

3Q23 results at first glance

TARGET PRICE	THB44.00
CLOSE	THB39.75
UP/DOWNSIDE	+10.7%
TP vs CONSENSUS	+8.8%

3Q23 profit beat our forecast and BBG consensus by 4% and 7%, respectively

MTC reported a 3Q23 profit of THB1.28b, which grew by 7.1% q-q and 6.6% y-y. PPOP was also in line with our forecast, which grew by 8.8% q-q and 19.0% y-y, supported by an increase in net interest income combined with continuing loan growth and lower operating expenses, which offset an increase in ECL (including the losses from sales of repossessed cars). 9M23 net profit accounted for 74% of our full-year forecast.

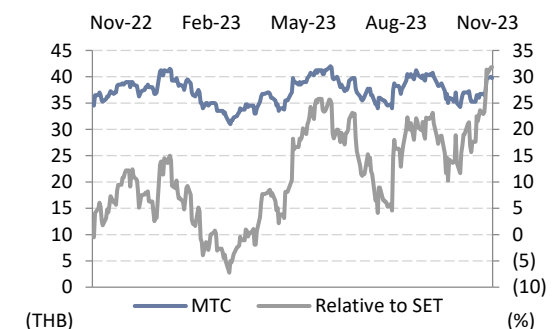
Highlights

- (+) **Loan growth** was up 4.4% q-q, 21.1% y-y, and 15.1% YTD, helped by an increase in secured loans (car and land title loans). Meanwhile, motorcycle hire purchase loans (4% of total loans), personal loans, and nano-finance loans (15%) continued to slow in line with strict credit policies for high-risk groups.
- (-) **Interest spread** dropped from 2Q23 to 14.40% due to an acceleration in interest expenses by 12bp to 3.67%, entirely offsetting the positive effects of the increase in loan yields.
- (+) **Cost-to-income ratio** declined for two consecutive quarters to 45.15%, reflecting its cost-control efficiency. MTC opened 105 branches in 3Q23, lower than the average of 296 branches per quarter during 1H23.
- (0) **Financial position:** The D/E ratio accelerated to 3.75x in 3Q23, approaching its debt covenant of not exceeding 4.0x. However, we have limited concern over this issue since MTC insists it will decrease its 2023 payout ratio to less than 15% from 40% in 2022.
- (+) **Asset quality and outlook:** MTC was able to manage a decline in NPLs and build up a better-than-expected coverage ratio. Hence, overall 3Q23 asset quality showed impressive results from its proactive management. Credit cost (including losses from sales of repossessed vehicles) was lower than expected at 3.87% (we predicted 3.98%), still within the company's guidance of less than 4% to support the acceleration of NPL sales and write-offs. Stage 2 loans were also stable at 9.7% of total loans for three consecutive quarters. While the NPL ratio dipped to 3.29% (FSSIA's calculation), it was still lower than MTC's 2023 target of less than 3.50%.
- (+) **4Q23 outlook:** MTC expects its 4Q23 credit cost to decrease gradually compared to the 2Q23 benchmark of approximately 3.76%. Considering the coverage ratio, the 3Q23 level increased to 110.27%, the highest during the past 1.5 years.

We maintain our 2023-25 net profit forecast. We reiterate our BUY call for MTC. Our 2024 GGM-based TP of THB44 implies a P/BV of 2.49x.

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Operating profit	6,360	5,973	7,662	9,957
Net profit	5,093	4,778	6,130	7,965
EPS (THB)	2.40	2.25	2.89	3.76
vs Consensus (%)	-	(0.2)	3.9	9.2
Recurring net profit	5,093	4,778	6,130	7,965
Core EPS (THB)	2.40	2.25	2.89	3.76
EPS growth (%)	3.0	(6.2)	28.3	29.9
Core P/E (x)	16.5	17.6	13.7	10.6
Dividend yield (%)	2.4	0.9	1.1	1.4
Price/book (x)	2.9	2.6	2.3	1.9
ROE (%)	18.9	15.6	17.7	19.5
ROA (%)	4.5	3.4	3.7	4.0



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	13.6	14.4	6.0
Relative to country (%)	16.0	24.5	22.2
Mkt cap (USD m)	2,370		
3m avg. daily turnover (USD m)	11.4		
Free float (%)	21		
Major shareholder	Petaumpai Family (67%)		
12m high/low (THB)	42.25/30.75		
Issued shares (m)	2,120		

Sources: Bloomberg consensus; FSSIA estimates



Usanee Liurut, CISA

Fundamental Investment Analyst on Capital Market; License no. 017928
 usanee.l@fssia.com, +66 2646 9967

Maeta Cherdsatirakul

Research Assistant
 maeta.c@fssia.com, +66 2646 9971

Exhibit 1: MTC – 3Q23 operations summary

	3Q22	4Q22	1Q23	2Q23	3Q23	----- Change -----		9M22	9M23	Change	% of	2023E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)	23E	(THB m)	(y-y%)
Interest income	4,959	5,338	5,397	5,754	6,063	5.4	22.3	13,861	17,214	24.2	72	23,813	24.0
Interest expense	(737)	(810)	(848)	(909)	(1,004)	10.5	36.3	(2,003)	(2,761)	37.8	68	(4,033)	43.4
Net interest income	4,222	4,528	4,549	4,845	5,059	4.4	19.8	11,858	14,453	21.9	73	19,780	20.7
Fee and other income	226	273	233	287	236	(17.8)	4.5	596	757	26.9	66	1,140	31.1
Total income	4,448	4,801	4,783	5,132	5,295	3.2	19.0	12,455	15,210	22.1	73	20,920	21.2
Operating expenses	(2,008)	(2,152)	(2,352)	(2,463)	(2,391)	(2.9)	19.1	(5,917)	(7,206)	21.8	72	(10,042)	24.4
Pre-provision operating profit	2,440	2,649	2,431	2,669	2,904	8.8	19.0	6,537	8,004	22.4	74	10,878	18.4
Expected credit losses	(959)	(781)	(954)	(1,017)	(965)	(5.0)	0.7	(1,652)	(2,936)	77.7	72	(4,106)	68.7
Profit after ECL	1,481	1,868	1,477	1,653	1,939	17.3	30.9	4,885	5,068	3.7	75	6,773	0.3
Gain (loss) from repossessed cars	35	(493)	(112)	(183)	(334)	82.4	n/a	79	(629)	n/a	79	(800)	103.2
Operating profit	1,517	1,375	1,365	1,469	1,605	9.2	5.8	4,985	4,439	(10.9)	74	5,973	n/a
Income tax	(312)	(243)	(295)	(269)	(320)	18.7	2.6	(1,023)	(884)	(13.6)	74	(1,195)	(5.7)
Net profit	1,205	1,132	1,070	1,200	1,285	7.1	6.6	3,961	3,555	(10.3)	74	4,778	(6.2)
EPS (THB)	0.57	0.53	0.50	0.57	0.61	7.1	6.6	1.87	1.68	(10.3)	74	2.25	(6.2)
Loans	113,231	119,084	124,200	131,257	137,081	4.4	21.1	113,231	137,081	21.1		141,483	20.9
Interest bearing debt	93,232	96,143	98,536	106,327	112,329	5.6	20.5	86,946	112,329	29.2		116,110	20.8
Key ratios	3Q22	4Q22	1Q23	2Q23	3Q23			9M22	9M23			2023E	
	(%)	(%)	(%)	(%)	(%)			(%)	(%)			(%)	
Yield on loan	18.08	18.38	17.75	18.02	18.08			18.75	18.34			18.42	
Cost of funds	3.27	3.42	3.48	3.55	3.67			3.34	3.58			3.80	
Spread	14.81	14.96	14.26	14.47	14.40			15.25	14.84			14.62	
Cost to Income ratio	45.14	44.82	49.18	47.99	45.15			47.51	47.38			48.00	
Credit cost (including losses from repossessed cars)	3.37	4.39	3.50	3.76	3.87			2.10	3.80			3.79	
NPL / Loan	2.33	3.00	3.28	3.48	3.29			2.33	3.29			3.50	
LLR / Loan	2.38	3.15	3.44	3.66	3.63			2.38	3.63			3.67	
Coverage ratio	102.29	105.11	105.00	105.15	110.27			102.29	110.27			105.04	
D/E (x)	3.40	3.40	3.37	3.71	3.75			3.40	3.75			3.75	
IDBE (x)	3.33	3.30	3.27	3.62	3.67			3.33	3.67			3.63	
S/T debt/total debt (x)	7.61	8.26	4.94	5.29	7.74			7.61	7.74			4.74	
Loan growth q-q	6.7	5.2	4.3	5.7	4.4								
Loan growth y-y	35.7	32.2	27.5	23.6	21.1			35.7	21.1			21.9	
Loan growth YTD	25.7	32.2	4.3	10.2	15.1			25.7	15.1				

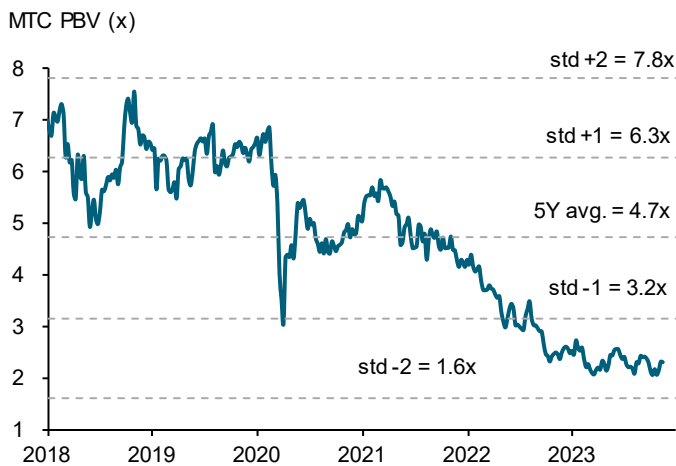
Sources: MTC; FSSIA estimates

Exhibit 2: Staged loans with allowance for ECL and coverage ratio (%), 2020-3Q23

MTC	2020	2021	2022	3Q23	2020	2021	2022	3Q23
	(THB m)	(THB m)	(THB m)	(THB m)	(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	120,804	92.6%	93.4%	87.1%	87.1%
Stage 2	4,489	4,578	12,009	13,526	6.4%	5.2%	10.0%	9.7%
Stage 3	747	1,187	3,506	4,411	1.1%	1.4%	2.9%	3.2%
Total	70,607	87,602	120,613	138,741	100.0%	100.0%	100.0%	100.0%
Expected credit loss (ECL)					ECL % of stage loans			
Stage 1	538	709	767	1,071	0.8%	0.9%	0.7%	0.9%
Stage 2	307	349	682	1,003	6.8%	7.6%	5.7%	7.4%
Stage 3	481	729	2,237	2,791	64.4%	61.4%	63.8%	63.3%
Total	1,326	1,788	3,686	4,865	1.9%	2.0%	3.1%	3.5%
LLR / Loans								
	(%)	(%)	(%)	(%)				
Stage 1	0.8	0.9	0.7	0.9				
Stage 2	6.8	7.6	5.7	7.4				
Stage 3	64.4	61.4	63.8	63.3				
Total	1.9	2.0	3.1	3.5				
	(%)	(%)	(%)	(%)				
NPL/ TL	1.06%	1.36%	2.91%	3.18%				
NPL vs. Stage 2 loans/ TL	7.42%	6.58%	12.86%	12.93%				
LLR / NPL	177.50%	150.59%	105.12%	110.27%				
LLR / (NPL vs. Stage 2 loans)	25.32%	31.01%	23.76%	27.12%				

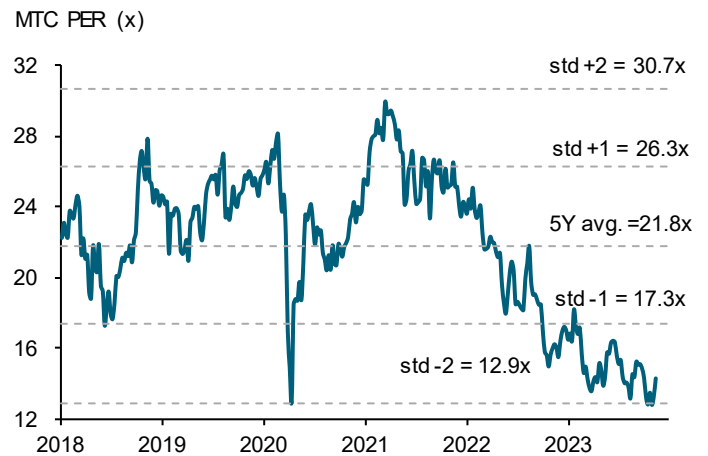
Sources: MTC; FSSIA's compilation

Exhibit 3: MTC – one-year prospective P/BV band



Sources: Bloomberg, FSSIA estimates

Exhibit 4: MTC – one-year prospective PER band



Sources: Bloomberg; FSSIA estimates

Exhibit 5: GGM-derived TP 2024E

Gordon Growth Model	
Sustainable ROE	17.6%
g	5.3%
ROE-g	12.3%
Beta	1.21
Risk-free rate	3.0%
Risk premium	6.0%
COE	10.2%
COE-g	4.9%
ROE-g/COE-g (x)	2.49

Source: FSSIA estimates

Financial Statements

Muangthai Capital

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Interest Income	15,195	19,199	23,813	28,924	34,884
Interest expense	(2,127)	(2,813)	(4,033)	(5,025)	(6,208)
Net interest income	13,068	16,386	19,780	23,899	28,676
Net fees & commission	769	792	1,020	1,061	1,103
Foreign exchange trading income	-	-	-	-	-
Securities trading income	-	-	-	-	-
Dividend income	20	0	0	0	0
Other income	55	78	120	150	180
Non interest income	843	869	1,140	1,211	1,283
Total income	13,911	17,255	20,920	25,109	29,959
Staff costs	(6,961)	(8,069)	(10,042)	(12,053)	(14,380)
Other operating costs	-	-	-	-	-
Operating costs	(6,961)	(8,069)	(10,042)	(12,053)	(14,380)
Pre provision operating profit	6,949	9,187	10,878	13,057	15,579
Expected credit loss	(748)	(2,433)	(4,106)	(4,494)	(4,622)
Other provisions	-	(394)	(800)	(900)	(1,000)
Operating profit	6,201	6,360	5,973	7,662	9,957
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	6,201	6,360	5,973	7,662	9,957
Tax	(1,257)	(1,267)	(1,195)	(1,532)	(1,991)
Profit after tax	4,945	5,093	4,778	6,130	7,965
Non-controlling interest	-	-	-	-	-
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	4,945	5,093	4,778	6,130	7,965
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	4,945	5,093	4,778	6,130	7,965
Per share (THB)					
Recurring EPS *	2.33	2.40	2.25	2.89	3.76
Reported EPS	2.33	2.40	2.25	2.89	3.76
DPS	0.37	0.95	0.34	0.43	0.56
Growth					
Net interest income (%)	8.0	25.4	20.7	20.8	20.0
Non interest income (%)	4.4	3.1	31.1	6.2	6.0
Pre provision operating profit (%)	2.8	32.2	18.4	20.0	19.3
Operating profit (%)	(4.2)	2.6	(6.1)	28.3	29.9
Reported net profit (%)	(4.3)	3.0	(6.2)	28.3	29.9
Recurring EPS (%)	(4.3)	3.0	(6.2)	28.3	29.9
Reported EPS (%)	(4.3)	3.0	(6.2)	28.3	29.9
Income Breakdown					
Net interest income (%)	93.9	95.0	94.6	95.2	95.7
Net fees & commission (%)	5.5	4.6	4.9	4.2	3.7
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	-	-	-	-	-
Dividend income (%)	0.1	-	-	-	-
Other income (%)	0.4	0.5	0.6	0.6	0.6
Operating performance					
Gross interest yield (%)	19.02	18.54	18.42	18.66	18.87
Cost of funds (%)	3.38	3.36	3.80	3.95	4.10
Net interest spread (%)	15.64	15.18	14.62	14.71	14.77
Net interest margin (%)	16.4	15.8	15.3	15.4	15.5
Cost/income(%)	50.0	46.8	48.0	48.0	48.0
Cost/assets(%)	7.9	7.1	7.2	7.3	7.3
Effective tax rate (%)	20.3	19.9	20.0	20.0	20.0
Dividend payout on recurring profit (%)	15.9	39.5	15.0	15.0	15.0
ROE (%)	21.7	18.9	15.6	17.7	19.5
ROE - COE (%)	10.9	8.1	4.8	6.9	8.7
ROA (%)	5.6	4.5	3.4	3.7	4.0
RORWA (%)	-	-	-	-	-

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Muangthai Capital; FSSIA estimates

Financial Statements

Muangthai Capital

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Gross customer loans	90,701	119,084	145,112	172,743	206,305
Allowance for expected credit loss	(1,832)	(3,686)	(5,198)	(6,237)	(7,485)
interest in suspense	1,200	1,675	2,020	2,423	2,908
Net customer loans	90,069	117,073	141,934	168,929	201,728
Bank loans	-	-	-	-	-
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	0	0	0	0	0
Cash & equivalents	1,306	3,213	1,458	1,628	1,524
Other interesting assets	-	-	-	-	-
Tangible fixed assets	2,054	2,037	2,241	2,465	2,712
Associates	-	-	-	-	-
Goodwill	-	-	-	-	-
Other intangible assets	-	-	-	-	-
Other assets	4,961	5,743	6,118	7,010	8,043
Total assets	98,390	128,066	151,751	180,032	214,006
Customer deposits	-	-	-	-	-
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	71,325	96,143	116,110	138,340	164,502
Non interest bearing liabilities	2,197	2,833	3,662	4,300	5,067
Hybrid Capital	-	-	-	-	-
Total liabilities	73,521	98,976	119,773	142,640	169,569
Share capital	2,120	2,120	2,120	2,120	2,120
Reserves	22,749	26,971	29,858	35,271	42,317
Total equity	24,869	29,091	31,978	37,391	44,437
Non-controlling interest	-	-	-	-	-
Total liabilities & equity	98,390	128,066	151,751	180,032	214,006
Supplementary items					
Risk weighted assets (RWA)	n/a	n/a	n/a	n/a	n/a
Average interest earning assets	79,897	103,571	129,278	154,982	184,875
Average interest bearing liabilities	62,931	83,734	106,127	127,225	151,421
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)	1,276	3,507	4,948	5,938	7,126
Per share (THB)					
Book value per share	11.73	13.72	15.08	17.64	20.96
Tangible book value per share	11.73	13.72	15.08	17.64	20.96
Growth					
Gross customer loans	29.4	31.3	21.9	19.0	19.4
Average interest earning assets	24.4	29.6	24.8	19.9	19.3
Total asset (%)	27.4	30.2	18.5	18.6	18.9
Risk weighted assets (%)	-	-	-	-	-
Customer deposits (%)	-	-	-	-	-
Leverage & capital measures					
Customer loan/deposits (%)	-	-	-	-	-
Equity/assets (%)	25.3	22.7	21.1	20.8	20.8
Tangible equity/assets (%)	25.3	22.7	21.1	20.8	20.8
RWA/assets (%)	-	-	-	-	-
CET 1 CAR (%)	-	-	-	-	-
Total CAR (%)	-	-	-	-	-
Asset Quality (FSSIA's calculation)					
Change in NPL (%)	70.8	174.8	41.1	20.0	20.0
NPL/gross loans (%)	1.4	2.9	3.4	3.4	3.5
Allowance for ECL/gross loans (%)	2.0	3.1	3.6	3.6	3.6
Allowance for ECL/NPL (%)	143.6	105.1	105.0	105.0	105.0
Valuation					
Recurring P/E (x) *	17.0	16.5	17.6	13.7	10.6
Recurring P/E @ target price (x) *	18.9	18.3	19.5	15.2	11.7
Reported P/E (x)	17.0	16.5	17.6	13.7	10.6
Dividend yield (%)	0.9	2.4	0.9	1.1	1.4
Price/book (x)	3.4	2.9	2.6	2.3	1.9
Price/tangible book (x)	3.4	2.9	2.6	2.3	1.9
Price/tangible book @ target price (x)	3.8	3.2	2.9	2.5	2.1

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Muangthai Capital; FSSIA estimates

Muangthai Capital PCL (MTC TB)

FSSIA ESG rating

★ ★ ★ ★

68.21 /100

Exhibit 6: FSSIA ESG score implication

Rating	Score	Implication
★★★★★	>79-100	Leading its industry peers in managing the most significant ESG risks which not only better cost efficiency but also lead to higher profitability.
★★★★★	>59-79	A mixed track record of managing the most significant ESG risks and opportunities relative to industry peers.
★★★	>39-59	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.
★★	>19-39	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 ESG suggested guidance from related organizations such as the SET and SEC.

Sources: FSSIA estimates

Exhibit 7: ESG – peer comparison

	FSSIA ESG score	Domestic ratings						Global ratings						Bloomberg	
		DJSI	SET THSI	THSI	CG score	AGM level	Thai CAC	Morningstar ESG risk	ESG Book	MSCI	Moody's	Refinitiv	S&P Global	ESG score	Disclosure score
SET100	69.20	5.34	4.40	4.40	4.76	4.65	3.84	Medium	51.76	BBB	20.87	58.72	63.91	3.72	28.17
Coverage	67.12	5.11	4.15	4.17	4.83	4.71	3.53	Medium	52.04	BB	16.97	56.85	62.09	3.40	31.94
MTC	68.21	--	Y	Y	5.00	5.00	Certified	Low	42.19	AA	--	58.09	42.00	3.31	--
SAWAD	46.52	--	Y	Y	4.00	5.00	--	Medium	43.97	BB	--	20.18	13.00	1.93	40.04
TIDLOR	36.71	--	--	--	4.00	4.00	Certified	Medium	37.03	--	--	23.69	19.00	1.66	--
SAK	45.28	--	Y	Y	4.00	4.00	Certified	High	40.10	--	--	43.87	--	2.02	36.23
TK	15.00	--	--	--	5.00	5.00	--	--	--	--	--	--	--	--	--
HENG	20.00	--	--	--	5.00	5.00	Certified	--	--	--	--	--	--	--	--
S11	13.00	--	--	--	4.00	4.00	--	--	--	--	--	--	--	--	--
NCAP	18.00	--	--	--	4.00	4.00	Certified	--	--	--	--	--	--	--	--

Sources: SETTRADE.com; FSSIA's compilation

Exhibit 8: ESG score by Bloomberg

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 score	1.36	1.51	2.07	2.16	2.39	4.00	3.27	3.31
BESG environmental pillar score	0.00	0.00	0.00	0.00	0.12	0.02	0.03	—
BESG social pillar score	0.37	0.58	1.37	1.37	1.69	4.57	3.27	—
BESG governance pillar score	4.42	4.41	4.57	4.91	4.95	4.95	4.82	—
ESG disclosure score	26.85	32.18	32.89	35.76	39.62	44.88	50.20	52.08
Environmental disclosure score	0.00	0.00	0.00	0.33	7.28	15.22	32.74	34.40
Social disclosure score	11.67	15.84	17.41	25.70	30.35	31.92	30.35	34.34
Governance disclosure score	68.72	80.52	81.10	81.10	81.10	87.36	87.36	87.36
Environmental								
Emissions reduction initiatives	No	No	No	No	No	No	No	No
Climate change policy	No	No	No	No	Yes	Yes	Yes	Yes
Climate change opportunities discussed	No	No	No	No	No	No	No	No
Risks of climate change discussed	No	No	No	Yes	Yes	Yes	Yes	Yes
GHG scope 1	—	—	—	—	2	7	6	8
GHG scope 2 location-based	—	—	—	—	—	16	18	21
GHG Scope 3	—	—	—	—	—	1	1	1
Carbon per unit of production	—	—	—	—	—	—	—	—
Biodiversity policy	No	No	No	No	No	No	No	No
Energy efficiency policy	No	No	No	No	Yes	Yes	Yes	Yes
Total energy consumption	—	—	—	—	9	55	36	69
Renewable energy use	—	—	—	—	—	—	0	—
Electricity used	—	—	—	—	—	32	36	42
Fuel used - natural gas	—	—	—	—	—	—	—	—

Sources: Bloomberg; FSSIA's compilation

Exhibit 9: ESG score by Bloomberg (cont.)

FY ending Dec 31	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Fuel used - crude oil/diesel	No	No	No	No	No	No	No	No
Waste reduction policy	No	No	No	No	Yes	Yes	Yes	Yes
Hazardous waste	—	—	—	—	—	—	—	—
Total waste	—	—	—	—	—	—	—	—
Waste recycled	—	—	—	—	—	—	—	—
Waste sent to landfills	—	—	—	—	—	—	—	—
Environmental supply chain management	No	No	No	No	No	No	Yes	Yes
Water policy	No	No	No	No	Yes	Yes	Yes	Yes
Water consumption	—	—	—	—	—	987	—	—
Social								
Human rights policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Policy against child labor	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Quality assurance and recall policy	No	No	No	No	No	No	No	No
Consumer data protection policy	No	No	No	No	Yes	Yes	Yes	Yes
Equal opportunity policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Gender pay gap breakout	No	No	No	No	No	No	No	Yes
Pct women in workforce	—	—	—	—	—	11	11	10
Pct disabled in workforce	—	—	0	0	0	0	—	—
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	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Lost time incident rate - employees	—	—	—	—	—	—	—	0
Total recordable incident rate - employees	—	—	—	—	1	1	0	0
Training policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Fair remuneration policy	No	No	No	No	No	No	No	No
Number of employees – CSR	2,617	4,185	5,893	7,660	9,576	10,328	11,460	13,005
Employee turnover pct	—	—	—	—	—	—	—	29
Total hours spent by firm - employee training	—	—	—	70,395	60,328	34,082	34,036	78,030
Social supply chain management	No	No	No	No	No	No	No	Yes
Governance								
Board size	7	7	7	7	8	8	7	7
No. of independent directors (ID)	5	5	5	5	5	5	4	4
No. of women on board	2	2	3	3	3	3	3	3
No. of non-executive directors on board	5	5	5	5	6	6	5	5
Company conducts board evaluations	No	No	Yes	Yes	Yes	Yes	Yes	Yes
No. of board meetings for the year	6	5	7	7	6	9	8	8
Board meeting attendance pct	100	100	96	100	94	96	100	100
Board duration (years)	3	3	3	3	3	3	3	3
Director share ownership guidelines	No	No	No	No	No	No	No	No
Age of the youngest director	56	57	58	59	36	39	40	41
Age of the oldest director	67	68	69	70	71	72	73	74
No. of executives / company managers	12	12	12	13	13	12	13	13
No. of female executives	3	3	3	3	3	3	3	3
Executive share ownership guidelines	No	No	No	No	No	No	No	No
Size of audit committee	3	3	3	3	3	3	3	3
No. of ID on audit committee	3	3	3	3	3	3	3	3
Audit committee meetings	4	4	4	4	4	4	4	7
Audit meeting attendance %	100	100	92	100	92	100	100	100
Size of compensation committee	3	3	3	3	3	3	3	3
No. of ID on compensation committee	3	3	3	3	3	3	2	2
No. of compensation committee meetings	—	1	2	2	2	2	3	2
Compensation meeting attendance %	—	100	83	100	83	83	100	100
Size of nomination committee	3	3	3	3	3	3	3	3
No. of nomination committee meetings	—	1	2	2	2	2	1	2
Nomination meeting attendance %	—	100	83	100	83	83	100	100
Sustainability governance								
Verification type	No	No	No	No	No	Yes	Yes	Yes

Sources: Bloomberg; FSSIA's compilation

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" style="margin-left: auto; margin-right: auto;"> <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
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																		
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

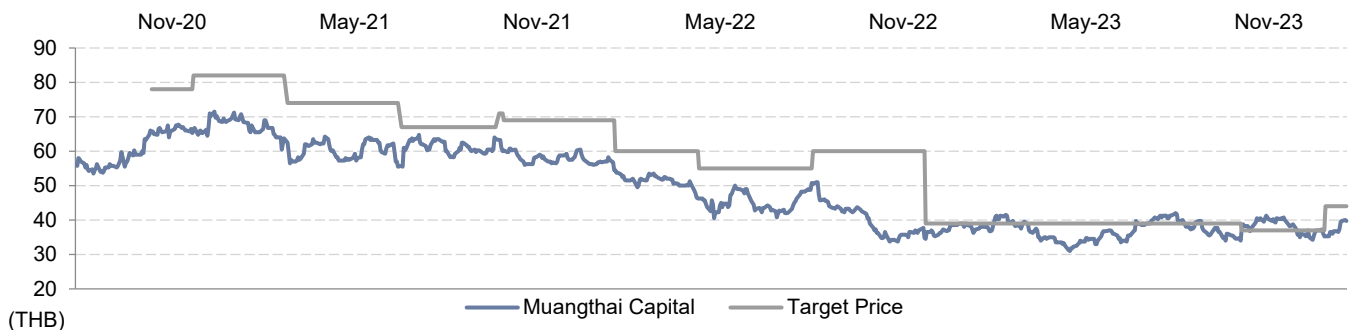
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

This report has been prepared by FSS International Investment Advisory Securities Company Limited (FSSIA). The information herein has been obtained from sources believed to be reliable and accurate; however FSSIA makes no representation as to the accuracy and completeness of such information. Information and opinions expressed herein are subject to change without notice. FSSIA has no intention to solicit investors to buy or sell any security in this report. In addition, FSSIA does not guarantee returns nor price of the securities described in the report nor accept any liability for any loss or damage of any kind arising out of the use of such information or opinions in this report. Investors should study this report carefully in making investment decisions. All rights are reserved.

This report may not be reproduced, distributed or published by any person in any manner for any purpose without permission of FSSIA. Investment in securities has risks. Investors are advised to consider carefully before making investment decisions.

History of change in investment rating and/or target price

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	19-Oct-2023	BUY	44.00

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

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Muangthai Capital	MTC TB	THB 39.75	BUY	Downside risks to our GGM-based TP include 1) a further weakening of asset quality that could potentially hit both loan yield and credit cost; and 2) changes in financial regulations by the Bank of Thailand and the Office of Consumer Protection Board.

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.

All share prices are as at market close on 07-Nov-2023 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.