

MUANGTHAI CAPITAL

THAILAND / DIVERSIFIED FINANCIALS

MTC TB

HOLD

FROM BUY

TARGET PRICE	THB39.00
CLOSE	THB37.75
UP/DOWNSIDE	+3.3%
PRIOR TP	THB60.00
CHANGE IN TP	-35.0%
TP vs CONSENSUS	-21.4%

The bottom has not yet come

- MTC reported a weak 3Q22 NP of THB1.2b, 13% below estimates.
- Poor asset quality should drag down its performance for at least two quarters.
- Lower 2022-24E NP by 9-15% and downgrade to HOLD from Buy.

Feeble 3Q22 results from poor asset quality

MTC reported a poor 3Q22 net profit of THB1,205m (flat y-y, -13% q-q), which was 13% below the Bloomberg consensus expectation. The key drag in its performance was the weak asset quality from high inflation and the end of the debt forbearance program. Its NPLs continued to increase at an elevated rate of 24% q-q, with an NPL formation rate (based on our calculation) of 2.74% vs 2.87% in 2Q22. Its 3Q22 NPL ratio was at 2.3% from 2.0% in 2Q22. On top of that, its stage 2 loans rose to 8.9% of total loans from 8.4% in 2Q22. Accordingly, MTC set an all-time high credit cost of 346 bps. As for other items, we see an insignificant change in the trend from 2Q22, consisting of 1) high loan growth of 35% y-y and 7% q-q; and 2) a slight decline q-q in its NIM to 15.2%.

Expect poor performance for at least the next two quarters

We think weak asset quality should continue to pressure MTC's performance for at least the next two quarters. We expect its 2022/23 NPL ratio to reach 2.67%/3.12% from 1.39% in 2021. On top of that, we expect that its stage 2 loans will continue to rise to 9.4%/10.5% in 2022/23 from 5.4% in 2021. We anticipate that MTC's clients will have a lower debt repayment ability from 1) the slow economic recovery and high inflation environment; and 2) changes in clients' behaviour – some clients prefer to keep their cash rather than repay debt. We think MTC will need at least two quarters to solve its asset quality problem, and we expect the company to set a noticeably higher credit cost level. Hence, we expect MTC to deliver a lower q-q net profit in 4Q22.

Downward revision reflects concern over asset quality

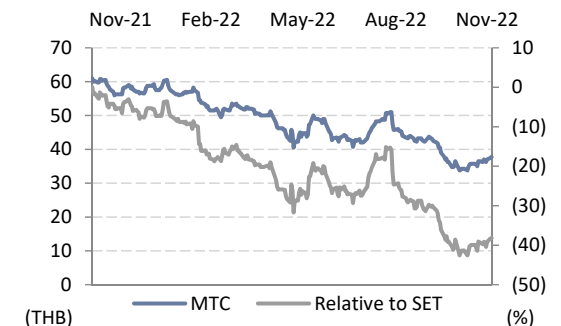
We lower our net profit forecasts for 2022/23/24 by 9%/15%/15% to mainly reflect our higher credit cost assumptions to 250/250/220 bps from 128/170/168 bps due to a higher asset deterioration rate.

Downgrade to HOLD with new 2023 GGM-based TP of THB39

We lower our 2023 GGM-based TP to THB39 from THB60 and downgrade our recommendation to HOLD from Buy, as we think MTC's asset quality and earnings have not reached the bottom yet. We might turn more positive on MTC if 1) the company increases the rate charged to clients to reflect its higher-risk portfolio; and/or 2) the company can solve its NPL problem.

KEY STOCK DATA

YE Dec (THB m)	2021	2022E	2023E	2024E
Operating profit	6,201	6,417	7,338	8,914
Net profit	4,945	5,134	5,885	7,113
EPS (THB)	2.33	2.42	2.78	3.36
vs Consensus (%)	-	(6.7)	(11.7)	(10.9)
Core net profit	4,945	5,134	5,885	7,113
Core EPS (THB)	2.33	2.42	2.78	3.36
Chg. In EPS est. (%)	-	(9.2)	(15.3)	(15.4)
EPS growth (%)	(5.2)	3.8	14.6	20.9
Core P/E (x)	16.2	15.6	13.6	11.3
Dividend yield (%)	1.0	1.0	1.1	1.3
Price/book (x)	3.2	2.7	2.3	2.0
ROE (%)	21.7	19.0	18.5	19.1
ROA (%)	5.6	4.6	4.3	4.4



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	5.6	(26.0)	(40.3)
Relative to country (%)	2.2	(27.1)	(40.6)
Mkt cap (USD m)	2,148		
3m avg. daily turnover (USD m)	14.1		
Free float (%)	21		
Major shareholder	Petaumpai Family (67%)		
12m high/low (THB)	64.00/32.50		
Issued shares (m)	2,120		

Sources: Bloomberg consensus; FSSIA estimates


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Investment thesis

MTC is the largest listed non-bank personal and auto title loan service provider in Thailand. We believe that the business prospects for secured consumer loans remain solid. The demand for fast cash is less volatile in varying economic conditions, though spending purposes may differ. Operationally, MTC has long experience and strong management expertise, reflecting its ability to drive growth and contain asset quality.

We lower our 2023 GGM-based TP to THB39 from THB60 and downgrade our recommendation to HOLD from Buy, as we think MTC’s asset quality and earnings have not reached the bottom yet. We might turn more positive on MTC if 1) the company increases the rate charged to clients to reflect its higher-risk portfolio; and/or 2) the company can solve its NPL problem.

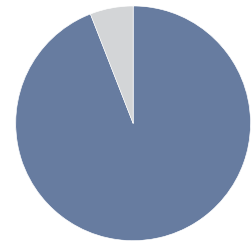
Company profile

MTC has provided lending services since 1992, focusing on motorcycle title loans, and commands the highest market share in Thailand. The company has also expanded its business to personal and other title loans such as car, agricultural and land title loans.

www.muangthaicap.com

Principal activities (revenue, 2021)

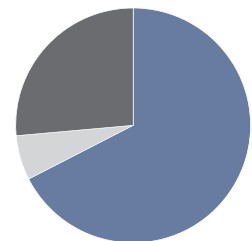
- Net interest income - 94.1 %
- Non-interest income - 5.9 %



Source: Muangthai Capital

Major shareholders

- Petaumpai Family - 67.5 %
- Thai NVDR Co., Ltd. - 6.2 %
- Others - 26.4 %



Source: Muangthai Capital

Catalysts

Potential share price catalysts for MTC include:

1. A significant lower NPL formation rate;
2. A rise in its interest charge to clients.

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 the Consumer Protection Board. Upside risks to our TP include 1) better asset quality control; and 2) an increase in the interest rate charged to clients.

Event calendar

Date	Event
10 November 2022	Post 3Q22 results meeting
Mid-February 2022	4Q22 results announcement

Key assumptions

Year to Dec	2022E	2023E	2024E
	(%)	(%)	(%)
Net profit (THB m)	5,134	5,885	7,113
Net profit growth	3.8	14.6	20.9
NIM	15.46	15.10	15.00
Loan growth	30.0	20.0	20.0
Non-NII growth	1.7	5.0	5.0
Credit cost (bp)	250	250	220
Cost to income	47.2	48.7	49.6

Source: FSSIA estimates

Earnings sensitivity

Year to Dec	2023E		
	±2ppt	20.0	22.0
Loan growth			
% change in net profit	(2.1)	-	2.1
NIM (%)	±5bp	15.05	15.15
% change in net profit	(0.6)	-	0.6
Credit cost (bps)	±10bp	240	260
% change in net profit	1.2	-	(1.2)

Source: FSSIA estimates

Weak 3Q22 results from poor asset quality

MTC reported a poor 3Q22 net profit of THB1,205m (flat y-y, -13% q-q), which was 13% below the Bloomberg consensus expectation. The key drag in its performance was the weak asset quality from high inflation and the end of the debt forbearance program. Its NPLs continued to increase at an elevated rate of 24% q-q, with an NPL formation rate (based on our calculation) of 2.74% vs 2.87% in 2Q22. Its 3Q22 NPL ratio was at 2.3% from 2.0% in 2Q22. On top of that, its stage 2 loans rose to 8.9% of total loans from 8.4% in 2Q22. Accordingly, MTC set an all-time high credit cost of 346 bps. As for other items, we see an insignificant change in the trend from 2Q22, consisting of 1) high loan growth of 35% y-y and 7% q-q; and 2) a slight decline q-q in its NIM to 15.2%.

3Q22 key highlights

- NII increased by 28% y-y and 7% q-q following a rise in its loan volume of 34.9% y-y and 6.7% q-q.
- Its cost of funds rose minimally by 4 bps q-q to 3.27%.
- Its OPEX rose 11% y-y and 4% q-q from 1) the resumption of business activities to their normal level following the economic reopening; and 2) a rise in its debt collection expenses.
- Its coverage ratio increased to 102% from 96%.

Exhibit 1: MTC – Summary of 3Q22 operations

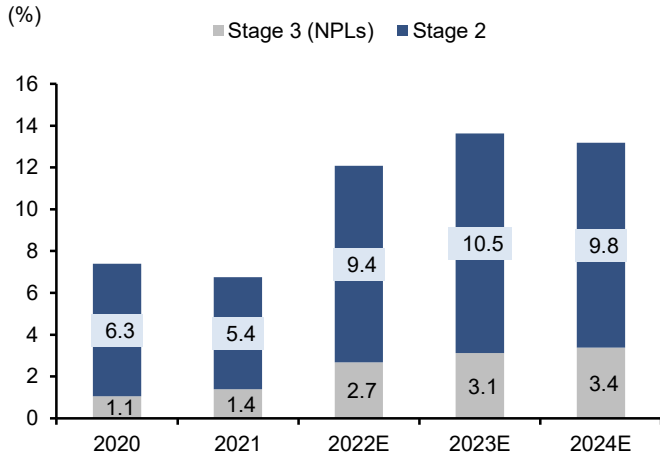
Year-end Dec 31	3Q21	2Q22	3Q22	----- Change -----		----- 9M22 -----			2022E	Change	Comments
	(THB m)	(THB m)	(THB m)	(y-y%)	(q-q%)	(THB m)	(y-y %)	%22E	(THB m)	(y-y %)	
Net interest income	3,287	3,955	4,222	28	7	11,858	24	73	16,326	25	
Non-interest income	188	208	226	20	9	596	(11)	71	837	2	
Operating income	3,475	4,162	4,448	28	7	12,455	22	73	17,163	24	
Operating expenses	1,778	1,902	1,973	11	4	5,818	18	72	8,106	16	
PPOP before tax	1,696	2,260	2,476	46	10	6,637	25	73	9,057	31	
Expected credit loss	191	524	959	401	83	1,652	241	63	2,640	262	
Income tax	304	355	312	2	(12)	1,023	3	80	1,283	2	
Minority interest	0	0	0	-	-	0	-		0		
Normalised profit	1,201	1,381	1,205	0	(13)	3,961	3	77	5,134	4	
Extraordinary items	0	0	0	-	-	0	-		0		
Net profit	1,201	1,381	1,205	0	(13)	3,961	3	77	5,134	4	13% below the BBG consensus
EPS (THB)	0.57	0.65	0.57	0	(13)	1.87	3	77	2.42	4	
Asset quality ratio											
NPLs (THB m)	997	2,104	2,611	162	24				3,190	150	
NPLs / Loans (%)	1.17	1.96	2.28						2.67		
Loan loss reserve/NPLs (%)	160	96	102						101		
Credit cost (bp)	93	204	346						250		
Profitability ratio (%)											
Cost to income ratio	51.2	45.7	44.3						47.2		
Average yield	18.66	17.93	17.87						18.00		
Cost of funds	3.46	3.23	3.27						3.27		
Net interest margin (NIM)	15.96	15.36	15.22						15.46		
Non-interest income / total income	5.4	5.0	5.1						4.9		
Loan growth (%)											
Year-to-date	40.8	17.0	24.8								
y-y	26.4	34.5	34.9						30.0		
q-q	6.4	8.9	6.7								

Source: MTC; FSSIA estimates

Expect poor performance for at least the next two quarters

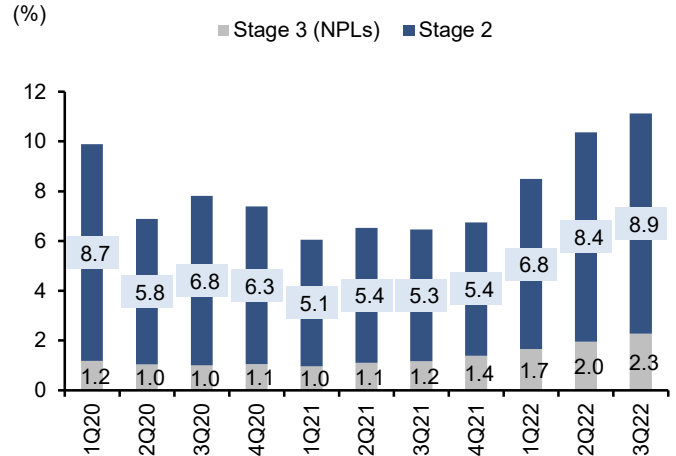
We think weak asset quality should continue to pressure MTC's performance for at least the next two quarters. We expect its 2022/23 NPL ratio to reach 2.67%/3.12% from 1.39% in 2021. On top of that, we expect that its stage 2 loans will continue to rise to 9.4%/10.5% in 2022/23 from 5.4% in 2021. We anticipate that MTC's clients will have a lower debt repayment ability from 1) the slow economic recovery and high inflation environment; and 2) changes in clients' behaviour – some clients prefer to keep their cash rather than repay debt.

Exhibit 2: Yearly loan staging



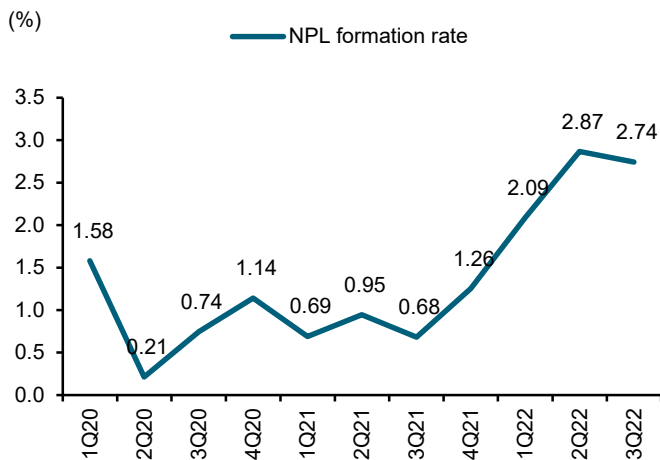
Sources: MTC; FSSIA estimates

Exhibit 3: Quarterly loan staging



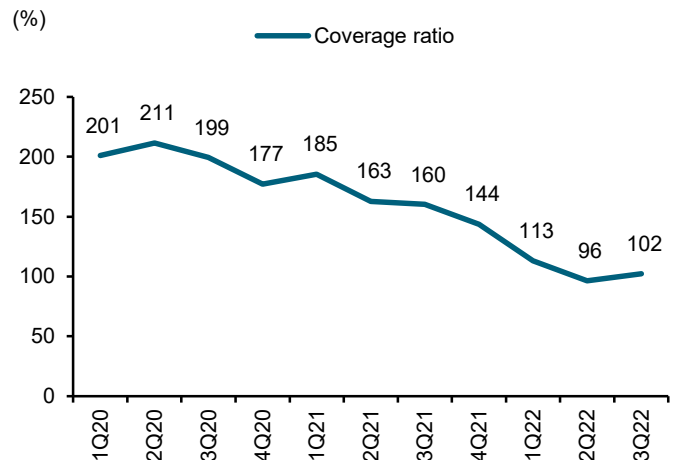
Source: MTC

Exhibit 4: NPL formation rate



Source: FSSIA's calculation

Exhibit 5: Coverage ratio

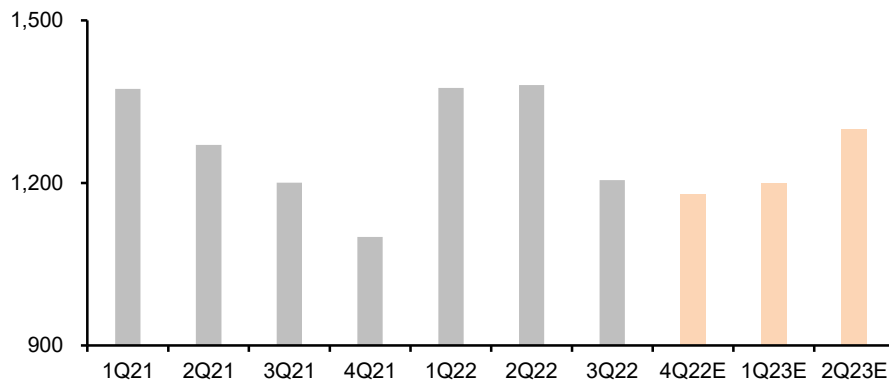


Source: MTC

We think MTC will need at least two quarters to solve its asset quality problem, and we expect the company to set a noticeably higher credit cost level. Hence, we expect MTC to deliver a lower q-q net profit in 4Q22.

Exhibit 6: Quarterly earnings

(THB m)



Sources: MTC; FSSIA's compilation

Earnings and target price revisions

We lower our net profit forecasts for 2022/23/24 by 9%/15%/15% to mainly reflect our higher credit cost assumptions to 250/250/220 bps from 128/170/168 bps due to a higher asset deterioration rate.

Exhibit 7: 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	13,068	16,055	16,326	1.7	20,076	19,822	(1.3)	24,209	23,636	(2.4)
Non-interest income	824	631	837	32.6	749	879	17.3	821	923	12.4
Operating income	13,891	16,687	17,163	2.9	20,826	20,701	(0.6)	25,030	24,559	(1.9)
Operating expenses	6,961	8,285	8,106	(2.2)	9,904	10,081	1.8	11,868	12,180	2.6
PPOP before tax	6,930	8,401	9,057	7.8	10,922	10,620	(2.8)	13,162	12,380	(5.9)
Expected credit loss (Reversal)	728	1,334	2,640	97.9	2,210	3,282	48.5	2,650	3,466	30.8
Tax expenses	1,257	1,413	1,283	(9.2)	1,760	1,453	(17.4)	2,102	1,801	(14.4)
Minority interest	-	0	-	-	0	-	-	-	-	-
Normalised profit	4,945	5,654	5,134	(9.2)	6,952	5,885	(15.3)	8,409	7,113	(15.4)
Extraordinary items	-	0	-	-	0	-	-	-	-	-
Net profit	4,945	5,654	5,134	(9.2)	6,952	5,885	(15.3)	8,409	7,113	(15.4)
EPS (THB)	2.33	2.67	2.42	(9.2)	3.3	2.78	(15.3)	3.97	3.36	(15.4)
Key statistics and ratios										
Asset quality ratio										
Gross NPLs (THB m)	1,276	2,935	3,190	8.7	3,962	4,466	12.7	5,150	5,805	12.7
Gross NPLs / Loans (%)	1.4	2.5	2.7	-	2.8	3.1	-	2.99	3.4	-
Loan loss reserve/NPLs (%)	144	92	101	-	98.6	113	-	101	117	-
Credit cost (bps)	90	128	250	-	170	250	-	168	220	-
Profitability ratio (%)										
Cost to income ratio	50.1	49.7	47.2	-	47.6	48.7	-	47.4	49.6	-
Average yield	18.67	18.05	18.00	-	18.30	18.00	-	18.30	18.00	-
Cost of funds	3.43	3.45	3.27	-	3.75	3.70	-	3.90	3.85	-
Net interest margin (NIM)	16.06	15.41	15.46	-	15.44	15.10	-	15.35	15.00	-
Loan growth (%)										
y-y	29.4	27.0	30.0	-	23.0	20.0	-	20.0	20.0	-

Sources: MTC; FSSIA estimates

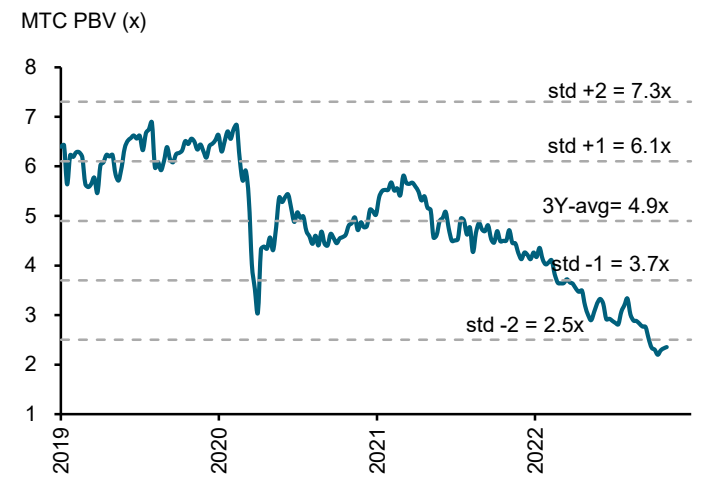
We lower our 2023 GGM-based TP to THB39, down from our previous TP of THB60, as we 1) cut our EPS forecast, leading to a lower book value; and 2) revise down our target 2023 P/BV to 2.4x from 3.6x, as we lower our ROE and terminal growth estimates to reflect our downward earnings revision and increase our cost of equity assumptions to reflect the higher risks from its asset quality. We downgrade our recommendation to HOLD from Buy.

Exhibit 8: MTC – GGM-derived target price

Target price (THB)	39.0 (from 60.0)
Recommendation	HOLD (from BUY)
Risk-free rate (%)	3.0 (unchanged)
Market risk premium (%)	8.0 (unchanged)
Cost to equity (%)	11.6 (from 11.3)
Terminal growth (%)	6.4 (from 7.9)
ROE target (%)	19.0 (from 21.1)
Target PBV (x)	2.4 (from 3.6)

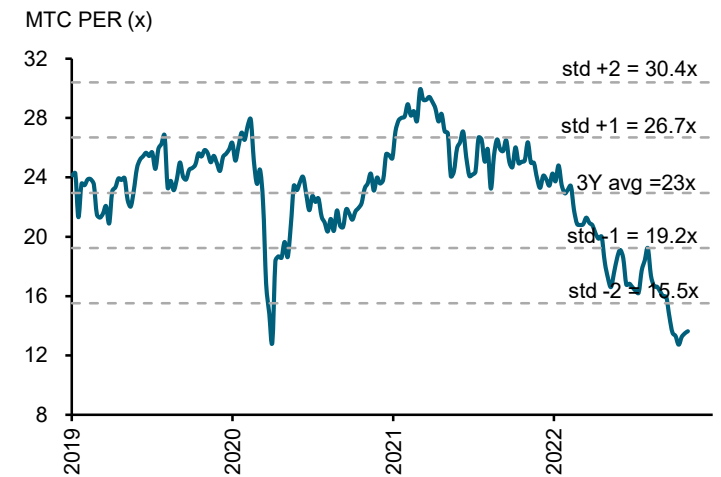
Source: FSSIA estimates

Exhibit 9: MTC – rolling one-year forward P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 10: MTC – rolling one-year forward P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 11: 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						18,514	8.5	20.1	21.3	17.2	15.8	16.2	2.9	2.6
Unsecured-loan lender						5,126	19.6	7.9	17.9	16.6	24.5	22.9	4.2	3.6
Aeon Thana Sinsap (Thailand)	AEONTS TB	HOLD	160.50	188.00	17	1,077	19.0	7.0	9.5	8.9	19.8	18.5	1.8	1.5
Krungthai Card	KTC TB	BUY	58.50	65.00	11	4,049	19.8	8.1	20.2	18.6	25.8	24.1	4.8	4.2
Auto-title lender						5,893	6.6	17.3	15.4	13.2	17.3	18.0	2.5	2.2
Muangthai Capital	MTC TB	HOLD	37.75	39.00	3	2,148	3.8	14.6	15.6	13.6	19.0	18.5	2.7	2.3
Srisawad Corp	SAWAD TB	BUY	43.25	62.00	43	1,594	0.8	19.3	12.8	10.7	17.8	19.4	2.2	2.0
Saksiam Leasing	SAK TB	BUY	6.95	9.70	40	391	23.1	26.3	19.5	15.4	14.5	16.4	2.7	2.4
Ngern Tid Lor	TIDLOR TB	BUY	26.25	37.00	41	1,760	11.4	16.9	16.7	14.3	15.6	16.3	2.5	2.2
Truck lender						2,046	(0.3)	27.5	21.8	16.8	10.0	11.6	1.9	1.8
Micro Leasing	MICRO TB	HOLD	4.46	4.00	(10)	112	(39.1)	39.1	36.5	26.2	5.7	7.6	2.1	1.9
Singer Thailand	SINGER TB	BUY	34.00	59.00	74	1,274	(4.1)	35.2	25.3	18.7	7.2	9.4	1.8	1.7
Ratchthani Leasing	THANI TB	BUY	4.34	5.20	20	660	13.8	10.7	12.6	11.4	16.2	16.7	2.0	1.8
Asset management						4,174	4.7	37.5	37.4	26.6	8.2	10.2	3.0	2.8
Bangkok Commercial Asset Mngt.	BAM TB	BUY	15.50	20.00	29	1,345	5.2	21.0	18.3	15.1	6.4	7.2	1.2	1.0
Chayo Group	CHAYO TB	BUY	8.05	10.60	32	230	(1.6)	25.9	35.9	28.5	9.6	8.0	3.2	1.8
JMT Network Services	JMT TB	BUY	63.25	84.00	33	2,477	2.7	48.4	47.7	32.2	8.9	12.0	3.9	3.8
Knight Club Capital Asset Mngt.	KCC TB	HOLD	7.30	7.10	(3)	121	53.1	21.9	41.9	34.3	11.7	10.1	3.8	3.2
Other						1,154	4.1	8.5	7.8	7.2	8.0	8.2	0.6	0.6
Thanachart Capital	TCAP TB	HOLD	41.00	43.00	5	1,154	4.1	8.5	7.8	7.2	8.0	8.2	0.6	0.6
Hire purchase motorcycle						120	(52.9)	56.5	20.4	13.0	5.7	7.6	1.0	1.0
Next Capital	NCAP TB	HOLD	3.32	5.00	51	120	(52.9)	56.5	20.4	13.0	5.7	7.6	1.0	1.0

*KTC, MICRO, SINGER, and THANI's target prices are 2023 GGM-based
 Share prices as of 8 Nov 2022;
 Sources: Bloomberg; FSSIA estimates

Financial Statements

Muangthai Capital

Profit and Loss (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Interest Income	13,962	15,195	19,005	23,633	28,359
Interest expense	(1,817)	(2,127)	(2,680)	(3,811)	(4,723)
Net interest income	12,145	13,068	16,326	19,822	23,636
Net fees & commission	726	769	769	807	848
Foreign exchange trading income	-	-	-	-	-
Securities trading income	-	-	-	-	-
Dividend income	0	0	0	0	0
Other income	45	55	68	72	75
Non interest income	771	824	837	879	923
Total income	12,916	13,891	17,163	20,701	24,559
Staff costs	(3,676)	(4,272)	(5,596)	(7,275)	(9,094)
Other operating costs	(2,469)	(2,689)	(2,509)	(2,805)	(3,086)
Operating costs	(6,144)	(6,961)	(8,106)	(10,081)	(12,180)
Pre provision operating profit	6,771	6,930	9,057	10,620	12,380
Provision for bad and doubtful debt	(255)	(728)	(2,640)	(3,282)	(3,466)
Other provisions	-	-	-	-	-
Operating profit	6,517	6,201	6,417	7,338	8,914
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	6,517	6,201	6,417	7,338	8,914
Tax	(1,303)	(1,257)	(1,283)	(1,453)	(1,801)
Profit after tax	5,214	4,945	5,134	5,885	7,113
Minority interests	0	0	0	0	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	5,214	4,945	5,134	5,885	7,113
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	5,214	4,945	5,134	5,885	7,113
Per share (THB)					
Recurring EPS *	2.46	2.33	2.42	2.78	3.36
Reported EPS	2.46	2.33	2.42	2.78	3.36
DPS	0.37	0.37	0.36	0.42	0.50
Growth					
Net interest income (%)	17.3	7.6	24.9	21.4	19.2
Non interest income (%)	(4.6)	6.8	1.7	5.0	5.0
Pre provision operating profit (%)	15.8	2.3	30.7	17.3	16.6
Operating profit (%)	23.1	(4.8)	3.5	14.3	21.5
Reported net profit (%)	23.0	(5.2)	3.8	14.6	20.9
Recurring EPS (%)	23.0	(5.2)	3.8	14.6	20.9
Reported EPS (%)	23.0	(5.2)	3.8	14.6	20.9
Income Breakdown					
Net interest income (%)	94.0	94.1	95.1	95.8	96.2
Net fees & commission (%)	5.6	5.5	4.5	3.9	3.5
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	-	-	-	-	-
Dividend income (%)	-	-	-	-	-
Other income (%)	0.3	0.4	0.4	0.3	0.3
Operating performance					
Gross interest yield (%)	21.27	18.67	18.00	18.00	18.00
Cost of funds (%)	3.71	3.43	3.27	3.70	3.85
Net interest spread (%)	17.56	15.24	14.73	14.30	14.15
Net interest margin (%)	18.5	16.1	15.5	15.1	15.0
Cost/income(%)	47.6	50.1	47.2	48.7	49.6
Cost/assets(%)	8.8	7.9	7.2	7.3	7.5
Effective tax rate (%)	20.0	20.3	20.0	19.8	20.2
Dividend payout on recurring profit (%)	15.0	15.9	15.0	15.0	15.0
ROE (%)	28.4	21.7	19.0	18.5	19.1
ROE - COE (%)	17.6	10.9	8.2	7.7	8.3
ROA (%)	7.5	5.6	4.6	4.3	4.4
RORWA (%)	-	-	-	-	-

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Muangthai Capital; FSSIA estimates

Financial Statements


Muangthai Capital


Balance Sheet (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Gross customer loans	70,968	91,812	119,356	143,227	171,873
Total provisions	(1,328)	(1,832)	(3,218)	(5,068)	(6,816)
interest in suspense	0	0	0	0	0
Net customer loans	69,640	89,981	116,138	138,159	165,057
Bank loans	-	-	-	-	-
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	0	0	0	0	0
Cash & equivalents	1,378	1,306	2,240	3,926	2,563
Other interesting assets	-	-	-	-	-
Tangible fixed assets	1,928	2,054	2,187	2,329	2,481
Associates	-	-	-	-	-
Goodwill	-	-	-	-	-
Other intangible assets	-	-	-	-	-
Other assets	4,275	5,049	5,320	5,748	6,522
Total assets	77,222	98,390	125,885	150,163	176,623
Customer deposits	0	0	0	0	0
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	53,699	70,457	93,435	112,550	132,795
Non interest bearing liabilities	2,841	3,064	3,218	3,378	3,547
Hybrid Capital	-	-	-	-	-
Total liabilities	56,540	73,521	96,653	115,928	136,342
Share capital	2,120	2,120	2,120	2,120	2,120
Reserves	18,567	22,749	27,112	32,115	38,161
Total equity	20,687	24,869	29,232	34,235	40,281
Minority interests	(5)	0	0	0	0
Total liabilities & equity	77,222	98,390	125,885	150,163	176,623
Supplementary items					
Risk weighted assets (RWA)	n/a	n/a	n/a	n/a	n/a
Average interest earning assets	65,653	81,390	105,584	131,292	157,550
Average interest bearing liabilities	48,931	62,078	81,946	102,993	122,672
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)	747	1,276	3,190	4,466	5,805
Per share (THB)					
Book value per share	9.76	11.73	13.79	16.15	19.00
Tangible book value per share	9.76	11.73	13.79	16.15	19.00
Growth					
Gross customer loans	17.6	29.4	30.0	20.0	20.0
Average interest earning assets	21.1	24.0	29.7	24.3	20.0
Total asset (%)	24.8	27.4	27.9	19.3	17.6
Risk weighted assets (%)	-	-	-	-	-
Customer deposits (%)	nm	nm	nm	nm	nm
Leverage & capital measures					
Customer loan/deposits (%)	-	-	-	-	-
Equity/assets (%)	26.8	25.3	23.2	22.8	22.8
Tangible equity/assets (%)	26.8	25.3	23.2	22.8	22.8
RWA/assets (%)	-	-	-	-	-
Tier 1 CAR (%)	-	-	-	-	-
Total CAR (%)	-	-	-	-	-
Asset Quality					
Change in NPL (%)	20.3	70.7	150.0	40.0	30.0
NPL/gross loans (%)	1.1	1.4	2.7	3.1	3.4
Total provisions/gross loans (%)	1.9	2.0	2.7	2.9	4.0
Total provisions/NPL (%)	177.6	143.6	100.9	113.5	117.4
Valuation					
Recurring P/E (x) *	15.3	16.2	15.6	13.6	11.3
Recurring P/E @ target price (x) *	15.9	16.7	16.1	14.0	11.6
Reported P/E (x)	15.3	16.2	15.6	13.6	11.3
Dividend yield (%)	1.0	1.0	1.0	1.1	1.3
Price/book (x)	3.9	3.2	2.7	2.3	2.0
Price/tangible book (x)	3.9	3.2	2.7	2.3	2.0
Price/tangible book @ target price (x)	4.0	3.3	2.8	2.4	2.1

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Muangthai Capital; 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	WIJK
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)

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

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Rawisara Suwanumphai FSS International Investment Advisory Securities Co., Ltd

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Company	Ticker	Price	Rating	Valuation & Risks
Muangthai Capital	MTC TB	THB 37.75	HOLD	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 the Consumer Protection Board. Upside risks to our TP include 1) better asset quality control; and 2) an increase in the interest rate charged to clients.
Aeon Thana Sinsap (Thailand)	AEONTS TB	THB 160.50	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 58.50	BUY	Downside risks are: 1) regulatory actions to curb industry growth; and 2) deteriorating asset quality.
Srisawad Corp	SAWAD TB	THB 43.25	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 6.95	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 26.25	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 4.46	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 34.00	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 4.34	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 15.50	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 8.05	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 63.25	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 7.30	HOLD	Upside risks to our GGM-based TP include 1) higher NPL acquisitions; and 2) higher corporate NPL settlements. 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 41.00	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 3.32	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

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All share prices are as at market close on 08-Nov-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.