

SRISAWAD CORP

SAWAD TB

THAILAND / DIVERSIFIED FINANCIALS

BUY

UNCHANGED

Loan growth accelerating again

- Expect a soft 2Q22 NP of THB1.0b on high ECL, OPEX.
- Revise down 2022/23/24 net profit forecasts by 8%/9%/10% to reflect the potential rate hikes and high inflation.
- Maintain BUY from the resumption of loan growth trajectory.

Soft 2Q22 net profit from lazy balance sheet in previous quarters

We expect SAWAD to report a lukewarm 2Q22 net profit of THB1,042m (-6% y-y, +1% q-q) for three reasons. First, although we expect its NPLs to drop by 1% q-q from a rise in car seizures, we think its credit cost should rise to 75 bps in 2Q22 from 23 bps in 1Q22 following the strong growth in the riskier motorcycle hire purchase (HP) segment. Second, we expect SAWAD to aggressively resume its growth mode, with strong loan growth of 11% q-q. We expect that its loan volume might increase significantly at the end of 2Q22. SAWAD did not expand its loan volume in the previous quarter. Hence, we think it will still not fully benefit from strong loan growth in this quarter, resulting in slow NII growth. Lastly, we think SAWAD's cost to income should remain at a high level of 40% as it might increase its marketing campaign to boost its loan volume.

Stronger performance expected in 2H22

We think SAWAD's net profit in 2H22 will increase y-y and h-h, driven by strong loan growth. We expect the company to continue to expand its loan volume aggressively in 2H22. We think SAWAD will gain more market share in motorcycle title loans. Also, we believe SAWAD will fully benefit from robust loan growth which we project at 18% 6MTD.

Net impact from rate hikes and high inflation

Rate hikes and high inflation should impact SAWAD 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 see a net negative impact on SAK's performance and lower our net profit forecasts for 2022/23/24 by 8%/9%/10%.

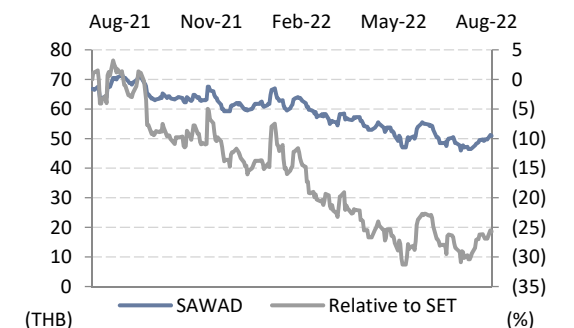
Maintain BUY at 2023 GGM-based TP of THB62

We roll forward our valuation to 2023 and derive a TP of THB62, down from our 2022 TP of THB68. We maintain our BUY call. After two years of lazy balance sheets, SAWAD has become more active in its loan expansion, especially in the motorcycle HP business. Thus, we expect its normalised profit to resume growing noticeably in 2023 at 19% y-y, up from zero growth in 2022E. But, we prefer MTC to SAWAD as there is still uncertainty from the potential motorcycle HP rate cap. We think if the rate cap is below 28%, there would be a downside risk to its earnings.

TARGET PRICE	THB62.00
CLOSE	THB51.00
UP/DOWNSIDE	+21.6%
PRIOR TP	THB68.00
CHANGE IN TP	-8.8%
TP vs CONSENSUS	-5.2%

KEY STOCK DATA

YE Dec (THB m)	2021	2022E	2023E	2024E
Operating profit	6,241	5,779	6,833	7,810
Net profit	4,722	4,580	5,465	6,215
EPS (THB)	3.48	3.37	4.03	4.69
vs Consensus (%)	-	(2.6)	(0.8)	0.0
Core net profit	4,544	4,580	5,465	6,215
Core EPS (THB)	3.35	3.37	4.03	4.69
Chg. In EPS est. (%)	-	(8.4)	(9.3)	(9.8)
EPS growth (%)	0.8	0.8	19.3	16.5
Core P/E (x)	15.2	15.1	12.7	10.9
Dividend yield (%)	3.4	3.3	3.9	0.5
Price/book (x)	2.8	2.6	2.3	1.9
ROE (%)	19.4	17.8	19.4	19.1
ROA (%)	9.5	8.8	9.2	9.0



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	5.2	(5.1)	(20.0)
Relative to country (%)	4.1	(1.3)	(22.4)
Mkt cap (USD m)	1,940		
3m avg. daily turnover (USD m)	10.6		
Free float (%)	66		
Major shareholder	Kaewbootta Family (34%)		
12m high/low (THB)	72.75/45.50		
Issued shares (m)	1,373		

Sources: Bloomberg consensus; FSSIA estimates



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Investment thesis

SAWAD has a solid market position as the third largest lender in the title loan market. We expect its market position to remain relatively strong over the next few years, as it plans to continuously expand its loan portfolio.

SAWAD has transformed its business from a grassroots lending operator into a one-stop financial services provider. Moreover, the company is accelerating its ROE by accelerating its high-yield lending business and insurance brokerage business.

We maintain our BUY call as we believe it should survive the disruption in the auto title loan industry due to its more diversified business model.

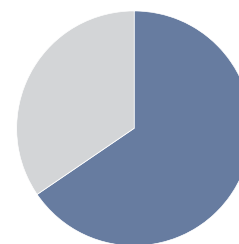
Company profile

SAWAD provides loan services to retail customers under the brand "Srisawad Ngern Sod Tun Jai". Its business operations can be classified into four main categories: 1) secured loans against all types of used vehicles, homes, and land; 2) unsecured personal loans; 3) asset management; and 4) debt collection services.

www.meebaanmeerod.com

Principal activities (revenue, 2021)

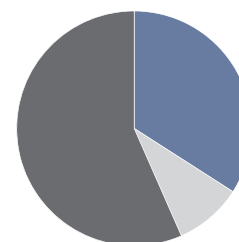
- Net interest income - 65.5 %
- Non-interest income - 34.5 %



Source: Srisawad Corp

Major shareholders

- Kaewbootta Family - 34.1 %
- Thai NVDR - 9.3 %
- Others - 56.6 %



Source: Srisawad Corp

Catalysts

Potential share price catalysts for SAWAD include:

- Strong loan growth, especially in the motorcycle hire purchase segment;
- The success of its home appliance hire purchase business.

Risks to our call

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.

Event calendar

Date	Event
15 August 2022	2Q22 results announcement

Key assumptions

Year to Dec	2022E	2023E	2024E
	(%)	(%)	(%)
Net profit (THB m)	4,580	5,465	6,215
Net profit growth	(3.0)	19.3	13.7
NIM	18.12	18.21	18.32
Loan growth	23.0	20.0	18.0
Non-NII growth	2.4	6.0	6.0
Credit cost (bp)	90	120	150
Cost to income	39.3	37.3	36.6

Source: FSSIA estimates

Earnings sensitivity

		2022E		
Loan growth	±2ppt	21.0	23.0	25.0
% change in net profit		(1.0)	-	1.0
NIM (%)	±5bp	18.07	18.12	18.17
% change in net profit		(0.5)	-	0.5
Credit cost (bp)	±10bp	80.0	90.0	100.0
% change in net profit		(0.6)	-	0.6

Source: FSSIA estimates

Soft 2Q22E net profit from lazy balance sheet in previous quarters

We expect SAWAD to report a lukewarm 2Q22 net profit of THB1,042m (-6% y-y, +1% q-q) due to three reasons. First, although we expect its non-performing loans (NPLs) to drop by 1% q-q from a rise in car seizures, we think its credit cost should rise to 75 bps in 2Q22 from 23 bps in 1Q22 following the strong growth in the riskier motorcycle HP segment. Second, we expect SAWAD to aggressively resume its growth mode, with the strongest expected loan growth among auto title lenders at 11% q-q – especially for motorcycle HP. We expect that its loan volume might increase significantly at the end of 2Q22. Also, SAWAD did not expand its loan volume in the previous quarter. Therefore, we think SAWAD will still not fully benefit from strong loan growth in this quarter, resulting in slow NII growth. Lastly, we think SAWAD's cost to income should remain at a high level of 40% as it might increase its marketing campaign to boost its loan volume.

2Q22E key highlights

- SAWAD's total loan volume should rise strongly by 11% q-q. Motorcycle HP lending should be the key driver, in our view. Car and land title loans might also increase slightly, we think.
- Amid the rising NPL trend among auto title lenders, SAWAD's NPLs might minimally drop 1% q-q, implying an NPL ratio of 3.0% in 2Q22 from 3.4% in 1Q22.
- Fast Money (JV between SAWAD and the Government Savings Bank) should contribute a slightly green bottom line of THB2m from a loss of THB6m in 1Q22 from lower marketing costs.

Exhibit 1: SAWAD – 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	1,415	1,560	1,602	13	3	3,162	2	46	6,804	12	
Non-interest income	831	794	764	(8)	(4)	1,558	3	48	3,273	2	
Operating income	2,246	2,354	2,366	5	1	4,720	2	47	10,076	9	
Operating expenses	793	991	952	20	(4)	1,942	14	49	3,960	14	
PPOP before tax	1,453	1,363	1,415	(3)	4	2,778	(4)	45	6,116	6	
Provision	(48)	20	71	n/a	255	91	(141)	27	338	n/a	
Income tax	315	219	268	(15)	22	487	(30)	44	1,098	(19)	
Minority interest	84	82	35	(58)	(57)	117			112	(65)	
Normalised profit	1,106	1,036	1,042	(6)	1	2,078	(9)	45	4,580	1	
Extraordinary items	0	0	0			0			0		
Net profit	1,106	1,036	1,042	(6)	1	2,078	(16)	45	4,580	(3)	
EPS (THB)	0.81	0.75	0.76	(6)	1	1.51	(16)	45	3.37	(3)	
Asset quality ratio											
Gross NPLs (THB m)	1,532	1,207	1,195	(22)	(1)				1,473	18	
NPL ratios (%)	4.70	3.37	3.00						3.56		
LLR/NPLs (%)	69	58	60						64		
Credit cost (bp)	(59)	23	75						90		
Profitability ratio											
Cost to income ratio	35.3	42.1	40.2						39.3		
Average yield	20.1	19.9	18.8						20.1		
Cost of funds	3.5	3.5	3.6						3.6		
Net interest margin (NIM)	17.5	17.9	16.9						18.1		
Non-int inc/total income	37.0	33.7	32.3						38.5		
Loan growth											
y-y	(15.4)	12.1	22.2						23.0		
q-q	1.8	6.5	11.0								

Source: SAWAD; FSSIA estimates

Net impact from rate hikes and high inflation

Rate hikes and high inflation should impact SAWAD 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 SAWAD as its clients will likely borrow more to maintain their lifestyles and operate their businesses in a highly inflationary environment. On top of that, SAWAD is resuming its growth trajectory faster than expected. Therefore, we increase our loan growth assumptions in 2022/23 to 23%/20% y-y from 18%/18% y-y.

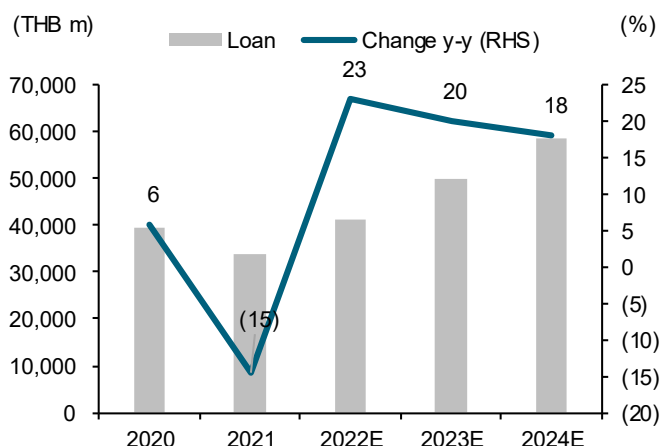
2) Slower insurance fee income. We lower our non-NII estimates by 8%/12%/14% in 2022/23/24 due to lower expected insurance income. High inflation may cause customers to switch from first-class insurance to second-class insurance, in our view.

3) Greater NIM squeeze. We expect SAWAD’s NIM to narrow as its cost of funds should increase along with the rise in the M-rate of banks, while its loan yields are fixed rate. Thus, we increase our cost of fund assumptions in 2023/24 to 3.75%/3.85% from 3.55%/3.60%.

4) Higher asset deterioration rate. We increase our credit cost assumptions in 2022/23/24 to 90/120/150 bps from 65/80/110 bps due to a higher asset deterioration rate from the high inflation environment and stronger-than-expected motorcycle HP expansion.

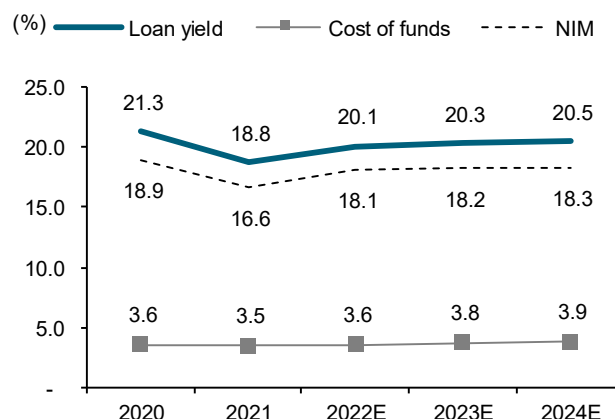
All in all, we see a net negative impact on SAWAD’s performance. Therefore, we lower our net profit forecasts for 2022/23/24 by 8%/9%/10%.

Exhibit 2: Loan growth (y-y%)



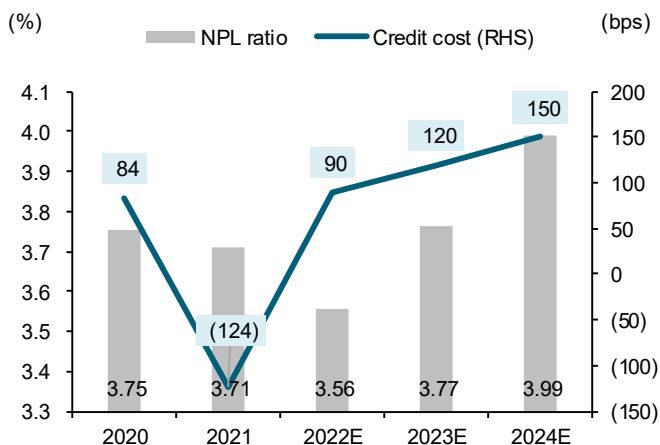
Source: FSSIA estimates

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



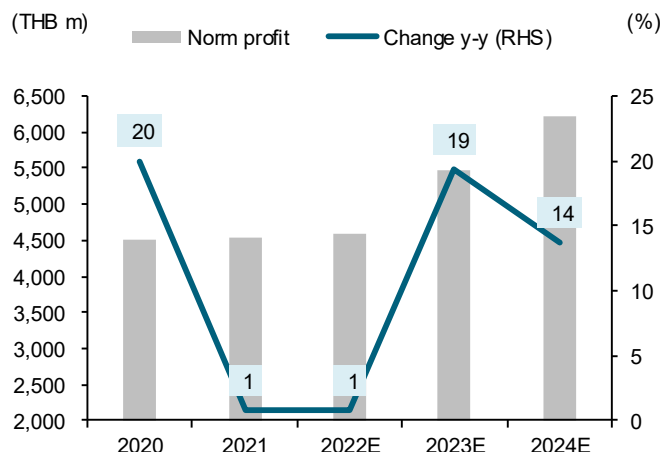
Source: FSSIA estimates

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



Source: FSSIA estimates

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



Source: FSSIA estimates

Earnings and target price revisions

We lower our net profit forecasts for 2022/23/24 by 8%/9%/10% 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: Changes in key 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	6,065	6,701	6,804	1.5	8,052	8,297	3.0	9,637	9,922	3.0
Non-interest income	3,198	3,562	3,273	(8.1)	3,953	3,469	(12.2)	4,269	3,677	(13.9)
Operating income	9,262	10,263	10,076	(1.8)	12,005	11,766	(2.0)	13,905	13,599	(2.2)
Operating expenses	3,476	3,728	3,960	6.2	4,130	4,387	6.2	4,684	4,976	6.2
PPOP before tax	5,786	6,535	6,116	(6.4)	7,875	7,379	(6.3)	9,221	8,623	(6.5)
Expected credit loss (Reversal)	(455)	239	338	41.6	346	547	57.8	562	813	44.6
Tax expenses	1,352	1,196	1,098	(8.2)	1,461	1,326	(9.2)	1,732	1,562	(9.8)
Minority interest	316	112	112	0.0	112	112	0.0	112	112	0.0
Normalised profit	4,544	5,000	4,580	(8.4)	6,026	5,465	(9.3)	6,894	6,215	(9.8)
Extraordinary items	178	0	-	-	0	-	-	-	-	-
Net profit	4,722	5,000	4,580	(8.4)	6,026	5,465	(9.3)	6,894	6,215	(9.8)
EPS (THB)	3.48	3.68	3.37	(8.4)	4.4	4.03	(9.3)	5.20	4.69	(9.8)
Key statistics and ratios										
Asset quality ratio										
Gross NPLs (THB m)	1,249	1,473	1,473	0.0	1,842	1,871	1.6	2,302	2,339	1.6
Gross NPLs / Loans (%)	3.7	3.7	3.6	-0.1	3.9	3.8	-0.1	4.16	3.99	-0.17
Loan loss reserve/NPLs (%)	59	66	64	-2	64.1	72	7.6	68	85	17
Credit cost (bps)	(124)	65	90	25	80	120	40	110	150	40
Profitability ratio (%)										
Cost to income ratio	37.5	36.3	39.3	3.0	34.4	37.3	2.9	33.7	36.6	2.9
Average yield	18.75	20.10	20.10	0.0	20.30	20.30	0.0	20.50	20.50	0.0
Cost of funds	3.51	3.55	3.55	0.0	3.55	3.75	0.2	3.60	3.85	0.25
Net interest margin (NIM)	16.59	18.16	18.12	-0.04	18.35	18.21	-0.14	18.50	18.32	-0.18
Loan growth (%)										
y-y	(14.7)	18.0	23.0	5.0	18.0	20.0	2.0	18.0	18.0	0.0

Sources: SAWAD; FSSIA estimates

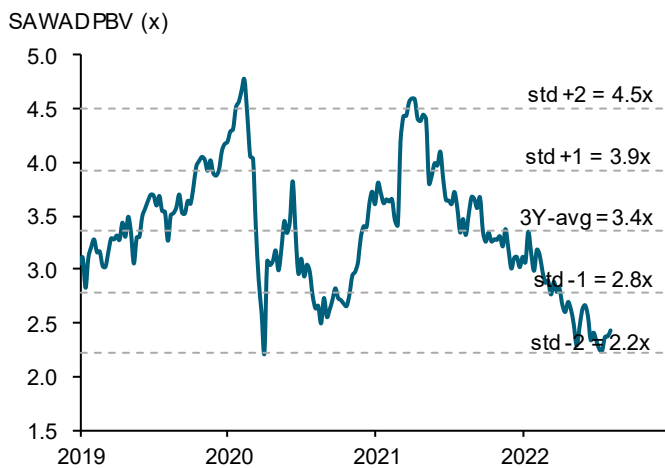
We roll forward our valuation to 2023 and derive a new TP of THB62, down from our 2022 TP of THB68, as we believe the company should be negatively impacted by the rate hikes and high inflation. Our TP implies 0.8x 2023E PEG and 2.8x 2023E P/BV, 1.0 STD below its four-year average. We maintain our BUY rating.

Exhibit 7: SAWAD – GGM-derived target price

Target price (THB)	62 (from 68)
Recommendation	BUY (Unchanged)
Risk-free rate (%)	3 (Unchanged)
Market risk premium (%)	8 (Unchanged)
Cost to equity (%)	11.6 (Unchanged)
Terminal growth (%)	7.4 (from 7.6)
ROE target (%)	19.2 (from 20)
Targeted P/BV (x)	2.8x (from 3.4)

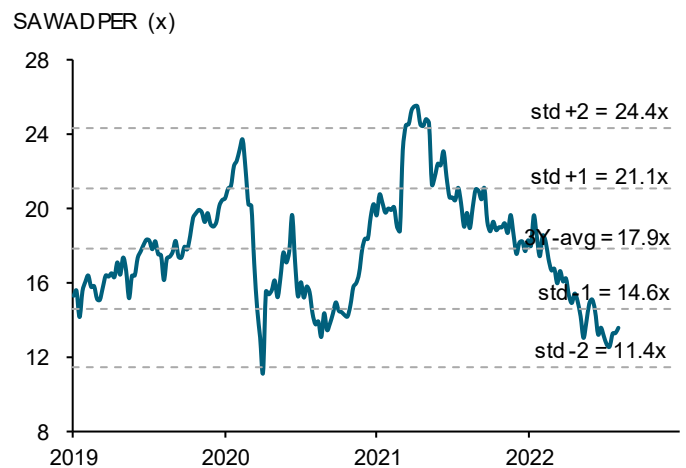
Source: FSSIA estimates

Exhibit 8: SAWAD – prospective P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 9: SAWAD – 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

Srisawad Corp

Profit and Loss (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Interest Income	8,166	6,855	7,546	9,247	11,104
Interest expense	(903)	(791)	(742)	(950)	(1,182)
Net interest income	7,263	6,065	6,804	8,297	9,922
Net fees & commission	1,315	1,516	1,592	1,687	1,789
Foreign exchange trading income	-	-	-	-	-
Securities trading income	-	-	-	-	-
Dividend income	2	1	0	0	0
Other income	1,510	1,681	1,681	1,782	1,889
Non interest income	2,827	3,198	3,273	3,469	3,677
Total income	10,090	9,262	10,076	11,766	13,599
Staff costs	(1,869)	(1,479)	(1,774)	(1,952)	(2,225)
Other operating costs	(1,918)	(1,997)	(2,186)	(2,435)	(2,751)
Operating costs	(3,787)	(3,476)	(3,960)	(4,387)	(4,976)
Pre provision operating profit	6,304	5,786	6,116	7,379	8,623
Provision for bad and doubtful debt	(321)	455	(338)	(547)	(813)
Other provisions	-	-	-	-	-
Operating profit	5,983	6,241	5,779	6,833	7,810
Recurring non operating income	0	(29)	11	69	78
Associates	0	(29)	11	69	78
Goodwill amortization	-	-	-	-	-
Non recurring items	0	178	0	0	0
Profit before tax	5,983	6,390	5,790	6,902	7,889
Tax	(1,192)	(1,352)	(1,098)	(1,326)	(1,562)
Profit after tax	4,791	5,038	4,692	5,576	6,327
Minority interests	(283)	(316)	(112)	(112)	(112)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	4,508	4,722	4,580	5,465	6,215
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	4,508	4,544	4,580	5,465	6,215
Per share (THB)					
Recurring EPS *	3.32	3.35	3.37	4.03	4.69
Reported EPS	3.32	3.48	3.37	4.03	4.69
DPS	1.80	1.74	1.69	2.01	0.23
Growth					
Net interest income (%)	13.3	(16.5)	12.2	21.9	19.6
Non interest income (%)	10.7	13.1	2.4	6.0	6.0
Pre provision operating profit (%)	16.0	(8.2)	5.7	20.7	16.8
Operating profit (%)	22.6	4.3	(7.4)	18.2	14.3
Reported net profit (%)	20.0	4.7	(3.0)	19.3	13.7
Recurring EPS (%)	17.2	0.8	0.8	19.3	16.5
Reported EPS (%)	14.5	4.7	(3.0)	19.3	16.5
Income Breakdown					
Net interest income (%)	72.0	65.5	67.5	70.5	73.0
Net fees & commission (%)	13.0	16.4	15.8	14.3	13.2
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	-	-	-	-	-
Dividend income (%)	0.0	0.0	-	-	-
Other income (%)	15.0	18.1	16.7	15.1	13.9
Operating performance					
Gross interest yield (%)	21.28	18.75	20.10	20.30	20.50
Cost of funds (%)	3.62	3.51	3.55	3.75	3.85
Net interest spread (%)	17.66	15.24	16.55	16.55	16.65
Net interest margin (%)	18.9	16.6	18.1	18.2	18.3
Cost/income(%)	37.5	37.5	39.3	37.3	36.6
Cost/assets(%)	7.8	6.8	7.5	7.3	7.1
Effective tax rate (%)	19.9	21.2	19.0	19.2	19.8
Dividend payout on recurring profit (%)	54.2	52.0	50.0	50.0	5.0
ROE (%)	22.3	19.4	17.8	19.4	19.1
ROE - COE (%)	11.5	8.6	7.0	8.6	8.3
ROA (%)	9.8	9.5	8.8	9.2	9.0
RORWA (%)	-	-	-	-	-

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Srisawad Corp; FSSIA estimates

Financial Statements

Srisawad Corp

Balance Sheet (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Gross customer loans	39,450	33,668	41,412	49,694	58,639
Total provisions	(1,312)	(736)	(949)	(1,347)	(1,983)
interest in suspense	206	386	207	248	293
Net customer loans	38,344	33,318	40,670	48,596	56,949
Bank loans	-	-	-	-	-
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	0	0	0	0	0
Cash & equivalents	1,838	2,689	746	338	1,695
Other interesting assets	-	-	-	-	-
Tangible fixed assets	1,306	1,334	1,367	1,408	1,456
Associates	-	-	-	-	-
Goodwill	-	-	-	-	-
Other intangible assets	-	-	-	-	-
Other assets	10,519	12,626	13,482	14,287	16,083
Total assets	52,007	49,967	56,265	64,629	76,184
Customer deposits	5,234	170	170	170	178
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	20,731	18,967	22,494	27,857	33,219
Non interest bearing liabilities	1,972	3,855	4,433	4,655	4,888
Hybrid Capital	-	-	-	-	-
Total liabilities	27,937	22,992	27,097	32,682	38,285
Share capital	1,373	1,373	1,373	1,373	1,373
Reserves	20,712	23,325	25,472	28,204	34,109
Total equity	22,085	24,698	26,845	29,578	35,482
Minority interests	1,985	2,277	2,323	2,369	2,417
Total liabilities & equity	52,007	49,967	56,265	64,629	76,184
Supplementary items					
Risk weighted assets (RWA)	n/a	n/a	n/a	n/a	n/a
Average interest earning assets	38,372	36,559	37,540	45,553	54,167
Average interest bearing liabilities	24,916	22,551	20,900	25,345	30,712
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)	1,480	1,249	1,473	1,871	2,339
Per share (THB)					
Book value per share	16.27	18.19	19.78	21.79	26.77
Tangible book value per share	16.27	18.19	19.78	21.79	26.77
Growth					
Gross customer loans	5.8	(14.7)	23.0	20.0	18.0
Average interest earning assets	13.1	(4.7)	2.7	21.3	18.9
Total asset (%)	14.4	(3.9)	12.6	14.9	17.9
Risk weighted assets (%)	-	-	-	-	-
Customer deposits (%)	(17.6)	(96.8)	-	-	5.0
Leverage & capital measures					
Customer loan/deposits (%)	732.6	19,610.5	23,937.4	28,602.7	31,923.0
Equity/assets (%)	42.5	49.4	47.7	45.8	46.6
Tangible equity/assets (%)	42.5	49.4	47.7	45.8	46.6
RWA/assets (%)	-	-	-	-	-
Tier 1 CAR (%)	-	-	-	-	-
Total CAR (%)	-	-	-	-	-
Asset Quality					
Change in NPL (%)	3.6	(15.6)	18.0	27.0	25.0
NPL/gross loans (%)	3.8	3.7	3.6	3.8	4.0
Total provisions/gross loans (%)	3.3	2.2	2.3	2.3	3.4
Total provisions/NPL (%)	88.7	58.9	64.4	72.0	84.8
Valuation					
Recurring P/E (x) *	15.4	15.2	15.1	12.7	10.9
Recurring P/E @ target price (x) *	18.7	18.5	18.4	15.4	13.2
Reported P/E (x)	15.4	14.7	15.1	12.7	10.9
Dividend yield (%)	3.5	3.4	3.3	3.9	0.5
Price/book (x)	3.1	2.8	2.6	2.3	1.9
Price/tangible book (x)	3.1	2.8	2.6	2.3	1.9
Price/tangible book @ target price (x)	3.8	3.4	3.1	2.8	2.3

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Srisawad Corp; 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	DRSH	SCM	SUSCO	TOA	VIH
AMATAV	BTS	DTAC	HANA	LHFG	NVD	PSL	SDC	SUTHA	TOP	WACOAL
ANAN	BTW	DUSIT	HARN	LIT	NWR	PTG	SEAFECO	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	WIIK
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)

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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

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Yuvanart Suwanumchai FSS International Investment Advisory Securities Co., Ltd

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Company	Ticker	Price	Rating	Valuation & Risks
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.
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.
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.
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.
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.