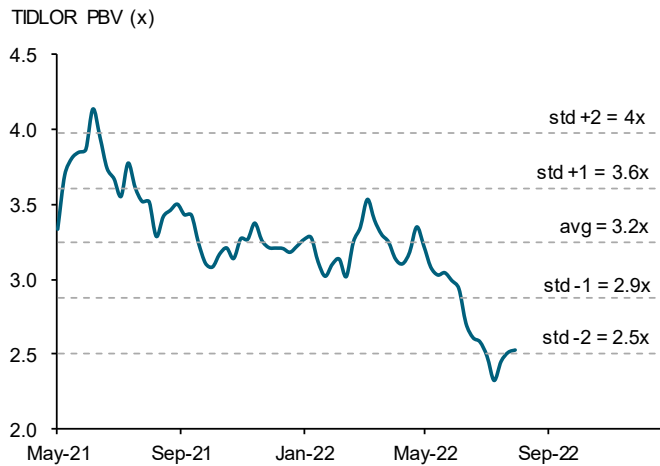
We roll forward our valuation to 2023 and derive a new TP of THB37, down from our 2022 TP of THB43, as we believe the company should be negatively impacted by the rate hikes and high inflation. Our TP implies 0.95x 2023E PEG and 3.1x 2023E P/BV, 0.5 STD below its one-year average. We maintain our BUY rating.

Exhibit 7: TIDLOR – GGM-derived target price

Target price (THB)	37 (from 43.0)
Recommendation	BUY (unchanged)
Risk-free rate (%)	3.0 (unchanged)
Market risk premium (%)	8.0 (unchanged)
Cost to equity (%)	10.8 (unchanged)
Terminal growth (%)	8.0 (from 8.2)
ROE target (%)	16.4 (from 17.0)
Target PBV (x)	3.1 (from 4.1)

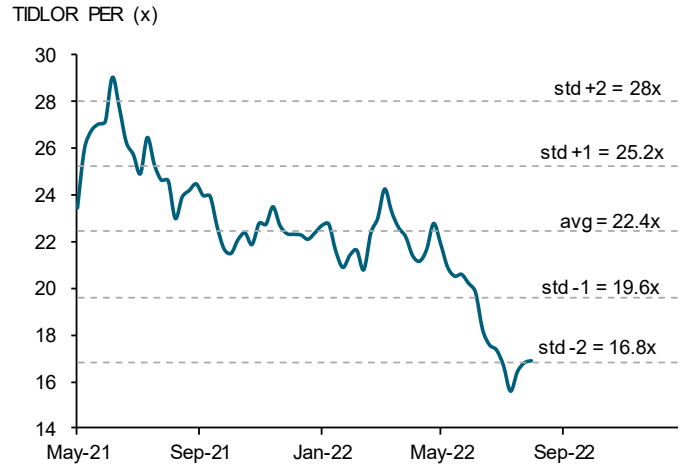
Source: FSSIA estimates

Exhibit 8: TIDLOR – prospective P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 9: TIDLOR – prospective P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 10: Diversified financial companies under coverage – summary of key valuations

	BBG code	Rec	---Share price---		Up side (%)	Market Cap (USD m)	EPS growth		--- P/E ---		--- ROE ---		--- PBV ---	
			Current (THB)	Target (THB)			22E (%)	23E (%)	22E (x)	23E (x)	22E (%)	23E (%)	22E (x)	23E (x)
Diversified financials						20,743	12.9	20.0	23.3	18.9	16.0	16.4	3.2	2.8
Unsecured-loan lender						5,340	13.0	7.3	18.9	17.6	23.1	21.6	4.2	3.6
Aeon Thana Sinsap (Thailand)	AEONTS TB	HOLD	175.50	188.00	7	1,215	19.0	7.0	10.4	9.7	19.8	18.5	1.9	1.7
Krungthai Card	KTC TB	HOLD	57.75	60.00	4	4,125	11.2	7.4	21.4	19.9	24.1	22.5	4.8	4.2
Auto-title lender						7,239	10.4	20.5	17.6	14.6	18.1	19.1	3.0	2.6
Muangthai Capital	MTC TB	BUY	48.75	60.00	23	2,863	14.3	23.0	18.3	14.9	20.7	21.3	3.5	2.9
Srisawad Corp	SAWAD TB	BUY	51.00	62.00	22	1,940	0.8	19.3	15.1	12.7	17.8	19.4	2.6	2.3
Saksiam Leasing	SAK TB	BUY	7.40	9.70	31	430	23.1	26.3	20.7	16.4	14.5	16.4	2.9	2.6
Ngern Tid Lor	TIDLOR TB	BUY	29.00	37.00	28	2,006	11.4	16.9	18.5	15.8	15.6	16.3	2.8	2.4
Truck lender						1,814	0.8	26.6	25.5	19.6	10.4	12.0	2.2	2.1
Micro Leasing	MICRO TB	HOLD	5.25	5.50	5	136	0.4	39.0	26.1	18.8	9.3	11.9	2.4	2.1
Singer Thailand	SINGER TB	BUY	45.00	59.00	31	1,022	(4.1)	35.2	33.5	24.8	7.2	9.4	2.4	2.3
Ratchthani Leasing	THANI TB	BUY	4.18	4.80	15	656	8.6	10.6	12.8	11.5	15.5	16.0	1.9	1.8
Asset management						5,065	23.2	33.7	39.2	28.8	9.5	10.9	3.6	3.1
Bangkok Commercial Asset Mngt.	BAM TB	BUY	17.20	25.50	48	1,540	23.2	26.6	17.4	13.7	7.5	8.6	1.3	1.1
Chayo Group	CHAYO TB	BUY	10.80	16.60	54	319	96.6	(14.9)	24.1	28.4	15.5	8.9	3.0	2.2
JMT Network Services	JMT TB	BUY	76.50	92.00	20	3,092	16.4	41.5	51.0	36.0	10.0	12.3	4.7	4.1
Knight Club Capital Asset Mngt.	KCC TB	BUY	6.65	5.10	(23)	114	3.0	51.5	56.6	37.4	7.9	8.6	3.5	3.0
Other						1,111	4.1	8.5	7.3	6.7	8.0	8.2	0.6	0.5
Thanachart Capital	TCAP TB	HOLD	38.25	42.00	10	1,111	4.1	8.5	7.3	6.7	8.0	8.2	0.6	0.5
Hire purchase motorcycle						174	(9.5)	(4.0)	14.9	15.5	10.1	7.6	1.3	1.1
Next Capital	NCAP TB	HOLD	4.66	7.60	63	174	(9.5)	(4.0)	14.9	15.5	10.1	7.6	1.3	1.1

*KTC, MICRO, SINGER, and THANI's target prices are 2023 GGM-based Share prices as of 2 Aug 2022; Sources: Bloomberg; FSSIA estimates

Financial Statements

Ngern Tid Lor

Profit and Loss (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Interest Income	8,735	9,825	11,975	14,238	16,800
Interest expense	(1,178)	(1,121)	(1,238)	(1,641)	(1,996)
Net interest income	7,557	8,704	10,738	12,597	14,804
Net fees & commission	1,792	2,197	2,417	2,779	3,141
Foreign exchange trading income	-	-	-	-	-
Securities trading income	-	-	-	-	-
Dividend income	0	0	0	0	0
Other income	32	25	27	28	29
Non interest income	1,824	2,222	2,443	2,807	3,170
Total income	9,381	10,926	13,181	15,404	17,974
Staff costs	(5,772)	(6,559)	(7,707)	(8,901)	(10,325)
Other operating costs	-	-	-	-	-
Operating costs	(5,772)	(6,559)	(7,707)	(8,901)	(10,325)
Pre provision operating profit	3,609	4,367	5,475	6,503	7,649
Provision for bad and doubtful debt	(582)	(414)	(706)	(769)	(955)
Other provisions	-	-	-	-	-
Operating profit	3,027	3,953	4,768	5,734	6,694
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	3,027	3,953	4,768	5,734	6,694
Tax	(611)	(784)	(983)	(1,147)	(1,339)
Profit after tax	2,416	3,169	3,785	4,587	5,355
Minority interests	0	0	0	0	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	2,416	3,169	3,785	4,587	5,355
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	2,416	3,169	3,785	4,587	5,355
Per share (THB)					
Recurring EPS *	1.15	1.41	1.57	1.84	2.14
Reported EPS	1.15	1.41	1.57	1.84	2.14
DPS	0.00	0.28	0.31	0.37	0.32
Growth					
Net interest income (%)	14.0	15.2	23.4	17.3	17.5
Non interest income (%)	0.1	21.9	9.9	14.9	12.9
Pre provision operating profit (%)	9.9	21.0	25.4	18.8	17.6
Operating profit (%)	10.0	30.6	20.6	20.3	16.7
Reported net profit (%)	9.7	31.2	19.4	21.2	16.7
Recurring EPS (%)	(15.0)	22.9	11.4	16.9	16.7
Reported EPS (%)	(15.0)	22.9	11.4	16.9	16.7
Income Breakdown					
Net interest income (%)	80.6	79.7	81.5	81.8	82.4
Net fees & commission (%)	19.1	20.1	18.3	18.0	17.5
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	-	-	-	-	-
Dividend income (%)	-	-	-	-	-
Other income (%)	0.3	0.2	0.2	0.2	0.2
Operating performance					
Gross interest yield (%)	17.75	17.68	17.80	17.60	17.60
Cost of funds (%)	3.07	2.75	2.65	2.90	3.00
Net interest spread (%)	14.68	14.93	15.15	14.70	14.60
Net interest margin (%)	15.4	15.7	16.0	15.6	15.5
Cost/income(%)	61.5	60.0	58.5	57.8	57.4
Cost/assets(%)	11.3	10.9	10.5	10.2	10.2
Effective tax rate (%)	20.2	19.8	20.6	20.0	20.0
Dividend payout on recurring profit (%)	-	20.1	20.0	20.0	15.0
ROE (%)	22.9	18.6	15.6	16.3	16.6
ROE - COE (%)	12.1	7.8	4.8	5.5	5.8
ROA (%)	4.7	5.3	5.2	5.3	5.3
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	2020	2021	2022E	2023E	2024E
Gross customer loans	50,807	60,339	74,217	87,576	103,339
Total provisions	(2,763)	(2,611)	(2,724)	(3,229)	(3,874)
interest in suspense	524	1,120	742	876	1,033
Net customer loans	48,568	58,847	72,235	85,222	100,499
Bank loans	-	-	-	-	-
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	0	0	0	0	0
Cash & equivalents	1,265	3,995	3,132	3,443	2,611
Other interesting assets	-	-	-	-	-
Tangible fixed assets	1,378	1,453	1,539	1,635	1,740
Associates	-	-	-	-	-
Goodwill	-	-	-	-	-
Other intangible assets	-	-	-	-	-
Other assets	2,124	2,230	3,204	3,763	3,636
Total assets	53,336	66,525	80,110	94,063	108,486
Customer deposits	2,600	3,300	3,465	3,638	3,820
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	37,095	38,594	48,039	58,031	67,598
Non interest bearing liabilities	1,892	2,226	2,337	2,454	2,577
Hybrid Capital	-	-	-	-	-
Total liabilities	41,587	44,120	53,841	64,124	73,995
Share capital	7,800	8,580	9,240	9,240	9,240
Reserves	3,948	13,825	17,029	20,699	25,251
Total equity	11,749	22,405	26,269	29,939	34,491
Minority interests	0	0	0	0	0
Total liabilities & equity	53,336	66,525	80,110	94,063	108,486
Supplementary items					
Risk weighted assets (RWA)	n/a	n/a	n/a	n/a	n/a
Average interest earning assets	49,223	55,573	67,278	80,896	95,457
Average interest bearing liabilities	38,395	40,795	46,699	56,587	66,544
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)	850	732	930	1,088	1,251
Per share (THB)					
Book value per share	5.58	9.97	10.52	11.99	13.81
Tangible book value per share	5.58	9.97	10.52	11.99	13.81
Growth					
Gross customer loans	6.7	18.8	23.0	18.0	18.0
Average interest earning assets	12.8	12.9	21.1	20.2	18.0
Total asset (%)	10.2	24.7	20.4	17.4	15.3
Risk weighted assets (%)	-	-	-	-	-
Customer deposits (%)	(65.6)	26.9	5.0	5.0	5.0
Leverage & capital measures					
Customer loan/deposits (%)	1,868.0	1,783.3	2,084.7	2,342.4	2,630.7
Equity/assets (%)	22.0	33.7	32.8	31.8	31.8
Tangible equity/assets (%)	22.0	33.7	32.8	31.8	31.8
RWA/assets (%)	-	-	-	-	-
Tier 1 CAR (%)	-	-	-	-	-
Total CAR (%)	-	-	-	-	-
Asset Quality					
Change in NPL (%)	38.1	(13.9)	27.0	17.0	15.0
NPL/gross loans (%)	1.7	1.2	1.3	1.2	1.2
Total provisions/gross loans (%)	5.4	4.3	3.7	3.1	3.7
Total provisions/NPL (%)	325.1	356.6	292.9	296.8	309.6
Valuation					
Recurring P/E (x) *	25.3	20.6	18.5	15.8	13.5
Recurring P/E @ target price (x) *	32.3	26.2	23.5	20.1	17.3
Reported P/E (x)	25.3	20.6	18.5	15.8	13.5
Dividend yield (%)	-	1.0	1.1	1.3	1.1
Price/book (x)	5.2	2.9	2.8	2.4	2.1
Price/tangible book (x)	5.2	2.9	2.8	2.4	2.1
Price/tangible book @ target price (x)	6.6	3.7	3.5	3.1	2.7

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Ngern Tid Lor; FSSIA estimates

Corporate Governance report of Thai listed companies 2021

EXCELLENT LEVEL – Score range 90-100										
AAV	BCPG	CPALL	GCAP	K	MSC	PLANET	SAMART	SPI	THRE	TVD
ADVANC	BDMS	CPF	GFPT	KBANK	MST	PLAT	SAMTEL	SPRC	THREL	TVI
AF	BEM	CPI	GGC	KCE	MTC	PORT	SAT	SPVI	TIPCO	TVO
AH	BGC	CPN	GLAND	KKP	MVP	PPS	SC	SSSC	TISCO	TWPC
AIRA	BGRIM	CRC	GLOBAL	KSL	NCL	PR9	SCB	SST	TK	U
AKP	BIZ	CSS	GPI	KTB	NEP	PREB	SCC	STA	TKT	UAC
AKR	BKI	DDD	GPSC	KTC	NER	PRG	SCCC	STEC	TMT	UBIS
ALT	BOL	DELTA	GRAMMY	LALIN	NKI	PRM	SCG	STI	TNDT	UV
AMA	BPP	DEMCO	GULF	LANNA	NOBLE	PROUD	SCGP	SUN	TNITY	VGI
AMATA	BRR	DRT	GUNKUL	LH	NSI	DRS	SCM	SUSCO	TOA	VIH
AMATAV	BTS	DTAC	HANA	LHFG	NVD	PSL	SDC	SUTHA	TOP	WACOAL
ANAN	BTW	DUSIT	HARN	LIT	NWR	PTG	SEAFCO	SVI	TPBI	WAVE
AOT	BWG	EA	HMPRO	LPN	NYT	PTT	SEAOIL	SYMC	TQM	WHA
AP	CENTEL	EASTW	ICC	MACO	OISHI	PTTEP	SE-ED	SYNTEC	TRC	WHAUP
ARIP	CFRESH	ECF	ICHI	MAJOR	OR	PTTGC	SELIC	TACC	TRU	WICE
ARROW	CHEWA	ECL	III	MAKRO	ORI	PYLON	SENA	TASCO	TRUE	WINNER
ASP	CHO	EE	ILINK	MALEE	OSP	Q-CON	SHR	TCAP	TSC	ZEN
AUCT	CIMBT	EGCO	ILM	MBK	OTO	QH	SIRI	TEAMG	TSR	
AWC	CK	EPG	INTUCH	MC	PAP	QTC	SIS	TFMAMA	TSTE	
AYUD	CKP	ETC	IP	MCOT	PCSGH	RATCH	SITHAI	TGH	TSTH	
BAFS	CM	FPI	IRPC	METCO	PDG	RS	SMK	THANA	TTA	
BANPU	CNT	FPT	ITEL	MFEC	PDJ	S	SMPC	THANI	TTB	
BAY	COM7	FSMART	IVL	MINT	PG	S & J	SNC	THCOM	TTCL	
BBL	COMAN	GBX	JSP	MONO	PHOL	SAAM	SONIC	THG	TTW	
BCP	COTTO	GC	JWD	MOONG	PLANB	SABINA	SPALI	THIP	TU	
VERY GOOD LEVEL – Score range 80-89										
2S	ASIMAR	CHOW	FLOYD	IT	LOXLEY	OCC	RPC	SKY	TCC	TVT
7UP	ASK	CI	FN	ITD	LRH	OGC	RT	SLP	TCMC	TWP
ABICO	ASN	CIG	FNS	J	LST	PATO	RWI	SMIT	TEAM	UEC
ABM	ATP30	CMC	FORTH	JAS	M	PB	S11	SMT	TFG	UMI
ACE	B	COLOR	FSS	JCK	MATCH	PICO	SA	SNP	TFI	UOBKH
ACG	BA	CPL	FTE	JCKH	MBAX	PIMO	SAK	SO	TIGER	UP
ADB	BAM	CPW	FVC	JMART	MEGA	PJW	SALEE	SORKON	TITLE	UPF
AEONTS	BC	CRD	GEL	JMT	META	PL	SAMCO	SPA	TKN	UPOIC
AGE	BCH	CSC	GENCO	KBS	MFC	PM	SANKO	SPC	TKS	UTP
AHC	BEC	CSP	GJS	KCAR	MGT	PMTA	SAPPE	SPCG	TM	VCOM
AIT	BEYOND	CWT	GYT	KEX	MICRO	PPP	SAWAD	SR	TMC	VL
ALL	BFIT	DCC	HEMP	KGI	MILL	PPP	SCI	SRICHA	TMD	VPO
ALLA	BJC	DCON	HPT	KIAT	MITSIB	PRIME	SCN	SSC	TMI	VRANDA
ALUCON	BJCHI	DHOUSE	HTC	KISS	MK	PRIN	SCP	SSF	TMILL	WGE
AMANAH	BLA	DOD	HYDRO	KOOL	MODERN	PRINC	SE	STANLY	TNL	WIK
AMARIN	BR	DOHOME	ICN	KTIS	MTI	PSG	SFLEX	STGT	TNP	WP
APCO	BROOK	DV8	IFS	KUMWEL	NBC	PSTC	SFP	STOWER	TOG	XO
APCS	CBG	EASON	IMH	KUN	NCAP	PT	SFT	STPI	TPA	XPG
APURE	CEN	EFORL	IND	KWC	NCH	QLT	SGF	SUC	TPAC	YUASA
AQUA	CGH	ERW	INET	KWM	NETBAY	RBF	SIAM	SWC	TPCS	
ASAP	CHARAN	ESSO	INSET	L&E	NEX	RCL	SINGER	SYNEX	TPS	
ASEFA	CHAYO	ESTAR	INSURE	LDC	NINE	RICHY	SKE	TAE	TRITN	
ASIA	CHG	ETE	IRC	LEO	NRF	RML	SKN	TAKUNI	TRT	
ASIAN	CHOTI	FE	IRCP	LHK	NTV	ROJNA	SKR	TBSP	TSE	
GOOD LEVEL – Score range 70-79										
A	BGT	CITY	GIFT	JTS	MDX	PK	SGP	SUPER	TQR	YGG
AI	BH	CMAN	GLOCON	JUBILE	MJD	PLE	SICT	SVOA	TTI	ZIGA
AIE	BIG	CMO	GREEN	KASET	MORE	PPM	SIMAT	TC	TYCN	
AJ	BLAND	CMR	GSC	KCM	MUD	PRAKIT	SISB	TCCC	UKEM	
ALPHAX	BM	CPT	GTB	KK	NC	PRAPAT	SK	THMUI	UMS	
AMC	BROCK	CRANE	HTECH	KKC	NDR	PRECHA	SMART	TNH	UNIQ	
APP	BSBM	CSR	HUMAN	KWI	NFC	PTL	SOLAR	TNR	UPA	
AQ	BSM	D	IHL	KYE	NNCL	RJH	SPACK	TOPP	UREKA	
ARIN	BTNC	EKH	IIG	LEE	NOVA	RP	SPG	TPCH	VIBHA	
AS	BYD	EMC	INGRS	LPH	NPK	RPH	SQ	TPIPL	W	
AU	CAZ	EP	INOX	MATI	NUSA	RSP	SSP	TIPIP	WIN	
B52	CCP	F&D	JAK	M-CHAI	PAF	SABUY	STARK	TPLAS	WORK	
BEAUTY	CGD	FMT	JR	MCS	PF	SF	STC	TPOLY	WPH	

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

Sources: Thai Institute of Directors Association (IOD); FSSIA's compilation; data as of 26 October 2021

Anti-corruption Progress Indicator

CERTIFIED										
2S	BCH	CPALL	GC	K	MFC	PE	QLT	SNP	THCOM	TU
7UP	BCP	CPF	GCAP	KASET	MFEC	PG	QTC	SORKON	THIP	TVD
ADVANC	BCPG	CPI	GEL	KBANK	MILL	PHOL	RATCH	SPACK	THRE	TVI
AF	BE8	CPN	GFPT	KBS	MINT	PK	RML	SPALI	THREL	TVO
AI	BEYOND	CSC	GGC	KCAR	MONO	PL	RWI	SPC	TIDLOR	TWPC
AIE	BGC	DCC	GJS	KCE	MOONG	PLANB	S & J	SPI	TIPCO	U
AIRA	BGRIM	DELTA	GPI	KGI	MSC	PLANET	SAAM	SPRC	TISCO	UBE
AKP	BJCHI	DEMCO	GPSC	KKP	MST	PLAT	SABINA	SRICHA	TKS	UBIS
ALPHAX	BKI	DIMET	GSTEEL	KSL	MTC	PM	SAPPE	SSF	TKT	UEC
AMA	BLA	DRT	GUNKUL	KTB	MTI	PPP	SAT	SSP	TMD	UKEM
AMANAHA	BPP	DTAC	HANA	KTC	NBC	PPPM	SC	SSSC	TMILL	UOBKH
AMATA	BROOK	DUSIT	HARN	KWC	NEP	PPS	SCB	SST	TMT	UPF
AMATAV	BRR	EA	HEMP	KWI	NINE	PR9	SCC	STA	TNITY	UV
AP	BSBM	EASTW	HENG	L&E	NKI	PREB	SCCC	STOWER	TNL	VGI
APCS	BTS	ECL	HMPRO	LANNA	NMG	PRG	SCG	SUSCO	TNP	VIH
AQUA	BWG	EGCO	HTC	LH	NNCL	PRINC	SCN	SVI	TNR	WACOAL
ARROW	CEN	EP	ICC	LHFG	NOBLE	PRM	SEAOIL	SYMC	TOG	WHA
AS	CENTEL	EPG	ICHI	LHK	NOK	PROS	SE-ED	SYNTEC	TOP	WHAUP
ASIAN	CFRESH	ERW	IFEC	LPN	NSI	PSH	SELIC	TAE	TOPP	WICE
ASK	CGH	ESTAR	IFS	LRH	NWR	PSL	SENA	TAKUNI	TPA	WIJK
ASP	CHEWA	ETE	ILINK	M	OCC	PSTC	SGP	TASCO	TPP	XO
AWC	CHOTI	FE	INET	MAKRO	OGC	PT	SINGER	TBSP	TRU	ZEN
AYUD	CHOW	FNS	INSURE	MALEE	ORI	PTG	SIRI	TCAP	TRUE	
B	CIG	FPI	INTUCH	MATCH	PAP	PTT	SITHAI	TCMC	TSC	
BAFS	CIMBT	FPT	IRC	MBAX	PATO	PTTEP	SKR	TFG	TSTE	
BAM	CM	FSMART	IRPC	MBK	PB	PTTGC	SMIT	TFI	TSTH	
BANPU	CMC	FSS	ITEL	MC	PCSGH	PYLON	SMK	TFMAMA	TTA	
BAY	COM7	FTE	IVL	MCOT	PDG	Q-CON	SMPC	TGH	TTB	
BBL	COTTO	GBX	JKN	META	PDJ	QH	SNC	THANI	TTCL	
DECLARED										
AJ	CHG	DDD	ETC	JR	MAJOR	NUSA	RS	SSS	TQM	YUASA
ALT	CPL	DHOUSE	FLOYD	JTS	NCAP	NYT	SAK	STECH	TSI	ZIGA
APCO	CPR	DOHOME	GULF	KEX	NCL	OR	SCGP	STGT	VARO	
B52	CPW	ECF	III	KUMWEL	NOVA	PIMO	SCM	TKN	VCOM	
BEC	CRC	EKH	INOX	LDC	NRF	PLE	SIS	TMI	VIBHA	

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 26 October 2021) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

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

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Company	Ticker	Price	Rating	Valuation & Risks
Ngern Tid Lor	TIDLOR TB	THB 29.00	BUY	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.
Aeon Thana Sinsap (Thailand)	AEONTS TB	THB 175.50	HOLD	Downside risks to our GGM-derived TP include 1) intense competition; 2) regulatory actions to curb industry growth; and 3) deteriorating asset quality. The upside risk is stronger-than-expected asset quality.
Krungthai Card	KTC TB	THB 57.75	HOLD	Upside risks to our GGM-derived TP include: 1) stronger-than-expected cost of funds controlling; and 2) better-than-expected bad debt recovery. Downside risks are: 1) regulatory actions to curb industry growth; and 2) deteriorating asset quality.
Muangthai Capital	MTC TB	THB 48.75	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.
Srisawad Corp	SAWAD TB	THB 51.00	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.
Saksiam Leasing	SAK TB	THB 7.40	BUY	Downside risks to our GGM-derived TP include 1) competition from existing and new players; 2) regulatory changes by the Bank of Thailand (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 5.25	HOLD	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) higher-than-expected policy rate hikes. Upside risks include 1) efficient asset quality control; and 2) the faster ramping up of its new businesses, including new motorcycle hire purchase loans, truck title loans, and insurance brokerage
Singer Thailand	SINGER TB	THB 45.00	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 4.18	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 17.20	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 10.80	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 76.50	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.
Knight Club Capital Asset Management	KCC TB	THB 6.65	BUY	Downside risks to our GGM-based TP include 1) lower cash collection due to the slow economic recovery; and 2) lower-than-expected bad debt acquisition.
Thanachart Capital	TCAP TB	THB 38.25	HOLD	Upside risks to our GGM-based target price are the faster-than-expected net profit contribution from Thanachart Plus. Downside risks are impacts from a prolonged weak macro outlook on loan growth and asset quality which could lead to higher provisions for both TTB and THANI.
Next Capital	NCAP TB	THB 4.66	HOLD	Downside risks to our GGM-derived TP include 1) an economic slowdown; 2) deteriorating asset quality; and 3) tighter competition from new players. Upside risks to our TP include 1) strong demand for motorcycles; and 2) a higher rate cap than our base-case assumption of 28% p.a.

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 02-Aug-2022 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.