

SRISAWAD CORP  
THAILAND / FINANCE & SECURITIES

## SAWAD TB

HOLD

FROM BUY

## ภาระของ SCAP กดดันต่อเนื่อง

- ผลขาดทุนของ SCAP จากการขายรถยนต์กดดันประมาณการกำไรสุทธิ 4Q23 ของ SAWAD อย่างต่อเนื่อง
- ผู้บริหารคาดว่าสถานการณ์ดังกล่าวจะยืดเยื้อและกดดันผลประกอบการ 1Q24
- ปรับลดคำแนะนำเป็นถือที่ราคาเป้าหมายปี 2024 ที่ 45 บาท

TARGET PRICE	THB45.00
CLOSE	THB40.00
UP/DOWNSIDE	+12.5%
PRIOR TP	THB54.00
CHANGE IN TP	-16.7%
TP vs CONSENSUS	-9.0%

## KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Operating profit	5,924	6,675	6,878	7,761
Net profit	4,476	5,032	5,350	6,034
EPS (THB)	3.26	3.66	3.90	4.39
vs Consensus (%)	-	(0.9)	(5.7)	(7.2)
Recurring net profit	4,476	5,032	5,350	6,034
Core EPS (THB)	3.26	3.66	3.90	4.39
Chg. In EPS est. (%)	-	(5.8)	(15.1)	(18.9)
EPS growth (%)	(5.2)	12.4	6.3	12.8
Core P/E (x)	12.3	10.9	10.3	9.1
Dividend yield (%)	4.5	4.5	4.9	5.5
Price/book (x)	2.1	1.9	1.8	1.6
ROE (%)	17.8	18.7	18.0	18.4
ROA (%)	8.1	5.8	4.5	4.4

## เร่งจัดการคุณภาพสินทรัพย์ของ SCAP

เรคาดว่ากำไรสุทธิ 4Q23 ของ SAWAD จะอยู่ที่ 1.30 พัน ลบ. (-6.4% q-q, +7.0% y-y) กำไรดังกล่าวจะลดลง q-q จากค่าใช้จ่ายในการดำเนินงานที่ปรับขึ้นโดยเฉพาะอย่างยิ่งจากผลขาดทุนจากการขายรถยนต์ซึ่งส่วนมากมาจาก SCAP ปัจจัยดังกล่าวผลักดันให้สัดส่วนค่าใช้จ่ายในการดำเนินงานต่อยอดขายเพิ่มขึ้นเป็น 59.4% ด้วยเหตุดังกล่าวเรคาดว่ากำไรก่อนสำรอง (PPOP) จะอยู่ที่ 1.97 พัน ลบ. (-6.8% q-q, +12.1% y-y) อย่างไรก็ตาม รายได้ดอกเบี้ยสุทธิน่าจะดี q-q และ y-y จากสินเชื่อที่โตต่อเนื่อง (+4.8% q-q, +75.6% y-y) ส่วนมากจากสินเชื่อเช่าซื้อและสินเชื่อจำนำทะเบียน ในทางตรงกันข้าม Interest spread น่าจะลดลง 25bp เป็น 16.57% โดยมีปัจจัยถ่วงจากต้นทุนในการกู้ยืมที่ปรับขึ้น รายได้อื่น (ส่วนมากเป็นรายได้ค่าธรรมเนียม) น่าจะโตอย่างมีนัยสำคัญถึง 19.0% q-q (แต่ลดลง 19.9% y-y) จากรายได้ค่าธรรมเนียมรายหัวประกันภัยที่สูงขึ้น ในภาพรวมเรคาดว่ากำไรสุทธิปี 2023 จะเพิ่มเป็น 5.03 พัน ลบ. (+12.4% y-y)

## หนี้ด้อยคุณภาพน่าจะเพิ่มสอดคล้องกับเป้าประมาณการ

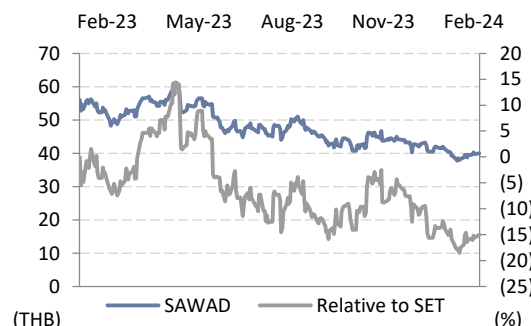
เรคาดว่าสัดส่วนหนี้ด้อยคุณภาพ 4Q23 จะเพิ่มเป็น 3.02% จาก 2.73% ใน 3Q23 ตามการขยายตัวของพอร์ตสินเชื่อและสอดคล้องกับเป้าประมาณการของบริษัทฯ ที่ 2.9-3.1% การบริหารหนี้ด้อยคุณภาพเชิงรุกโดยเร่งกระบวนการยุติธรรมยังเป็นปัจจัยสำคัญที่ทำให้เกิดผลขาดทุนจำนวนมากในระหว่างไตรมาส อย่างไรก็ตามก็ยังมีสัญญาณเชิงบวกจากตัวเลขการยึดรถจักรยานยนต์ซึ่งลดลงอย่างต่อเนื่องเป็น 3,000-4,000 คัน/เดือนในปัจจุบันจาก 6,000 คัน/เดือนตั้งแต่เดือน พ.ค. 2023 เรคาดว่าต้นทุนความเสี่ยงในการปล่อยสินเชื่อจะอยู่ที่ 1.30% ลดลงจาก 1.41% ใน 3Q23 ในขณะที่สัดส่วนสำรองต่อหนี้ด้อยคุณภาพน่าจะลดลงเป็น 49.6% จาก 50.2% ใน 3Q23

## ปรับลดประมาณการกำไรปี 2023-25 เพื่อสะท้อนการบริหารหนี้ด้อยคุณภาพเชิงรุก

เราปรับลดประมาณการกำไรสุทธิปี 2023-25 ลงเฉลี่ย 6-19% จากก่อนหน้าเพื่อสะท้อน 1) การเติบโตของสินเชื่อที่ลดลงตามเป้าประมาณการปี 2024 เป็น 20% y-y สำหรับ SAWAD และ 15% y-y สำหรับ SCAP และ 2) สัดส่วนค่าใช้จ่ายในการดำเนินงานต่อรายได้ที่เพิ่มขึ้นเพื่อสะท้อนผลขาดทุนจากการขายรถยนต์ที่สูงขึ้นของ SCAP ซึ่งบริษัทฯ คาดว่าจะต่อเนื่องไปใน 1Q-2Q24 ที่ประมาณ 200-300 ลบ./ไตรมาสก่อนกลับสู่ระดับปกติที่ประมาณ 100 ลบ./ไตรมาสใน 3Q24 แม้ว่า Interest spread จะปรับขึ้นและประมาณการต้นทุนความเสี่ยงในการปล่อยสินเชื่อปี 2023 จะลดลง ผลกระทบเชิงลบกลับมีน้ำหนักมากกว่าเชิงบวกซึ่งจะกดดันกำไรสุทธิให้โตเพียง 12.4% y-y ในปี 2023E และ 6.3-12.8% ในปี 2024-25E ตามลำดับ

## ปรับลดคำแนะนำลงทุนเป็นถือ

เราได้ปรับลดคำแนะนำลงทุนเป็นถือ จากเดิมซื้อ เนื่องจากเหลือ upside ไม่มาก โดยราคาเป้าหมายปี 2024 หลังปรับปรุงเท่ากับ 45 บาท (เดิม 54 บาท) ที่ระดับ P/BV of 1.76x (จากเดิม 2.05x) ถึง GGM ภายใต้สมมติฐาน LT ROE ที่ 18.4% และ COE เท่ากับ 12.6%



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(3.0)	(11.1)	(27.9)
Relative to country (%)	(1.3)	(11.1)	(13.6)
Mkt cap (USD m)	1,531		
3m avg. daily turnover (USD m)	10.5		
Free float (%)	45		
Major shareholder	Kaewboota Family (28%)		
12m high/low (THB)	61.00/36.00		
Issued shares (m)	1,373		

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 13 กุมภาพันธ์ 2024

## Investment thesis

We have a less positive view on SAWAD's outlook, leading to a downward 2023-25E earnings revision and a reduced recommendation to HOLD from Buy at the current price due to:

- 1) SCAP's losses on sales of repossessed cars should be prolonged and larger than expected, which could pressure SAWAD's performance.
- 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 2023-25 net profit to grow at a mere 9.5% CAGR (from 18.5%), with a main supporting factor from title loans.
- 4) A potential return of 17.4% p.a. (12.5% potential upside plus expected 2024 dividend yields of 4.9% p.a.).

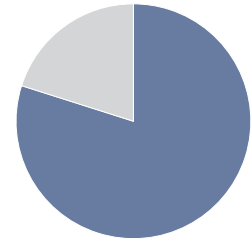
## Company profile

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](http://www.meebaanmeerod.com)

## Principal activities (revenue, 9M23)

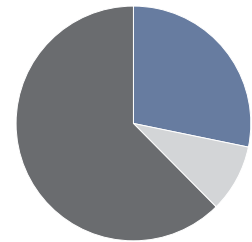
- Net interest income - 79.9 %
- Non-interest income - 20.1 %



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 costs;
- 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 Consumer Protection Board. Upside risks include 1) a faster-than-expected decline in losses on sales of repossessed cars for SCAP; and 2) an interest rate downtrend could push its interest spread.

## Event calendar

Date	Event
28 February 2024	2023 results announcement

## Key assumptions

	2023E	2024E	2025E
	(%)	(%)	(%)
Loan growth	75.6%	17.6%	17.5%
HP income growth	54.6%	15.0%	12.0%
Loan income growth	81.6%	20.0%	20.0%
Spread	16.97	17.23	17.29
Credit cost	1.85	2.60	2.80
NPL ratio	3.02	3.10	3.30

Source: FSSIA estimates

## Earnings sensitivity

		2024E		
Loan growth	±2ppt	15.59	17.59	19.59
% change in net profit		(1.0)		1.0
Spread (%)	±10bp	17.13	17.23	17.33
% change in net profit		(0.3)		0.3
Credit cost (bp)	±10bp	2.50	2.60	2.70
% change in net profit		1.4		(1.4)

Source: FSSIA estimates

## Accelerated cleaning up SCAP's balance sheet

We project SAWAD's 4Q23 net profit to be THB1.30b, slumping by 6.4% q-q but still growing by 7.0% y-y. The critical q-q drag is rising operating expenses – the loss on sales of repossessed cars, mainly from SCAP, which should push its cost-to-income ratio to 59.4%. Hence, we expect a 4Q23 PPOP of THB1.97b, declining by 6.8% q-q but increasing by 12.1% y-y. Net interest income should show impressive q-q and y-y growth on the backdrop of continued loan expansion of 4.8% q-q and 75.6% y-y, mainly from hire-purchase and title loans. In contrast, the interest spread should decline 25bp to 16.57% in 4Q23, dragged by the rising cost of funds. Other income, mainly fee income, should deliver significant growth of 19.0% q-q (but drop by 19.9% y-y) on the back of rising insurance brokerage fee income. Overall, we expect 2023 net profit to increase to THB5.03b, growing by 12.4% y-y.

### Exhibit 1: SAWAD – 4Q23 earnings preview

	4Q22	1Q23	2Q23	3Q23	4Q23E	----- Change -----		2022	2023E	Change
FY ending Dec 31	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)
Interest income	2,830	3,108	3,444	4,647	4,910	5.7	73.5	8,780	16,108	83.5
Interest expense	(277)	(344)	(482)	(690)	(770)	11.6	177.7	(862)	(2,287)	165.4
Net interest income	2,552	2,763	2,961	3,956	4,140	4.6	62.2	7,918	13,821	74.6
Other income	899	868	956	605	720	19.0	(19.9)	3,527	3,149	(10.7)
Total income	3,452	3,632	3,917	4,562	4,860	6.5	40.8	11,445	16,970	48.3
Operating expenses	(1,692)	(1,778)	(1,776)	(2,447)	(2,888)	18.0	70.7	(5,442)	(8,889)	63.3
Pre-provision operating profit	1,760	1,853	2,140	2,115	1,972	(6.8)	12.1	6,002	8,081	34.6
Expected credit loss	(148)	(208)	(575)	(316)	(307)	(2.7)	107.3	(78)	(1,406)	1,698.0
Profit after ECL	1,611	1,646	1,565	1,800	1,665	(7.5)	3.3	5,924	6,675	12.7
Operating profit	1,611	1,646	1,565	1,800	1,665	(7.5)	3.3	5,924	6,675	12.7
Income tax	(292)	(325)	(342)	(375)	(347)	(7.5)	18.8	(1,097)	(1,389)	26.6
NCI	(106)	(120)	(76)	(37)	(20)	(46.1)	(81.2)	(351)	(254)	(27.5)
Net profit	1,213	1,200	1,146	1,387	1,298	(6.4)	7.0	4,476	5,032	12.4
EPS (THB)	0.88	0.87	0.83	1.01	0.95	(6.4)	7.0	3.26	3.66	12.4
NPL	1,385	1,606	2,303	2,527	2,920	15.5	110.8	1,385	2,920	110.8
Loans	55,147	64,475	86,983	92,429	96,837	4.8	75.6	55,147	96,837	75.6
Interest bearing debt	36,467	44,441	69,155	76,686	75,719	(1.3)	107.6	36,467	75,719	107.6
<b>Key ratios</b>	<b>4Q22</b>	<b>1Q23</b>	<b>2Q23</b>	<b>3Q23</b>	<b>4Q23E</b>			<b>2022</b>	<b>2023E</b>	
	(%)	(%)	(%)	(%)	(%)			(%)	(%)	
Yield on loans	22.00	20.78	18.19	20.72	20.75			19.77	21.20	
Cost of funds	3.36	3.53	3.49	3.90	4.19			3.26	4.23	
Spread	18.64	17.25	14.70	16.82	16.57			16.51	16.97	
Cost to income	48.99	49.19	45.46	53.63	59.42			48.47	52.46	
Credit cost	1.15	1.39	3.04	1.41	1.30			0.18	1.85	
NPL / Loan	2.51	2.49	2.65	2.73	3.02			2.51	3.02	
LLR / Loan	1.19	1.18	1.36	1.37	1.50			1.19	0.00	
Coverage ratio	47.37	47.38	51.28	50.22	49.63			47.37	49.63	
D/E (x)	1.40	1.62	2.55	2.69	2.55			1.40	2.55	
IBD/E (x)	1.26	1.48	2.42	2.55	2.41			1.26	2.41	
S/T debt/IBD (x)	48.44	51.24	16.68	16.03	16.51			48.44	44.67	
ROA	7.27	6.47	5.08	5.23	4.67			7.49	5.57	
ROE	19.36	18.28	17.49	21.14	18.81			17.78	18.67	
Loan growth q-q	15.5	16.9	34.9	6.3	4.8					
Loan growth y-y	63.8	79.8	113.5	93.5	75.6			63.8	75.6	
Loan growth YTD	63.8	16.9	57.7	67.6	75.6					

Sources: SAWAD; FSSIA estimates

## Rising NPLs aligning with its guidance

We expect the 4Q23 NPL ratio to rise to 3.02% from 2.73% in 3Q23, aligning with its portfolio expansion and in line with management's guidance of 2.9-3.1%. Proactive NPL management by accelerating the car repossession process is still vital, resulting in huge losses during the quarter. However, there is a positive sign from the number of cars repossessed, which has continually decreased to 3,000-4,000 motorcycles/month at present, from 6,000 units/month since May 2023. We predict a 4Q23 credit cost of 1.30%, decreasing from 1.41% in 3Q23. Meanwhile, the coverage ratio should drop to 49.6% from 50.2% in 3Q23.

### Exhibit 2: SAWAD – staged loans and ECL

	2020	2021	2022	2Q23	3Q23		2020	2021	2022	2Q23	3Q23
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)		(%)	(%)	(%)	(%)	(%)
<b>Loans and accrued interest</b>							<b>Staged loans % of total loans</b>				
Stage 1	26,914	29,562	50,271	79,089	82,948		68.2%	87.7%	91.0%	90.8%	89.6%
Stage 2	11,064	2,879	3,614	5,722	7,089		28.0%	8.5%	6.5%	6.6%	7.7%
Stage 3	1,480	1,249	1,385	2,303	2,527		3.8%	3.7%	2.5%	2.6%	2.7%
Total	39,459	33,689	55,270	87,115	92,565		100.0%	100.0%	100.0%	100.0%	100.0%
<b>Expected credit loss (ECL)</b>							<b>ECL % of stage loans</b>				
Stage 1	249	73	171	349	282		0.9%	0.2%	0.3%	0.4%	0.3%
Stage 2	785	369	238	386	444		7.1%	12.8%	6.6%	6.7%	6.3%
Stage 3	154	166	247	446	544		10.4%	13.3%	17.9%	19.4%	21.5%
Total	1,188	609	656	1,181	1,269		3.0%	1.8%	1.2%	1.4%	1.4%
<b>LLR / Loans</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>						
Stage 1	0.9	0.2	0.3	0.4	0.3						
Stage 2	7.1	12.8	6.6	6.7	6.3						
Stage 3	10.4	13.3	17.9	19.4	21.5						
Total	3.0	1.8	1.2	1.4	1.4						
NPL/ TL	3.75%	3.71%	2.51%	2.64%	2.73%						
NPL vs Stage 2 loans/ TL	31.79%	12.25%	9.05%	9.21%	10.39%						
LLR / NPL	80.25%	48.76%	47.37%	51.28%	50.22%						
LLR / (NPL vs Stage 2 loans)	9.47%	14.75%	13.12%	14.72%	13.20%						

Sources: SAWAD; FSSIA's compilation

## Lower 2023-25E profit to reflect its proactive NPL management

We have made downward revisions to our 2023-25 net profit forecasts averaging 6-19% from previous to reflect 1) lower loan growth to reflect its 2024 guidance – 20% y-y for SAWAD, and 15% y-y for SCAP; and 2) a higher cost-to-income ratio to reflect SCAP's higher losses on sales of repossessed cars, which the company expects to extend into 1Q-2Q24 at cTHB200m-300m/quarter then normalize to cTHB100m/quarter in 3Q24. Despite lifting the interest spread and lowering the 2023E credit cost, the negative impacts outweigh the positive, pressuring its net profit to deliver growth at a mere 12.4% y-y in 2023E and 6.3-12.8% in 2024-25E, respectively.

### Exhibit 3: 2023-25E earnings revisions

	Current			Previous			Change		
(THB m)	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E
<b>Net profit</b>	<b>5,032</b>	<b>5,350</b>	<b>6,034</b>	<b>5,340</b>	<b>6,303</b>	<b>7,439</b>	<b>-6%</b>	<b>-15%</b>	<b>-19%</b>
EPS (THB)	3.66	3.90	4.39	3.89	4.59	5.42	-6%	-15%	-19%
EPS growth	12.4	6.3	12.8	19.30	18.00	18.00			
Target price (THB)		45.00			54.00				
Target PBV (x)		1.76			2.1				
Expected long-term ROE		18.40			20.61				
Expected long-term growth		5.00			5.00				
<b>Key assumptions</b>									
Gross loans	96,837	113,874	133,787	101,572	123,747	150,823	-5%	-8%	-11%
Interest bearing debts	75,719	87,615	102,324	79,350	95,601	116,872	-5%	-8%	-12%
Administrative expenses	7,304	10,163	11,866	6,178	7,997	9,326	18%	27%	27%
Loan growth	75.60	17.59	17.49	80.33	21.46	21.54			
Cost to income ratio	52.46	56.00	56.00	47.07	47.50	46.60			
Yields	21.20	21.48	21.55	19.51	19.31	19.32			
Cost of funds	4.23	4.25	4.26	3.98	4.07	4.26			
Spread	16.97	17.23	17.29	15.53	15.24	15.06			
Credit cost	1.85	2.60	2.80	2.00	2.60	2.80			

Source: FSSIA estimates

## Downgrade recommendation to HOLD

We downgrade our recommendation to HOLD from Buy following the limited potential upside to our 2024 GGM-based TP of THB45 (from THB54), which implies a P/BV of 1.76x (from 2.05x) under the expected LT ROE of 18.4% and COE of 12.6%.

### Exhibit 4: GGM-based 2024 TP

Gordon Growth model	New	Previous
Sustainable ROE	18.4%	20.6%
g	5.0%	5.0%
ROE-g	13.4%	15.6%
Beta	1.60	1.60
Risk free rate	3.0%	3.0%
Risk premium	6.0%	6.0%
COE	12.60%	12.60%
COE-g	7.60%	7.60%
<b>ROE-g/COE-g</b>	<b>1.76</b>	<b>2.05</b>

Source: FSSIA estimates

### Exhibit 5: Share price performance of non-banks under coverage, as of 12 February 2024

	Price performance				
	1M	3M	6M	1Y	YTD
	(%)	(%)	(%)	(%)	(%)
TIDLOR TB	(2.98)	7.55	5.07	(12.31)	1.33
MTC TB	(3.24)	7.83	16.99	23.45	(0.56)
SAWAD TB	(3.64)	(11.67)	(17.62)	(28.38)	(1.85)
AEONTS TB	(0.32)	(0.32)	(3.46)	(24.75)	(4.06)
KTC TB	(1.12)	(3.83)	(6.88)	(23.14)	1.15
JMT TB	(13.96)	(15.56)	(47.28)	(54.85)	(10.59)
BAM TB	(1.19)	2.47	(20.95)	(47.47)	1.84
CHAYO TB	(8.85)	(6.36)	(29.49)	(45.05)	(5.50)
SETFIN	(3.59)	(1.05)	(10.80)	(28.77)	(1.34)
SET	(1.63)	0.06	(9.43)	(16.47)	(1.79)

Source: Bloomberg

**Exhibit 6: SAWAD – outstanding debentures and maturity by period**

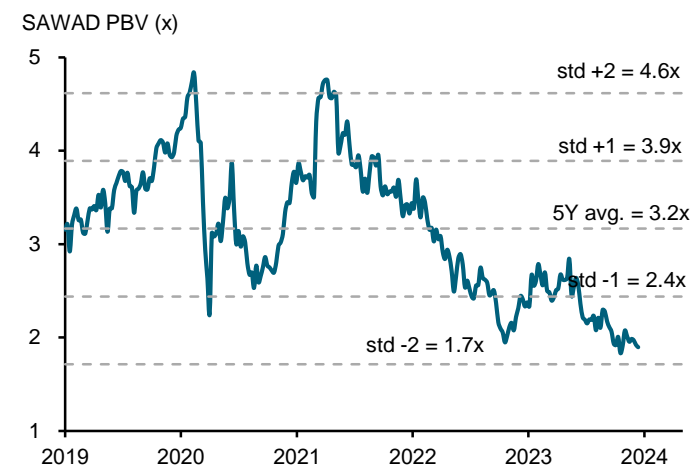
----- Outstanding debentures -----					----- Maturity during quarter -----					
	1Q	2Q	3Q	4Q		1Q	2Q	3Q	4Q	Total
	(THB m)	(THB m)	(THB m)	(THB m)		(THB m)	(THB m)	(THB m)	(THB m)	(THB m)
2024	32,237	32,237	29,419	25,640		3,247	-	2,818	3,779	9,844
2025	24,983	20,870	20,870	20,030		657	4,113	-	840	5,610
2026	20,030	13,678	10,427	9,923		-	6,353	3,251	504	10,107

Sources: ThaiBMA; FSSIA's compilation

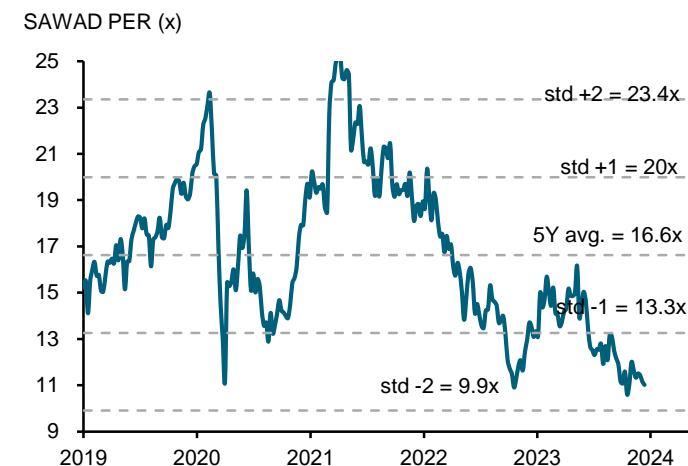
**Exhibit 7: SCAP – outstanding debentures and maturity by period**

----- Outstanding debentures -----					----- Maturity during quarter -----					
	1Q	2Q	3Q	4Q		1Q	2Q	3Q	4Q	Total
	(THB m)	(THB m)	(THB m)	(THB m)		(THB m)	(THB m)	(THB m)	(THB m)	(THB m)
2024	3,651	3,651	3,651	3,651		-	-	-	-	-
2025	1,979	1,979	1,979	1,726		1,672	-	-	252	1,924
2026	1,726	1,726	667	-		-	-	1,060	667	1,726

Sources: ThaiBMA; FSSIA's compilation

**Exhibit 8: SAWAD – one-year prospective P/BV band**

Sources: Bloomberg; FSSIA estimates

**Exhibit 9: SAWAD – one-year prospective PER band**

Sources: Bloomberg; FSSIA estimates

**Exhibit 10: Peers comparison**

Company name	BBG	Rec	Share	Target	Up	----- PE -----		----- PBV -----		----- ROE -----		----- Div yld -----	
	code		price	price	side	23E	24E	23E	24E	23E	24E	23E	24E
			(LCY)	(LCY)	(%)	(x)	(x)	(x)	(x)	(%)	(%)	(x)	(x)
AEON Thana Sinsap (Thailand)	AEONTS TB	HOLD	153.50	169.00	10	12.3	11.4	1.6	1.5	13.1	13.2	3.6	4.1
Krungthai Card	KTC TB	HOLD	43.75	49.00	12	15.5	14.3	3.2	2.8	21.8	20.7	2.3	2.6
Muangthai Capital	MTC TB	HOLD	44.75	43.00	(4)	19.9	15.9	3.0	2.5	15.6	17.2	0.8	0.9
<b>Srisawad Corp</b>	<b>SAWAD TB</b>	<b>HOLD</b>	<b>40.00</b>	<b>45.00</b>	<b>13</b>	<b>10.9</b>	<b>10.3</b>	<b>1.9</b>	<b>1.8</b>	<b>18.7</b>	<b>18.0</b>	<b>4.5</b>	<b>4.9</b>
Ngern Tid Lor	TIDLOR TB	BUY	23.00	28.00	22	16.9	13.9	2.3	2.0	14.2	15.2	1.2	1.4
JMT Network services	JMT TB	HOLD	22.70	25.70	13	16.9	13.8	1.3	1.2	8.0	9.1	4.7	5.8
Bangkok Commercial Asset Mgmt.	BAM TB	HOLD	8.45	8.75	4	18.6	15.4	0.6	0.6	3.4	4.1	3.8	4.4
Chayo Group	CHAYO TB	HOLD	5.10	5.70	12	15.5	14.9	1.7	1.5	11.6	10.7	0.7	1.0
<b>Average</b>						<b>15.8</b>	<b>13.7</b>	<b>1.9</b>	<b>1.7</b>	<b>13.3</b>	<b>13.5</b>	<b>2.7</b>	<b>3.1</b>

Sources: Bloomberg; 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	16,108	22,635	26,681
Interest expense	(791)	(862)	(2,287)	(3,379)	(3,970)
Net interest income	6,065	7,918	13,821	19,256	22,711
Net fees & commission	1,516	1,215	3,123	2,600	2,808
Foreign exchange trading income	-	-	-	-	-
Securities trading income	-	-	-	-	-
Dividend income	-	-	-	-	-
Other income	1,831	2,312	26	0	0
Non interest income	3,347	3,527	3,149	2,600	2,808
Total income	9,411	11,445	16,970	21,856	25,519
Staff costs	(3,476)	(5,442)	(8,889)	(12,240)	(14,290)
Other operating costs	-	-	-	-	-
Operating costs	(3,476)	(5,442)	(8,889)	(12,240)	(14,290)
Pre provision operating profit	5,936	6,002	8,081	9,617	11,228
Expected credit loss	455	(78)	(1,406)	(2,739)	(3,467)
Other provisions	-	-	-	-	-
Operating profit	6,391	5,924	6,675	6,878	7,761
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	6,675	6,878	7,761
Tax	(1,352)	(1,097)	(1,389)	(1,479)	(1,669)
Profit after tax	5,038	4,827	5,286	5,399	6,092
Non-controlling interest	(316)	(351)	(254)	(49)	(58)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	4,722	4,476	5,032	5,350	6,034
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	4,722	4,476	5,032	5,350	6,034
<b>Per share (THB)</b>					
Recurring EPS *	3.44	3.26	3.66	3.90	4.39
Reported EPS	3.44	3.26	3.66	3.90	4.39
DPS	1.80	1.80	1.80	1.95	2.20
<b>Growth</b>					
Net interest income (%)	(16.5)	30.6	74.6	39.3	17.9
Non interest income (%)	18.4	5.4	(10.7)	(17.4)	8.0
Pre provision operating profit (%)	(5.8)	1.1	34.6	19.0	16.8
Operating profit (%)	6.8	(7.3)	12.7	3.0	12.8
Reported net profit (%)	4.7	(5.2)	12.4	6.3	12.8
Recurring EPS (%)	4.7	(5.2)	12.4	6.3	12.8
Reported EPS (%)	4.7	(5.2)	12.4	6.3	12.8
<b>Income Breakdown</b>					
Net interest income (%)	64.4	69.2	81.4	88.1	89.0
Net fees & commission (%)	16.1	10.6	18.4	11.9	11.0
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	-	-	-	-	-
Dividend income (%)	-	-	-	-	-
Other income (%)	19.5	20.2	0.2	-	-
<b>Operating performance</b>					
Gross interest yield (%)	18.75	19.77	21.20	21.48	21.55
Cost of funds (%)	4.26	3.26	4.23	4.25	4.26
Net interest spread (%)	14.49	16.51	16.97	17.23	17.29
Net interest margin (%)	16.6	17.8	18.2	18.3	18.3
Cost/income(%)	36.9	47.6	52.4	56.0	56.0
Cost/assets(%)	6.8	9.1	9.8	10.2	10.4
Effective tax rate (%)	21.2	18.5	20.8	21.5	21.5
Dividend payout on recurring profit (%)	52.3	55.2	49.1	50.1	50.1
ROE (%)	20.2	17.8	18.7	18.0	18.4
ROE - COE (%)	7.6	5.2	6.1	5.4	5.8
ROA (%)	9.9	8.1	5.8	4.5	4.4
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	96,837	113,874	133,787
Allowance for expected credit loss	(736)	(748)	(1,526)	(2,884)	(4,112)
interest in suspense	386	664	843	1,021	1,188
<b>Net customer loans</b>	<b>33,318</b>	<b>55,063</b>	<b>96,154</b>	<b>112,012</b>	<b>130,863</b>
Bank loans	-	-	-	-	-
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	3,296	3,019	2,710	2,981	3,279
Cash & equivalents	2,689	2,823	2,954	3,545	3,082
Other interesting assets	-	-	-	-	-
Tangible fixed assets	611	598	675	743	817
Associates	-	-	-	-	-
Goodwill	1,113	1,372	1,700	1,734	1,769
Other intangible assets	622	961	1,100	1,100	1,100
Other assets	8,317	5,646	6,008	5,644	6,198
<b>Total assets</b>	<b>49,967</b>	<b>69,482</b>	<b>111,302</b>	<b>127,758</b>	<b>147,108</b>
Customer deposits	170	0	0	0	0
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	18,973	36,467	75,719	87,615	102,324
Non interest bearing liabilities	3,849	4,011	4,189	5,290	6,171
Hybrid Capital	-	-	-	-	-
<b>Total liabilities</b>	<b>22,992</b>	<b>40,477</b>	<b>79,908</b>	<b>92,905</b>	<b>108,495</b>
Share capital	1,373	1,373	1,373	1,373	1,373
Reserves	23,325	24,289	26,871	29,746	33,102
<b>Total equity</b>	<b>24,698</b>	<b>25,662</b>	<b>28,245</b>	<b>31,119</b>	<b>34,476</b>
Non-controlling interest	2,277	3,342	3,149	3,734	4,137
<b>Total liabilities &amp; equity</b>	<b>49,967</b>	<b>69,482</b>	<b>111,302</b>	<b>127,758</b>	<b>147,108</b>
<b>Supplementary items</b>					
Risk weighted assets (RWA)	n/a	n/a	n/a	n/a	n/a
Average interest earning assets	36,559	44,408	75,992	105,355	123,831
Average interest bearing liabilities	18,541	26,421	54,059	79,504	93,198
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	2,920	3,530	4,415
<b>Per share (THB)</b>					
Book value per share	17.99	18.69	20.57	22.66	25.11
Tangible book value per share	16.72	16.99	18.53	20.60	23.02
<b>Growth</b>					
Gross customer loans	(14.7)	63.8	75.6	17.6	17.5
Average interest earning assets	(3.0)	21.5	71.1	38.6	17.5
Total asset (%)	(3.9)	39.1	60.2	14.8	15.1
Risk weighted assets (%)	-	-	-	-	-
Customer deposits (%)	(96.8)	nm	nm	nm	nm
<b>Leverage &amp; capital measures</b>					
Customer loan/deposits (%)	19,610.5	-	-	-	-
Equity/assets (%)	49.4	36.9	25.4	24.4	23.4
Tangible equity/assets (%)	46.0	33.6	22.9	22.1	21.5
RWA/assets (%)	-	-	-	-	-
CET 1 CAR (%)	-	-	-	-	-
Total CAR (%)	-	-	-	-	-
<b>Asset Quality (FSSIA's calculation)</b>					
Change in NPL (%)	(15.6)	10.9	110.8	20.9	25.1
NPL/gross loans (%)	3.7	2.5	3.0	3.1	3.3
Allowance for ECL/gross loans (%)	2.2	1.4	1.6	2.5	3.1
Allowance for ECL/NPL (%)	58.9	54.0	52.2	81.7	93.1
<b>Valuation</b>					
Recurring P/E (x) *	11.6	12.3	10.9	10.3	9.1
Recurring P/E @ target price (x) *	13.1	13.8	12.3	11.6	10.2
Reported P/E (x)	11.6	12.3	10.9	10.3	9.1
Dividend yield (%)	4.5	4.5	4.5	4.9	5.5
Price/book (x)	2.2	2.1	1.9	1.8	1.6
Price/tangible book (x)	2.4	2.4	2.2	1.9	1.7
Price/tangible book @ target price (x)	2.7	2.6	2.4	2.2	2.0

\* Pre-exceptional, pre-goodwill and fully diluted

Sources: Srisawad Corp; FSSIA estimates



# Srisawad Corp PCL (SAWAD TB)

## FSSIA ESG rating


**46.52 /100**

### Exhibit 11: 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	<b>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.</b>
★★	>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 12: ESG – peer comparison

	FSSIA	Domestic ratings						Global ratings					Bloomberg		
	ESG score	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](https://www.settrade.com); FSSIA's compilation

### Exhibit 13: ESG score by Bloomberg

FY ending Dec 31	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
<b>ESG financial materiality scores - ESG score</b>	<b>1.69</b>	<b>1.77</b>	<b>1.67</b>	<b>1.70</b>	<b>1.93</b>	<b>1.77</b>	<b>1.90</b>	<b>1.93</b>
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
<b>ESG disclosure score</b>	<b>23.59</b>	<b>28.37</b>	<b>28.51</b>	<b>29.45</b>	<b>29.45</b>	<b>29.45</b>	<b>38.34</b>	<b>40.04</b>
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
<b>Environmental</b>								
Emissions reduction initiatives	No	No	No	No	No	No	Yes	Yes
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
GHG scope 1	—	—	—	—	—	—	—	—
GHG scope 2 location-based	—	—	—	—	—	—	—	—
GHG Scope 3	—	—	—	—	—	—	—	—
Carbon per unit of production	—	—	—	—	—	—	—	—
Biodiversity policy	No	No	No	No	No	No	No	No
Energy efficiency policy	No	No	Yes	Yes	Yes	Yes	Yes	Yes
Total energy consumption	—	—	—	—	—	—	—	—
Renewable energy use	—	—	—	—	—	—	—	—
Electricity used	—	—	—	—	—	—	—	—
Fuel used - natural gas	—	—	—	—	—	—	—	—

Sources: Bloomberg; FSSIA's compilation

**Exhibit 14: 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	No	No	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	No	No	Yes	Yes
Water consumption	—	—	—	—	—	—	—	—
<b>Social</b>								
Human rights policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Policy against child labor	No	No	No	No	No	No	No	No
Quality assurance and recall policy	No	No	No	No	No	No	No	No
Consumer data protection policy	Yes	Yes	Yes	Yes	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	No
Pct women in workforce	—	—	—	—	—	—	—	54
Pct disabled in workforce	—	—	—	—	—	—	—	—
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
Lost time incident rate - employees	—	—	—	—	—	—	—	—
Total recordable incident rate - employees	—	—	—	—	—	—	10	—
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	4,085	5,590	6,137	7,016	8,907	7,580	6,808	9,745
Employee turnover pct	—	—	—	—	—	—	3	3
Total hours spent by firm - employee training	—	—	—	—	—	—	23,574	5,165
Social supply chain management	No	No	No	No	No	No	Yes	Yes
<b>Governance</b>								
<b>Board size</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>13</b>	<b>13</b>	<b>13</b>
<b>No. of independent directors (ID)</b>	<b>4</b>	<b>4</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>
No. of women on board	2	2	1	1	1	1	1	1
No. of non-executive directors on board	9	9	9	9	9	9	9	9
Company conducts board evaluations	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
No. of board meetings for the year	13	14	13	13	12	13	10	13
Board meeting attendance pct	—	—	—	88	88	88	98	92
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	—	—	—	—	—	—	—	43
Age of the oldest director	—	—	—	—	—	—	—	76
<b>No. of executives / company managers</b>	<b>9</b>	<b>8</b>	<b>8</b>	<b>4</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>
No. of female executives	2	2	1	1	2	2	2	2
Executive share ownership guidelines	No	No	No	No	No	No	No	No
<b>Size of audit committee</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
No. of ID on audit committee	3	3	3	3	3	3	3	3
Audit committee meetings	5	5	5	5	4	4	5	6
Audit meeting attendance %	—	100	100	93	100	100	100	100
<b>Size of compensation committee</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
No. of ID on compensation committee	2	3	2	2	2	2	2	2
No. of compensation committee meetings	—	2	4	2	3	3	3	3
Compensation meeting attendance %	—	100	100	100	100	100	100	100
<b>Size of nomination committee</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
No. of nomination committee meetings	—	2	4	2	3	3	3	3
Nomination meeting attendance %	—	100	100	100	100	100	100	100
<b>Sustainability governance</b>								
Verification type	No	No	No	No	No	No	No	No

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 <b>THSI inclusion</b> , 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. <b>SETTHSI Index</b> 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&amp;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 &amp; 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><tr><th>NEGL</th><th>Low</th><th>Medium</th><th>High</th><th>Severe</th></tr><tr><td>0-10</td><td>10-20</td><td>20-30</td><td>30-40</td><td>40+</td></tr></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.											
	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	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks								
	CCC	0.000-1.428										
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; &gt;25 to 50 = satisfactory; &gt;50 to 75 = good; and &gt;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.										

**Rating** regarding the sustainable development of Thai listed companies, both on the SET and MAI, are publicly available on the website of the Securities and Exchange Commission of Thailand (SEC). Currently, ratings available are 1) **"CG Score"**; 2) **"AGM Level"**; 3) **"Thai CAC"**; and 4) **THSI**. The ratings are updated on an annual basis. FSSIA does not confirm nor certify the accuracy of such ratings.

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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Company	Ticker	Price	Rating	Valuation & Risks
Srisawad Corp	SAWAD TB	THB 40.00	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 include 1) a faster-than-expected decline in losses on sales of repossessed cars for SCAP; and 2) an interest rate downtrend could push its interest spread.
JMT Network Services	JMT TB	THB 22.70	HOLD	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. Upside risks include 1) better-than-expected purchasing power and cash collection 2) lower-than-expected operating and financing expense
Aeon Thana Sinsap (Thailand)	AEONTS TB	THB 153.50	HOLD	Downside risks are: 1) regulatory actions to curb industry growth; 2) a higher-than-expected policy rate; and 3) deteriorating asset quality. Upside risks are: 1) better-than-estimated economic improvement; 2) stronger-than-estimated improvement in the overall asset quality; and 3) less pressure from the market yield and cost of funds.
Krungthai Card	KTC TB	THB 43.75	HOLD	Downside risks are: 1) regulatory actions to curb industry growth; 2) a higher-than-expected policy rate; and 3) deteriorating asset quality. Upside risks are: 1) better-than-estimated economic improvement; 2) stronger-than-estimated improvement in the overall asset quality; and 3) less pressure from the market yield and cost of funds.
Muangthai Capital	MTC TB	THB 44.75	HOLD	Downside risks to our GGM-based TP include 1) a further weakening of asset quality that could potentially hit both loan yield and credit cost; and 2) changes in financial regulations by the Bank of Thailand and the Office of Consumer Protection Board. Upside risks are 1) a positive development of asset quality which could bring down its credit costs and 2) a decreasing market interest rate which could alleviate its cost of funds burden.
Ngern Tid Lor	TIDLOR TB	THB 23.00	BUY	Downside risks to our GGM-based TP include 1) the expansion into auto-title loans by the Government Savings Bank and Auto X (subsidiary of SCB 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 8.45	HOLD	Downside risks to our NAV-based TP include 1) lower cash collection than estimated; 2) lower-than-expected bad debt acquisition; and 3) a slowdown in the property market. Upsides include 1) better-than-expected economic conditions and debt repayment momentum; and 2) an acceleration in the demand for NPAs.
Chayo Group	CHAYO TB	THB 5.10	HOLD	Downside risks to our GGM-based TP include 1) lower-than-expected bad debt acquisition; and 2) higher-than-expected operating expenses. Upside risks include 1) better-than-expected cash collection performance and lower pressure from ECL, 2) stronger-than-expected loan growth, and 3) better cost control than expected.

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 12-Feb-2024 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.