

MUANGTHAI CAPITAL

 THAILAND / DIVERSIFIED FINANCIALS

MTC TB

BUY

 UNCHANGED

Muted short-term catalysts

- Lower 4Q21 NP of THB1.1b on higher OPEX and NPLs.
- Ready to make some sacrifices to gain more market share.
- Lower TP to THB60, BUY maintained on cheap valuation.

TARGET PRICE	THB60.00
CLOSE	THB54.50
UP/DOWNSIDE	+10.1%
PRIOR TP	THB69.00
CHANGE IN TP	-13.0%
TP vs CONSENSUS	-13.1%

Another missed net profit in 4Q21

MTC reported a disappointing 4Q21 net profit of THB1,100m (-20% y-y, -8% q-q). We see the only strong point as its remarkable 4Q21 loan growth of 8% q-q and 29% y-y. However, four other items were soft. First, its fee income plummeted due to the impact from the new debt collection fee measures. Second, its OPEX skyrocketed from the debt collection incentive and bonuses paid to its staff. Third, its NPLs increased remarkably by 28% q-q, due to the end of the debt forbearance program. Lastly, its loan yield continued to decline to 18.5% vs 18.7% in 3Q21.

Sacrificing short-term NP for higher long-term growth potential

At its recent analyst meeting, management affirmed its client base expansion and market share competition strategies to add more financial products on its shelf in the long term, with an aggressive loan growth target of 30% y-y in 2022. Although we have a positive view that this should benefit MTC starting in 2023, it would have to make some sacrifices to reach its targets. These include maintaining a low loan yield; increasing its OPEX; and a rising NPL trend, resulting in a surge in its ECL. Thus, we expect its 2022 net profit to increase by only 18% y-y, which is lower than its potential growth rate. We read the overall tone of the meeting as slightly negative.

Bottomed out but slowly recovering

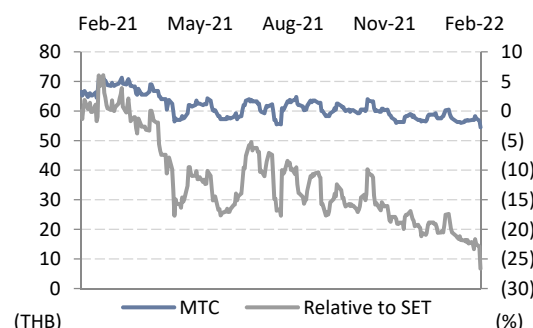
We reiterate our view that MTC's recovery could be U-shaped. We expect it to post only a minimal increase q-q in its 1Q22 net profit (slightly decreasing y-y). Although its loan volume could continue to grow strongly, its performance will likely be dragged down by 1) a stable but low loan yield; 2) lower fee income from the impact of the new debt collection restrictions; and 3) an increase in provisions following a moderate rise in its NPLs after the debt forbearance ends. A strong earnings recovery should start from 3Q22.

Lower TP to THB60 from THB69; BUY maintained

We lower our 2022-23E net profit by 10%/9% and maintain BUY for its cheap valuation. However, we see muted short-term catalysts for its share price to rerate. The period to accumulate MTC would be 2Q22, in our view. We think the key driver for its share price would be higher interest rate charges for auto title loans. A 25 bps rise in its motorcycle title loans would mean a 2% upside to our 2022E net profit.

KEY STOCK DATA

YE Dec (THB m)	2021	2022E	2023E	2024E
Operating profit	6,201	7,269	9,057	10,977
Net profit	4,945	5,815	7,246	8,782
EPS (THB)	2.33	2.74	3.42	4.14
vs Consensus (%)	-	(9.5)	(9.3)	(12.8)
Core net profit	4,945	5,815	7,246	8,782
Core EPS (THB)	2.33	2.74	3.42	4.14
Chg. In EPS est. (%)	-	(10.0)	(8.9)	-
EPS growth (%)	(5.2)	17.6	24.6	21.2
Core P/E (x)	23.4	19.9	15.9	13.2
Dividend yield (%)	0.7	0.8	0.9	1.1
Price/book (x)	4.6	3.9	3.2	2.7
ROE (%)	21.7	21.4	22.3	22.3
ROA (%)	5.6	5.3	5.5	5.6



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(9.5)	(8.8)	(17.1)
Relative to country (%)	(11.1)	(12.1)	(25.8)
Mkt cap (USD m)	3,570		
3m avg. daily turnover (USD m)	12.7		
Free float (%)	21		
Major shareholder	Petaumpai Family (67%)		
12m high/low (THB)	73.75/52.25		
Issued shares (m)	2,120		

Sources: Bloomberg consensus; FSSIA estimates


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Investment thesis

MTC is the largest listed non-bank personal and auto title loan service provider in Thailand. We believe that the business prospects for secured consumer loans remain solid. The demand for fast cash is less volatile in varying economic conditions, though spending purposes may differ. Operationally, MTC has long experience and strong management expertise, reflecting its ability to drive growth and contain asset quality.

We lower our 2022-23E net profit by 10%/9% and maintain BUY for its cheap valuation. However, we see muted short-term catalysts for its share price to rerate. The period to accumulate MTC would be 2Q22, in our view. We think the key driver for its share price would be higher interest rate charges for auto title loans.

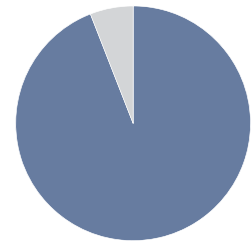
Company profile

MTC has provided lending services since 1992, focusing on motorcycle title loans, and commands the highest market share in Thailand. The company has also expanded its business to personal and other title loans such as car, agricultural and land title loans.

www.muangthaicap.com

Principal activities (revenue, 2021)

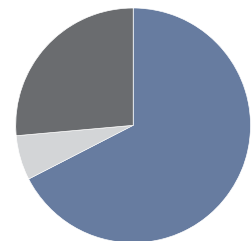
- Net interest income - 94.1 %
- Non-interest income - 5.9 %



Source: Muangthai Capital

Major shareholders

- Petaumpai Family - 67.5 %
- Thai NVDR Co., Ltd. - 6.2 %
- Others - 26.4 %



Source: Muangthai Capital

Catalysts

Potential share price catalysts for MTC include:

1. Strong growth in its new business, hire purchase loans for motorcycles;
2. The end of low-rate charges for motorbike title loans;
3. Better cost control.

Risks to our call

Downside risks to our GGM-based TP include 1) a further weakening of asset quality that could potentially hit both loan yield and credit cost; and 2) changes in financial regulations by the Bank of Thailand and the Office of Consumer Protection Board.

Event calendar

Date	Event
Early May 2022	1Q22 results announcement

Key assumptions

Year to Dec	2022E	2023E	2024E
	(%)	(%)	(%)
Net profit (THB m)	5,815	7,246	8,782
Net profit growth	17.6	24.6	21.2
NIM	15.74	15.91	15.95
Loan growth	25.0	20.0	20.0
Non-NII growth	(25.0)	10.0	3.8
Credit cost (bp)	(23.0)	9.5	3.9
Cost to income*	140	150	150

*Including share of profits from associates

Source: FSSIA estimates

Earnings sensitivity

Year to Dec		2022E		
		23.0	25.0	27.0
Loan growth	±2ppt			
% change in net profit		(2.1)	-	2.1
NIM (%)	±5bp	15.69	15.74	15.79
% change in net profit		(0.6)	-	0.6
Credit cost (bps)	±10bp	130	140	150
% change in net profit		1.2	-	(1.2)

Source: FSSIA estimates

Another missed net profit in 4Q21

MTC reported a disappointed 4Q21 net profit of THB1,100m (-20% y-y, -8% q-q), which was lower than Bloomberg's consensus expectation and our forecast by c13% and 9%, respectively, due to the higher OPEX. We see the only strong point as its remarkable 4Q21 loan growth over its peers at 8% q-q and 29% y-y. However, another four items were in soft territory. First, its fee income plummeted 31% y-y and 27% q-q due to the impact from the new debt collection fee measures. Second, its OPEX skyrocketed by 26% y-y and 14% q-q, resulting in a 55.8% cost to income ratio, from the debt collection incentive and bonuses paid to its staff. Third, its non-performing loans (NPLs) increased remarkably by 28% q-q, implying an NPL ratio of 1.4%, due to the end of the debt forbearance program and strong loan growth in the past quarters. Thus, its coverage ratio went down significantly to 144% in this quarter from 160% in 3Q21. Lastly, its loan yield continued to decline to 18.5% vs 18.7% in 3Q21.

MTC's 2021 net profit came in at THB4.95b. This was the first time since listing on the SET that its net profit declined by 5% y-y, due to: 1) a drop in loan yield following the tight competition in motorcycle title loans; 2) a rise in its OPEX thanks to debt collection incentives; and 3) a surge in its provisions from the low base effect in 2020 along with an asset quality deterioration.

MTC announced a cash dividend payment of THB0.37b/share (0.7% dividend yield), XD on 28 Apr-22.

Exhibit 1: MTC – 4Q21/2021 results summary

Year end Dec 31	4Q20	3Q21	4Q21		2021	Change	Comments	
	(THB m)	(THB m)	(THB m)	(y-y %)	(q-q %)	(THB m)		(y-y %)
Net interest income	3,219	3,287	3,495	9	6	13,068	8	Increase y-y, q-q from a rise in loan volume
Non-interest income	208	188	151	(27)	(19)	824	7	Fee income dropped significantly
Operating income	3,428	3,475	3,647	6	5	13,891	8	
Operating expenses	1,614	1,778	2,036	26	14	6,961	13	
PPOP before tax*	1,813	1,696	1,611	(11)	(5)	6,930	2	
Expected credit loss	109	191	244	125	27	728	186	Significantly increased y-y following a surge in its NPLs
Income tax	335	304	268	(20)	(12)	1,257	(4)	
Minority interest	0	0	0			0		
Normalised profit	1,370	1,201	1,100	(20)	(8)	4,945	(5)	
Extraordinary items	0	0	0			0		
Net profit	1,370	1,201	1,100	(20)	(8)	4,945	(5)	Bloomberg consensus forecast was THB1,268m
EPS (THB)	0.65	0.57	0.52	(20)	(8)	2.33	(5)	
Asset quality ratio				(ppt)	(ppt)			
NPLs (THB m)	747	997	1,276	71	28	709	(5)	NPLs increased in all types of loans
NPLs / Loans (%)	1.05	1.17	1.39	0.34	0.22	1.39	0.33	
Loan loss reserve/NPLs (%)	177	160	144	(34)	(17)	258	81	
Credit cost (bp)	63	93	110	47	17	90	51	
Profitability ratio (%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(ppt)	
Cost to income ratio	47.1	51.2	55.8	8.7	4.6	50.1	2.5	
Average yield	21.4	18.7	18.5	(2.9)	(0.2)	18.7		
Cost of fund	3.5	3.5	3.4	(0.1)	(0.1)	3.4		
Net interest margin (NIM)	18.6	16.0	15.8	(2.8)	(0.1)	16.1		
Non-interest income / total income	6.1	5.4	4.2	(1.9)	(1.3)	39.1	0.1	
Loan growth (%)	(%)	(%)	(%)			(%)	(ppt)	
Year-to-date	17.6	40.8	52.2					
y-y	17.6	26.4	29.4			29.4	11.8	
q-q	5.6	6.4	8.1					

*including share of profits from associates

Sources: MTC

Slightly negative view on 2022 financial targets

MTC provided its 2022 financial targets at its analyst meeting, which we read as slightly negative overall. We see only two positives. First, MTC will continue to acquire loans aggressively, with target loan growth of +30% y-y. The loan volume would increase in all segments. Regarding motorcycle hire purchase loans, MTC expects its outstanding portfolio to reach THB10b in 2022 vs THB4.2b in 2021. Second, MTC might increase its rate charge once its cost of funds increase. However, increasing its rate charge is not the company's priority, according to management.

Regarding its other financial targets, those we read as neutral to slightly negative. MTC expects its loan yield might be relatively flat y-y. Given the uptrend interest rate environment, the company expects its cost of funds to increase by 10-15 bps y-y. The most concerning factor to us is its asset quality. Its NPLs increased significantly in 4Q21, with a 1.4% NPL ratio. The company expects the rise in its NPLs to persist in 2022 following its strategy to gain more market share. It expects a 2022 NPL ratio of lower than 2.0%. Thus, MTC targets its 2022 credit cost to increase to 120-150 bps vs 90 bps in 2021.

Regarding its new product called "Buy Now Pay Later" (BNPL), MTC is still conservatively expanding this portfolio. The company expects an outstanding loan volume of THB5b within two years. This should have minimal impact on its 2022 net profit, as mentioned in "[Muangthai Capital \(MTC TB\) - New product; little impact on 2022 NP](#)", dated 7 Feb-22.

Exhibit 2: 2022 financial targets

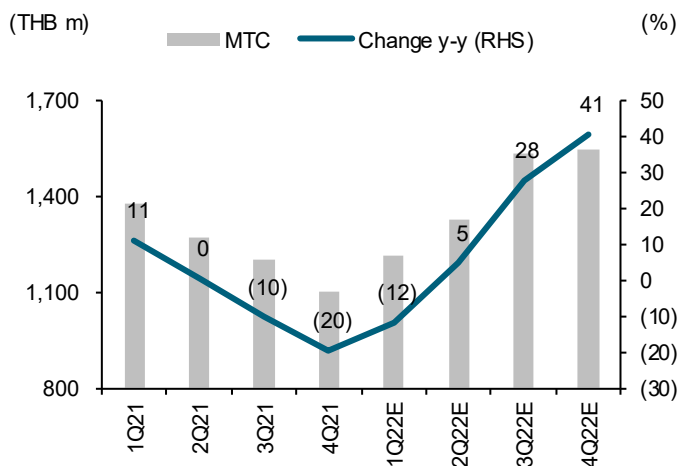
	2021	2022E	
	Actual	MTC	FSSIA
Loan growth (%)	29.4	30	25.0
- existing business (%)		27-28	23.0
- motorbike hire purchase (THB b)		10	9.0
- BNPL		THB5b within 2023	1.0
Yield (%)	18.7	flat	18.5
Cost of funds (%)	3.4	up 10-15 bps	3.6
Cost to income ratio (%)	50.1	48	48.4
Credit cost (bp)	89.5	120-150	140.0

Sources: MTC; FSSIA estimates

With these financial targets, we expect MTC's net profit to rise 18% y-y from a low base last year, supported mainly by a rise in its loan volume. This could offset 1) a substantial decline in its fee income thanks to the full-year impact of new debt collection fee measures; and 2) a rise in its expected credit losses (ECL) following a rise in its NPLs.

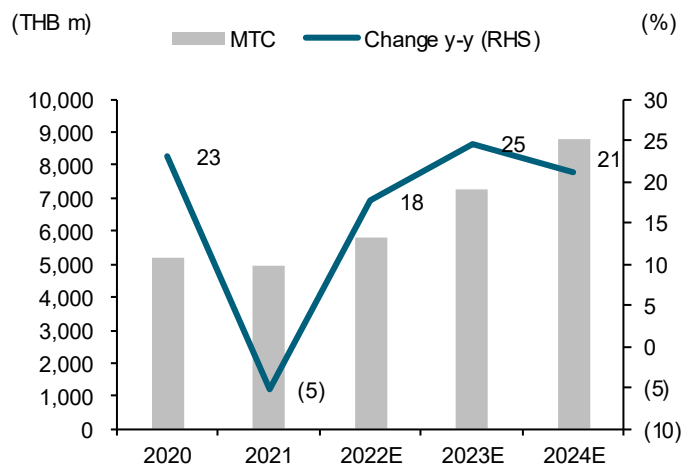
We reiterate our view that MTC's recovery could be U-shaped. We expect it to post only a minimal increase q-q in its 1Q22 net profit (slightly decreasing y-y). Although its loan volume could continue to grow strongly, its performance will likely be dragged down by 1) a stable but low loan yield; 2) lower fee income from the impact of the new debt collection restrictions; and 3) an increase in provisions following a moderate rise in its NPLs after the debt forbearance ends. A strong earnings recovery should start from 3Q22.

Exhibit 3: MTC's quarterly net profit outlook



Sources: MTC; FSSIA estimates

Exhibit 4: MTC's yearly net profit outlook

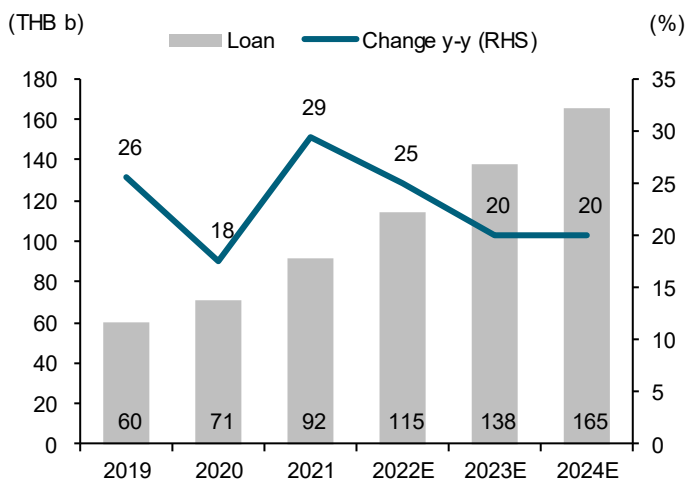


Sources: MTC; FSSIA estimates

Sacrificing short-term NP for higher long-term growth potential

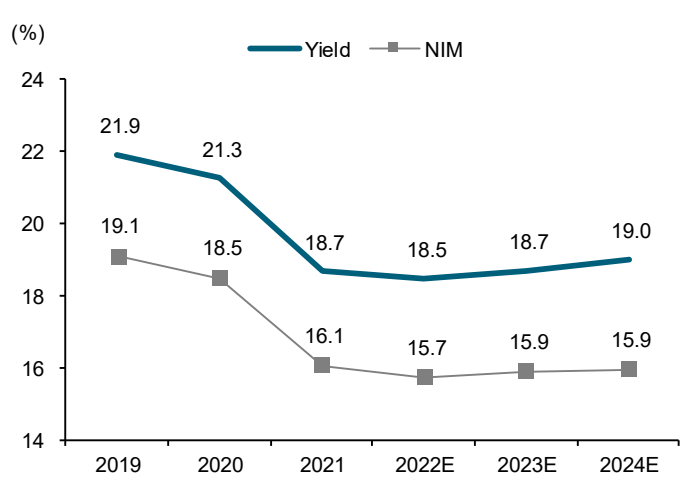
Since 2021, MTC has implemented a strategy to gain more market share and expand its customer base. It was able to achieve its goals in 2021, with a 29% y-y rise in its loan volume. However, in our view, the company has had to make a couple sacrifices to reach its targets. First, it reduced its loan yield to hit a record low of c16-17% for motorcycle title loans and 18% for car title loans. Second, its OPEX and ECL increased moderately following an asset deterioration. In our opinion, the company might relax some of its credit approval criteria to acquire new clients. This resulted in a rise in its NPLs, which is the opposite trend to the banking and financial sector overall.

Exhibit 5: MTC's loan growth



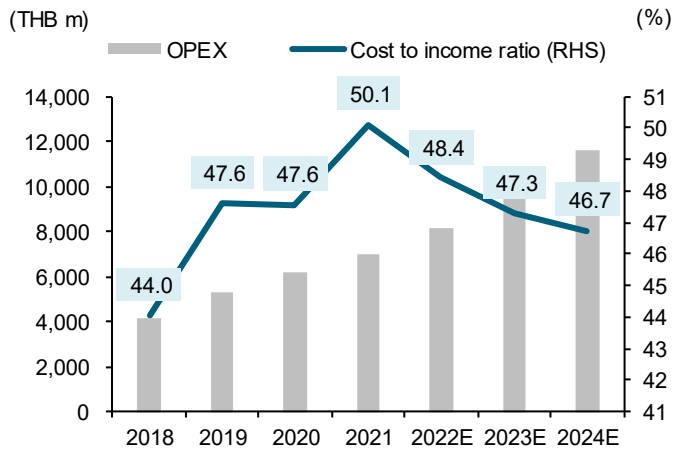
Sources: MTC; FSSIA estimates

Exhibit 6: MTC's loan yield and NIM



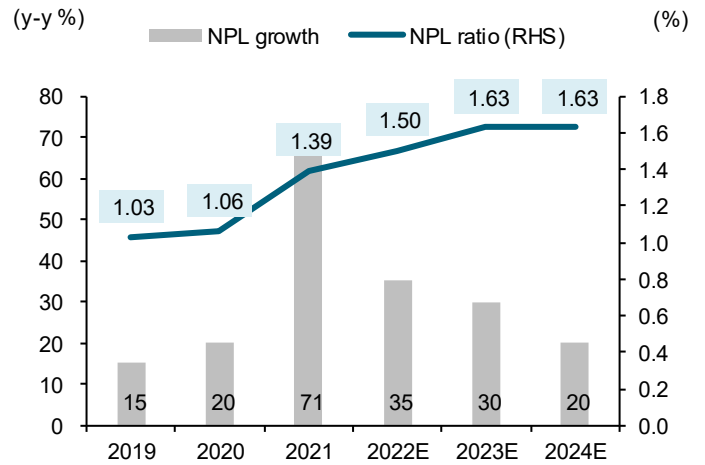
Sources: MTC; FSSIA estimates

Exhibit 7: MTC’s OPEX and cost to income ratio



Sources: MTC; FSSIA estimates

Exhibit 8: NPL growth rate and NPL ratio



Sources: MTC; FSSIA estimates

In 2022, the company will continue its client base expansion and market share competition strategies. According to management, MTC expects that this should benefit its long-term strategy to add more financial products on its shelf. We have a positive view that this should benefit MTC starting in 2023. However, these strategies could hurt its bottom-line growth, potentially increasing at lower than its potential growth rate in 2022 because revenue would kick in later than a reduction in its yield, OPEX and credit cost. Therefore, we still see muted catalysts in the short term.

Earnings revisions

We lower our net profit forecasts for 2022-23 by 10%/9% to mainly reflect 1) the worse-than-expected asset deterioration, leading to higher ECL; 2) the increase in its OPEX; and 3) the lower loan yield due to the slower-than-expected motorcycle hire purchase portfolio.

Exhibit 9: Key changes in assumptions

	2021	2022E			2023E			2024E
	Actual (THB m)	Old (THB m)	New (THB m)	Change (%)	Old (THB m)	New (THB m)	Change (%)	New (THB m)
Net interest income	13,068	16,429	16,260	(1.0)	20,119	20,081	(0.2)	24,159
Non-interest income*	824	650	634	(2.4)	712	695	(2.5)	722
Operating income*	13,891	17,079	16,894	(1.1)	20,832	20,775	(0.3)	24,881
Operating expenses	6,961	7,971	8,179	2.6	9,579	9,825	2.6	11,631
PPOP before tax*	6,930	9,108	8,715	(4.3)	11,253	10,951	(2.7)	13,250
Provision (Reversal)	728	1,030	1,446	40.4	1,310	1,894	44.6	2,272
Taxes expenses	1,257	1,616	1,454	(10.0)	1,989	1,811	(8.9)	2,195
Minority interest	-	0	-		0	-		-
Normalised profit	4,945	6,463	5,815	(10.0)	7,955	7,246	(8.9)	8,782
Extraordinary items	-	0	-		0	-		-
Net profit	4,945	6,463	5,815	(10.0)	7,955	7,246	(8.9)	8,782
EPS (THB)	2.33	3.05	2.74	(10.0)	3.8	3.42	(8.9)	4.14
Key statistic and ratio								
Asset quality ratio								
Gross NPLs (THB m)	1,276	1,464	1,723	17.7	1,830	2,239	22.4	2,687
Gross NPLs / Loans	1.4	1.3	1.5		1.4	1.6		1.6
Loan loss reserve/NPLs	144	136	150		136.1	151		161
Credit cost (bp)	90	100	140		105	150		150
Profitability ratio								
Cost to income ratio	50.1	46.7	48.4		46.0	47.3		46.7
Average yield	18.7	18.7	18.5		18.9	18.7		19.0
Cost of funds	3.4	3.5	3.6		3.6	3.7		4.0
Net interest margin (NIM)	16.1	16.0	15.7		16.1	15.9		15.9
% growth								
Loan growth (y-y)	29.4	24.6	25.0		18.0	20.0		20.0

*Including share of profits from associates

Source: FSSIA estimates

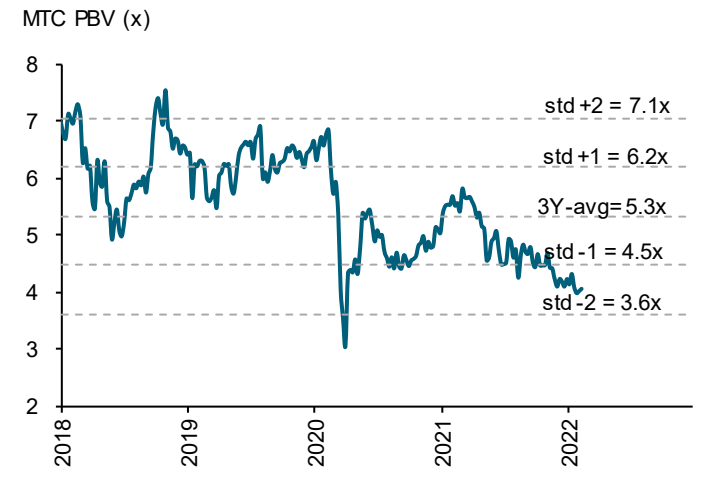
We revise down our 2022 GGM-based TP to THB60 from THB69 as we 1) lower our EPS forecast, leading to a lower book value; and 2) revise down our target 2022 P/BV from 4.8x to 4.3x to reflect the decrease in our average long-term ROE target of 22.0% from 24.1%.

Exhibit 10: MTC – GGM-derived target price

Target price (THB)	60 (from 69)
Recommendation	BUY (unchanged)
Risk-free rate (%)	3.0 (unchanged)
Market risk premium (%)	8.0 (unchanged)
Cost to equity (%)	11.6 (unchanged)
Terminal growth (%)	8.1 (from 8.2)
ROE target (%)	22 (from 24.1)
Target PBV (x)	4.3 (from 4.4)
Risk to TP	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 the Consumer Protection Board.

Source: FSSIA estimates

Exhibit 11: MTC – prospective P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 12: MTC – prospective P/E band



Sources: Bloomberg; FSSIA estimates

Financial Statements

Muangthai Capital

Profit and Loss (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Interest Income	13,962	15,195	19,108	23,607	28,783
Interest expense	(1,817)	(2,127)	(2,849)	(3,527)	(4,624)
Net interest income	12,145	13,068	16,260	20,081	24,159
Net fees & commission	726	769	577	634	658
Foreign exchange trading income	-	-	-	-	-
Securities trading income	-	-	-	-	-
Dividend income	0	0	0	0	0
Other income	45	55	57	60	63
Non interest income	771	824	634	695	722
Total income	12,916	13,891	16,894	20,775	24,881
Staff costs	(3,676)	(4,272)	(5,490)	(6,799)	(8,363)
Other operating costs	(2,469)	(2,689)	(2,689)	(3,026)	(3,269)
Operating costs	(6,144)	(6,961)	(8,179)	(9,825)	(11,631)
Pre provision operating profit	6,771	6,930	8,715	10,951	13,250
Provision for bad and doubtful debt	(255)	(728)	(1,446)	(1,894)	(2,272)
Other provisions	-	-	-	-	-
Operating profit	6,517	6,201	7,269	9,057	10,977
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	6,517	6,201	7,269	9,057	10,977
Tax	(1,303)	(1,257)	(1,454)	(1,811)	(2,195)
Profit after tax	5,214	4,945	5,815	7,246	8,782
Minority interests	0	0	0	0	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	5,214	4,945	5,815	7,246	8,782
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	5,214	4,945	5,815	7,246	8,782
Per share (THB)					
Recurring EPS *	2.46	2.33	2.74	3.42	4.14
Reported EPS	2.46	2.33	2.74	3.42	4.14
DPS	0.37	0.37	0.41	0.51	0.62
Growth					
Net interest income (%)	17.3	7.6	24.4	23.5	20.3
Non interest income (%)	(4.6)	6.8	(23.0)	9.5	3.9
Pre provision operating profit (%)	15.8	2.3	25.8	25.6	21.0
Operating profit (%)	23.1	(4.8)	17.2	24.6	21.2
Reported net profit (%)	23.0	(5.2)	17.6	24.6	21.2
Recurring EPS (%)	23.0	(5.2)	17.6	24.6	21.2
Reported EPS (%)	23.0	(5.2)	17.6	24.6	21.2
Income Breakdown					
Net interest income (%)	94.0	94.1	96.2	96.7	97.1
Net fees & commission (%)	5.6	5.5	3.4	3.1	2.6
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	-	-	-	-	-
Dividend income (%)	-	-	-	-	-
Other income (%)	0.3	0.4	0.3	0.3	0.3
Operating performance					
Gross interest yield (%)	21.27	18.67	18.50	18.70	19.00
Cost of funds (%)	3.71	3.43	3.60	3.65	4.01
Net interest spread (%)	17.56	15.24	14.90	15.05	14.99
Net interest margin (%)	18.5	16.1	15.7	15.9	15.9
Cost/income(%)	47.6	50.1	48.4	47.3	46.7
Cost/assets(%)	8.8	7.9	7.5	7.4	7.4
Effective tax rate (%)	20.0	20.3	20.0	20.0	20.0
Dividend payout on recurring profit (%)	15.0	15.9	15.0	15.0	15.0
ROE (%)	28.4	21.7	21.4	22.3	22.3
ROE - COE (%)	17.6	10.9	10.6	11.5	11.5
ROA (%)	7.5	5.6	5.3	5.5	5.6
RORWA (%)	-	-	-	-	-

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Muangthai Capital; FSSIA estimates

Financial Statements

Muangthai Capital

Balance Sheet (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Gross customer loans	70,968	91,812	114,766	137,719	165,262
Total provisions	(1,328)	(1,832)	(2,589)	(3,381)	(4,331)
interest in suspense	0	0	0	0	0
Net customer loans	69,640	89,981	112,176	134,337	160,931
Bank loans	-	-	-	-	-
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	0	0	0	0	0
Cash & equivalents	1,378	1,306	843	2,077	1,725
Other interesting assets	-	-	-	-	-
Tangible fixed assets	1,928	2,054	2,187	2,329	2,481
Associates	-	-	-	-	-
Goodwill	-	-	-	-	-
Other intangible assets	-	-	-	-	-
Other assets	4,275	5,049	5,272	5,697	6,467
Total assets	77,222	98,390	120,478	144,440	171,604
Customer deposits	0	0	0	0	0
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	53,699	70,457	87,799	105,441	124,972
Non interest bearing liabilities	2,841	3,064	3,218	3,378	3,547
Hybrid Capital	-	-	-	-	-
Total liabilities	56,540	73,521	91,016	108,820	128,520
Share capital	2,120	2,120	2,120	2,120	2,120
Reserves	18,567	22,749	27,342	33,500	40,965
Total equity	20,687	24,869	29,462	35,620	43,085
Minority interests	(5)	0	0	0	0
Total liabilities & equity	77,222	98,390	120,478	144,440	171,604
Supplementary items					
Risk weighted assets (RWA)	n/a	n/a	n/a	n/a	n/a
Average interest earning assets	65,653	81,390	103,289	126,242	151,491
Average interest bearing liabilities	48,931	62,078	79,128	96,620	115,207
Tier 1 capital	n/a	n/a	n/a	n/a	n/a
Total capital	0	0	0	0	0
Gross non performing loans (NPL)	747	1,276	1,723	2,239	2,687
Per share (THB)					
Book value per share	9.76	11.73	13.90	16.80	20.32
Tangible book value per share	9.76	11.73	13.90	16.80	20.32
Growth					
Gross customer loans	17.6	29.4	25.0	20.0	20.0
Average interest earning assets	21.1	24.0	26.9	22.2	20.0
Total asset (%)	24.8	27.4	22.4	19.9	18.8
Risk weighted assets (%)	-	-	-	-	-
Customer deposits (%)	nm	nm	nm	nm	nm
Leverage & capital measures					
Customer loan/deposits (%)	-	-	-	-	-
Equity/assets (%)	26.8	25.3	24.5	24.7	25.1
Tangible equity/assets (%)	26.8	25.3	24.5	24.7	25.1
RWA/assets (%)	-	-	-	-	-
Tier 1 CAR (%)	-	-	-	-	-
Total CAR (%)	-	-	-	-	-
Asset Quality					
Change in NPL (%)	20.3	70.7	35.0	30.0	20.0
NPL/gross loans (%)	1.1	1.4	1.5	1.6	1.6
Total provisions/gross loans (%)	1.9	2.0	2.3	2.0	2.6
Total provisions/NPL (%)	177.6	143.6	150.3	151.0	161.2
Valuation					
Recurring P/E (x) *	22.2	23.4	19.9	15.9	13.2
Recurring P/E @ target price (x) *	24.4	25.7	21.9	17.6	14.5
Reported P/E (x)	22.2	23.4	19.9	15.9	13.2
Dividend yield (%)	0.7	0.7	0.8	0.9	1.1
Price/book (x)	5.6	4.6	3.9	3.2	2.7
Price/tangible book (x)	5.6	4.6	3.9	3.2	2.7
Price/tangible book @ target price (x)	6.1	5.1	4.3	3.6	3.0

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Muangthai Capital; FSSIA estimates

Corporate Governance report of Thai listed companies 2020

EXCELLENT LEVEL										
AAV	ADVANC	AF	AIRA	AKP	AKR	ALT	AMA	AMATA	AMATAV	ANAN
AOT	AP	ARIP	ARROW	ASP	BAFS	BANPU	BAY	BCP	BCPG	BDMS
BEC	BEM	BGRIM	BIZ	BKI	BLA	BOL	BPP	BRR	BTS	BWG
CENTEL	CFRESH	CHEWA	CHO	CIMBT	CK	CKP	CM	CNT	COL	COMAN
COTTO	CPALL	CPF	CPI	CPN	CSS	DELTA	DEMCO	DRT	DTAC	DTC
DV8	EA	EASTW	ECF	ECL	EGCO	EPG	ETE	FNS	FPI	FPT
FSMART	GBX	GC	GCAP	GEL	GFPT	GGC	GPSC	GRAMMY	GUNKUL	HANA
HARN	HMPRO	ICC	ICI	III	ILINK	INTUCH	IRPC	IVL	JKN	JSP
JWD	K	KBANK	KCE	KKP	KSL	KTB	KTC	LANNA	LH	LHFG
LIT	LPN	MAKRO	MALEE	MBK	MBKET	MC	MCOT	METCO	MFEC	MINT
MONO	MOONG	MSC	MTC	NCH	NCL	NEP	NKI	NOBLE	NSI	NVD
NYT	OISHI	ORI	OTO	PAP	PCSGH	PDJ	PG	PHOL	PLANB	PLANET
PLAT	PORT	PPS	PR9	PREB	PRG	PRM	PSH	PSL	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QTC	RATCH	RS	S	S & J	SAAM
SABINA	SAMART	SAMTEL	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SDC
SEAFCO	SEOIL	SE-ED	SELIC	SENA	SIRI	SIS	SITHAI	SMK	SMPC	SNC
SONIC	SORKON	SPALI	SPI	SPRC	SPVI	SSSC	SST	STA	SUSCO	SUTHA
SVI	SYMC	SYNTEC	TACC	TASCO	TCAP	TFMAMA	THANA	THANI	THCOM	THG
THIP	THRE	THREL	TIP	TIPCO	TISCO	TK	TKT	TTB	TMILL	TNDT
TNL	TOA	TOP	TPBI	TQM	TRC	TRC	TSC	TSR	TSTE	TSTH
TTCL	TTW	TU	TVD	TVI	TVO	TWPC	U	UAC	UBIS	UV
VGI	VIH	WACOAL	WAVE	WHA	WHAUP	WICE	WINNER	TRUE		

VERY GOOD LEVEL										
2S	ABM	ACE	ACG	ADB	AEC	AEONTS	AGE	AH	AHC	AIT
ALLA	AMANAHA	AMARIN	APCO	APCS	APURE	AQUA	ASAP	ASEFA	ASIA	ASIAN
ASIMAR	ASK	ASN	ATP30	AUCT	AWC	AYUD	B	BA	BAM	BBL
BFIT	BGC	BJC	BJCHI	BROOK	BTW	CBG	CEN	CGH	CHARAN	CHAYO
CHG	CHOTI	CHOW	CI	CIG	CMC	COLOR	COM7	CPL	CRC	CRD
CSC	CSP	CWT	DCC	DCON	DDD	DOD	DOHOME	EASON	EE	ERW
ESTAR	FE	FLOYD	FN	FORTH	FSS	FTE	FVC	GENCO	GJS	GL
GLAND	GLOBAL	GLOCON	GPI	GULF	GYT	HPT	HTC	ICN	IFS	ILM
IMH	INET	INSURE	IRC	IRCP	IT	ITD	ITEL	J	JAS	JCK
JCKH	JMART	JMT	KBS	KCAR	KGI	KIAT	KOOL	KTIS	KWC	KWM
L&E	LALIN	LDC	LHK	LOXLEY	LPH	LRH	LST	M	MACO	MAJOR
MBAX	MEGA	META	MFC	MGT	MILL	MITSIB	MK	MODERN	MTI	MVP
NETBAY	NEX	NINE	NTV	NWR	OCC	OGC	OSP	PATO	PB	PDG
PDI	PICO	PIMO	PJW	PL	PM	PPP	PRIN	PRINC	PSTC	PT
QLT	RCL	RICHY	RML	RPC	RWI	S11	SALEE	SAMCO	SANKO	SAPPE
SAWAD	SCI	SCP	SE	SEG	SFP	SGF	SHR	SIAM	SINGER	SKE
SKR	SKY	SMIT	SMT	SNP	SPA	SPC	SPCG	SR	SRICHA	SSC
SSF	STANLY	STI	STPI	SUC	SUN	SYNEX	T	TAE	TAKUNI	TBSP
TCC	TCMC	TEAM	TEAMG	TFG	TIGER	TITLE	TKN	TKS	TM	TMC
TMD	TMI	TMT	TNITY	TNP	TNR	TOG	TPA	TPAC	TPCORP	TPOLY
TPS	TRITN	TRT	TRU	TSE	TVT	TWP	UEC	UMI	UOBKH	UP
UPF	UPOIC	UT	UTP	UWC	VL	VNT	VPO	WIJK	WP	XO
YUASA	ZEN	ZIGA	ZMICO							

GOOD LEVEL										
7UP	A	ABICO	AJ	ALL	ALUCON	AMC	APP	ARIN	AS	AU
B52	BC	BCH	BEAUTY	BGT	BH	BIG	BKD	BLAND	BM	BR
BROCK	BSBM	BSM	BTNC	CAZ	CCP	CGD	CITY	CMAN	CMO	CMR
CPT	CPW	CRANE	CSR	D	EKH	EP	ESSO	FMT	GIFT	GREEN
GSC	GTB	HTECH	HUMAN	IHL	INOX	INSET	IP	JTS	JUBILE	KASET
KCM	KKC	KUMWEL	KUN	KWG	KYE	LEE	MATCH	MATI	M-CHAI	MCS
MDX	MJD	MM	MORE	NC	NDR	NER	NFC	NNCL	NPK	NUSA
OCEAN	PAF	PF	PK	PLE	PMTA	POST	PPM	PRAKIT	PRECHA	PRIME
PROUD	PTL	RBF	RCI	RJH	ROJNA	RP	RPH	RSP	SF	SFLEX
SGP	SISB	SKN	SLP	SMART	SOLAR	SPG	SQ	SSP	STARK	STC
SUPER	SVOA	TC	TCCC	THMUI	TIW	TNH	TOPP	TPCH	TIPIP	TPLAS
TTI	TYCN	UKEM	UMS	VCOM	VRANDA	WIN	WORK	WPH		

Description	Score Range
Excellent	90-100
Very Good	80-89
Good	70-79

Disclaimer:

The disclosure of the survey results of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey results may be changed after that date. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such survey results.

* CGR scoring should be considered with news regarding wrong doing of the company or director or executive of the company such unfair practice on securities trading, fraud, and corruption SEC imposed a civil sanction against insider trading of director and executive; ** delisted

Source: Thai Institute of Directors Association (IOD); FSSIA's compilation

Anti-corruption Progress Indicator 2020

CERTIFIED										
2S	ADVANC	AI	AIE	AIRA	AKP	AMA	AMANAH	AP	AQUA	ARROW
ASK	ASP	AYUD	B	BAFS	BANPU	BAY	BBL	BCH	BCP	BCPG
BGC	BGRIM	BJCHI	BKI	BLA	BPP	BROOK	BRR	BSBM	BTS	BWG
CEN	CENTEL	CFRESH	CGH	CHEWA	CHOTI	CHOW	CIG	CIMBT	CM	CMC
COL	COM7	CPALL	CPF	CPI	CPN	CSC	DCC	DELTA	DEMCO	DIMET
DRT	DTAC	DTC	EASTW	ECL	EGCO	FE	FNS	FPI	FPT	FSS
FTE	GBX	GC	GCAP	GEL	GFPT	GGC	GJS	GPSC	GSTEEL	GUNKUL
HANA	HARN	HMPRO	HTC	ICC	ICHI	IFS	INET	INSURE	INTUCH	IRPC
ITEL	IVL	K	KASET	KBANK	KBS	KCAR	KCE	KGI	KKP	KSL
KTB	KTC	KWC	L&E	LANNA	LHFG	LHK	LPN	LRH	M	MAKRO
MALEE	MBAX	MBK	MBKET	MC	MCOT	MFC	MFEC	MINT	MONO	MOONG
MPG	MSC	MTC	MTI	NBC	NEP	NINE	NKI	NMG	NNCL	NSI
NWR	OCC	OCEAN	OGC	ORI	PAP	PATO	PB	PCSGH	PDG	PDI
PDJ	PE	PG	PHOL	PL	PLANB	PLANET	PLAT	PM	PPP	PPPM
PPS	PREB	PRG	PRINC	PRM	PSH	PSL	PSTC	PT	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QLT	QTC	RATCH	RML	RWI	S & J
SABINA	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SEAOIL	SE-ED	SELIC
SENA	SGP	SIRI	SITHAI	SMIT	SMK	SMPC	SNC	SNP	SORKON	SPACK
SPC	SPI	SPRC	SRICHA	SSF	SSSC	SST	STA	SUSCO	SVI	SYNTEC
TAE	TAKUNI	TASCO	TBSP	TCAP	TCMC	TFG	TFI	TFMAMA	THANI	THCOM
THIP	THRE	THREL	TIP	TIPCO	TISCO	TKT	TTB	TMD	TMILL	TMT
TNITY	TNL	TNP	TNR	TOG	TOP	TPA	TPCORP	TPP	TRU	TSC
TSTH	TTCL	TU	TVD	TVI	TVO	TWPC	U	UBIS	UEC	UKEM
UOBKH	UWC	VGI	VIH	VNT	WACOAL	WHA	WHAUP	WICE	WIJK	XO
ZEN	TRUE									

DECLARED										
7UP	ABICO	AF	ALT	AMARIN	AMATA	AMATAV	ANAN	APURE	B52	BKD
BM	BROCK	BUI	CHO	CI	COTTO	DDD	EA	EFORL	EP	ERW
ESTAR	ETE	EVER	FSMART	GPI	ILINK	IRC	J	JKN	JMART	JMT
JSP	JTS	KWG	LDC	MAJOR	META	NCL	NOBLE	NOK	PK	PLE
ROJNA	SAAM	SAPPE	SCI	SE	SHANG	SINGER	SKR	SPALI	SSP	STANLY
SUPER	SYNEX	THAI	TKS	TOPP	TRITN	TTA	UPF	UV	WIN	ZIGA

Level	
Certified	This level indicates practical participation with thoroughly examination in relation to the recommended procedures from the audit committee or the SEC's certified auditor, being a certified member of Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) or already passed examination to ensure independence from external parties.
Declared	This level indicates determination to participate in the Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC)

Disclaimer:

The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by Thaipat Institute, is made in order to comply with the policy and sustainable development plan for the listed companies of the Office of the Securities and Exchange Commission. Thaipat Institute made this assessment based on the information received from the listed company, as stipulated in the form for the assessment of Anti-corruption which refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2), or other relevant documents or reports of such listed company. The assessment result is therefore made from the perspective of Thaipat Institute that is a third party. It is not an assessment of operation and is not based on any inside information. Since this assessment is only the assessment result as of the date appearing in the assessment result, it may be changed after that date or when there is any change to the relevant information. Nevertheless, FSS International Investment Advisory Company Limited does not confirm, verify, or certify the accuracy and completeness of the assessment results.

Note: Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of June 24, 2019) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

Source: The Securities and Exchange Commission, Thailand; * FSSIA's compilation

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Yuvanart Suwanumphai FSS International Investment Advisory Securities Co., Ltd

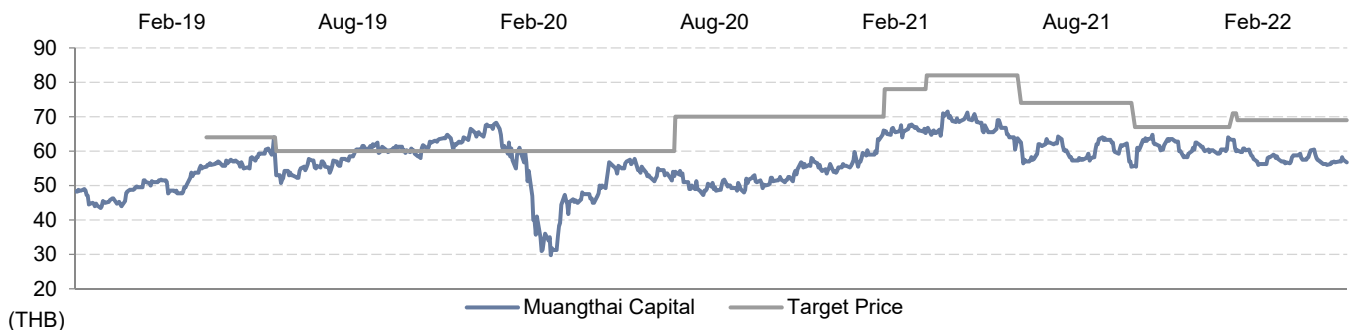
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

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History of change in investment rating and/or target price

Muangthai Capital (MTC TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
10-Jun-2019	BUY	64.00	12-Jan-2021	BUY	78.00	13-Aug-2021	BUY	67.00
09-Aug-2019	HOLD	60.00	17-Feb-2021	BUY	82.00	05-Nov-2021	BUY	71.00
16-Jul-2020	BUY	70.00	07-May-2021	BUY	74.00	11-Nov-2021	BUY	69.00

Yuvanart Suwanumphai started covering this stock from 16-Jul-2020

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Muangthai Capital	MTC TB	THB 54.50	BUY	Downside risks to our GGM-based TP include 1) a further weakening of asset quality that could potentially hit both loan yield and credit cost; and 2) changes in financial regulations by the Bank of Thailand and the Office of Consumer Protection Board.

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 Finasia Syrus Securities Public Company Limited

FSSIA may incorporate the recommendations and target prices of companies currently covered by FSS Research into equity research reports, denoted by an 'FSS' before the recommendation. FSS Research is part of Finasia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 15-Feb-2022 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.