

# ASIA SERMKIJ LEASING

  
THAILAND / FINANCE & SECURITIES

## ASK TB

# HOLD

  
UNCHANGED

## 3Q24 results at first glance

ASK reported a 3Q24 net profit of THB59m, down 28.7% q-q and 81.5% y-y, as the firm continued to bear a high level of ECL. This result was below our estimate of THB78m but in line with the Bloomberg consensus. The 9M24 net profit totaled THB315m, down 70.2% y-y, accounting for 71% of our full-year forecast. We maintain our 2024-26E net profit estimates, though we anticipate a sharp 63.5% y-y decline in 2024. However, there may be a c10% downside risk to our forecast due to underestimated 9M24 credit costs.

We retain our HOLD recommendation for ASK, given the ongoing concerns about industry credit quality issues and the accumulation of repossessed trucks amid declining demand and prices for used trucks. Our GGM-based valuation indicates a 2025 TP of THB11.00, implying a P/BV ratio of 0.53x, with an assumed LT ROE at 6.4% and COE at 9.8%.

### Highlights

**(-) Asset quality:** ASK's 3Q24 asset quality further deteriorated, in line with expectations, despite ongoing quality control efforts. The NPL ratio rose to 6.54% from 6.10% in 2Q24, as NPL formation remained high despite ASK's stricter lending policy over the past year. The proportion of Stage 2 loans increased to 11.0% in 3Q24 from 10.6% in 2Q24, adding to concerns over prospective NPL formation, consistent with industry trends. Credit costs for 3Q24 remained elevated at 3.54%, stable q-q, with the coverage ratio dropping slightly to 56% from 57% in 2Q24, below management's long-term target of 70%.

By contrast, the situation for BGPL – a subsidiary focusing on corporate leasing – eased slightly, with an NPL ratio of 5.3% from 5.4% in 2Q24. However, the subsidiary contributed only 16% of ASK's total loans.

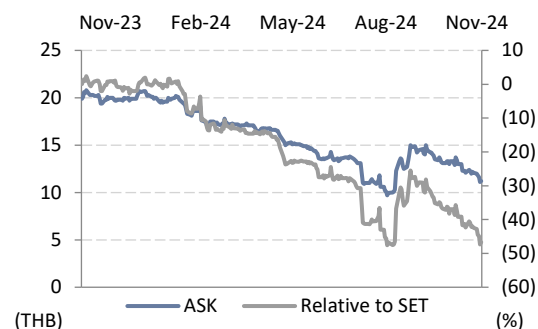
**(-) Loans and revenue:** 3Q24 loans contracted by 3.1% q-q, 3.1% y-y, and 3.9% YTD as new lending declined by c30% y-y, reflecting management's cautious stance amid a slow, uneven economic recovery. This decline affected all segments, resulting in a drop in both NII (down 3.5% q-q and 6.1% y-y) and non-NII (down 11.1% q-q and 27.7% y-y) for the quarter. The 3Q24 loan spread narrowed by 5bps q-q to 4.30%, mainly due to a rising cost of funds, while the loan yield was relatively stable q-q.

**(0) OPEX and CIR:** 3Q24 OPEX was THB301m, down 3.8% q-q and 5.2% y-y due to lower loan underwriting expenses. However, the revenue decline led to a slight increase in the CIR, reaching 29.3% from 29.1% in 2Q24 and 27.8% a year ago.

TARGET PRICE	THB11.00
CLOSE	THB11.20
UP/DOWNSIDE	-1.8%
TP vs CONSENSUS	-7.9%

### KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Operating profit	1,529	556	705	893
Net profit	1,219	445	564	715
EPS (THB)	2.31	0.84	1.07	1.35
vs Consensus (%)	-	(6.7)	(11.2)	(14.0)
Recurring net profit	1,219	445	564	715
Core EPS (THB)	2.31	0.84	1.07	1.35
EPS growth (%)	(19.4)	(63.5)	26.9	26.6
Core P/E (x)	4.9	13.3	10.5	8.3
Dividend yield (%)	10.4	3.8	4.8	6.0
Price/book (x)	0.6	0.6	0.5	0.5
ROE (%)	11.7	4.2	5.3	6.5
ROA (%)	1.7	0.6	0.7	0.9



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(15.8)	(5.1)	(43.7)
Relative to country (%)	(16.5)	(16.0)	(45.8)
Mkt cap (USD m)	174		
3m avg. daily turnover (USD m)	0.5		
Free float (%)	40		
Major shareholder	Chailease Holding Co Ltd (48%)		
12m high/low (THB)	21.20/9.60		
Issued shares (m)	528		

Sources: Bloomberg consensus; FSSIA estimates



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## Exhibit 1: ASK – 3Q24 operations summary

	3Q23	4Q23	1Q24	2Q24	3Q24	----- Change -----		9M24	Change	% of	2024E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(y-y %)	24E	(THB m)	(y-y %)
Interest income	1,436	1,485	1,474	1,464	1,424	(2.7)	(0.8)	4,362	4.5	74	5,918	4.6
Interest expense	504	538	552	558	549	(1.5)	9.0	1,658	21.0	72	2,318	21.4
Net interest income	932	947	923	906	875	(3.5)	(6.1)	2,704	(3.5)	75	3,601	(3.9)
Non-interest income	210	185	189	171	152	(11.1)	(27.7)	511	(22.0)	71	718	(14.6)
Operating income	1,142	1,132	1,112	1,077	1,027	(4.7)	(10.1)	3,215	(7.0)	74	4,319	(5.9)
Operating expenses	318	307	340	313	301	(3.8)	(5.2)	954	(2.1)	72	1,321	3.1
Pre-provisioning operating profit	824	825	772	764	726	(5.0)	(12.0)	2,261	(8.9)	75	2,998	(9.4)
Expected credit loss	426	621	554	667	649	(2.7)	52.5	1,870	61.4	77	2,442	37.3
Income tax	81	43	44	15	18	22.6	(77.8)	77	(71.3)	69	111	(64.2)
<b>Net profit</b>	<b>318</b>	<b>161</b>	<b>174</b>	<b>82</b>	<b>59</b>	<b>(28.7)</b>	<b>(81.5)</b>	<b>315</b>	<b>(70.2)</b>	<b>71</b>	<b>445</b>	<b>(63.5)</b>
EPS (THB)	0.60	0.31	0.33	0.16	0.11	(28.7)	(81.5)	0.60	(70.2)	71	0.84	(63.5)
Key balance sheet items												
Gross loans	74,567	75,182	75,736	74,538	72,256	(3.1)	(3.1)	72,256	(3.1)		73,770	(1.9)
Interest bearing debt	64,104	64,190	64,973	64,694	62,187	(3.9)	(3.0)	62,187	(3.0)		63,047	(1.8)
Leverage ratios	(x)	(x)	(x)	(x)	(x)			(x)			(x)	
D/E	6.3	6.3	6.2	6.5	6.2			6.2			6.3	
IBD/E	6.1	6.0	6.0	6.3	6.0			6.0			6.0	
Asset quality ratio	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)		(%)	(%)
Gross NPL (THB m)	3,089	3,539	3,918	4,549	4,725	3.9	53.0	4,725	53.0		4,787	35.3
NPL / TL	4.14	4.71	5.17	6.10	6.54			6.54			6.49	
LLR	1,956	2,205	2,380	2,584	2,663	3.0	36.1	2,663			2,578	16.9
Coverage ratio	63	62	61	57	56			56			54	
Credit cost	2.31	3.32	2.94	3.55	3.54			3.40			3.28	
Profitability ratios	(%)	(%)	(%)	(%)	(%)			(%)			(%)	
Cost-to-income ratio	27.81	27.09	30.55	29.08	29.33			29.67			30.58	
Average loan yield	7.79	7.93	7.82	7.79	7.76			7.92			7.95	
Cost of funds	3.19	3.36	3.42	3.44	3.46			3.50			3.64	
Loan yield spreads	4.60	4.58	4.40	4.35	4.30			4.42			4.30	
Net interest margins (NIM)	5.14	5.15	5.00	4.94	4.90			5.02			4.95	
Non-NII / Revenue	18.37	16.36	16.99	15.86	14.78			15.90			16.62	
Loan growth	(%)	(%)	(%)	(%)	(%)			(%)			(%)	
q-q	2.2	0.8	0.7	(1.6)	(3.1)							
y-y	14.3	11.2	8.3	2.2	(3.1)			(3.1)			(1.9)	
YTD	10.3	11.2	0.7	(0.9)	(3.9)			(3.9)				

Sources: ASK; FSSIA estimates

## Exhibit 2: ASK – Staged loans and ECL

	2022	2023	1Q24	2Q24	3Q24	2022	2023	1Q24	2Q24	3Q24
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(%)	(%)	(%)	(%)	(%)
Staged loans										
Stage 1	60,667	65,205	64,614	62,153	59,622	89.7	86.6	85.2	83.3	82.4
Stage 2	4,591	6,514	7,279	7,911	7,991	6.8	8.7	9.6	10.6	11.0
Stage 3	2,347	3,539	3,918	4,549	4,725	3.5	4.7	5.2	6.1	6.5
Total	67,605	75,257	75,811	74,614	72,338	100.0	100.0	100.0	100.0	100.0
Allowance for ECL										
Stage 1	566	528	505	494	486	0.9	0.8	0.8	0.8	0.8
Stage 2	500	766	863	912	908	10.9	11.8	11.9	11.5	11.4
Stage 3	696	912	1,012	1,178	1,269	29.7	25.8	25.8	25.9	26.9
Total	1,761	2,205	2,380	2,584	2,663	2.6	2.9	3.1	3.5	3.7
LLR/ Loans										
	(%)	(%)	(%)	(%)	(%)					
Stage 1	0.9	0.8	0.8	0.8	0.8					
Stage 2	10.9	11.8	11.9	11.5	11.4					
Stage 3	29.7	25.8	25.8	25.9	26.9					
Total	2.6	2.9	3.1	3.5	3.7					
	(%)	(%)	(%)	(%)	(%)					
NPL / TL	3.5	4.7	5.2	6.1	6.5					
NPL vs Stage 2 loans / TL	10.3	13.4	14.8	16.7	17.6					
LLR / NPL	75	62	61	57	56					
LLR / (NPL vs Stage 2)	25	22	21	21	21					

Sources: ASK; FSSIA's compilation

## Exhibit 3: ASK – GGM-based 2025 TP

	2025E
	(%)
Sustainable ROE	6.4
Terminal growth	2.7
Risk-free	3.0
Expected market return	8.0
Market risk premium	5.0
Cost of equity	9.8
Beta	1.4
Target PBV (x)	0.53
Fair price (THB)	11.00

Source: FSSIA estimates

## Exhibit 4: Share price performance of non-banks under coverage, as of 8 November 2024

	Price performance				
	1M	3M	6M	1Y	YTD
	(%)	(%)	(%)	(%)	(%)
TIDLOR TB	(12.2)	15.2	(26.0)	(22.2)	(26.7)
MTC TB	(7.8)	16.0	(2.1)	13.3	4.4
SAWAD TB	(6.0)	35.0	3.3	(3.4)	7.3
SAK TB	4.0	10.2	(1.0)	23.8	25.0
AEONTS TB	(8.5)	19.3	(19.8)	(15.6)	(18.8)
KTC TB	(4.1)	18.6	6.3	1.1	6.3
ASK TB	(15.8)	5.7	(30.0)	(44.3)	(43.7)
THANI TB	(16.8)	1.1	(25.2)	(29.6)	(24.7)
JMT TB	11.7	102.0	6.4	(25.9)	(21.6)
BAM TB	(21.3)	17.1	(21.3)	(11.1)	(11.7)
CHAYO TB	(9.9)	29.4	(17.3)	(40.7)	(40.2)
SETFIN	(6.7)	21.9	(8.7)	(11.4)	(11.6)
SET	(0.4)	12.9	6.8	5.4	3.4

Source: Bloomberg

## Financial Statements

### Asia Sermkij Leasing PCL

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Interest Income	4,863	5,658	5,918	6,040	6,369
Interest expense	(1,336)	(1,910)	(2,318)	(2,390)	(2,529)
Net interest income	3,527	3,748	3,601	3,650	3,840
Net fees & commission	638	658	476	498	521
Foreign exchange trading income	-	-	-	-	-
Securities trading income	-	-	-	-	-
Dividend income	-	-	-	-	-
Other income	123	183	241	266	292
Non interest income	761	841	718	764	813
Total income	4,288	4,589	4,319	4,414	4,653
Staff costs	(772)	(908)	(953)	(1,049)	(1,153)
Other operating costs	(355)	(373)	(367)	(383)	(400)
Operating costs	(1,127)	(1,281)	(1,321)	(1,432)	(1,554)
Pre provision operating profit	3,161	3,308	2,998	2,982	3,100
Expected credit loss	(1,265)	(1,779)	(2,442)	(2,276)	(2,207)
Other provisions	-	-	-	-	-
Operating profit	1,896	1,529	556	705	893
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	1,896	1,529	556	705	893
Tax	(384)	(310)	(111)	(141)	(179)
Profit after tax	1,512	1,219	445	564	715
Non-controlling interest	-	-	-	-	-
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	1,512	1,219	445	564	715
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	1,512	1,219	445	564	715
<b>Per share (THB)</b>					
Recurring EPS *	2.86	2.31	0.84	1.07	1.35
Reported EPS	2.86	2.31	0.84	1.07	1.35
DPS	1.14	1.16	0.42	0.53	0.68
<b>Growth</b>					
Net interest income (%)	27.4	6.3	(3.9)	1.4	5.2
Non interest income (%)	25.5	10.5	(14.6)	6.4	6.5
Pre provision operating profit (%)	35.9	4.6	(9.4)	(0.5)	4.0
Operating profit (%)	25.6	(19.4)	(63.6)	26.9	26.6
Reported net profit (%)	25.7	(19.4)	(63.5)	26.9	26.6
Recurring EPS (%)	25.7	(19.4)	(63.5)	26.9	26.6
Reported EPS (%)	25.7	(19.4)	(63.5)	26.9	26.6
<b>Income Breakdown</b>					
Net interest income (%)	82.3	81.7	83.4	82.7	82.5
Net fees & commission (%)	14.9	14.3	11.0	11.3	11.2
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	-	-	-	-	-
Dividend income (%)	-	-	-	-	-
Other income (%)	2.9	4.0	5.6	6.0	6.3
<b>Operating performance</b>					
Gross interest yield (%)	8.00	8.06	8.13	8.19	8.19
Cost of funds (%)	2.65	3.17	3.64	3.70	3.74
Net interest spread (%)	5.35	4.89	4.49	4.49	4.45
Net interest margin (%)	5.8	5.3	4.9	4.9	4.9
Cost/income(%)	26.3	27.9	30.6	32.4	33.4
Cost/assets(%)	1.8	1.7	1.7	1.8	1.9
Effective tax rate (%)	20.3	20.3	20.0	20.0	20.0
Dividend payout on recurring profit (%)	39.8	50.2	50.0	50.0	50.0
ROE (%)	15.5	11.7	4.2	5.3	6.5
ROE - COE (%)	5.8	1.9	(5.5)	(4.5)	(3.3)
ROA (%)	2.4	1.7	0.6	0.7	0.9
RORWA (%)	-	-	-	-	-

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

Sources: Asia Sermkij Leasing PCL ; FSSIA estimates

## Financial Statements

### Asia Sermkij Leasing PCL

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Gross customer loans	67,538	75,182	73,770	77,659	81,759
Allowance for expected credit loss	(1,761)	(2,205)	(2,578)	(2,692)	(2,851)
interest in suspense	68	75	82	89	96
<b>Net customer loans</b>	<b>65,844</b>	<b>73,052</b>	<b>71,274</b>	<b>75,056</b>	<b>79,003</b>
Bank loans	-	-	-	-	-
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	-	-	-	-	-
Cash & equivalents	747	666	584	582	797
Other interesting assets	0	0	0	0	0
Tangible fixed assets	743	2,048	2,581	2,060	1,572
Associates	-	-	-	-	-
Goodwill	-	-	-	-	-
Other intangible assets	61	45	46	47	47
Other assets	1,753	1,718	1,744	1,770	1,796
<b>Total assets</b>	<b>69,149</b>	<b>77,529</b>	<b>76,229</b>	<b>79,514</b>	<b>83,217</b>
Customer deposits	-	-	-	-	-
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	56,169	64,190	63,047	65,981	69,239
Non interest bearing liabilities	2,725	2,681	2,691	2,701	2,712
Hybrid Capital	-	-	-	-	-
<b>Total liabilities</b>	<b>58,894</b>	<b>66,870</b>	<b>65,738</b>	<b>68,682</b>	<b>71,951</b>
Share capital	2,639	2,639	2,639	2,639	2,639
Reserves	7,615	8,019	7,852	8,194	8,626
<b>Total equity</b>	<b>10,255</b>	<b>10,659</b>	<b>10,491</b>	<b>10,833</b>	<b>11,265</b>
Non-controlling interest	0	0	0	0	0
<b>Total liabilities &amp; equity</b>	<b>69,149</b>	<b>77,529</b>	<b>76,229</b>	<b>79,515</b>	<b>83,217</b>
<b>Supplementary items</b>					
Risk weighted assets (RWA)	n/a	n/a	n/a	n/a	n/a
Average interest earning assets	60,803	70,155	72,788	73,748	77,719
Average interest bearing liabilities	50,364	60,179	63,618	64,514	67,610
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)	2,347	3,539	4,787	4,834	4,742
<b>Per share (THB)</b>					
Book value per share	19.43	20.19	19.87	20.52	21.34
Tangible book value per share	19.31	20.11	19.79	20.43	21.25
<b>Growth</b>					
Gross customer loans	21.3	11.3	(1.9)	5.3	5.3
Average interest earning assets	22.9	15.4	3.8	1.3	5.4
Total asset (%)	22.0	12.1	(1.7)	4.3	4.7
Risk weighted assets (%)	-	-	-	-	-
Customer deposits (%)	-	-	-	-	-
<b>Leverage &amp; capital measures</b>					
Customer loan/deposits (%)	-	-	-	-	-
Equity/assets (%)	14.8	13.7	13.8	13.6	13.5
Tangible equity/assets (%)	14.7	13.7	13.7	13.6	13.5
RWA/assets (%)	-	-	-	-	-
CET 1 CAR (%)	-	-	-	-	-
Total CAR (%)	-	-	-	-	-
<b>Asset Quality (FSSIA's calculation)</b>					
Change in NPL (%)	55.6	50.8	35.3	1.0	(1.9)
NPL/gross loans (%)	3.5	4.7	6.5	6.2	5.8
Allowance for ECL/gross loans (%)	2.6	2.9	3.5	3.5	3.5
Allowance for ECL/NPL (%)	75.0	62.3	53.9	55.7	60.1
<b>Valuation</b>					
Recurring P/E (x) *	3.9	4.9	13.3	10.5	8.3
Recurring P/E @ target price (x) *	3.8	4.8	13.1	10.3	8.1
Reported P/E (x)	3.9	4.9	13.3	10.5	8.3
Dividend yield (%)	10.2	10.4	3.8	4.8	6.0
Price/book (x)	0.6	0.6	0.6	0.5	0.5
Price/tangible book (x)	0.6	0.6	0.6	0.5	0.5
Price/tangible book @ target price (x)	0.6	0.5	0.6	0.5	0.5

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

Sources: Asia Sermkij Leasing PCL ; FSSIA estimates

# Asia Sermkij Leasing PCL (ASK TB)

## FSSIA ESG rating


**25.25 /100**

### Exhibit 5: FSSIA ESG score implication

Rating	Score	Implication
★★★★★	>79-100	Leading its industry peers in managing the most significant ESG risks which not only better cost efficiency but also lead to higher profitability.
★★★★☆	>59-79	A mixed track record of managing the most significant ESG risks and opportunities relative to industry peers.
★★★☆☆	>39-59	Relevant ESG materiality matrix has been constructively addressed, well-managed and incorporated into day-to-day operations, in which targets and achievements are evaluated annually.
★★☆☆☆	>19-39	<b>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.</b>
★☆☆☆☆	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.

Source: FSSIA estimates

### Exhibit 6: ESG – peer comparison

	FSSIA ESG score	Domestic ratings						Global ratings					Bloomberg		
		DJSI	SET THSI	THSI	CG score	AGM level	Thai CAC	Morningstar ESG risk	ESG Book	MSCI	Moody's	Refinitiv	S&P Global	ESG score	Disclosure score
SET100	69.20	5.34	4.40	4.40	4.76	4.65	3.84	Medium	51.76	BBB	20.87	58.72	63.91	3.72	28.17
Coverage	67.12	5.11	4.15	4.17	4.83	4.71	3.53	Medium	52.04	BB	16.97	56.85	62.09	3.40	31.94
ASK	25.25	--	--	--	4.00	5.00	Certified	Medium	--	--	--	--	--	--	--
MTC	68.21	--	Y	Y	5.00	5.00	Certified	Low	42.19	AA	--	58.09	42.00	3.31	--
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
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 7: ESG disclosure from the company's one report

FY ending Dec 31	FY 2022	FY ending Dec 31	FY 2022
<b>Environmental</b>		<b>Governance</b>	
Climate change policy	Yes	<b>Board size / Independent directors (ID) / Female</b>	<b>12 / 5 / 2</b>
Climate change opportunities discussed	--	No. of board meetings for the year / % attendance	7 / 90.48%
GHG scope 2 location-based policy	Yes	Company conducts board evaluations	Yes
Biodiversity policy	--	Number of non-executive directors on board	11
Energy efficiency policy	Yes	Director share ownership guidelines	No
Electricity used	Yes	Board age limit	No
Fuel used - crude oil/diesel	--	Age of the youngest / oldest director	50 / 75
Waste reduction policy	Yes	Number of executives / female	7 / 0
Water policy	Yes	Executive share ownership guidelines	No
Water consumption	3,557	<b>Size of audit committee / ID</b>	<b>4 / 4</b>
<b>Social</b>		Audit committee meetings	4
Human rights policy	Yes	Audit committee meeting attendance (%)	100
Policy against child labor	--	<b>Size of compensation committee</b>	<b>-- / --</b>
Quality assurance and recall policy	Yes	Number of compensation committee meetings	--
Consumer data protection policy	Yes	Compensation committee meeting attendance (%)	--
Equal opportunity policy	Yes	<b>Size of nomination committee / ID</b>	<b>-- / --</b>
Gender pay gap breakout	--	Number of nomination committee meetings	--
Pct women in workforce	53.64	Nomination committee meeting attendance (%)	--
Business ethics policy	Yes	Board compensation (THB m)	7.02
Anti-bribery ethics policy	Yes	Auditor fee (THB m)	4.40
Health and safety policy	Yes	(EY OFFICE LIMITED)	
Lost time incident rate - employees	--		
Training policy	Yes		
Fair remuneration policy	Yes		
Number of employees - CSR	--		
Total hours spent by firm - employee training	--		
Social supply chain management	--		

Source: 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 Sustainalytics</a>	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 &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="3"><b>Average:</b></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><b>BB</b></td><td>2.857-4.285</td></tr><tr><td><b>B</b></td><td>1.429-2.856</td></tr><tr><td><b>CCC</b></td><td>0.000-1.428</td><td><b>Laggard:</b></td><td>lagging its industry based on its high exposure and failure to manage significant ESG risks</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>CCC</b>	0.000-1.428	<b>Laggard:</b>	lagging its industry based on its high exposure and failure to manage significant ESG risks
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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

#### Jitra Amornthum 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
Asia Sermkij Leasing PCL	ASK TB	THB 11.20	HOLD	Downside risks to our GGM-derived TP include 1) an economic slowdown, especially for logistics activities and private investment; 2) deteriorating asset quality; and 3) changes in financial regulations from the Bank of Thailand. Upside risks include 1) a better-than-expected macroeconomic improvement; 2) downtrend of policy rate could reduce cost of funds and enhance interest spreads; and 3) a faster-than-expected decline in ECL expense.
Ratchthani Leasing	THANI TB	THB 1.78	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 47.00	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.
Ngern Tid Lor	TIDLOR TB	THB 15.90	HOLD	Downside risks to our GGM-based TP include 1) further weakening asset quality could potentially hit both loan yields and credit costs; 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 more favorable economic situations.
Krungthai Card	KTC TB	THB 46.25	HOLD	Downside risks are: 1) regulatory actions to curb industry growth; 2) a higher-than-expected policy rate; and 3) deteriorating asset quality. Upside risks are: 1) better-than-estimated economic improvement; 2) stronger-than-estimated improvement in the overall asset quality; and 3) less pressure from the market yield and cost of funds.
Aeon Thana Sinsap (Thailand)	AEONTS TB	THB 130.00	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.
Srisawad Corp	SAWAD TB	THB 39.50	HOLD	Downside risks to our GGM-based TP include 1) a further weakening of asset quality that could potentially hit both loan yield and credit cost; and 2) changes in financial regulations by the Bank of Thailand and the Office of Consumer Protection Board. Upside risks include 1) a faster-than-expected decline in losses on sales of repossessed cars for SCAP; and 2) an interest rate downtrend could push its interest spread.
Saksiam Leasing	SAK TB	THB 5.20	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.
Bangkok Commercial Asset Mngt.	BAM TB	THB 7.20	HOLD	Downside risks to our NAV-based TP include 1) lower cash collection than estimated; 2) lower-than-expected bad debt acquisition; and 3) a slowdown in the property market. 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.
JMT Network Services	JMT TB	THB 20.00	HOLD	Downside risks to our P/BV-based TP include 1) lower cash collection from both debt management and debt tracking collection services; and 2) higher-than-expected funding costs and operating expenses. Upside risks include 1) better-than-expected purchasing power and cash collection 2) lower-than-expected operating and financing expense.
Chayo Group	CHAYO TB	THB 3.26	BUY	Downside risks to our GGM-based TP include 1) lower-than-expected bad debt acquisition; and 2) higher-than-expected operating expenses.

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 08-Nov-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.