

HOLD (From: BUY)**TP: Bt 43.00**

(From: Bt 45.50)

11 NOVEMBER 2024

Change in Recommendation

Upside : 6.8%

Srisawad Corporation Pcl (SAWAD TB)

Some hiccups

We have cut SAWAD's earnings by 8% to reflect slower loan growth and a smaller decline in losses on sales. While we expect an improvement next year, the stock appears fairly valued, trading at PE of 11x against EPS growth of 12% in 2025. Given limited potential upside to our lower TP of Bt43, we downgrade SAWAD to HOLD.

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Slower loan growth

In response to rising defaults and less attractive yields on new motorcycle HP loans, SAWAD has slowed loan extensions in this segment. While the company is eager to expand its auto and motorcycle title loan offerings, increased volatility in the debenture market — following deferred payments on high-crediting debentures — has constrained SAWAD's growth potential. In late July, SAWAD issued Bt2.08bn in debentures and allocated internal cash flow to settle Bt2.8bn in debentures that were due in early August. The company is also securing an additional US\$80m in bank loans from Sumitomo Mitsui Banking Corporation. It is in the process of issuing new debentures of Bt2bn-3bn to prepare to settle Bt2.88bn due in late-December 2024. To account for liquidity issues in the debenture market, we lower our forecast for SAWAD's loan growth to flat for this year and anticipate a modest recovery of 10% p.a. for 2025-26F.

Manageable asset quality

Since 2Q23, SAWAD has initiated a balance sheet clean-up through write-offs and asset sales. These efforts have helped maintain good control over NPLs, and we anticipate stabilizing NPL amounts from 2Q24. The cleaning process has been particularly intense for new motorcycle HP loans, and we believe SAWAD has now passed the peak of losses on sales, which totaled Bt558.5m in 1Q24. Losses on sales are trending down, as we previously anticipated. However, with the further deterioration of used auto prices and SAWAD's intention to maintain a clean balance sheet, we are now projecting a smaller decline in losses on sales, from Bt1.21bn in 2023 and Bt972m in 1H24 to Bt1.7bn in 2024F, and Bt1.38bn pa. in 2025F.

Cutting earnings by 8% over 2024-26F

We have cut our earnings for SAWAD by 7% this year, 10% in 2025F, and 8% in 2026F. These adjustments reflect a 5% reduction in loan growth, increased funding costs, and higher losses on sales. However, we have lowered provisions and operating expenses due to slower loans, reduced NPLs, and the launch of SAWAD's online application. Consequently, our DDM-based 12-month TP (2025F base year) falls to Bt43 from Bt45.5.

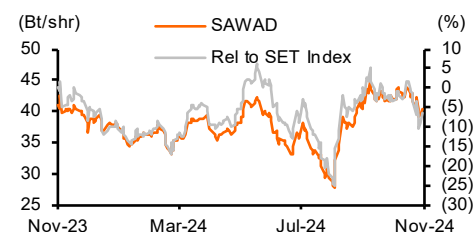
Downgrading to HOLD with a lower TP of Bt43

Sentiment in the debenture market has gradually improved, and SAWAD plans to rebalance its funding structure to achieve an equal weighting between debentures and bank loans. Although we anticipate an improvement in loan growth and a reduction in losses on sales, the stock appears fairly valued, trading at 2025F PE of 11x against EPS growth of 12% for that year. Given the limited potential upside, we downgrade to HOLD from Buy.

COMPANY VALUATION

Y/E Dec (Bt m)	2023A	2024F	2025F	2026F
Pre Provision Profit	8,367	8,567	9,227	10,673
Net profit	5,001	5,163	5,769	6,868
Consensus NP	—	5,187	5,799	6,411
Diff frm cons (%)	—	(0.5)	(0.5)	7.1
Norm profit	5,001	5,163	5,769	6,868
Prev. Norm profit	—	5,548	6,435	7,445
Chg frm prev (%)	—	(6.9)	(10.4)	(7.7)
Norm EPS (Bt)	3.2	3.3	3.7	4.4
Norm EPS grw (%)	16.5	3.1	11.6	19.1
Norm PE (x)	12.5	12.2	10.9	9.1
P/BV (x)	2.0	1.9	1.6	1.4
Div yield (%)	0.0	0.0	0.0	0.0
ROE (%)	18.6	16.8	16.0	16.2
ROA (%)	5.5	4.7	5.1	5.6

PRICE PERFORMANCE



COMPANY INFORMATION

Price as of 11-Nov-24 (Bt)	40.25
Market Cap (US\$ m)	1,768.9
Listed Shares (m shares)	1,510.5
Free Float (%)	44.8
Avg Daily Turnover (US\$ m)	8.4
12M Price H/L (Bt)	45.00/27.75
Sector	Finance
Major Shareholder	Kaewbootta Family 29.5%

Sources: Bloomberg, Company data, Thanachart estimates

ESG Summary Report P9



Slower loan growth

SAWAD has prioritized debt repayments over loan growth in 2H24

We held a discussion with Srisawad Corporation Pcl (SAWAD), and we anticipate a slight loan contraction q-q along with flat loan growth for 2024F. This slowdown, which is below SAWAD's initial target, is primarily due to liquidity issues in the debenture market. The company has prioritized debt repayments over loan growth, choosing to preserve cash flow to settle debentures maturing in the second half of 2024.

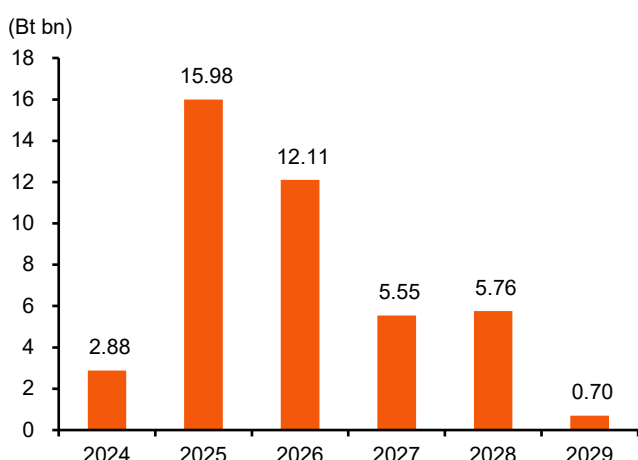
Sentiment in the debenture market has gradually improved since July, when SAWAD issued Bt2.08bn worth of debentures. The company is in the process of issuing new debentures valued at Bt2bn-3bn, expecting to raise over Bt2bn in this round. These new debentures, combined with internal cash flow, are sufficient to cover the Bt2.88bn due in late December 2024.

Recognizing the unexpected uncertainty in the debenture market, SAWAD aims to increase the proportion of bank loans from 30% as of 2Q24 to around 50% in the future. In September 2024, the company secured credit lines of US\$80m from Sumitomo Mitsui Banking Corporation. With these new lines, SAWAD's total credit lines with domestic and foreign commercial banks will rise to approximately Bt26bn, with around Bt6bn remaining unused. Additionally, the company has a standby line from its shareholder, Cathey Holding, of around US\$30-40m and loan facilities with the Government Savings Bank (GSB) of up to Bt15bn.

The tentative coupon rate for the new debenture issuance in November 2024 ranges from 4.3-5% for 2-3 years duration. Coupled with lower carrying costs of debentures due in 2025, we raise our funding cost assumption by 15bps to 4.4% for 2024F and project a gradual decline of 10bps p.a. in 2025F and 2026F. It is worth noting that SAWAD's credit rating of BBB+ is lower than an A- for Muangthai Capital (MTC TB, BUY, Bt47.25) and A+ for Ngern Tid Lor (TIDLOR TB, BUY, Bt15.80). Therefore, we project SAWAD's funding costs to be higher than those of its microfinance peers.

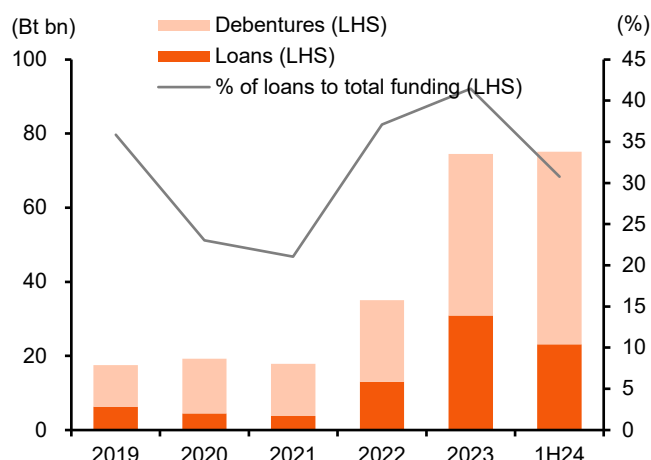
We view SAWAD's flat loan growth for this year as temporary. However, we are conservatively forecasting a rebound in the company's loan growth of just 10% p.a. over 2025-26F.

Ex 1: Debentures In Hand

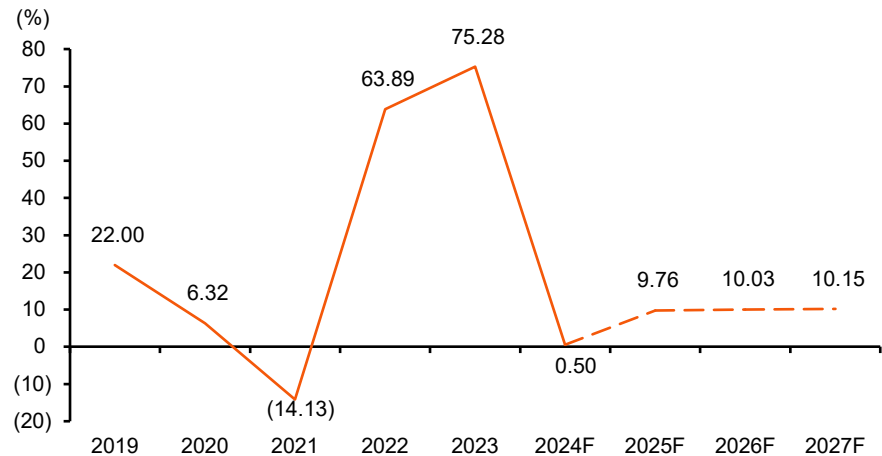


Source: Company data

Ex 2: Funding Structure



Source: Company data

Ex 3: SAWAD's Loan Growth

Sources: Company data, Thanachart estimates

Manageable asset quality

NPLs stabilize but with a smaller decline in losses on sales

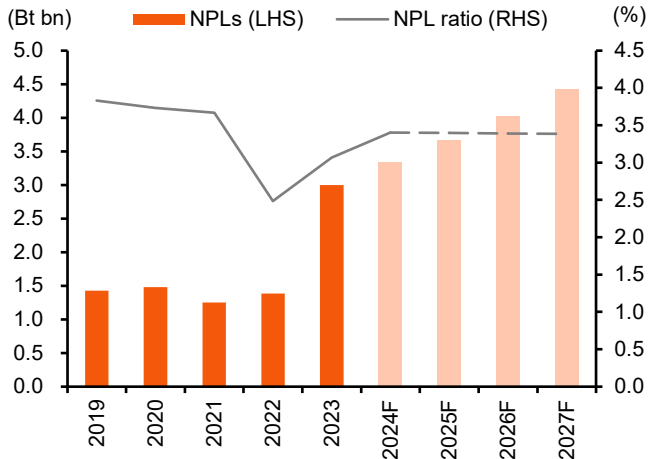
Of SAWAD's total loans, 31% are derived from new motorcycle hire purchase (HP) loans, while auto loans and land title loans each account for 25%. Motorcycle title loans comprise 16%, and personal loans constitute 3%.

The risk-reward profile for new motorcycle HP loans has become less appealing than in the past. As a result, SAWAD has slowed loan extensions in this segment and has actively pursued a balance sheet clean-up through a combination of write-offs and asset sales since 2Q23. These measures have effectively helped maintain firm control over NPLs, and we anticipate that NPL levels will stabilize from 2Q24. An uptick in the NPL ratio is due to slower loan growth. Nevertheless, we anticipate SAWAD's NPL ratio to stay below 3.5%.

The cleaning process has been particularly focused on new motorcycle hire purchase loans, and we believe SAWAD has now moved past the peak of losses on sales, which reached Bt558.5m in 1Q24.

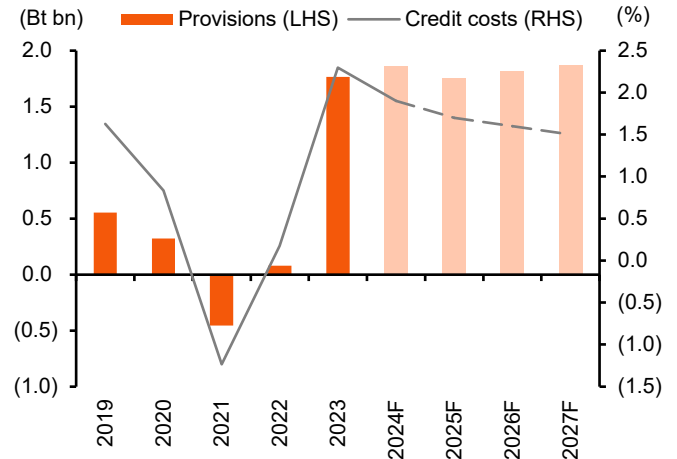
While losses on sales are trending downward, as we previously forecasted, the continued deterioration of used auto prices presents added challenges. In response, SAWAD is taking advantage of muted loan growth to prioritize its balance sheet clean-up and maintain financial stability. We now project a smaller decline in losses on sales, expecting them to decrease from Bt1.21bn in 2023 and Bt972m in the first half of 2024 to Bt1.7bn in 2024F, with a further decline to Bt1.38bn in 2025F. This adjusted outlook reflects the current market conditions and the company's strategic focus on enhancing its financial health.

Ex 4: NPLs And NPL Ratio



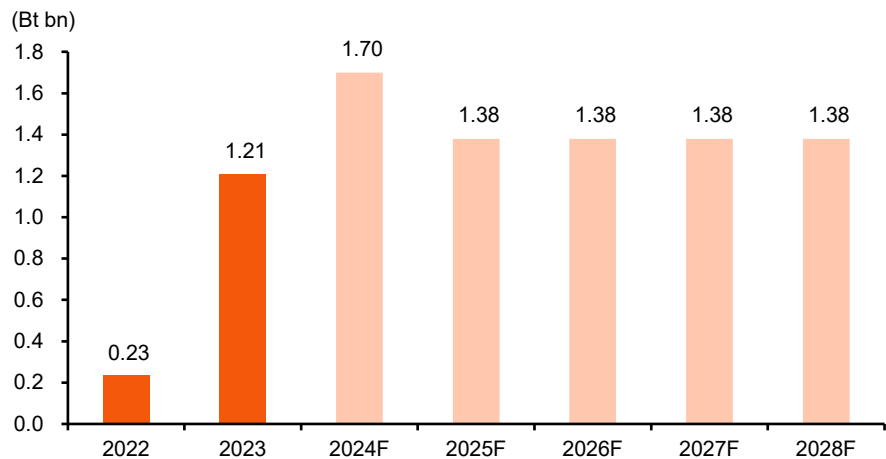
Sources: Company data, Thanachart estimates

Ex 5: Provisions And Credit Costs



Sources: Company data, Thanachart estimates

Ex 6: Losses On Sales



Sources: Company data, Thanachart estimates

Cutting our earnings by 8% over 2024-26F

We have lowered our earnings estimates for SAWAD by 7% this year, 10% in 2025F, and 8% in 2026F. These adjustments reflect a 5% reduction in loan growth, increased funding costs, and higher losses on sales. However, we have lowered provisions and operating expenses due to slower loans, reduced NPLs, and the launch of SAWAD's online application. Consequently, our DDM-based TP, using a 2025F base year, is lowered to Bt43 from Bt45.5 previously.

Ex 7: Earnings Revisions

	2019	2020	2021	2022	2023	2024F	2025F	2026F
Net profits (Bt bn)								
- New	3.76	4.51	4.72	4.48	5.00	5.16	5.77	6.87
- Old						5.55	6.44	7.45
- Change (%)						(6.93)	(10.35)	(7.75)
Loans growth (%)								
- New	22.00	6.32	(14.13)	63.89	75.28	0.50	9.76	10.03
- Old						10.00	13.71	11.98
- Change (ppt)						(9.50)	(3.95)	(1.94)
Average funding costs (%)								
- New	3.28	3.64	3.74	3.26	4.14	4.40	4.30	4.20
- Old						4.25	4.20	4.10
- Change (ppt)						0.15	0.10	0.10
Non-interest income (Bt bn)								
- New	2.55	2.83	3.15	3.31	3.17	2.89	3.03	3.19
- Old						2.90	3.05	3.20
- Change (%)						(0.34)	(0.34)	(0.34)
Operating expenses (Bt bn)								
- New	3.53	3.79	3.48	5.44	8.28	9.40	9.62	10.20
- Old						9.30	10.00	11.40
- Change (%)						1.08	(3.81)	(10.56)
Provisions (Bt bn)								
- New	0.55	0.32	(0.46)	0.08	1.76	1.86	1.75	1.81
- Old						2.06	2.08	2.09
- Change (ppt)						(9.51)	(15.73)	(13.08)
Credit costs (%)								
- New	1.63	0.83	(1.23)	0.17	2.30	1.90	1.70	1.60
- Old						2.00	1.80	1.60
- Change (ppt)						(0.10)	(0.10)	—
NPLs (Bt bn)								
- New	1.43	1.48	1.25	1.39	3.00	3.34	3.66	4.03
- Old						3.67	4.18	4.67
- Change (%)						(9.03)	(12.30)	(13.78)

Sources: Company data, Thanachart estimates

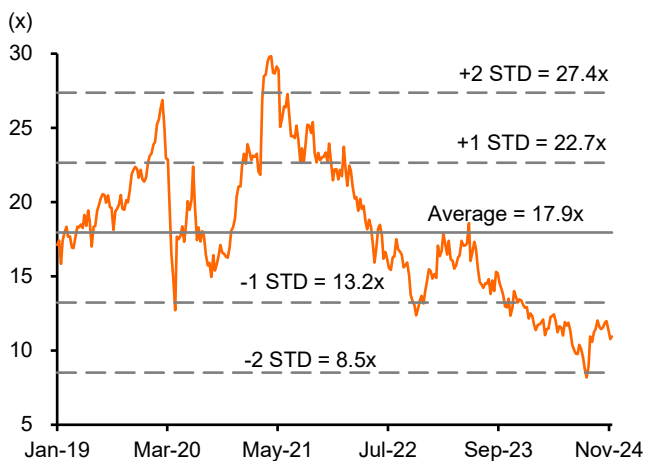
Ex 8: 12-month DDM-based Valuation Using A Base Year Of 2025F

(Bt m)	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	Terminal value
Dividend of common shares	19	19	19	4,068	4,456	4,877	5,141	6,388	10,921	11,439	11,439
Dividend payment	19	19	19	4,068	4,456	4,877	5,141	6,388	10,921	11,439	129,646
PV of dividend	19	15	14	2,679	2,644	2,607	2,476	2,770	4,267	4,026	45,633
Risk-free rate (%)	3.0										
Market risk premium (%)	8.0										
Beta	1.0										
WACC (%)	11.0										
Cost of equity	11.0										
Terminal growth (%)	2.0										
Equity value	67,149										
No. of shares (m)	1,560										
Equity value / share (Bt)	43.00										

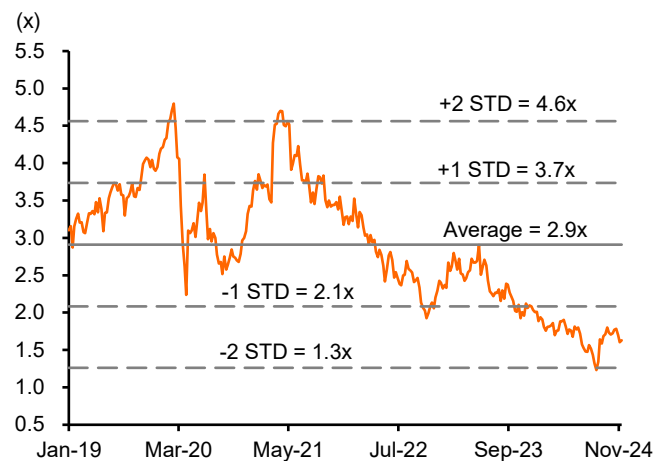
Source: Thanachart estimates

Downgrading to HOLD with a lower TP of Bt43

Due to liquidity challenges, we anticipate flat loan growth and expect earnings growth of only 3% this year. However, we expect improved conditions in the debenture market and increased credit lines for bank loans to enhance SAWAD's lending capabilities in 2025F. Along with a more significant reduction in losses on sales, we project a recovery in SAWAD's earnings growth of 12% in 2025F. Despite this anticipated recovery, the stock appears fairly valued, trading at a 2025 PE multiple of 11x. Given the limited upside potential, we are downgrading our recommendation to HOLD from Buy. Our top pick in the sector remains MTC due to its superior earnings growth story.

Ex 9: STD PE

Sources: Bloomberg, Thanachart estimates

Ex 10: STD P/BV

Sources: Bloomberg, Thanachart estimates

Valuation Comparison

Ex 11: Valuation Comparison With Regional Peers

Name	BBG code	Country	EPS growth		PE		P/BV		ROE		Div. yield	
			24F	25F	24F	25F	24F	25F	24F	25F	24F	25F
Afterpay Ltd	APT AU	Australia	na	68.5	na	na	na	na	16.8	na	na	na
Finvolution Group	FINV US	China	447.7	15.8	0.6	0.6	0.1	0.1	16.6	16.5	29.6	33.8
Mahindra & Mahindra Fin Secs	MMFS IN	India	(0.2)	28.6	17.3	13.4	1.7	1.5	10.4	13.4	1.9	2.3
Bajaj Finance Ltd	BAF IN	India	(1.1)	15.7	29.0	25.1	5.5	4.5	22.1	19.6	0.5	0.6
Manappuram Finance Ltd	MGFL IN	India	1.7	(8.6)	5.9	6.5	1.2	1.0	20.8	16.9	2.4	2.4
GMO Payment Gateway Inc.	3769 JP	Japan	26.3	21.0	39.4	32.6	6.5	5.5	17.9	19.1	1.2	1.5
Infomart Corp.	2492 JP	Japan	168.7	120.9	85.2	38.6	6.2	5.6	7.4	15.3	0.6	1.3
Ally Financial Inc	ALLY US	US	(1.2)	42.8	12.7	8.9	0.9	0.8	7.1	9.1	3.2	3.3
World Acceptance Corp	WRLD US	US	(14.6)	14.0	10.7	9.4	1.6	1.4	15.3	15.1	na	na
Navient Corp	NAVI US	US	32.6	(40.2)	6.1	10.2	0.6	0.6	9.4	5.8	4.2	4.2
SLM Corp	SLM US	US	12.4	9.4	8.5	7.7	2.6	2.3	31.4	29.9	2.0	2.2
Amanah Leasing	AMANA TH	Thailand	(49.2)	25.0	15.1	12.1	0.8	0.8	(0.2)	6.6	5.0	5.0
Asia Sermkij Leasing *	ASK TH	Thailand	(38.3)	14.6	7.7	6.7	0.5	0.5	6.9	7.7	6.5	7.4
Bangkok Commercial Asset Mgt.	BAM TH	Thailand	28.8	20.3	11.6	9.6	0.5	0.5	4.5	5.3	7.7	6.2
Chayo Group	CHAYO TH	Thailand	(7.0)	31.3	9.9	7.6	1.0	0.8	8.4	10.5	2.5	2.7
JMT Network Services *	JMT TH	Thailand	(30.5)	24.6	19.7	15.8	1.0	1.0	5.2	6.4	3.0	3.8
Krungthai Card *	KTC TH	Thailand	17.3	18.4	14.2	12.0	2.9	2.6	22.2	22.9	3.2	3.8
Muangthai Capital *	MTC TH	Thailand	20.8	23.0	16.9	13.7	2.7	2.3	17.2	18.2	0.9	1.1
Saksiam Leasing *	SAK TH	Thailand	13.5	18.9	12.8	10.8	1.7	1.6	14.0	15.3	3.1	3.7
Srisawad Corporation *	SAWAD TH	Thailand	3.1	11.6	12.2	10.9	1.9	1.6	16.8	16.0	0.0	0.0
Ratchthani Leasing *	THANI TH	Thailand	4.5	13.1	7.8	6.9	0.8	0.7	10.4	11.1	7.0	8.0
Ngern Tid Lor *	TIDLOR TH	Thailand	10.3	16.9	11.0	9.4	1.5	1.4	14.2	15.3	1.8	2.1
Average			30.7	23.0	16.9	12.8	2.0	1.8	13.4	14.1	4.3	4.8

Source: Bloomberg

Note: * Thanachart estimates using normalized EPS growth

Based on 11 November 2024 closing price

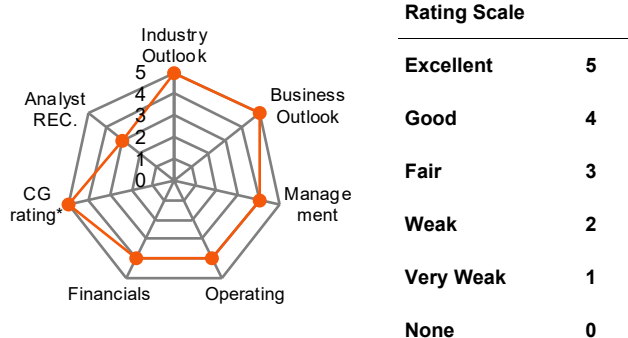
Thanachart Capital Pcl (TCAP) holds an 89.96% of Thanachart Securities (TNS). TCAP holds a 100% of Thanachart SPV1 Co. Ltd. TCAP and Thanachart SPV1 hold a 60% stake in THANI.

COMPANY DESCRIPTION

Srisawad Corporation (SAWAD) is a holding company. Its main subsidiaries are Srisawad Capital (SCAP) and Srisawad 2014. The group provides title loans, motorcycle hire-purchase (HP) loans, personal secured loans, and other related financial products. SAWAD offers its products and services to retail clients nationwide via its branches. SAWAD exited from a JV with the Government Savings Bank (GSB), and Fast Money (FM) became its subsidiary entity to provide motorcycle-title loans from 2Q23.

Source: Thanachart

COMPANY RATING



Source: Thanachart; * CG Rating

THANACHART'S SWOT ANALYSIS

S — Strength

- Well-recognized brand
- Expertise and considerable experience in running its business
- Extensive branch coverage
- Economies of scale

O — Opportunity

- Increasing cross-selling fees
- Expansion into neighbouring countries

W — Weakness

- Reliant on external funding
- Complicated organization structure
- Sophisticated product pricing structure

T — Threat

- High household debts and more sophisticated behaviour of borrowers
- Faster depreciation of vehicle resale prices
- Changes in regulations.

CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	42.17	43.00	2%
Net profit 24F (Bt m)	5,187	5,163	0%
Net profit 25F (Bt m)	5,799	5,769	-1%
Consensus REC	BUY: 10	HOLD: 13	SELL: 1

HOW ARE WE DIFFERENT FROM THE STREET?

- Our 2025F earnings are slightly below the Bloomberg consensus, likely as we have a more conservative loan growth assumption.
- As we expect stronger loan growth to resume and losses on sales to be controlled over the medium term, we think this is why our TP is higher.

Sources: Bloomberg consensus, Thanachart estimates

RISKS TO OUR INVESTMENT CASE

- Our earnings growth forecasts are based on manageable opex and asset quality.
- We also factor in lower repossession losses and provisions as we expect SAWAD's balance sheet cleanup to end this year.
- Should any circumstances negatively affect the key drivers we have mentioned above, this would lead to a downside risk to our numbers.
- We also see potential upside to our earnings forecasts and HOLD call should SAWAD be able to resume stronger loan growth than we presently factor in.

Source: Thanachart

INCOME STATEMENT

Hit by high losses on sales, but the expenses already peaked in 2Q24

FY ending Dec (Bt m)	2022A	2023A	2024F	2025F	2026F
Interest Income	8,780	15,744	18,171	18,723	20,662
Interest Expenses	862	2,266	3,094	2,911	2,979
Net Interest Income	7,918	13,478	15,077	15,811	17,683
% of total income	70.5%	81.0%	83.9%	83.9%	84.7%
Fee income	1,215	740	829	878	0
Gains from loans receivable from purchase of loans	59	0	50	50	0
Insurance commission income	1,019	974	1,200	1,280	0
Other non-interest income	1,018	1,457	811	826	0
Non-interest Income	3,311	3,171	2,890	3,035	3,186
% of total income	29.5%	19.0%	16.1%	16.1%	15.3%
Total Income	11,229	16,648	17,967	18,846	20,869
Operating Expenses	5,442	8,282	9,400	9,619	10,196
Pre-provisioning Profit	5,787	8,367	8,567	9,227	10,673
Bad debt expenses	78	1,763	1,863	1,753	1,813
Pre-tax Profit	5,709	6,603	6,704	7,474	8,860
Income Tax	1,097	1,375	1,341	1,495	1,772
After Tax Profit	4,611	5,228	5,363	5,979	7,088
Equity Income	31	26	0	0	0
Minority Interest	(351)	(253)	(200)	(210)	(220)
Extraordinary Items	184	0	0	0	0
NET PROFIT	4,476	5,001	5,163	5,769	6,868
Normalized Profit	4,292	5,001	5,163	5,769	6,868
EPS (Bt)	2.9	3.2	3.3	3.7	4.4
Normalized EPS (Bt)	2.8	3.2	3.3	3.7	4.4

BALANCE SHEET

Slow loan growth due to liquidity issues in the debenture market

FY ending Dec (Bt m)	2022A	2023A	2024F	2025F	2026F
Cash and Interbank	2,823	3,962	2,000	2,000	2,000
Other liquid items	2,872	3,310	2,501	2,511	2,521
Total liquid items	5,694	7,273	4,501	4,511	4,521
Gross loans & accr. interest	55,811	97,826	98,317	107,909	118,736
Provisions	748	1,830	2,317	2,559	2,710
Net loans	55,063	95,996	96,000	105,350	116,026
Fixed assets	1,455	2,415	2,229	1,945	1,623
Right of use	1,372	1,416	1,396	1,375	1,352
Other assets	5,898	4,366	4,129	4,199	4,269
Total assets	69,482	111,465	108,254	117,379	127,791
Short term borrow ing	7,356	13,085	10,500	10,500	10,500
Due to related party	0	0	0	0	0
Other current liabilities	609	690	698	687	676
Long term borrow ing	9,698	23,140	11,160	14,303	12,425
Total borrowings	18,852	39,167	45,272	45,263	50,452
Other L-T liabilities	483	498	508	518	528
Minority interest	18,852	39,167	45,272	45,263	50,452
Shareholders' equity	25,662	28,177	33,177	38,930	45,781
Total Liab. & Equity	69,482	111,465	108,254	117,379	127,791

Sources: Company data, Thanachart estimates

VALUATION

FY ending Dec	2022A	2023A	2024F	2025F	2026F
Normalized PE (x)	14.6	12.5	12.2	10.9	9.1
Normalized PE - at target price (x)	15.6	13.4	13.0	11.6	9.8
PE (x)	14.0	12.5	12.2	10.9	9.1
PE - at target price (x)	14.9	13.4	13.0	11.6	9.8
P/PPP (x)	10.8	7.5	7.3	6.8	5.9
P/PPP - at target price (x)	11.6	8.0	7.8	7.3	6.3
P/BV (x)	2.2	2.0	1.9	1.6	1.4
P/BV - at target price (x)	2.3	2.1	2.0	1.7	1.5
Dividend yield (%)	4.5	0.0	0.0	0.0	0.0
Normalized EPS	2.8	3.2	3.3	3.7	4.4
EPS	2.9	3.2	3.3	3.7	4.4
DPS	1.8	0.0	0.0	0.0	0.0
PPP/Share	3.7	5.4	5.5	5.9	6.8
BV/share	18.7	20.5	21.3	24.9	29.3
P/BV to ROE	12.6	10.6	11.2	10.1	8.5

We see limited potential share price upside

FINANCIAL RATIOS

FY ending Dec	2022A	2023A	2024F	2025F	2026F
Growth Rate (%)					
Net interest income (NII)	30.6	70.2	11.9	4.9	11.8
Non-interest income (Non-II)	5.1	(4.2)	(8.9)	5.0	5.0
Operating expenses	56.6	52.2	13.5	2.3	6.0
Pre-provisioning profit (PPP)	0.8	44.6	2.4	7.7	15.7
Net profit	(5.2)	11.7	3.2	11.7	19.1
Normalized profit growth	(5.5)	16.5	3.2	11.7	19.1
EPS	(5.2)	11.7	3.1	11.6	19.1
Normalized EPS	(5.5)	16.5	3.1	11.6	19.1
Dividend payout ratio	55.2	0.3	0.4	0.3	0.3
Loan - gross	69.3	72.4	(1.5)	8.6	8.9
Loan - net	65.3	74.3	0.0	9.7	10.1
Borrowings	96.4	112.8	(11.2)	4.8	4.8
NPLs	10.9	116.4	11.5	9.6	9.9
Total assets	39.1	60.4	(2.9)	8.4	8.9
Total equity	3.9	9.8	17.7	17.3	17.6
Operating Ratios (%)					
Net interest margin (NIM)	13.3	14.9	13.7	14.0	14.4
Net interest spread	16.6	16.7	16.6	16.6	16.6
Yield on earnings assets	19.0	20.5	18.5	18.2	18.2
Avg cost of fund	3.3	4.1	4.4	4.3	4.2
NII / operating income	70.5	81.0	83.9	83.9	84.7
Non-II / operating income	29.5	19.0	16.1	16.1	15.3
Fee income / operating income	10.8	4.4	4.6	4.7	0.0
Normalized net margin	38.2	30.0	28.7	30.6	32.9
Others (late penalty and bad debt recoveries)	9.1	8.8	4.5	4.4	0.0
Cost-to-income	48.5	49.7	52.3	51.0	48.9
Credit cost - provision exp / loans	0.2	2.3	1.9	1.7	1.6
PPP / total assets	9.7	9.2	7.8	8.2	8.7
PPP / total equity	23.0	31.1	27.9	25.6	25.2
Avg assets/avg equity (leverage)	2.4	3.4	3.6	3.1	2.9
ROA	7.2	5.5	4.7	5.1	5.6
ROE	17.0	18.6	16.8	16.0	16.2

Smaller decline in cost of funds

Sources: Company data, Thanachart estimates

FINANCIAL RATIOS

FY ending Dec	2022A	2023A	2024F	2025F	2026F
Liquidity and Quality Ratio (%)					
Gross Loan / Borrow ings	613.3	654.9	756.7	821.8	895.1
Net Loan / Borrow ings	506.2	546.7	641.1	703.5	774.8
Net Loan / Assets	79.2	86.1	88.7	89.8	90.8
Net Loan / Equity	214.6	340.7	289.4	270.6	253.4
S-T / L-T Borrow ings	67.6	74.5	70.1	70.1	70.1
Borrow ings / Liabilities	26.9	21.9	20.8	20.0	19.1
Interest-bearing Debt / Equity	136.4	264.4	199.3	178.0	158.6
Liabilities / Equity	157.7	284.9	216.6	192.7	171.2
Equity to Gross Loan	38.5	24.5	29.3	31.6	34.2
NPLs	1,385.3	2,997.7	3,342.8	3,663.5	4,025.1
NPLs / Total Loans (NPL Ratio)	2.5	3.1	3.4	3.4	3.4
Loan-Loss-Coverage (Provision / NPLs)	54.0	61.0	69.3	69.9	67.3

Manageable asset quality

Sources: Company data, Thanachart estimates

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BB - BBB - A	AVERAGE : A company with a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers
AA - AAA	LEADER: A company leading its industry in managing the most significant ESG risks and opportunities

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ESG risk combines the concepts of management and exposure to arrive at an absolute assessment of ESG risk. We identify five categories of ESG risk severity that could impact a company's enterprise value

Moody's ESG Solutions

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80-89	▲▲▲▲	Very Good
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60-69	▲▲	Satisfactory
50-59	▲	Pass
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Recommendation Structure:

Recommendations are based on absolute upside or downside, which is the difference between the target price and the current market price. If the upside is 10% or more, the recommendation is BUY. If the downside is 10% or more, the recommendation is SELL. For stocks where the upside or downside is less than 10%, the recommendation is HOLD. 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 the market price and the formal recommendation.

For sectors, an "Overweight" sector weighting is used when we have BUYs on majority of the stocks under our coverage by market cap. "Underweight" is used when we have SELLs on majority of the stocks we cover by market cap. "Neutral" is used when there are relatively equal weightings of BUYs and SELLs.

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