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# MUANGTHAI CAPITAL    MTC TB
**THAILAND / FINANCE & SECURITIES**

## BUY
**UNCHANGED**

| | |
|---|---|
| TARGET PRICE | THB50.00 |
| CLOSE | THB40.50 |
| UP/DOWNSIDE | +23.5% |
| TP vs CONSENSUS | 0.0% |

# 2Q24 results at first glance

### 2Q24 profit beat expectations by 3%

MTC posted a 2Q24 net profit of THB1.44b, 3% higher than our forecast and the BBG consensus, which grew by 3.9% q-q and 20.3% y-y. The key drivers were rising net interest income and declining ECLs and credit costs. PPOP also rose by 2.6% q-q and 10.3% y-y, amounting to THB2.95b. Asset quality was more solid than expected regarding credit costs, the NPL ratio, and the NPL coverage ratio. 1H24 net profit increased by 24.8% y-y, amounting to THB2.83b and accounting for 45% of our 2024E net profit. The 2H24 outlook could be better, boosted by 1) loan seasonality; and 2) declining credit costs and a lower cost-to-income ratio.

We maintain our 2024-26 forecasts and BUY call. Our 2024 GGM-based TP is THB50, which implies a P/BV of 2.82x under an expected L-T ROE of 18.6% and COE of 10.0%.
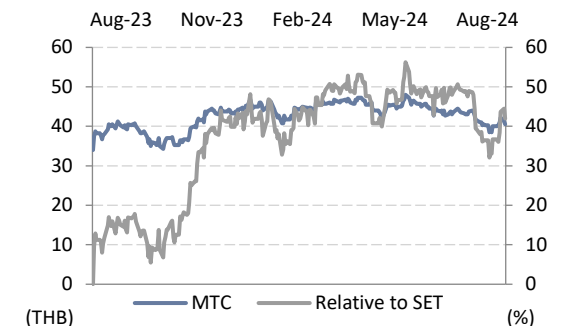
### Highlights

**(+) Loans:** MTC delivered loan growth of 4.9% q-q, 16.5% y-y, and 8.0% YTD, in line with its 15-20% y-y 2024 guidance despite several macro headwinds and debt-selling equivalent to 1Q24 at cTHB900m. The main growth contributors remained secured loans (+5.1% q-q, +18.0% y-y, and +8.7% YTD), two and four-wheeled vehicles combining land title loans, while the unsecured segment – personal loans and nano-finance – slowed. In addition, motorcycle hire purchases (HP) continued to contract following the unfavorable market and deteriorated customer risk profile, leading to a lower contribution of 2.7% at the end of 2Q24 vs the peak of 5.5% in 2Q22.

**(+) Net interest income and spread:** 2Q24 NII was slightly higher than expected, rising by 2.5% q-q and 10.5% y-y. The loan spread was also better than expected despite a 34bp contraction to 13.54%, buoyed by the better-than-expected loan yield despite a greater low-yield land title loan concentration. However, the cost of funds rose in line with expectations, lifting the 1H24 figures to 4.10%, aligning with its 4.00-4.20% 2024 guidance.

IBD/E and D/E increased slightly to 3.60x (vs 3.51x in 1Q24) and 3.68x (vs 3.60x in 1Q24), respectively, mainly due to the THB13.6b debenture issuance to support the maturity of THB12.1b during 2Q-3Q24. Regarding the long-term borrowings from FIs, the USD contribution rose to 31% of total vs 19% at the end of 2023, when the JPY and EUR were relatively stable at 9% and 5%, respectively, on which all loans were hedged – interest rate and FX risk.

**(-) Fees and other income:** 2Q24 fees and other income were lower than expected, dropping by 9.2% q-q and 12.3% y-y, mainly due to reduced loan fees (85% of total). Meanwhile, insurance brokerage income (11%) expanded by 3.9% q-q and 5.3% y-y.

## KEY STOCK DATA

| YE Dec (THB m) | 2023 | 2024E | 2025E | 2026E |
|---|---|---|---|---|
| Operating profit | 6,126 | 7,866 | 9,822 | 11,448 |
| Net profit | 4,906 | 6,292 | 7,858 | 9,159 |
| EPS (THB) | 2.31 | 2.97 | 3.71 | 4.32 |
| vs Consensus (%) | - | 6.8 | 12.5 | 8.5 |
| Recurring net profit | 4,906 | 6,292 | 7,858 | 9,159 |
| Core EPS (THB) | 2.31 | 2.97 | 3.71 | 4.32 |
| EPS growth (%) | (3.7) | 28.2 | 24.9 | 16.6 |
| Core P/E (x) | 17.5 | 13.6 | 10.9 | 9.4 |
| Dividend yield (%) | 0.5 | 0.7 | 0.8 | 1.0 |
| Price/book (x) | 2.7 | 2.3 | 1.9 | 1.6 |
| ROE (%) | 16.1 | 18.1 | 19.0 | 18.7 |
| ROA (%) | 3.5 | 3.9 | 4.1 | 4.2 |



| Share price performance | 1 Month | 3 Month | 12 Month |
|---|---|---|---|
| Absolute (%) | (7.4) | (10.0) | 17.4 |
| Relative to country (%) | (4.7) | (3.2) | 41.0 |
| Mkt cap (USD m) | | | 2,417 |
| 3m avg. daily turnover (USD m) | | | 10.0 |
| Free float (%) | | | 21 |
| Major shareholder | | | Petaumpai Family (67%) |
| 12m high/low (THB) | | | 48.50/33.75 |
| Issued shares (m) | | | 2,120 |

Sources: Bloomberg consensus; FSSIA estimates

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**(0) Operating expenses:** 2Q24 operating expenses accelerated in line with expectations, growing by 1.1% q-q and 8.0% y-y. Thanks to the fewer new branch openings in 2Q24 (192 vs 251 units in 1Q24) and no extra incentives for its collection staff, MTC managed down the cost-to-income ratio to 47.5%. The 1H24 cost-to-income ratio rose to 47.6%, aligning with its 2024 guidance of 46-47% and our estimate of 46.9%.

**(+) Asset quality:** We observed a more solid asset quality in 2Q24 – a lower-than-expected NPL ratio and credit costs at 2.90% and 3.08%, respectively, and a higher-than-expected coverage ratio at 125.5%. Most indicators were aligned with its 2024 guidance: NPLs < 3.20% and credit costs < 3.50%. However, the impairment losses from financial assets and HP receivables continued to rise, but the decreased ECL expenses were able to offset and led to a decline in credit costs. In addition, stage 2 loans dropped slightly both q-q and y-y, contributing 6.0% of total loans vs 6.3% in 1Q24 and 7.0% in 2Q23.

**Exhibit 1: MTC – 2Q24 operating summary**

| | 2Q23 (THB m) | 3Q23 (THB m) | 4Q23 (THB m) | 1Q24 (THB m) | 2Q24 (THB m) | Change (q-q%) | Change (y-y%) | 1H24 (THB m) | Change (y-y%) | % of 2024E | 2024E (THB m) | Change (y-y%) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Interest income | 5,754 | 6,063 | 6,287 | 6,353 | 6,580 | 3.6 | 14.4 | 12,933 | 16.0 | 46 | 27,968 | 19.0 |
| Interest expense | (909) | (1,004) | (1,096) | (1,130) | (1,227) | 8.6 | 35.1 | (2,358) | 34.2 | 45 | (5,240) | 35.9 |
| Net interest income | 4,845 | 5,059 | 5,191 | 5,223 | 5,353 | 2.5 | 10.5 | 10,576 | 12.6 | 47 | 22,727 | 15.7 |
| Fee and other income | 287 | 236 | 269 | 278 | 252 | (9.2) | (12.3) | 530 | 1.7 | 48 | 1,096 | 6.8 |
| Total income | 5,132 | 5,295 | 5,459 | 5,500 | 5,605 | 1.9 | 9.2 | 11,105 | 12.0 | 47 | 23,823 | 15.3 |
| Operating expenses | (2,463) | (2,391) | (2,496) | (2,630) | (2,660) | 1.1 | 8.0 | (5,290) | 9.9 | 47 | (11,182) | 15.3 |
| PPOP before taxes | 2,669 | 2,904 | 2,963 | 2,870 | 2,945 | 2.6 | 10.3 | 5,815 | 14.0 | 46 | 12,641 | 15.3 |
| Expected credit losses | (1,017) | (965) | (998) | (858) | (834) | (2.8) | (18.0) | (1,692) | (14.1) | 44 | (3,875) | (1.5) |
| Profit after ECL | 1,653 | 1,939 | 1,965 | 2,012 | 2,111 | 5.0 | 27.8 | 4,123 | 31.8 | 47 | 8,766 | 24.6 |
| Impairment losses on financial assets and HP loans | (183) | (334) | (278) | (276) | (316) | 14.5 | 72.4 | (592) | 100.8 | 66 | (900) | (0.7) |
| Operating profit | 1,469 | 1,605 | 1,687 | 1,736 | 1,796 | 3.4 | 22.2 | 3,532 | 24.6 | 45 | 7,866 | 28.4 |
| Income tax | (269) | (320) | (336) | (347) | (351) | 1.4 | 30.4 | (698) | 23.7 | 44 | (1,573) | 29.0 |
| **Net profit** | **1,200** | **1,285** | **1,351** | **1,389** | **1,444** | **3.9** | **20.3** | **2,834** | **24.8** | **45** | **6,292** | **28.2** |
| EPS (THB) | 0.57 | 0.61 | 0.64 | 0.66 | 0.68 | 3.9 | 20.3 | 1.34 | 24.8 | 45 | 2.97 | 28.2 |
| Loans | 131,257 | 137,081 | 141,559 | 145,859 | 152,934 | 4.9 | 16.5 | 137,081 | 4.4 | | 165,408 | 19.5 |
| Interest bearing debt | 106,327 | 112,329 | 114,770 | 116,820 | 123,671 | 5.9 | 16.3 | 112,329 | 5.6 | | 134,775 | 17.4 |
| **Key ratios** | 2Q23 (%) | 3Q23 (%) | 4Q23 (%) | 1Q24 (%) | 2Q24 (%) | | | 1H24 (%) | | | 2024E (%) | |
| Yield on loan | 18.02 | 18.08 | 18.05 | 17.68 | 17.62 | | | 21.02 | | | 18.04 | |
| Cost of funds | 3.55 | 3.67 | 3.86 | 3.90 | 4.08 | | | 4.10 | | | 4.20 | |
| Spread | 14.47 | 14.40 | 14.19 | 13.78 | 13.54 | | | 14.21 | | | 13.84 | |
| Cost to Income ratio | 47.99 | 45.15 | 45.72 | 47.82 | 47.45 | | | 47.64 | | | 46.94 | |
| Credit cost (included losses from car repossessed) | 3.76 | 3.87 | 3.66 | 3.16 | 3.08 | | | 3.21 | | | 3.08 | |
| NPL / Loan | 3.41 | 3.22 | 3.15 | 3.06 | 2.90 | | | 2.90 | | | 3.10 | |
| LLR / Loan | 3.58 | 3.55 | 3.65 | 3.70 | 3.64 | | | 3.64 | | | 2.99 | |
| Coverage ratio | 105.1 | 110.3 | 115.9 | 120.8 | 125.5 | | | 125.5 | | | 115.4 | |
| D/E (x) | 3.7 | 3.7 | 3.7 | 3.6 | 3.7 | | | 3.7 | | | 3.7 | |
| IDBE (x) | 3.6 | 3.7 | 3.6 | 3.5 | 3.6 | | | 3.6 | | | 3.6 | |
| S/T debt/total debt (x) | 5.3 | 7.7 | 11.1 | 11.6 | 10.5 | | | 10.5 | | | 5.3 | |
| Loan growth q-q | 5.7 | 4.4 | 3.3 | 3.0 | 4.9 | | | | | | | |
| Loan growth y-y | 23.6 | 21.1 | 18.9 | 17.4 | 16.5 | | | 16.5 | | | 19.5 | |
| Loan growth YTD | 10.2 | 15.1 | 18.9 | 3.0 | 8.0 | | | 8.0 | | | | |

Sources: MTC; FSSIA estimates

**Exhibit 2: MTC – Staged loans and ECL**

| MTC | 2022 (THB m) | 2023 (THB m) | 1Q24 (THB m) | 2Q24 (THB m) | 2022 (THB m) | 2023 (THB m) | 1Q24 (THB m) | 2Q24 (THB m) |
|---|---|---|---|---|---|---|---|---|
| Loans and accrued interest | | | | | Staged loans % of total loans | | | |
| Stage 1 | 105,097 | 124,874 | 129,909 | 136,981 | 87.1 | 87.1 | 88.0 | 88.6 |
| Stage 2 | 12,009 | 13,983 | 13,211 | 13,242 | 10.0 | 9.8 | 9.0 | 8.6 |
| Stage 3 | 3,507 | 4,461 | 4,467 | 4,449 | 2.9 | 3.1 | 3.0 | 2.9 |
| Total | 120,613 | 143,318 | 147,587 | 154,672 | 100.0 | 100.0 | 100.0 | 100.0 |
| Expected credit loss (ECL) | | | | | ECL % of stage loans | | | |
| Stage 1 | 767 | 1,225 | 1,490 | 1,613 | 0.7 | 1.0 | 1.1 | 1.2 |
| Stage 2 | 682 | 1,115 | 1,078 | 1,077 | 5.7 | 8.0 | 8.2 | 8.1 |
| Stage 3 | 2,237 | 2,829 | 2,831 | 2,871 | 63.8 | 63.4 | 63.4 | 64.5 |
| Total | 3,686 | 5,169 | 5,399 | 5,562 | 3.1 | 3.6 | 3.7 | 3.6 |
| LLR / Loans | (%) | (%) | (%) | (%) | | | | |
| Stage 1 | 0.7 | 1.0 | 1.1 | 1.2 | | | | |
| Stage 2 | 5.7 | 8.0 | 8.2 | 8.1 | | | | |
| Stage 3 | 63.8 | 63.4 | 63.4 | 64.5 | | | | |
| Total | 3.1 | 3.6 | 3.7 | 3.6 | | | | |
| | (%) | (%) | (%) | (%) | | | | |
| NPL / TL | 2.9 | 3.1 | 3.0 | 2.9 | | | | |
| NPL vs Stage 2 loans / TL | 12.9 | 12.9 | 12.0 | 11.4 | | | | |
| LLR / NPL | 105.1 | 115.9 | 120.9 | 125.0 | | | | |
| LLR / (NPL vs Stage 2 loans) | 23.8 | 28.0 | 30.5 | 31.4 | | | | |

Sources: MTC; FSSIA's compilation

**Exhibit 3: MTC – GGM-based 2024 TP**

| Gordon Growth Model | 2024E |
|---|---|
| Sustainable ROE | 18.6% |
| g | 5.3% |
| ROE-g | 13.3% |
| Beta | 1.17 |
| Risk-free rate | 3.0% |
| Risk premium | 6.0% |
| COE | 10.0% |
| COE-g | 4.7% |
| **ROE-g/COE-g (x)** | **2.82** |

Source: FSSIA estimates

**Exhibit 4: Share price performance of non-banks under coverage, as of 6 August 2024**

| | ----------------------- Price performance ----------------------- | | | | |
|---|---|---|---|---|---|
| | 1M (%) | 3M (%) | 6M (%) | 1Y (%) | YTD (%) |
| TIDLOR TB | (20.0) | (31.8) | (32.4) | (27.9) | (31.8) |
| **MTC TB** | **(7.4)** | **(10.5)** | **(9.0)** | **16.5** | **(10.0)** |
| SAWAD TB | (15.2) | (20.6) | (20.1) | (29.3) | (20.6) |
| AEONTS TB | (16.5) | (33.8) | (30.4) | (29.3) | (32.2) |
| KTC TB | 0.6 | (10.9) | (12.9) | (16.7) | (10.9) |
| SAK TB | (7.2) | (2.6) | 15.0 | 5.6 | 18.3 |
| ASK TB | (19.1) | (33.3) | (45.3) | (54.0) | (44.7) |
| THANI TB | (25.2) | (31.3) | (27.9) | (40.4) | (28.5) |
| JMT TB | (23.3) | (51.4) | (56.4) | (72.2) | (60.0) |
| BAM TB | (14.9) | (30.8) | (25.0) | (40.6) | (22.7) |
| CHAYO TB | (31.4) | (44.4) | (54.3) | (66.0) | (56.0) |
| **SETFIN** | **(12.1)** | **(24.3)** | **(26.4)** | **(31.2)** | **(26.9)** |
| **SET** | **(2.9)** | **(7.4)** | **(9.0)** | **(16.9)** | **(10.0)** |

Source: Bloomberg

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## Financial Statements
Muangthai Capital

| Profit and Loss (THB m) Year Ending Dec | 2022 | 2023 | 2024E | 2025E | 2026E |
|---|---|---|---|---|---|
| Interest Income | 19,199 | 23,500 | 27,968 | 32,908 | 38,011 |
| Interest expense | (2,813) | (3,857) | (5,240) | (6,102) | (6,990) |
| Net interest income | 16,386 | 19,644 | 22,727 | 26,805 | 31,021 |
| Net fees & commission | 792 | 921 | 958 | 996 | 1,036 |
| Foreign exchange trading income | - | - | - | - | - |
| Securities trading income | - | - | - | - | - |
| Dividend income | 0 | 0 | 0 | 0 | 0 |
| Other income | 78 | 105 | 138 | 154 | 131 |
| Non interest income | 869 | 1,026 | 1,096 | 1,150 | 1,167 |
| Total income | 17,255 | 20,669 | 23,823 | 27,955 | 32,188 |
| Staff costs | (8,069) | (9,702) | (11,182) | (13,122) | (15,109) |
| Other operating costs | - | - | - | - | - |
| Operating costs | (8,069) | (9,702) | (11,182) | (13,122) | (15,109) |
| Pre provision operating profit | 9,187 | 10,967 | 12,641 | 14,833 | 17,079 |
| Expected credit loss | (2,433) | (3,934) | (3,875) | (4,011) | (4,632) |
| Other provisions | (394) | (907) | (900) | (1,000) | (999) |
| Operating profit | 6,360 | 6,126 | 7,866 | 9,822 | 11,448 |
| Recurring non operating income | 0 | 0 | 0 | 0 | 0 |
| Associates | 0 | 0 | 0 | 0 | 0 |
| Goodwill amortization | - | - | - | - | - |
| Non recurring items | 0 | 0 | 0 | 0 | 0 |
| Profit before tax | 6,360 | 6,126 | 7,866 | 9,822 | 11,448 |
| Tax | (1,267) | (1,220) | (1,573) | (1,964) | (2,290) |
| Profit after tax | 5,093 | 4,906 | 6,292 | 7,858 | 9,159 |
| Non-controlling interest | - | - | - | - | - |
| Preferred dividends | - | - | - | - | - |
| Other items | - | - | - | - | - |
| Reported net profit | 5,093 | 4,906 | 6,292 | 7,858 | 9,159 |
| Non recurring items & goodwill (net) | - | - | 0 | 0 | 0 |
| Recurring net profit | 5,093 | 4,906 | 6,292 | 7,858 | 9,159 |
| **Per share (THB)** | | | | | |
| Recurring EPS * | 2.40 | 2.31 | 2.97 | 3.71 | 4.32 |
| Reported EPS | 2.40 | 2.31 | 2.97 | 3.71 | 4.32 |
| DPS | 0.95 | 0.21 | 0.27 | 0.34 | 0.39 |
| **Growth** | | | | | |
| Net interest income (%) | 25.4 | 19.9 | 15.7 | 17.9 | 15.7 |
| Non interest income (%) | 3.1 | 18.0 | 6.8 | 5.0 | 1.5 |
| Pre provision operating profit (%) | 32.2 | 19.4 | 15.3 | 17.3 | 15.1 |
| Operating profit (%) | 2.6 | (3.7) | 28.4 | 24.9 | 16.6 |
| Reported net profit (%) | 3.0 | (3.7) | 28.2 | 24.9 | 16.6 |
| Recurring EPS (%) | 3.0 | (3.7) | 28.2 | 24.9 | 16.6 |
| Reported EPS (%) | 3.0 | (3.7) | 28.2 | 24.9 | 16.6 |
| **Income Breakdown** | | | | | |
| Net interest income (%) | 95.0 | 95.0 | 95.4 | 95.9 | 96.4 |
| Net fees & commission (%) | 4.6 | 4.5 | 4.0 | 3.6 | 3.2 |
| Foreign exchange trading income (%) | - | - | - | - | - |
| Securities trading income (%) | - | - | - | - | - |
| Dividend income (%) | - | - | - | - | - |
| Other income (%) | 0.5 | 0.5 | 0.6 | 0.6 | 0.4 |
| **Operating performance** | | | | | |
| Gross interest yield (%) | 18.30 | 18.03 | 18.04 | 18.05 | 18.05 |
| Cost of funds (%) | 3.36 | 3.66 | 4.20 | 4.20 | 4.20 |
| Net interest spread (%) | 14.94 | 14.37 | 13.84 | 13.85 | 13.85 |
| Net interest margin (%) | 15.6 | 15.1 | 14.7 | 14.7 | 14.7 |
| Cost/income(%) | 46.8 | 46.9 | 46.9 | 46.9 | 46.9 |
| Cost/assets(%) | 7.1 | 7.0 | 6.8 | 6.9 | 6.8 |
| Effective tax rate (%) | 19.9 | 19.9 | 20.0 | 20.0 | 20.0 |
| Dividend payout on recurring profit (%) | 39.5 | 9.1 | 9.1 | 9.1 | 9.1 |
| ROE (%) | 18.9 | 16.1 | 18.1 | 19.0 | 18.7 |
| ROE - COE (%) | 8.1 | 5.3 | 7.3 | 8.2 | 7.9 |
| ROA (%) | 4.5 | 3.5 | 3.9 | 4.1 | 4.2 |
| RORWA (%) | - | - | - | - | - |

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

Sources: Muangthai Capital; FSSIA estimates

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## Financial Statements
Muangthai Capital

| Balance Sheet (THB m) Year Ending Dec | 2022 | 2023 | 2024E | 2025E | 2026E |
|---|---|---|---|---|---|
| Gross customer loans | 119,084 | 141,559 | 168,453 | 196,190 | 224,908 |
| Allowance for expected credit loss | (3,686) | (5,169) | (4,948) | (5,693) | (6,547) |
| interest in suspense | 1,675 | 1,969 | 2,363 | 2,765 | 3,180 |
| **Net customer loans** | **117,073** | **138,359** | **165,868** | **193,262** | **221,541** |
| Bank loans | - | - | - | - | - |
| Government securities | - | - | - | - | - |
| Trading securities | - | - | - | - | - |
| Investment securities | 0 | 0 | 0 | 0 | 0 |
| Cash & equivalents | 3,213 | 2,822 | 1,347 | 1,540 | 2,122 |
| Other interesting assets | - | - | - | - | - |
| Tangible fixed assets | 2,037 | 2,134 | 2,348 | 2,582 | 2,840 |
| Associates | - | - | - | - | - |
| Goodwill | - | - | - | - | - |
| Other intangible assets | - | - | - | - | - |
| Other assets | 5,743 | 6,841 | 7,411 | 8,473 | 9,699 |
| **Total assets** | **128,066** | **150,156** | **176,514** | **205,428** | **235,801** |
| Customer deposits | - | - | - | - | - |
| Bank deposits | - | - | - | - | - |
| Other interest bearing liabilities | 96,143 | 114,770 | 134,775 | 155,806 | 177,032 |
| Non interest bearing liabilities | 2,833 | 3,469 | 4,046 | 4,740 | 5,581 |
| Hybrid Capital | - | - | - | - | - |
| **Total liabilities** | **98,976** | **118,239** | **138,821** | **160,547** | **182,613** |
| Share capital | 2,120 | 2,120 | 2,120 | 2,120 | 2,120 |
| Reserves | 26,971 | 29,797 | 35,573 | 42,761 | 51,068 |
| **Total equity** | **29,091** | **31,917** | **37,693** | **44,881** | **53,188** |
| Non-controlling interest | - | - | - | - | - |
| **Total liabilities & equity** | **128,066** | **150,156** | **176,514** | **205,428** | **235,801** |
| **Supplementary items** | | | | | |
| Risk weighted assets (RWA) | n/a | n/a | n/a | n/a | n/a |
| Average interest earning assets | 104,892 | 130,321 | 155,006 | 182,321 | 210,549 |
| Average interest bearing liabilities | 83,734 | 105,456 | 124,772 | 145,291 | 166,419 |
| 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) | 3,507 | 4,461 | 4,289 | 4,962 | 5,785 |
| **Per share (THB)** | | | | | |
| Book value per share | 13.72 | 15.06 | 17.78 | 21.17 | 25.09 |
| Tangible book value per share | 13.72 | 15.06 | 17.78 | 21.17 | 25.09 |
| **Growth** | | | | | |
| Gross customer loans | 31.3 | 18.9 | 19.0 | 16.5 | 14.6 |
| Average interest earning assets | 30.5 | 24.2 | 18.9 | 17.6 | 15.5 |
| Total asset (%) | 30.2 | 17.2 | 17.6 | 16.4 | 14.8 |
| Risk weighted assets (%) | - | - | - | - | - |
| Customer deposits (%) | - | - | - | - | - |
| **Leverage & capital measures** | | | | | |
| Customer loan/deposits (%) | - | - | - | - | - |
| Equity/assets (%) | 22.7 | 21.3 | 21.4 | 21.8 | 22.6 |
| Tangible equity/assets (%) | 22.7 | 21.3 | 21.4 | 21.8 | 22.6 |
| RWA/assets (%) | - | - | - | - | - |
| CET 1 CAR (%) | - | - | - | - | - |
| Total CAR (%) | - | - | - | - | - |
| **Asset Quality** (FSSIA's calculation) | | | | | |
| Change in NPL (%) | 174.8 | 27.2 | (3.9) | 15.7 | 16.6 |
| NPL/gross loans (%) | 2.9 | 3.2 | 2.5 | 2.5 | 2.6 |
| Allowance for ECL/gross loans (%) | 3.1 | 3.7 | 2.9 | 2.9 | 2.9 |
| Allowance for ECL/NPL (%) | 105.1 | 115.9 | 115.4 | 114.7 | 113.2 |

| Valuation | 2022 | 2023 | 2024E | 2025E | 2026E |
|---|---|---|---|---|---|
| Recurring P/E (x) * | 16.9 | 17.5 | 13.6 | 10.9 | 9.4 |
| Recurring P/E @ target price (x) * | 20.8 | 21.6 | 16.8 | 13.5 | 11.6 |
| Reported P/E (x) | 16.9 | 17.5 | 13.6 | 10.9 | 9.4 |
| Dividend yield (%) | 2.3 | 0.5 | 0.7 | 0.8 | 1.0 |
| Price/book (x) | 3.0 | 2.7 | 2.3 | 1.9 | 1.6 |
| Price/tangible book (x) | 3.0 | 2.7 | 2.3 | 1.9 | 1.6 |
| Price/tangible book @ target price (x) | 3.6 | 3.3 | 2.8 | 2.4 | 2.0 |
| * Pre-exceptional, pre-goodwill and fully diluted | | | | | |

Sources: Muangthai Capital; FSSIA estimates

# Muangthai Capital PCL (MTC TB)

## Exhibit 5:   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 6:   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 7:   ESG score by Bloomberg

| FY ending Dec 31 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 |
|---|---|---|---|---|---|---|---|---|
| **ESG financial materiality scores - ESG score** | **1.36** | **1.51** | **2.07** | **2.16** | **2.39** | **4.00** | **3.27** | **3.31** |
| BESG environmental pillar score | 0.00 | 0.00 | 0.00 | 0.00 | 0.12 | 0.02 | 0.03 | — |
| BESG social pillar score | 0.37 | 0.58 | 1.37 | 1.37 | 1.69 | 4.57 | 3.27 | — |
| BESG governance pillar score | 4.42 | 4.41 | 4.57 | 4.91 | 4.95 | 4.95 | 4.82 | — |
| **ESG disclosure score** | **26.85** | **32.18** | **32.89** | **35.76** | **39.62** | **44.88** | **50.20** | **52.08** |
| Environmental disclosure score | 0.00 | 0.00 | 0.00 | 0.33 | 7.28 | 15.22 | 32.74 | 34.40 |
| Social disclosure score | 11.67 | 15.84 | 17.41 | 25.70 | 30.35 | 31.92 | 30.35 | 34.34 |
| Governance disclosure score | 68.72 | 80.52 | 81.10 | 81.10 | 81.10 | 87.36 | 87.36 | 87.36 |
| **Environmental** | | | | | | | | |
| Emissions reduction initiatives | No | No | No | No | No | No | No | No |
| Climate change policy | No | No | No | No | Yes | Yes | Yes | Yes |
| Climate change opportunities discussed | No | No | No | No | No | No | No | No |
| Risks of climate change discussed | No | No | No | Yes | Yes | Yes | Yes | Yes |
| GHG scope 1 | — | — | — | — | 2 | 7 | 6 | 8 |
| GHG scope 2 location-based | — | — | — | — | — | 16 | 18 | 21 |
| GHG Scope 3 | — | — | — | — | — | 1 | 1 | 1 |
| Carbon per unit of production | — | — | — | — | — | — | — | — |
| Biodiversity policy | No | No | No | No | No | No | No | No |
| Energy efficiency policy | No | No | No | No | Yes | Yes | Yes | Yes |
| Total energy consumption | — | — | — | — | 9 | 55 | 36 | 69 |
| Renewable energy use | — | — | — | — | — | — | 0 | — |
| Electricity used | — | — | — | — | — | 32 | 36 | 42 |
| Fuel used - natural gas | — | — | — | — | — | — | — | — |

Sources: Bloomberg; FSSIA's compilation

**FINANSIA**

**Exhibit 8:  ESG score by Bloomberg** *(cont.)*

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

Sources: Bloomberg; FSSIA's compilation

## Disclaimer for ESG scoring

| ESG score | Methodology | Rating |
|---|---|---|
| The Dow Jones Sustainability Indices (DJSI) By S&P Global | The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion. | Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe. |
| Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET) | THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years. | To be eligible for **THSI inclusion**, verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. **SETTHSI Index** is extended from the THSI companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks. |
| **CG Score** by Thai Institute of Directors Association (Thai IOD) | An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations. | Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%). |
| **AGM level** By Thai Investors Association (TIA) with support from the SEC | It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). *(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 |
|---|---|
| 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.

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| Company | Ticker | Price | Rating | Valuation & Risks |
|---|---|---|---|---|
| Ratchthani Leasing | THANI TB | THB 1.69 | 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. |
| Muangthai Capital | MTC TB | THB 40.50 | BUY | Downside risks to our GGM-based TP include 1) a further weakening of asset quality that could potentially hit both loan yield and credit cost; and 2) changes in financial regulations by the Bank of Thailand and the Office of Consumer Protection Board. |
| Srisawad Corp | SAWAD TB | THB 29.25 | 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. |
| Ngern Tid Lor | TIDLOR TB | THB 14.80 | 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. |
| Saksiam Leasing | SAK TB | THB 4.92 | 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. |
| Aeon Thana Sinsap (Thailand) | AEONTS TB | THB 108.50 | HOLD | Downside risks are: 1) regulatory actions to curb industry growth; 2) a higher-than-expected policy rate; and 3) deteriorating asset quality. Upside risks are: 1) better-than-estimated economic improvement; 2) stronger-than-estimated improvement in the overall asset quality; and 3) less pressure from the market yield and cost of funds. |
| Krungthai Card | KTC TB | THB 38.75 | 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. |
| Asia Sermkij Leasing PCL | ASK TB | THB 11.00 | REDUCE | 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. |
| Bangkok Commercial Asset Mngt. | BAM TB | THB 6.30 | 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. |
| JMT Network Services | JMT TB | THB 10.20 | HOLD | Downside risks to our P/BV-based TP include 1) lower cash collection from both debt management and debt tracking collection services; and 2) higher-than-expected funding costs and operating expenses. Upside risks include 1) better-than-expected purchasing power and cash collection 2) lower-than-expected operating and financing expense |
| Chayo Group | CHAYO TB | THB 2.40 | 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. |

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

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 06-Aug-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.