

NGERN TID LOR TIDLOR TB

THAILAND / FINANCE & SECURITIES

HOLD

FROM BUY

TARGET PRICE	THB15.80
CLOSE	THB13.80
UP/DOWNSIDE	+14.5%
PRIOR TP	THB21.00
CHANGE IN TP	-24.8%
TP vs CONSENSUS	-27.6%

Prioritizing balance sheet cleanup

- Unfavorable economic conditions and stricter regulatory requirements led to worse overall asset quality than expected.
- Prioritizing balance sheet cleanup in 2H24 leads to constrained growth, prompting a reduction in our 2024-26E net profit by 6-8%.
- We downgrade our rating to HOLD; new 2024 TP is THB15.80.

Challenges continue to persist in 2H24

TIDLOR acknowledged several headwinds which deteriorated its asset quality in 2Q24. These challenges included the sluggish economic recovery, delays in government budget disbursements, the deteriorating debt servicing capacity of borrowers, an increase in customer fraud attempts (which led to early debt write-offs of cTHB110m in 2Q24), and the implementation of responsible lending measures since early 2024 (with more debt participation of approximately THB100m in 2Q24). Hence, the company has developed strategies to address these challenging factors in 2H24, which include 1) adopting stricter credit measures, reducing the average ticket size by 10-15% (lowering LTV to minimize the risk) and increasing the rejection rate; 2) reallocating branch activity to collections; and 3) delaying campaigns for loans and insurance. However, the positive effects of these measures will take time to materialize, roughly a couple of months, according to management.

2024 asset quality guidance revised

TIDLOR revised its NPL ratio guidance to <2.0% vs 1.40-1.80% previously. Additionally, the expected credit cost in 2H24 is close to the abnormal level of c3.62% in 2Q24 vs 3.00-3.35% previously, following the proactive approach to managing NPLs in 2H24. Meanwhile, the continued high level of bad debt write-offs to strengthen the balance sheet will pressure the 2024 loan growth toward the lower end of the target range of 10-20% y-y. Moreover, the company has raised loan yields for higher-risk customers to offset the rising risk costs and mitigate the impact on profits.

Downward revisions on 2024-26 net profit forecast

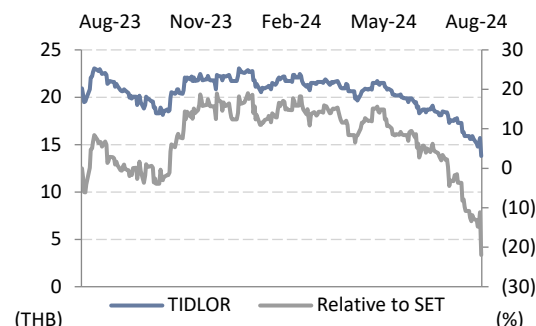
We trim our 2024-26 net profit forecasts by an average of 6-8% from the previous estimates, due mainly to higher credit cost, NPL ratio, and loan spread assumptions, with a decreased cost-to-income ratio estimate. 2024-26E net profit growth is at 16.3% (CAGR) vs 19.5% previously.

Downgrade to HOLD with a new 2024 TP of THB15.80

We downgrade our recommendation to HOLD from Buy. The 2024 target price has been reduced to THB15.80 (from THB21), based on a GGM valuation at a P/BV of 1.4x (previously 1.9x), with an LT-ROE estimate of 15.0% (previously 15.5%) and COE of 11.0% (previously 11.2%).

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Operating profit	4,744	5,491	6,400	7,450
Net profit	3,790	4,393	5,120	5,960
EPS (THB)	1.35	1.51	1.76	2.05
vs Consensus (%)	-	(2.3)	(5.1)	(6.8)
Recurring net profit	3,790	4,393	5,120	5,960
Core EPS (THB)	1.35	1.51	1.76	2.05
Chg. In EPS est. (%)	-	(6.0)	(7.8)	(7.9)
EPS growth (%)	(7.4)	11.8	16.5	16.4
Core P/E (x)	10.2	9.2	7.9	6.7
Dividend yield (%)	2.9	3.3	3.8	4.5
Price/book (x)	1.4	1.3	1.1	1.0
ROE (%)	14.1	14.5	15.1	15.7
ROA (%)	4.1	4.1	4.3	4.5



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(25.0)	(35.2)	(34.9)
Relative to country (%)	(23.7)	(31.6)	(23.4)
Mkt cap (USD m)	1,140		
3m avg. daily turnover (USD m)	6.1		
Free float (%)	21		
Major shareholder	Bank of Ayudhya (30%)		
12m high/low (THB)	23.63/13.00		
Issued shares (m)	2,809		

Sources: Bloomberg consensus; FSSIA estimates



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Investment thesis

We downgrade our recommendation to a HOLD from a Buy call on TIDLOR at the current price due to:

- 1) Its asset quality is deteriorating worse than expected, which is a cause for concern due to the continued rise in NPLs and credit costs.
- 2) The stricter measures to address asset quality issues are creating pressure on its performance outlook for 2H24. Although the company has adjusted loan yields for some customer segments, the positive effects will not be sufficient to offset the impact.
- 3) 2024-26E net profit growth is lower at 16.3% (CAGR) vs 19.5% previously, due mainly to the anticipated higher credit costs and lower loan growth.

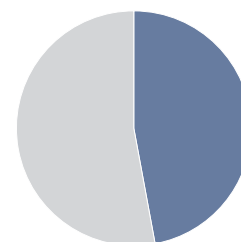
Company profile

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 brokerages services under the brand "Ngern Tid Lor".

www.ngerntidlor.com

Principal activities (revenue, 1H24)

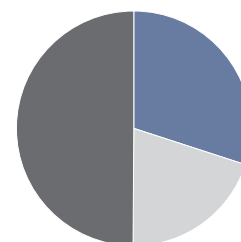
- Net interest income - 81.0 %
- Non-interest income - 18.1 %



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 acceleration;
- 3) Higher-than-expected growth of non-life insurance premiums.

Risks to our call

Downside risks to our GGM-based TP include 1) further weakening asset quality could potentially hit both loan yield and credit cost; and 2) tighter supervision from related regulators. Upside risks are 1) lower-than-expected credit costs from better asset quality management; and 2) higher-than-expected loan and insurance premium growth from the positive effects of a more favorable economic situation.

Event calendar

Date	Event
Nov 2024	3Q24 results announcement

Key assumptions

	2024E	2025E	2026E
Net profit (THB m)	4,393	5,120	5,960
Net profit growth (%)	12.71	12.28	12.83
Spread (%)	15.51	15.52	15.56
Loan growth (%)	12.55	12.44	12.54
Net interest income growth (%)	22.61	12.64	12.75
Fee growth (%)	17.83	18.00	18.00
NPL ratio (%)	2.00	2.06	2.07
Credit cost (%)	3.80	3.70	3.61
Cost to income (%)	55.00	55.00	55.00

Source: FSSIA estimates

Earnings sensitivity

		2024E	
Loan growth	±2ppt	10.55	12.55
		(1.3)	1.3
Spread (%)	±10bp	15.41	15.51
		(0.3)	0.3
Credit cost (bp)	±10bp	370	380
		1.9	(1.9)

Source: FSSIA estimates

2Q24 net profit was in line with our forecast

TIDLOR posted a 2Q24 net profit of THB1.09b, a slight drop of 1.1% q-q but an increase of 17.7% y-y, pressured by a rise in ECLs, aligning with its deteriorated asset quality. PPOP was also in line, which amounted to THB2.27b, increasing by 4.0% q-q and 23.8% y-y. Asset quality was worse than expected in terms of the credit costs, NPL ratio, and NPL coverage ratio. 1H24 net profit was THB2.20b, increasing by 16.6% y-y and accounting for 47% of our previous 2024E net profit.

Highlights

- (0) **Loans:** TIDLOR's 2Q24 loan growth was at 2.8% q-q, 18.1% y-y, and 5.7% YTD, supported by the car and motorcycle title loan expansion. The growth matched the lower end of management's guidance of 10-20% y-y, but was below our estimate of 16.1% y-y. The slow loan growth was due to its prudent credit quality policies and the proactive bad debt write-offs after the expiration of the Bank of Thailand (BoT)'s debt forbearance program at the beginning of 2024.
- (+) **Loan spread:** The 2Q24 loan spread accelerated by 18bp to 14.98% vs our forecast of 14.79%. Despite the escalated cost of funds by 10bp to 3.27%, the impact was offset by the accelerated loan yield, partly from increased loan interest rates for certain customer groups to suit their risk profiles. The 1H24 loan spread was at 15.67%, higher than our 2024E of 15.28%.
- (-) **Fee income:** Fee income dropped by 3.5% q-q but expanded by 14.5% y-y in 2Q24, slightly lower than expected, dragged by insurance brokerage income. Non-life insurance premiums declined for the first time in the past five quarters (-9.5% q-q, +21.4% y-y), but were on track with TIDLOR's target of 10-20% y-y.
- (+) **Cost-to-income ratio:** Operating expenses were slightly below our expectation, which grew by 1.3% q-q and 14.7% y-y. TIDLOR opened fewer branches – 15 units in 2Q24 vs 30 units in 1Q24, resulting in 1,723 in total. Hence, it was able to increase branch efficiency in terms of loans per branch to THB58.9m vs THB57.8m in 1Q24. The 2Q24 cost-to-income ratio was lower at 53.4% vs 53.7% in 1H24, aligning with its 2024 guidance of mid-50% and our estimate of 55%.
- (-) **Asset quality:** TIDLOR's 2Q24 asset quality deteriorated worse than expected, with a rise in the NPL ratio, ECLs, and credit costs. The NPL ratio accelerated to 1.89% vs 1.63% in 1Q24, higher than the upper end of its 1.40-1.80% target. Credit costs also jumped to 3.62% vs 3.33% in 1Q24, exceeding the upper end of the company's 3.00-3.50% target.

TIDLOR addressed the issue of its customers suffering from the unfavorable economic situation, prudent provisions to address external uncertainties, and the BoT's responsible lending implementation. The latter's impact incurred more restructuring cases in 2Q24. Consequently, the 2Q24 coverage ratio narrowed to 227.3% vs 264.1% in 1Q24. Stage 2 loans also contributed 17.3% of total vs 16.5% in 1Q24, the highest in the past five quarters, mainly from the effects of the responsible lending measure.

Exhibit 1: TIDLOR – 2Q24 operating summary

	2Q23	3Q23	4Q23	1Q24	2Q24	----- Change -----		1H24	Change	% of	2024E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(y-y%)	24E	(THB m)	(y-y%)
Interest income	3,744	4,000	4,233	4,374	4,566	3.3	22.6	8,940	(18.2)	46	19,295	24.1
Interest expense	(426)	(484)	(537)	(557)	(590)	3.7	40.9	(1,147)	(28.4)	46	(2,494)	35.4
Net interest income	3,317	3,517	3,696	3,818	3,976	3.3	20.3	7,793	(16.7)	46	16,801	22.6
Fee income	777	822	1,021	922	890	(3.5)	14.5	1,811	17.9	45	3,983	17.8
Other income	9	11	9	13	9	(33.3)	(3.2)	22	(18.5)	55	40	(15.1)
Total income	4,103	4,351	4,726	4,752	4,874	2.6	18.8	9,627	19.5	46	20,823	21.6
Operating expenses	(2,270)	(2,409)	(2,602)	(2,569)	(2,604)	1.3	14.7	(5,173)	17.8	45	(11,453)	21.8
Pre-provision operating profit	1,833	1,941	2,124	2,183	2,270	4.0	23.8	4,454	21.5	48	9,371	21.2
Expected credit loss	(670)	(681)	(1,000)	(809)	(905)	11.9	35.2	(1,715)	31.4	44	(3,879)	29.9
Profit after ECL	1,164	1,260	1,124	1,374	1,365	(0.6)	17.3	2,739	16.1	50	5,491	15.8
Operating profit	1,164	1,260	1,124	1,374	1,365	(0.6)	17.3	2,739	16.1	50	5,491	15.8
Income tax	(236)	(253)	(223)	(270)	(274)	1.4	15.7	(543)	13.9	49	(1,098)	15.2
Net profit	927	1,007	901	1,104	1,091	(1.1)	17.7	2,195	16.6	50	4,393	15.9
EPS (THB)	0.33	0.36	0.32	0.38	0.37	(1.1)	13.5	0.75	12.5	50	1.51	11.8
NPL	1,344	1,391	1,412	1,607	1,916	19.3	42.6	1,916	42.6		2,166	53.5
Loans	85,882	90,506	96,020	98,666	101,463	2.8	18.1	101,463	18.1		108,068	12.5
Interest bearing debt	61,527	64,664	68,980	71,460	72,828	1.9	18.4	72,828	18.4		77,750	12.7
Key ratios	2Q23	3Q23	4Q23	1Q24	2Q24			1H24			2024E	
	(%)	(%)	(%)	(%)	(%)			(%)			(THB m)	
Yield on loan	17.87	18.14	18.16	17.97	18.25			19.09			18.91	
Cost of funds	2.81	3.07	3.21	3.17	3.27			3.41			3.40	
Spread	15.06	15.08	14.94	14.80	14.98			15.67			15.51	
Cost to income	55.32	55.38	55.06	54.06	53.42			53.74			55.00	
Credit costs	3.20	3.09	4.29	3.33	3.62			3.66			3.80	
NPL / Loan	1.56	1.54	1.47	1.63	1.89			1.89			2.00	
LLR / Loan	4.16	4.06	4.15	4.30	4.29			4.29			3.81	
Coverage ratio	266.0	264.4	282.1	264.1	227.3			227.3			190.3	
D/E (x)	2.4	2.4	2.5	2.5	2.5			2.5			2.5	
IBD/E (x)	2.3	2.3	2.4	2.4	2.4			2.4			2.4	
IBD/Total debt (%)	96.4	96.6	96.2	96.2	96.5			96.5			96.8	
S/T debt/IBD (%)	37.5	35.6	47.5	43.2	41.3			41.3			40.6	
Loan growth q-q	5.1	5.4	6.1	2.8	2.8							
Loan growth y-y	23.7	21.4	20.2	20.8	18.1			18.1			12.5	
Loan growth YTD	7.5	13.3	20.2	2.8	5.7			5.7				

Sources: TIDLOR; FSSIA estimates

Exhibit 2: TIDLOR – Staged loans and ECL

	2022	2023	1Q24	2Q24	2022	2023	1Q24	2Q24
	(THB m)	(THB m)	(THB m)	(THB m)	(%)	(%)	(%)	(%)
Loans and accrued interest								
Stage 1	65,700	80,023	82,054	83,333	80.8	82.1	81.9	80.9
Stage 2	14,280	16,022	16,473	17,792	17.6	16.4	16.5	17.3
Stage 3	1,285	1,412	1,607	1,916	1.6	1.4	1.6	1.9
Total loans	81,265	97,457	100,133	103,042	100.0	100.0	100.0	100.0
Expected credit loss (ECL)								
Stage 1	1,075	1,390	1,524	1,616	1.6	1.7	1.9	1.9
Stage 2	1,311	1,604	1,654	1,691	9.2	10.0	10.0	9.5
Stage 3	813	988	1,066	1,049	63.2	70.0	66.3	54.8
Total ECL	3,199	3,981	4,244	4,356	3.9	4.1	4.2	4.2
LLR / Loans								
	(%)	(%)	(%)	(%)				
Stage 1	1.6	1.7	1.9	1.9				
Stage 2	9.2	10.0	10.0	9.5				
Stage 3	63.2	70.0	66.3	54.8				
Total LLR / Loans	3.9	4.1	4.2	4.2				
	(%)	(%)	(%)	(%)				
NPL / TL	1.58	1.45	1.60	1.86				
LLR / NPL	249	282	264	227				
NPL+S2/loans	19.15	17.89	18.06	19.13				
LLR/(NPL+S2)	20.6	22.8	23.5	22.1				

Sources: TIDLOR; FSSIA's compilation

Key takeaways from the analyst meeting

The analyst meeting on 9 August focused on explaining the deteriorating asset quality in 2Q24 and strategies for handling the situation in 2H24.

Highlights

- Multiple factors drove the deteriorating asset quality in 2Q24, including the sluggish economic recovery, delays in government budget disbursements, the deteriorating debt servicing capacity of borrowers, an increase in customer fraud attempts (which led to early debt write-offs of cTHB110m in 2Q24), and the implementation of responsible lending measures since early 2024 (with more debt participation of approximately THB100m in 2Q24).

These challenges have led the company to 1) adopt stricter credit measures, reducing the average ticket size by 10-15% (lowering LTV to minimize the risk) and increasing the rejection rate; 2) reallocate branch activity to collections; and 3) delay campaigns for loans and insurance. However, the positive effects of these measures will take time to materialize, roughly a couple of months, according to management.

TIDLOR reaffirms that its new NPL formation has passed its peak since 2023. The segments with the highest NPLs were mainly in two-wheeler loans (<2.50% of total), followed by four-wheeler loans (c2.00%).

- Accordingly, TIDLOR revised its NPL guidance, increasing it to a maximum of 2.0% vs the previous expectation of 1.40-1.80%. Additionally, the expected credit cost in 2H24 is close to the abnormal level of c3.62% in 2Q24, following the proactive approach to managing NPLs in 2H24.

Meanwhile, the continued high level of bad debt write-offs to strengthen the balance sheet will pressure the 2024 loan growth toward the lower end of the target range of 10-20% y-y.

- The company has raised loan yields for higher-risk customers to offset the rising risk costs and mitigate the impact on profits. However, the positive effects of these measures will take time to materialize, roughly a couple of months.

Downward revisions on 2024-26 net profit forecast

We trim our 2024-26 net profit forecasts by an average of 6-8% from the previous estimates, due mainly to higher credit cost, NPL ratio, and loan spread assumptions, with a decreased cost-to-income ratio estimate. The expected net profit growth in 2024-26 is at 16.3% (CAGR) vs 19.5% previously.

Exhibit 3: 2024-26E earnings revisions

(THB m)	New			Previous			Change		
	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
Net profit	4,393	5,120	5,960	4,671	5,551	6,469	-6.0%	-7.8%	-7.9%
EPS (THB)	1.51	1.76	2.05	1.60	1.91	2.22	-6.0%	-7.8%	-7.9%
Target price (THB)	15.80			21.00			-24.8%		
Target PBV (x)	1.4			1.9					
Expected long term ROE	15.0%			15.5%					
Cost of equity	11.0%			11.2%					
Key assumptions									
Loan growth	12.5%	12.4%	12.5%	16.1%	13.8%	14.0%			
Interest bearing debt growth	12.7%	12.3%	12.8%	15.6%	14.5%	14.5%			
Cost to income ratio	55.0%	55.0%	55.0%	55.5%	55.5%	55.5%			
Yields	18.91%	18.97%	19.01%	18.02%	18.20%	18.20%			
Cost of funds	3.40%	3.45%	3.45%	3.80%	3.90%	3.90%			
Interest spread	15.51%	15.52%	15.56%	15.28%	15.33%	15.26%			
Credit cost	3.80%	3.70%	3.61%	3.29%	3.17%	3.08%			

Source: FSSIA estimates

Exhibit 4: 2024E – FSSIA estimates vs management guidance

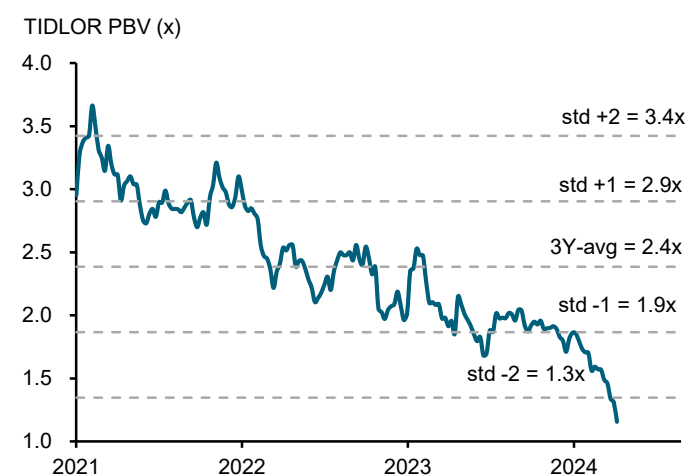
	2023	2024E	2024 guidance	
			New	Previous
Loan growth (%)	20.2%	12.5%	lower end of 10-20%	10-20%
Non-life insurance premium growth (%)	24.3%	17.0%	10-20%	10-20%
NPL ratio (%)	1.47%	2.00%	<2.00%	1.40-1.80%
Credit cost (%)	3.39%	3.80%	>3.35%	3.00-3.35%
Cost to income (%)	54.9%	55.0%	mid-50%	mid-50%

Sources: TIDLOR; FSSIA estimates

Exhibit 5: TIDLOR – GGM-based 2024 TP

Gordon growth model	New	Previous
Sustainable ROE	15.0%	15.5%
g	2.0%	6.4%
ROE-g	13.0%	9.1%
Beta	1.34	1.36
Risk free rate	3.0%	3.0%
Risk premium	6.0%	6.0%
COE	11.0%	11.2%
COE-g	9.0%	4.8%
ROE-g/COE-g (P/BV)	1.44	1.91
BVS	11.22	11.22
Fair value	15.80	21.00

Source: FSSIA estimates

Exhibit 7: TIDLOR – one-year prospective P/BV band

Sources: Bloomberg; FSSIA estimates

Exhibit 6: Share price performance of non-bank under coverage, as of 9 August 2024

	Price performance				
	1M	3M	6M	1Y	YTD
	(%)	(%)	(%)	(%)	(%)
TIDLOR TB	(23.8)	(35.8)	(37.0)	(35.5)	(36.4)
MTC TB	(5.3)	(15.6)	(10.0)	4.5	(10.0)
SAWAD TB	(18.8)	(23.5)	(19.1)	(33.7)	(20.6)
AEONTS TB	(8.0)	(32.7)	(29.2)	(31.0)	(31.9)
KTC TB	1.3	(10.3)	(11.4)	(18.8)	(10.3)
SAK TB	(12.6)	(10.1)	8.8	(0.8)	13.5
ASK TB	(22.6)	(33.8)	(46.5)	(56.6)	(46.7)
THANI TB	(22.1)	(26.1)	(23.2)	(39.5)	(25.5)
JMT TB	(26.7)	(47.3)	(56.2)	(75.3)	(61.2)
BAM TB	(16.9)	(32.8)	(26.3)	(42.0)	(24.5)
CHAYO TB	(27.6)	(36.0)	(51.1)	(65.3)	(53.8)
SETFIN	(12.2)	(25.1)	(26.5)	(34.5)	(27.5)
SET	(2.6)	(5.5)	(6.6)	(15.5)	(8.4)

Source: Bloomberg

Exhibit 8: TIDLOR – one-year prospective PER band

Sources: Bloomberg; FSSIA estimates

Exhibit 9: Peer comparisons, as of 9 August 2024

Company name	BBG code	Rec	Share price (LCY)	Target price (LCY)	Up side (%)	----- PE ----- 24E 25E (x) (x)	----- PBV ----- 24E 25E (x) (x)	----- ROE ----- 24E 25E (%) (%)	----- Div yld ----- 24E 25E (x) (x)				
Auto title													
Muangthai Capital	MTC TB	BUY	40.50	50.00	23.5	13.6	10.9	2.3	1.9	18.1	19.0	0.7	0.8
Srisawad Corp	SAWAD TB	HOLD	29.25	40.00	36.8	8.1	7.2	1.4	1.2	18.4	18.2	1.3	1.4
Ngern Tid Lor	TIDLOR TB	BUY	13.80	15.80	14.5	9.2	7.9	1.3	1.1	14.5	15.1	3.3	3.8
Saksiam Leasing	SAK TB	HOLD	4.72	5.28	11.9	11.9	10.4	1.6	1.4	13.7	14.4	3.5	4.0
Unsecured finance													
AEON Thana Sinsap (Thailand)	AEONTS TB	HOLD	109.00	145.00	33.0	8.4	7.9	1.0	1.0	12.8	12.6	5.0	5.3
Krungthai Card	KTC TB	HOLD	39.00	40.00	2.6	13.1	12.6	2.5	2.3	20.3	19.0	3.4	3.6
Hire-purchase truck													
Asia Sermkij Leasing	ASK TB	REDUCE	10.60	10.70	0.9	9.5	7.5	0.5	0.5	5.5	6.9	5.3	6.7
Ratchthani Leasing	THANI TB	HOLD	1.76	2.28	29.5	7.9	7.7	0.8	0.8	10.1	10.0	6.9	7.1
AMCs													
Bangkok Commercial Asset Mgmt.	BAM TB	HOLD	6.15	7.50	22.0	11.2	10.5	0.5	0.4	4.1	4.3	6.1	6.2
JMT Network services	JMT TB	HOLD	9.90	11.00	11.1	8.8	7.3	0.5	0.5	6.1	7.2	6.8	8.2
Chayo Group	CHAYO TB	HOLD	2.52	3.00	19.0	9.9	6.4	0.8	0.7	8.1	11.1	2.6	2.4
Average						10.1	8.7	1.2	1.1	12.0	12.5	4.5	4.5

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

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	19,295	21,771	24,542
Interest expense	(1,235)	(1,842)	(2,494)	(2,847)	(3,205)
Net interest income	11,297	13,703	16,801	18,924	21,337
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	20,823	23,664	26,923
Staff costs	(7,923)	(9,401)	(11,453)	(13,015)	(14,807)
Other operating costs	-	-	-	-	-
Operating costs	(7,923)	(9,401)	(11,453)	(13,015)	(14,807)
Pre provision operating profit	6,116	7,729	9,371	10,649	12,115
Expected credit loss	(1,583)	(2,986)	(3,879)	(4,249)	(4,665)
Other provisions	0	0	0	0	0
Operating profit	4,533	4,744	5,491	6,400	7,450
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	5,491	6,400	7,450
Tax	(893)	(953)	(1,098)	(1,280)	(1,490)
Profit after tax	3,640	3,790	4,393	5,120	5,960
Non-controlling interest	0	0	0	0	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	3,640	3,790	4,393	5,120	5,960
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	3,640	3,790	4,393	5,120	5,960
Per share (THB)					
Recurring EPS *	1.46	1.35	1.51	1.76	2.05
Reported EPS	1.46	1.35	1.51	1.76	2.05
DPS	0.75	0.41	0.45	0.53	0.62
Growth					
Net interest income (%)	29.8	21.3	22.6	12.6	12.7
Non interest income (%)	23.4	25.0	17.4	17.8	17.8
Pre provision operating profit (%)	40.0	26.4	21.2	13.6	13.8
Operating profit (%)	14.7	4.6	15.8	16.5	16.4
Reported net profit (%)	14.9	4.1	15.9	16.5	16.4
Recurring EPS (%)	6.7	(7.4)	11.8	16.5	16.4
Reported EPS (%)	6.7	(7.4)	11.8	16.5	16.4
Income Breakdown					
Net interest income (%)	80.5	80.0	80.7	80.0	79.3
Net fees & commission (%)	19.3	19.7	19.1	19.9	20.6
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	18.91	18.97	19.01
Cost of funds (%)	2.51	2.93	3.40	3.45	3.45
Net interest spread (%)	15.36	14.74	15.51	15.52	15.56
Net interest margin (%)	16.1	15.6	16.5	16.5	16.5
Cost/income(%)	56.4	54.9	55.0	55.0	55.0
Cost/assets(%)	10.5	10.2	10.8	10.9	11.1
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	14.5	15.1	15.7
ROE - COE (%)	4.4	3.3	3.7	4.3	4.9
ROA (%)	4.8	4.1	4.1	4.3	4.5
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	108,068	121,514	136,748
Allowance for expected credit loss	(3,199)	(3,981)	(4,122)	(5,104)	(5,785)
interest in suspense	1,367	1,436	1,637	1,859	2,109
Net customer loans	78,067	93,475	105,583	118,269	133,073
Bank loans	-	-	-	-	-
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	0	0	0	0	0
Cash & equivalents	2,191	1,656	1,598	1,770	1,958
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	112,370	125,755	141,357
Customer deposits	3,600	6,643	6,000	6,000	6,000
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	53,013	62,337	71,750	81,300	92,500
Non interest bearing liabilities	2,692	2,745	2,583	2,687	2,801
Hybrid Capital	-	-	-	-	-
Total liabilities	59,305	71,724	80,333	89,987	101,301
Share capital	9,240	10,395	10,780	10,780	10,780
Reserves	16,182	18,028	21,257	24,988	29,276
Total equity	25,422	28,424	32,037	35,768	40,056
Non-controlling interest	0	0	0	0	0
Total liabilities & equity	84,727	100,148	112,370	125,755	141,357
Supplementary items					
Risk weighted assets (RWA)	n/a	n/a	n/a	n/a	n/a
Average interest earning assets	70,118	87,959	102,044	114,791	129,131
Average interest bearing liabilities	49,254	62,796	73,365	82,525	92,900
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	2,166	2,501	2,833
Per share (THB)					
Book value per share	10.18	10.12	11.00	12.28	13.75
Tangible book value per share	9.96	9.92	10.81	12.09	13.56
Growth					
Gross customer loans	32.4	20.2	12.5	12.4	12.5
Average interest earning assets	26.2	25.4	16.0	12.5	12.5
Total asset (%)	27.4	18.2	12.2	11.9	12.4
Risk weighted assets (%)	-	-	-	-	-
Customer deposits (%)	9.1	84.5	(9.7)	-	-
Leverage & capital measures					
Customer loan/deposits (%)	2,168.5	1,407.1	1,759.7	1,971.1	2,217.9
Equity/assets (%)	30.0	28.4	28.5	28.4	28.3
Tangible equity/assets (%)	29.4	27.8	28.0	28.0	27.9
RWA/assets (%)	-	-	-	-	-
CET 1 CAR (%)	-	-	-	-	-
Total CAR (%)	-	-	-	-	-
Asset Quality (FSSIA's calculation)					
Change in NPL (%)	75.5	9.8	53.5	15.4	13.3
NPL/gross loans (%)	1.6	1.5	2.0	2.1	2.1
Allowance for ECL/gross loans (%)	4.0	4.1	3.8	4.2	4.2
Allowance for ECL/NPL (%)	248.9	282.1	190.3	204.1	204.2
Valuation					
Recurring P/E (x) *	9.5	10.2	9.2	7.9	6.7
Recurring P/E @ target price (x) *	10.8	11.7	10.5	9.0	7.7
Reported P/E (x)	9.5	10.2	9.2	7.9	6.7
Dividend yield (%)	5.5	2.9	3.3	3.8	4.5
Price/book (x)	1.4	1.4	1.3	1.1	1.0
Price/tangible book (x)	1.4	1.4	1.3	1.1	1.0
Price/tangible book @ target price (x)	1.6	1.6	1.5	1.3	1.2
* Pre-exceptional, pre-goodwill and fully diluted					

Sources: Ngern Tid Lor; FSSIA estimates

Ngern Tid Lor PCL (TIDLOR TB)

FSSIA ESG rating

★ ★

Exhibit 10: FSSIA ESG score implication

36.71 /100

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 11: 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 12: 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 13: 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><tr><th>NEGL</th><th>Low</th><th>Medium</th><th>High</th><th>Severe</th></tr><tr><td>0-10</td><td>10-20</td><td>20-30</td><td>30-40</td><td>40+</td></tr></table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+										
NEGL	Low	Medium	High	Severe																		
0-10	10-20	20-30	30-40	40+																		
ESG Book	The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.	The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.																				
MSCI	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. <table><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></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	
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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 13.80	HOLD	Downside risks to our GGM-based TP include 1) further weakening asset quality could potentially hit both loan yield and credit cost; and 2) tighter supervision from related regulators. Upside risks are 1) lower-than-expected credit costs from better asset quality management; and 2) higher-than-expected loan and insurance premium growth from the positive effects of a more favorable economic situation.
JMT Network Services	JMT TB	THB 9.90	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
Ratchthani Leasing	THANI TB	THB 1.76	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.
Saksiam Leasing	SAK TB	THB 4.72	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 109.00	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 39.00	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 10.60	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 6.15	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 2.52	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-Aug-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.