FINANSIA
FSS INTERNATIONAL INVESTMENT ADVISORY

Thailand Diversified Financials

Expect solid loan growth for consumer finance in 3Q22

- We expect covered consumer finance companies' loan growth in Jul-Aug 2022 to rise in the range of 9-53% y-y, due mainly to the resumption of business activity.
- Consumer finance NPLs should increase in 3Q22 from the end of forbearance programs and the high inflation environment.
- We maintain our Overweight call as we believe the strong loan growth should outweigh the higher ECL. SINGER, MTC, and THANI are our top picks by order.

Strong loan demand set to continue in 3Q22

We have followed up with the management of our covered consumer finance companies (CFC). They indicated that they still saw solid loan demand in Jul and Aug-22, due to 1) the almost complete resumption of business activity; 2) the higher cost of living; and 3) the companies' increased willingness to lend new loans. We expect the two-month loan growth rate (Jul-Aug 2022) of the CFC to increase in the range of 9-53% y-y. SINGER might have the strongest loan growth at 53% y-y, while we forecast THANI and AEONTS to deliver the lowest growth at 9% y-y. Segment-wise, auto-title lenders should deliver the most solid loan growth as we think low-income Thai people use this loan type to help them live their lives.

NPLs are on a rising trend in 3Q22

The debt forbearance programs of CFC from the Covid outbreak have gradually expired since early 2022. Thus, their non-performing loans (NPLs) increased in 1H22. We believe this trend should continue in 3Q22. According to CFC's management, they saw a rise in NPLs in Jul-Aug 2022, especially in the low-income segment and among high-risk loan types such as personal loans and motorcycle hire purchase loans. We expect a moderate increase in NPLs in Jul-Aug 2022 from 2Q22 for most of the CFC. The exceptions would be SAWAD, THANI, and KTC, whose NPLs might increase at a slower pace than their peers due to their conservative lending during the Covid period and the rise in car confiscations.

Expect 3Q22 net profit to increase significantly y-y, slightly q-q

We project CFC's 3Q22 aggregate net profit to substantially rise y-y, as we believe that loan volumes will increase noticeably, resulting in strong NII growth. However, we expect the 3Q22 net profit to increase q-q at a slower pace than y-y due to two reasons. First, we think CFC will set higher expected credit losses (ECL) for the potential increase in their NPLs. Second, we expect a rise in OPEX from the increase in marketing campaigns to boost their loan volume, along with higher debt collection expenses.

Maintain OVERWEIGHT view due to the sanguine outlook

We maintain our OVERWEIGHT view on CFC for three reasons. First, we see robust loan demand from the low- to middle-income segments in Thailand. We believe this should drive CFC's bottom lines in the short to medium term. Second, we think the rise in minimum wages in Oct-22 should slightly increase the debt repayment ability of CFC's clients. Lastly, we think CFC's current share prices have mostly priced in the negatives from the rising NPL trend and the narrower NIM from the interest rate uptrend. Most of them are trading at 1-1.5 SD below their three-year avg. Our most preferred by order are SINGER, MTC and THANI.

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Strong loan demand set to continue in 3Q22

We have followed up with the management of our covered CFC. They indicated that they still saw solid loan demand in Jul and Aug-22, backed up by 1) the almost complete resumption of business activity; 2) the higher cost of living; and 3) the companies' increased willingness to lend new loans. We expect the two-month loan growth rate (during Jul and Aug-22) of the CFC to increase in the range of 9-53% y-y. SINGER might have the strongest loan growth at 53% y-y during Jul-Aug 2022, while we forecast THANI and AEONTS to deliver the lowest growth at 9% y-y.

Segment-wise, auto-title lenders should deliver the most solid loan growth as we think low-income Thai people use this loan type to help them live their lives. Likewise, truck-related loans should also increase impressively from the increase in truck demand. We think credit card loans will also increase moderately from the resumption of business activity and the high inflation environment. The only segment we anticipate slow loan growth for is unsecured personal loans. After the lower rate cap by the Bank of Thailand in 2020, most operators lent new loans more cautiously due to the lower risk-adjusted return.

Exhibit 1: Covered consumer finance companies' loan growth (y-y basis)

	---------------------------- Change y-y (%) ----------------------------					
	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	Jul and Aug-22E
Unsecured lenders							
AEONTS*	(3.1)	(2)	(1)	1	4	7	9
KTC	6	7	3	(3)	4	6	12
Auto-title lenders							
MTC	17	26	26	29	34	35	35
SAWAD	(17)	(15)	(14)	(15)	12	25	30
SAK	n.a.	25	31	36	33	28	28
TIDLOR	9	17	15	19	22	28	29
Truck-related lenders							
MICRO	35	46	50	49	46	45	44
SINGER	90	84	77	64	64	61	53
THANI	(6)	(2)	(1)	3	4	6	9

*AEONTS' loan growth is during Jun to Aug-22
Sources: Company data; FSSIA estimates

Exhibit 2: Comparing the loan growth of covered consumer finance companies in Jul-Aug 2022
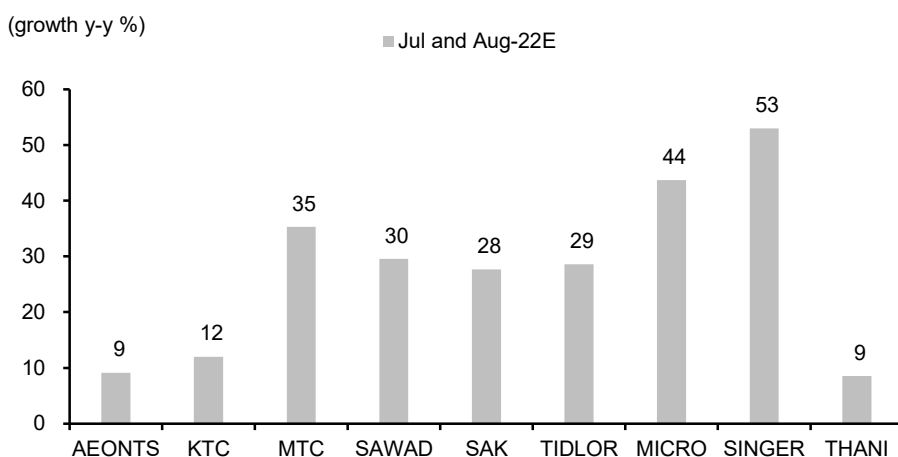
(growth y-y %)

*AEONTS' loan growth is during Jun to Aug-22
Sources: Company data; FSSIA estimates

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NPLs are on a rising trend

The debt forbearance programs of CFC from the Covid outbreak have gradually expired since early 2022. Unlike the banking sector, most CFC do not offer long-term debt restructuring programs to their clients due to the depreciation of their collateral. Thus, their NPLs increased in 1H22. We believe this trend should continue in 3Q22. According to CFC's management, they saw a rise in NPLs in Jul-Aug 2022, especially in the low-income segment and among high-risk loan types such as personal loans and motorcycle hire purchase loans. We expect a moderate increase in NPLs in Jul-Aug 2022 from 2Q22 for most of the CFC. The exceptions would be SAWAD, THANI, and KTC, whose NPLs we think might increase at a slower pace than their peers due to their conservative lending during the Covid period and the increase in car confiscations.

Exhibit 3: Covered consumer finance companies' NPL growth (q-q basis)

| | ----------------------------- Change q-q (%) ----------------------------- | | | | | | |
	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	Jul and Aug-22E
Unsecured lenders							
AEONTS	26.3	(1.8)	(9.2)	(3.7)	2.3	10.9	Moderate increase
KTC	3.9	133.5	(15.1)	0.7	(3.4)	2.0	Slight increase
Auto-title lenders							
MTC	(5.1)	24.5	13.0	28.0	27.7	29.1	Moderate increase
SAWAD	(1.0)	4.6	(3.4)	(15.6)	(3.3)	(4.3)	Slight increase
SAK	4.2	11.5	9.8	4.4	10.5	20.1	Moderate increase
TIDLOR	(5.9)	6.7	(6.2)	(8.6)	12.4	19.5	Moderate increase
Truck-related lenders							
MICRO	6.3	13.5	0.5	12.0	20.5	30.9	Moderate increase
SINGER	9.2	10.5	2.2	17.3	11.1	4.1	Slight increase
THANI	4.2	9.6	23.1	(11.6)	(18.7)	(17.9)	Slight increase

Sources: Company data; FSSIA estimates

Exhibit 4: Covered consumer finance companies' NPL ratios

| | --- NPL ratio (%) --- | | | | | |
	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22
Unsecured lenders						
AEONTS	5.77	5.71	5.16	4.83	4.86	5.30
KTC	1.92	4.36	3.81	3.60	3.58	3.46
Auto-title lenders						
MTC	0.96	1.11	1.17	1.39	1.65	1.96
SAWAD	4.58	4.70	4.40	3.71	3.37	2.83
SAK	2.16	2.14	2.19	2.17	2.29	2.54
TIDLOR	1.52	1.57	1.44	1.21	1.28	1.42
Truck-related lenders						
MICRO	3.64	3.74	3.48	3.47	3.85	4.58
SINGER	4.24	4.12	3.73	3.86	3.80	3.54
THANI	3.22	3.49	4.30	3.77	2.99	2.38

*AEONTS' year end is Feb
Sources: Company data; FSSIA estimates

Exhibit 5: Key valuations of diversified financials under coverage

	BBG code	Rec	----Share price --- Current (THB)	Target (THB)	Up side (%)	Market Cap (USD m)	EPS growth 22E (%)	23E (%)	----- P/E ---- 22E (x)	23E (x)	---- ROE ---- 22E (%)	23E (%)	---- PBV --- 22E (x)	23E (x)
Diversified financials						**20,972**	**11.0**	**20.6**	**24.1**	**19.4**	**15.8**	**16.3**	**3.3**	**2.9**
Unsecured-loan lender						**5,535**	**12.9**	**7.3**	**19.9**	**18.5**	**23.1**	**21.6**	**4.4**	**3.8**
Aeon Thana Sinsap (Thailand)	AEONTS TB	HOLD	176.00	188.00	7	1,214	19.0	7.0	10.4	9.7	19.8	18.5	1.9	1.7
Krungthai Card	KTC TB	HOLD	60.75	60.00	(1)	4,321	11.2	7.4	22.5	21.0	24.1	22.5	5.1	4.4
Auto-title lender						**7,004**	**10.3**	**20.4**	**17.2**	**14.3**	**18.0**	**19.0**	**2.9**	**2.5**
Muangthai Capital	MTC TB	BUY	43.50	60.00	38	2,544	14.3	23.0	16.3	13.3	20.7	21.3	3.1	2.6
Srisawad Corp	SAWAD TB	BUY	51.50	62.00	20	1,951	0.8	19.3	15.3	12.8	17.8	19.4	2.6	2.4
Saksiam Leasing	SAK TB	BUY	7.65	9.70	27	442	23.1	26.3	21.4	17.0	14.5	16.4	3.0	2.6
Ngern Tid Lor	TIDLOR TB	BUY	30.00	37.00	23	2,067	11.4	16.9	19.1	16.3	15.6	16.3	2.9	2.5
Truck lender						**1,894**	**3.1**	**26.0**	**25.6**	**19.7**	**10.8**	**12.4**	**2.3**	**2.2**
Micro Leasing	MICRO TB	HOLD	5.10	5.50	8	132	0.4	39.0	25.3	18.2	9.3	11.9	2.3	2.1
Singer Thailand·	SINGER TB	BUY	45.75	59.00	29	1,035	(4.1)	35.2	34.1	25.2	7.2	9.4	2.4	2.3
Ratchthani Leasing	THANI TB	BUY	4.66	5.20	12	728	13.8	10.7	13.6	12.3	16.2	16.7	2.1	2.0
Asset management						**5,205**	**16.5**	**34.6**	**41.2**	**30.1**	**9.0**	**10.6**	**3.6**	**3.1**
Bangkok Commercial Asset Mngt.	BAM TB	BUY	18.20	22.00	21	1,623	14.3	23.2	19.8	16.1	6.9	7.9	1.4	1.2
Chayo Group	CHAYO TB	BUY	10.50	14.20	35	309	8.4	32.5	42.5	32.1	8.8	8.1	3.1	2.3
JMT Network Services	JMT TB	BUY	77.00	92.00	19	3,099	16.4	41.5	51.3	36.2	10.0	12.3	4.8	4.2
Knight Club Capital Asset Mngt.	KCC TB	BUY	10.20	7.10	(30)	174	53.1	21.9	58.5	48.0	11.7	10.1	5.3	4.4
Other						**1,172**	**4.1**	**8.5**	**7.7**	**7.1**	**8.0**	**8.2**	**0.6**	**0.6**
Thanachart Capital	TCAP TB	HOLD	40.50	43.00	6	1,172	4.1	8.5	7.7	7.1	8.0	8.2	0.6	0.6
Hire purchase motorcycle						**163**	**(52.9)**	**56.5**	**26.9**	**17.2**	**5.7**	**7.6**	**1.3**	**1.3**
Next Capital	NCAP TB	HOLD	4.38	5.00	14	163	(52.9)	56.5	26.9	17.2	5.7	7.6	1.3	1.3

Share prices as of 13 Sep 2022
Source: FSSIA estimates

FINANSIA

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	PSH	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	PPPM	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	WIIK
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	TPIPP	WIN	
B52	CCP	F&D	JAK	M-CHAI	PAF	SABUY	STARK	TPLAS	WORK	
BEAUTY	CGD	FMT	JR	MCS	PF	SF	STC	TPOLY	WPH	

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

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Rawisara Suwanumphai FSS International Investment Advisory Securities Co., Ltd

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Company	Ticker	Price	Rating	Valuation & Risks
Srisawad Corp	SAWAD TB	THB 51.50	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 7.65	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 30.00	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 5.10	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 45.75	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 4.66	BUY	Downside risks to our GGM-derived TP include 1) an economic slowdown, especially for logistics activities and private investment; 2) deteriorating asset quality; and 3) changes in financial regulations from the Bank of Thailand.
Bangkok Commercial Asset Mngt.	BAM TB	THB 18.20	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 10.50	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 77.00	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 Mngt.	KCC TB	THB 10.20	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 40.50	HOLD	An upside risk to our GGM-based target price is a 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 4.38	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.
Aeon Thana Sinsap (Thailand)	AEONTS TB	THB 176.00	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 60.75	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 43.50	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.

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 13-09-2022 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.