

SRISAWAD CORP
THAILAND / FINANCE & SECURITIES

SAWAD TB

HOLD

UNCHANGED

การบริหารจัดการหนี้อย่างต่อเนื่องเริ่มเห็นผล

- แผนการบริหารหนี้ด้วยคุณภาพเชิงรุกน่าจะให้ผลบวกในช่วง 2H24
- ผลบวกส่วนมากได้สะท้อนในประมาณการปี 2024-26 ของเราไปแล้วแต่ยังไม่สะท้อนผลลบซึ่งทำให้ประมาณการกำไรสุทธิลดลง 4-5% จากเดิม
- คงคำแนะนำถือที่ราคาเป้าหมายปี 2024 ใหม่ที่ 37 บาท

TARGET PRICE	THB37.00
CLOSE	THB32.00
UP/DOWNSIDE	+15.6%
PRIOR TP	THB40.00
CHANGE IN TP	-7.5%
TP vs CONSENSUS	-7.2%

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Operating profit	6,629	6,871	7,606	8,789
Net profit	5,001	5,221	5,833	6,789
EPS (THB)	3.64	3.46	3.86	4.49
vs Consensus (%)	-	(2.4)	(2.8)	(2.4)
Recurring net profit	5,001	5,221	5,833	6,789
Core EPS (THB)	3.64	3.46	3.86	4.49
Chg. In EPS est. (%)	-	(4.1)	(5.4)	(3.6)
EPS growth (%)	11.7	(5.1)	11.7	16.4
Core P/E (x)	8.8	9.3	8.3	7.1
Dividend yield (%)	0.3	0.3	1.2	1.4
Price/book (x)	1.6	1.4	1.3	1.1
ROE (%)	18.6	17.0	16.2	16.3
ROA (%)	5.8	4.7	4.9	5.0

การบริหารหนี้ด้วยคุณภาพเชิงรุกส่งผลให้แนวโน้ม 2H24 เป็นบวก

ที่ประชุมนักวิเคราะห์ของ SAWAD เมื่อวันที่ 16 ส.ค. มีประเด็นสำคัญประกอบด้วย 1) ความคืบหน้าเกี่ยวกับแผนการบริหารหนี้ด้วยคุณภาพเชิงรุกในส่วนของผลขาดทุนทางเครดิตที่คาดว่าจะเกิดขึ้น (ECLs) และผลขาดทุนจากการขายรถยนต์ซึ่งส่วนมากเป็นของ SCAP 2) Loan spread ที่ดีกว่าคาดใน 2Q24 และกลยุทธ์การจัดหาเงินทุนในช่วง 2H24 ท่ามกลางตลาดพันธบัตรที่เปราะบางและ 3) กลยุทธ์การเติบโตตลอดช่วงที่เหลือของปี 2024 นอกจากนี้ SAWAD ยังให้มุมมองของผลการดำเนินงาน 3Q24 ว่าจะดีกว่าใน 2Q24 จากความต้องการสินเชื่อและการเก็บเงินสดที่สูงขึ้นพร้อมแนวโน้มขาลงของผลขาดทุนจากการขายรถยนต์

คุณภาพสินทรัพย์อยู่ในระดับจัดการได้

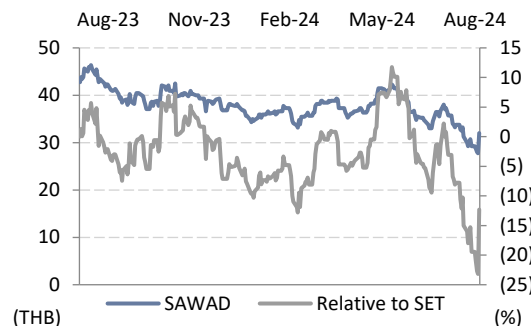
ในภาพรวมคุณภาพสินทรัพย์สอดคล้องกับเป้าหมายการของบริษัทฯ ประกอบด้วยสัดส่วนหนี้ด้วยคุณภาพที่ไม่เกิน 3.50% เทียบกับ 3.40% ณ สิ้นไตรมาส 2Q24 และสัดส่วนสำรองต่อหนี้ด้วยคุณภาพ (Coverage ratio) ที่ปรับขึ้นเป็น 59.8% ณ สิ้นไตรมาส 2Q24 นอกจากนี้ SAWAD ยังคาดว่าจะการยึดมั่นแนวโน้มเป็นบวกในช่วง 2H24 โดยคาดว่าผลขาดทุนจะค่อย ๆ ลดลง อย่างไรก็ตามต้นทุนความเสี่ยงในการปล่อยสินเชื่อ (Credit costs) ยังปรับขึ้นเหนือเป้าหมายการทั้งปีของบริษัทฯ ที่ 180bps โดยบริษัทฯ มีมุมมองว่าอาจลดลงสอดคล้องกับคุณภาพสินทรัพย์ปรับตัวขึ้น อย่างไรก็ตามจากสินเชื่อขั้นที่ 2 ที่เพิ่มต่อเนื่องโดยคิดเป็น 11.1% ของสินเชื่อรวมในปัจจุบันเราเชื่อว่า Credit cost ที่ลดลงในช่วง 2H24 อาจเป็นเรื่องท้าทาย นอกจากนี้ความต้องการสำรอง ECL เพื่อสะท้อนสถานะเศรษฐกิจในปัจจุบันน่าจะทำให้ค่า LGD (Loss given default) ทรงตัวในระดับสูงซึ่งทำให้เราคาดว่า Credit cost ในช่วง 2H24 จะปรับขึ้นต่อเนื่องใกล้เคียงกับในช่วง 1H24 ที่ประมาณ 200bp

ปรับลดประมาณการกำไรปี 2024-26 ของเราเพื่อสะท้อนสินเชื่อและ Spread ที่ลดลง

เราปรับลดประมาณการกำไรสุทธิปี 2024-26 ของเราลงเฉลี่ย 4-5% จากประมาณการก่อนหน้านี้ ส่วนมากจากสมมติฐานการเติบโตของสินเชื่อและ Loan spread ที่ลดลงซึ่งมีน้ำหนักมากกว่าผลบวกจากสมมติฐาน Credit cost และอัตราส่วนค่าใช้จ่ายการขายและการบริหารต่อยอดขายที่ลดลง

คงคำแนะนำถือที่ราคาเป้าหมายปี 2024 ใหม่ที่ 37 บาท

เราคงคำแนะนำถือที่ราคาเป้าหมายปี 2024 ใหม่ที่ 37 จาก 40 บาท (GGM) คิดเป็นค่า P/BV อยู่ที่ 1.51x (จาก 1.72x) ภายใต้สมมติฐานค่า LT ROE ที่ 16.5% (จาก 18.1%) และ COE ที่ 12.6% อย่างไรก็ตามเราชอบ MTC (BUY; TP 50 บาท) มากกว่าจากศักยภาพการเติบโตของกำไรและคุณภาพสินทรัพย์ที่ดีกว่า



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(13.5)	(21.0)	(20.0)
Relative to country (%)	(12.3)	(16.5)	(6.7)
Mkt cap (USD m)	1,381		
3m avg. daily turnover (USD m)	7.8		
Free float (%)	45		
Major shareholder	Kaewbootta Family (28%)		
12m high/low (THB)	47.05/27.25		
Issued shares (m)	1,373		

Sources: Bloomberg consensus; FSSIA estimates



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Investment thesis

- We maintain our neutral view of SAWAD's outlook following its balance sheet cleanup process in 1H24. Despite expected impacts aligning with the 2024 guidance, its 2H24 performance and share price should be under pressure until a visible trend of losses on sales of repossessed cars and credit costs emerges.
- We expect 2024-26 net profit to grow at a 10.7% CAGR, with title loans being a main supporting factor.
- We maintain our HOLD recommendation at the current price due to its limited potential returns. We prefer MTC (BUY; TP THB50) to SAWAD because of its superior earnings growth potential and more solid asset quality.

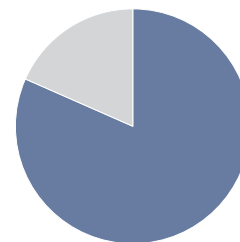
Company profile

SAWAD provides loan services to retail customers. Its business operations can be classified into four main categories: 1) auto title loans against all types of used vehicles, homes, and land; 2) unsecured personal loans; 3) motorcycle hire-purchase; and 4) asset management.

www.meebaanmeerod.com

Principal activities (revenue, 1H24)

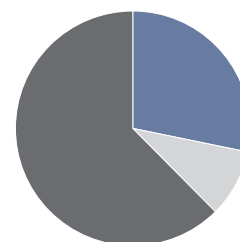
- Net interest income - 81.6 %
- Non-interest income - 18.4 %



Source: Srisawad Corp

Major shareholders

- Kaewbootta Family - 28.2 %
- Thai NVDR - 9.3 %
- Others - 62.4 %



Source: Srisawad Corp

Catalysts

- 1) Better-than-expected loan growth.
- 2) Better-than-expected spread.
- 3) Lower-than-expected NPLs and credit costs.
- 4) Lower-than-expected operating expenses.

Risks to our call

Downside risks to our GGM-based TP include 1) a further weakening of asset quality that could potentially hit both loan yield and credit cost; and 2) changes in financial regulations by the Bank of Thailand and the Office of Consumer Protection Board. Upside risks include 1) a faster-than-expected decline in losses on sales of repossessed cars for SCAP; and 2) an interest rate downtrend could push its interest spread.

Event calendar

Date	Event
Nov 2024	3Q24 results announcement

Key assumptions

	2024E	2025E	2026E
	(%)	(%)	(%)
Loan growth	7.8%	10.6%	12.7%
HP income growth	-12.4%	-14.1%	-9.6%
Loan income growth	15.0%	17.0%	17.0%
Spread	14.39	14.42	14.94
Credit cost	2.00	2.00	2.00
NPL ratio	3.50	3.55	3.57

Source: FSSIA estimates

Earnings sensitivity

			2024E	
Loan growth	±2ppt	5.76	7.76	9.76
% change in net profit		(1.0)		1.0
Spread (%)	±5bp	14.34	14.39	14.44
% change in net profit		(0.3)		0.3
Credit cost (bp)	±10bp	1.90	2.00	2.10
% change in net profit		1.5		(1.5)

Source: FSSIA estimates

Key takeaways from the analyst meeting

SAWAD's analyst meeting on 16 August mainly focused on 1) progress on the proactive NPL management plan regarding ECLs, and the losses on sales of repossessed cars, mainly SCAP's; 2) the better-than-expected loan spread in 2Q24 and its funding strategy in 2H24 amid the vulnerable bond market; and 3) the growth strategy throughout the rest of 2024. In addition, SAWAD guided for the 3Q24 operating results to be better than those in 2Q24, owing to higher loan demand and debt collection, along with the downward trend of losses on sales of repossessed vehicles.

We have reduced our 2024-26 net profit forecasts by an average of 4-5% from our previous estimates, primarily due to lower loan growth and loan spread assumptions. Although declining credit costs and lower cost-to-income ratio assumptions offer positive effects, they cannot offset the impact.

Exhibit 1: 2024-26E earnings revisions

THB m	New			Previous			Change		
	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
Net profit	5,221	5,833	6,789	5,445	6,169	7,042	-4.1%	-5.4%	-3.6%
EPS (THB)	3.46	3.86	4.49	3.60	4.08	4.66	-4.1%	-5.4%	-3.6%
EPS growth	4.41	11.70	16.40	8.88	13.30	14.17			
Target price (THB)	37.00			40.00			-7.5%		
Target PBV (x)	1.51			1.72					
Expected long term ROE	16.47			18.09					
Expected long term growth	5.00			5.00					
Key assumptions									
Gross loans	104,504	115,557	130,273	114,130	134,001	157,492	-8.4%	-13.8%	-17.3%
Interest bearing debts	73,874	79,192	86,754	86,884	99,704	115,467	-15.0%	-20.6%	-24.9%
Administrative expenses	8,319	9,180	10,529	9,962	11,660	13,725	-16.5%	-21.3%	-23.3%
Loan growth	7.76	10.58	12.74	17.68	17.41	17.53			
Cost to income ratio	53.00	53.00	53.00	55.00	55.00	55.00			
Yields	18.84	18.90	19.42	21.25	21.31	21.48			
Cost of funds	4.45	4.48	4.48	4.25	4.26	4.26			
Spread	14.39	14.42	14.94	17.00	17.05	17.22			
Credit cost	2.00	2.00	2.00	2.60	2.80	3.00			
NPL ratio	3.50	3.55	3.57	3.50	3.60	3.70			

Source: FSSIA estimates

We maintain our HOLD call with a new 2024 GGM-based TP of THB37 (from THB40), suggesting a P/BV of 1.51x (from 1.72x) under the expected LT ROE of 16.5% (from 18.1%) and COE of 12.6%. However, we are more inclined towards MTC (BUY; TP THB50) due to its superior earnings growth potential and more solid asset quality.

Highlights

- 1) **Progress on the proactive NPL management plan:** SAWAD provided details on its proactive management of NPLs by accelerating the repossession and sale of vehicles. It has already completed 80-90% of its vehicle repossession target. SAWAD observed positive signs at the end of 2Q24, with a decreased volume of repossessed vehicles. The situation led to a reversal of THB61m in impairment reserves for repossessed cars in 2Q24, mainly from SCAP. Meanwhile, the loss from selling repossessed vehicles decreased to THB475m, down from the peak of THB490m in 1Q24.

Furthermore, the policy for new loan approvals has become more stringent regarding quality since late 2023, notably by reducing the LTV to around 40% based on the appraised value of collateral, which has decreased significantly recently. Consequently, SAWAD expects a positive vehicle repossession trend in 2H24, with losses gradually declining.

- 2) **The better-than-expected loan spread in 2Q24**, which increased q-q by 12bp to 14.67% vs our expectation of 14.15%. Additionally, the cost of funds slightly decreased due to stable total borrowings, which aligned with the relatively stable loan portfolio during this period. SAWAD attributed the improvement in loan yield in 2Q24 to three key factors: 1) SCAP's slightly higher loan yield was mainly due to the effects of lower dealer commissions, which had shown as a net amount deducted from the loan yield, without increasing the HP interest charged; 2) the interest rate on motorcycle title loans in Fast Money (FM)'s portfolio increased to 22% for new contracts, up from the previous 18%. Despite violating the guidelines for receiving low-cost funding from GSB, the company believes the spread is worthwhile; and 3) working days in 1Q24 were fewer than in 2Q24 (90 vs 91 days). Accordingly, the cost of funds will have a limited impact on the 2H24 loan spread.

Additionally, SAWAD revealed its plan for managing funding sources in 2H24 in response to the current volatility in the bond market. The company has secured new loans from foreign banks (SMBC and BOC) amounting to THB5b. The effective interest rate, including the hedging costs, is similar to domestic borrowing rates. SAWAD has also obtained an additional THB1b in loans from domestic banks, which will help reduce the need for a new bond issuance until November 2024.

In 2H24, the company has THB6.6b in bonds maturing (including SCAP). The recent issuance of THB2.0b has prepared liquidity for redeeming these bonds. The company and SCAP have monthly cash inflows of THB4b-5b from debt repayments and available credit lines from financial institutions of THB5b-6b, which is sufficient to cover the upcoming bond obligations.

- 3) **The 2H24 outlook.** The company has identified negative aspects in the lower-than-expected loan growth compared to its original target. On the positive side, there is a rebound in insurance brokerage fee income, the loan spread is stabilizing – aligning with the expected cost of funds' interest expenses rising only marginally – and the losses from vehicle repossessions are starting to decrease, as mentioned above.

Due to its policy to focus of maintaining liquidity and reducing credit risk, the loan growth for 2024 will not achieve the previously targeted 15-20% y-y, but should not exceed 10% y-y instead, with a primary focus on vehicle title loans. Meanwhile, for motorcycle hire purchase loans (SCAP) the priority is on maintaining loan quality over growth, leading to a contraction in this portfolio.

However, the decline in fee income in 2Q24 was attributed to the long holiday period during the Songkran festival, which significantly reduced the staff's insurance sales effectiveness. The expected 2H24 fee income should return to near-normal levels, similar to those in 1Q24.

Exhibit 2: Peers performance comparison, as of 16 August 2024

	MTC			SAWAD			TIDLOR			SAK		
	2022	2023	1H24	2022	2023	1H24	2022	2023	1H24	2022	2023	1H24
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)
Gross loans	119,084	141,559	152,934	55,147	96,981	98,792	79,898	96,020	101,463	10,600	12,066	13,317
% growth Y-Y	30.0	18.2	16.5	63.8	75.9	13.6	32.4	20.2	18.1	22.0	13.8	16.7
Branch (no.)	6,668	7,537	7,980	5,385	5,447	5,622	1,628	1,678	1,723	929	1,029	1,029
Loans per branch	17.9	18.8	19.2	10.2	17.8	17.6	49.1	57.2	58.9	11.4	11.7	12.9
Yields (%)	18.30	18.03	21.02	19.77	20.70	18.77	17.87	17.67	19.09	23.95	23.59	23.35
Cost of funds (%)	3.36	3.66	4.10	3.26	4.18	4.44	2.51	2.93	3.41	3.35	4.85	4.87
Interest spreads (%)	14.94	14.38	14.21	16.51	16.52	14.33	15.37	14.74	15.67	20.61	18.74	18.48
% NII/ Total Rev.	95	95	95	69	81	84	80	80	81	99	99	99
% Non-NII/ Total Rev.	5	5	5	31	19	18	20	20	19	1	1	1
Operating expense	8,069	10,042	7,574	5,442	8,282	4,817	7,923	9,401	5,173	1,139	1,324	712
Cost to income (%)	46.76	46.94	47.64	48.47	49.75	52.60	56.44	54.88	53.74	48.78	48.32	49.04
Net profit	5,093	4,906	2,834	4,476	5,001	2,525	3,640	3,790	2,195	712	750	395
% growth Y-Y	3.0	(3.7)	24.8	(5.2)	11.7	7.6	14.9	4.1	16.6	17.2	5.3	11.1
ROE (%)	18.88	16.08	15.48	17.78	18.58	17.95	15.22	14.08	16.83	13.89	13.41	13.93
ROA (%)	4.50	3.53	3.38	7.49	5.53	4.68	4.81	4.10	5.06	6.73	6.05	5.87
BVS (THB)	13.72	15.06	14.45	21.12	22.72	20.33	10.18	10.12	10.25	2.56	2.78	2.82
PBV (x)	3.10	2.82	2.94	1.51	1.41	1.57	1.36	1.36	1.35	1.85	1.71	1.68
NPL	3,507	4,461	4,433	1,385	2,998	3,360	1,285	1,412	1,916	276	310	333
LLR	3,686	5,169	5,562	656	1,605	2,010	3,199	3,981	4,356	290	310	335
NPL ratio	3.00	3.22	2.90	2.51	3.09	3.40	1.61	1.47	1.89	2.61	2.57	2.50
NPL Coverage ratio	105	116	125	47	54	60	249	282	227	105	100	103
ECL	2,433	3,934	1,692	78	1,763	1,023	1,583	2,986	1,715	131	151	85
Credit cost (%)	2.70	3.71	3.21	0.18	2.32	2.07	2.26	3.39	3.66	1.36	1.33	1.37
D/E ratio (x)	3.40	3.70	3.68	1.40	2.57	2.38	2.33	2.52	2.53	1.16	1.26	1.44
IBD/E ratio (x)	3.30	3.60	3.60	1.26	2.44	2.26	2.23	2.43	2.44	1.11	1.21	1.39

Sources: Company data; FSSIA estimates

Exhibit 3: SAWAD – 2Q24 operating summary

FY ending Dec 31	2Q23 (THB m)	3Q23 (THB m)	4Q23 (THB m)	1Q24 (THB m)	2Q24 (THB m)	----- Change ----- (q-q%) (y-y%)		1H23 (THB m)	1H24 (THB m)	Change (y-y%)	% of 24E	2024E (THB m)	Change (y-y%)
Interest income	3,444	4,647	4,545	4,595	4,662	1.5	35.4	6,551	8,090	23.5	43	18,979	20.6
Interest expense	(482)	(690)	(749)	(789)	(793)	0.5	64.5	(827)	(1,172)	41.8	36	(3,244)	43.2
Net interest income	2,961	3,956	3,796	3,806	3,869	1.7	30.7	5,725	6,918	20.8	44	15,735	16.8
Other income	956	605	767	818	665	(18.6)	(30.4)	1,824	1,561	(14.4)	49	3,171	(0.8)
Total income	3,917	4,562	4,563	4,623	4,534	(1.9)	15.8	7,549	8,479	12.3	45	18,906	13.4
Operating expenses	(1,776)	(2,447)	(2,281)	(2,492)	(2,325)	(6.7)	30.9	(3,555)	(4,223)	18.8	42	(10,020)	21.0
Pre-provision operating profit	2,140	2,115	2,283	2,131	2,209	3.6	3.2	3,994	4,256	6.6	48	8,886	5.9
Expected credit loss	(575)	(316)	(664)	(486)	(537)	10.5	(6.7)	(783)	(891)	13.8	44	(2,015)	14.3
Profit after ECL	1,565	1,800	1,618	1,645	1,672	1.6	6.8	3,211	3,365	4.8	49	6,871	3.6
Operating profit	1,565	1,800	1,618	1,645	1,672	1.6	6.8	3,211	3,365	4.8	49	6,871	3.6
Income tax	(342)	(375)	(333)	(367)	(352)	(4.2)	2.8	(667)	(717)	7.5	49	(1,477)	7.4
NCI	(76)	(37)	(19)	(17)	(56)	227.0	(27.1)	(197)	(114)	(42.3)	66	(172)	(32.0)
Net profit	1,146	1,387	1,266	1,261	1,264	0.3	10.3	2,347	2,534	8.0	49	5,221	4.4
EPS (THB)	0.83	1.01	0.92	0.83	0.84	0.3	0.3	1.71	1.67	(2.2)	48	3.46	(5.1)
NPL	2,303	2,527	2,998	3,192	3,360	5.3	45.9	2,303	2,527	9.7		3,660	22.1
Loans	86,983	92,429	96,981	98,534	98,792	0.3	13.6	86,983	92,429	6.3		104,504	7.8
Interest bearing debt	69,155	76,686	75,983	77,475	76,476	(1.3)	10.6	69,155	76,686	10.9		73,874	(2.8)
Key ratios	2Q23	3Q23	4Q23	1Q24	2Q24			1H23	1H24	(y-y)		2024E	
	(%)	(%)	(%)	(%)	(%)			(%)	(%)	(ppt)		(%)	
Yield on loans	18.19	20.72	19.20	18.80	18.90			20.52	18.77			18.84	
Cost of funds	3.49	3.87	4.03	4.25	4.23			3.52	4.44			4.45	
Spread	14.70	16.85	15.16	14.55	14.67			17.00	14.33			14.39	
Cost to income	45.46	53.63	49.98	53.90	51.28			47.25	52.60			53.00	
Credit cost	3.04	1.41	2.81	1.99	2.18			2.45	2.07			2.00	
NPL / Loan	2.65	2.73	3.09	3.24	3.40			2.65	3.40			3.50	
LLR / Loan	1.36	1.37	1.65	1.80	2.03			1.36	2.03			2.07	
Coverage ratio	51.28	50.22	53.55	55.60	59.82			51.28	59.82			59.23	
D/E (x)	2.55	2.69	2.57	2.53	2.38			2.55	2.38			2.13	
IBD/E (x)	2.42	2.55	2.44	2.38	2.26			2.42	2.26			1.97	
S/T debt/IBD (x)	42.19	42.80	47.27	47.91	52.05			42.19	52.05			62.29	
ROA	5.08	5.23	4.56	4.46	4.42			5.92	4.68			4.57	
ROE	17.49	21.14	18.37	17.50	16.81			18.88	17.95			16.96	
Loan growth q-q	34.9	6.3	4.9	1.6	0.3								
Loan growth y-y	113.5	93.5	75.9	52.8	13.6			113.5	13.6			7.8	
Loan growth YTD	57.7	67.6	75.9	1.6	1.9			57.7	1.9				

Sources: SAWAD; FSSIA estimates

Exhibit 4: Staged loans and ECL

	2022 (THB m)	2023 (THB m)	1Q24 (THB m)	2Q24 (THB m)	2022 (%)	2023 (%)	1Q24 (%)	2Q24 (%)
Staged loans								
Stage 1	50,271	86,099	86,065	84,620	91.0	88.7	87.2	85.5
Stage 2	3,614	8,012	9,410	10,949	6.5	8.3	9.5	11.1
Stage 3	1,385	2,998	3,192	3,360	2.5	3.1	3.2	3.4
Total	55,270	97,109	98,666	98,929	100.0	100.0	100.0	100.0
Allowance for ECL								
Stage 1	171	324	338	378	0.3	0.4	0.4	0.4
Stage 2	238	566	662	771	6.6	7.1	7.0	7.0
Stage 3	247	716	774	861	17.9	23.9	24.2	25.6
Total	656	1,605	1,774	2,010	1.2	1.7	1.8	2.0
LLR/ Loans								
	(%)	(%)	(%)	(%)				
Stage 1	0.3	0.4	0.4	0.4				
Stage 2	6.6	7.1	7.0	7.0				
Stage 3	17.9	23.9	24.2	25.6				
Total	1.2	1.7	1.8	2.0				
	(%)	(%)	(%)	(%)				
NPL / TL	2.5	3.1	3.2	3.4				
NPL vs Stage 2 loans / TL	9.0	11.3	12.8	14.5				
LLR / NPL	47	54	56	60				
LLR / (NPL vs Stage 2)	13	15	14	14				

Sources: SAWAD; FSSIA's compilation

Exhibit 5: SAWAD – GGM-based 2024 TP

Gordon Growth Model	New	Previous
Sustainable ROE	16.5%	18.1%
g	5.0%	5.0%
ROE-g	11.5%	13.1%
Beta	1.60	1.60
Risk free rate	3.0%	3.0%
Risk premium	6.0%	6.0%
COE	12.6%	12.6%
COE-g	7.6%	7.6%
ROE-g/COE-g	1.51	1.72
BVS	24.77	23.06
Fair value	37.0	40.0

Sources: FSSIA estimates

Exhibit 6: Share price performance of non-banks under coverage, as of 14 August 2024

	Price performance				
	1M	3M	6M	1Y	YTD
	(%)	(%)	(%)	(%)	(%)
TIDLOR TB	(20.2)	(34.0)	(36.4)	(30.5)	(36.4)
MTC TB	5.6	(8.6)	(4.0)	11.8	(5.6)
SAWAD TB	(10.5)	(22.9)	(12.5)	(23.5)	(13.1)
AEONTS TB	(6.4)	(31.9)	(26.2)	(29.9)	(31.3)
KTC TB	0.6	(8.6)	(7.6)	(12.2)	(8.6)
SAK TB	(7.1)	(13.0)	5.8	(0.4)	13.9
ASK TB	(24.0)	(34.5)	(45.3)	(58.5)	(50.0)
THANI TB	(13.8)	(24.6)	(14.2)	(37.0)	(23.4)
JMT TB	9.8	(24.3)	(41.7)	(68.5)	(47.5)
BAM TB	(4.2)	(24.0)	(16.0)	(33.3)	(16.6)
CHAYO TB	(10.1)	(33.0)	(49.4)	(65.4)	(50.8)
SETFIN	(5.3)	(21.3)	(22.2)	(30.6)	(24.5)
SET	(1.1)	(5.8)	(6.1)	(14.2)	(8.0)

Sources: Bloomberg

Financial Statements

Srisawad Corp

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Interest Income	8,780	15,744	18,979	20,795	23,870
Interest expense	(862)	(2,266)	(3,244)	(3,355)	(3,638)
Net interest income	7,918	13,478	15,735	17,440	20,232
Net fees & commission	1,215	3,171	3,171	3,424	3,698
Foreign exchange trading income	-	-	-	-	-
Securities trading income	-	-	-	-	-
Dividend income	-	-	-	-	-
Other income	2,312	26	0	0	0
Non interest income	3,527	3,197	3,171	3,424	3,698
Total income	11,445	16,674	18,906	20,864	23,930
Staff costs	(5,442)	(8,282)	(10,020)	(11,058)	(12,683)
Other operating costs	-	-	-	-	-
Operating costs	(5,442)	(8,282)	(10,020)	(11,058)	(12,683)
Pre provision operating profit	6,002	8,392	8,886	9,806	11,247
Expected credit loss	(78)	(1,763)	(2,015)	(2,201)	(2,458)
Other provisions	-	-	-	-	-
Operating profit	5,924	6,629	6,871	7,606	8,789
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	5,924	6,629	6,871	7,606	8,789
Tax	(1,097)	(1,375)	(1,477)	(1,635)	(1,890)
Profit after tax	4,827	5,254	5,394	5,970	6,899
Non-controlling interest	(351)	(253)	(172)	(138)	(110)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	4,476	5,001	5,221	5,833	6,789
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	4,476	5,001	5,221	5,833	6,789
Per share (THB)					
Recurring EPS *	3.26	3.64	3.46	3.86	4.49
Reported EPS	3.26	3.64	3.46	3.86	4.49
DPS	1.80	0.11	0.11	0.39	0.45
Growth					
Net interest income (%)	30.6	70.2	16.8	10.8	16.0
Non interest income (%)	5.4	(9.4)	(0.8)	8.0	8.0
Pre provision operating profit (%)	1.1	39.8	5.9	10.4	14.7
Operating profit (%)	(7.3)	11.9	3.6	10.7	15.6
Reported net profit (%)	(5.2)	11.7	4.4	11.7	16.4
Recurring EPS (%)	(5.2)	11.7	(5.1)	11.7	16.4
Reported EPS (%)	(5.2)	11.7	(5.1)	11.7	16.4
Income Breakdown					
Net interest income (%)	69.2	80.8	83.2	83.6	84.5
Net fees & commission (%)	10.6	19.0	16.8	16.4	15.5
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	-	-	-	-	-
Dividend income (%)	-	-	-	-	-
Other income (%)	20.2	0.2	-	-	-
Operating performance					
Gross interest yield (%)	19.77	20.70	18.84	18.90	19.42
Cost of funds (%)	3.26	4.18	4.45	4.48	4.48
Net interest spread (%)	16.51	16.52	14.39	14.42	14.94
Net interest margin (%)	17.8	17.7	15.6	15.9	16.5
Cost/income(%)	47.6	49.7	53.0	53.0	53.0
Cost/assets(%)	9.1	9.2	8.8	9.0	9.3
Effective tax rate (%)	18.5	20.7	21.5	21.5	21.5
Dividend payout on recurring profit (%)	55.2	3.1	3.1	10.0	10.0
ROE (%)	17.8	18.6	17.0	16.2	16.3
ROE - COE (%)	5.2	6.0	4.4	3.6	3.7
ROA (%)	8.1	5.8	4.7	4.9	5.0
RORWA (%)	-	-	-	-	-

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Srisawad Corp; FSSIA estimates

Financial Statements

Srisawad Corp

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Gross customer loans	55,147	96,981	104,504	115,557	130,273
Allowance for expected credit loss	(748)	(1,830)	(2,168)	(2,461)	(2,795)
interest in suspense	664	845	919	1,001	1,115
Net customer loans	55,063	95,996	103,256	114,097	128,593
Bank loans	-	-	-	-	-
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	3,019	2,573	2,830	3,113	3,425
Cash & equivalents	2,823	3,962	2,079	2,479	2,421
Other interesting assets	-	-	-	-	-
Tangible fixed assets	598	764	841	925	1,017
Associates	-	-	-	-	-
Goodwill	1,372	1,416	1,444	1,473	1,502
Other intangible assets	961	1,209	1,209	1,209	1,209
Other assets	5,646	5,545	5,309	5,841	6,435
Total assets	69,482	111,465	116,967	129,136	144,601
Customer deposits	0	0	0	0	0
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	36,467	75,983	73,874	79,192	86,754
Non interest bearing liabilities	4,011	4,285	5,676	6,647	7,706
Hybrid Capital	-	-	-	-	-
Total liabilities	40,477	80,268	79,550	85,839	94,460
Share capital	1,373	1,373	1,510	1,510	1,510
Reserves	24,289	26,804	31,898	37,147	43,258
Total equity	25,662	28,177	33,408	38,658	44,769
Non-controlling interest	3,342	3,020	4,009	4,639	5,372
Total liabilities & equity	69,482	111,465	116,967	129,136	144,601
Supplementary items					
Risk weighted assets (RWA)	n/a	n/a	n/a	n/a	n/a
Average interest earning assets	44,408	76,064	100,743	110,030	122,915
Average interest bearing liabilities	26,421	54,261	72,898	74,890	81,208
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)	1,385	2,998	3,660	4,100	4,650
Per share (THB)					
Book value per share	18.69	20.52	22.12	25.59	29.64
Tangible book value per share	16.99	18.61	20.36	23.82	27.84
Growth					
Gross customer loans	63.8	75.9	7.8	10.6	12.7
Average interest earning assets	21.5	71.3	32.4	9.2	11.7
Total asset (%)	39.1	60.4	4.9	10.4	12.0
Risk weighted assets (%)	-	-	-	-	-
Customer deposits (%)	nm	nm	nm	nm	nm
Leverage & capital measures					
Customer loan/deposits (%)	-	-	-	-	-
Equity/assets (%)	36.9	25.3	28.6	29.9	31.0
Tangible equity/assets (%)	33.6	22.9	26.3	27.9	29.1
RWA/assets (%)	-	-	-	-	-
CET 1 CAR (%)	-	-	-	-	-
Total CAR (%)	-	-	-	-	-
Asset Quality (FSSIA's calculation)					
Change in NPL (%)	10.9	116.4	22.1	12.0	13.4
NPL/gross loans (%)	2.5	3.1	3.5	3.5	3.6
Allowance for ECL/gross loans (%)	1.4	1.9	2.1	2.1	2.1
Allowance for ECL/NPL (%)	54.0	61.0	59.2	60.0	60.1
Valuation					
Recurring P/E (x) *	9.8	8.8	9.3	8.3	7.1
Recurring P/E @ target price (x) *	11.4	10.2	10.7	9.6	8.2
Reported P/E (x)	9.8	8.8	9.3	8.3	7.1
Dividend yield (%)	5.6	0.3	1.3	1.2	1.4
Price/book (x)	1.7	1.6	1.4	1.3	1.1
Price/tangible book (x)	1.9	1.7	1.6	1.3	1.1
Price/tangible book @ target price (x)	2.2	2.0	1.8	1.6	1.3

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Srisawad Corp; FSSIA estimates

Srisawad Corp PCL (SAWAD TB)

FSSIA ESG rating


46.52 /100

Exhibit 7: 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 8: 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](https://www.settrade.com); FSSIA's compilation

Exhibit 9: 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	1.69	1.77	1.67	1.70	1.93	1.77	1.90	1.93
BESG environmental pillar score	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BESG social pillar score	0.84	0.87	0.74	0.87	1.07	1.07	1.27	1.33
BESG governance pillar score	4.42	4.66	4.62	4.39	4.77	4.09	4.12	4.09
ESG disclosure score	23.59	28.37	28.51	29.45	29.45	29.45	38.34	40.04
Environmental disclosure score	0.00	0.00	0.42	0.42	0.42	0.42	16.79	17.12
Social disclosure score	11.22	11.22	11.22	11.67	11.67	11.67	21.98	21.74
Governance disclosure score	59.42	73.72	73.72	76.10	76.10	76.10	76.10	81.10
Environmental								
Emissions reduction initiatives	No	No	No	No	No	No	Yes	Yes
Climate change policy	No	No	No	No	No	No	No	Yes
Climate change opportunities discussed	No	No	No	No	No	No	No	No
Risks of climate change discussed	No	No	No	No	No	No	Yes	Yes
GHG scope 1	—	—	—	—	—	—	—	—
GHG scope 2 location-based	—	—	—	—	—	—	—	—
GHG Scope 3	—	—	—	—	—	—	—	—
Carbon per unit of production	—	—	—	—	—	—	—	—
Biodiversity policy	No	No	No	No	No	No	No	No
Energy efficiency policy	No	No	Yes	Yes	Yes	Yes	Yes	Yes
Total energy consumption	—	—	—	—	—	—	—	—
Renewable energy use	—	—	—	—	—	—	—	—
Electricity used	—	—	—	—	—	—	—	—
Fuel used - natural gas	—	—	—	—	—	—	—	—

Sources: Bloomberg; FSSIA's compilation

Exhibit 10: ESG score by Bloomberg (cont.)

FY ending Dec 31	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Fuel used - crude oil/diesel	No	No	No	No	No	No	No	No
Waste reduction policy	No	No	No	No	No	No	Yes	Yes
Hazardous waste	—	—	—	—	—	—	—	—
Total waste	—	—	—	—	—	—	—	—
Waste recycled	—	—	—	—	—	—	—	—
Waste sent to landfills	—	—	—	—	—	—	—	—
Environmental supply chain management	No	No	No	No	No	No	Yes	Yes
Water policy	No	No	No	No	No	No	Yes	Yes
Water consumption	—	—	—	—	—	—	—	—
Social								
Human rights policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Policy against child labor	No	No	No	No	No	No	No	No
Quality assurance and recall policy	No	No	No	No	No	No	No	No
Consumer data protection policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Equal opportunity policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Gender pay gap breakout	No	No	No	No	No	No	No	No
Pct women in workforce	—	—	—	—	—	—	—	54
Pct disabled in workforce	—	—	—	—	—	—	—	—
Business ethics policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Anti-bribery ethics policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Health and safety policy	No	No	No	Yes	Yes	Yes	Yes	Yes
Lost time incident rate - employees	—	—	—	—	—	—	—	—
Total recordable incident rate - employees	—	—	—	—	—	—	10	—
Training policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Fair remuneration policy	No	No	No	No	No	No	No	No
Number of employees – CSR	4,085	5,590	6,137	7,016	8,907	7,580	6,808	9,745
Employee turnover pct	—	—	—	—	—	—	3	3
Total hours spent by firm - employee training	—	—	—	—	—	—	23,574	5,165
Social supply chain management	No	No	No	No	No	No	Yes	Yes
Governance								
Board size	12	12	12	12	12	13	13	13
No. of independent directors (ID)	4	4	5	5	5	5	5	5
No. of women on board	2	2	1	1	1	1	1	1
No. of non-executive directors on board	9	9	9	9	9	9	9	9
Company conducts board evaluations	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
No. of board meetings for the year	13	14	13	13	12	13	10	13
Board meeting attendance pct	—	—	—	88	88	88	98	92
Board duration (years)	3	3	3	3	3	3	3	3
Director share ownership guidelines	No	No	No	No	No	No	No	No
Age of the youngest director	—	—	—	—	—	—	—	43
Age of the oldest director	—	—	—	—	—	—	—	76
No. of executives / company managers	9	8	8	4	5	5	5	5
No. of female executives	2	2	1	1	2	2	2	2
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	5	5	5	5	4	4	5	6
Audit meeting attendance %	—	100	100	93	100	100	100	100
Size of compensation committee	3	3	3	3	3	3	3	3
No. of ID on compensation committee	2	3	2	2	2	2	2	2
No. of compensation committee meetings	—	2	4	2	3	3	3	3
Compensation meeting attendance %	—	100	100	100	100	100	100	100
Size of nomination committee	3	3	3	3	3	3	3	3
No. of nomination committee meetings	—	2	4	2	3	3	3	3
Nomination meeting attendance %	—	100	100	100	100	100	100	100
Sustainability governance								
Verification type	No	No	No	No	No	No	No	No

Sources: Bloomberg; FSSIA's compilation

Disclaimer for ESG scoring

ESG score	Methodology	Rating																				
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.																				
Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET)	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for 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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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

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

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

The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

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Company	Ticker	Price	Rating	Valuation & Risks
Srisawad Corp	SAWAD TB	THB 32.00	HOLD	Downside risks to our GGM-based TP include 1) a further weakening of asset quality that could potentially hit both loan yield and credit cost; and 2) changes in financial regulations by the Bank of Thailand and the Office of Consumer Protection Board. Upside risks include 1) a faster-than-expected decline in losses on sales of repossessed cars for SCAP; and 2) an interest rate downtrend could push its interest spread.
JMT Network Services	JMT TB	THB 13.40	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.
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.
Ratchthani Leasing	THANI TB	THB 1.81	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 42.50	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.
Saksiam Leasing	SAK TB	THB 4.74	BUY	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 110.00	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 39.75	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 9.95	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 6.80	BUY	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.
Chayo Group	CHAYO TB	THB 2.68	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 16-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.