



# Ngern Tid Lor

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Public Company Limited

# TIDLOR

Bloomberg TIDLOR TB  
Reuters TIDLOR.BK

## Solid growth but unattractive valuation

**We initiate TIDLOR as Neutral and a TP of Bt45 (based on 4x PBV or 25x PE for 2022F) as we view that its current valuation has pretty much priced in its solid growth outlook. TIDLOR is Thailand's tech-driven leader in the vast untapped micro finance and fragmented insurance broker market. We expect earnings at TIDLOR to continue leaping at a 30% CAGR for the next three years, driven by 1) solid growth in micro finance income, 2) robust growth in insurance brokerage income and 3) rising operational leverage.**

**Tech-driven leader in micro finance and insurance brokerage.** As a pioneer in technology-driven financial services, TIDLOR is a leader in the vast and untapped micro finance market (#1 in automobile title loans and #2 in micro finance, based on loans outstanding as of YE2020) and the fragmented insurance brokerage market (#3 retail-focused non-life and #7 in non-life, based on 2019 revenue).

**Solid growth in micro finance through unique services.** We forecast 18% loan growth CAGR in 2020-2023 (vs. 24% in 2017-2020), undergirded by the vast untapped underbanked market, the addition of approximately 500 branches by 2023, more competitive products than peers (due to lower cost of funds and its data analytic capability), and an offering of unique and superior services via Omni channels (i.e., revolving loans via a cash card with the lowest minimum drawdown of Bt500 at ATMs of major banks across Thailand). We expect NIM to improve in 2021 on the absence of the waiver of accrued interest to relieve client burdens and lower cost of funds, then be stable in 2022 and fall in 2023 due to rising cost of funds. We forecast an ease in credit cost from 1.2% in 2020 to 1% in 2021-2023 given its 329% LLR coverage (highest among peers) at 1Q21.

**Leapfrogging over peers via insurance brokerage.** We expect 30% CAGR growth in fee & service income over 2020-2023 (vs. 29% in 2017-2020) from insurance brokerage. In view of the sizable untapped market and rising leverage of its Insurtech platform and branch expansion that will roil the fragmented insurance broker market, we expect insurance brokerage income to leap by 31% CAGR in 2020-2023.

**Strong earnings growth outlook with rising operational leverage.** Backed by rising operational leverage from a robust revenue growth and slowing opex growth, we forecast a drop in cost to income ratio from 61.5% in 2020 to 53.3% in 2023 and an earnings growth CAGR at 30% in 2020-2023 vs. 25% in 2017-2020.

**Rate Neutral with TP of Bt45.** We initiate TIDLOR with a Neutral rating and TP of Bt45/share as we view that its current valuation at 4.1x PBV and 25x PE for 2022 has priced in its solid growth outlook. The TP of Bt45 is derived from 4x 2022F BVPS (equivalent to 25x 2022F EPS), assuming a sustainable ROE of 20% and 8.6% cost of equity, and perpetual growth of 4.75%.

### Forecasts and valuation

Year to 31 Dec	Unit	2019	2020	2021F	2022F	2023F
Pre-provision profit	(Btmn)	3,284	3,609	4,530	5,868	7,356
Net profit	(Btmn)	2,202	2,416	3,181	4,170	5,266
PPP/share	(Bt)	1.56	1.71	1.95	2.53	3.17
EPS	(Bt)	1.04	1.15	1.37	1.80	2.27
BVPS	(Bt)	4.43	5.57	9.76	11.14	12.87
DPS	(Bt)	0.90	-	0.41	0.54	0.68
P/PPP	(x)	28.89	26.29	23.03	17.79	14.19
PPP growth	(%)	(21.07)	9.89	14.12	29.52	25.36
PER	(x)	43.09	39.26	32.81	25.03	19.81
EPS growth	(%)	7.84	9.74	19.67	31.11	26.29
PBV	(x)	10.15	8.07	4.61	4.04	3.50
ROE	(%)	26.38	22.91	18.51	17.21	18.91
Dividend yields	(%)	2.00	-	0.91	1.20	1.51

Source: SCBS Investment Research

## Tactical: NEUTRAL

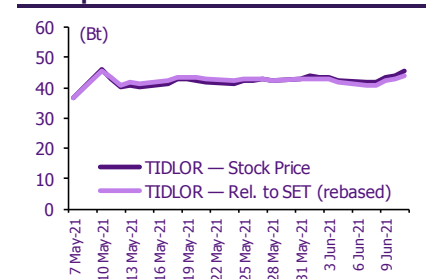
(3-month)

### Stock data

Last close (Jun 14) (Bt)	45.00
Target price (Bt)	45.00
Mkt cap (Btbn)	104.35
Mkt cap (US\$mnn)	3,356

Beta	M
Mkt cap (%) SET	0.56
Sector % SET	4.86
Shares issued (mn)	2,319
Par value (Bt)	3.70
12-m high / low (Bt)	55.5 / 38.5
Avg. daily 6m (US\$mnn)	116.83
Foreign limit / actual (%)	100 / 35
Free float (%)	44.5
Dividend policy (%)	≥ 20

### Price performance



Source: SET, SCBS Investment Research

### Share performance

(%)	1M	3M	12M
Absolute	11.1	n.a.	n.a.
Relative to mai	5.4	n.a.	n.a.

Source: SET, SCBS Investment Research

### Analyst

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**Value proposition**

TIDLOR is Thailand's leader in the vast untapped micro finance market and the fragmented insurance broker market. TIDLOR is a pioneer in providing technology-driven financial services. It has the largest market share in automobile title loans and the second largest share of the micro finance market, based on loans outstanding as of YE2020. It has the third largest market share of retail-focused non-life insurance brokers and the seventh largest market share of non-life insurance brokers, based on 2019 revenue.

**Business outlook**

We expect earnings at TIDLOR to continue leaping over the next three years at a 30% CAGR, driven by 1) solid loan growth at 18% CAGR, 2) robust 31% CAGR growth in insurance brokerage income and 3) rising operational leverage from economies of scale.

<b>Bullish views</b>	<b>Bearish views</b>
1. Good loan growth off a vast untapped micro finance market.	1. Rising price competition.
2. Robust growth in insurance brokerage income.	2. Potential rise in cost of funds in long term.
3. high LLR coverage of around 329% with asset quality under control.	

**Key catalysts**

<b>Factor</b>	<b>Event</b>	<b>Impact</b>	<b>Comment</b>
Asset quality	The end of debt relief program and a relaxation of loan classification.	Potential rise in NPLs	Upside risk to our provision forecast.

**Sensitivity analysis**

<b>Factor</b>	<b>Earnings impact</b>	<b>TP impact</b>
2 ppt change in loan growth	4%	Bt1/share
50 bps fall in NIM	5%	Bt1/share
50 bps rise in credit cost	7%	Bt1.5/share

## Financial statement

### Profit and Loss Statement

FY December 31	Unit	2016	2017	2018	2019	2020	2021F	2022F	2023F
Interest & dividend income	(Btmn)	3,827	4,889	6,376	7,635	8,735	9,779	11,490	13,562
Interest expense	(Btmn)	471	489	654	1,006	1,178	1,139	1,275	1,600
<b>Net interest income</b>	(Btmn)	<b>3,356</b>	<b>4,400</b>	<b>5,722</b>	<b>6,630</b>	<b>7,557</b>	<b>8,640</b>	<b>10,215</b>	<b>11,962</b>
Non-interest income	(Btmn)	808	912	1,193	1,823	1,824	2,409	3,043	3,779
Non-interest expenses	(Btmn)	2,637	3,239	4,254	5,168	5,772	6,519	7,390	8,385
<b>Earnings before tax &amp; provision</b>	(Btmn)	<b>1,527</b>	<b>2,073</b>	<b>2,662</b>	<b>3,284</b>	<b>3,609</b>	<b>4,530</b>	<b>5,868</b>	<b>7,356</b>
Tax	(Btmn)	218	309	325	551	611	795	1,042	1,317
<b>Pre-provision profit</b>	(Btmn)	<b>1,309</b>	<b>1,763</b>	<b>2,337</b>	<b>2,733</b>	<b>2,998</b>	<b>3,735</b>	<b>4,825</b>	<b>6,039</b>
Provision	(Btmn)	439	516	1,031	531	582	555	655	773
<b>Net profit</b>	(Btmn)	<b>870</b>	<b>1,247</b>	<b>1,306</b>	<b>2,202</b>	<b>2,416</b>	<b>3,181</b>	<b>4,170</b>	<b>5,266</b>
<b>EPS</b>	<b>(Bt)</b>	<b>0.98</b>	<b>1.40</b>	<b>0.97</b>	<b>1.04</b>	<b>1.15</b>	<b>1.37</b>	<b>1.80</b>	<b>2.27</b>
DPS	(Bt)	1.12	1.91	0.86	0.90	0.00	0.41	0.54	0.68

### Balance Sheet

FY December 31	Unit	2016	2017	2018	2019	2020	2021F	2022F	2023F
Gross loans	(Btmn)	20,979	26,434	39,674	47,639	50,807	60,115	70,894	83,650
Loan loss reserve	(Btmn)	1,384	1,796	2,675	2,702	2,763	2,626	2,693	2,851
<b>Net loans</b>	(Btmn)	<b>19,596</b>	<b>24,641</b>	<b>37,049</b>	<b>45,277</b>	<b>48,568</b>	<b>58,013</b>	<b>68,725</b>	<b>81,323</b>
<b>Total assets</b>	(Btmn)	<b>21,190</b>	<b>26,841</b>	<b>40,081</b>	<b>48,411</b>	<b>53,336</b>	<b>62,915</b>	<b>73,836</b>	<b>86,657</b>
Total borrowings	(Btmn)	15,468	19,499	31,077	37,094	39,695	38,395	46,095	54,895
<b>Total liabilities</b>	(Btmn)	<b>16,453</b>	<b>20,847</b>	<b>32,736</b>	<b>39,065</b>	<b>41,587</b>	<b>40,292</b>	<b>47,997</b>	<b>56,802</b>
Paid-up capital	(Btmn)	3,290	3,290	4,990	7,800	7,800	8,580	8,580	8,580
<b>Total Equities</b>	(Btmn)	<b>4,737</b>	<b>5,994</b>	<b>7,345</b>	<b>9,346</b>	<b>11,749</b>	<b>22,624</b>	<b>25,840</b>	<b>29,855</b>
<b>BVPS</b>	<b>(Bt)</b>	<b>5.33</b>	<b>6.74</b>	<b>5.45</b>	<b>4.43</b>	<b>5.57</b>	<b>9.76</b>	<b>11.14</b>	<b>12.87</b>

### Key Financial Ratios

FY December 31	Unit	2016	2017	2018	2019	2020	2021F	2022F	2023F
YoY loan growth	(%)	24.32	26.00	50.09	20.08	6.65	18.32	17.93	17.99
Yield on earn'g assets	(%)	20.22	20.62	19.29	17.49	17.75	17.63	17.54	17.55
Cost on int-bear'g liab	(%)	3.36	2.80	2.59	2.95	3.07	2.92	3.02	3.17
Spread (%)	(%)	16.85	17.83	16.71	14.54	14.68	14.71	14.52	14.38
Net interest margin	(%)	17.73	18.56	17.31	15.19	15.35	15.58	15.59	15.48
Cost to income ratio	(%)	63.33	60.98	61.51	61.15	61.53	59.00	55.74	53.27
Provision expense/Total loans	(%)	2.32	2.18	3.12	1.22	1.18	1.00	1.00	1.00
NPLs/ Total Loans	(%)	1.36	1.24	1.11	1.29	1.67	1.97	1.92	1.88
LLR/NPLs	(%)	486.17	549.60	608.95	438.85	325.07	221.25	197.45	181.21
ROA	(%)	4.54	5.19	3.90	4.98	4.75	5.47	6.10	6.56
ROE	(%)	20.15	23.25	19.58	26.38	22.91	18.51	17.21	18.91
D/E	(x)	3.47	3.48	4.46	4.18	3.54	1.78	1.86	1.90

## Financial statement

### Profit and Loss Statement

FY December 31	Unit	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21
Interest & dividend income	(Btmn)	NA.	2,009	2,108	2,412	1,836	2,216	2,271	2,331
Interest expense	(Btmn)	NA.	259	268	288	327	281	282	290
<b>Net interest income</b>	(Btmn)	NA.	<b>1,750</b>	<b>1,840</b>	<b>2,124</b>	<b>1,509</b>	<b>1,936</b>	<b>1,988</b>	<b>2,041</b>
Non-interest income	(Btmn)	NA.	441	527	457	322	463	582	552
Non-interest expenses	(Btmn)	NA.	1,384	1,403	1,503	1,416	1,366	1,488	1,592
<b>Earnings before tax &amp; provision</b>	(Btmn)	NA.	<b>806</b>	<b>964</b>	<b>1,078</b>	<b>416</b>	<b>1,032</b>	<b>1,083</b>	<b>1,001</b>
Tax	(Btmn)	NA.	141	153	175	72	209	155	195
<b>Pre-provision profit</b>	(Btmn)	NA.	<b>665</b>	<b>811</b>	<b>903</b>	<b>344</b>	<b>823</b>	<b>927</b>	<b>806</b>
Provision	(Btmn)	NA.	98	210	202	63	12	304	22
<b>Net profit</b>	(Btmn)	NA.	<b>567</b>	<b>601</b>	<b>701</b>	<b>281</b>	<b>811</b>	<b>623</b>	<b>783</b>
<b>EPS</b>	<b>(Bt)</b>	NA.	NA.	NA.	NA.	NA.	<b>0.39</b>	<b>0.30</b>	<b>0.37</b>

### Balance Sheet

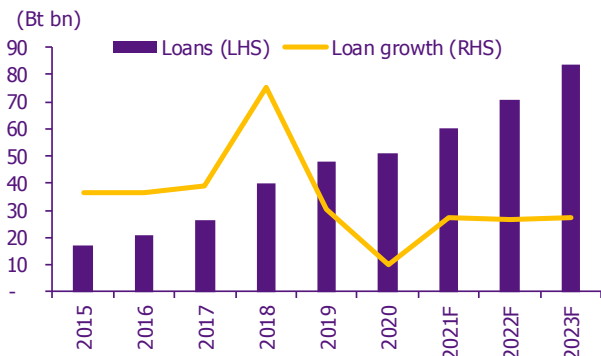
FY December 31	Unit	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21
Gross loans	(Btmn)	NA.	NA.	NA.	NA.	NA.	48,150	50,807	52,790
Loan loss reserve	(Btmn)	NA.	NA.	NA.	NA.	NA.	2,763	2,763	2,631
<b>Net loans</b>	(Btmn)	NA.	NA.	NA.	NA.	NA.	<b>45,928</b>	<b>48,568</b>	<b>50,692</b>
<b>Total assets</b>	(Btmn)	NA.	NA.	NA.	NA.	NA.	<b>51,142</b>	<b>53,336</b>	<b>55,839</b>
Total borrowings	(Btmn)	NA.	NA.	NA.	NA.	NA.	27,764	28,853	27,507
<b>Total liabilities</b>	(Btmn)	NA.	NA.	NA.	NA.	NA.	<b>40,013</b>	<b>41,587</b>	<b>43,307</b>
Paid-up capital	(Btmn)	NA.	NA.	NA.	NA.	NA.	7,800	7,800	7,800
<b>Total Equities</b>	(Btmn)	NA.	NA.	NA.	NA.	NA.	<b>11,129</b>	<b>11,749</b>	<b>12,532</b>
<b>BVPS</b>	<b>(Bt)</b>	NA.	NA.	NA.	NA.	NA.	<b>5.28</b>	<b>5.57</b>	<b>5.94</b>

### Key Financial Ratios

FY December 31	Unit	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21
YoY loan growth	(%)	NA.	NA.	NA.	NA.	NA.	NA.	6.99	9.30
Yield on earn'g assets	(%)	NA.	NA.	NA.	NA.	NA.	NA.	18.36	18.00
Cost on int-bear'g liab	(%)	NA.	NA.	NA.	NA.	NA.	NA.	2.90	2.85
Spread (%)	(%)	NA.	NA.	NA.	NA.	NA.	NA.	15.46	15.15
Net interest margin	(%)	NA.	NA.	NA.	NA.	NA.	NA.	16.07	15.76
Cost to income ratio	(%)	NA.	NA.	NA.	NA.	NA.	NA.	57.88	61.39
Provision expense/Total loans	(%)	NA.	NA.	NA.	NA.	NA.	NA.	2.40	0.17
NPLs/ Total Loans	(%)	NA.	NA.	NA.	NA.	NA.	NA.	1.67	1.52
LLR/NPLs	(%)	NA.	NA.	NA.	NA.	NA.	NA.	325.07	328.89
ROA	(%)	NA.	NA.	NA.	NA.	NA.	NA.	4.77	5.74
ROE	(%)	NA.	NA.	NA.	NA.	NA.	NA.	21.79	25.81
D/E	(x)	NA.	NA.	NA.	NA.	NA.	NA.	3.54	3.46

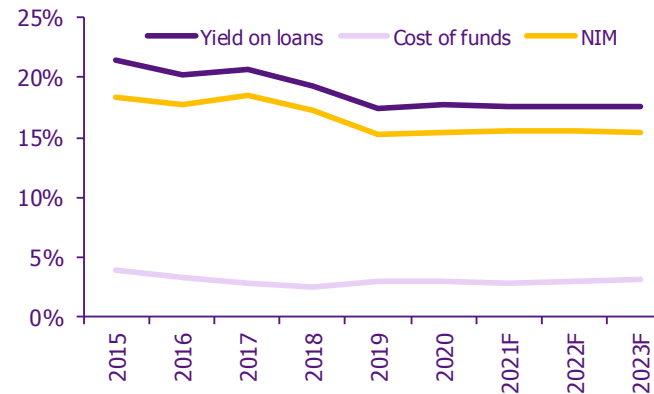
## Appendix

Figure 1: Loan growth



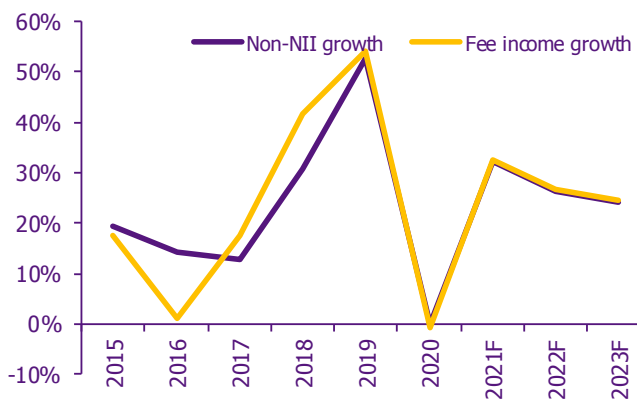
Source: Company data and SCBS Investment Research

Figure 2: NIM



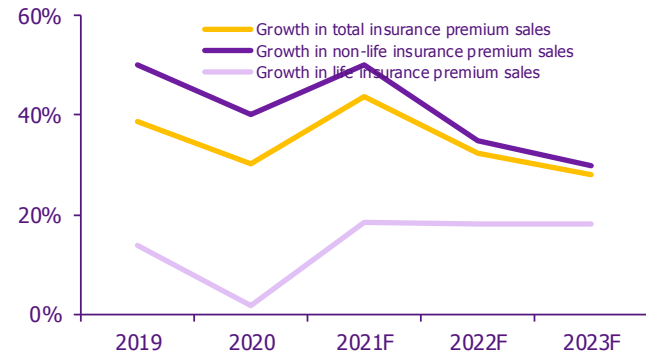
Source: Company data and SCBS Investment Research

Figure 3: Non-NII and fee income growth



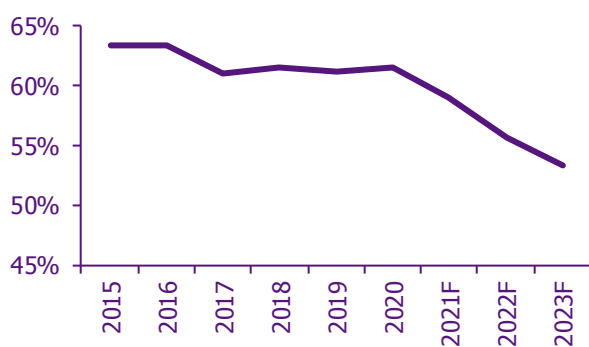
Source: Company data and SCBS Investment Research

Figure 4: Growth in insurance premium sales



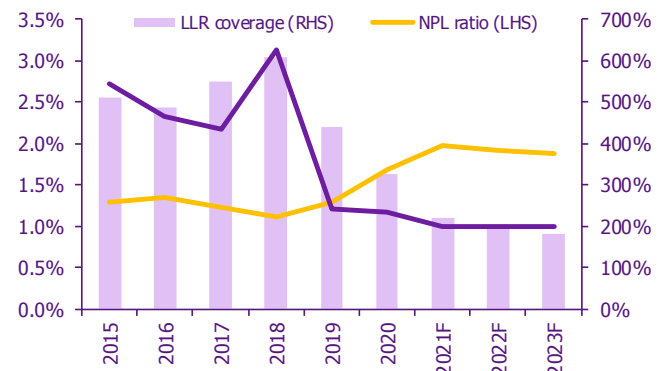
Source: Company data and SCBS Investment Research

Figure 5: Cost to income ratio



Source: Company data and SCBS Investment Research

Figure 6: Asset quality



Source: Company data and SCBS Investment Research

Figure 7: Valuation summary (price as of Jun 14, 2021)

	Rating	Price (Bt/Sh)	Target (Bt/Sh)	ETR (%)	P/E (x)			EPS growth (%)			P/BV (x)			ROE (%)			Div. Yield (%)		
					20A	21F	22F	20A	21F	22F	20A	21F	22F	20A	21F	22F	20A	21F	22F
AEONTS	Neutral	203.00	225.0	13.2	13.8	12.5	11.1	(7)	10	12	3.0	2.5	2.2	20	22	21	2.2	2.4	2.7
KTC	Underperform	72.25	48.0	(32.2)	34.9	30.2	26.7	(3)	15	13	8.2	7.0	6.0	25	25	24	1.2	1.3	1.5
MTC	Outperform	63.50	75.0	18.8	25.8	23.2	18.7	23	11	24	6.5	5.2	4.2	28	25	25	0.6	0.6	0.8
SAWAD	Neutral	75.75	80.0	8.3	23.1	20.7	18.5	17	11	12	4.7	4.2	3.8	22	21	22	2.4	2.7	3.0
TIDLOR	Neutral	45.00	45.0	0.9	39.3	32.8	25.0	10	20	31	8.1	4.6	4.0	23	19	17	0.0	0.9	1.2
THANI	Neutral	4.56	4.4	0.9	13.9	13.7	12.6	(37)	1	9	2.4	2.2	2.1	20	17	17	4.3	4.4	4.8
<b>Average</b>					<b>25.1</b>	<b>22.2</b>	<b>18.8</b>	<b>0</b>	<b>12</b>	<b>17</b>	<b>5.5</b>	<b>4.3</b>	<b>3.7</b>	<b>23</b>	<b>21</b>	<b>21</b>	<b>1.8</b>	<b>2.1</b>	<b>2.3</b>

Source: SCBS Investment Research

## I. Company overview

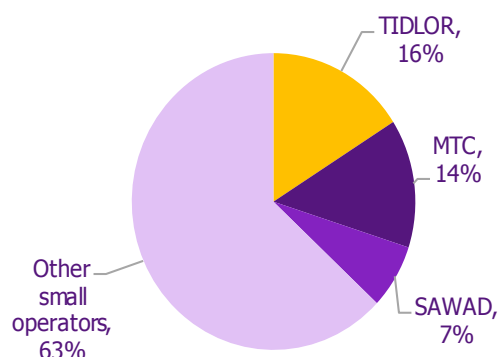
**Tech-driven leader in micro finance and insurance broker market.** Established in 1980 and later acquired by BAY in 2009 (with a 30% holding post IPO), TIDLOR is Thailand's leader in the vast untapped micro finance market and the fragmented insurance broker market. TIDLOR is a pioneer in providing technology-driven financial services. It has the largest market share in automobile title loans and the second largest share of the micro finance market, based on loans outstanding as of YE2020. It has the third largest market share of retail-focused non-life insurance brokers and the seventh largest market share of non-life insurance brokers, based on 2019 revenue. The company's milestones are provided in the table below.

**Figure 8: Key milestones**

Year	Key milestones
1980	Established as Srisawad Phetchabun Company Limited
2007	Assets of Srisawad International (1991) Co., Ltd. acquired by AIG and renamed to "CFG Services Company Limited"
2009	Acquired by BAY
2010	Designed a new logo and started advertising on television
2011	Started offering personal loans to customers after receiving a license Expanded into used truck hire-purchase and provided vehicle title loans as working capital for business owners and farmers
2013	Obtained non-life insurance brokerage license
2014	Launched personal accident and compulsory motor insurance and car registration service
2015	Renamed to Ngern Tid Lor Company Limited and started offering Nano finance loans after obtaining a license
2016	Rebranded with a new logo and was the first to reduce car title loan time-to-cash from 1 day to 1 hour
2017	Launched insurance marketplace-linked insurers and was the first to introduce a six-month installment plan with 0% interest.
2018	Removed the word "Srisawad" from logo and co-founded (with other 10 key players) of Vehicle Title Loan Association in Thailand
2019	CVC and EPL became strategic shareholders via Siam Asia Credit Access Pte, which acquired a 50% stake in TIDLOR from BAY Launched an ATM-accessible "revolving cash card," which has historically not been available to the lower income mass segments
2020	Converted to a public company and initiated a drafted filing with the SEC to list on the stock exchange Launched an online insurance platform called "Areegator"

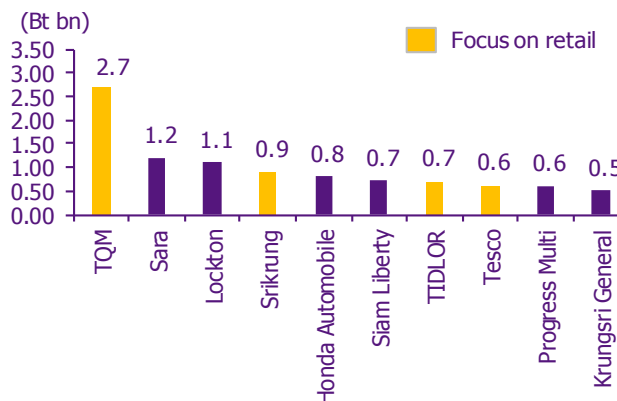
Source: Company data and SCBS Investment Research

**Figure 9: Micro finance market share in vehicle-backed loans in 2019**



Note: Total market size amounted to Bt290-300bn  
Source: Prospectus, Oliver Wyman analysis and SCBS Investment Research

**Figure 10: Total revenue of non-life insurance brokers in 2019**



Source: Company data, Department of Business Development and SCBS Investment Research

**Revenue structure.** During 2016-2020, 78-83% of its revenue was from net interest income and 17-22% from non-interest income (non-NII). Almost all of the non-NII came from fee & service income, which consists of 1) lending-related fees and 2) commission & service income from insurance brokerage. There was a change in fee income structure in 2020 when the contribution of other fee income (mainly loan-related fees) to total net income fell sharply to 7% from 13% in 2019 due to lower debt collection fees when regulations were tightened and the BoT set up a debt relief program. At the same time, the contribution of insurance brokerage income to total net income rose to 12% from 8% in 2019. Insurance brokerage has become an increasingly important growth driver.

**Figure 11: TIDLOR's revenue structure**

	2016	2017	2018	2019	2020
<b>Revenue (Btmn)</b>					
Net interest income	3,356	4,400	5,722	6,630	7,557
Total non-interest income:	808	912	1,193	1,823	1,824
Fees and service income:	703	827	1,171	1,803	1,792
Insurance brokerage income	NA.	98	390	654	1,147
Other fee income	NA.	NA.	NA.	1,115	621
Other service income	NA.	NA.	NA.	34	24
Other income	105	85	22	19	32
Total net income	4,164	5,312	6,916	8,452	9,381
<b>Revenue breakdown:</b>					
Net interest income	81%	83%	83%	78%	81%
Total non-interest income:	19%	17%	17%	22%	19%
Fees and service income:	17%	16%	17%	21%	19%
Insurance brokerage income	NA.	2%	6%	8%	12%
Other fee income	NA.	NA.	NA.	13%	7%
Other service income	NA.	NA.	NA.	0%	0%
Other income	3%	2%	0%	0%	0%
Total net income	100%	100%	100%	100%	100%
<b>Growth</b>					
Net interest income	NA.	31%	30%	16%	14%
Total non-interest income:	NA.	13%	31%	53%	0%
Fee and service income:	NA.	18%	42%	54%	-1%
Insurance brokerage income	NA.	NA.	299%	68%	75%
Other fee income	NA.	NA.	NA.	NA.	-44%
Other service income	NA.	NA.	NA.	NA.	-30%
Other income	NA.	-19%	-74%	-12%	63%
Total net income	NA.	28%	30%	22%	11%

Source: Company data and SCBS Investment Research

## II. Unique leader in high-growth micro finance market

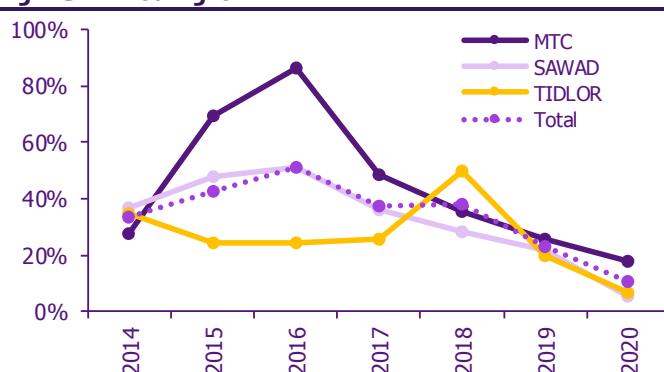
**Leader in high-growth micro finance market.** With Thailand's largest market share in automobile title loans and the second largest micro finance company, TIDLOR is ideally situated to get in on the high loan growth opportunities lying in the vast underbanked target group who have no access to loans from financial institutions due to their low and uncertain income and low financial literacy. According to *e-Conomy SEA 2019*, in Thailand's adult population there are 25mn underbanked people and 10mn unbanked people. According to World Bank Findex Database, 61% of Thailand's adult population were underbanked and 18% were unbanked as of 2017. At YE2020, the number of vehicle title loan accounts under BoT supervision was 3.75mn, still well below the 18.82mn registered privately-owned automobiles and 21.4mn registered privately-owned motorcycles, although it should be noted that not all owners of registered vehicles need a title loan. It has a 7-year CAGR loan growth of 26% vs. 43% for MTC and 32% for SAWAD. We expect it to have a 20% CAGR loan growth in 2020-2023 (vs. 24% in 2017-2020).

**Figure 12: Loan breakdown of the top three micro finance operators as of YE2020**

	TIDLOR	MTC	SAWAD	Total
<b>Loan outstanding (Bt bn)</b>				
Used truck & car hire purchase (mainly truck)	8.5	-	-	8.5
Used car hire-purchase	-	-	0.2	0.2
New motorcycle hire purchase	-	0.4	-	0.4
Automobile title loans	35.2	23.2	15.9	74.3
Motorcycle title loans	6.1	23.7	6.7	36.5
Land	-	5.2	14.6	19.8
Unsecured loans	-	14.6	2.0	16.5
Others	1.0	3.1	-	4.1
<b>Total</b>	<b>50.8</b>	<b>70.0</b>	<b>39.4</b>	<b>160.3</b>
<b>% Loan breakdown:</b>				
Used truck & car hire purchase (mainly truck)	17%	-	-	5%
Used car hire purchase	-	-	1%	0%
New motorcycle hire purchase	-	1%	-	0%
Automobile title loans	69%	33%	40%	46%
Motorcycle title loans	12%	34%	17%	23%
Land	-	7%	37%	12%
Unsecured loans	-	21%	5%	10%
Others	2%	4%	-	3%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

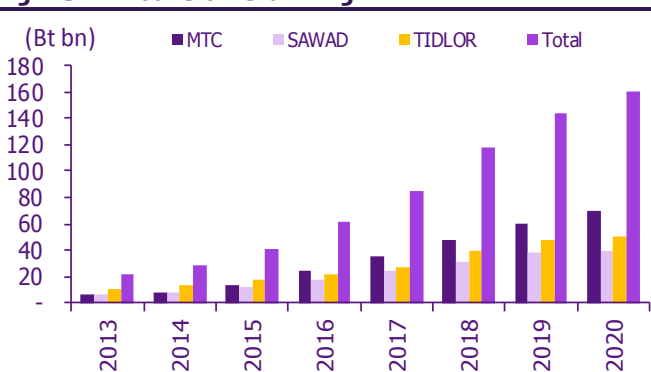
Source: Company data and SCBS Investment Research

**Figure 13: Loan growth**



Source: Company data and SCBS Investment Research

**Figure 14: Loans outstanding**



Source: Company data and SCBS Investment Research

**Figure 15: Market share in vehicle title loans under BoT supervision at YE2020**

	Bt bn	Market share
Non-bank	118	78%
TIDLOR	42	28%
MTC	47	31%
SAWAD	23	15%
Other non-banks	7	5%
Banks	32	21%
<b>Total</b>	<b>151</b>	<b>100%</b>

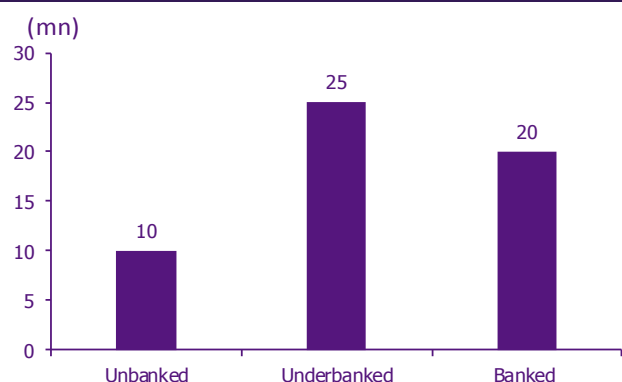
Source: BoT, company data, and SCBS Investment Research



**Figure 16: Vehicle title loans under BoT supervision**

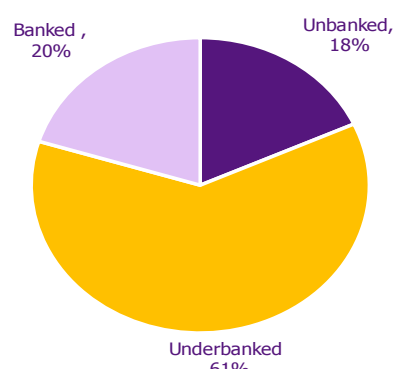
	2019	2020	Growth
<b>No. of accounts:</b>			
Banks	165,845	170,755	3%
Non-banks	2,545,967	3,583,589	41%
Total	2,711,812	3,754,344	38%
<b>Loans outstanding (Btmn):</b>			
Banks	33,605	32,283	-4%
Non-banks	90,557	118,196	31%
Total	124,162	150,479	21%
<b>Average ticket size (Bt):</b>			
Banks	202,629	189,060	-7%
Non-banks	35,569	32,983	-7%
Total	45,786	40,081	-12%

Source: BoT and SCBS Investment Research

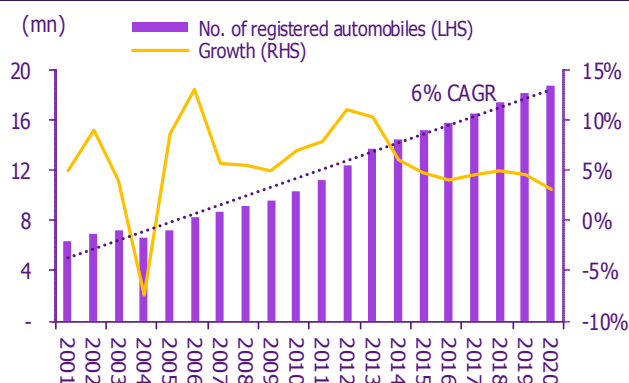
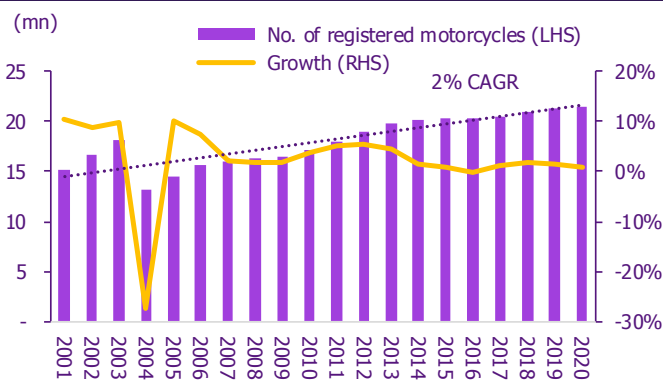
**Figure 17: Thailand's adult population with access to banks in 2019**

Source: e-Economy SEA 2019 and SCBS Investment Research

Note: Banked = People with bank account and an access to bank loans; Underbanked = People with bank account but no access to bank loans; Unbanked = People with no bank account and no access to bank loans

**Figure 18: Proportion of Thailand's adult population with access to banks in 2017**

Source: World Bank Findex Database, Prospectus and SCBS Investment Research

**Figure 19: Registered privately-owned autos**Note: The figures include sedan & vans, pick-up & farm vehicles, trucks  
Source: Department of Land Transport and SCBS Investment Research**Figure 20: Registered privately-owned motorcycles**

Source: Department of Land Transport and SCBS Investment Research

**Competitive products.** TIDLOR offers a diversity of products, from vehicle title loans (cars, motorcycles, pickup trucks and tractors) to used truck hire-purchase and a revolving cash card. It has been able to offer more competitive products than peers due to lower cost of funds and its data analytic capability. Cost of funds is well below peers because it has the highest credit rating among peers (A by TRIS). It was the first among peers to integrate a predictive credit scoring in the underwriting process by using its data analytic capability, which allows it to offer the lowest interest rates with the highest LTV among peers. Almost all of its loan portfolio is secured by a vehicle at an average LTV of around 70% vs. 30-70% for MTC and SAWAD.

**Figure 21: Yield on loans, cost of funds and spread**

	2018	2019	2020
<b>Yield on loans:</b>			
TIDLOR (excluding hire-purchase loans)	21.07%	18.08%	18.72%
MTC	23.24%	22.29%	21.65%
SAWAD	22.47%	22.47%	22.47%
<b>Cost of funds:</b>			
TIDLOR	2.59%	2.95%	3.07%
MTC	3.51%	3.83%	3.68%
SAWAD	3.17%	3.61%	3.78%
<b>Spread:</b>			
TIDLOR	18.49%	15.13%	15.65%
MTC	19.72%	18.46%	17.96%
SAWAD	19.30%	18.87%	18.70%

Source: Company data and SCBS Investment Research

**Unique service.** TIDLOR offers unique services relative to its more traditional peers. It operates 24/7 via Omni channels and offers revolving loans via cash cards with a Bt500 minimum drawdown, the lowest among peers; approximately 87,850 of these cash cards had been issued as of YE2020. Revolving cash cards allow customers to withdraw loans using ATMs of major banks across Thailand. Traditional operators are unable to meet customer demand for small amounts (such as Bt500) cost effectively and customers may not be willing or able to travel to branches for such a small amount.

**Figure 22: TIDLOR's unique services**

	TIDLOR	Peers
Loan type	Revolving	Closed end
Selling points	ATM of major banks + TIDLOR's branches	Only branches
Operating hours	24 hours a day, 7 days a week	8.30-16.30; 5-6 days a week
Minimum disbursement amount	Bt500	Bt3,000 -5,000
Eligible for 2nd loans	No waiting time for subsequent withdrawals	Months

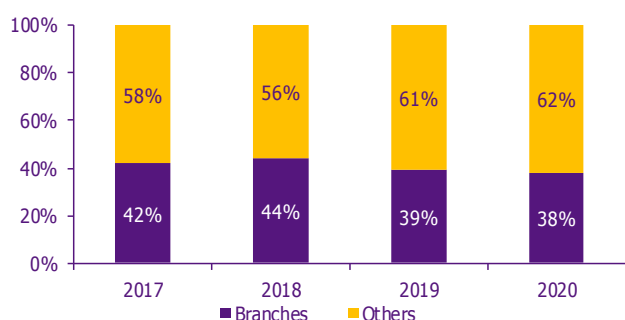
Source: Company data and SCBS Investment Research

**Omni-channel distribution network.** TIDLOR is the only player with a nationwide Omni-referral channel, comprised of 1,076 branches (85% upcountry), 638 BAY branches, 5,132 agents, 491 used truck dealers and 519 tele-sales as of YE2020. Diversified distribution channels with referral and online channels contributed 62% of gross loan balance as of YE2020, translating to the highest loans per branch among peers. TIDLOR uses data-driven decision-making for branch location selection. It has its own geodatabase with over 2.1mn datapoints and scoring metrics to identify potential areas for new branches based on population density, competitor branches and the number of vehicles registered in each sub-district. It plans to open approximately 500 new branches in the next three years.

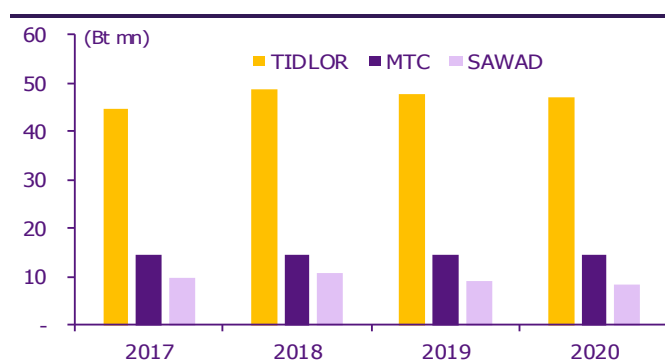
**Figure 23: Number of branches**

	2017	2018	2019	2020
TIDLOR	593	813	1,000	1,076
MTC	2,424	3,279	4,107	4,884
SAWAD	2,490	2,879	4,080	4,750
Total	5,507	6,971	9,187	10,710

Source: Company data and SCBS Investment Research

**Figure 24: TIDLOR loan breakdown by distribution channel**

Source: Company data and SCBS Investment Research

**Figure 25: Loans per branch**

Source: Company data and SCBS Investment Research

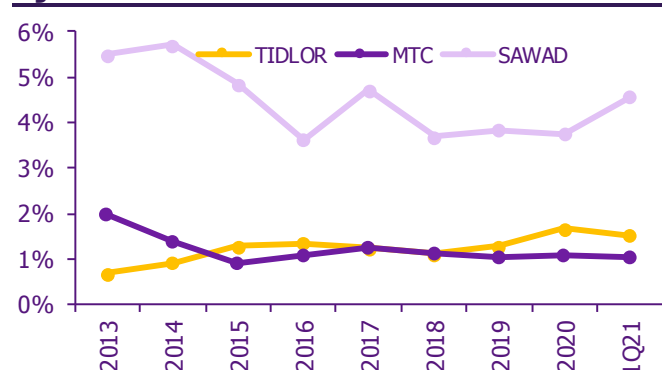
**Superior risk management with multiple approval models.** TIDLOR has multiple approval models that blend local ingenuity, credit scoring and head office centralization with utilization of a credit bureau to allow underwriting for high LTV and high loan amounts. Its loan approval process has shifted towards credit scoring and centralization (from 35% in 2018 to 55% in 2020). Its debt collection process comprises a centralized phone collection team supported by auto-dialer (1-60 days overdue), branch & field collection by third-party collection agencies (60-179 days overdue) and a repossession team (180 days overdue and written off). It has a proven record of a relatively stable and low NPL ratio and special-mention loan ratio.

**Figure 26: Breakdown of TIDLOR's loan approval**

	2018	2019	2020
Branches	65%	59%	45%
Credit scoring	1%	9%	16%
Head office	34%	32%	39%

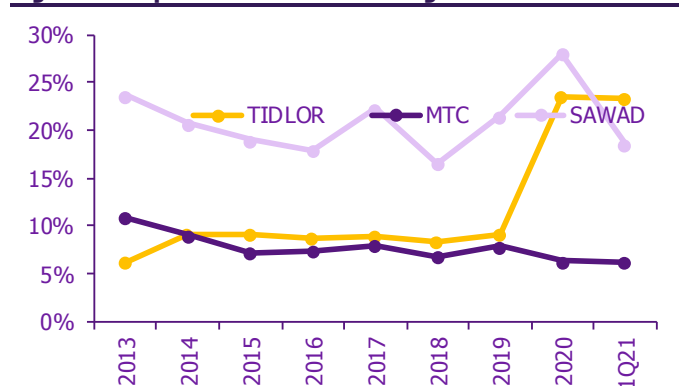
Source: Company data and SCBS Investment Research

**Figure 27: NPL ratio**



Source: Company data and SCBS Investment Research

**Figure 28: Special-mention or stage 2 loan ratio**



Source: Company data and SCBS Investment Research

**Conservative provisioning policy with the highest LLR coverage.** TIDLOR had LLR coverage of 329% and LLR to total loan classification of 4.98% at 1Q21, the highest among peers. This reflects its conservative provisioning policy and low NPL ratio. Prior to the adoption of TFRS 9 in 2020, it set aside provisions without deducting collateral value and with the addition of general LLR. It has a sizable management overlay of 2% of total loans at YE2020.

**Figure 29: Credit cost and LLR coverage**

	Credit cost					LLR coverage				
	2016	2017	2018	2019	2020	2016	2017	2018	2019	2020
TIDLOR	2.32%	2.18%	3.12%	1.22%	1.18%	486%	550%	609%	439%	325%
MTC	1.83%	2.33%	1.43%	1.04%	0.45%	257%	265%	278%	276%	178%
SAWAD	1.09%	1.91%	1.43%	1.63%	0.84%	61%	81%	88%	57%	89%

Source: Company data and SCBS Investment Research

**Figure 30: % LLR to loan classification at YE2020**

	TIDLOR	MTC	SAWAD
Stage 1	2.74%	0.82%	0.92%
Stage 2	9.06%	6.84%	7.09%
Stage 3	86.82%	64.38%	10.42%
Total loan classification	5.45%	1.88%	3.01%

Source: Company data and SCBS Investment Research

**Figure 31: General or management overlay LLR**

	2016	2017	2018	2019	2020
% General LLR or management overlay to total loans	4.2%	4.4%	4.6%	3.3%	2.0%
% LLR/Total loans	6.6%	6.8%	6.7%	5.6%	5.4%

Source: Company data and SCBS Investment Research

### III. Insurance brokerage a rocket booster

**A shift in fee income driver toward insurance brokerage.** TIDLOR saw a significant increase in a contribution from insurance brokerage income to total non-NII from 36% in 2019 to 63% in 2020. At the same time, there was a sharp fall in other fee income (mainly loan-related fees) from 61% in 2019 to 34% in 2020. This was the result of a robust 75% rise in insurance brokerage income (as a result of rising leverage on its Insurtech platform and branch expansion) and a 44% fall in other fee income (due to lower debt collection fees because of tighter regulations and the debt relief program). Insurance brokerage income will become increasingly important in non-NII. We expect a 30% CAGR growth in fee & service income over 2020-2023 (vs. 29% for 2017-2020), mainly from insurance brokerage. As its growing use of its Insurtech platform and branch expansion will increasingly disrupt and consolidate the fragmented insurance broker market, we expect insurance brokerage income to leap by a 31% CAGR for 2020-2023.

**Figure 32: Non-NII composition**

	<b>TIDLOR</b>		<b>MTC</b>		<b>SAWAD</b>	
	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>
<b>Non-NII (Bt mn):</b>						
Insurance brokerage income	654	1,147	-	-	67	667
Other fee & service income	1,149	645	723	726	1,936	1,315
Other income	19	32	85	81	551	845
<b>Total non-NII</b>	<b>1,823</b>	<b>1,824</b>	<b>808</b>	<b>807</b>	<b>2,554</b>	<b>2,827</b>
<b>Non-NII breakdown:</b>						
Insurance brokerage income	36%	63%	-	-	3%	24%
Other fee & service income	63%	35%	89%	90%	76%	47%
Other income	1%	2%	11%	10%	22%	30%
<b>Total non-NII</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Growth:</b>						
Insurance brokerage income	NA.	75%	-	-	NA.	889%
Other fee & service income	NA.	-44%	-9%	0%	10%	-32%
Other income	-12%	63%	12%	-5%	66%	53%
<b>Total non-NII</b>	<b>53%</b>	<b>0%</b>	<b>-7%</b>	<b>0%</b>	<b>23%</b>	<b>11%</b>

Source: Company data and SCBS Investment Research

**Gaining market share by roiling a fragmented market.** As a result of rising leverage of its Insurtech platform and branch expansion, TIDLOR expects to gain a substantial market share by disrupting the fragmented insurance broker market by providing accessibility (via branches, tele-sales, mobile app, online website, sub-brokers and corporate partners), affordability (the first to promote a 6-month installment plan with 0% interest) and awareness (via TV ads and social network marketing) for retail customers. The insurance broker market is made up of more than 742 players as of 2018. We estimate that the top ten players (including TQM as #1 and TIDLOR as #7) captured a combined market share of ~30% in non-life brokerage by translating brokerage income into premium sales based on 2019 figures. In 2020, TQM – the largest player - had a market share of 9.38% and TIDLOR had a market share of 2.65%, based on premium sales. By nature, a fragmented market offers an ideal opportunity for TIDLOR to gain market share at the expense of other players. It has developed an Application Program Interface (API) backend platform with a choice of 18 top insurers to serve the insurance front end, both internally and externally. Around 88% of its voluntary motor insurance premiums were sold to clients who were not its lending clients as of 2020. It also has room for cross-selling to lending customer accounts of approximately 730,000 at YE2020, of which merely ~100,000 bought insurance from TIDLOR.

**Figure 33: Market share of non-life insurance brokers in Thailand**

	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>Non-life insurance premium sales (Bt mn)</b>			
TIDLOR	1,918	2,854	4,011
TQM	10,234	12,029	14,170
<b>Total insurance brokers</b>	<b>136,059</b>	<b>144,440</b>	<b>151,119</b>
<b>Growth</b>			
TIDLOR	125%	49%	41%
TQM	26%	18%	18%
<b>Total insurance brokers</b>	<b>7%</b>	<b>6%</b>	<b>5%</b>
<b>Market share in non-life insurance brokers</b>			
TIDLOR	1.41%	1.98%	2.65%
TQM	7.52%	8.33%	9.38%

Source: Office of Insurance Commission and SCBS Investment Research

**Figure 34: No. of insurance brokers in Thailand**

	2011	2012	2013	2014	2015	2016	2017	2018
Life	217	218	213	206	206	197	187	187
Non-life	433	446	439	430	442	459	482	479
Life & non-life	30	32	44	51	57	69	74	76
Total	680	696	696	687	705	725	743	742

Source: Office of Insurance Commission and SCBS Investment Research

**Figure 35: Breakdown of non-life insurance premiums by distribution channel**

	2016	2017	2018	2019	2020
<b>Direct premium (Bt mn)</b>					
Agent	34,719	31,657	30,888	33,825	34,304
Broker	117,589	126,800	136,059	144,440	151,119
Bancassurance	27,693	28,763	31,546	31,031	29,122
Others	31,927	31,653	34,597	36,203	38,629
Total	211,928	218,874	233,090	245,500	253,174
<b>Growth</b>					
Agent	12%	-9%	-2%	10%	1%
Broker	1%	8%	7%	6%	5%
Bancassurance	-6%	4%	10%	-2%	-6%
Others	-7%	-1%	9%	5%	7%
Total	1%	3%	6%	5%	3%
<b>Breakdown</b>					
Agent	16%	14%	13%	14%	14%
Broker	55%	58%	58%	59%	60%
Bancassurance	13%	13%	14%	13%	12%
Others	15%	14%	15%	15%	15%
Total	100%	100%	100%	100%	100%

Source: Office of Insurance Commission and SCBS Investment Research

**Figure 36: Breakdown of brokers' insurance premium sales by product**

	2016	2017	2018	2019	2020
<b>Premium sold by brokers (Bt mn)</b>					
Fire	3,221	3,222	3,254	3,331	3,080
Marine & transportation	3,722	3,743	3,893	3,786	3,496
Automobile	74,694	81,806	88,592	93,141	96,517
Miscellaneous	35,953	38,030	40,321	44,182	48,026
Industrial all risk	17,696	17,034	17,760	17,517	19,084
Personal accident	7,347	8,862	8,637	11,310	11,774
Health	3,037	4,362	4,868	6,098	8,254
Total	117,589	126,800	136,059	144,440	151,119
<b>Growth</b>					
Fire	-3%	0%	1%	2%	-8%
Marine & transportation	1%	1%	4%	-3%	-8%
Automobile	0%	10%	8%	5%	4%
Miscellaneous	5%	6%	6%	10%	9%
Industrial all risk	-5%	-4%	4%	-1%	9%
Personal accident	28%	21%	-3%	31%	4%
Health	35%	44%	12%	25%	35%
Total	1%	8%	7%	6%	5%
<b>Breakdown</b>					
Fire	3%	3%	2%	2%	2%
Marine & transportation	3%	3%	3%	3%	2%
Automobile	64%	65%	65%	64%	64%
Miscellaneous	31%	30%	30%	31%	32%
Industrial all risk	15%	13%	13%	12%	13%
Personal accident	6%	7%	6%	8%	8%
Health	3%	3%	4%	4%	5%
Total	100%	100%	100%	100%	100%

Source: Office of Insurance Commission and SCBS Investment Research

**Room to expand into an untapped market and high-growth products.** TIDLOR's primary insurance brokerage products are motor and credit life insurance. For motor insurance, there is an opportunity to penetrate an untapped market: voluntary motor insurance. Only 56% of registered sedans and pickups (based on 2019 figures) have purchased voluntary auto insurance, which translates into an untapped market for voluntary motor insurance of 8mn policies. Also, ~26% of the 18.8mn registered four-wheel vehicles made no tax payment, suggesting an untapped market for compulsory motor insurance amounting to approximately 4mn policies.

There is large room to grow through expansion of product lines, such as fire and health insurance. Fire insurance has good potential growth, as there are only 3mn fire insurance policies (as of YE2020) covering only 11% of the 27mn dwellings in Thailand (as of 3Q20). For

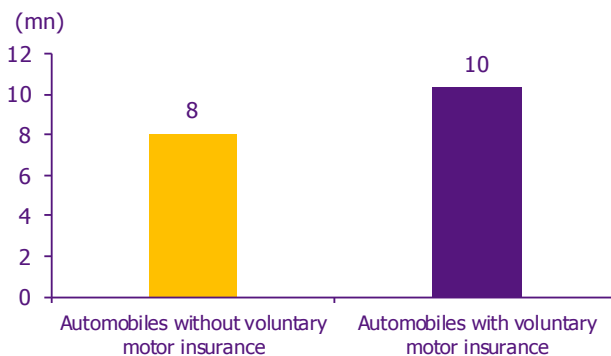
the past five years, Thailand's housing stock grew at a CAGR of ~2% but fire insurance premiums decreased by 1.5% CAGR. There is also potential growth lying in expansion into health insurance, which had a 17% 5-year CAGR growth, the highest among non-life insurance products. Growth in non-life health insurance premiums jumped to 37% in 2020 from 15% in 2019, prompted by the COVID-19 outbreak.

**Figure 37: Breakdown of TIDLOR non-life insurance premium sales by product**

	2018	2019	2020
<b>Non-life insurance premium sales (Btmn)</b>			
Motor	1,651	2,610	3,720
Non-motor	266	245	291
Total	1,918	2,854	4,011
<b>Growth:</b>			
Motor	NA.	58%	43%
Non-motor	NA.	-8%	19%
Total	NA.	49%	41%
<b>Breakdown:</b>			
Motor	86%	91%	93%
Non-motor	14%	9%	7%
Total	100%	100%	100%

Source: Company data and SCBS Investment Research

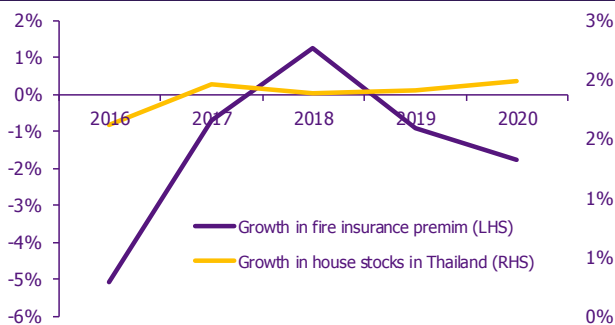
**Figure 38: Voluntary motor insurance opportunity**



Note: 2019 figures

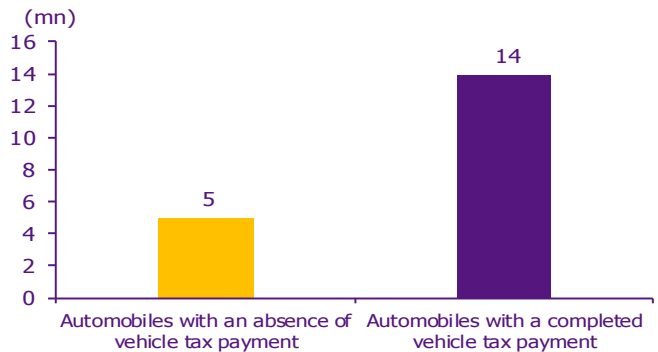
Source: Department of Land Transport, Office of Insurance Commission and SCBS Investment Research

**Figure 40: Fire insurance opportunity**



Source: Office of Insurance Commission and SCBS Investment Research

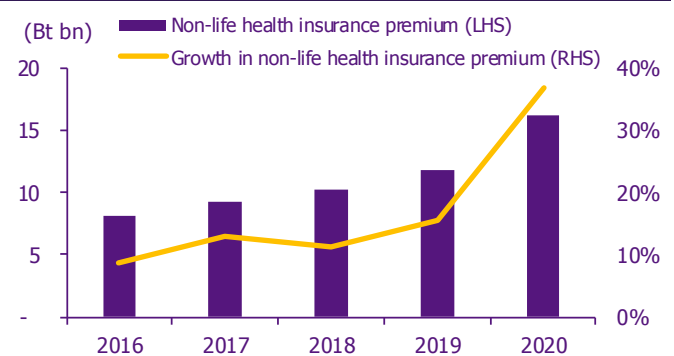
**Figure 39: Compulsory motor insurance opportunity**



Note: 2020 figures

Source: Department of Land Transport and SCBS Investment Research

**Figure 41: Non-life health insurance growth**



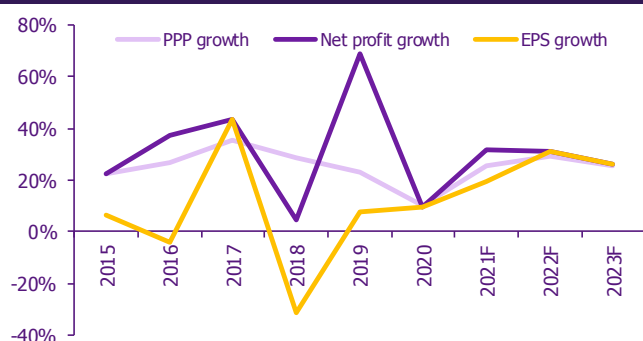
Source: Office of Insurance Commission and SCBS Investment Research

#### IV. Strong earnings outlook with solid financial position

**Expect strong earnings growth.** We forecast an acceleration in earnings growth from 10% in 2020 to 32% in 2021, 31% in 2022 and 26% in 2023, translating to a 30% CAGR in 2020-2023 vs. 25% in 2017-2020. We expect pre-provision profit to grow at a 27% CAGR in 2020-2023 vs. 20% in 2017-2020, underpinned by an expected 17% CAGR growth in net interest income for 2020-2023 vs. 20% for 2017-2020 (driven by resumption of robust loan growth) and a 27% CAGR growth in non-interest income in 2020-2023 vs. 26% in 2017-2020 (driven a leap in insurance brokerage income) and rising operational leverage from economies of scale. We expect stable credit cost for 2020-2023 as it has the highest LLR coverage among peers and a manageable deterioration in asset quality.

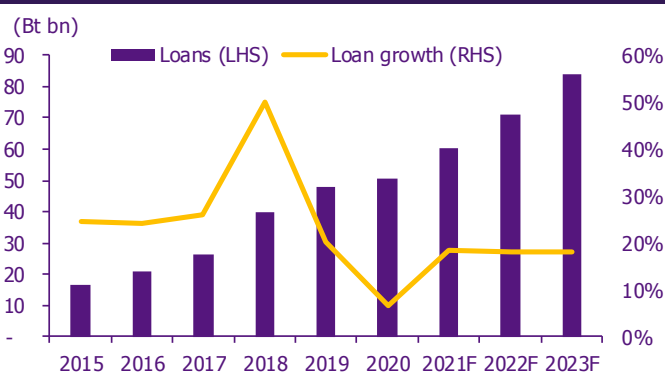
**Resumption of strong loan growth.** We expect loan growth to resume a strong CAGR growth of 18% in 2020-2023 (vs. 24% in 2017-2020) after a temporary slowdown to 7% in 2020 as a result of the COVID-19 outbreak. The expectation of a resumption of strong loan growth is supported by several factors. Firstly, we expect rising loan demand and less stringent credit policy as the economy recovers. Secondly, the vast untapped underbanked market offers a high loan growth opportunity. Thirdly, its plan to add approximately 500 branches (+46% by 2023) will expand its client base. Fourthly, an offering of more competitive products than peers and unique and superior service via Omni channels (i.e., revolving loans via cash card with a Bt500 minimum drawdown available 24/7 at ATMs of major banks across Thailand), as a result of its lower cost of funds than peers and its data analytic capability.

**Figure 42: Earnings growth outlook**



Source: Company data and SCBS Investment Research

**Figure 43: Loan growth outlook**

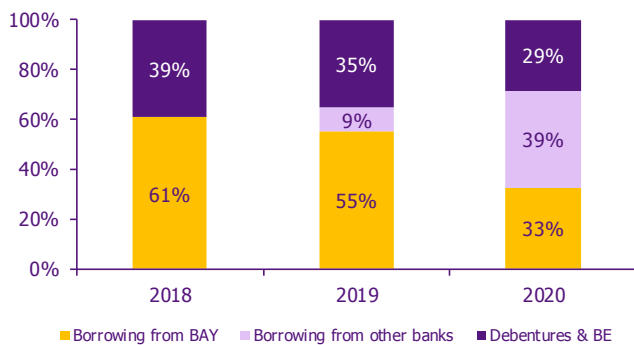


Source: Company and SCBS Investment Research

**Expect NIM to improve in 2021, be stable in 2022 and slip in 2023.** After a 17 bps NIM expansion in 2020, we forecast NIM to continue to improve in 2021, be stable in 2022 and fall in 2023. Despite rising price competition, we expect NIM to improve by 22 bps in 2021, driven by 1) an absence of the Bt499mn waiver of accrued interest and VAT paid in advance in order to relieve client burdens during the COVID-19 outbreak and 2) lower cost of funds as a result of the absence of a prepayment fee, a return to issuing debentures after temporarily shifting to bank borrowing in 2020 due to the volatile bond market and the capital injection. TIDLOR was not affected by last year's cut in ceiling interest rate on vehicle title loans from 28% to 24% (effective in August 2020) as its interest rate charge was already below the ceiling. TIDLOR has not cut its interest rate on motorcycle title loans after the JV between SAWAD and the Government Savings Bank offered an exceptionally low promotional rate of 12-15% in 2Q21. In 2022, we expect NIM to be stable as we expect the negative impact from a recovery in bond yield to be offset by a positive impact from a recent upgrade of credit rating from A- to A and a decrease in the proportion of low-yield hire-purchase loans. For 2023, we forecast NIM to narrow by 11 bps as a result of a rise in cost of funds. We factor in a 15 bps rise in cost of funds as we expect a further rise in bond yield.

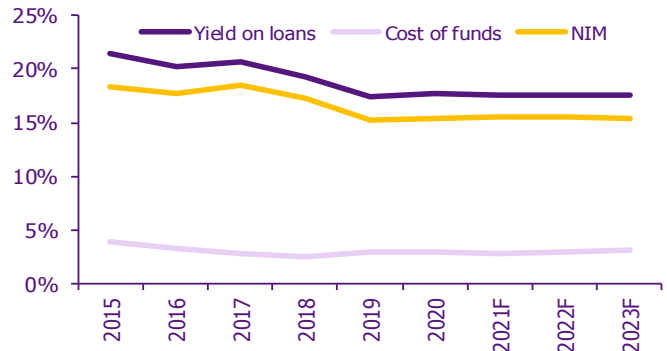


Figure 44: Funding mix



Source: Company data and SCBS Investment Research

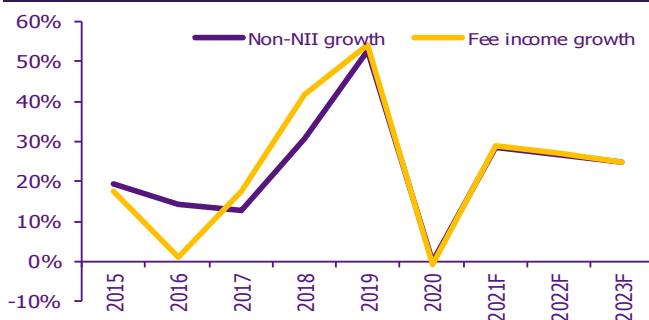
Figure 45: Outlook for loan yield, cost of funds, NIM



Source: Company data and SCBS Investment Research

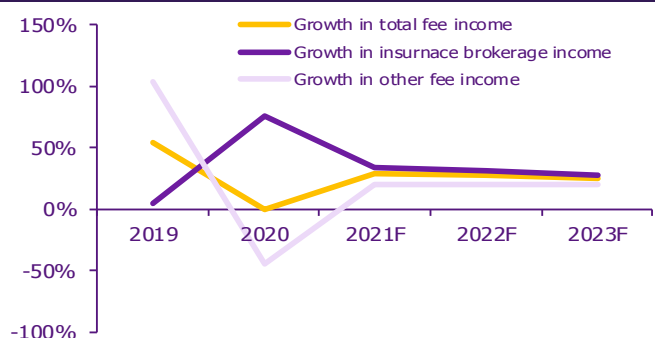
**Robust fee income from a leap in insurance brokerage.** We forecast non-interest income (non-NII) to grow at 27% CAGR in 2020-2023 vs. 26% in 2017-2020. We expect a 27% CAGR growth in fee & service income over 2020-2023 (vs. 29% in 2017-2020), mainly from insurance brokerage. In the presence of a sizable, untapped market and rising leverage on its Insurtech platform and branch expansion that will roil the fragmented insurance broker market, we expect insurance brokerage income to leap at a 31% CAGR in 2020-2023. We expect a 40% CAGR growth in non-life insurance premium sales and a 20% CAGR growth in life insurance premium sales (assuming credit life insurance premiums grow in line with loan growth) in 2020-2023.

Figure 46: Fee income and non-NII growth outlook



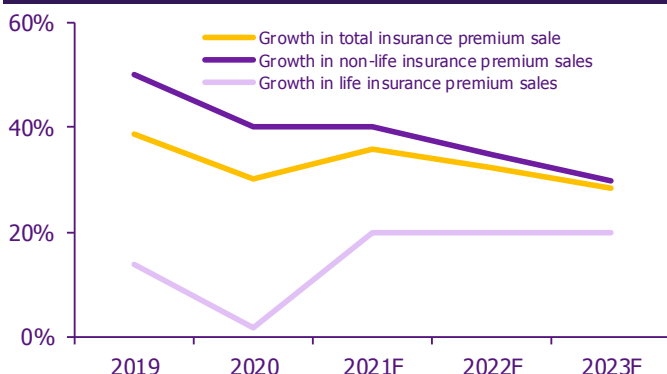
Source: Company data and SCBS Investment Research

Figure 47: Growth in insurance brokerage, other fee income and total fee income



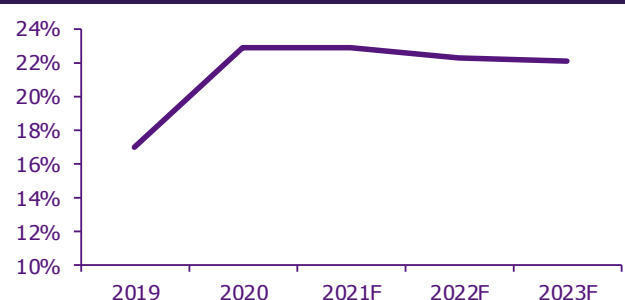
Source: Company data and SCBS Investment Research

Figure 48: Growth in insurance premium sales



Source: Company data and SCBS Investment Research

Figure 49: Insurance brokerage income to premium

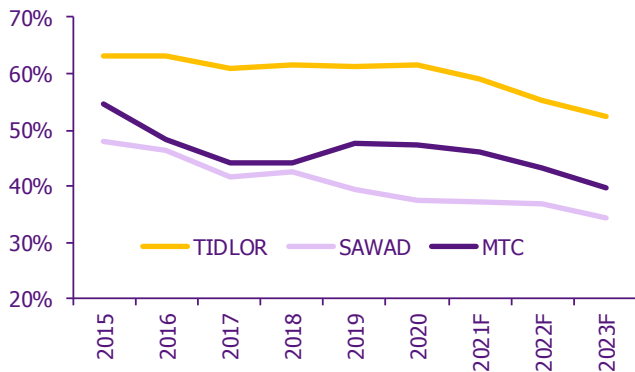


Source: Company data and SCBS Investment Research

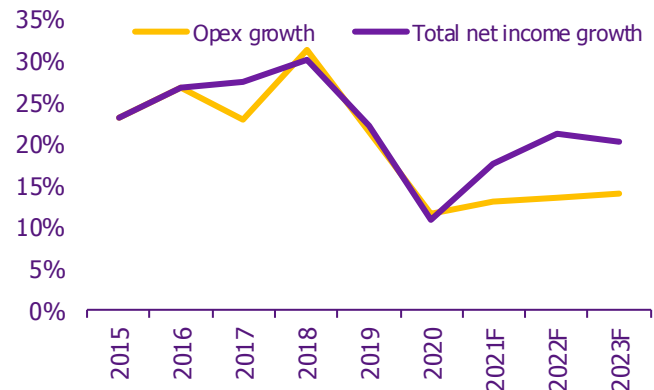
**Lower cost to income ratio from rising operational leverage.** Due to rising operational leverage, mainly from a slowdown in opex growth and robust top line growth, we forecast a drop in cost to income ratio from 61.5% in 2020 to 59% in 2021, 55.7% in 2022 and 53.3% in 2023. In 2021-2023, the company plans to spend Bt510mn to improve existing branches and add approximately 500 branches by 2023 and Bt270mn per year on IT (vs. Bt220mn in 2019 and Bt371mn in 2020) to enhance its digital capability. The rise in IT capex is partly to support a transfer of the IT platform from BAY to TIDLOR. The cost of opening a new branch is now



cheaper than in the past (currently ~Bt400,000 per branch vs. Bt500,000 in the past). Staffing per branch can also be reduced to two from three as the Office of Insurance Commission has lowered the minimum staffing per eligible branch to two. TIDLOR's cost to income ratio is far higher than peers because this reflects the higher cost to income structure for the insurance brokerage business and its sizable IT investment. We expect opex growth to slow to 13.5% CAGR in 2020-2023 from 21.1% CAGR in 2017-2020. We expect total net income (net interest income and non-NII) to grow at a 20% CAGR in 2020-2023 vs. 21% CAGR in 2017-2020.

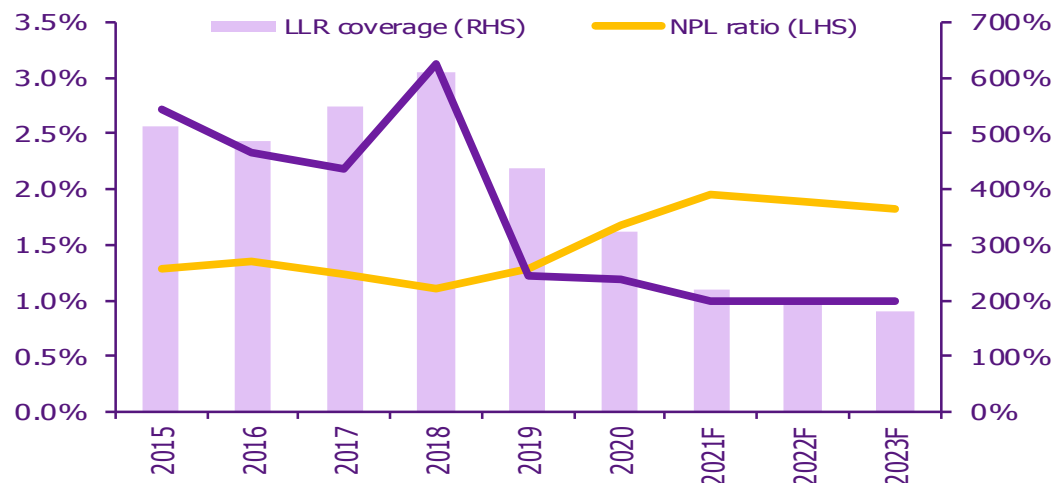
**Figure 50: Cost to income ratio**

Source: Company data and SCBS Investment Research

**Figure 51: Opex growth vs. total net income growth**

Source: Company data and SCBS Investment Research

**High LLR coverage allows easing credit cost.** We expect credit cost to come down to 1% in 2021-2023 from 1.18% in 2020, 1.22% in 2019 and 3.12% in 2018 because of its 325% LLR coverage (highest among peers) with a management overlay at 2% of total loans at YE2020. Its exposure to loans under the relief program have been reduced from a peak of 38% in 2Q20 to 28% at YE2020 and 1.7% in 1Q21. We expect its NPL ratio to be no higher than 2% by YE2021 vs. 1.52% in 1Q21 and 1.67% at YE2020.

**Figure 52: NPL ratio, credit cost and LLR coverage outlook**

Source: Company data and SCBS Investment Research

**Recap of 1Q21 results.** 1Q21 earnings rose 26% QoQ and 12% YoY to Bt783mn, mainly off lower provisions. 1Q21 results reflected 1) moderate loan growth of 9.2% YoY and 3.9% QoQ, 2) a 31 bps QoQ fall in NIM as a 36 bps fall in loan yield exceeded a 5 bps QoQ cut in cost of funds, 3) a 89% YoY and 93% QoQ decrease in provisions with a minimal credit cost of 0.17% due to release of Bt133mn in provisions, 4) a 21% YoY rise but 5% QoQ fall in non-NII due to lower insurance brokerage income from the absence of seasonal incentive fees), 5) a rise in cost to income ratio of 3.18 ppt YoY and 3.51 ppt QoQ to 61.53% due to high season, 6) improving asset quality with a 16 bps QoQ ease in NPL ratio to 1.52% and a rise in LLR coverage to 329% from 325% at 4Q20.

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### Declared (ประกาศเจตนารมณ์)

7UP, ABICO, APURE, B52, BKD, BROCK, CI, ESTAR, EVER, FSMART, J, JKN, JMART, JMT, JSP, LDC, MAJOR, NCL, NOBLE, PK, PLE, SHANG, SKR, SPALI, SSP, SUPER, TGH, THAI, TQM, TTA, WIN, ZIGA

### N/A

3K-BAT, A, A5, AAV, ABM, ACAP, ACC, ACE, ACG, ADB, ADD, AEC, AEONTS, AFC, AGE, AH, AHC, AIT, AJ, AJA, AKR, ALL, ALLA, ALT, ALUCON, AMARIN, AMC, ANAN, AOT, APCO, APEX, APP, AQ, ARIN, ARIP, AS, ASAP, ASEFA, ASIA, ASIAN, ASIMAR, ASN, ASP, ASW, ATP30, AU, AUCT, AWC, AYUD, BA, BC, BCT, BDMS, BEAUTY, BEC, BEM, BFIT, BGT, BH, BIG, BIZ, BJC, BLAND, BLISS, BM, BOL, BR, BSM, BTNC, BTW, BUI, CAZ, CBG, CCET, CCP, CGD, CHARAN, CHAYO, CHG, CHO, CITY, CK, CKP, CMAN, CMO, CMR, CNT, COLOR, COMAN, CPH, CPL, CPR, CPT, CPW, CRANE, CRC, CRD, CSP, CSR, CSS, CTW, CWT, D, DCON, DDD, DHOUSE, DITTO, DMT, DOD, DOHOME, DTCI, DV8, EASON, ECF, EE, EFORL, EKH, EMC, ESSO, ETC, F&D, FANCY, FLOYD, FMT, FN, FORTH, FVC, GENCO, GIFT, GL, GLAND, GLOBAL, GRAMMY, GRAND, GREEN, GSC, GTB, GULF, GYT, HFT, HPT, HTECH, HUMAN, HYDRO, ICN, IFEC, IHL, IIG, III, ILM, IMH, IND, INGRS, INOX, INSET, IP, IRCP, IT, ITD, JAK, JAS, JCK, JCKH, JCT, JR, JTS, JUBILE, JUTHA, JWD, KAMART, KC, KCM, KDH, KEX, KGI, KIAT, KISS, KK, KKC, KOOL, KTIS, KUMWEL, KUN, KWM, KYE, LALIN, LEE, LEO, LH, LIT, LOXLEY, LPH, LST, MACO, MANRIN, MATCH, MATI, MAX, M-CHAI, MCS, MDX, MEGA, METCO, MGT, MICRO, MIDA, MILL, MITSIB, MJD, MK, ML, MODERN, MORE, MPIC, MUD, MVP, NC, NCAP, NCH, NDR, NER, NETBAY, NEW, NEWS, NEX, NFC, NOVA, NPK, NRF, NSL, NTV, NUSA, NVD, NYT, OHTL, OISHI, OR, OSP, OTO, PACE, PACO, PAE, PAF, PERM, PF, PICO, PIMO, PJW, PMTA, POLAR, POMPUI, PORT, POST, PPM, PR9, PRAKIT, PRAPAT, PRECHA, PRIME, PRIN, PRO, PROEN, PROS, PROUD, PTL, RAM, RBF, RCI, RCL, RICHY, RJH, ROCK, ROH, ROJNA, RP, RPC, RPH, RS, RSP, RT, S, S11, SA, SABUY, SAFARI, SAK, SALEE, SAM, SAMART, SAMCO, SAMTEL, SANKO, SAUCE, SAWAD, SAWANG, SCGP, SCI, SCM, SCP, SDC, SE, SEAFCO, SF, SFLEX, SFP, SFT, SGF, SHR, SIAM, SICT, SIMAT, SISB, SK, SKE, SKN, SKY, SLM, SLP, SMART, SMD, SMT, SO, SOLAR, SONIC, SPA, SPCG, SPG, SPVI, SQ, SR, SSC, STANLY, STAR, STARK, STC, STEC, STGT, STHAI, STI, STPI, SUC, SUN, SUTHA, SVH, SVOA, SWC, SYNEX, T, TACC, TAPAC, TC, TCC, TCCC, TCJ, TCOAT, TEAM, TEAMG, TGPRO, TH, THANA, THE, THG, THL, THMUI, TIDLOR, TIGER, TITLE, TK, TKN, TM, TMC, TMI, TMW, TNDT, TNH, TNPC, TOA, TPAC, TPBI, TPCH, TPIPL, TPIPP, TPLAS, TPOLY, TPS, TQR, TR, TRC, TRITN, TRT, TRUBB, TSE, TSF, TSI, TSR, TSTE, TTI, TTT, TTW, TVT, TWP, TWZ, TYCN, UAC, UMI, UMS, UNIQ, UP, UPA, UPOIC, UREKA, UT, UTP, UVAN, VARO, VCOM, VI, VIBHA, VL, VNG, VPO, VRANDA, W, WAVE, WGE, WINMED, WINNER, WORK, WORLD, WP, WPH, WR, XPG, YCI, YGG, YUASA

### Explanations

Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of January 30, 2021) are categorised into: companies that have declared their intention to join CAC, and companies certified by CAC.