EQUITY RESEARCH - COMPANY REPORT

NGERN TID LOR   TIDLOR TB
THAILAND / FINANCE & SECURITIES

Expect an unimpressive 2Q24 profit

- We expect a slight q-q drop in 2Q24 but slight q-q growth in PPOP amid the low season.
- Despite manageable asset quality, there are signs of deterioration, with a rise in the NPL ratio and credit costs.
- Maintain BUY but cut 2024 TP to THB21.

Declining 2Q24E profit; rising ECLs are a key drag

We expect a 2Q24 net profit of THB1.09b, a slight drop of 1.2% q-q but an increase of 17.7% y-y, pressured by an anticipated rise in ECLs, aligning with its deteriorated asset quality. The expected PPOP amounts to THB2.23b, increasing by 2.3% q-q and 21.8% y-y, due to a continued loan expansion of 3.5% q-q and 18.9% y-y, mainly from car and motorcycle title loans, matching management's guidance of +10-20% y-y (we estimate +16.1% y-y). The expected loan spread of 14.79% is relatively flat q-q but dips 28bp y-y. Despite an escalated cost of funds, we believe that the impact could be offset by the accelerated loan yield, partly from an increase in loan interest rates for certain groups of customers to suit their risk profiles. We expect fee income to increase slightly q-q but grow aggressively by 19.7% y-y, mainly from insurance brokerage income, which is on track with TIDLOR's target of +10-20% y-y. The expected cost-to-income ratio for 2Q24 is 54.4%, slightly increasing q-q but declining from 55.3% in 2Q23.

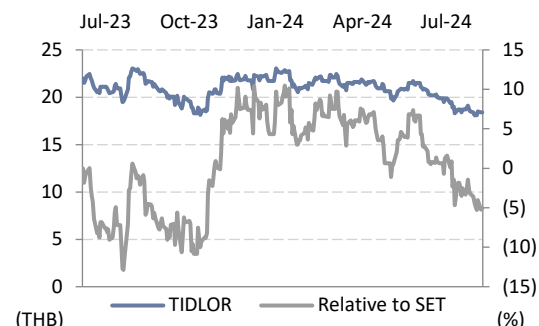## Signs of deteriorating asset quality

TIDLOR's 2Q24E asset quality continues to deteriorate, with a rise in the NPL ratio and ECLs. We expect the NPL ratio to accelerate to 1.70% and the credit cost to 3.49%. Despite the expected figures aligning with its 2024 guidance, we view them as a cause for concern. TIDLOR has addressed the issue of its customers suffering from the unfavorable economic situation and the BoT's responsible lending implementation. The latter's impact has incurred more restructuring cases in 2Q24. Consequently, the expected coverage ratio narrows to 250.7% from 264.1% in 1Q24.

Maintain 2024-26E earnings

We maintain our 2024-26E earnings, with expected net profit growth at a 19.9% CAGR over 15%-CAGR loan growth. In addition, anticipated growth of c18% p.a. in the non-life insurance brokerage business and a continued reduction in credit costs are the crucial drivers in our forecast.

Maintain our BUY call; cut 2024 TP to THB21

We reiterate our BUY recommendation. However, we trim our 2024 GGM-based TP to THB21 (from THB27) to reflect the expected cost of equity of 11.2% (from 10.2%), implying a 1.91x P/BV (from 2.39x) under the expected LT-ROE of 15.5%.

BUY
UNCHANGED

TARGET PRICE	**THB21.00**
CLOSE	**THB18.40**
UP/DOWNSIDE	**+14.1%**
PRIOR TP	**THB27.00**
CHANGE IN TP	**-22.2%**
TP vs CONSENSUS	**-16.3%**

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 (%)	-	2.6	2.0	1.3
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)	13.6	11.5	9.7	8.3
Dividend yield (%)	2.2	2.6	3.1	3.6
Price/book (x)	1.8	1.7	1.5	1.3
ROE (%)	14.1	15.4	16.2	16.7
ROA (%)	4.1	4.3	4.5	4.6

Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(7.5)	(14.0)	(16.7)
Relative to country (%)	(6.6)	(8.8)	(5.9)
Mkt cap (USD m)			1,473
3m avg. daily turnover (USD m)			6.6
Free float (%)			21
Major shareholder			Bank of Ayudhya (30%)
12m high/low (THB)			23.63/17.90
Issued shares (m)			2,809

Sources: Bloomberg consensus; FSSIA estimates

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

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

The Chairman of The Board of Directors of Finansia Syrus Securities PCL is also AEONTS's Director.

Investment thesis

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

1) Its 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) Its insurance brokerage business, which offers another source of high-margin income, supports growth and diversifies long-term risks.
3) However, we view its asset quality as a cause for concern due mainly to the continued rise in NPLs and credit costs despite aligning with guidance.

Company profile

TIDLOR, founded in October 2006, is a non-bank financial services provider and an operator of technology-enabled, inclusive financial services. The company 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 brand "Ngern Tid Lor".

www.ngerntidlor.com

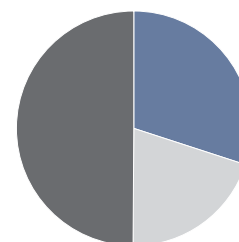## Principal activities (revenue, 1Q24)

- Net interest income - 80.7 %

- Non-interest income - 19.3 %
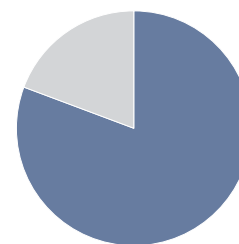
Source: Ngern Tid Lor

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) 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.

Event calendar

Date	Event
Aug 2024	2Q24 results announcement

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

FINANSIA

Declining 2Q24E profit; rising ECLs are a key drag

We expect a 2Q24 net profit of THB1.09b, a slight drop of 1.2% q-q but an increase of 17.7% y-y, pressured by an anticipated rise in ECLs, aligning with its deteriorated asset quality. The expected PPOP amounts to THB2.23b, increasing by 2.3% q-q and 21.8% y-y, due to a continued loan expansion of 3.5% q-q and 18.9% y-y, mainly from car and motorcycle title loans, matching management's guidance of +10-20% y-y (we estimate +16.1% y-y). The expected loan spread of 14.79% is relatively flat q-q but dips 28bp y-y. Despite an escalated cost of funds, we believe that the impact could be offset by the accelerated loan yield, partly from an increase in loan interest rates for certain groups of customers to suit their risk profiles. We expect fee income to increase slightly q-q but grow aggressively by 19.7% y-y, mainly from insurance brokerage income, which is on track with TIDLOR's target of +10-20% y-y. The expected cost-to-income ratio for 2Q24 is 54.4%, slightly increasing q-q but declining from 55.3% in 2Q23.

Signs of deteriorating asset quality

TIDLOR's 2Q24E asset quality continues to deteriorate, with a rise in the NPL ratio and ECLs. We expect the NPL ratio to accelerate to 1.70% and the credit cost to 3.49%. Despite the expected figures aligning with its 2024 guidance, we view them as a cause for concern. TIDLOR has addressed the issue of its customers suffering from the unfavorable economic situation and the BoT's responsible lending implementation. The latter's impact has incurred more restructuring cases in 2Q24. Consequently, the expected coverage ratio narrows to 250.7% from 264.1% in 1Q24.

Maintain 2024-26E earnings

We maintain our 2024-26E earnings, with expected net profit growth at a 19.9% CAGR over 15%-CAGR loan growth. The expansion of 50 branches in 2023 and a target of 50-100 new ones in 2024 (32 branches opened in 1H24) support its loan growth target. In addition, anticipated growth of c18% p.a. in the non-life insurance brokerage business and a continued reduction in credit costs are the crucial drivers in our forecast.

Exhibit 1: TIDLOR – 2Q24 earnings preview

	2Q23 (THB m)	3Q23 (THB m)	4Q23 (THB m)	1Q24 (THB m)	2Q24E (THB m)	------ Change ------		1H23 (THB m)	1H24E (THB m)	Change (y-y%)	% of 24E	2024E (THB m)	Change (y-y%)
						(q-q%)	(y-y%)						
Interest income	3,744	4,000	4,233	4,374	4,550	3.3	22.6	7,311	8,924	(18.1)	47	19,067	22.7
Interest expense	(426)	(484)	(537)	(557)	(600)	3.7	40.9	(821)	(1,157)	(29.0)	50	(2,305)	25.2
Net interest income	3,317	3,517	3,696	3,818	3,950	3.3	20.3	6,490	7,768	(16.4)	46	16,761	22.3
Fee income	777	822	1,021	922	930	0.9	19.7	1,537	1,852	20.5	46	3,983	17.8
Other income	9	11	9	13	13	0.0	45.2	27	26	(2.2)	66	40	(15.1)
Total income	4,103	4,351	4,726	4,752	4,893	3.0	19.2	8,054	9,646	19.8	46	20,784	21.3
Operating expenses	(2,270)	(2,409)	(2,602)	(2,569)	(2,660)	3.5	17.2	(4,389)	(5,229)	19.1	45	(11,535)	22.7
PPOP	1,833	1,941	2,124	2,183	2,233	2.3	21.8	3,664	4,416	20.5	48	9,249	19.7
Expected credit loss	(670)	(681)	(1,000)	(809)	(876)	8.2	30.8	(1,305)	(1,685)	29.2	49	(3,410)	14.2
Profit after ECL	1,164	1,260	1,124	1,374	1,357	(1.2)	16.6	2,360	2,731	15.7	47	5,839	23.1
Operating profit	1,164	1,260	1,124	1,374	1,357	(1.2)	16.6	2,360	2,731	15.7	47	5,839	23.1
Income tax	(236)	(253)	(223)	(270)	(266)	(1.4)	12.5	(477)	(536)	12.3	46	(1,168)	22.5
Net profit	**927**	**1,007**	**901**	**1,104**	**1,091**	**(1.2)**	**17.7**	**1,882**	**2,195**	**16.6**	**47**	**4,671**	**23.2**
EPS (THB)	0.33	0.36	0.32	0.38	0.37	(1.2)	13.5	0.67	0.75	12.5	47	1.60	18.8
NPL	1,344	1,391	1,412	1,607	1,740	8.3	29.5	1,344	1,740	29.5		1,704	20.7
Loans	85,882	90,506	96,020	98,666	102,115	3.5	18.9	85,882	102,115	18.9		111,500	16.1
Interest bearing debt	61,527	64,664	68,980	71,460	72,150	1.0	17.3	61,527	72,150	17.3		79,750	15.6

Key ratios	2Q23	3Q23	4Q23	1Q24	2Q24E			1H23	1H24E			2024E	
	(%)	(%)	(%)	(%)	(%)			(%)	(%)			(THB m)	
Yield on loan	17.87	18.14	18.16	17.97	18.13			18.83	18.99			18.38	
Cost of funds	2.81	3.07	3.21	3.17	3.34			2.98	3.46			3.10	
Spread	15.06	15.08	14.94	14.80	14.79			15.85	15.53			15.28	
Cost to income	55.32	55.38	55.06	54.06	54.36			54.50	54.21			55.50	
Credit cost	3.20	3.09	4.29	3.33	3.49			3.36	3.59			3.29	
NPL / Loan	1.56	1.54	1.47	1.63	1.70			1.56	1.70			1.53	
LLR / Loan	4.16	4.06	4.15	4.30	4.27			4.16	4.27			3.97	
Coverage ratio	266.0	264.4	282.1	264.1	250.7			266.0	250.7			259.6	
D/E (x)	2.4	2.4	2.5	2.5	2.4			2.4	2.4			2.5	
IBD/E (x)	2.3	2.3	2.4	2.4	2.3			2.3	2.3			2.5	
IBD/Total debt (%)	96.4	96.6	96.2	96.2	96.2			96.4	96.2			96.9	
S/T debt/IBD (%)	37.5	35.6	47.5	43.2	42.2			37.5	42.2			39.6	
Loan growth q-q	5.1	5.4	6.1	2.8	3.5								
Loan growth y-y	23.7	21.4	20.2	20.8	18.9			23.7	18.9			16.1	
Loan growth YTD	7.5	13.3	20.2	2.8	6.3			7.5	6.3				

Sources: TIDLOR; FSSIA estimates

Exhibit 2: TIDLOR – Staged loans and ECL

	2021 (THB m)	2022 (THB m)	2023 (THB m)	1Q24 (THB m)	2021 (%)	2022 (%)	2023 (%)	1Q24 (%)
Loans and accrued interest								
Stage 1	47,769	65,700	80,023	82,054	77.7	80.8	82.1	81.9
Stage 2	12,957	14,280	16,022	16,473	21.1	17.6	16.4	16.5
Stage 3	732	1,285	1,412	1,607	1.2	1.6	1.4	1.6
Total loans	61,458	81,265	97,457	100,133	100.0	100.0	100.0	100.0
Expected credit loss (ECL)								
Stage 1	934	1,075	1,390	1,524	2.0	1.6	1.7	1.9
Stage 2	1,086	1,311	1,604	1,654	8.4	9.2	10.0	10.0
Stage 3	591	813	988	1,066	80.7	63.2	70.0	66.3
Total ECL	2,611	3,199	3,981	4,244	4.2	3.9	4.1	4.2
LLR / Loans	(%)	(%)	(%)	(%)				
Stage 1	2.0	1.6	1.7	1.9				
Stage 2	8.4	9.2	10.0	10.0				
Stage 3	80.7	63.2	70.0	66.3				
Total LLR / loans	4.2	3.9	4.1	4.2				
	(%)	(%)	(%)	(%)				
NPL / TL	1.19	1.58	1.45	1.60				
LLR / NPL	357	249	282	264				
NPL+S2 / loans	22.27	19.15	17.89	18.06				
LLR / (NPL+S2)	19.1	20.6	22.8	23.5				

Sources: TIDLOR; FSSIA's compilation

FINANSIA

Exhibit 3: TIDLOR – GGM-based 2024 TP

Gordon Growth Model	New	Previous
Sustainable ROE	15.5%	15.5%
g	6.4%	6.4%
ROE-g	9.1%	9.1%
Beta	1.36	1.20
Risk free rate	3.0%	3.0%
Risk premium	6.0%	6.0%
COE	11.2%	10.2%
COE-g	4.8%	3.8%
ROE-g/COE-g (P/BV)	1.91	2.39
BVS	**11.22**	**11.22**
Fair value	**21.0**	**27.0**

Source: FSSIA estimates

Exhibit 4: Share price performance of non-banks under coverage, as of 9 July 2024

|	1M (%)	3M (%)	6M (%)	1Y (%)	YTD (%)
TIDLOR TB	**(6.7)**	**(15.1)**	**(20.5)**	**(18.0)**	**(16.6)**
MTC TB	(1.7)	(6.5)	(7.5)	18.6	(4.4)
SAWAD TB	(6.4)	(6.0)	(3.8)	(13.5)	(0.2)
AEONTS TB	(19.7)	(30.1)	(27.3)	(32.8)	(27.5)
KTC TB	(14.4)	(17.2)	(13.5)	(17.6)	(11.5)
SAK TB	(3.6)	3.9	22.7	6.4	27.4
ASK TB	(4.9)	(20.8)	(33.2)	(45.2)	(31.2)
THANI TB	3.7	(2.6)	(9.3)	(24.2)	(4.4)
JMT TB	(9.4)	(42.3)	(50.5)	(62.5)	(47.1)
BAM TB	(9.7)	(25.5)	(12.4)	(27.7)	(8.6)
CHAYO TB	(1.7)	(28.9)	(37.3)	(42.7)	(35.0)
SETFIN	**(7.3)**	**(17.6)**	**(19.6)**	**(23.3)**	**(17.0)**
SET	**0.1**	**(6.3)**	**(6.6)**	**(11.8)**	**(6.8)**

Source: Bloomberg

Exhibit 5: TIDLOR – one-year prospective P/BV band
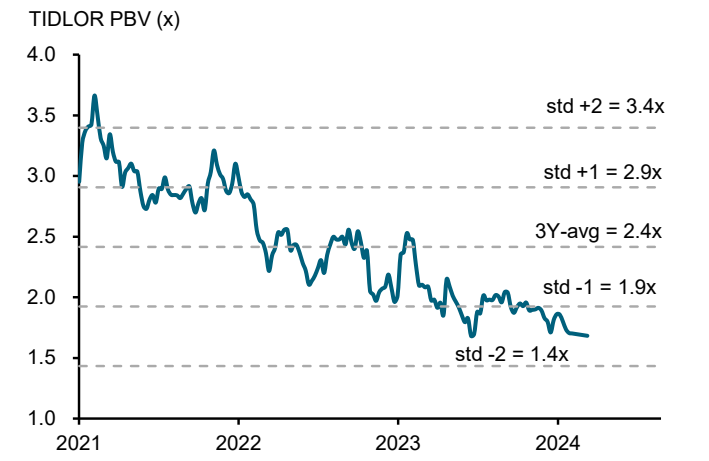
Sources: Bloomberg; FSSIA estimates

Exhibit 6: TIDLOR – one-year prospective PER band
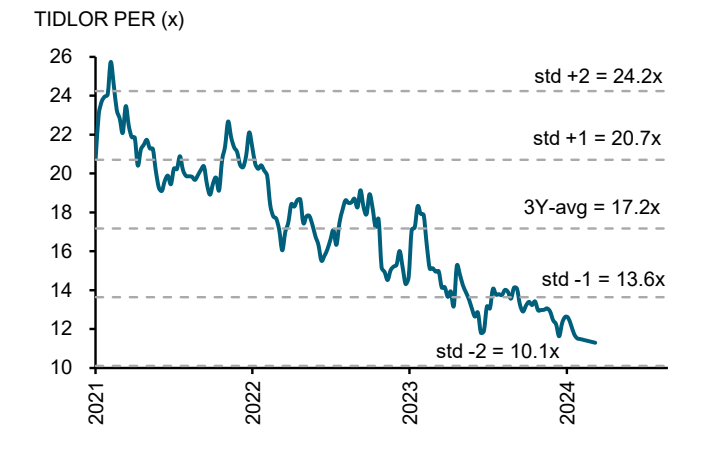
Sources: Bloomberg; FSSIA estimates

Exhibit 7: Peers comparison, as of 9 July 2024

Company name	BBG code	Rec	Share price (LCY)	Target price (LCY)	Up side (%)	PE 24E (x)	PE 25E (x)	PBV 24E (x)	PBV 25E (x)	ROE 24E (%)	ROE 25E (%)	Div yld 24E (x)	Div yld 25E (x)
Auto title													
Muangthai Capital	MTC TB	BUY	43.75	50.00	14.3	14.7	11.8	2.5	2.1	18.1	19.0	0.6	0.8
Srisawad Corp	SAWAD TB	HOLD	36.50	40.00	9.6	10.1	8.9	1.8	1.5	18.4	18.2	4.9	1.1
Ngern Tid Lor	TIDLOR TB	BUY	18.40	21.00	14.1	11.5	9.7	1.7	1.5	15.4	16.2	2.6	3.1
Saksiam Leasing	SAK TB	HOLD	5.15	5.28	2.5	13.0	11.4	1.7	1.6	13.7	14.4	3.2	3.7
Unsecured finance													
AEON Thana Sinsap (Thailand)	AEONTS TB	HOLD	116.50	145.00	24.5	9.0	8.5	1.1	1.0	12.8	12.6	4.7	5.0
Krungthai Card	KTC TB	HOLD	38.25	46.00	20.3	12.9	12.3	2.5	2.2	20.3	19.0	3.5	3.6
Hire-purchase truck													
Asia Sermkij Leasing	ASK TB	HOLD	13.70	18.00	31.4	8.3	7.1	0.7	0.6	8.1	9.1	7.3	7.0
Ratchthani Leasing	THANI TB	HOLD	2.20	2.28	3.6	9.9	9.6	1.0	0.9	10.1	10.0	5.6	5.7
AMCs													
Bangkok Commercial Asset Mgmt.	BAM TB	HOLD	7.45	8.75	17.4	13.5	12.7	0.5	0.5	4.1	4.3	5.0	5.1
JMT Network services	JMT TB	HOLD	13.70	17.00	24.1	12.2	10.1	0.7	0.7	6.1	7.2	4.9	5.9
Chayo Group	CHAYO TB	HOLD	3.50	4.20	20.0	13.7	8.8	1.0	0.9	8.1	11.1	1.9	1.7
Average						11.7	10.1	1.4	1.2	12.3	12.8	4.0	3.9

Sources: Bloomberg; FSSIA estimates

Financial Statements
Ngern 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: Ngern 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 (%)	-	-	-	-	-
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	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	12.6	13.6	11.5	9.7	8.3
Recurring P/E @ target price (x) *	14.4	15.6	13.1	11.0	9.5
Reported P/E (x)	12.6	13.6	11.5	9.7	8.3
Dividend yield (%)	4.1	2.2	2.6	3.1	3.6
Price/book (x)	1.8	1.8	1.7	1.5	1.3
Price/tangible book (x)	1.8	1.9	1.7	1.5	1.3
Price/tangible book @ target price (x)	2.1	2.1	1.9	1.7	1.5
* Pre-exceptional, pre-goodwill and fully diluted					

Sources: Ngern Tid Lor; FSSIA estimates

Ngern Tid Lor PCL (TIDLOR TB)

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	------------------ 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; 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%). *(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.)*	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. *(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.)*	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. *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.*	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored.

NEGL	Low	Medium	High	Severe
0-10	10-20	20-30	30-40	40+

ESG score	Methodology	Rating
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			
CCC	0.000-1.428	**Laggard:**	lagging its industry based on its high exposure and failure to manage significant ESG risks	

ESG score	Methodology	Rating
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. *(Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)*	
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.

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

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

Company	Ticker	Price	Rating	Valuation & Risks
Aeon Thana Sinsap (Thailand)	AEONTS TB	THB 116.50	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.
Ngern Tid Lor	TIDLOR TB	THB 18.40	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.
Muangthai Capital	MTC TB	THB 43.75	BUY	Downside risks to our GGM-based TP include 1) a further weakening of asset quality that could potentially hit both loan yield and credit cost; and 2) changes in financial regulations by the Bank of Thailand and the Office of Consumer Protection Board.
Srisawad Corp	SAWAD TB	THB 36.50	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 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.
Krungthai Card	KTC TB	THB 38.25	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.
Saksiam Leasing	SAK TB	THB 5.15	HOLD	Upside risks to our GGM-derived TP include 1) loan expansion following the broad-based economic recovery 2) a reduction in cost of funds due mainly to the downward interest rate trend and 3) an accelerated decrease in credit costs owing to the rise in consumers purchasing power. Downside risks include 1) competition from existing and new players 2) regulatory changes by the Bank of Thailand (BoT) and 3) a slower-than-expected reduction in its cost of funds due to a shift toward more long-term loans.
Asia Sermkij Leasing PCL	ASK TB	THB 13.70	HOLD	Downside risks to our GGM-derived TP include 1) an economic slowdown, especially for logistics activities and private investment; 2) deteriorating asset quality; and 3) changes in financial regulations from the Bank of Thailand. Upside risks include 1) a better-than-expected macroeconomic improvement; 2) downtrend of policy rate could reduce cost of funds and enhance interest spreads; and 3) a faster-than-expected decline in ECL expense.
Ratchthani Leasing	THANI TB	THB 2.20	HOLD	Downside risks to our GGM-derived TP include 1) an economic slowdown, especially for logistics activities and private investment; 2) deteriorating asset quality; and 3) changes in financial regulations from the Bank of Thailand. Upside risks include 1) a better-than-expected macroeconomic improvement; 2) a downtrend in the policy rate could reduce cost of funds and enhance interest spreads; and 3) a faster-than-expected decline in ECL expense.
JMT Network Services	JMT TB	THB 13.70	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 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 7.45	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 3.50	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 09-Jul-2024 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as (target price* - current price) / current price.

BUY (B). The upside is 10% or more.
HOLD (H). The upside or downside is less than 10%.
REDUCE (R). The downside is 10% or more.
Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

Industry Recommendations

Overweight. The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.
Neutral. The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.
Underweight. The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

Country (Strategy) Recommendations

Overweight (O). Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Neutral (N). Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Underweight (U). Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.