

NGERN TID LOR TIDLOR TB

THAILAND / FINANCE & SECURITIES

BUY

UNCHANGED

Continued growth momentum in 2024

- We expect a q-q recovery in 1Q24E but a flat PPOP despite a low season.
- Asset quality should be manageable with a relatively stable NPL ratio but a lower coverage ratio.
- Maintain BUY with a 2024 TP of THB27

| | |
|-----------------|-----------|
| TARGET PRICE | THB27.00 |
| CLOSE | THB20.70 |
| UP/DOWNSIDE | +30.4% |
| PRIOR TP | THB27.00 |
| CHANGE IN TP | UNCHANGED |
| TP vs CONSENSUS | +6.7% |

KEY STOCK DATA

| YE Dec (THB m) | 2023 | 2024E | 2025E | 2026E |
|----------------------|-------|-------|-------|-------|
| Operating profit | 4,744 | 5,839 | 6,938 | 8,086 |
| Net profit | 3,790 | 4,671 | 5,551 | 6,469 |
| EPS (THB) | 1.35 | 1.60 | 1.91 | 2.22 |
| vs Consensus (%) | - | 3.6 | 4.1 | 4.9 |
| Recurring net profit | 3,790 | 4,671 | 5,551 | 6,469 |
| Core EPS (THB) | 1.35 | 1.60 | 1.91 | 2.22 |
| Chg. In EPS est. (%) | - | - | - | - |
| EPS growth (%) | (7.4) | 18.8 | 18.8 | 16.5 |
| Core P/E (x) | 15.3 | 12.9 | 10.9 | 9.3 |
| Dividend yield (%) | 2.0 | 2.3 | 2.8 | 3.2 |
| Price/book (x) | 2.0 | 1.9 | 1.7 | 1.5 |
| ROE (%) | 14.1 | 15.4 | 16.2 | 16.7 |
| ROA (%) | 4.1 | 4.3 | 4.5 | 4.6 |

Lower ECL expenses to favor a robust 1Q24 profit

We expect TIDLOR to post a 1Q24 net profit of THB1.05b, increasing by 15.9% q-q and 9.4% y-y, accounting for 22% of our 2024E net profit, with one notable driver from a decline in ECL expenses, implying a credit cost of 3.37%. In addition, we anticipate a consistently robust 1Q24 PPOP of THB2.12b (relatively flat q-q but jumping 15.9% y-y) despite a low season, thanks to its continued loan expansion of 2.7% q-q and 20.7% y-y, aligning with the 10-20% y-y growth guidance. However, the loan spread should drop by 18bp to 14.76% from decreased loan yields due to lower working days. Although the cost of funds exhibited a rising trend and should reach 3.32% from 3.21% in 4Q23, the increase should remain in line with the guidance of not exceeding 40bp from its 2023 level of 2.93%. Furthermore, we expect fee income to drop by 10.8% q-q but significantly increase by 19.7% y-y, primarily due to solid performance in non-life insurance brokerage fee income despite a low season. Accordingly, the cost-to-income ratio should come in relatively flat q-q at 55.24% owing to marketing expenses related to rebranding its non-life insurance brokerage activities.

Continued positive progress in asset quality

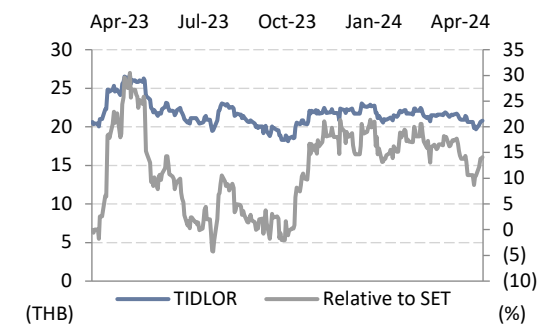
We maintain a positive outlook on TIDLOR's asset quality, which we consider to be well-managed and not a cause for concern. The projected NPL ratio of 1.47% remains within its 1.40-1.80% guidance for 2024. We anticipate a decline in credit cost to a normalized level of 3.37% after a slight increase in 4Q23 to address aggressive write-offs, partly for its expired debt forbearance portion. As a result, we expect the coverage ratio to decrease to 277% from 282% at the end of 2023.

Maintain 2024-26E earnings

We retain our 2024-26E earnings, with an expected net profit growth of 19.9% CAGR over a 15%-CAGR loan growth, aligning with its continued expansion of 50 branches during 2023 and a target of 100 new ones in 2024. In addition, it has one crucial driver from an anticipated growth of c18% p.a. in the non-life insurance brokerage business and continued reduction in credit cost.

Maintain our BUY call with a 2024 TP of THB27

We reaffirm our BUY recommendation with a 2024 GGM-based TP of THB27, implying a 2.39x P/BV (LT-ROE of 15.5% and COE of 10.2%).



| Share price performance | 1 Month | 3 Month | 12 Month |
|--------------------------------|-----------------------|---------|----------|
| Absolute (%) | (5.0) | (1.5) | (3.3) |
| Relative to country (%) | (3.6) | (0.1) | 10.7 |
| Mkt cap (USD m) | 1,629 | | |
| 3m avg. daily turnover (USD m) | 6.3 | | |
| Free float (%) | 21 | | |
| Major shareholder | Bank of Ayudhya (30%) | | |
| 12m high/low (THB) | 27.00/17.94 | | |
| Issued shares (m) | 2,809 | | |

Sources: Bloomberg consensus; FSSIA estimates



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Investment thesis

We reiterate our BUY call on TIDLOR at the current price due to:

- 1) Leadership and professionalism in the vehicle title loan business, distinguishing TIDLOR from its competitors (MTC and SAWAD). Also, technology-intensive investment coupled with branch expansion helps generate positive results in its branch performance over competitors (both loans and net profit per branch).
- 2) Insurance brokerage business, which offers another source of high-margin income, supports growth and diversifies long-term risks.
- 3) Asset quality that bottomed out in 2Q23 due mainly to proactive and efficient NPLs management and the highest coverage ratio relative to peers.

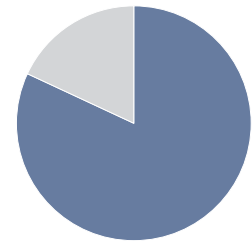
Company profile

Established in October 2006, TIDLOR is a non-bank financial services provider and an operator of technology-enabled, inclusive financial services. It offers a full suite of vehicle title loans (motorcycles, cars, pickup trucks, and tractors), hire-purchase financing for used trucks, and insurance brokerage services under the Ngern Tid Lor brand.

www.ngerntidlor.com

Principal activities (revenue, 2023)

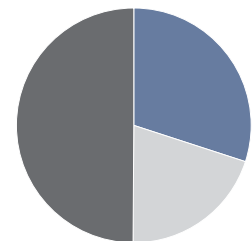
- Net interest income - 81.9 %
- Non-interest income - 18.1 %



Source: Ngern Tid Lor

Major shareholders

- Bank of Ayudhya - 30.0 %
- Siam Asia Credit Access PTE Ltd - 20.1 %
- Others - 49.9 %



Source: Ngern Tid Lor

Catalysts

- 1) A faster-than-expected economic recovery in Thailand;
- 2) government stimulus;
- 3) Higher-than-expected growth of non-life insurance premiums.

Risks to our call

Downside risks to our GGM-based TP include 1) auto title loan expansion by the Government Savings Bank and Auto X (a subsidiary of SCB X); 2) a weaker asset quality, which could hit both loan yield and credit cost; and 3) tighter supervision from related regulators.

Event calendar

| Date | Event |
|-------------|---------------------------|
| 7 May 2024 | 1Q24 results announcement |
| 16 May 2024 | Analyst meeting |

Key assumptions

| | 2024E | 2025E | 2026E |
|--------------------------------|--------------|--------------|--------------|
| Net profit (THB m) | 4,671 | 5,551 | 6,469 |
| Net profit growth (%) | 15.61 | 14.48 | 14.46 |
| Spread (%) | 15.28 | 15.33 | 15.26 |
| Loan growth (%) | 16.12 | 13.84 | 13.95 |
| Net interest income growth (%) | 22.32 | 15.44 | 13.58 |
| Fee growth (%) | 17.83 | 18.00 | 18.00 |
| NPL ratio (%) | 1.53 | 1.49 | 1.47 |
| Credit cost (%) | 3.29 | 3.17 | 3.08 |
| Cost to income (%) | 55.50 | 55.50 | 55.50 |

Source: FSSIA estimates

Earnings sensitivity

| | | ----- 2024E ----- | | |
|-------------------------|--------------|-------------------|--------------|--------------|
| Loan growth | ±2ppt | 14.12 | 16.12 | 18.12 |
| | | (1) | | 1 |
| Spread (%) | ±10bp | 15.18 | 15.28 | 15.38 |
| | | (1) | | 1 |
| Credit cost (bp) | ±10bp | 319 | 329 | 339 |
| | | 2 | | (2) |

Source: FSSIA estimates

Lower ECL expenses to favor a robust 1Q24 profit

We expect TIDLOR to report a 1Q24 net profit of THB1.05b, increasing by 15.9% q-q and 9.4% y-y, accounting for 22% of our 2024 net profit forecast, with one notable driver from a decline in ECL expenses, implying a credit cost of 3.37%. In addition, we anticipate a consistently robust 1Q24 PPOP of THB2.12b (relatively flat q-q but jumping 15.9% y-y) despite a low season, thanks to its continued loan expansion of 2.7% q-q and 20.7% y-y, aligning with the 10-20% y-y growth guidance. However, the loan spread should drop by 18bp to 14.76% from decreased loan yields (after lower working days) despite loan yield adjustments in some segments, particularly car title loans and truck HP loans. Although the cost of funds exhibited a rising trend and should reach 3.32% from 3.21% in 4Q23, the increase should remain in line with the guidance of not exceeding 40bp from its 2023 level of 2.93%.

Furthermore, we expect fee income to drop by 10.8% q-q but significantly increase by 19.7% y-y, primarily due to solid performance in non-life insurance brokerage fee income despite a low season. TIDLOR disclosed rebranding to "Pra-kan-Tidloh" instead of "Pra-kan-Tidor" to make their customers recognize its non-life insurance products on top of motor insurance. Accordingly, the cost-to-income ratio should come in relatively flat q-q at 55.24% owing to marketing expenses related to rebranding its non-life insurance brokerage activities.

Continued positive progress in asset quality

We maintain a positive outlook on TIDLOR's asset quality, which we consider to be well-managed and not a cause for concern. The projected NPL ratio of 1.47% remains within its 1.40-1.80% guidance for 2024. We anticipate a decline in credit cost to a normalized level of 3.37% after a slight increase in 4Q23 to address aggressive write-offs, partly for its expired debt forbearance portion. As a result, we expect the coverage ratio to decrease to 277% from 282% at the end of 2023.

Maintain 2024-26 earnings forecast with continued growth momentum

We retain our 2024-26E earnings, with an expected net profit growth of 19.9% CAGR over a 15%-CAGR loan growth, aligning with its continued expansion of 50 branches during 2023 and a target of 100 new ones in 2024. In addition, it has one crucial driver from an anticipated growth of c18% p.a. in the non-life insurance brokerage business and continued reduction in credit cost.

Exhibit 1: TIDLOR – 1Q24E earnings preview

| | 1Q23 | 2Q23 | 3Q23 | 4Q23 | 1Q24E | ----- Change ----- | | % of | 2023 | 2024E | Change |
|--------------------------------|-------------|-------------|--------------|-------------|--------------|--------------------|------------|-----------|--------------|--------------|-------------|
| | (THB m) | (THB m) | (THB m) | (THB m) | (THB m) | (q-q%) | (y-y%) | 24E | (THB m) | (THB m) | (y-y%) |
| Interest income | 3,567 | 3,744 | 4,000 | 4,233 | 4,397 | 3.9 | 23.2 | 23 | 15,545 | 19,067 | 22.7 |
| Interest expense | (395) | (426) | (484) | (537) | (580) | 8.1 | 46.8 | 25 | (1,842) | (2,305) | 25.2 |
| Net interest income | 3,172 | 3,317 | 3,517 | 3,696 | 3,817 | 3.3 | 20.3 | 23 | 13,703 | 16,761 | 22.3 |
| Fee income | 760 | 777 | 822 | 1,021 | 910 | (10.8) | 19.7 | 23 | 3,380 | 3,983 | 17.8 |
| Other income | 18 | 9 | 11 | 9 | 16 | 79.3 | (10.2) | 40 | 47 | 40 | (15.1) |
| Total income | 3,950 | 4,103 | 4,351 | 4,726 | 4,743 | 0.4 | 20.1 | 23 | 17,130 | 20,784 | 21.3 |
| Operating expenses | (2,120) | (2,270) | (2,409) | (2,602) | (2,620) | 0.7 | 23.6 | 23 | (9,401) | (11,535) | 22.7 |
| Pre-provision operating profit | 1,831 | 1,833 | 1,941 | 2,124 | 2,123 | (0.1) | 15.9 | 23 | 7,729 | 9,249 | 19.7 |
| Expected credit loss | (635) | (670) | (681) | (1,000) | (820) | (18.0) | 29.2 | 24 | (2,986) | (3,410) | 14.2 |
| Profit after ECL | 1,196 | 1,164 | 1,260 | 1,124 | 1,303 | 15.9 | 8.9 | 22 | 4,744 | 5,839 | 23.1 |
| Operating profit | 1,196 | 1,164 | 1,260 | 1,124 | 1,303 | 15.9 | 8.9 | 22 | 4,744 | 5,839 | 23.1 |
| Income tax | (241) | (236) | (253) | (223) | (258) | 15.8 | 7.1 | 22 | (953) | (1,168) | 22.5 |
| Net profit | 955 | 927 | 1,007 | 901 | 1,045 | 15.9 | 9.4 | 22 | 3,790 | 4,671 | 23.2 |
| EPS (THB) | 0.34 | 0.33 | 0.36 | 0.32 | 0.36 | 11.8 | 5.5 | 22 | 1.35 | 1.60 | 18.8 |
| NPL | 1,247 | 1,344 | 1,391 | 1,412 | 1,450 | 2.7 | 16.3 | | 1,412 | 1,704 | 20.7 |
| Loans | 81,693 | 85,882 | 90,506 | 96,020 | 98,569 | 2.7 | 20.7 | | 96,020 | 111,500 | 16.1 |
| Interest bearing debt | 59,872 | 61,527 | 64,664 | 68,980 | 70,870 | 2.7 | 18.4 | | 68,980 | 79,750 | 15.6 |
| Key ratios | 1Q23 | 2Q23 | 3Q23 | 4Q23 | 1Q24E | | | | 2023 | 2024E | |
| | (%) | (%) | (%) | (%) | (%) | | | | (THB m) | (THB m) | |
| Yield on loan | 17.66 | 17.87 | 18.14 | 18.16 | 18.08 | | | | 17.67 | 18.38 | |
| Cost of funds | 2.71 | 2.81 | 3.07 | 3.21 | 3.32 | | | | 2.93 | 3.10 | |
| Spread | 14.95 | 15.06 | 15.08 | 14.94 | 14.76 | | | | 14.74 | 15.28 | |
| Cost to income | 53.66 | 55.32 | 55.38 | 55.06 | 55.24 | | | | 54.88 | 55.50 | |
| Credit cost | 3.14 | 3.20 | 3.09 | 4.29 | 3.37 | | | | 3.39 | 3.29 | |
| NPL / Loan | 1.53 | 1.56 | 1.54 | 1.47 | 1.47 | | | | 1.47 | 1.53 | |
| LLR / Loan | 4.12 | 4.16 | 4.06 | 4.15 | 4.08 | | | | 4.15 | 3.97 | |
| Coverage ratio | 269.7 | 266.0 | 264.4 | 282.1 | 277.0 | | | | 282.1 | 259.6 | |
| D/E (x) | 2.4 | 2.4 | 2.4 | 2.5 | 2.5 | | | | 2.5 | 2.5 | |
| IBD/E (x) | 2.3 | 2.3 | 2.3 | 2.4 | 2.4 | | | | 2.4 | 2.5 | |
| IBD/Total debt (%) | 95.8 | 96.4 | 96.6 | 96.2 | 96.2 | | | | 96.2 | 96.9 | |
| S/T debt/IBD (%) | 34.0 | 37.5 | 35.6 | 47.5 | 46.2 | | | | 47.5 | 39.6 | |
| Loan growth q-q | 2.2 | 5.1 | 5.4 | 6.1 | 2.7 | | | | | | |
| Loan growth y-y | 26.6 | 23.7 | 21.4 | 20.2 | 20.7 | | | | 20.2 | 16.1 | |
| Loan growth YTD | 2.2 | 7.5 | 13.3 | 20.2 | 2.7 | | | | | | |

Sources: TIDLOR; FSSIA estimates

Exhibit 2: TIDLOR – staged loans and ECL

| | 2019 | 2020 | 2021 | 2022 | 2023 | 2019 | 2020 | 2021 | 2022 | 2023 |
|-----------------------------------|------------|------------|------------|------------|------------|--------------------------------|-------|-------|-------|-------|
| | (THB m) | (THB m) | (THB m) | (THB m) | (THB m) | (%) | (%) | (%) | (%) | (%) |
| Loans and accrued interest | | | | | | % Staged loans to total | | | | |
| Stage 1 | 43,014 | 38,410 | 47,769 | 65,700 | 80,023 | 89.6 | 74.8 | 77.7 | 80.8 | 82.1 |
| Stage 2 | 4,350 | 12,072 | 12,957 | 14,280 | 16,022 | 9.1 | 23.5 | 21.1 | 17.6 | 16.4 |
| Stage 3 | 616 | 850 | 732 | 1,285 | 1,412 | 1.3 | 1.7 | 1.2 | 1.6 | 1.4 |
| Total loans | 47,979 | 51,331 | 61,458 | 81,265 | 97,457 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Expected credit loss (ECL) | | | | | | % ECL to staged loans | | | | |
| Stage 1 | 427 | 997 | 934 | 1,075 | 1,390 | 1.0 | 2.6 | 2.0 | 1.6 | 1.7 |
| Stage 2 | 87 | 1,034 | 1,086 | 1,311 | 1,604 | 2.0 | 8.6 | 8.4 | 9.2 | 10.0 |
| Stage 3 | 616 | 732 | 591 | 813 | 988 | 100.0 | 86.1 | 80.7 | 63.2 | 70.0 |
| Total ECL | 1,129 | 2,763 | 2,611 | 3,199 | 3,981 | 2.4 | 5.4 | 4.2 | 3.9 | 4.1 |
| LLR / Loans | (%) | (%) | (%) | (%) | (%) | | | | | |
| Stage 1 | 1.0 | 2.6 | 2.0 | 1.6 | 1.7 | | | | | |
| Stage 2 | 2.0 | 8.6 | 8.4 | 9.2 | 10.0 | | | | | |
| Stage 3 | 100.0 | 86.1 | 80.7 | 63.2 | 70.0 | | | | | |
| Total LLR / Loans | 2.4 | 5.4 | 4.2 | 3.9 | 4.1 | | | | | |
| | (%) | (%) | (%) | (%) | (%) | | | | | |
| NPL / TL | 1.28 | 1.66 | 1.19 | 1.58 | 1.45 | | | | | |
| LLR / NPL | 183 | 325 | 357 | 249 | 282 | | | | | |
| NPL+S2/loans | 10.35 | 25.17 | 22.27 | 19.15 | 17.89 | | | | | |
| LLR/(NPL+S2) | 23 | 21 | 19 | 21 | 23 | | | | | |

Sources: TIDLOR; FSSIA's compilation

Exhibit 3: GGM-based 2024 TP

| Gordon Growth Model | 2024E |
|---------------------------|-------------|
| Sustainable ROE | 15.5% |
| g | 6.4% |
| ROE-g | 9.1% |
| Beta | 1.20 |
| Risk free rate | 3.0% |
| Risk premium | 6.0% |
| COE | 10.2% |
| COE-g | 3.8% |
| ROE-g/COE-g (P/BV) | 2.39 |
| BVS | 11.22 |
| Fair value | 27.0 |

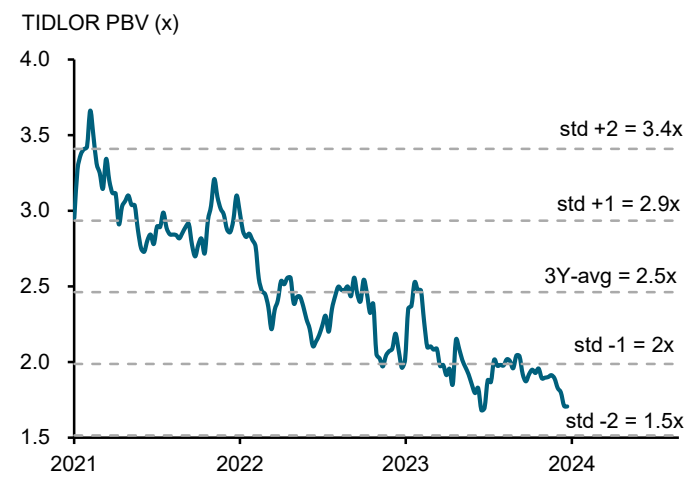
Sources: FSSIA estimates

Exhibit 4: Share price performance of non-banks under coverage, as of 24 April 2024

| | Price performance | | | | |
|------------------|-------------------|--------------|--------------|---------------|--------------|
| | 1M (%) | 3M (%) | 6M (%) | 1Y (%) | YTD (%) |
| TIDLOR TB | (2.9) | (1.1) | 10.7 | 1.3 | (4.6) |
| MTC TB | (0.5) | 9.0 | 24.7 | 31.9 | 1.1 |
| SAWAD TB | (4.2) | 5.9 | (5.3) | (25.8) | (0.6) |
| AEONTS TB | 10.9 | 6.9 | 7.3 | (13.1) | 1.6 |
| KTC TB | (4.4) | (2.3) | (3.9) | (17.7) | (1.1) |
| JMT TB | (0.5) | (2.7) | (34.2) | (44.8) | (16.1) |
| BAM TB | 0.0 | 24.7 | 11.0 | (22.3) | 23.9 |
| CHAYO TB | (8.9) | (11.5) | (21.4) | (34.9) | (15.6) |
| SETFIN | (2.3) | 0.2 | (3.3) | (19.4) | (3.9) |
| SET | (0.7) | (1.0) | (2.8) | (11.5) | (3.7) |

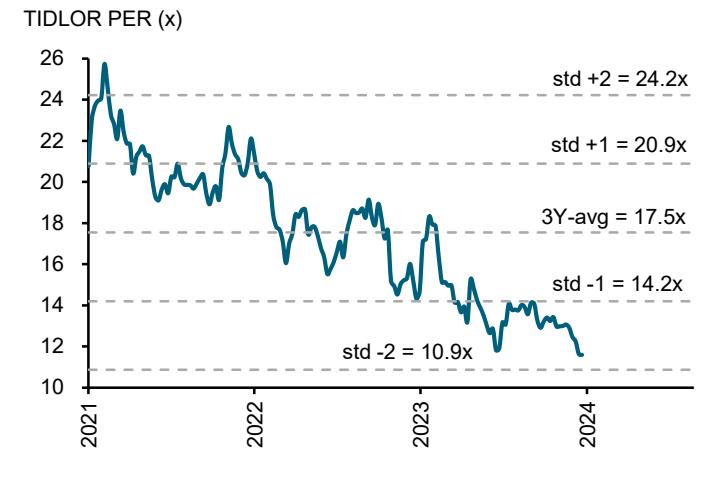
Sources: Bloomberg

Exhibit 5: TIDLOR – one-year prospective PBV band



Sources: Bloomberg; FSSIA estimates

Exhibit 6: TIDLOR – one-year prospective PER band



Sources: Bloomberg; FSSIA estimates

Exhibit 7: Peer comparisons, as of 24 April 2024

| Company name | BBG code | Rec | Share price (LCY) | Target price (LCY) | Up side (%) | PE | | PBV | | ROE | | Div yld | |
|--------------------------------|------------------|------------|-------------------|--------------------|-------------|-------------|-------------|------------|------------|-------------|-------------|------------|------------|
| | | | | | | 24E (x) | 25E (x) | 24E (x) | 25E (x) | 24E (%) | 25E (%) | 24E (x) | 25E (x) |
| AEON Thana Sinsap (Thailand) | AEONTS TB | HOLD | 162.50 | 170.00 | 5 | 12.5 | 11.8 | 1.5 | 1.4 | 12.8 | 12.6 | 3.4 | 3.6 |
| Muangthai Capital | MTC TB | HOLD | 45.50 | 43.00 | (5) | 16.6 | 13.0 | 2.6 | 2.2 | 16.8 | 18.3 | 0.5 | 0.7 |
| Krungthai Card | KTC TB | HOLD | 42.75 | 46.00 | 8 | 14.4 | 13.8 | 2.8 | 2.5 | 20.3 | 19.0 | 3.1 | 3.3 |
| Srisawad Corp | SAWAD TB | HOLD | 40.00 | 40.00 | 0 | 11.1 | 9.8 | 1.9 | 1.6 | 18.4 | 18.2 | 4.5 | 1.0 |
| JMT Network services | JMT TB | HOLD | 21.30 | 25.70 | 21 | 13.0 | 11.0 | 1.2 | 1.1 | 9.0 | 10.5 | 6.2 | 7.3 |
| Ngern Tid Lor | TIDLOR TB | BUY | 20.70 | 27.00 | 30 | 12.9 | 10.9 | 1.9 | 1.7 | 15.4 | 16.2 | 2.3 | 2.8 |
| Bangkok Commercial Asset Mgmt. | BAM TB | HOLD | 9.60 | 8.75 | (9) | 17.4 | 16.3 | 0.7 | 0.7 | 4.1 | 4.3 | 3.9 | 4.0 |
| Chayo Group | CHAYO TB | BUY | 4.64 | 6.00 | 29 | 13.2 | 11.4 | 1.4 | 1.2 | 11.1 | 11.3 | 1.1 | 1.3 |
| Average | | | | | | 13.9 | 12.2 | 1.7 | 1.6 | 13.5 | 13.8 | 3.1 | 3.0 |

Sources: Bloomberg; FSSIA estimates

Financial Statements

Ngerm Tid Lor

| Profit and Loss (THB m) Year Ending Dec | 2022 | 2023 | 2024E | 2025E | 2026E |
|---|---------|---------|----------|----------|----------|
| Interest Income | 12,532 | 15,545 | 19,067 | 22,085 | 25,207 |
| Interest expense | (1,235) | (1,842) | (2,305) | (2,737) | (3,231) |
| Net interest income | 11,297 | 13,703 | 16,761 | 19,349 | 21,976 |
| Net fees & commission | 2,710 | 3,380 | 3,983 | 4,700 | 5,546 |
| Foreign exchange trading income | - | - | - | - | - |
| Securities trading income | - | - | - | - | - |
| Dividend income | 0 | 0 | 0 | 0 | 0 |
| Other income | 32 | 47 | 40 | 40 | 40 |
| Non interest income | 2,742 | 3,427 | 4,023 | 4,740 | 5,586 |
| Total income | 14,039 | 17,130 | 20,784 | 24,088 | 27,562 |
| Staff costs | (7,923) | (9,401) | (11,535) | (13,369) | (15,297) |
| Other operating costs | - | - | - | - | - |
| Operating costs | (7,923) | (9,401) | (11,535) | (13,369) | (15,297) |
| Pre provision operating profit | 6,116 | 7,729 | 9,249 | 10,719 | 12,265 |
| Expected credit loss | (1,583) | (2,986) | (3,410) | (3,781) | (4,179) |
| Other provisions | 0 | 0 | 0 | 0 | 0 |
| Operating profit | 4,533 | 4,744 | 5,839 | 6,938 | 8,086 |
| Recurring non operating income | 0 | 0 | 0 | 0 | 0 |
| Associates | 0 | 0 | 0 | 0 | 0 |
| Goodwill amortization | - | - | - | - | - |
| Non recurring items | - | - | - | - | - |
| Profit before tax | 4,533 | 4,744 | 5,839 | 6,938 | 8,086 |
| Tax | (893) | (953) | (1,168) | (1,388) | (1,617) |
| Profit after tax | 3,640 | 3,790 | 4,671 | 5,551 | 6,469 |
| Non-controlling interest | 0 | 0 | 0 | 0 | 0 |
| Preferred dividends | - | - | - | - | - |
| Other items | - | - | - | - | - |
| Reported net profit | 3,640 | 3,790 | 4,671 | 5,551 | 6,469 |
| Non recurring items & goodwill (net) | - | - | 0 | 0 | 0 |
| Recurring net profit | 3,640 | 3,790 | 4,671 | 5,551 | 6,469 |
| Per share (THB) | | | | | |
| Recurring EPS * | 1.46 | 1.35 | 1.60 | 1.91 | 2.22 |
| Reported EPS | 1.46 | 1.35 | 1.60 | 1.91 | 2.22 |
| DPS | 0.75 | 0.41 | 0.48 | 0.57 | 0.67 |
| Growth | | | | | |
| Net interest income (%) | 29.8 | 21.3 | 22.3 | 15.4 | 13.6 |
| Non interest income (%) | 23.4 | 25.0 | 17.4 | 17.8 | 17.8 |
| Pre provision operating profit (%) | 40.0 | 26.4 | 19.7 | 15.9 | 14.4 |
| Operating profit (%) | 14.7 | 4.6 | 23.1 | 18.8 | 16.5 |
| Reported net profit (%) | 14.9 | 4.1 | 23.2 | 18.8 | 16.5 |
| Recurring EPS (%) | 6.7 | (7.4) | 18.8 | 18.8 | 16.5 |
| Reported EPS (%) | 6.7 | (7.4) | 18.8 | 18.8 | 16.5 |
| Income Breakdown | | | | | |
| Net interest income (%) | 80.5 | 80.0 | 80.6 | 80.3 | 79.7 |
| Net fees & commission (%) | 19.3 | 19.7 | 19.2 | 19.5 | 20.1 |
| Foreign exchange trading income (%) | - | - | - | - | - |
| Securities trading income (%) | - | - | - | - | - |
| Dividend income (%) | - | - | - | - | - |
| Other income (%) | 0.2 | 0.3 | 0.2 | 0.2 | 0.1 |
| Operating performance | | | | | |
| Gross interest yield (%) | 17.87 | 17.67 | 18.38 | 18.53 | 18.56 |
| Cost of funds (%) | 2.51 | 2.93 | 3.10 | 3.20 | 3.30 |
| Net interest spread (%) | 15.36 | 14.74 | 15.28 | 15.33 | 15.26 |
| Net interest margin (%) | 16.1 | 15.6 | 16.2 | 16.2 | 16.2 |
| Cost/income(%) | 56.4 | 54.9 | 55.5 | 55.5 | 55.5 |
| Cost/assets(%) | 10.5 | 10.2 | 10.7 | 10.9 | 11.0 |
| Effective tax rate (%) | 19.7 | 20.1 | 20.0 | 20.0 | 20.0 |
| Dividend payout on recurring profit (%) | 51.8 | 30.2 | 30.2 | 30.2 | 30.2 |
| ROE (%) | 15.2 | 14.1 | 15.4 | 16.2 | 16.7 |
| ROE - COE (%) | 4.4 | 3.3 | 4.6 | 5.4 | 5.9 |
| ROA (%) | 4.8 | 4.1 | 4.3 | 4.5 | 4.6 |
| RORWA (%) | - | - | - | - | - |

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Ngerm Tid Lor; FSSIA estimates

Financial Statements

Ngern Tid Lor

| Balance Sheet (THB m) Year Ending Dec | 2022 | 2023 | 2024E | 2025E | 2026E |
|--|---------------|----------------|----------------|----------------|----------------|
| Gross customer loans | 79,898 | 96,020 | 111,500 | 126,928 | 144,640 |
| Allowance for expected credit loss | (3,199) | (3,981) | (4,425) | (4,957) | (5,628) |
| interest in suspense | 1,367 | 1,436 | 1,695 | 1,949 | 2,242 |
| Net customer loans | 78,067 | 93,475 | 108,770 | 123,921 | 141,253 |
| Bank loans | - | - | - | - | - |
| Government securities | - | - | - | - | - |
| Trading securities | - | - | - | - | - |
| Investment securities | 0 | 0 | 0 | 0 | 0 |
| Cash & equivalents | 2,191 | 1,656 | 689 | 742 | 781 |
| Other interesting assets | - | - | - | - | - |
| Tangible fixed assets | 1,686 | 1,623 | 1,704 | 1,789 | 1,878 |
| Associates | - | - | - | - | - |
| Goodwill | 294 | 294 | 300 | 300 | 300 |
| Other intangible assets | 257 | 252 | 255 | 258 | 260 |
| Other assets | 2,232 | 2,848 | 2,930 | 3,370 | 3,888 |
| Total assets | 84,727 | 100,148 | 114,648 | 130,379 | 148,361 |
| Customer deposits | 3,600 | 6,643 | 6,000 | 6,000 | 6,000 |
| Bank deposits | - | - | - | - | - |
| Other interest bearing liabilities | 53,013 | 62,337 | 73,750 | 85,300 | 98,500 |
| Non interest bearing liabilities | 2,692 | 2,745 | 2,583 | 2,687 | 2,801 |
| Hybrid Capital | - | - | - | - | - |
| Total liabilities | 59,305 | 71,724 | 82,333 | 93,987 | 107,301 |
| Share capital | 9,240 | 10,395 | 10,780 | 10,780 | 10,780 |
| Reserves | 16,182 | 18,028 | 21,535 | 25,612 | 30,279 |
| Total equity | 25,422 | 28,424 | 32,315 | 36,393 | 41,059 |
| Non-controlling interest | 0 | 0 | 0 | 0 | 0 |
| Total liabilities & equity | 84,727 | 100,148 | 114,648 | 130,379 | 148,361 |
| Supplementary items | | | | | |
| Risk weighted assets (RWA) | n/a | n/a | n/a | n/a | n/a |
| Average interest earning assets | 70,118 | 87,959 | 103,760 | 119,214 | 135,784 |
| Average interest bearing liabilities | 49,254 | 62,796 | 74,365 | 85,525 | 97,900 |
| 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) | 1,285 | 1,412 | 1,704 | 1,892 | 2,122 |
| Per share (THB) | | | | | |
| Book value per share | 10.18 | 10.12 | 11.09 | 12.49 | 14.09 |
| Tangible book value per share | 9.96 | 9.92 | 10.90 | 12.30 | 13.90 |
| Growth | | | | | |
| Gross customer loans | 32.4 | 20.2 | 16.1 | 13.8 | 14.0 |
| Average interest earning assets | 26.2 | 25.4 | 18.0 | 14.9 | 13.9 |
| Total asset (%) | 27.4 | 18.2 | 14.5 | 13.7 | 13.8 |
| Risk weighted assets (%) | - | - | - | - | - |
| Customer deposits (%) | 9.1 | 84.5 | (9.7) | - | - |
| Leverage & capital measures | | | | | |
| Customer loan/deposits (%) | 2,168.5 | 1,407.1 | 1,812.8 | 2,065.3 | 2,354.2 |
| Equity/assets (%) | 30.0 | 28.4 | 28.2 | 27.9 | 27.7 |
| Tangible equity/assets (%) | 29.4 | 27.8 | 27.7 | 27.5 | 27.3 |
| RWA/assets (%) | - | - | - | - | - |
| CET 1 CAR (%) | - | - | - | - | - |
| Total CAR (%) | - | - | - | - | - |
| Asset Quality (FSSIA's calculation) | | | | | |
| Change in NPL (%) | 75.5 | 9.8 | 20.7 | 11.0 | 12.1 |
| NPL/gross loans (%) | 1.6 | 1.5 | 1.5 | 1.5 | 1.5 |
| Allowance for ECL/gross loans (%) | 4.0 | 4.1 | 4.0 | 3.9 | 3.9 |
| Allowance for ECL/NPL (%) | 248.9 | 282.1 | 259.6 | 261.9 | 265.3 |
| Valuation | | | | | |
| Recurring P/E (x) * | 14.2 | 15.3 | 12.9 | 10.9 | 9.3 |
| Recurring P/E @ target price (x) * | 18.5 | 20.0 | 16.8 | 14.2 | 12.2 |
| Reported P/E (x) | 14.2 | 15.3 | 12.9 | 10.9 | 9.3 |
| Dividend yield (%) | 3.6 | 2.0 | 2.3 | 2.8 | 3.2 |
| Price/book (x) | 2.0 | 2.0 | 1.9 | 1.7 | 1.5 |
| Price/tangible book (x) | 2.1 | 2.1 | 1.9 | 1.7 | 1.5 |
| Price/tangible book @ target price (x) | 2.7 | 2.7 | 2.5 | 2.2 | 1.9 |

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Ngern Tid Lor; FSSIA estimates

Ngern Tid Lor PCL (TIDLOR TB)

FSSIA ESG rating

★★

36.71 /100

Exhibit 8: 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 9: 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 10: ESG score by Bloomberg

| FY ending Dec 31 | FY 2021 | FY 2022 |
|---|--------------|-------------|
| ESG financial materiality scores - ESG score | 1.61 | 1.66 |
| BESG environmental pillar score | 0.00 | — |
| BESG social pillar score | 1.00 | — |
| BESG governance pillar score | 3.67 | — |
| ESG disclosure score | 30.71 | — |
| Environmental disclosure score | 1.75 | — |
| Social disclosure score | 6.59 | — |
| Governance disclosure score | 83.59 | — |
| Environmental | | |
| Emissions reduction initiatives | No | No |
| Climate change policy | No | No |
| Climate change opportunities discussed | No | No |
| Risks of climate change discussed | No | No |
| GHG scope 1 | — | 2 |
| GHG scope 2 location-based | — | 5 |
| GHG Scope 3 | — | 1 |
| Carbon per unit of production | — | — |
| Biodiversity policy | No | No |
| Energy efficiency policy | Yes | No |
| Total energy consumption | — | 8,923 |
| Renewable energy use | — | — |
| Electricity used | — | 9 |
| Fuel used - natural gas | — | — |

Sources: Bloomberg; FSSIA's compilation

Exhibit 11: ESG score by Bloomberg (cont.)

| FY ending Dec 31 | FY 2021 | FY 2022 |
|---|-----------|-----------|
| Fuel used - crude oil/diesel | No | No |
| Waste reduction policy | Yes | No |
| Hazardous waste | — | 0 |
| Total waste | — | 0 |
| Waste recycled | — | — |
| Waste sent to landfills | — | — |
| Environmental supply chain management | No | No |
| Water policy | Yes | No |
| Water consumption | — | 21 |
| Social | | |
| Human rights policy | No | No |
| Policy against child labor | No | No |
| Quality assurance and recall policy | No | No |
| Consumer data protection policy | Yes | No |
| Equal opportunity policy | No | No |
| Gender pay gap breakout | No | No |
| Pct women in workforce | — | 74 |
| Pct disabled in workforce | — | — |
| Business ethics policy | Yes | No |
| Anti-bribery ethics policy | Yes | Yes |
| Health and safety policy | No | No |
| Lost time incident rate - employees | — | 0 |
| Total recordable incident rate - employees | — | — |
| Training policy | No | No |
| Fair remuneration policy | No | No |
| Number of employees – CSR | — | 6,654 |
| Employee turnover pct | — | — |
| Total hours spent by firm - employee training | — | 309,979 |
| Social supply chain management | No | No |
| Governance | | |
| Board size | 12 | 12 |
| No. of independent directors (ID) | 4 | 4 |
| No. of women on board | 1 | 1 |
| No. of non-executive directors on board | 11 | 11 |
| Company conducts board evaluations | Yes | Yes |
| No. of board meetings for the year | 14 | 13 |
| Board meeting attendance pct | 96 | 92 |
| Board duration (years) | 3 | 3 |
| Director share ownership guidelines | No | No |
| Age of the youngest director | 30 | 36 |
| Age of the oldest director | 61 | 62 |
| No. of executives / company managers | 9 | 9 |
| No. of female executives | 5 | 5 |
| Executive share ownership guidelines | No | No |
| Size of audit committee | 3 | 3 |
| No. of ID on audit committee | 3 | 3 |
| Audit committee meetings | 4 | 4 |
| Audit meeting attendance % | 100 | 100 |
| Size of compensation committee | 5 | 5 |
| No. of ID on compensation committee | 1 | 1 |
| No. of compensation committee meetings | 6 | 7 |
| Compensation meeting attendance % | 97 | 97 |
| Size of nomination committee | 5 | 5 |
| No. of nomination committee meetings | 6 | 7 |
| Nomination meeting attendance % | 97 | 97 |
| Sustainability governance | | |
| Verification type | 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 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. | | | | | | | | | | | | | | | | | | | |

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

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

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| Company | Ticker | Price | Rating | Valuation & Risks |
|--------------------------------|-----------|------------|--------|--|
| Ngern Tid Lor | TIDLOR TB | THB 20.70 | 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. |
| Aeon Thana Sinsap (Thailand) | AEONTS TB | THB 162.50 | 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. |
| Muangthai Capital | MTC TB | THB 45.50 | 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 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. |
| Krungthai Card | KTC TB | THB 42.75 | 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. |
| 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 21.30 | 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 includes 1) better-than-expected purchasing power and cash collection 2) lower-than-expected operating and financing expense |
| Bangkok Commercial Asset Mngt. | BAM TB | THB 9.60 | 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 4.64 | BUY | Downside risks to our GGM-based TP include 1) lower-than-expected bad debt acquisition; and 2) higher-than-expected operating expenses. |

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 24-Apr-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.