

SRISAWAD CORP SAWAD TB

THAILAND / FINANCE & SECURITIES

BUY

กลับสู่การเติบโตพร้อมความเสี่ยงที่เพิ่มขึ้น

- เรามีมุมมองบวกต่อการที่บริษัท กลับสู่การเติบโตพร้อมกลยุทธ์การควบคุมคุณภาพสินเชื่อที่เข้มงวดมากยิ่งขึ้น
- กำไรที่สูงขึ้นอาจช่วยชดเชยแนวโน้มในการตั้งผลขาดทุนทางเครดิตที่คาดว่าจะเกิดขึ้น (ECL) จากหนี้ต่อคุณภาพ (NPL) ที่คาดว่าจะเร่งตัวขึ้นอีกซึ่งยังอยู่ในระดับที่จัดการได้
- เราเริ่มบทวิเคราะห์ SAWAD ด้วยคำแนะนำซื้อที่ราคาเป้าหมาย 51 บาท (GGM)

TARGET PRICE	THB51.00
CLOSE	THB43.50
UP/DOWNSIDE	+17.2%
TP vs CONSENSUS	-6.9%

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Operating profit	5,924	7,137	8,119	9,579
Net profit	4,476	5,340	6,303	7,439
EPS (THB)	3.26	3.89	4.59	5.42
vs Consensus (%)	-	5.4	5.7	8.7
Recurring net profit	4,476	5,340	6,303	7,439
Core EPS (THB)	3.26	3.89	4.59	5.42
EPS growth (%)	(5.2)	19.3	18.0	18.0
Core P/E (x)	13.3	11.2	9.5	8.0
Dividend yield (%)	4.1	4.1	4.6	5.5
Price/book (x)	2.3	2.1	1.8	1.6
ROE (%)	17.8	19.7	20.7	21.4
ROA (%)	8.1	6.1	5.1	5.0

กระจายความเสี่ยงทางธุรกิจเพื่อให้โตต่อเนื่อง

SAWAD group เปลี่ยนแปลงอย่างมีนัยสำคัญอีกครั้งในปี 2022 เพื่อส่งเสริมสินเชื่อเช่าซื้อรถจักรยานยนต์ผ่าน SCAP โดยได้ซื้อ Cathay Leasing (การเติบโตจากภายนอก) และ S Leasing (ในปี 2021) ซึ่งทำให้สินเชื่อรถจักรยานยนต์ใหม่โดยมีนัยสำคัญจาก 5.88 พัน ลบ. ในปี 2021 เป็น 34.7 พัน ลบ. ใน 2Q23 และช่วยให้ SCAP มีส่วนแบ่งตลาดใหญ่เป็นอันดับ 3 (20%) ในอุตสาหกรรม (หลัง AYCAL และ Summit Co.) ในภาพรวมพอร์ตสินเชื่อของ SAWAD ได้เปลี่ยนแปลงไปโดยมีสินเชื่อเช่าซื้อรถจักรยานยนต์คิดเป็นไม่เกิน 30% ตามด้วยสินเชื่อรถยนต์และสินเชื่อจำนองที่ดินในสัดส่วนใกล้เคียงกันที่ 23-24%, สินเชื่อ Fast Money (FM) ที่ 18% และที่เหลืออีก 5% เป็นสินเชื่อบุคคล

คุณภาพสินทรัพย์เสื่อมลงตามการขยายสินเชื่อเชิงรุก

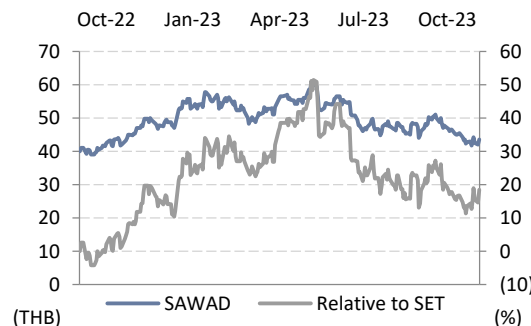
ในภาพรวมคุณภาพสินทรัพย์ของ SAWAD มีทิศทางอ่อนแอลง แนวโน้มดังกล่าวสอดคล้องกับแผนในการกลับสู่การเติบโตเชิงรุกมากขึ้น SAWAD คาดว่าสัดส่วน NPL จะไต่ขึ้นใกล้เคียงระดับก่อนโควิดที่ประมาณ 3-4% เราคาดว่าสัดส่วน NPL ในปี 2023-25 จะอยู่ที่ 2.95% 3.10% และ 3.30% ตามลำดับส่วนมากจาก NPL ที่เพิ่มขึ้นของ SCAP นอกจากนี้เรายังคาดว่าด้วยว่าสัดส่วน NPL ของ SCAP ใน 2H23 จะแตะระดับสูงสุดที่กว่า 3.00% (ในปี 2023-25) ตัดในวงเล็บออก ต้นทุนความเสี่ยงในการปล่อยสินเชื่อ (Credit cost) น่าจะปรับขึ้นจาก 188bp ใน 2Q23 (ไม่รวมรายการพิเศษ 220 ลบ.) โดยเราคาดว่า Credit cost ในปี 2023-25 จะอยู่ที่ประมาณ 200-280bp

ฤดูกาลที่ดีในช่วง 2H23 สำหรับทั้งสินเชื่อและกำไร

เราคาดว่ากำไรสุทธิ 3Q23 ที่ 1.43 พัน ลบ. (+24.7% q-q, +20.6% y-y) โดยมีปัจจัยหนุนจากรายได้ดอกเบี้ยสุทธิที่เพิ่มอย่างมีนัยสำคัญส่วนมากจากการรวบรวม FM เพิ่ม 100% (เดิมรับรู้เป็นส่วนแบ่งกำไรจาก บ.ร่วม) ในขณะที่เราคาดว่า Credit cost ใน 3Q23 จะอยู่ที่ 1.67% ลดลงอย่างมีนัยสำคัญจาก 3.04% ใน 2Q23 จากรายการที่กล่าวข้างต้น เราคาดว่ากำไรสุทธิปี 2023-25 จะโตต่อเนื่องถึง 18.5% ต่อปี CAGR จาก 1) การกลับสู่การเติบโตที่เป็นเชิงรุกมากยิ่งขึ้นของสินเชื่อทะเบียนสินทรัพย์ประเภทต่าง ๆ; 2) การรวบรวมงบการเงินของ FM น่าจะให้ผลเชิงบวกตลอดปี; และ 3) ผลการดำเนินงานของ SCAP ซึ่งเราคาดว่าจะโตต่อเนื่องเป็นประมาณ 11.0% ต่อปี CAGR

เริ่มด้วยคำแนะนำซื้อจากการกลับสู่การเติบโตพร้อมความเสี่ยงที่สูงขึ้น

เราเริ่มบทวิเคราะห์ SAWAD ด้วยคำแนะนำซื้อที่ราคาปัจจุบัน ราคาเป้าหมายปี 2023 ของเราที่ 51 บาท (GGM) คิดเป็นค่า P/BV ที่ 2.21x



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(8.9)	(7.0)	8.1
Relative to country (%)	(1.7)	(2.9)	18.3
Mkt cap (USD m)	1,626		
3m avg. daily turnover (USD m)	14.6		
Free float (%)	45		
Major shareholder	Kaewbootta Family (28%)		
12m high/low (THB)	61.00/38.00		
Issued shares (m)	1,373		

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 11 ตุลาคม 2023

Investment thesis

We initiate coverage of SAWAD with a BUY call at the current price due to:

- 1) We favor the company's return to growth with a more potent loan quality control strategy, since SCAP has faced higher NPLs from the beginning of 2023.
- 2) Higher profits may be partly offset by the tendency to set ECL from NPLs that will accelerate further. However, we believe it is still manageable.
- 3) We expect that 2023-25 net profit could continue to grow at an average of 18.5% p.a. CAGR, with the main supporting factors from vehicle title loans.
- 4) A potential return of 25.7% p.a. (17.2% potential upside plus expected dividend yields of 4.1-5.5% p.a.)

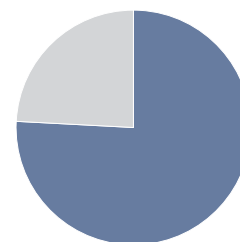
Company profile

SAWAD provides loan services to retail customers. Its business operations can be classified into four main categories: 1) auto title loans against all types of used vehicles, homes, and land; 2) unsecured personal loans; 3) motorcycle hire-purchase; and 4) asset management.

www.meebaanmeerod.com

Principal activities (revenue, 1H23)

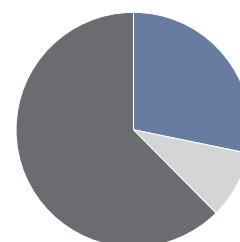
- Net interest income - 75.84 %
- Non-interest income - 24.16 %



Source: Srisawad Corp

Major shareholders

- Kaewbootta Family - 28.2 %
- Thai NVDR - 9.3 %
- Others - 62.4 %



Source: Srisawad Corp

Catalysts

- 1) Better-than-expected loan growth.
- 2) Better-than-expected spread.
- 3) Lower-than-expected NPLs and credit cost.
- 4) Lower-than-expected operating expenses.

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.

Event calendar

Date	Event
15 Nov 2023	3Q23 results announcement

Key assumptions

	2023E	2024E	2025E
	(%)	(%)	(%)
Loan growth	84.2	21.8	21.9
HP income growth	128.1	47.0	26.0
Loan income growth	48.1	41.5	19.7
Spread	15.53	15.24	15.06
Credit cost	2.00	2.60	2.80
NPL ratio	2.95	3.10	3.30

Source: FSSIA estimates

Earnings sensitivity

		2023E	
Loan growth (%)	±2ppt	82.2	84.2
% change in net profit		-0.2	0.2
Spread (%)	±10bp	15.43	15.53
% change in net profit		-1.1	+1.1
Credit cost (bp)	±10bp	190	200
% change in net profit		+1.2	-1.2

Source: FSSIA estimates

Diversifying business risk to continue growth

A significant change in the business structure of SAWAD group occurred again in 2022, with Srisawad Finance Company returning its finance business license and exchanging shares by exchanging Srisawad Capital (holding 65%) shares with newly issued shares of BFIT (holding 81.64%). Hence, the shareholding proportion in Srisawad Capital and BFIT has changed to 0% and 72.05%, along with allowing BFIT to receive the transfer of all Srisawad Capital, including changing the name of Srisawad Finance to Srisawad Capital 1969, and changing the abbreviation in the SET from BFIT to SCAP.

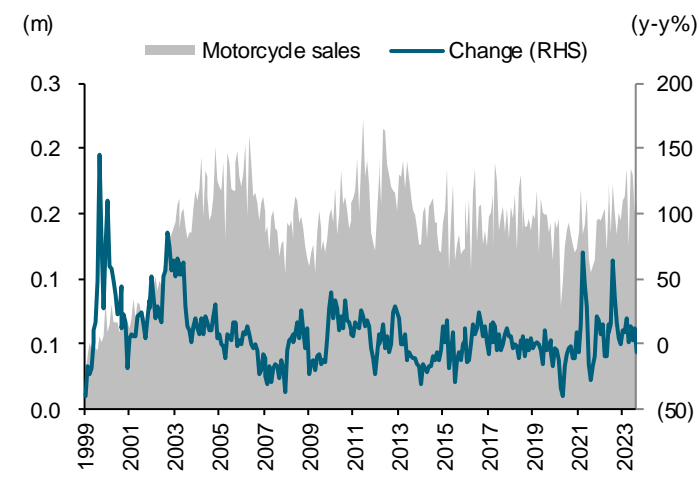
Exhibit 1: SAWAD's group structure



Source: SAWAD

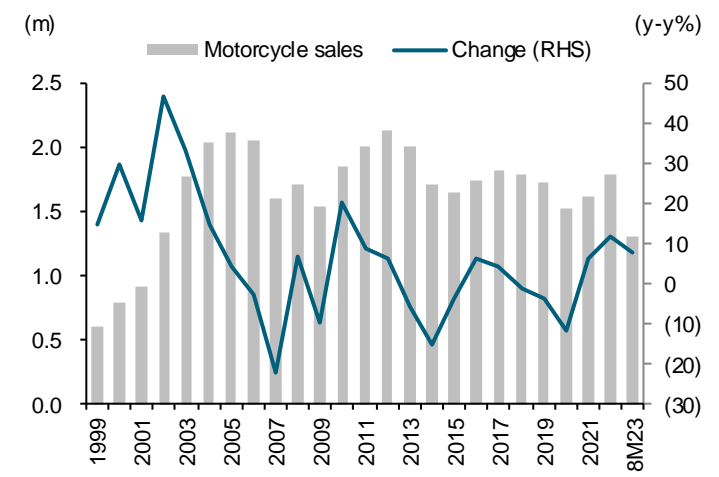
SAWAD group has further expanded its new motorcycle leasing business, with SCAP investing in Cathay Leasing Co., Ltd. (inorganic growth) in addition to S Leasing Co., Ltd. (which was previously owned by Srisawad Capital, by acquiring 90% of shares in 2021), which also operates a new motorcycle leasing business. As a result, new motorcycle loans increased from THB5.88b in 2021 to THB22.40b in 2022 and THB34.7b in 2Q23.

Exhibit 2: Domestic sales of motorcycles, monthly



Sources: The Federation of Thailand Industries (FTI); FSSIA's compilation

Exhibit 3: Annual domestic sales of motorcycles



Sources: FTI; FSSIA's compilation

SAWAD's overall loan growth over the past three years was at a 15.4% p.a. CAGR during 2020-22, with the new motorcycle leasing business growing aggressively by 377.7% p.a. during the same period, which is the main supporting factor driving the growth of the business group, while loan receivables (title loans and personal loans) grew by an average of 1.0% during the same period. In addition, branch expansion continued from 4,750 branches in 2018 to 5,316 branches in 2022 and 5,385 branches at the end of 2Q23.

Exhibit 4: Personal consumption and spending in Thailand

	2018	2019	2020	2021	2022	1H23
Household debt to GDP (%)	82.7	84.1	94.2	94.7	91.4	90.7
Household monthly spending (THB)	21,346	20,742	21,329	21,616	22,372	n/a
Thailand personal consumption (THB b)	10,268	10,849	11,276	11,656	12,088	12,282

* Data from the National Statistical Office's survey; based on data from the Ministry of Commerce, household spending in Jul-23 was THB18,130, of which 41.47% was for food and non-alcoholic drinks and 58.53% was for non-food; compared to THB18,136 in Dec-22 and THB17,127 in Dec-21.

Sources: Bank of Thailand; [National Statistical Office](#); [Trade Policy and Strategy Office](#), Ministry of Commerce; FSSIA's compilation

Exhibit 5: Thailand's vehicle registrations

	Motorcycle	Car	Others	Bus & truck	Total	Change
	(m)	(m)	(m)	(m)	(m)	(y-y)
2018	21.1	16.5	0.7	1.3	39.6	3.2%
2019	21.4	17.3	0.7	1.3	40.7	2.9%
2020	21.6	17.9	0.7	1.3	41.5	1.9%
2021	21.8	18.4	0.8	1.3	42.3	2.0%
2022	22.3	19.0	0.8	1.4	43.4	2.6%
Sep-23	22.5	19.4	0.7	1.4	44.0	1.8%+

+ % change year-to-date

Sources: Department of Land Transport; FSSIA's compilation

Exhibit 7: Product range vs regulated interest rate

Loans type	Credit line	Tenor	Regulated	Regulator*
	(THB)	(month)	interest rate	
Auto-backed	30-70% of market price	6-48	15%	BoT
House, condo & land backed	20-30% of government price	12-24	15%	CCC
Personal loan	2.5x of monthly income	12-60	25%	BoT
Nano finance	≤ 100,000	12-60	33%	BoT
Motorcycle HP	2.5x of monthly income	12-60	23%	OCPB

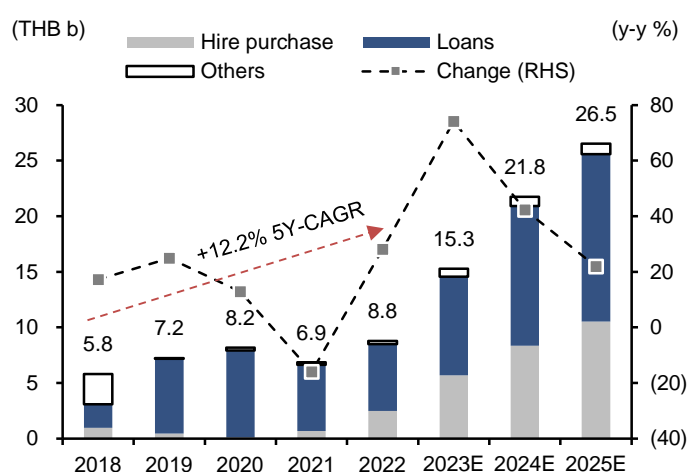
*BoT stands for Bank of Thailand, CCC stands for Civil and Commercial Code, and OCPB stands for the Office of the Consumer Protection Board
Source: FSSIA's compilation

Exhibit 6: Thailand's vehicle title loans and NPLs, 2019-1H23

	Vehicle title loans	NPLs	% of
	(THB b)	(THB b)	NPLs
2019	90.6	0.86	1.0%
2020	118.2	2.05	1.7%
2021	149.2	2.17	1.5%
2022	209.7	4.14	2.0%
3yr CAGR	32.3%	68.6%	
1H23	476.6	9.80	2.1%

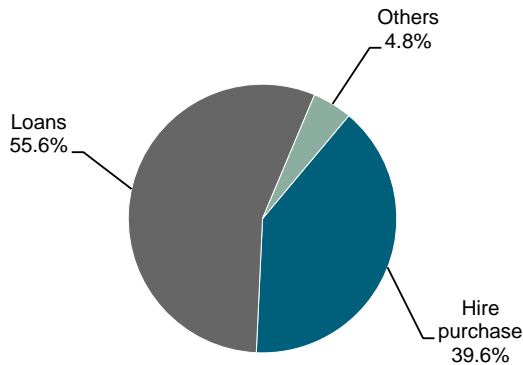
Source: Bank of Thailand

Exhibit 8: Revenue breakdown and growth, 2018-25E



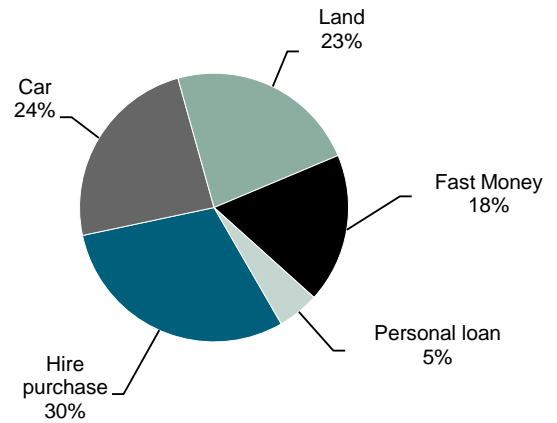
Sources: SAWAD; FSSIA's compilation

Exhibit 9: Revenue breakdown, 1H23



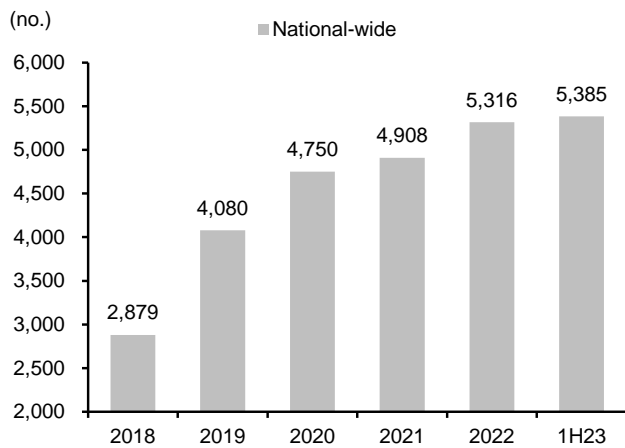
Sources: SAWAD; FSSIA's compilation

Exhibit 10: Loan portfolio breakdown, 2Q23



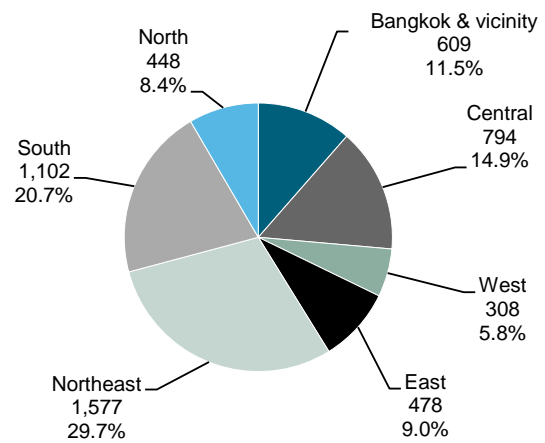
Source: SAWAD

Exhibit 11: Branches nationwide



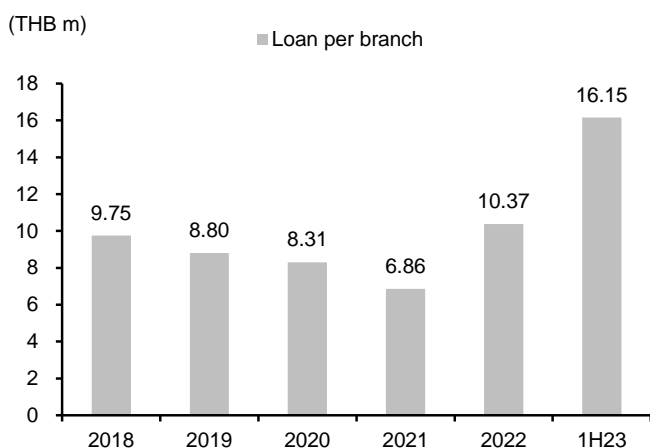
Sources: SAWAD; FSSIA's compilation

Exhibit 12: Branches by region, 2022



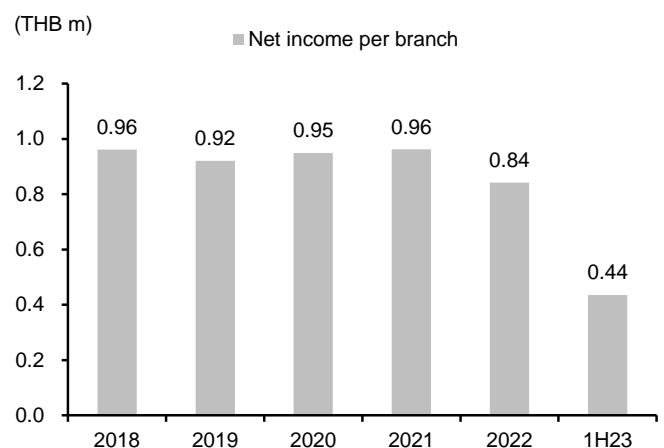
Source: SAWAD

Exhibit 13: Loans per branch



Sources: SAWAD; FSSIA's compilation

Exhibit 14: Net income per branch



Sources: SAWAD; FSSIA's compilation

However, on October 12, 2022, the Office of the Consumer Protection Board (OCPB) announced in the Royal Gazette, which came into effect on January 10, 2023, interest rate limits for new cars and used cars at 15% p.a. and for motorcycles at 23% p.a. (no interest ceiling in the past), together with many requirements that must be followed. The situation led to less competition in the industry due to the exit of small players (mostly local lenders) that could not survive under the current operating costs.

SCAP has the third largest market share in the new motorcycle leasing group (after AYCAL – focusing on big bike hire purchase loans – and Summit Co.) or approximately 20% of the number of new motorcycles registered with the Department of Land Transport. An aggressive increase in market share was mainly supported by many large and medium-sized operators who delayed lending since 4Q22 to wait and see how the situation would develop due to uncertainty about the new interest rate limits that the government imposed.

But SCAP is still aggressively lending and adjusting its internal strategies to cope with the sharp decline in interest income. In particular, the primary cost reduction component, which is the commission paid to dealers (20% of total operating expenses in 2022, included in marketing incentive item), has been reduced by approximately 50% to THB3,000-4,000 per car from the original THB7,000-8,000 per car. This is coupled with an asset quality control strategy, which includes 1) increasing the average down payment by 10-30% with an average loan period of 36-48 months; 2) setting an average loan-to-value (LTV) of 70-90% (in the case of a low down payment, the LTV will also be lower); and 3) checking the customer's credit with the National Credit Bureau (NCB) (no checking NCB for title loans).

In addition to motorcycle hire-purchase loans, SCAP provides personal loans, focusing on quality customers (middle to upper level) who have evidence of a salary slip or have a consistent income base of THB50,000 or more. Interest rates average 20-25% p.a., with a maximum term of 60 months for loan contracts. At the end of 2Q23, outstanding loans were THB2.88b, up only slightly from THB2.69b at the end of 2022.

Fast Money: In 2021, SAWAD invested with Government Savings Bank (GSB) in Fast Money (FM), a subsidiary where SAWAD previously held 100% of shares, with GSB having 49% of the paid-up capital. The remaining shares are held by SAWAD (resulting in FM changing its status from a subsidiary to a joint company) to operate a loan business with vehicle registration as collateral for good (low-risk) customers.

The loan interest rate will be at most 18% p.a., lower than the current interest rate ceiling of 24% p.a. (GSB provides a very low-cost funding source for FM). In the past, the company charged interest rates of 15% p.a. to help low-end consumers have easier access to credit. However, FM could adjust the interest rate as appropriate for its business. The LTV is at an average level of 40-60% (no limit on the amount).

However, on 30 June 2023, SAWAD purchased 49% of FM's shares from GSB. As a result, SAWAD's consolidated financial statements at the end of 2Q23 included FM's financial statements, a subsidiary (net loan value of cTHB150b). In contrast, the comprehensive income statement did not have FM's income and expenses because the payments occurred at the end of the accounting period. In addition, SAWAD has adjusted FM's new loan booking interest rate to 18% p.a. since July 2023, with the low-cost funding supported by GSB.

We forecast SAWAD to have loan growth of 84.2% y-y in 2023 due to 1) growth from a low base in 2022 (SAWAD has begun to expand its credit more aggressively since 2Q22 after slowing down in 2020-21); 2) the consolidation of FM's financial statements at the end of 2Q23 as mentioned above; and 3) support from SCAP's loans that have been very aggressive since 2022.

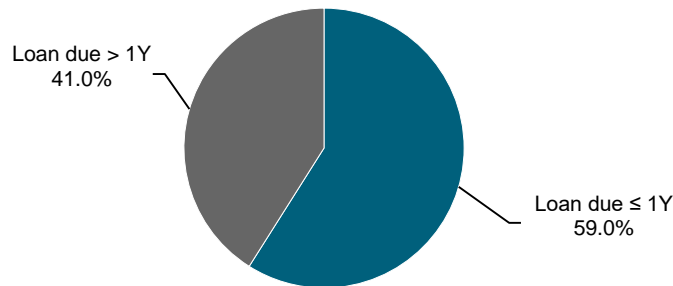
We also predict SCAP's 2023 loan growth to be 29.8% y-y, divided into motorcycle hire-purchase loan growth of 30.1% y-y and personal loan growth of 27.8% y-y. However, we expect that the growth trend of SCAP's loans will begin to slow down in 2024-25 at an average rate of 20.9% p.a. CAGR due to its efforts to control asset quality from the significant increase in NPLs since the beginning of 2023. This would come in the form of selecting customers more stringently and starting to require down payments, reducing LTV, and checking customer history at the NCB as mentioned above.

We forecast FM's 2H23 loan growth to rise 10% from 1H23, which is still consistent with the 2023 full-year guidance of 15-20% y-y. For 2024-25E loan growth, we expect FM to deliver an average increase of 15.8% p.a. CAGR.

Spread pressure is eminent from rising cost of funds

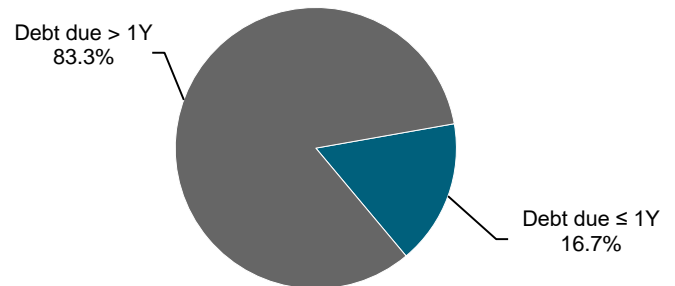
SAWAD has faced continuous spread pressure over the years. In 2011-17, the average spread was 32.15-39.28%. In 2017-18, it dropped to 23.15-28.05%, while in 2019-22 the average spread decreased to 16.51-19.68% (the interest rate ceiling for vehicle title loans was reduced from 28% to 24% p.a. according to the Bank of Thailand (BoT)'s measures to help debtors affected by Covid on 1 August, 2020), and in 1Q23 the spread was 17.25% (2Q23 was 14.70%, 16.71% if not including FM loans transferred).

Exhibit 15: Loans by maturity, 2Q23



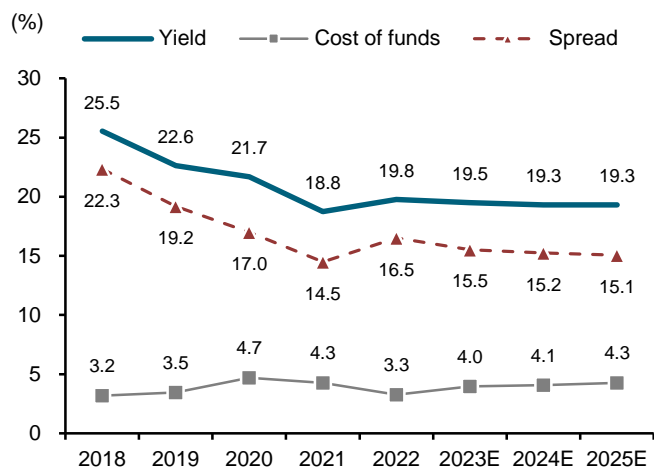
Sources: SAWAD; FSSIA's compilation

Exhibit 16: Funding by payment term, 2Q23



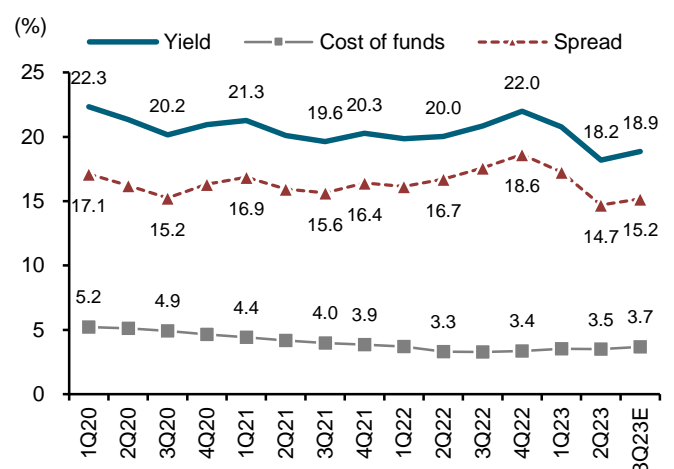
Sources: SAWAD; FSSIA's compilation

Exhibit 17: Yields, cost of funds, and spreads, 2018-25E



Sources: SAWAD; FSSIA estimates

Exhibit 18: Yields, cost of funds, and spreads, quarterly



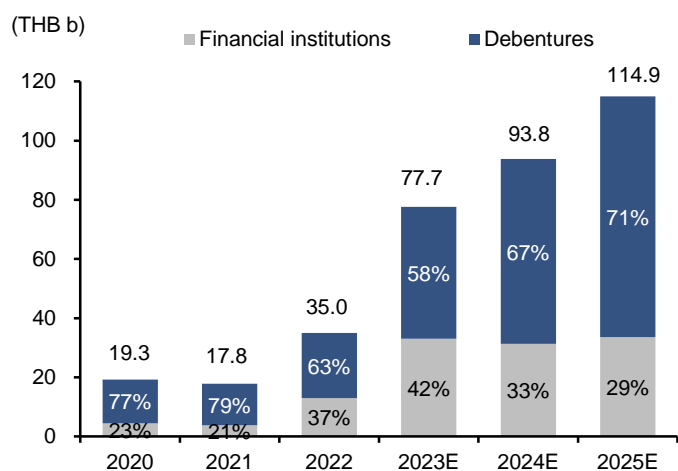
Sources: SAWAD; FSSIA's compilation

In addition to the downward pressure on yields, we see pressure from interest expenses that have increased since 4Q22 in line with market interest rates that have continued to grow. SAWAD has two primary sources of borrowing, consisting of loans from financial institutions that account for 46% of total borrowings, while the rest is debentures. As for loans from financial institutions, 37% are short-term loans (average interest rate 2.60-3.63% p.a.). The remaining 63% are long-term loans (average interest rate 2.07-4.44% p.a.), including loans from GSB, of which the company has not disclosed the interest rate. However, it can be assessed from the disclosed interest rate ranges, that it is approximately 2.07% p.a.

The latest set of bonds the company issued in mid-September 2023 have a total value of THB4.47b (average proportion of approximately 11% of total bonds), a 2-4-year term, and an average interest rate of 4.25-4.85% p.a. In addition, SCAP has also issued two sets of bonds worth THB1.97b with a 1.5-year term (average interest rate 4.00% p.a.) and 3 years with an average interest rate of 4.70%, resulting in the average interest rate of total bonds increasing during 2H23. This includes bonds with additional issuances in 4Q23, where we estimate interest rates will be higher than 4% p.a. across the tenors of the bonds as well.

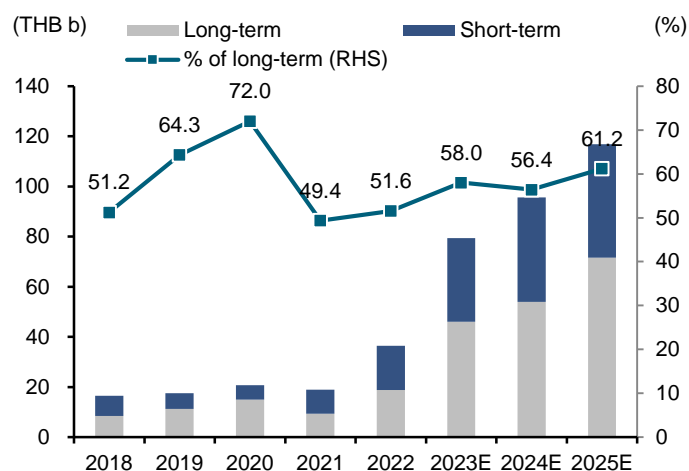
We expect the average spread in 2023-25 to range from 15.24-15.53%, with interest costs increasing to 3.98% in 2023, 4.07% in 2024, and 4.26% in 2025.

Exhibit 19: Breakdown of funding sources, 2018-25E



Sources: SAWAD; FSSIA estimates

Exhibit 20: Short-term vs long-term funding, 2018-25E



Sources: SAWAD; FSSIA estimates

Exhibit 21: Long-term debenture funding vs weighted average cost

		1Q				2Q				3Q				4Q				Total		% of		Coupon*	
		(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	Total	Total	(%)	(%)		
MTC	2023	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,656	6,656	8.9	3.14		
	2024	6,386	5,060	7,074	6,449	6,386	5,060	7,074	6,449	24,970	33.3	3.12											
	2025	7,479	7,075	7,120	1,598	7,479	7,075	7,120	1,598	23,272	31.0	3.71											
	2026	3,386	5,946	2,396	1,000	3,386	5,946	2,396	1,000	12,728	17.0	4.01											
	2027	1,928	2,452	1,832	-	1,928	2,452	1,832	-	6,213	8.3	4.30											
	2028	1,121	-	-	-	1,121	-	-	-	1,121	1.5	4.50											
MTC total		20,300	20,534	18,423	15,703	20,300	20,534	18,423	15,703	74,959	100.0	3.58											
SAWAD	2023	-	-	-	550	-	-	-	550	550	1.4	2.95											
	2024	3,247	-	2,818	3,779	3,247	-	2,818	3,779	9,844	24.2	5.57											
	2025	657	4,113	4,082	1,253	657	4,113	4,082	1,253	10,105	24.8	3.46											
	2026	2,000	6,353	3,251	-	2,000	6,353	3,251	-	11,603	28.5	4.35											
	2027	2,003	1,315	524	-	2,003	1,315	524	-	3,841	9.4	2.55											
	2028	0	2,844	1,890	-	0	2,844	1,890	-	4,734	11.6	7.82											
SAWAD Total		7,906	14,624	12,565	5,582	7,906	14,624	12,565	5,582	40,677	100.0	4.03											
TIDLOR	2024	-	5,350	3,000	-	-	5,350	3,000	-	8,350	27.2	n/a											
	2025	1,000	-	10,700	5,800	1,000	-	10,700	5,800	17,500	57.1	1.54											
	2026	2,000	1,000	1,000	-	2,000	1,000	1,000	-	4,000	13.1	1.47											
	2027	-	-	800	-	-	-	800	-	800	2.6	3.11											
TIDLOR total		3,000	6,350	15,500	5,800	3,000	6,350	15,500	5,800	30,650	100.0	2.04											
Grand total		31,205	41,508	46,488	27,085	31,205	41,508	46,488	27,085	146,287		3.38											

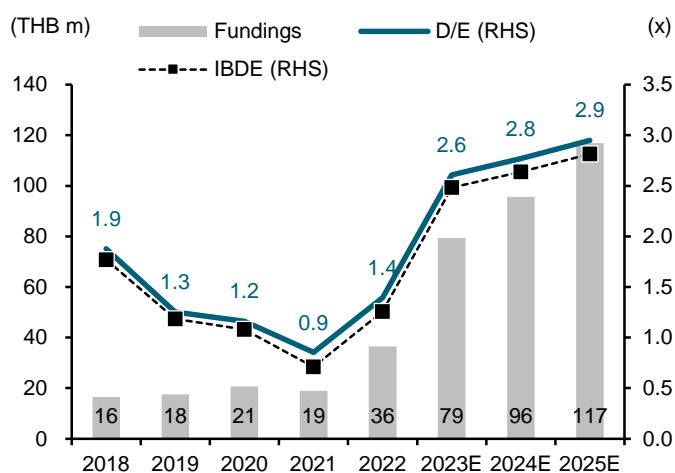
* Weighted average, as of 10 October 2023;

Sources: Thai Bond Dealer Club; FSSIA's compilation

Solid financial position with a low gearing ratio to support growth

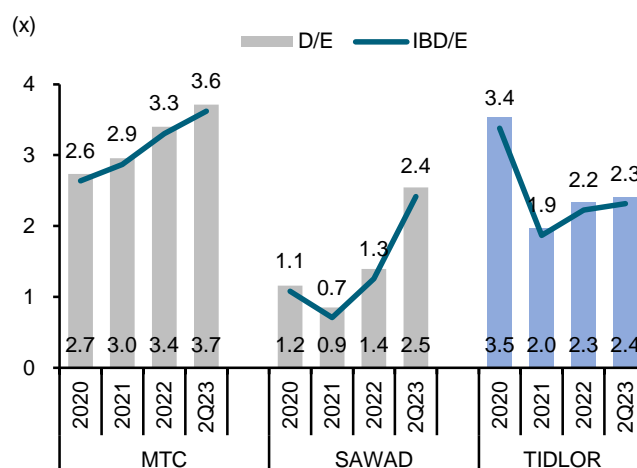
We have no cause for concern about SAWAD's financial strength, considering the IBD/E ratio at the end of 2Q23 at 2.42x and D/E ratio equal to 2.55x – still lower than the covenant level specified at no more than 4.5x, with an expected 2023-25 D/E ratio of 2.61x, 2.77x, and 2.95x, respectively. We also assume 1) expected loan growth in 2023-25, averaging 38.0% p.a. (CAGR) (including FM's loans worth THB1.50b at the end of 2Q23); and 2) an expected payout ratio in 2023-25 of 43.9-46.3% (down from 55.2% in 2022 due to plans to return to more aggressive business growth since 2Q22), reflecting the potential to use debt to generate further growth.

Exhibit 22: Funding vs IBDE and D/E, 2018-25E



Sources: SAWAD; FSSIA estimates

Exhibit 23: Comparison of D/E and IBDE ratios for MTC, SAWAD, and TIDLOR, as of 2Q23



Source: Company data; FSSIA's compilation

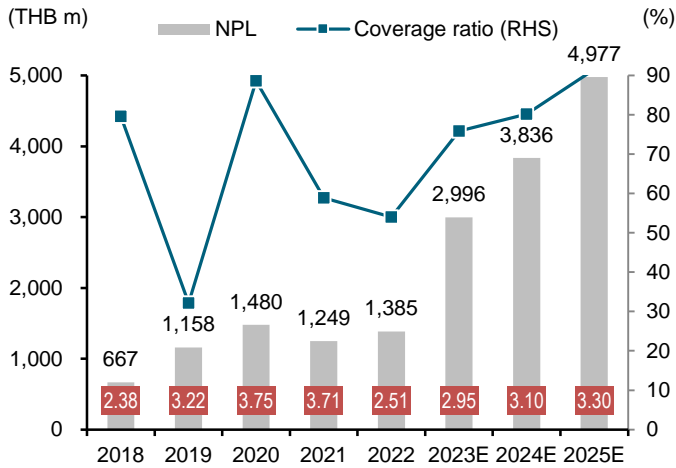
Asset quality to deteriorate in exchange for more aggressive loan growth

The rising NPL ratio in 2Q23 at 2.65% (3.33% without FM) was not a concern for SAWAD. The company is targeting a c4% level, signaling that SAWAD's NPL ratio could gradually rise until 2Q24, mainly from SCAP. Overall, SAWAD's asset quality is moving in a weaker direction. The trend aligns with the plan to return to more aggressive growth. The company expects the NPL ratio to gradually climb to a level close to the pre-Covid period at c3-4%. We expect the NPL ratio in 2023-25 to be at 2.95%, 3.10%, and 3.30%, respectively, mainly from the increase in SCAP's NPLs, which have seen rapid growth since 1Q23, with the NPL ratio coming in at 2.46% in 2Q23. SCAP's NPL ratio in 2H23 should peak at over 3%, while FM's NPL ratio in 2Q23 was c2.7%, gradually climbing like SAWAD's NPL ratio.

As for SCAP's strategy to deal with the weaker asset quality, SCAP will select debtor quality more strictly by increasing down payment amounts and reducing LTV. In addition, the company has accelerated proactive NPL management by repossessing vehicles to accelerate sales (this action will reduce NPLs). If there is a loss, it will be recognized in other expenses – loss from selling repossessed vehicles. But if there is profit, it will be recognized through other income items.

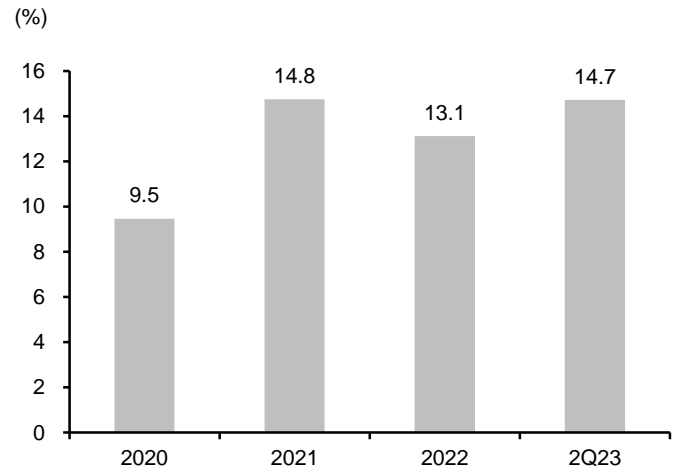
The 2023-25E credit cost is upward from 188bp in 2Q23, excluding a one-time item of THB220m, which consists of three items: 1) ECL reserves worth 90 million baht, accounting for 50% of the loan portfolio that has no collateral that SWP AMC has invested in; 2) ECL reserves worth 60 million baht according to the precautionary principle of Srisawad Vietnam Co., Ltd. (operating car pawning and motorcycle registration businesses); and 3) management overlay worth 70 million baht to increase the coverage ratio to be closer to competitors or approximately 51.3% (excluding LLR of POCI items). We expect credit costs in 2023-25 to be at 200bp, 260bp, and 280bp, respectively.

Exhibit 24: NPLs and coverage ratio



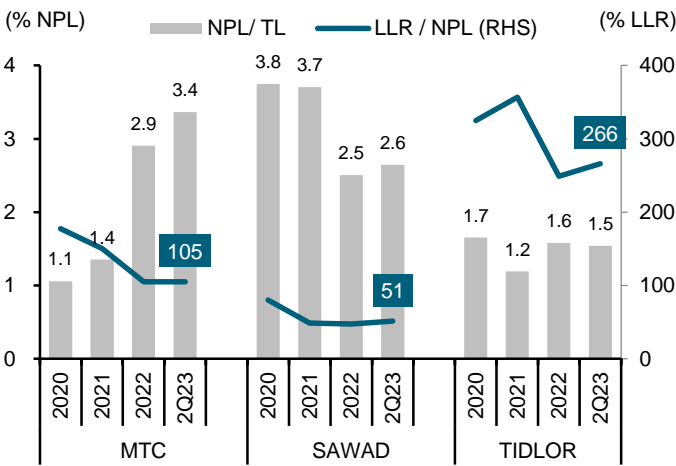
Note: Figure at the bottom of each bar shows NPL ratio
Sources: SAWAD; FSSIA estimates

Exhibit 25: Coverage for NPLs + stage 2 loans



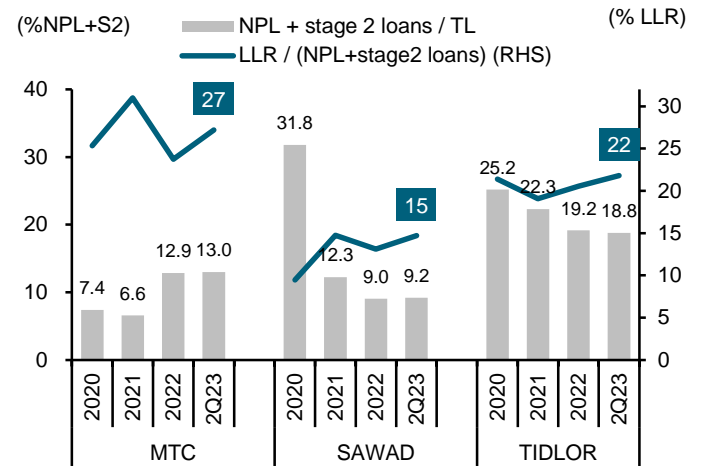
Sources: SAWAD; FSSIA estimates

Exhibit 26: Comparison of NPLs/loans and LLR/NPL



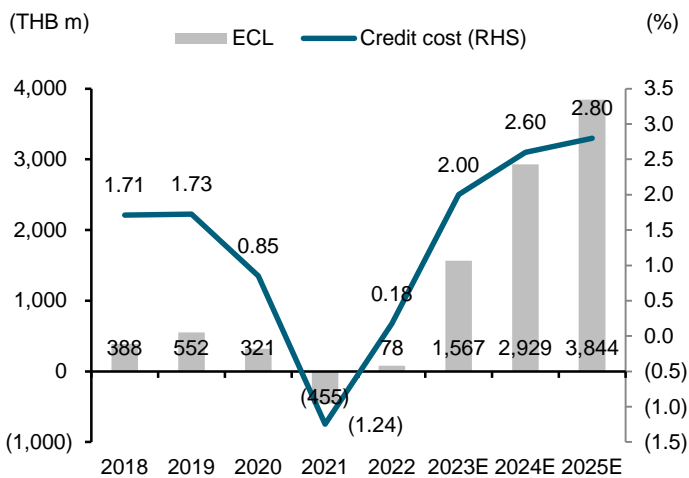
Sources: Company data; FSSIA's compilation

Exhibit 27: NPLs + stage 2/loans and LLR/NPLs + stage 2



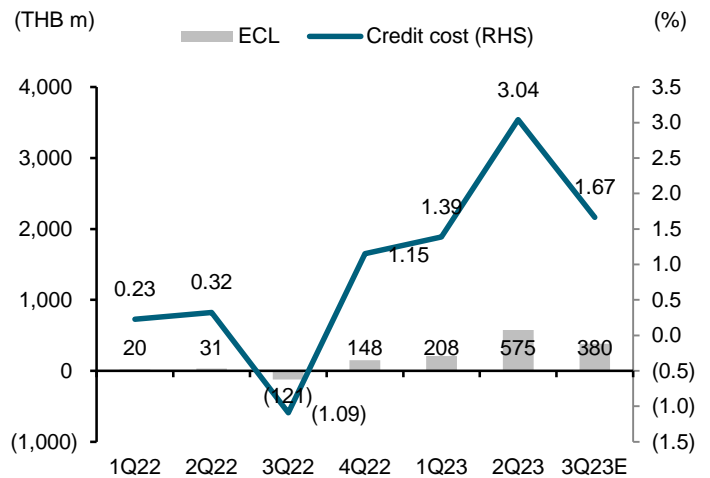
Sources: Company data; FSSIA's compilation

Exhibit 28: Annual ECL and credit cost



Sources: SAWAD; FSSIA estimates

Exhibit 29: Quarterly ECL and credit cost



Source: SAWAD

Exhibit 30: SAWAD's 2023E NPL and credit cost guidance

	NPL	Credit cost
SAWAD	~3-4%	~100-150bp
SCAP	~3-4%	~150-200bp
FM	~3.0%	~100-150bp

Sources: Company; FSSIA's compilation

Exhibit 31: SAWAD's staged loans with allowances for ECL and coverage ratio (%) 2020-2Q23

	2020	2021	2022	2Q23	2020	2021	2022	2Q23
	(THB m)	(THB m)	(THB m)	(THB m)	(%)	(%)	(%)	(%)
Loans and accrued interest					Staged loans % of total loans			
Stage 1	26,914	29,562	50,271	79,089	68.2	87.7	91.0	90.8
Stage 2	11,064	2,879	3,614	5,722	28.0	8.5	6.5	6.6
Stage 3	1,480	1,249	1,385	2,303	3.8	3.7	2.5	2.6
Total	39,459	33,689	55,270	87,115	100.0	100.0	100.0	100.0
Expected credit loss (ECL)					ECL % of staged loans			
Stage 1	249	73	171	349	20.9	12.1	26.1	29.5
Stage 2	785	369	238	386	66.1	60.7	36.3	32.7
Stage 3	154	166	247	446	13.0	27.2	37.7	37.8
Total	1,188	609	656	1,181	100.0	100.0	100.0	100.0
LLR / Loans	(%)	(%)	(%)	(%)				
Stage 1	0.9	0.2	0.3	0.4				
Stage 2	7.1	12.8	6.6	6.7				
Stage 3	10.4	13.3	17.9	19.4				
Total	3.0	1.8	1.2	1.4				
	(%)	(%)	(%)	(%)				
NPL/TL	3.75	3.71	2.51	2.64				
LLR/NPL	80.25	48.76	47.37	51.28				
NPL vs stage 2 loans/total loans	31.79	12.25	9.05	9.21				
LLR/(NPLs vs stage 2 loans)	9.47	14.75	13.12	14.72				

Sources: SAWAD; FSSIA's compilation

Exhibit 32: TIDLOR's staged loans with allowances for ECL and coverage ratio (%) 2020-2Q23

	2020	2021	2022	2Q23	2020	2021	2022	2Q23
	(THB m)	(THB m)	(THB m)	(THB m)	(%)	(%)	(%)	(%)
Loans and accrued interest					Staged loans % of total loans			
Stage 1	38,410	47,769	65,700	70,865	74.8	77.7	80.8	81.2
Stage 2	12,072	12,957	14,280	15,037	23.5	21.1	17.6	17.2
Stage 3	850	732	1,285	1,344	1.7	1.2	1.6	1.5
Total	51,331	61,458	81,265	87,246	100.0	100.0	100.0	100.0
Expected credit loss (ECL)					ECL % of staged loans			
Stage 1	997	934	1,075	1,217	36.1	35.8	33.6	34.0
Stage 2	1,034	1,086	1,311	1,491	37.4	41.6	41.0	41.7
Stage 3	732	591	813	866	26.5	22.6	25.4	24.2
Total	2,763	2,611	3,199	3,573	100.0	100.0	100.0	100.0
LLR / Loans	(%)	(%)	(%)	(%)				
Stage 1	2.6	2.0	1.6	1.7				
Stage 2	8.6	8.4	9.2	9.9				
Stage 3	86.1	80.7	63.2	64.4				
Total	5.4	4.2	3.9	4.1				
	(%)	(%)	(%)	(%)				
NPL/TL	1.66	1.19	1.58	1.54				
LLR/NPL	325.07	356.57	248.90	265.95				
NPL vs stage 2 loans/total loans	25.17	22.27	19.15	18.77				
LLR/(NPLs vs stage 2 loans)	21.38	19.07	20.55	21.81				

Sources: TIDLOR; FSSIA's compilation

Exhibit 33: MTC's staged loans with allowances for ECL and coverage ratio (%) 2020-2Q23

	2020	2021	2022	2Q23	2020	2021	2022	2Q23
	(THB m)	(THB m)	(THB m)	(THB m)	(%)	(%)	(%)	(%)
Loans and accrued interest					Staged loans % of total loans			
Stage 1	65,372	81,837	105,097	115,581	92.6	93.4	87.1	87.0
Stage 2	4,489	4,578	12,009	12,800	6.4	5.2	10.0	9.6
Stage 3	747	1,187	3,507	4,470	1.1	1.4	2.9	3.4
Total	70,607	87,602	120,613	132,851	100.0	100.0	100.0	100.0
Expected credit loss (ECL)					ECL % of staged loans			
Stage 1	538	709	767	989	40.6	39.7	20.8	21.1
Stage 2	307	349	682	940	23.1	19.5	18.5	20.0
Stage 3	481	729	2,237	2,770	36.3	40.8	60.7	58.9
Total	1,326	1,788	3,686	4,699	100.0	100.0	100.0	100.0
LLR / Loans	(%)	(%)	(%)	(%)				
Stage 1	0.8	0.9	0.7	0.9				
Stage 2	6.8	7.6	5.7	7.3				
Stage 3	64.4	61.4	63.8	62.0				
Total	1.9	2.0	3.1	3.5				
	(%)	(%)	(%)	(%)				
NPL/TL	1.1	1.4	2.9%	3.4				
LLR/NPL	177.5	150.6	105.1%	105.1				
NPLs vs stage 2 loans/total loans	7.4	6.6	12.9%	13.0				
LLR/(NPLs vs stage 2 loans)	25.3	31.0	23.8%	27.2				

Sources: MTC; FSSIA's compilation

High season in 2H23 for both loans and profits

We expect a 3Q23 net profit of THB1.43b, up 24.7% q-q and 20.6% y-y, supported by a significant increase in net interest income of 22.9% q-q and 75.7% y-y, mainly due to the complete consolidation of FM's financial statements in this period (initially recognized as equity income). In addition, FM has also gradually increased the interest rate on newly released motorcycle registration pawn loans to 18% p.a. from the original 15% p.a., with the company still having a shallow cost of funding from GSB to grant loans in FM, according to specified conditions. As a result, interest expenses in 3Q23 should not increase much since SAWAD still issues new bonds with higher costs, as mentioned earlier.

We expect a 3Q23 spread at 15.19%, increasing from 14.70% in 2Q23, while 3Q23 loans should grow 9.8% q-q (mainly from the growth of motorcycle hire purchase loans and registration loans) and 99.9% y-y (primarily due to the combination of FM's financial statements and SCAP's motorcycle hire purchase loan growth).

This positive result should offset the impact of the expected fee income that is trending to decrease significantly by 35.1% q-q and 37.7% y-y in 3Q23 due to a decrease in fee income that SAWAD receives from FM as service fees for using branch channels and employees (channeling fees).

However, the transfer of FM's business will require SAWAD to accept the transfer of expenses of more than 2,000 employees. However, part of this could be compensated by SCAP's operating costs, which should gradually decrease due to adjusting business strategies to cope with lower yields. As a result, we expect operational expenses to increase 9.6% q-q and 18.6% y-y in 3Q23 and support the cost-to-income ratio to remain relatively stable from 2Q23 at around 45.70%.

Meanwhile, we expect 3Q23 credit cost of 1.67%, significantly down from 3.04% in 2Q23 due to the recording of particular items worth THB220m, as mentioned earlier. We predict the NPL ratio to be at 2.78%, increasing continuously from 2.65% in 2Q23. The reason is mainly due to an increase in SCAP's NPLs, while the return to more aggressive growth of SAWAD's loans has also contributed to the acceleration of NPLs.

Overall, our 9M23 net profit forecast sees an increase to THB3.77b, growing 15.7% y-y and accounting for 71% of our 2023 net profit forecast of THB5.34b, rising 19.3% y-y. We expect 2023-25 net profit to continue to grow at an average of 18.5% p.a. CAGR, with the main supporting factors being:

- 1) The return of more aggressive growth for SAWAD's title loans.
- 2) The consolidation of FM's financial statements should deliver a positive result throughout the year.
- 3) SCAP's operating results, which we estimate will continue to grow on average at around 11.0% p.a. CAGR.

Exhibit 34: 3Q23 earnings preview

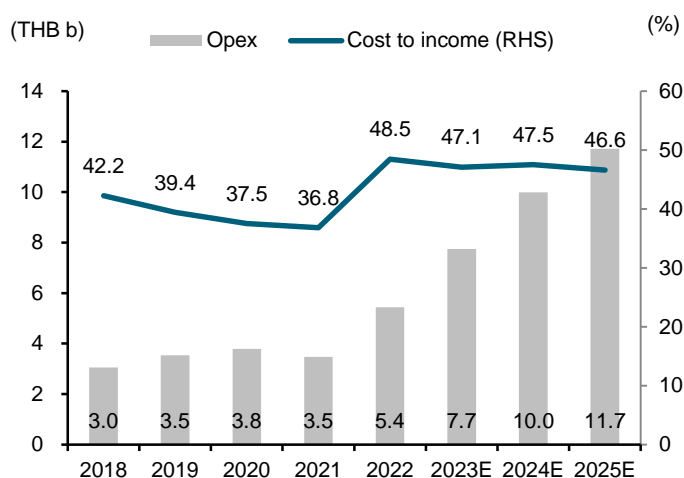
FY ending Dec 31	3Q22	4Q22	1Q23	2Q23	3Q23E	----- Change -----		9M23E	Change	% of	2023E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(y-y%)	23E	(THB m)	(y-y%)
Interest income	2,307	2,830	3,108	3,444	4,300	25	86	10,851	82	71	15,287	74
Interest expense	(235)	(277)	(344)	(482)	(660)	37	180	(1,487)	154	66	(2,242)	160
Net interest income	2,072	2,552	2,763	2,961	3,640	23	76	9,365	75	72	13,045	65
Other income	995	899	868	956	620	(35)	(38)	2,444	(7)	72	3,400	(4)
Total income	3,067	3,452	3,632	3,917	4,260	9	39	11,809	48	72	16,445	44
Operating expenses	(1,642)	(1,692)	(1,778)	(1,776)	(1,947)	10	19	(5,502)	47	71	(7,741)	42
Pre-provision profit	1,425	1,760	1,853	2,140	2,313	8	62	6,307	49	72	8,704	45
Expected credit loss	121	(148)	(208)	(575)	(380)	(34)	nm	(1,163)	nm	74	(1,567)	nm
Profit after ECL	1,546	1,611	1,646	1,565	1,933	24	25	5,144	19	72	7,137	20
Operating profit	1,546	1,611	1,646	1,565	1,933	24	25	5,144	19	72	7,137	20
Income tax	(295)	(292)	(325)	(342)	(423)	24	44	(1,090)	35	71	(1,534)	40
NCI	(66)	(106)	(120)	(76)	(80)	n/a	n/a	(277)	13	106	(262)	(25)
Net profit	1,186	1,213	1,200	1,146	1,430	25	21	3,777	16	71	5,340	19
EPS (THB)	0.86	0.88	0.87	0.83	1.04	25	21	2.75	16	71	3.89	19
Normalised profit	1,186	1,213	1,200	1,146	1,430	25	21	3,777	16	71	5,340	19
Norm EPS (THB)	0.86	0.88	0.87	0.83	1.04	25	21	2.75	16	71	3.89	19
NPL	1,264	1,385	1,606	2,303	2,654	15	110	2,654	110		2,996	116
Loans	47,763	55,147	64,475	86,983	95,466	10	100	95,466	100		101,572	84
Interest bearing debt	32,269	36,467	44,441	69,155	78,170	13	142	78,170	142		79,350	118
Key ratios	3Q22	4Q22	1Q23	2Q23	3Q23E			9M23E			2023E	
	(%)	(%)	(%)	(%)	(%)			(%)			(%)	
Yield on loans	20.85	22.00	20.78	18.19	18.85			20.20			19.51	
Cost of funds	3.27	3.36	3.53	3.49	3.67			3.69			3.98	
Spread	17.58	18.64	17.25	14.70	15.19			16.51			15.53	
Cost to income	50.89	48.99	49.19	45.46	45.70			46.69			47.07	
Credit cost	(1.09)	1.15	1.39	3.04	1.67			2.17			2.00	
Reported NPL ratio	2.64	2.50	2.50	2.64	n/a			n/a			n/a	
NPL / Loan	2.65	2.51	2.49	2.65	2.78			2.78			2.95	
LLR / Loan	1.16	1.19	1.18	1.36	1.47			1.47			0.00	
Coverage ratio	43.96	47.37	47.38	51.28	52.75			52.75			75.87	
D/E (x)	1.31	1.40	1.62	2.55	2.73			2.73			2.61	
IBD/E (x)	1.16	1.26	1.48	2.42	2.60			2.60			2.48	
S/T debt/IBD (x)	49.51	48.44	51.24	16.68	16.76			16.76			41.98	
ROA	7.83	7.27	6.47	5.08	5.48			5.88			5.78	
ROE	19.50	19.36	18.28	17.49	21.77			19.57			19.70	
Loan growth q-q	17.21	15.46	16.91	34.91	9.75							
Loan growth y-y	41.95	63.80	79.78	113.46	99.87						84.18	
Loan growth YTD	41.86	63.80	16.91	57.73	73.11			73.11			201.68	
	(no.)	(no.)	(no.)	(no.)								
Branch (no)	5,187	5,316	5,354	5,385								
Increase q-q (no)	144	129	38	31								
Loans/branch (THB m)	9.21	10.37	12.04	16.15								
Net profit/branch (THB m)	0.23	0.23	0.22	0.21								

Sources: SAWAD; FSSIA estimates

Initiate coverage with a BUY call; return to growth with higher risks

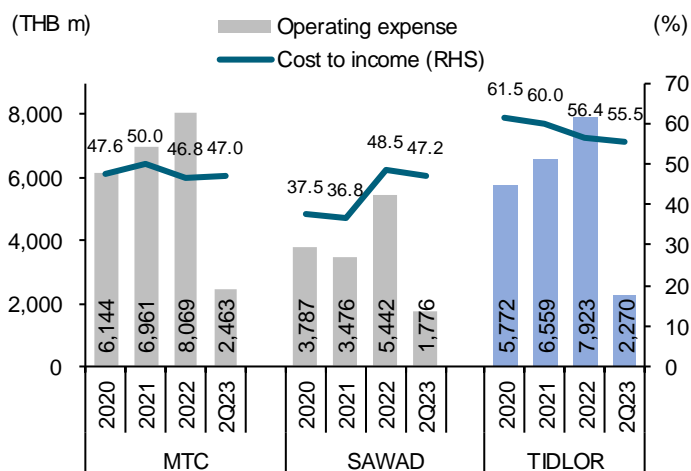
We initiate coverage of SAWAD with a BUY call at the current price. Our 2023 GGM-based TP of THB51 implies a P/BV of 2.21x. It has a 2023E potential return of 25.7% with a 17.2% potential upside plus an expected dividend yield of 4.1-5.5% p.a.

Exhibit 35: Operating expenses vs CIR, 2018-25E



Sources: SAWAD; FSSIA estimates

Exhibit 36: Comparison of OPEX and CIR



Sources: Company data; FSSIA's compilation

Exhibit 37: Comparison of operating performance

	MTC				SAWAD				TIDLOR			
	2020	2021	2022	2Q23	2020	2021	2022	2Q23	2020	2021	2022	2Q23
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)
Loan	70,098	90,701	119,084	131,257	39,450	33,668	55,147	86,983	50,807	60,339	79,898	85,882
Net profit	5,168	4,945	5,093	1,200	4,508	4,722	4,476	1,146	2,416	3,169	3,640	927
Branch (no.)	4,884	5,799	6,668	7,260	4,750	4,908	5,316	5,385	1,076	1,286	1,628	1,629
<i>Increase (no.)</i>	777	915	869	592	670	158	408	69	76	210	342	1
Loans per branch	14.35	15.64	17.86	18.85	8.31	6.86	10.37	16.15	7.30	8.67	11.48	12.34
Net profit per branch	1.06	0.85	0.76	0.17	0.95	0.96	0.84	0.21	2.25	2.46	2.24	0.57
Vehicle title loans	49,069	63,491	78,595	89,255	20,483	12,694	16,812	36,533	42,317	51,426	69,323	75,585
<i>Market share (%)</i>	41.5	42.6	37.5	36.3	17.3	8.5	8.0	14.9	35.8	34.5	33.1	30.8
Loan growth y-y (%)	17.8	29.4	31.3	23.6	9.9	(14.7)	63.8	113.5	6.7	18.8	32.4	23.7
Yields (%)	21.5	18.9	18.3	18.0	21.7	18.8	19.8	18.2	17.7	17.7	17.9	17.9
Cost of funds (%)	3.7	3.4	3.4	3.5	4.7	4.3	3.3	3.5	3.1	2.7	2.5	2.8
Interest spread (%)	17.8	15.5	14.9	14.5	17.0	14.5	16.5	14.7	14.7	14.9	15.4	15.1
Operating expense	6,144	6,961	8,462	2,463	3,787	3,476	5,442	1,776	5,772	6,559	7,923	2,270
<i>Cost to income (%)</i>	47.6	50.0	46.8	48.0	37.5	36.8	48.5	45.5	61.5	60.0	56.4	55.3
ECL	291	748	2,433	4,699	321	(455)	78	575	2,763	2,611	3,199	3,573
<i>Credit cost (%)</i>	0.45	0.93	2.70	3.18	0.85	(1.24)	0.18	3.04	1.18	1.12	1.35	2.00
Net profit	5,168	4,945	5,093	1,200	4,508	4,722	4,476	1,146	2,416	3,169	3,640	927
<i>ROE (%)</i>	28.2	21.7	18.9	16.1	22.3	20.2	17.8	17.5	22.9	18.6	15.2	14.0
D/E ratio (x)	2.73	2.96	3.40	3.71	1.16	0.85	1.40	2.55	3.54	1.97	2.33	2.40
IBD/E ratio (x)	2.64	2.87	3.30	3.62	1.08	0.71	1.26	2.42	3.38	1.87	2.23	2.32

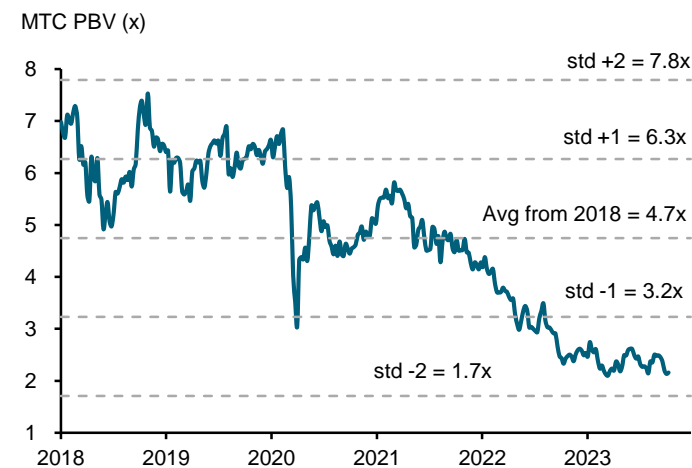
Sources: Company data; FSSIA's compilation

Exhibit 38: GGM-derived TP, 2023E

Target price	THB 51.00
Sustainable ROE	20.7%
g	5.0%
ROE-g	15.7%
Beta	1.60
Risk free rate	2.50%
Risk premium	6.0%
COE	12.1%
COE-g	7.1%
ROE-g/COE-g (P/BV)	2.21x

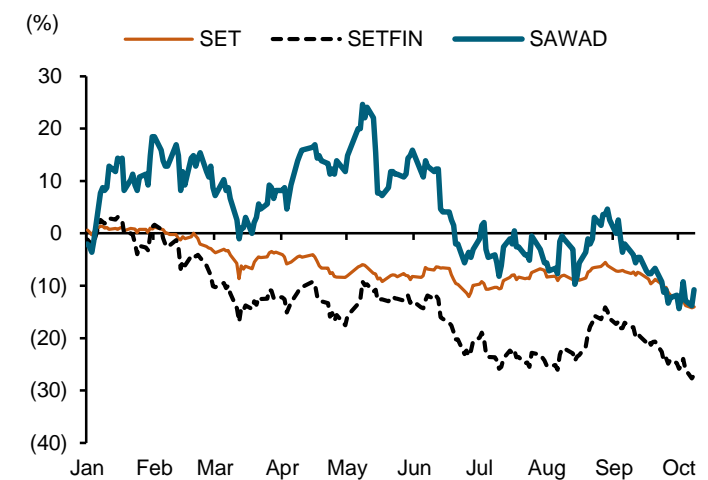
Source: FSSIA estimates

Exhibit 40: MTC – one-year prospective P/BV band



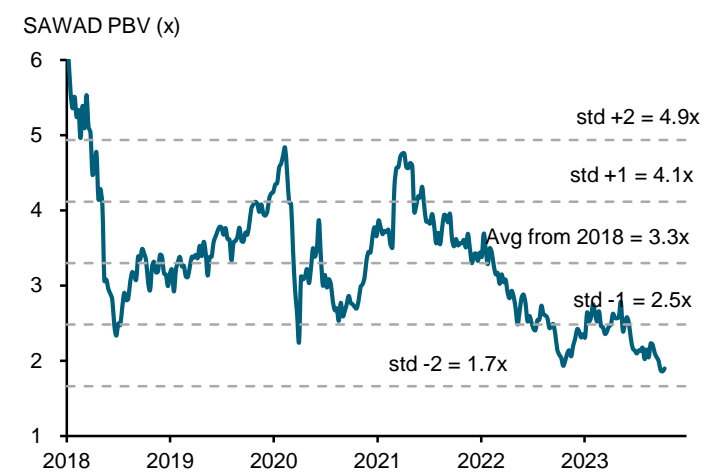
Sources: Bloomberg; FSSIA estimates

Exhibit 42: Price performance year-to-10 Oct 2023



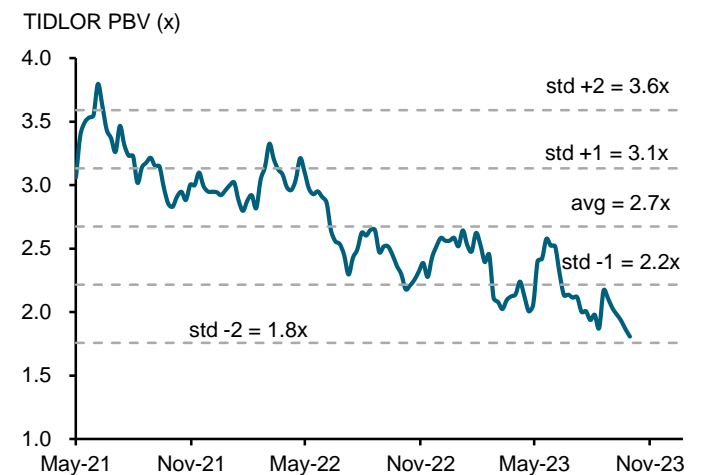
Sources: Bloomberg; FSSIA's compilation

Exhibit 39: SAWAD – one-year prospective P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 41: TIDLOR – one-year prospective P/BV band



Sources: Bloomberg consensus

Exhibit 43: Price performance year-to-10 Oct 2023

BBG	Price (THB)	Price Performance				
		1M (%)	3M (%)	6M (%)	1Y (%)	YTD (%)
MTC TB	35.50	(12.3)	(2.1)	0.7	5.2	(6.6)
SAWAD TB	43.50	(8.9)	(7.0)	(21.6)	8.1	(10.8)
TIDLOR TB	19.90	(11.6)	(13.1)	(16.3)	(8.6)	(24.1)
SET Index	1,434.45	(6.9)	(4.2)	(10.2)	(8.2)	(14.0)
SETFIN Index	388.60	(3.7)	(0.4)	2.2	5.3	0.1

Sources: Bloomberg; FSSIA's compilation

Exhibit 44: Peer valuations as of 10 Oct 2023

Company name	BBG code	Rec	--- Share price ---			----- PE -----		----- PBV -----		----- ROE -----		----- Div yld -----	
			Current (THB)	Target (THB)	Upside (%)	23E (x)	24E (x)	23E (x)	24E (x)	23E (%)	24E (%)	23E (x)	24E (x)
Muangthai Capital	MTC TB	HOLD	35.50	37.00	4	16.4	13.0	2.4	2.1	15.1	17.2	2.4	3.0
JMT Network Services	JMT TB	BUY	41.00	60.00	46	26.9	22.0	2.3	2.2	9.0	10.3	3.0	3.6
Srisawad Corp	SAWAD TB	BUY	43.50	51.00	17	11.2	9.5	2.1	1.8	19.7	20.7	4.1	4.6
Ngern Tid Lor	TIDLOR TB	BUY	19.90	28.00	41	14.6	12.1	2.0	1.7	14.2	15.2	1.4	1.7
Bangkok Commercial AM	BAM TB	BUY	9.55	14.00	47	13.3	12.5	0.7	0.7	5.3	5.5	5.3	5.4
Chayo Group*	CHAYO TB	n/a	6.20	n/a	n/a	18.6	18.1	1.5	1.4	9.8	8.1	1.9	2.3
Knight Club Capital AM*	KCC TB	n/a	4.70	n/a	n/a	26.1	18.1	2.5	2.1	9.6	12.4	n/a	n/a
Average						18.2	15.0	1.9	1.7	11.8	12.8	3.0	3.4

Sources: *Bloomberg; FSSIA estimates

Exhibit 45: Key financial data and assumptions

FY ending Dec 31	2019	2020	2021	2022	2023E	2024E	2025E	2023E	2024E	2025E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(y-y%)	(y-y%)	(y-y%)
HP income	448	103	682	2,490	5,681	8,349	10,521	128	47	26
Loan income	6,716	7,824	5,948	6,003	8,889	12,578	15,054	48	42	20
Net interest income	6,411	7,263	6,065	7,918	13,045	18,263	22,077	65	40	21
Total income	8,965	10,091	9,411	11,445	16,445	21,043	25,137	44	28	19
Operating expenses	(3,532)	(3,787)	(3,476)	(5,442)	(7,741)	(9,996)	(11,714)	42	29	17
Pre-provision operating profit	5,433	6,304	5,936	6,002	8,704	11,048	13,423	45	27	22
Net / normalised profit	3,757	4,508	4,722	4,476	5,340	6,303	7,439	19	18	18
Loans	35,902	39,450	33,668	55,147	101,572	123,747	150,823	84	22	22
<i>Growth y-y</i>	27.9%	9.9%	-14.7%	63.8%	84.2%	21.8%	21.9%			
NPL	1,158	1,480	1,249	1,385	2,996	3,836	4,977	116	28	30
Interest bearing debt	23,873	25,971	19,143	36,467	79,350	95,601	116,872	118	20	22
Key ratios	2019	2020	2021	2022	2023E	2024E	2025E			
	(%)	(%)	(%)	(%)	(%)	(%)	(%)			
Yield on loans	22.63	21.67	18.75	19.77	19.51	19.31	19.32			
Cost of funds	3.45	4.69	4.26	3.26	3.98	4.07	4.26			
Spread	19.18	16.99	14.49	16.51	15.53	15.24	15.06			
Cost to income	39.40	37.53	36.82	48.47	47.07	47.50	46.60			
Credit cost	1.73	0.85	(1.24)	0.18	2.00	2.60	2.80			
NPL / Loan	3.22	3.75	3.71	2.51	2.95	3.10	3.30			
LLR / Loan	n/a	3.01	1.81	1.19	0.00	0.00	0.00			
Coverage ratio	32.13	88.65	58.91	54.01	75.87	80.18	91.60			
D/E (x)	1.25	1.16	0.85	1.40	2.61	2.77	2.95			
IBD/E (x)	1.18	1.08	0.71	1.26	2.48	2.64	2.81			
S/T debt/IBD (x)	26.17	22.35	50.16	48.44	41.98	43.59	38.79			
ROA	8.87	9.25	9.26	7.49	5.78	5.00	4.95			
ROE	24.84	22.28	20.19	17.78	19.70	20.69	21.42			
	(no.)	(no.)	(no.)	(no.)						
Branch (no)	4,080	4,750	4,908	5,316						
<i>Increase q-q (no)</i>	<i>1,201</i>	<i>670</i>	<i>158</i>	<i>408</i>						
Loans per branch (THB m)	8.80	8.31	6.86	10.37						
Net profit per branch (THB m)	0.92	0.95	0.96	0.84						

Sources: SAWAD; FSSIA estimates

Financial Statements

Srisawad Corp

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Interest Income	6,855	8,780	15,287	21,752	26,523
Interest expense	(791)	(862)	(2,242)	(3,489)	(4,445)
Net interest income	6,065	7,918	13,045	18,263	22,077
Net fees & commission	1,516	1,215	3,000	2,300	2,484
Foreign exchange trading income	-	-	-	-	-
Securities trading income	-	-	-	-	-
Dividend income	-	-	-	-	-
Other income	1,831	2,312	400	480	576
Non interest income	3,347	3,527	3,400	2,780	3,060
Total income	9,411	11,445	16,445	21,043	25,137
Staff costs	(3,476)	(5,442)	(7,741)	(9,996)	(11,714)
Other operating costs	-	-	-	-	-
Operating costs	(3,476)	(5,442)	(7,741)	(9,996)	(11,714)
Pre provision operating profit	5,936	6,002	8,704	11,048	13,423
Expected credit loss	455	(78)	(1,567)	(2,929)	(3,844)
Other provisions	-	-	-	-	-
Operating profit	6,391	5,924	7,137	8,119	9,579
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	6,391	5,924	7,137	8,119	9,579
Tax	(1,352)	(1,097)	(1,534)	(1,746)	(2,060)
Profit after tax	5,038	4,827	5,602	6,373	7,520
Non-controlling interest	(316)	(351)	(262)	(70)	(80)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	4,722	4,476	5,340	6,303	7,439
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	4,722	4,476	5,340	6,303	7,439
Per share (THB)					
Recurring EPS *	3.44	3.26	3.89	4.59	5.42
Reported EPS	3.44	3.26	3.89	4.59	5.42
DPS	1.80	1.80	1.80	2.00	2.40
Growth					
Net interest income (%)	(16.5)	30.6	64.7	40.0	20.9
Non interest income (%)	18.4	5.4	(3.6)	(18.2)	10.1
Pre provision operating profit (%)	(5.8)	1.1	45.0	26.9	21.5
Operating profit (%)	6.8	(7.3)	20.5	13.8	18.0
Reported net profit (%)	4.7	(5.2)	19.3	18.0	18.0
Recurring EPS (%)	4.7	(5.2)	19.3	18.0	18.0
Reported EPS (%)	4.7	(5.2)	19.3	18.0	18.0
Income Breakdown					
Net interest income (%)	64.4	69.2	79.3	86.8	87.8
Net fees & commission (%)	16.1	10.6	18.2	10.9	9.9
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	-	-	-	-	-
Dividend income (%)	-	-	-	-	-
Other income (%)	19.5	20.2	2.4	2.3	2.3
Operating performance					
Gross interest yield (%)	18.75	19.77	19.51	19.31	19.32
Cost of funds (%)	4.26	3.26	3.98	4.07	4.26
Net interest spread (%)	14.49	16.51	15.53	15.24	15.06
Net interest margin (%)	16.6	17.8	16.6	16.2	16.1
Cost/income(%)	36.9	47.6	47.1	47.5	46.6
Cost/assets(%)	6.8	9.1	8.4	7.9	7.8
Effective tax rate (%)	21.2	18.5	21.5	21.5	21.5
Dividend payout on recurring profit (%)	52.3	55.2	46.3	43.6	44.3
ROE (%)	20.2	17.8	19.7	20.7	21.4
ROE - COE (%)	8.1	5.7	7.6	8.6	9.3
ROA (%)	9.9	8.1	6.1	5.1	5.0
RORWA (%)	-	-	-	-	-

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Srisawad Corp; FSSIA estimates

Financial Statements

Srisawad Corp

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Gross customer loans	33,668	55,147	101,572	123,747	150,823
Allowance for expected credit loss	(736)	(748)	(2,273)	(3,076)	(4,559)
interest in suspense	386	664	979	1,190	1,450
Net customer loans	33,318	55,063	100,277	121,862	147,714
Bank loans	-	-	-	-	-
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	3,296	3,019	3,321	3,653	4,018
Cash & equivalents	2,689	2,823	1,716	1,098	1,440
Other interesting assets	-	-	-	-	-
Tangible fixed assets	611	598	710	781	859
Associates	-	-	-	-	-
Goodwill	1,113	1,372	980	1,000	1,020
Other intangible assets	622	961	1,463	1,463	1,463
Other assets	8,317	5,646	6,901	6,770	7,477
Total assets	49,967	69,482	115,368	136,627	163,991
Customer deposits	170	0	0	0	0
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	18,973	36,467	79,350	95,601	116,872
Non interest bearing liabilities	3,849	4,011	4,046	4,763	5,599
Hybrid Capital	-	-	-	-	-
Total liabilities	22,992	40,477	83,396	100,364	122,471
Share capital	1,373	1,373	1,373	1,373	1,373
Reserves	23,325	24,289	27,173	31,005	35,698
Total equity	24,698	25,662	28,546	32,378	37,071
Non-controlling interest	2,277	3,342	3,426	3,885	4,449
Total liabilities & equity	49,967	69,482	115,368	136,627	163,991
Supplementary items					
Risk weighted assets (RWA)	n/a	n/a	n/a	n/a	n/a
Average interest earning assets	36,559	44,408	78,360	112,659	137,285
Average interest bearing liabilities	18,541	26,421	56,332	85,716	104,352
CET 1 capital	n/a	n/a	n/a	n/a	n/a
Total capital	0	0	0	0	0
Gross non performing loans (NPL)	1,249	1,385	2,996	3,836	4,977
Per share (THB)					
Book value per share	17.99	18.69	20.79	23.58	27.00
Tangible book value per share	16.72	16.99	19.01	21.79	25.19
Growth					
Gross customer loans	(14.7)	63.8	84.2	21.8	21.9
Average interest earning assets	(3.0)	21.5	76.5	43.8	21.9
Total asset (%)	(3.9)	39.1	66.0	18.4	20.0
Risk weighted assets (%)	-	-	-	-	-
Customer deposits (%)	(96.8)	nm	nm	nm	nm
Leverage & capital measures					
Liability/ Equity (x)	0.93	1.6	2.9	3.1	3.3
Equity/assets (%)	49.4	36.9	24.7	23.7	22.6
Tangible equity/assets (%)	46.0	33.6	22.6	21.9	21.1
RWA/assets (%)	-	-	-	-	-
CET 1 CAR (%)	-	-	-	-	-
Total CAR (%)	-	-	-	-	-
Asset Quality (FSSIA's calculation)					
Change in NPL (%)	(15.6)	10.9	116.3	28.0	29.7
NPL/gross loans (%)	3.7	2.5	3.0	3.1	3.3
Allowance for ECL/gross loans (%)	2.2	1.4	2.2	2.5	3.0
Allowance for ECL/NPL (%)	58.9	54.0	75.9	80.2	91.6
Valuation					
Recurring P/E (x) *	12.6	13.3	11.2	9.5	8.0
Recurring P/E @ target price (x) *	14.8	15.6	13.1	11.1	9.4
Reported P/E (x)	12.6	13.3	11.2	9.5	8.0
Dividend yield (%)	4.1	4.1	4.1	4.6	5.5
Price/book (x)	2.4	2.3	2.1	1.8	1.6
Price/tangible book (x)	2.6	2.6	2.3	2.0	1.7
Price/tangible book @ target price (x)	3.0	3.0	2.7	2.3	2.0

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Srisawad Corp; FSSIA estimates

Srisawad Corp (SAWAD TB)

FSSIA ESG rating



37.5/100

Exhibit 46: FSSIA ESG score implication

Rating	Score	Implication
★★★★★	80-100	Leading its industry peers in managing the most significant ESG risks which not only better cost efficiency but also lead to higher profitability.
★★★★	60-79	A mixed track record of managing the most significant ESG risks and opportunities relative to industry peers.
★★★	40-59	Relevant ESG materiality matrix has been constructively addressed, well-managed and incorporated into day-to-day operations, in which targets and achievements are evaluated annually.
★★	20-39	Relevant ESG materiality matrix has been identified with key management in charge for progress to be followed up on and to provide intensive disclosure. Most targets are conventional and achievable.
★	1-19	The company has adopted the United Nations Sustainable Development Goals (UN SDGs), established sustainability management guidelines and fully complies with regulations or suggested guidance from related organizations such as the SET and SEC.

Sources: FSSIA estimates

Exhibit 47: ESG – peer comparison

	FSSIA	Domestic ratings						Global ratings						Bloomberg	
	ESG score	DJSI	SET THSI	THSI	CG score	AGM level	Thai CAC	Morningstar	ESG Book	MSCI	Moody's	Refinitiv	S&P Global	ESG score	Disclosure score
SET100	62.0	5.34	4.40	4.39	5	5	4	Medium	51.88	BBB	20.70	58.88	65.53	3.72	42.79
Coverage	59.2	5.15	4.13	4.13	5	5	4	Medium	52.06	BBB	16.73	57.46	62.63	3.39	46.63
AEONTS	25.8	--	--	--	4	4	3	Medium	5.01	BBB	--	3.45	2.13	n/a	n/a
BAM	47.7	--	Y	Y	5	5	4	Medium	5.89	B	--	6.19	1.75	2.88	81.10
JMT	27.9	--	--	--	4	4	5	Medium	--	BBB	--	1.59	1.63	0.00	86.79
KTC	64.3	--	Y	Y	5	5	5	Low	7.15	A	--	8.04	7.38	4.96	81.10
MTC	59.9	--	Y	Y	5	5	5	Low	5.27	AA	--	7.25	5.25	3.31	n/a
SAK	37.3	--	Y	Y	4	4	4	High	5.01	--	--	5.49	--	2.02	71.76
SAWAD	37.5	--	Y	Y	4	4	5	Medium	5.50	BB	--	2.54	1.63	1.93	81.10
TIDLOR	28.6	--	--	--	4	4	4	Medium	4.63	--	--	2.99	2.38	1.66	n/a
TK	5.0	--	--	--	5	5	5	--	--	--	--	--	--	n/a	n/a

Sources: SETTRADE.com; FSSIA's compilation

Exhibit 48: ESG score by Bloomberg as of 10 October 2023

FY ending Dec 31	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
ESG financial materiality scores								
BESG ESG score	1.69	1.77	1.67	1.70	1.93	1.77	1.90	1.93
BESG environmental pillar score	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BESG social pillar score	0.84	0.87	0.74	0.87	1.07	1.07	1.27	1.33
BESG governance pillar score	4.42	4.66	4.62	4.39	4.77	4.09	4.12	4.09
ESG disclosure scores								
EESG disclosure score	23.59	28.37	28.51	29.45	29.45	29.45	38.34	40.04
Environmental disclosure score	0.00	0.00	0.42	0.42	0.42	0.42	16.79	17.12
Social disclosure score	11.22	11.22	11.22	11.67	11.67	11.67	21.98	21.74
Governance disclosure score	59.42	73.72	73.72	76.10	76.10	76.10	76.10	81.10
Environmental								
Climate change policy	No	No	No	No	No	No	No	Yes
Climate change opportunities discussed	No	No	No	No	No	No	No	No
Risks of climate change discussed	No	No	No	No	No	No	Yes	Yes
Biodiversity policy	No	No	No	No	No	No	No	No
Energy efficiency policy	No	No	Yes	Yes	Yes	Yes	Yes	Yes
Waste reduction policy	No	No	No	No	No	No	Yes	Yes
Environmental supply chain management	No	No	No	No	No	No	Yes	Yes

Sources: Bloomberg; FSSIA's compilation

Exhibit 49: ESG score by Bloomberg as of 10 October 2023 (cont.)

FY ending Dec 31	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
ESG financial materiality scores								
ESG disclosure scores								
Social								
Human rights policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Consumer data protection policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Equal opportunity policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Pct women in workforce	—	—	—	—	—	—	—	53.60
Business ethics policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Anti-bribery ethics policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Health and safety policy	No	No	No	Yes	Yes	Yes	Yes	Yes
Total recordable incident rate - employees	—	—	—	—	—	—	10.00	—
Training policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Fair remuneration policy	No	No	No	No	No	No	No	No
Employee turnover pct	—	—	—	—	—	—	3.42	3.07
Total hours spent by firm - employee training	—	—	—	—	—	—	23,574	5,165
Social supply chain management	No	No	No	No	No	No	Yes	Yes
Governance								
Size of audit committee	3	3	3	3	3	3	3	3
Number of independent directors on audit committee	3	3	3	3	3	3	3	3
Board composition								
Company conducts board evaluations	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Board size	12	12	12	12	12	13	13	13
Number of executives / company managers	9	8	8	4	5	5	5	5
Number of non executive directors on board	9	9	9	9	9	9	9	9
Number of board meetings for the year	13	14	13	13	12	13	10	13
Company has executive share ownership guidelines	No	No	No	No	No	No	No	No
Size of compensation committee	3	3	3	3	3	3	3	3
No. of independent directors on compensation committee	2	3	2	2	2	2	2	2
Number of female executives	2	2	1	1	2	2	2	2
Number of women on board	2	2	1	1	1	1	1	1
Age of the youngest director	—	—	—	—	—	—	—	43
Age of the oldest director	—	—	—	—	—	—	—	76
Number of independent directors	4	4	5	5	5	5	5	5
Size of nomination committee	3	3	3	3	3	3	3	3
No. of independent directors on nomination committee	2	3	2	2	2	2	2	2
Sustainability governance								
Verification type	No	No	No	No	No	No	No	No
Board duration (years)	3	3	3	3	3	3	3	3

Sources: Bloomberg; FSSIA's compilation

Exhibit 50: ESG score by Bloomberg as of 10 October 2023 (cont.)

FY ending Dec 31	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
ESG financial materiality / ESG score	1.69	1.77	1.67	1.70	1.93	1.77	1.90	1.93
ESG disclosure scores	23.59	28.37	28.51	29.45	29.45	29.45	38.34	40.04
Social								
Human rights policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Consumer data protection policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Equal opportunity policy / women in workforce	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Pct women in workforce	—	—	—	—	—	—	—	53.6
Business ethics policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Anti-bribery ethics policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Health and safety policy	No	No	No	Yes	Yes	Yes	Yes	Yes
Total recordable incident rate - employees	—	—	—	—	—	—	10.00	—
Training policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Fair remuneration policy	No	No	No	No	No	No	No	No
Employee turnover pct	—	—	—	—	—	—	3.42	3.07
Total hours spent by firm - employee training	—	—	—	—	—	—	23,5734	5,165
Social supply chain management	No	No	No	No	No	No	Yes	Yes
Governance								
Board size / ID in board / women / non-executive	12/4/2/9	12/4/2/9	12/5/1/9	12/5/1/9	12/5/1/9	13/5/1/9	13/5/1/9	13/5/1/9
Company conducts board evaluations	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Number of board meetings for the year	13	14	13	13	12	13	10	13
Board duration (years)	3	3	3	3	3	3	3	3
Age of the youngest / oldest directors	—	—	—	—	—	—	—	43 / 76
Company has executive share ownership guidelines	No	No	No	No	No	No	No	No
Number of executives / company managers / female	9/2	8/2	8/2	4/2	8/2	8/2	8/2	8/2
Size of audit committee / ID in committee	3/3	3/3	3/3	3/3	3/3	3/3	3/3	3/3
Size of nomination committee / ID in committee	3/2	3/2	3/2	3/2	3/2	3/2	3/2	3/2
Size of compensation committee / ID in committee	3/2	3/2	3/2	3/2	3/2	3/2	3/2	3/2
Sustainability Governance								
Verification type	No	No	No	No	No	No	No	No

Source: Bloomberg

Disclaimer for ESG scoring

ESG score	Methodology	Rating																				
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.																				
Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET)	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for THSI inclusion , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. SETTHSI Index is extended from the THSI companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.																				
CG Score by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).																				
AGM level By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <i>(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)</i>	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																				
Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. <i>(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</i>	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.																				
Morningstar Sustainalytics	The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality & peer reviews.</i>	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>NEGL</th> <th>Low</th> <th>Medium</th> <th>High</th> <th>Severe</th> </tr> </thead> <tbody> <tr> <td>0-10</td> <td>10-20</td> <td>20-30</td> <td>30-40</td> <td>40+</td> </tr> </tbody> </table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+										
NEGL	Low	Medium	High	Severe																		
0-10	10-20	20-30	30-40	40+																		
ESG Book	The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.	The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.																				
MSCI	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers.																					
	<table border="1"> <tbody> <tr> <td>AAA</td> <td>8.571-10.000</td> <td rowspan="3">Leader:</td> <td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td>AA</td> <td>7.143-8.570</td> </tr> <tr> <td>A</td> <td>5.714-7.142</td> </tr> <tr> <td>BBB</td> <td>4.286-5.713</td> <td rowspan="3">Average:</td> <td rowspan="3">a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td> </tr> <tr> <td>BB</td> <td>2.857-4.285</td> </tr> <tr> <td>B</td> <td>1.429-2.856</td> </tr> <tr> <td>CCC</td> <td>0.000-1.428</td> <td>Laggard:</td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </tbody> </table>	AAA	8.571-10.000	Leader:	leading its industry in managing the most significant ESG risks and opportunities	AA	7.143-8.570	A	5.714-7.142	BBB	4.286-5.713	Average:	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	BB	2.857-4.285	B	1.429-2.856	CCC	0.000-1.428	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks	
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Moody's ESG solutions	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.																					
Refinitiv ESG rating	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. <i>(Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)</i>																					
S&P Global	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.																					
Bloomberg	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.																				
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.																				

Source: FSSIA's compilation

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Usanee Liurut, CISA FSS International Investment Advisory Securities Co., Ltd

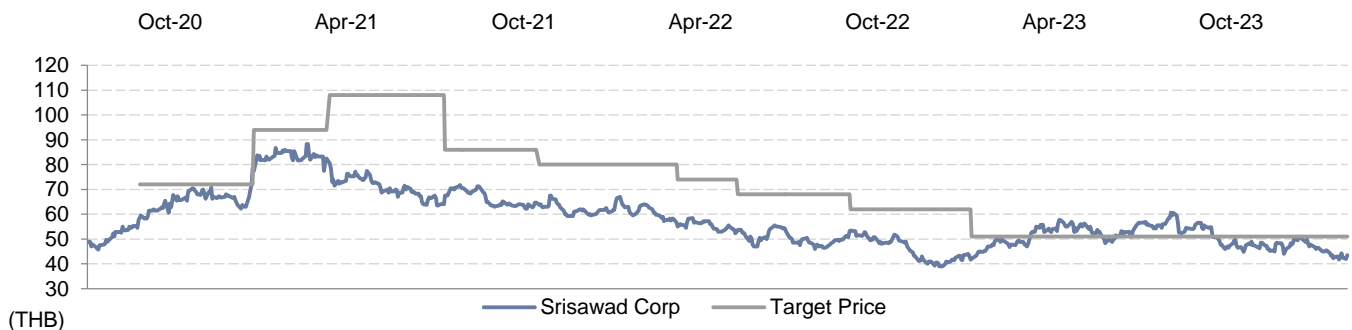
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

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History of change in investment rating and/or target price

Srisawad Corp (SAWAD TB)



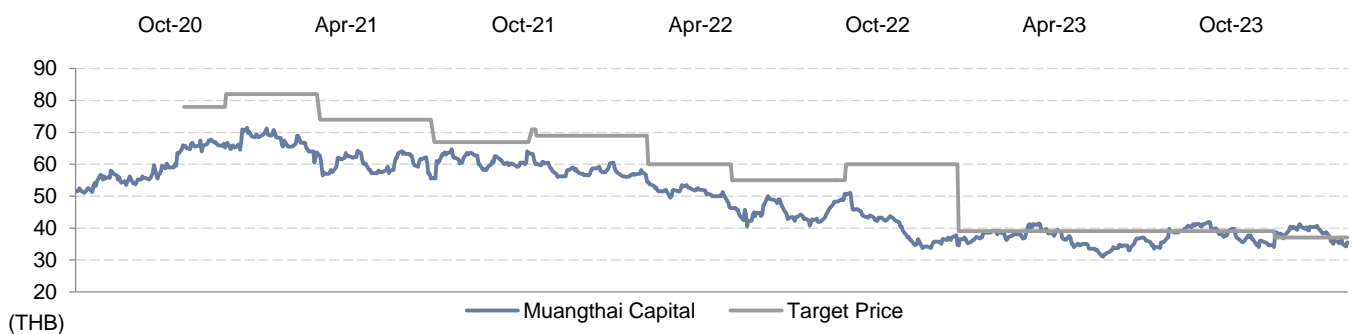
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
25-Nov-2020	BUY	72.00	17-Aug-2021	BUY	86.00	28-Apr-2022	BUY	68.00
04-Mar-2021	BUY	94.00	05-Nov-2021	BUY	80.00	04-Aug-2022	BUY	62.00
07-May-2021	BUY	108.00	07-Mar-2022	BUY	74.00	17-Nov-2022	BUY	51.00

Usanee Liurut, CISA started covering this stock from 11-Oct-2023

Price and TP are in local currency

Source: FSSIA estimates

Muangthai Capital (MTC TB)

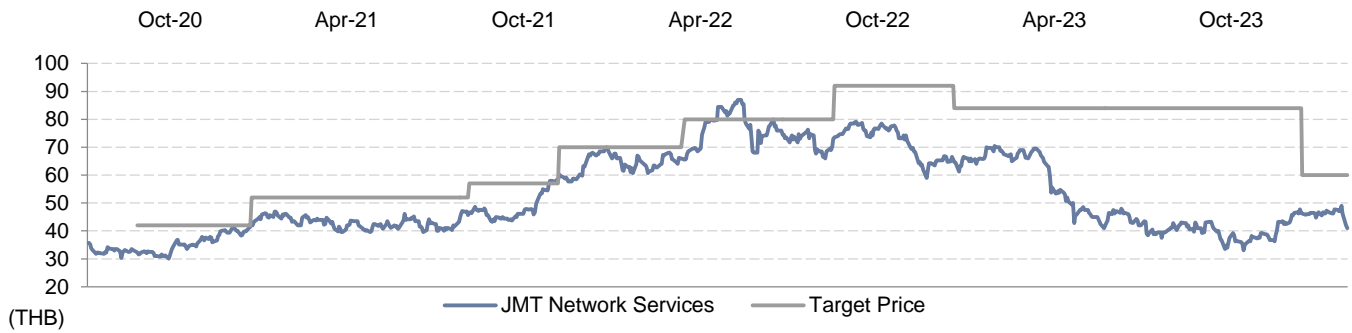


Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
12-Jan-2021	BUY	78.00	05-Nov-2021	BUY	71.00	04-Aug-2022	BUY	60.00
17-Feb-2021	BUY	82.00	11-Nov-2021	BUY	69.00	09-Nov-2022	HOLD	39.00
07-May-2021	BUY	74.00	15-Feb-2022	BUY	60.00	08-Aug-2023	HOLD	37.00
13-Aug-2021	BUY	67.00	28-Apr-2022	BUY	55.00			

Usanee Liurut, CISA started covering this stock from 08-Aug-2023

Price and TP are in local currency

Source: FSSIA estimates

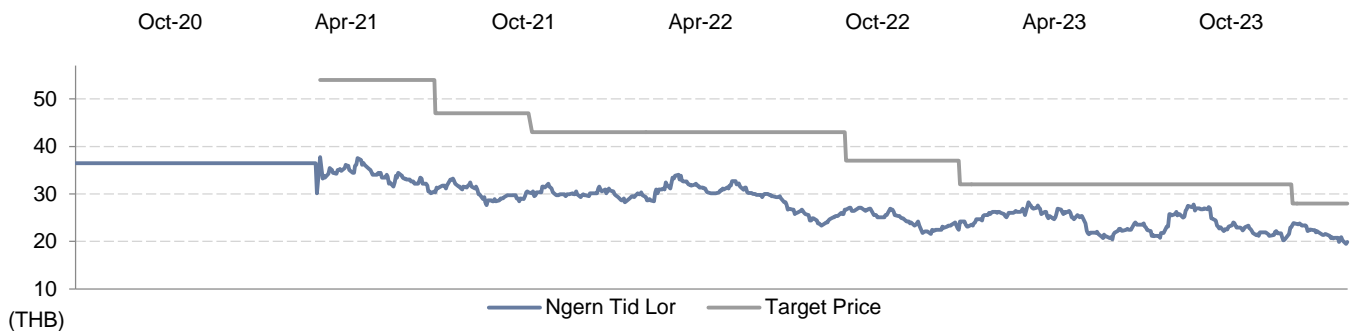
JMT Network Services (JMT TB)

Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
23-Nov-2020	BUY	42.00	24-Nov-2021	BUY	70.00	02-Nov-2022	BUY	84.00
02-Mar-2021	BUY	52.00	11-Mar-2022	BUY	80.00	31-Aug-2023	BUY	60.00
07-Sep-2021	BUY	57.00	21-Jul-2022	BUY	92.00			

Usanee Liurut, CISA started covering this stock from 31-Aug-2023

Price and TP are in local currency

Source: FSSIA estimates

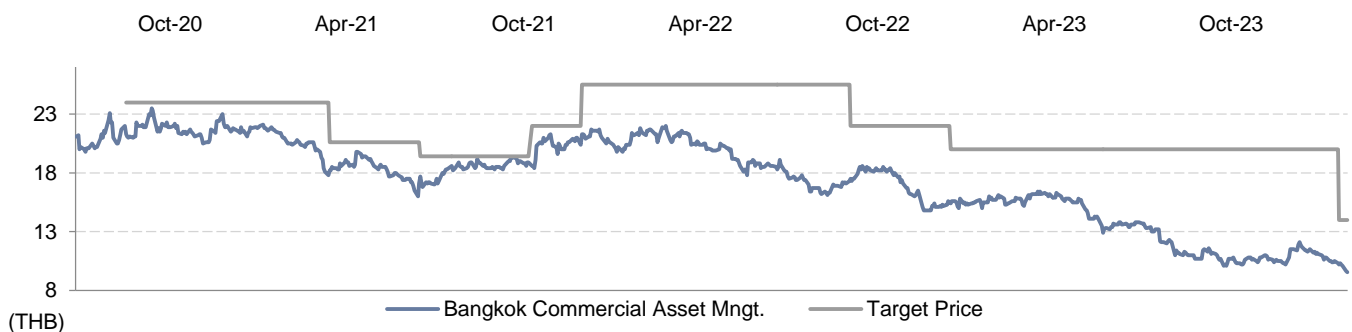
Ngern Tid Lor (TIDLOR TB)

Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
07-May-2021	BUY	54.00	05-Nov-2021	BUY	43.00	10-Nov-2022	BUY	32.00
16-Aug-2021	BUY	47.00	04-Aug-2022	BUY	37.00	23-Aug-2023	BUY	28.00

Usanee Liurut, CISA started covering this stock from 23-Aug-2023

Price and TP are in local currency

Source: FSSIA estimates

Bangkok Commercial Asset Mngt. (BAM TB)

Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
23-Nov-2020	BUY	24.00	05-Nov-2021	BUY	22.00	02-Nov-2022	BUY	20.00
17-May-2021	BUY	20.60	20-Dec-2021	BUY	25.50	02-Oct-2023	BUY	14.00
03-Aug-2021	BUY	19.40	08-Aug-2022	BUY	22.00			

Usanee Liurut, CISA started covering this stock from 02-Oct-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Srisawad Corp	SAWAD 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.
Muangthai Capital	MTC TB	THB 35.50	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 Consumer Protection Board. Upside risks to our TP include 1) better asset quality control; and 2) an increase in interest rate charge to clients.
JMT Network Services	JMT TB	THB 41.00	BUY	Downside risks to our P/BV-based TP include 1) lower cash collection from both debt management and debt tracking collection services; and 2) higher-than-expected funding costs and operating expenses.
Ngern Tid Lor	TIDLOR TB	THB 19.90	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 X); 2) further weakening asset quality could potentially hit both loan yield and credit cost; and 3) tighter supervision from related regulators.
Bangkok Commercial Asset Mngt.	BAM TB	THB 9.55	BUY	Downside risks to our NAV-based TP include 1) lower cash collection than estimated; 2) lower-than-expected bad debt acquisition; and 3) slowdown of the property market.

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 Finasia Syrus Securities Public Company Limited.

All share prices are as at market close on 10-Oct-2023 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.