

# RATCHTHANI LEASING

## THAILAND / FINANCE & SECURITIES

THANI TB

**HOLD**

UNCHANGED

## Navigating persisting challenges

- The industry continues to face pressure from asset quality issues and an oversupply of NPAs, with no catalysts anticipated in 2H24.
- We trim our 2024-26E net profit to reflect a higher credit cost and a deeper contraction in loan growth.
- We maintain our HOLD rating while cutting our TP to THB1.88.

### The outlook remains grim, with no clear signs of recovery

The overall truck industry has yet to see a robust recovery, following a sharp decline in sales during 1H24 by 36.5% y-y. Despite reviving signs in government spending, debtors in the construction sector remained a drag as private construction demand slowed. However, the previously intense price competition has significantly eased, a positive sign. Most lenders are now focusing on maintaining the quality of their loans rather than aggressively pursuing growth as they did in the past.

### Necessitating continued high ECL provisions

The acceleration in credit costs to 2.03% in 2Q24 from 1.33% in 1Q24 was due to higher losses from sales of foreclosed trucks. The market for used trucks remains sluggish due to inflated supply levels. The number of repossessed vehicles per month remained steady at a high level (140-150 units), with no expected decrease in 2H24. New lending volume was only THB8.5b in 1H24, a 36% decrease y-y, and is likely to fall short of its 2024 guidance of THB20.0b due to strict lending policies. THANI would focus more on balance sheet clean-up in 2H24, further pressuring loan growth for the remainder of the year. For early trends in 3Q24, THANI anticipates continued asset quality challenges and expects the gross amount of NPLs to remain at 2Q24 levels, with ongoing aggressive NPL write-offs and asset repossession.

### 2024-26E earnings cut; higher credit costs expected

We have revised our net profit estimates for 2024-26 downward by 12-17%. This adjustment reflects an increased credit cost estimate of 1.50-1.70% (up from 1.50-1.60%) and a reduced loan growth forecast for 2024, now expecting a contraction of 7.8% y-y compared to the previous forecast of a 3.8% contraction. This change follows the slower-than-anticipated progress in new lending volume observed in 1H24. Our estimates suggest a 2024 net profit that declines 13.3% y-y before a recovery in 2025-26 with an average growth of 9.7% CAGR over a gradual fall in credit cost and moderate loan growth.

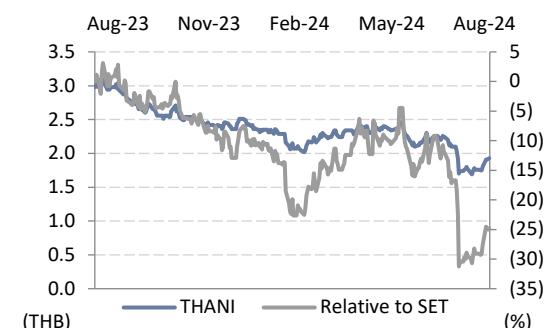
### Maintain HOLD call with a lower TP of THB1.88

We maintain our HOLD recommendation for THANI. Reflecting the earnings cut, we lower our 2024 GGM-based target price to THB1.88 (from THB2.28), implying a PBV ratio of 0.86x (from 1.02x), with a reduced long-term ROE of 9.1% (from 10.1%) and a cost of equity (COE) of 10.0%.

TARGET PRICE	THB1.88
CLOSE	THB1.93
UP/DOWNSIDE	-2.6%
PRIOR TP	THB2.28
CHANGE IN TP	-17.5%
TP vs CONSENSUS	-14.8%

### KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Operating profit	1,641	1,395	1,555	1,678
Net profit	1,287	1,116	1,244	1,342
EPS (THB)	0.23	0.18	0.20	0.22
vs Consensus (%)	-	(10.9)	(17.4)	(12.7)
Recurring net profit	1,287	1,116	1,244	1,342
Core EPS (THB)	0.23	0.18	0.20	0.22
Chg. In EPS est. (%)	-	(17.0)	(12.7)	(11.6)
EPS growth (%)	(26.6)	(18.8)	8.2	7.9
Core P/E (x)	8.5	10.5	9.7	9.0
Dividend yield (%)	1.0	5.3	5.7	6.1
Price/book (x)	0.9	0.9	0.8	0.8
ROE (%)	10.3	8.5	8.9	9.2
ROA (%)	2.4	2.1	2.3	2.3



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(8.1)	(18.2)	(35.7)
Relative to country (%)	(9.7)	(16.4)	(25.9)
Mkt cap (USD m)	350		
3m avg. daily turnover (USD m)	0.4		
Free float (%)	41		
Major shareholder	Thanachart SPV1 Co., LTD (57%)		
12m high/low (THB)	3.15/1.67		
Issued shares (m)	5,663		

Sources: Bloomberg consensus; FSSIA estimates



Usanee Liurut, CISA

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

Maeta Cherdsatirakul

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

## Investment thesis

We have a HOLD recommendation for THANI due to:

- We have a soft outlook for the hire-purchase truck industry, as companies' asset quality should not unwind rapidly over a backdrop of delayed government spending, soft export/import performance, and declining farm income.
- Regarding THANI's unfavorable landscape, we expect it to focus on proactive asset quality management, while the new lending volume is likely to decline sharply y-y, pressuring loan growth and revenue performance. Therefore, our projections suggest a 2024 bottom-line contraction of 13.3% y-y before a recovery in 2025-26 at an average of 9.7% CAGR.
- Our GGM-based 2024 TP of THB1.88, implying a P/BV ratio of 0.86x (LT ROE 9.1%, COE 10.0%), offering no upside to the current share price.

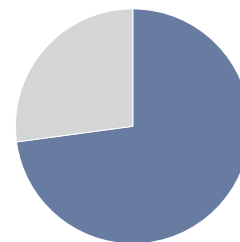
## Company profile

Main businesses of the company are hire purchase loans, targeting new and used trucks, and financial leasing, as well as services related to its core businesses.

[www.ratchthani.com](http://www.ratchthani.com)

## Principal activities (revenue, 1H24)

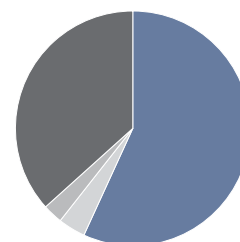
- Net interest income - 72.9 %
- Non-interest income - 27.1 %



Source: Ratchthani Leasing

## Major shareholders

- Thanachart SPV1 Co., LTD - 56.8 %
- Thanachart Capital PCL - 3.8 %
- C.S.B. DRUG FACTORY CO.,LTD. - 2.7 %
- Others - 36.7 %



Source: Ratchthani Leasing

## Catalysts

1. Better-than-expected new loan bookings and loan growth.
2. Better-than-expected improvement in asset quality.
3. Lower-than-expected credit cost and losses on NPA sales.
4. Increases in the average price of trucks.

## Risks to our call

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.

## Event calendar

Date	Event
Nov 2024	3Q24 result announcement

## Key assumptions

	2024E (THB m)	2025E (THB m)	2026E (THB m)
Net profit	1,116	1,244	1,342
Growth (y-y%)	(13.3)	11.5	7.9
Gross loan	49,870	52,518	55,341
Growth (y-y%)	(7.8)	5.3	5.4
Cost-to-income	24.43	24.21	24.11
NIM	4.01	4.08	3.99
Credit cost	1.70	1.60	1.50
NPL ratio	3.50	3.37	3.25

Source: FSSIA estimates

## Earnings sensitivity

		2024E		
Loan growth (%)	±1ppt	(8.8)	(7.8)	(6.8)
% change in net profit		(0.8)	-	0.8
NIM (%)	±10bp	3.9	4.0	4.1
% change in net profit		(1.7)	-	1.7
Credit cost (%)	±10bp	1.60	1.70	1.80
% change in net profit		3.3	-	(3.3)

Source: FSSIA estimates

## The outlook remains grim, with no clear signs of recovery

The overall truck industry has yet to see a robust recovery, following a sharp decline in sales during 1H24 by 36.5% y-y. Despite reviving signs in government spending, debtors in the construction sector remained a drag as private construction demand slowed along with weaker demand for houses and condos. Meanwhile, other segments, i.e., global trade, agriculture, and petroleum, were all in stable conditions, except for the consumer product segment, which has seen some improvement following inbound tourism activities. However, the previously intense price competition has significantly eased, a positive sign. Most operators are now focusing on maintaining the quality of their loans rather than aggressively pursuing growth as they did in the past.

For the luxury car market, THANI has observed a sustained gradual recovery in demand. Regarding the anticipated renewal cycle for taxis this year, THANI began underwriting electric taxi loans in early 3Q24 and targeted to secure approximately 200-300 contracts by the end of the year.

## Necessitating continued high ECL provisions

Management clarified that the rising credit cost of 2.03% in 2Q24 from 1.33% in 1Q24 was due to its higher realization of loss given default on sales of repossessed trucks as the market price of used trucks remained in the dull with major causes from inflating supplies as operators continued to adopt aggressive foreclosure policy and rush for sales of assets. Also, management confessed that it had not seen signs of resolve, at least for the next 1-2 quarters.

The 1H24 new lending volume was only THB8.5b (down 36% y-y) and should miss its 2024 guidance of THB20.0b due to its strict lending policy. By contrast, the firm would devote more effort to balance sheet clean-up in 2H24, leading to more pressure on loan growth in 2024, which would also pressure both interest and non-interest income performance.

For early trends in 3Q24, THANI remains to see persisting asset quality pressure neither improve nor further deteriorate and expects the gross amount of NPLs to stay at the level in 2Q24 as the firm would continue to aggressively write-off NPLs and rush to repossess assets.

With low expectations for loan growth, THANI does not have an urgent need for debenture issuance in 2H24, as it currently has a monthly cash surplus (THB2.0b in collections versus THB1.4b in monthly expenditures). The company will face bond redemptions totaling THB4.1b in 2H24 but has undrawn credit lines from banks amounting to THB3.0b. Therefore, we consider THANI's financing needs to be manageable.

## 2024-26E earnings cut; higher credit costs expected

We have revised our net profit estimates for 2024-26 downward by 12-17%. This adjustment reflects an increased credit cost estimate of 1.50-1.70% (up from 1.50-1.60%) and a reduced loan growth forecast for 2024, now expecting a contraction of 7.8% y-y compared to the previous forecast of a 3.8% contraction. This change follows the slower-than-anticipated progress in new lending volume observed in 1H24. Our estimates suggest a 2024 net profit that declines 13.3% y-y for the influence of the rising credit costs and loan contraction before a recovery in 2025-26 with an average growth of 9.7% CAGR over a gradual fall in credit cost and a return of moderate loan expansion.

## Exhibit 1: THANI – 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 %)	2024E	(THB m)	(y-y %)
Interest income	920	924	913	885	847	(4.3)	(8.0)	1,732	(5.4)	51	3,405	(7.2)
Interest expense	287	304	319	316	308	(2.4)	7.3	624	13.7	48	1,289	10.0
Net interest income	633	620	594	569	539	(5.3)	(14.9)	1,107	(13.6)	52	2,116	(15.2)
Non-interest income	222	236	191	227	227	0.1	2.0	453	(9.9)	50	899	(3.3)
Operating income	855	856	785	795	765	(3.8)	(10.5)	1,561	(12.6)	52	3,015	(12.0)
Operating expenses	176	208	175	187	166	(10.9)	(5.7)	353	(0.1)	48	737	-
Pre-provisioning operating profit	679	648	610	608	599	(1.6)	(11.8)	1,207	(15.6)	53	2,278	(15.3)
Expected credit loss	140	340	386	177	263	48.3	87.2	440	36.5	50	883	(15.7)
Income tax	114	58	63	88	82	(7.5)	(28.1)	170	(27.3)	61	279	(21.3)
Minority interest	-	-	-	-	-	n/a	n/a	-	n/a	n/a	-	n/a
<b>Net profit</b>	<b>425</b>	<b>250</b>	<b>161</b>	<b>343</b>	<b>255</b>	<b>(25.8)</b>	<b>(40.1)</b>	<b>598</b>	<b>(31.7)</b>	<b>54</b>	<b>1,116</b>	<b>(13.3)</b>
EPS (THB)	0.08	0.04	0.03	0.06	0.04	(32.6)	(45.6)	0.10	(27.8)	55	0.18	(18.8)
Key balance sheet items												
Gross loans	55,322	55,163	54,061	52,178	51,096	(2.1)	(7.6)	51,096	(7.6)		49,870	(7.8)
Interest bearing debt	42,841	42,140	41,742	41,773	37,958	(9.1)	(11.4)	37,958	(11.4)		38,567	(7.6)
Leverage ratios	(x)	(x)	(x)	(x)	(x)			(x)			(x)	
D/E	3.6	3.4	3.4	3.3	3.0			3.0			2.9	
IBD/E	3.5	3.4	3.3	3.2	2.9			2.9			2.8	
Asset quality ratio	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)		(%)	(%)
Gross NPL (THB m)	1,470	1,506	1,726	1,719	1,741	1.3	18.4	1,741	18.4		1,747	1.2
NPL / TL	2.66	2.73	3.19	3.29	3.41			3.41			3.50	
LLR	1,507	1,542	1,678	1,642	1,609	(2.0)	6.8	1,609	6.8		1,626	(3.1)
Coverage ratio	103	102	97	95	92			92			93	
Credit cost	1.02	2.46	2.83	1.33	2.03			1.65			1.70	
Profitability ratios	(%)	(%)	(%)	(%)	(%)			(%)			(%)	
Cost-to-income ratio	20.63	24.27	22.34	23.49	21.75			22.64			24.43	
Average loan yield	6.69	6.69	6.69	6.66	6.56			6.51			6.55	
Cost of funds	2.74	2.86	3.04	3.03	3.09			3.09			3.21	
Loan yield spreads	3.95	3.83	3.65	3.64	3.47			3.42			3.34	
Net interest margins (NIM)	4.65	4.54	4.39	4.19	4.08			4.18			4.01	
Non-NII / Revenue	25.98	27.54	24.30	28.48	29.62			29.04			29.81	
Loan growth	(%)	(%)	(%)	(%)	(%)			(%)			(%)	
q-q	1.1	(0.3)	(2.0)	(3.5)	(2.1)							
y-y	6.0	3.9	0.7	(4.7)	(7.6)			(7.6)			(7.8)	
YTD	3.1	2.8	0.7	(3.5)	(5.5)			(5.5)				

Sources: THANI; FSSIA estimates

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

	2022	2023	1Q24	2Q24	2022	2023	1Q24	2Q24
	(THB m)	(THB m)	(THB m)	(THB m)	(%)	(%)	(%)	(%)
<b>Staged loans</b>								
Stage 1	46,181	45,527	43,651	42,524	86.1	84.2	83.7	83.2
Stage 2	6,132	6,808	6,807	6,831	11.4	12.6	13.0	13.4
Stage 3	1,347	1,726	1,719	1,741	2.5	3.2	3.3	3.4
Total	53,660	54,061	52,178	51,096	100.0	100.0	100.0	100.0
<b>Allowance for ECL</b>								
Stage 1	289	254	235	227	0.6	0.6	0.5	0.5
Stage 2	845	855	833	798	13.8	12.6	12.2	11.7
Stage 3	424	568	574	585	31.5	32.9	33.4	33.6
Total	1,558	1,678	1,642	1,609	2.9	3.1	3.1	3.1
<b>LLR/ Loans</b>								
Stage 1	0.6	0.6	0.5	0.5				
Stage 2	13.8	12.6	12.2	11.7				
Stage 3	31.5	32.9	33.4	33.6				
Total	2.9	3.1	3.1	3.1				
	(%)	(%)	(%)	(%)				
NPL / TL	2.5	3.2	3.3	3.4				
NPL vs. Stage 2 loans / TL	13.9	15.8	16.3	16.8				
LLR / NPL	116	97	95	92				
LLR / (NPL vs. Stage 2)	21	20	19	19				

Sources: THANI; FSSIA's compilation

**Exhibit 3: 2024-26E earnings revisions**

	New			Previous			Change		
	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(%)	(%)	(%)
Net profit	1,116	1,244	1,342	1,344	1,425	1,519	(17.0)	(12.7)	(11.6)
Growth (y-y%)	(13.3)	11.5	7.9	(4.7)	6.0	6.6			
Gross loan	49,870	52,518	55,341	51,989	55,253	58,752	(4.1)	(4.9)	(5.8)
Growth (y-y%)	(7.8)	5.3	5.4	(3.8)	6.3	6.3			
<b>Key ratios</b>	(%)	(%)	(%)	(%)	(%)	(%)			
Cost-to-income	24.43	24.21	24.11	22.56	22.68	22.30			
Yield on loans	6.55	6.84	6.85	6.83	6.85	6.86			
Cost of funds	3.21	3.29	3.32	3.13	3.19	3.20			
Loan spreads	3.34	3.55	3.53	3.70	3.66	3.66			
NIM	4.01	4.08	3.99	4.47	4.45	4.43			
Credit cost	1.70	1.60	1.50	1.60	1.50	1.50			
NPL ratio	3.50	3.37	3.25	3.25	3.11	2.97			
Coverage ratio	93	98	99	93	95	96			

Source: FSSIA estimates

**Exhibit 4: Outstanding amount and maturity of existing debentures, as of 21 August 2024**

THANI	Outstanding debenture				Maturity during quarter				Total
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)
2024	34,638	30,638	29,044	25,544	1,000	4,000	1,594	3,500	10,094
2025	22,544	20,951	19,451	16,451	3,000	1,593	1,500	3,000	9,093
2026	14,451	11,251	7,951	6,851	2,000	3,200	3,300	1,100	9,600

Sources: ThaiBMA; FSSIA's compilation

Exhibit 5: THANI – GGM-based 2024 TP

	2024E	2024E
	(%)	(%)
Sustainable ROE	9.1	10.1
Terminal growth	4.0	4.5
Risk-free	3.0	3.0
Expected market return	8.0	8.0
Market risk premium	5.0	5.0
Cost of equity	10.0	10.0
Beta	1.4	1.4
<b>Target PBV (x)</b>	<b>0.86</b>	<b>1.02</b>
<b>Fair price (THB)</b>	<b>1.88</b>	<b>2.28</b>

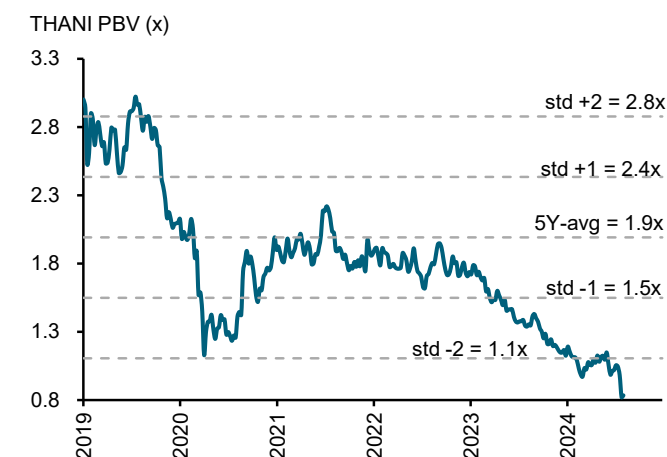
Source: FSSIA estimates

Exhibit 6: Share price performance of non-banks under coverage, as of 22 August 2024

	Price performance				
	1M	3M	6M	1Y	YTD
	(%)	(%)	(%)	(%)	(%)
TIDLOR TB	(7.4)	(25.2)	(31.6)	(31.9)	(30.4)
MTC TB	16.2	(2.2)	(1.6)	11.9	(0.6)
SAWAD TB	8.8	(9.8)	(0.7)	(14.8)	0.5
AEONTS TB	20.2	(16.6)	(12.1)	(23.8)	(18.1)
KTC TB	7.7	(3.5)	(4.0)	(13.0)	(4.0)
SAK TB	(5.9)	(13.5)	5.7	(4.0)	15.4
ASK TB	(13.4)	(32.2)	(44.6)	(58.8)	(48.2)
<b>THANI TB</b>	<b>(5.4)</b>	<b>(17.5)</b>	<b>(6.9)</b>	<b>(35.3)</b>	<b>(18.3)</b>
JMT TB	29.5	(16.2)	(37.5)	(68.3)	(43.1)
BAM TB	11.9	(13.2)	(6.8)	(34.3)	(7.4)
CHAYO TB	19.0	(17.7)	(37.3)	(57.4)	(40.2)
<b>SETFIN</b>	<b>8.0</b>	<b>(12.7)</b>	<b>(16.1)</b>	<b>(29.4)</b>	<b>(17.7)</b>
<b>SET</b>	<b>3.0</b>	<b>(2.0)</b>	<b>(4.1)</b>	<b>(13.4)</b>	<b>(5.3)</b>

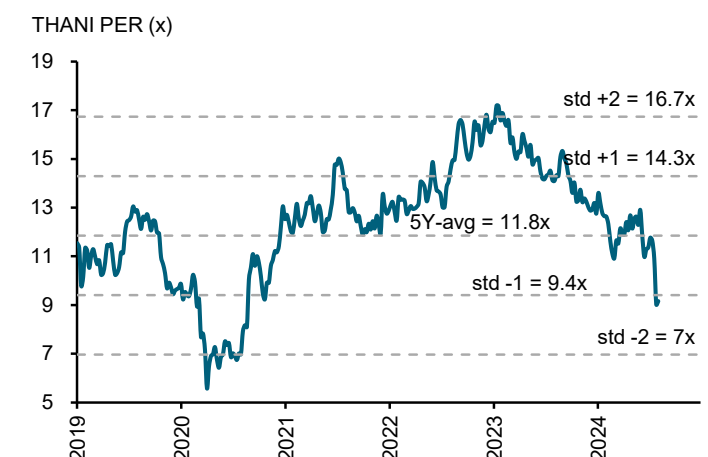
Source: Bloomberg

Exhibit 7: THANI – one-year prospective PBV band



Sources: Bloomberg; FSSIA estimates

Exhibit 8: THANI – one-year prospective PER band



Sources: Bloomberg; FSSIA estimates

Exhibit 9: Peers comparison, as of 22 August 2024

Company name	BBG code	Rec	Share price (LCY)	Target price (LCY)	Up side (%)	PE 24E	PE 25E	PBV 24E	PBV 25E	ROE 24E	ROE 25E	Div yld 24E	Div yld 25E
Auto title													
Muangthai Capital	MTC TB	BUY	44.75	50.00	11.7	15.1	12.1	2.5	2.1	18.1	19.0	0.6	0.8
Srisawad Corp	SAWAD TB	HOLD	37.00	37.00	0.0	10.7	9.6	1.7	1.4	17.0	16.2	0.3	1.0
Ngern Tid Lor	TIDLOR TB	HOLD	15.10	15.80	4.6	10.0	8.6	1.4	1.2	14.5	15.1	3.0	3.5
Saksiam Leasing	SAK TB	BUY	4.80	5.28	10.0	12.1	10.6	1.6	1.5	13.7	14.4	3.5	4.0
Unsecured finance													
AEON Thana Sinsap (Thailand)	AEONTS TB	HOLD	131.00	145.00	10.7	10.1	9.5	1.2	1.2	12.8	12.6	4.2	4.4
Krungthai Card	KTC TB	HOLD	41.75	40.00	(4.2)	14.0	13.5	2.7	2.4	20.3	19.0	3.2	3.3
Hire-purchase truck													
Asia Sermkij Leasing	ASK TB	HOLD	10.30	9.60	(6.8)	12.2	9.6	0.5	0.5	4.2	5.3	4.1	5.2
Ratchthani Leasing	THANI TB	HOLD	1.93	1.88	(2.6)	10.5	9.7	0.9	0.8	8.5	8.9	5.3	5.7
AMCs													
Bangkok Commercial Asset Mgmt.	BAM TB	BUY	7.55	7.50	(0.7)	13.7	12.8	0.6	0.5	4.1	4.3	5.0	5.1
JMT Network services	JMT TB	HOLD	14.50	11.00	(24.1)	12.9	10.7	0.8	0.8	6.1	7.2	4.6	5.6
Chayo Group	CHAYO TB	HOLD	3.26	3.00	(8.0)	12.8	8.2	1.0	0.9	8.1	11.1	2.0	1.8
<b>Average</b>						<b>12.2</b>	<b>10.4</b>	<b>1.3</b>	<b>1.2</b>	<b>11.6</b>	<b>12.1</b>	<b>3.2</b>	<b>3.7</b>

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

Sources: Bloomberg; FSSIA estimates

## Financial Statements

### Ratchthani Leasing

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Interest Income	3,511	3,668	3,405	3,503	3,696
Interest expense	(926)	(1,172)	(1,289)	(1,321)	(1,427)
Net interest income	2,585	2,496	2,116	2,182	2,269
Net fees & commission	469	439	408	436	467
Foreign exchange trading income	-	-	-	-	-
Securities trading income	-	-	-	-	-
Dividend income	0	0	0	0	0
Other income	464	491	491	515	541
Non interest income	933	929	899	952	1,008
Total income	3,518	3,426	3,015	3,133	3,277
Staff costs	(666)	(623)	(623)	(642)	(667)
Other operating costs	(108)	(114)	(114)	(117)	(123)
Operating costs	(774)	(737)	(737)	(759)	(790)
Pre provision operating profit	2,744	2,689	2,278	2,375	2,487
Expected credit loss	(555)	(1,048)	(883)	(819)	(809)
Other provisions	-	-	-	-	-
Operating profit	2,189	1,641	1,395	1,555	1,678
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	2,189	1,641	1,395	1,555	1,678
Tax	(436)	(354)	(279)	(311)	(336)
Profit after tax	1,753	1,287	1,116	1,244	1,342
Non-controlling interest	0	0	0	0	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	1,753	1,287	1,116	1,244	1,342
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	1,753	1,287	1,116	1,244	1,342
<b>Per share (THB)</b>					
Recurring EPS *	0.31	0.23	0.18	0.20	0.22
Reported EPS	0.31	0.23	0.18	0.20	0.22
DPS	0.17	0.02	0.10	0.11	0.12
<b>Growth</b>					
Net interest income (%)	2.7	(3.4)	(15.2)	3.1	4.0
Non interest income (%)	17.1	(0.3)	(3.3)	5.9	5.9
Pre provision operating profit (%)	0.6	(2.0)	(15.3)	4.2	4.7
Operating profit (%)	2.2	(25.0)	(15.0)	11.5	7.9
Reported net profit (%)	2.5	(26.6)	(13.3)	11.5	7.9
Recurring EPS (%)	2.5	(26.6)	(18.8)	8.2	7.9
Reported EPS (%)	2.5	(26.6)	(18.8)	8.2	7.9
<b>Income Breakdown</b>					
Net interest income (%)	73.5	72.9	70.2	69.6	69.2
Net fees & commission (%)	13.3	12.8	13.5	13.9	14.2
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	-	-	-	-	-
Dividend income (%)	-	-	-	-	-
Other income (%)	13.2	14.3	16.3	16.4	16.5
<b>Operating performance</b>					
Gross interest yield (%)	6.94	6.88	6.45	6.55	6.49
Cost of funds (%)	2.40	2.85	3.21	3.29	3.32
Net interest spread (%)	4.54	4.03	3.24	3.26	3.17
Net interest margin (%)	5.1	4.7	4.0	4.1	4.0
Cost/income(%)	22.0	21.5	24.4	24.2	24.1
Cost/assets(%)	1.5	1.3	1.4	1.4	1.4
Effective tax rate (%)	19.9	21.6	20.0	20.0	20.0
Dividend payout on recurring profit (%)	54.9	8.8	55.0	55.0	55.0
ROE (%)	14.7	10.3	8.5	8.9	9.2
ROE - COE (%)	4.7	0.3	(1.5)	(1.1)	(0.8)
ROA (%)	3.4	2.4	2.1	2.3	2.3
RORWA (%)	-	-	-	-	-
* Pre-exceptional, pre-goodwill and fully diluted					

Sources: Ratchthani Leasing; FSSIA estimates



## Financial Statements

### Ratchthani Leasing

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Gross customer loans	59,772	60,023	55,356	58,277	61,387
Allowance for expected credit loss	(1,558)	(1,678)	(1,626)	(1,728)	(1,782)
interest in suspense	(6,113)	(5,966)	(5,486)	(5,759)	(6,046)
<b>Net customer loans</b>	<b>52,100</b>	<b>52,380</b>	<b>48,244</b>	<b>50,790</b>	<b>53,559</b>
Bank loans	-	-	-	-	-
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	0	0	0	0	0
Cash & equivalents	652	1,434	3,404	4,457	4,920
Other interesting assets	-	-	-	-	-
Tangible fixed assets	380	576	501	433	423
Associates	0	0	0	0	0
Goodwill	-	-	-	-	-
Other intangible assets	50	49	49	49	49
Other assets	726	817	907	1,108	1,274
<b>Total assets</b>	<b>53,909</b>	<b>55,260</b>	<b>53,105</b>	<b>56,837</b>	<b>60,224</b>
Customer deposits	-	-	-	-	-
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	40,593	41,742	38,567	41,649	44,358
Non interest bearing liabilities	955	833	851	870	890
Hybrid Capital	-	-	-	-	-
<b>Total liabilities</b>	<b>41,548</b>	<b>42,575</b>	<b>39,418</b>	<b>42,519</b>	<b>45,248</b>
Share capital	5,663	5,663	6,229	6,229	6,229
Reserves	6,698	7,022	7,458	8,089	8,747
<b>Total equity</b>	<b>12,361</b>	<b>12,685</b>	<b>13,687</b>	<b>14,318</b>	<b>14,976</b>
Non-controlling interest	0	0	0	0	0
<b>Total liabilities &amp; equity</b>	<b>53,909</b>	<b>55,260</b>	<b>53,105</b>	<b>56,837</b>	<b>60,224</b>
<b>Supplementary items</b>					
Risk weighted assets (RWA)	n/a	n/a	n/a	n/a	n/a
Average interest earning assets	50,614	53,351	52,799	53,517	56,936
Average interest bearing liabilities	38,555	41,168	40,154	40,108	43,003
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)	51,528	53,860	51,965	51,194	53,930
<b>Per share (THB)</b>					
Book value per share	2.18	2.24	2.20	2.30	2.40
Tangible book value per share	2.17	2.23	2.19	2.29	2.40
<b>Growth</b>					
Gross customer loans	9.1	0.4	(7.8)	5.3	5.3
Average interest earning assets	5.2	5.4	(1.0)	1.4	6.4
Total asset (%)	9.5	2.5	(3.9)	7.0	6.0
Risk weighted assets (%)	-	-	-	-	-
Customer deposits (%)	-	-	-	-	-
<b>Leverage &amp; capital measures</b>					
Customer loan/deposits (%)	-	-	-	-	-
Equity/assets (%)	22.9	23.0	25.8	25.2	24.9
Tangible equity/assets (%)	22.8	22.9	25.7	25.1	24.8
RWA/assets (%)	-	-	-	-	-
CET 1 CAR (%)	-	-	-	-	-
Total CAR (%)	-	-	-	-	-
<b>Asset Quality (FSSIA's calculation)</b>					
Change in NPL (%)	5.8	4.5	(3.5)	(1.5)	5.3
NPL/gross loans (%)	86.2	89.7	93.9	87.8	87.9
Allowance for ECL/gross loans (%)	2.6	2.8	2.9	3.0	2.9
Allowance for ECL/NPL (%)	3.0	3.1	3.1	3.4	3.3
<b>Valuation</b>					
Recurring P/E (x) *	6.2	8.5	10.5	9.7	9.0
Recurring P/E @ target price (x) *	6.1	8.3	10.2	9.4	8.7
Reported P/E (x)	6.2	8.5	10.5	9.7	9.0
Dividend yield (%)	8.8	1.0	5.3	5.7	6.1
Price/book (x)	0.9	0.9	0.9	0.8	0.8
Price/tangible book (x)	0.9	0.9	0.9	0.8	0.8
Price/tangible book @ target price (x)	0.9	0.8	0.9	0.8	0.8

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

Sources: Ratchthani Leasing; FSSIA estimates



# Ratchthani Leasing PCL (THANI TB)

## FSSIA ESG rating


**55.07 /100**

### Exhibit 10: 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	<b>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.</b>
★★	>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 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
ASK	25.25	--	--	--	4.00	5.00	Certified	Medium	--	--	--	--	--	--	--
SAK	45.28	--	Y	Y	4.00	4.00	Certified	High	40.10	--	--	43.87	--	2.02	36.23
SAWAD	46.52	--	Y	Y	4.00	5.00	--	Medium	43.97	BB	--	20.18	13.00	1.93	40.04
THANI	55.07	--	Y	Y	5.00	5.00	Certified	Medium	41.07	B	--	53.43	23.00	2.29	41.91
TIDLOR	36.71	--	--	--	4.00	4.00	Certified	Medium	37.03	--	--	23.69	19.00	1.66	--

Sources: [SETTRADE.com](https://www.settrade.com); FSSIA's compilation

### Exhibit 12: ESG score by Bloomberg

FY ending Dec 31	FY 2021	FY 2022
<b>ESG financial materiality scores - ESG score</b>	<b>2.23</b>	<b>3.10</b>
BESG environmental pillar score	3.25	3.80
BESG social pillar score	1.24	2.51
BESG governance pillar score	3.87	3.92
<b>ESG disclosure score</b>	<b>42.22</b>	<b>42.56</b>
Environmental disclosure score	25.28	25.28
Social disclosure score	20.13	21.16
Governance disclosure score	81.10	81.10
<b>Environmental</b>		
Emissions reduction initiatives	Yes	Yes
Climate change policy	Yes	Yes
Climate change opportunities discussed	No	No
Risks of climate change discussed	No	No
GHG scope 1	—	—
GHG scope 2 location-based	0	0
GHG Scope 3	—	—
Carbon per unit of production	—	—
Biodiversity policy	No	No
Energy efficiency policy	Yes	Yes
Total energy consumption	—	—
Renewable energy use	—	—
Electricity used	1	1
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	Yes
Hazardous waste	—	—
Total waste	0	0
Waste recycled	—	—
Waste sent to landfills	—	—
Environmental supply chain management	Yes	Yes
Water policy	Yes	Yes
Water consumption	4	4
<b>Social</b>		
Human rights policy	Yes	Yes
Policy against child labor	No	No
Quality assurance and recall policy	No	No
Consumer data protection policy	No	Yes
Equal opportunity policy	Yes	Yes
Gender pay gap breakout	No	No
Pct women in workforce	55	55
Pct disabled in workforce	0	0
Business ethics policy	Yes	Yes
Anti-bribery ethics policy	Yes	Yes
Health and safety policy	Yes	Yes
Lost time incident rate - employees	0	0
Total recordable incident rate - employees	0	0
Training policy	No	No
Fair remuneration policy	No	No
Number of employees – CSR	465	482
Employee turnover pct	—	—
Total hours spent by firm - employee training	1,339	2,993
Social supply chain management	Yes	Yes
<b>Governance</b>		
<b>Board size</b>	<b>12</b>	<b>12</b>
<b>No. of independent directors (ID)</b>	<b>5</b>	<b>5</b>
No. of women on board	2	2
No. of non-executive directors on board	10	10
Company conducts board evaluations	Yes	Yes
No. of board meetings for the year	6	6
Board meeting attendance pct	100	100
Board duration (years)	3	3
Director share ownership guidelines	No	No
Age of the youngest director	45	46
Age of the oldest director	83	77
<b>No. of executives / company managers</b>	<b>6</b>	<b>6</b>
No. of female executives	1	1
Executive share ownership guidelines	No	No
<b>Size of audit committee</b>	<b>5</b>	<b>5</b>
No. of ID on audit committee	5	5
Audit committee meetings	4	4
Audit meeting attendance %	100	100
<b>Size of compensation committee</b>	<b>3</b>	<b>3</b>
No. of ID on compensation committee	2	2
No. of compensation committee meetings	2	2
Compensation meeting attendance %	100	100
<b>Size of nomination committee</b>	<b>3</b>	<b>3</b>
No. of nomination committee meetings	2	2
Nomination meeting attendance %	100	100
<b>Sustainability governance</b>		
Verification type	No	No

Sources: Bloomberg; FSSIA's compilation

## Disclaimer for ESG scoring

ESG score	Methodology	Rating																				
The Dow Jones Sustainability Indices ( <a href="#">DJSI</a> ) 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 ( <a href="#">THSI</a> ) by The Stock Exchange of Thailand ( <a href="#">SET</a> )	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 <b>THSI inclusion</b> , 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. <b>SETTHSI Index</b> 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.																				
<b>CG Score</b> 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%).																				
<b>AGM level</b> 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&amp;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.																				
<a href="#">Thai CAC</a> 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.																				
<a href="#">Morningstar Sustainabilitys</a>	The Sustainabilitys' 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 &amp; 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+																		
<a href="#">ESG Book</a>	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.																				
<a href="#">MSCI</a>	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><b>AAA</b></td><td>8.571-10.000</td><td rowspan="3"><b>Leader:</b></td><td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td></tr><tr><td><b>AA</b></td><td>7.143-8.570</td></tr><tr><td><b>A</b></td><td>5.714-7.142</td></tr><tr><td><b>BBB</b></td><td>4.286-5.713</td><td rowspan="2"><b>Average:</b></td><td rowspan="2">a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td></tr><tr><td><b>BB</b></td><td>2.857-4.285</td></tr><tr><td><b>B</b></td><td>1.429-2.856</td><td rowspan="2"><b>Laggard:</b></td><td rowspan="2">lagging its industry based on its high exposure and failure to manage significant ESG risks</td></tr><tr><td><b>CCC</b></td><td>0.000-1.428</td></tr></table>		<b>AAA</b>	8.571-10.000	<b>Leader:</b>	leading its industry in managing the most significant ESG risks and opportunities	<b>AA</b>	7.143-8.570	<b>A</b>	5.714-7.142	<b>BBB</b>	4.286-5.713	<b>Average:</b>	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	<b>BB</b>	2.857-4.285	<b>B</b>	1.429-2.856	<b>Laggard:</b>	lagging its industry based on its high exposure and failure to manage significant ESG risks	<b>CCC</b>	0.000-1.428
<b>AAA</b>	8.571-10.000	<b>Leader:</b>	leading its industry in managing the most significant ESG risks and opportunities																			
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<a href="#">Moody's ESG solutions</a>	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.																					
<a href="#">Refinitiv ESG rating</a>	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; &gt;25 to 50 = satisfactory; &gt;50 to 75 = good; and &gt;75 to 100 = excellent.)</i>																					
<a href="#">S&amp;P Global</a>	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.																					
<b>Bloomberg</b>	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

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Company	Ticker	Price	Rating	Valuation & Risks
Ratchthani Leasing	THANI TB	THB 1.93	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.
Asia Sermkij Leasing PCL	ASK TB	THB 10.30	HOLD	Downside risks to our GGM-derived TP include 1) an economic slowdown, especially for logistics activities and private investment; 2) deteriorating asset quality; and 3) changes in financial regulations from the Bank of Thailand. Upside risks include 1) a better-than-expected macroeconomic improvement; 2) downtrend of policy rate could reduce cost of funds and enhance interest spreads; and 3) a faster-than-expected decline in ECL expense.
Muangthai Capital	MTC TB	THB 44.75	BUY	Downside risks to our GGM-based TP include 1) a further weakening of asset quality that could potentially hit both loan yield and credit cost; and 2) changes in financial regulations by the Bank of Thailand and the Office of Consumer Protection Board.
Srisawad Corp	SAWAD TB	THB 37.00	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.
Ngern Tid Lor	TIDLOR TB	THB 15.10	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) the lower-than-expected credit costs from better asset quality management and 2) the higher-than-expected loan and insurance premium growth from the positive effects of the more favorable economic situations.
Saksiam Leasing	SAK TB	THB 4.80	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 131.00	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 41.75	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.
Bangkok Commercial Asset Mngt.	BAM TB	THB 7.55	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.
JMT Network Services	JMT TB	THB 14.50	HOLD	Downside risks to our P/BV-based TP include 1) lower cash collection from both debt management and debt tracking collection services; and 2) higher-than-expected funding costs and operating expenses. Upside risks includes 1) better-than-expected purchasing power and cash collection 2) lower-than-expected operating and financing expense
Chayo Group	CHAYO TB	THB 3.26	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 22-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.