

BUY (Unchanged)

Change in Numbers

TP: Bt 22.00**Upside : 24.3%**

(From: Bt 20.00)

27 NOVEMBER 2024

Ngern Tid Lor Pcl (TIDLOR TB)

Loan cleanup

TIDLOR has completed a significant balance sheet cleanup ahead of our expectations. Coupled with higher lending yields and improved cost efficiency, this prompts us to lift our 2024-26F earnings by 4% p.a. and raise our TP to Bt22. Trading at what we view as an attractive 10x 2025F PE, with 24% upside potential, we reiterate our BUY call.

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Exiting weak asset quality phase

TIDLOR looks on track to emerge from its weak asset quality phase, which has persisted for the past eight quarters, by 4Q24F. **First**, truck-related loans appear to have passed their trough. Used truck HP loans contracted by 10% from their peak of Bt10.58bn in 4Q22. Additionally, we expect improved liquidity and financial health among truck borrowers due to increased government spending disbursement from 3Q24. **Second**, title loans in Stage 2 will likely peak in 3Q24, while TIDLOR is seeing better quality in its new loan vintages. **Third**, NPL formation decreased from 4.6% in 2Q24 to 3.8% in 3Q24. NPL write-offs also appear to have peaked in 3Q24. **Lastly**, TIDLOR has guided for lower NPLs and credit costs in 4Q24.

Gradual improvement in lending appetite

TIDLOR has maintained a cautious approach toward used truck HP loans since early 2023 while showing more confidence in the title loan segment, albeit with increased selectivity over the past year. This cautious strategy contributed to a slight contraction in loan growth, down 0.7% q-q in 3Q24. However, improved debt collection efforts through enhanced on-the-ground capabilities have boosted TIDLOR's lending appetite. As a result, the new loan book has turned positive in October. Despite lowering our total loan forecasts for TIDLOR by 3.6% p.a., we project robust loan growth of 9% in 2024F and 10% p.a. for 2025-26F.

Raising our earnings and TP to Bt22

While TIDLOR remains cautious in lending and aggressive in cleaning up its balance sheet, it has increased lending yields and focused on productivity and efficiency improvements. Supported by higher lending yields and lower operating expenses, we have raised our earnings estimates by an average of 4% p.a. over 2024-26F. In light of the 10-year bond yield remaining stagnant at 2.5%, we have adjusted our house view risk-free rate assumption downward by 0.5% to 2.5% for 2025-29F and 3% for 2030-34F. These adjustments have led to a 10% increase in our DDM-based 12-month TP (2025F base year) to Bt22 from Bt20.

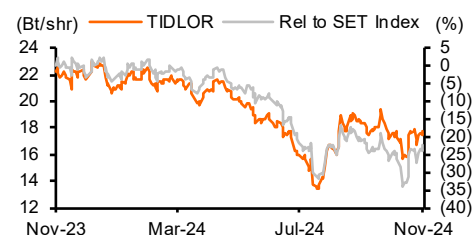
BUY during the up-cycle

TIDLOR, being a high-beta stock, exhibits more volatile share price movements than its peers. Concerns over the quality of truck loans and the absence of a CG score drove the recent share price pullback. While we believe these worries have already been priced in, key share price catalysts include the completion of a major balance sheet cleanup, a resumption of loan growth, and a change from stock to cash dividend payments. Trading at just 10x PE for 2025F, TIDLOR remains attractively valued in our view, making it a compelling BUY.

COMPANY VALUATION

Y/E Dec (Bt m)	2023A	2024F	2025F	2026F
Pre Provision Profit	7,729	9,015	9,959	11,212
Net profit	3,790	4,323	5,074	6,032
Consensus NP	—	4,175	4,813	5,811
Diff frm cons (%)	—	3.6	5.4	3.8
Norm profit	3,790	4,323	5,074	6,032
Prev. Norm profit	—	4,193	4,904	5,757
Chg frm prev (%)	—	3.1	3.5	4.8
Norm EPS (Bt)	1.3	1.5	1.7	2.1
Norm EPS grw (%)	3.8	13.8	17.3	18.9
Norm PE (x)	13.6	11.9	10.2	8.5
P/BV (x)	1.7	1.7	1.5	1.4
Div yield (%)	1.5	1.7	2.0	2.3
ROE (%)	14.1	14.6	15.7	17.0
ROA (%)	4.1	4.1	4.5	4.9

PRICE PERFORMANCE



COMPANY INFORMATION

Price as of 27-Nov-24 (Bt)	17.70
Market Cap (US\$ m)	1,491.1
Listed Shares (m shares)	2,913.5
Free Float (%)	53.4
Avg Daily Turnover (US\$ m)	8.7
12M Price H/L (Bt)	23.05/13.40
Sector	Finance
Major Shareholder	Bank of Ayudhya 30%

Sources: Bloomberg, Company data, Thanachart estimates

ESG Summary Report P9

Exiting weak asset quality phase

Emerging from a prolonged phase of weak asset quality

With larger loan sizes and substantial exposure to truck lending — most of which is under restructuring programs — Ngern Tid Lor Pcl (TIDLOR) has experienced a delayed uptick in NPLs compared to its peers.

Although its NPL ratio remains the lowest in the sector, new NPL formation and total NPLs have accelerated since 4Q23. TIDLOR has tightened its underwriting practices and reduced its exposure to truck loans, which peaked at 25% in 2021 and decreased to 17% this year.

TIDLOR appears poised to exit its prolonged phase of weak asset quality, which has persisted for the past eight quarters, by 4Q24F. This is being driven by selective underwriting, intensified field collection, and proactive debt management efforts, with minor support from the improving economic backdrop.

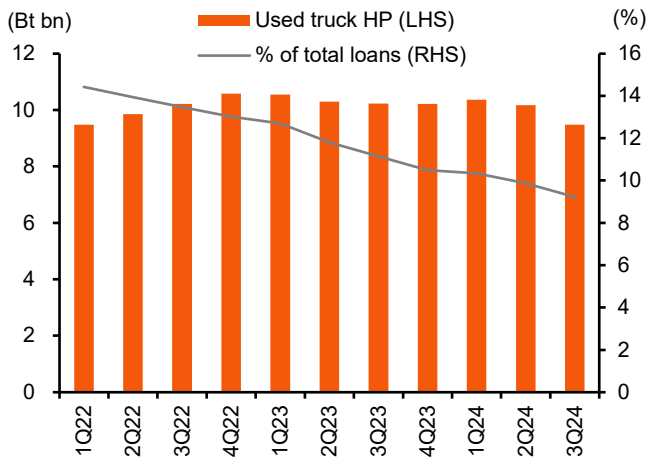
Four key factors support our confidence in this outlook:

- 1) Recovery in truck-related loans:** The contraction in used truck hire-purchase (HP) loans, which declined by 10% from their peak of Bt10.58bn in 4Q22, signals stabilization. We expect improved liquidity and financial health among truck borrowers, driven by increased government spending disbursements starting in 3Q24, to support this recovery further.
- 2) Improved title loan dynamics:** We project title loans classified under Stage 2 to peak by 3Q24. Concurrently, TIDLOR is observing an improvement in the quality of its new loan vintages. This suggests a decline in new NPL formation in the future.
- 3) Decline in NPL formation:** NPL formation has shown a meaningful decline, dropping from 4.6% in 2Q24 to 3.8% in 3Q24. Additionally, NPL write-offs appear to have peaked during 3Q24, further signaling a turnaround in asset quality.
- 4) Optimistic guidance on NPLs and credit costs:** TIDLOR's management has provided guidance indicating a drop in NPLs and credit costs by 4Q24. Management expects NPL formation to decline further, with credit costs guided to fall from an average of 3.6% in 9M24 to the early 3% level in 4Q24.

TIDLOR attributes these improvements primarily to its bottom-up efforts. In addition to adopting a selective underwriting approach, TIDLOR has strengthened its debt collection efforts at the ground level. Branch staff have been reallocated to support debt collection activities, and the company has intensified its field collection processes.

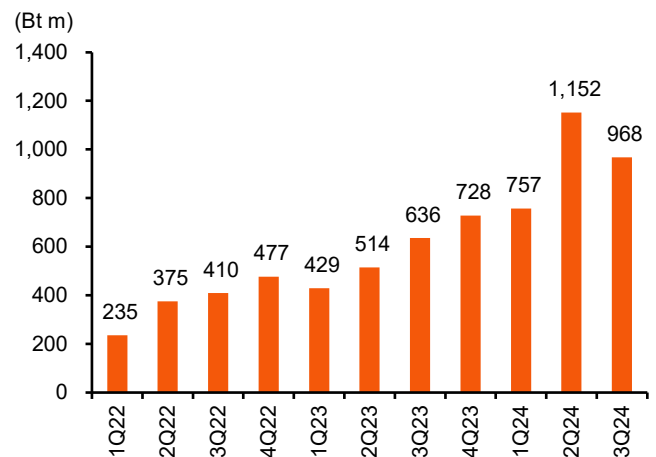
We believe these proactive measures, combined with an enhanced operational focus, position TIDLOR to emerge from its prolonged weak asset quality phase and regain momentum as early as 4Q24F.

Ex 1: Declining Portion Of Used Truck HP Loans



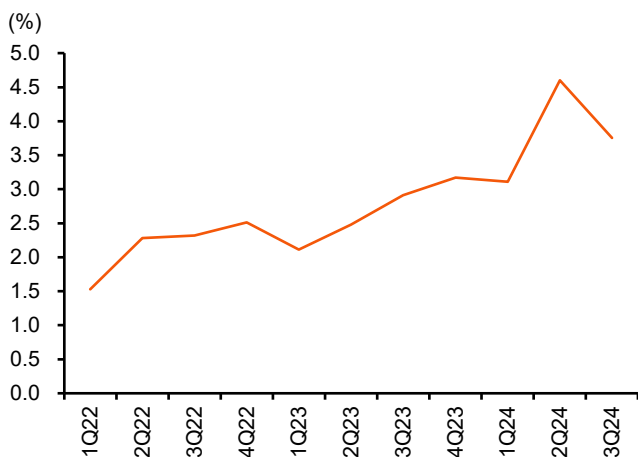
Source: Company data

Ex 2: Smaller Rise In NPLs



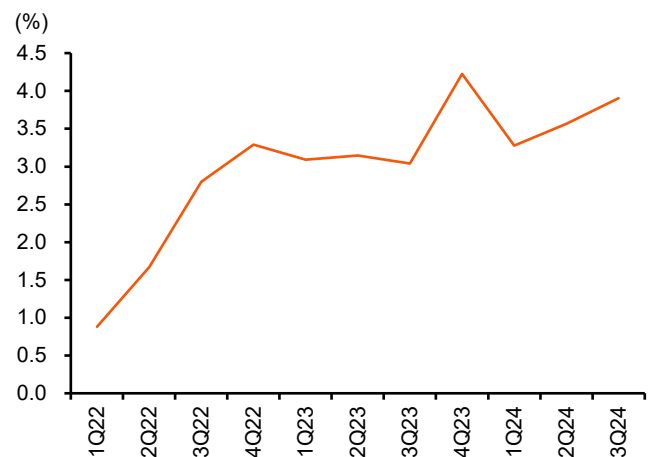
Source: Company data

Ex 3: Declining NPL Formation



Source: Company data

Ex 4: Credit Costs Look Set To Pass Their Peak



Source: Company data

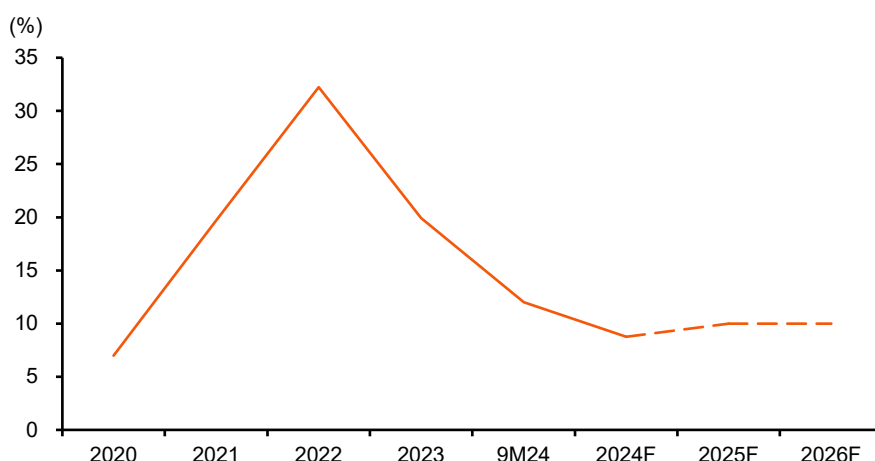
Gradual improvement in lending appetite

Weak loan growth in 3Q24 was intentional

TIDLOR has maintained a prudent stance toward used-truck HP loans since early 2023, reflecting a cautious approach to mitigate risks in this segment. Although the company has shown increased confidence in the title loan segment, it has increased its selectivity over the past year. Meanwhile, lending yield has been raised to reflect increasing asset quality risks. This strategy resulted in a slight contraction in overall loan growth, declining 0.7% q-q in 3Q24. However, enhanced debt collection efforts, including strengthened on-the-ground capabilities, have reinvigorated TIDLOR’s lending activities. Consequently, its new loan book returned to positive growth in October.

Although we have revised TIDLOR’s total loan forecasts downward by 3.6% annually, we remain optimistic about the company’s outlook, projecting robust loan growth of 9% in 2024F and 10% annually for 2025-26F. This outlook underscores TIDLOR’s ability to balance risk management with sustainable expansion.

Ex 5: Loan Growth



Sources: Company data, Thanachart estimates

Raising our earnings and TP to Bt22

We raise our earnings estimates by 4% p.a. over 2024-26F

While TIDLOR remains cautious in lending while aggressively cleaning up its balance sheet, it has increased lending yields and focused on productivity and efficiency improvements. Supported by higher lending yields and lower operating expenses, we have revised our earnings estimates upward by an average of 4% p.a. over 2024-26F.

Ex 6: Earnings Revisions

	2019	2020	2021	2022	2023	2024F	2025F	2026F
Net profits (Bt bn)								
- New	2.20	2.42	3.17	3.64	3.79	4.32	5.07	6.03
- Old						4.19	4.90	5.76
- Change (%)						3.10	3.45	4.77
Total loans (Bt bn)								
- New	47.98	51.33	61.46	81.27	97.46	106.00	116.60	128.26
- Old						110.00	121.00	133.10
- Change (%)						(3.64)	(3.64)	(3.64)
Lending yield (%)								
- New	17.41	17.59	17.42	17.56	17.40	18.20	18.22	18.22
- Old						17.80	17.82	17.82
- Change (ppt)						0.40	0.40	0.40
Non-interest income (Bt bn)								
- New	1.82	1.82	2.22	2.74	3.43	3.73	4.17	4.62
- Old						3.82	4.28	4.74
- Change (%)						(2.57)	(2.63)	(2.68)

Sources: Company data, Thanachart estimates

Ex 6: Earnings Revisions (Con't)

	2019	2020	2021	2022	2023	2024F	2025F	2026F
Opex (Bt bn)								
- New	5.17	5.77	6.56	7.92	9.40	10.80	11.88	13.19
- Old						10.93	12.35	13.71
- Change (%)						(1.19)	(3.81)	(3.81)
Credit costs (%)								
- New	1.06	1.17	0.73	2.22	3.34	3.55	3.25	3.00
- Old						3.55	3.25	3.00
- Change (ppt)						0.00	0.00	0.00
NPLs (Bt bn)								
- New	0.62	0.85	0.73	1.29	1.41	2.00	2.18	2.35
- Old						2.20	2.42	2.64
- Change (%)						(9.09)	(9.92)	(10.74)

Sources: Company data, Thanachart estimates

In light of the 10-year bond yield remaining stagnant at 2.5%, we have lowered our house view risk-free rate assumption by 0.5% to 2.5% for 2025-29F and 3% for 2030-34F. These adjustments have led to a 10% increase in our DDM-based 12-month TP, using a 2025F base year, to Bt22 from Bt20.

Ex 7: 12-month DDM-based Valuation Using A Base Year Of 2025F

(Bt m)	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	2035F	Terminal value
Dividend of common shares	1,015	1,206	1,401	1,587	1,790	1,959	2,129	2,316	2,521	2,748	14,843	14,843
Dividend payment	1,015	1,206	1,401	1,587	1,790	1,959	2,129	2,316	2,521	2,748	14,843	159,368
PV of dividend	1,015	988	1,038	1,064	1,086	1,047	1,025	1,004	985	967	4,707	48,097
Risk-free rate (%)	2.5											
Market risk premium (%)	8.0											
Beta	1.0											
WACC (%)	10.5											
Cost of equity	10.5											
Terminal growth (%)	2.0											
Equity value	63,024											
No. of shares (m)	2,914											
Equity value / share (Bt)	22.00											

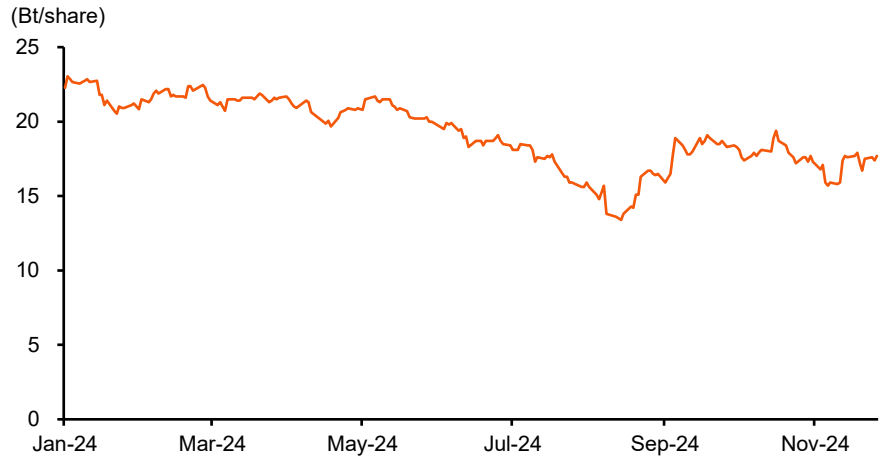
Sources: Company data, Thanachart estimates

BUY during the up-cycle

TIDLOR is cheap in our view, trading at just a 10x PE multiple in 2025F

TIDLOR, being a high-beta stock, exhibits more volatile share price movements than its peers.

Ex 8: Share Price Performance



Source: Bloomberg

The recent share price pullback was driven by the following two concerns:

- 1) Weak performance in the truck lending segment:** The underperformance of truck lending companies such as Ratchthani Leasing Pcl (THANI TB, Bt1.73, BUY) and Asia Sermkij Leasing Pcl (ASK TB, Bt10.6, HOLD), which have struggled with weak asset quality, significant losses on sales, and elevated provisions, has cast a shadow over the sector. However, TIDLOR's exposure to truck loans is relatively smaller and benefits from a higher lending yield and lower NPL levels. This is primarily attributable to TIDLOR's greater focus on truck title loans, which offer a more favorable risk-reward profile than truck HP loans.
- 2) Corporate Governance (CG) score omission:** TIDLOR issued a debenture to a broker, its sole investor, in September 2024. Due to a technical issue with the associated documentation, the SEC imposed a fine of Bt500,000 on the company. Although this fine did not impact payment obligations, it led to the omission of TIDLOR's CG score. This disqualification from certain funds' investment criteria triggered a significant sell-off in recent days.

While we believe these concerns have already been priced in, key share price catalysts include the completion of a major balance sheet cleanup, a resumption of loan growth, and a change from stock to cash dividend payments. Trading at just 10x PE for 2025F vs. our EPS growth estimates of 14% this year, 17% in 2025F, and 19% in 2026F, TIDLOR remains attractively valued in our view, making it a compelling BUY.

Valuation Comparison

Ex 9: 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	na	16.8	na	na	na
Finvolution Group	FINV US	China	457.3	12.4	0.7	0.6	0.1	0.1	16.9	16.3	28.8	31.7	
Mahindra & Mahindra Fin Secs	MMFS IN	India	(0.2)	26.8	17.4	13.8	1.7	1.5	10.4	13.4	1.8	2.3	
Bajaj Finance Ltd	BAF IN	India	(1.1)	15.5	28.6	24.8	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	1.1	1.0	20.8	16.8	2.4	2.4	
GMO Payment Gateway Inc.	3769 JP	Japan	(9.0)	19.6	35.8	30.0	5.9	5.0	17.9	19.1	1.4	1.7	
Infomart Corp.	2492 JP	Japan	156.3	127.2	83.1	36.6	5.8	5.3	7.1	15.1	0.6	1.4	
Ally Financial Inc	ALLY US	US	(1.2)	40.4	13.3	9.5	1.0	0.9	7.1	8.9	3.1	3.1	
World Acceptance Corp	WRLD US	US	(14.6)	14.0	10.3	9.0	1.6	1.4	15.3	15.1	na	na	
Navient Corp	NAVI US	US	32.5	(40.2)	6.2	10.3	0.6	0.6	9.4	5.8	4.2	4.2	
SLM Corp	SLM US	US	12.5	10.1	10.0	9.1	3.1	2.7	31.6	30.4	1.7	1.9	
Amanah Leasing	AMANA TH	Thailand	na	na	na	11.4	0.7	0.7	(0.5)	5.6	6.8	3.9	
Asia Sermkij Leasing *	ASK TH	Thailand	(38.3)	14.6	7.4	6.5	0.5	0.5	6.9	7.7	6.7	7.7	
Bangkok Commercial Asset Mgt.*	BAM TH	Thailand	28.8	20.3	10.7	8.9	0.5	0.5	4.5	5.3	8.4	6.7	
Chayo Group	CHAYO TH	Thailand	(16.3)	45.1	10.6	7.3	0.9	0.8	7.8	10.1	1.6	1.4	
JMT Network Services *	JMT TH	Thailand	(30.5)	24.6	19.1	15.3	1.0	1.0	5.2	6.4	3.1	3.9	
Krungthai Card *	KTC TH	Thailand	17.3	18.4	14.0	11.8	2.9	2.5	22.2	22.9	3.2	3.8	
Muangthai Capital *	MTC TH	Thailand	20.8	23.0	17.7	14.4	2.8	2.4	17.2	18.2	0.8	1.0	
Saksiam Leasing *	SAK TH	Thailand	13.5	18.9	12.7	10.7	1.7	1.6	14.0	15.3	3.2	3.8	
Srisawad Corporation *	SAWAD TH	Thailand	3.1	11.6	12.0	10.8	1.9	1.6	16.8	16.0	0.0	0.0	
Ratchthani Leasing *	THANI TH	Thailand	4.5	13.1	7.7	6.8	0.8	0.7	10.4	11.1	7.1	8.1	
Ngern Tid Lor *	TIDLOR TH	Thailand	13.8	17.3	11.9	10.2	1.7	1.5	14.6	15.7	1.7	2.0	
Average			32.6	23.5	16.8	12.6	2.0	1.7	13.4	14.0	4.4	4.6	

Source: Bloomberg

Note: * Thanachart estimates using normalized EPS growth

Based on 27 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

Ngern Tid Lor Pcl (TIDLOR) was acquired by AIG in 2007 from Srisawad International (1991) before AIG was acquired by Bank of Ayudhya (BAY TB, non-rated, Bt25.25) in 2009. TIDLOR became a professionally run microfinance firm. Similar to Muangthai Capital (MTC TB, Bt49.50, BUY), Srisawad Corporation (SAWAD TB, Bt39.75, HOLD), and Saksiam Leasing (SAK TB, Bt5.15 BUY), TIDLOR focuses on the unbanked, long-tail segment. However, TIDLOR uses a different network expansion strategy, and it is adopting a risk-management framework similar to that of BAY. TIDLOR is one of the few title loan providers that is a member of and incorporates credit data from the National Credit Bureau to analyze customer risk profiles. Most of TIDLOR's loans are secured, i.e., 14% of motorcycle-title loans, 60-65% for cars, and the rest for trucks and others. It is the largest auto-title loan operator in Thailand.

Source: Thanachart

THANACHART'S SWOT ANALYSIS

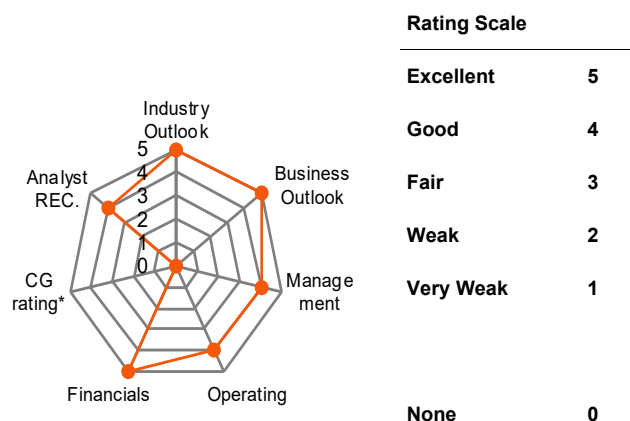
S — Strength

- Well-recognized brand
- Omni channel
- Low cost of funds

O — Opportunity

- New lending products.
- Growing insurance brokerage business
- M&A opportunities
- Expanding into neighbouring countries

COMPANY RATING



Source: Thanachart; * No CG Rating

W — Weakness

- Higher cost base than peers' due to unconventional platform
- Limited localized debt collection capabilities

T — Threat

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

CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	19.83	22.00	11%
Net profit 24F (Bt m)	4,175	4,323	4%
Net profit 25F (Bt m)	4,813	5,074	5%
Consensus REC	BUY: 18	HOLD: 3	SELL: 4

HOW ARE WE DIFFERENT FROM THE STREET?

- We are more aggressive than the Street about TIDLOR's earnings, which we attribute to us factoring in its declining credit costs trend. Consequently, our TP is higher.

RISKS TO OUR INVESTMENT CASE

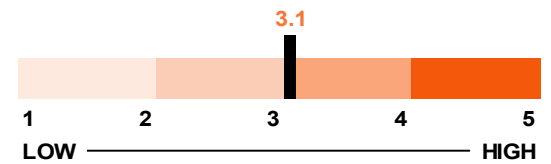
- TIDLOR not being able to manage NPLs with higher credit costs than we presently assume represents the key downside risk to our call.
- Slower insurance sales and increases in TIDLOR's cost-to-income ratio and funding costs would present further downside risks to our earnings forecasts and TP.

Sources: Bloomberg consensus, Thanachart estimates

Source: Thanachart

TIDLOR is Thailand’s second-largest listed micro-financing firm. It has 1,484 branches and over 60,000 touchpoints nationwide. The company requires energy to drive all activities, leading to costs and a broad environmental impact. However, in light of its clear aspirations and goals, we assign TIDLOR an ESG score of 3.1.

Thanachart ESG Rating



	SET ESG Index	SET ESG (BBB-AAA)	DJSI Index	MSCI (CCC-AAA)	ESG Book (0-100)	Refinitiv (0-100)	S&P Global (0-100)	Moody's (0-100)	CG Rating (0-5)
TIDLOR	-	-	-	-	-	44	19.00	-	0.0

Sources: SETTRADE, SET ESG Index, SET ESG Rating, The Dow Jones Industrial Average (DJSI), MSCI ESG Research LLC, ESG Book, Refinitiv ESG Information, S&P Global Market Intelligence, Moody's ESG Solutions, Thai IOD (CG rating)

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Factors	Our Comments
<p>ENVIRONMENT</p> <ul style="list-style-type: none"> Environmental Policies & Guidelines Energy Management Carbon Management Water Management Waste Management 	<ul style="list-style-type: none"> In 2023, TIDLOR launched an E-withdraw feature following its E-billing and E-receipt services. TIDLOR had direct and indirect greenhouse gas (GHG) emissions of 2,923 and 5,977 tonnes of carbon dioxide equivalent, respectively, in 2023. The company targets to cut GHG emissions by 10% within the next five years. TIDLOR has systematically managed waste generated by its business processes in accordance with the 3Rs (Reduce, Reuse, and Recycle) principle. TIDLOR’s air, smell, noise, and light quality standards were in the normal ranges as required by law, and no chemicals were used in its business operations.
<p>SOCIAL</p> <ul style="list-style-type: none"> Human Rights Staff Management Health & Safety Product Safety & Quality Social Responsibility 	<ul style="list-style-type: none"> Some 73% of its staff are female, and it hired 65 disabled employees in 2023. Training is at an average of 29 hours per person. The employee satisfaction assessment result stood at 93% last year. The company initiated a financial literacy program for merchant groups in 2013 before expanding it into various communities under the “Financial Knowledge to Communities for Life Rolls Forward” project. Aware of the high risk of road accidents for its motorcycle title-loan clients, TIDLOR has provided personal accident insurance without charge to 1,650,964 clients for the past seven years. <p>It also set up the Aid Fund Support project to provide social assistance such as scholarships, disaster relief, and donations to organizations benefiting the public.</p>
<p>GOVERNANCE & SUSTAINABILITY</p> <ul style="list-style-type: none"> Board Ethics & Transparency Business Sustainability Risk Management Innovation 	<ul style="list-style-type: none"> Four out of a total of 11 directors are independent. The chairman and the managing director must not be the same person, and the responsibilities of the two positions must be segregated clearly. The Risk Management Committee was appointed to determine the risk-management policy to cover various types of risks, establish preventive measures, and monitor the implementation of measures covering the roles and responsibilities of the Risk Oversight Committee. TIDLOR’s sustainability strategy is to develop new technologies and services, such as the Ngern Tid Lor Application and TIDLOR Card, to support a wide range of clients in accessing hassle-free financial and insurance services more quickly and easily.

Sources: Thanachart, Company data

INCOME STATEMENT

FY ending Dec (Bt m)	2022A	2023A	2024F	2025F	2026F
Interest Income	12,532	15,545	18,515	20,279	22,307
Interest Expenses	1,235	1,842	2,424	2,610	2,524
Net Interest Income	11,297	13,703	16,090	17,669	19,783
% of total income	80.5%	80.0%	81.2%	80.9%	81.1%
Fee income	2,710	3,380	3,667	4,107	4,549
% of total income	19.3%	19.7%	18.5%	18.8%	18.6%
Other income	32	47	58	63	68
% of total income	0.2%	0.3%	0.3%	0.3%	0.3%
Non-interest Income	2,742	3,427	3,725	4,170	4,617
% of total income	19.5%	20.0%	18.8%	19.1%	18.9%
Total Income	14,039	17,130	19,815	21,839	24,399
Operating Expenses	7,923	9,401	10,800	11,880	13,187
Pre-provisioning Profit	6,116	7,729	9,015	9,959	11,212
Bad debt expenses	1,583	2,986	3,611	3,617	3,673
Pre-tax Profit	4,533	4,744	5,404	6,342	7,539
Income Tax	893	953	1,081	1,268	1,508
After Tax Profit	3,640	3,790	4,323	5,074	6,032
Equity Income	0	0	0	0	0
Minority Interest	0	0	0	0	0
Extraordinary Items	0	0	0	0	0
NET PROFIT	3,640	3,790	4,323	5,074	6,032
Normalized Profit	3,640	3,790	4,323	5,074	6,032
EPS (Bt)	1.3	1.3	1.5	1.7	2.1
Normalized EPS (Bt)	1.3	1.3	1.5	1.7	2.1

BALANCE SHEET

FY ending Dec (Bt m)	2022A	2023A	2024F	2025F	2026F
Cash and ST investments	2,191	1,656	1,500	1,200	1,000
Other current assets	1,092	1,145	1,325	1,430	1,535
Total current assets	3,283	2,800	2,825	2,630	2,535
Gross loans & accr. interest	83,261	98,997	103,700	114,070	125,477
Provisions	3,199	3,981	4,498	4,967	5,433
Net loans	78,067	93,475	101,502	111,633	122,827
Property Foreclosed - net	171	287	315	477	525
Right of use	1,686	1,623	1,502	1,376	1,245
Other assets	1,521	1,963	2,063	2,163	2,263
Total assets	84,727	100,148	108,207	118,279	129,394
Short term borrow ing	19,719	32,369	29,146	29,282	32,710
Other current payables	1,826	1,810	1,828	1,846	1,864
Other current liabilities	1,057	1,067	1,075	1,079	1,083
Long term borrow ing	36,030	35,845	44,000	51,100	55,188
Total borrowings	55,749	68,214	73,146	80,382	87,898
Other L-T liabilities	572	555	1,326	1,237	1,143
Minority interest	0	0	0	0	0
Shareholders' equity	25,422	28,424	30,831	33,735	37,405
Total Liab. & Equity	84,727	100,148	108,207	118,279	129,394

Sources: Company data, Thanachart estimates

Slowing loan growth

VALUATION

FY ending Dec	2022A	2023A	2024F	2025F	2026F
Normalized PE (x)	14.1	13.6	11.9	10.2	8.5
Normalized PE - at target price (x)	17.5	16.9	14.8	12.6	10.6
PE (x)	14.1	13.6	11.9	10.2	8.5
PE - at target price (x)	17.5	16.9	14.8	12.6	10.6
P/PPP (x)	8.4	6.6	5.7	5.2	4.6
P/PPP - at target price (x)	10.4	8.3	7.1	6.4	5.7
P/BV (x)	1.7	1.7	1.7	1.5	1.4
P/BV - at target price (x)	2.2	2.2	2.1	1.9	1.7
Dividend yield (%)	1.6	1.5	1.7	2.0	2.3
Normalized EPS (Bt)	1.3	1.3	1.5	1.7	2.1
EPS (Bt)	1.3	1.3	1.5	1.7	2.1
DPS (Bt)	0.3	0.3	0.3	0.3	0.4
PPP/Share (Bt)	2.1	2.7	3.1	3.4	3.8
BV/share (Bt)	10.2	10.1	10.6	11.6	12.8
P/BV to ROE (x)	0.1	0.1	0.1	0.1	0.1

FINANCIAL RATIOS

FY ending Dec	2022A	2023A	2024F	2025F	2026F
Growth Rate (%)					
Net interest income (NII)	29.8	21.3	17.4	9.8	12.0
Non-interest income (Non-II)	23.4	25.0	8.7	12.0	10.7
Operating expenses	20.8	18.6	14.9	10.0	11.0
Pre-provisioning profit (PPP)	40.0	26.4	16.6	10.5	12.6
Net profit	14.9	4.1	14.1	17.4	18.9
Normalized profit growth	14.9	4.1	14.1	17.4	18.9
EPS	11.0	3.8	13.8	17.3	18.9
Normalized EPS	11.0	3.8	13.8	17.3	18.9
Dividend payout ratio	20.0	20.0	20.0	20.0	20.0
Loan - gross	32.3	18.9	4.8	10.0	10.0
Loan - net	32.7	19.7	8.6	10.0	10.0
Borrowings	35.4	22.4	7.2	9.9	9.4
NPLs	75.5	9.8	41.7	9.0	8.0
Total assets	27.4	18.2	8.0	9.3	9.4
Total equity	13.5	11.8	8.5	9.4	10.9
Operating Ratios (%)					
Net interest margin (NIM)	14.9	15.0	15.4	15.6	16.0
Net interest spread	15.0	14.4	14.8	14.8	15.2
Yield on earnings assets	17.3	17.2	18.0	18.0	18.0
Avg cost of fund	2.5	2.9	3.3	3.3	2.9
NII / operating income	80.5	80.0	81.2	80.9	81.1
Non-II / operating income	19.5	20.0	18.8	19.1	18.9
Fee Income / Opt Income	19.3	19.7	18.5	18.8	18.6
Norm Net Margin	25.9	22.1	21.8	23.2	24.7
Cost-to-income	56.4	54.9	54.5	54.4	54.0
Credit cost - provision exp / loans	2.2	3.3	3.6	3.3	3.0
PPP / total assets	8.1	8.4	8.7	8.8	9.1
PPP / total equity	25.6	28.7	30.4	30.8	31.5
Avg assets/avg equity (leverage)	3.2	3.4	3.5	3.5	3.5
ROA	4.8	4.1	4.1	4.5	4.9
ROE	15.2	14.1	14.6	15.7	17.0

*Declining funding costs
from 2025F*

Sources: Company data, Thanachart estimates

FINANCIAL RATIOS

FY ending Dec	2022A	2023A	2024F	2025F	2026F
Liquidity and Quality Ratio (%)					
Gross Loan / Borrow ings	149.3	145.1	141.8	141.9	142.8
Net Loan / Borrow ings	140.0	137.0	138.8	138.9	139.7
Net Loan / Assets	92.1	93.3	93.8	94.4	94.9
Net Loan / Equity	307.1	328.9	329.2	330.9	328.4
S-T / L-T Borrow ings	35.4	47.5	39.8	36.4	37.2
Borrow ings / Liabilities	94.0	95.1	94.5	95.1	95.6
Interest-bearing Debt / Equity	226.5	246.4	243.2	243.7	240.0
Liabilities / Equity	233.3	252.3	251.0	250.6	245.9
Equity/ Gross loans	30.5	28.7	29.7	29.6	29.8
NPLs (Bt m)	1,285.2	1,411.5	2,000.0	2,180.0	2,354.4
NPLs / Total Loans (NPL Ratio)	1.5	1.4	1.9	1.9	1.9
Loan-Loss-Coverage (Provision / NPLs)	248.9	282.1	224.9	227.8	230.8

NPLs look as if they're about to reach a peak

Sources: Company data, Thanachart estimates

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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

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80-89	▲▲▲▲	Very Good
70-79	▲▲▲	Good
60-69	▲▲	Satisfactory
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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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