

# KRUNGTHAI CARD KTC TB

## THAILAND / DIVERSIFIED FINANCIALS

**HOLD**

UNCHANGED

### ดีขึ้น แต่ระดับการประเมินมูลค่ายังตึงตัว

- กำไรสุทธิ 4Q21 ออกมาที่ 1.25 พัน (-6% y-y, -5% q-q) เนื่องจากได้รับผลกระทบจากผลขาดทุนทางเครดิตที่คาดว่าจะเกิดขึ้น (ECL) พิเศษ
- KTC ตั้งเป้าขยายเชิงรุกมากขึ้นในปี 2022
- คงแนะนำถือที่ราคาเป้าหมายปี 2022 ที่ 52 บาท (GGM)

TARGET PRICE	THB52.00
CLOSE	THB59.75
UP/DOWNSIDE	-13.0%
PRIOR TP	THB52.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	-9.3%

### การดำเนินงานหลักปรับตัวดีขึ้นใน 4Q21 แต่กำไรสุทธิได้รับผลกระทบจาก ECL พิเศษ

KTC รายงานกำไรสุทธิ 4Q21 ที่อ่อนแอ โดยอยู่ที่ 1.25 พัน ลบ. (-6% y-y, -5% q-q) จาก ECL พิเศษของ Krungthai Leasing (KTBL, not listed) การดำเนินงานหลักปรับตัวดีขึ้นหลังการผ่อนคลายมาตรการปิดเมือง พร้อมการใช้จ่ายผ่านบัตรเครดิตที่ปรับตัวขึ้นเป็น 58 พัน ลบ./ไตรมาส (+2% y-y, +33% q-q) ปริมาณสินเชื่อรวมเพิ่ม 6.4% q-q รายได้ค่าธรรมเนียมและหนี้เสียรับคืนเพิ่มอย่างมีนัยสำคัญ q-q KTC ควบคุมค่าใช้จ่ายในการดำเนินงาน (OPEX) ของบริษัทซึ่งทำให้อัตราส่วนค่าใช้จ่ายในการดำเนินงานต่อรายได้รวม (Cost-to-income ratio) ลดลงเหลือ 37.2% เทียบกับ 38.6% ใน 3Q21 นอกจากนี้คุณภาพสินทรัพย์ยังปรับตัวดีขึ้นเล็กน้อยโดยรวมแล้วกำไรจากการดำเนินงานใน 4Q21 อยู่ที่ประมาณ 1.62 พัน ลบ. (+23% y-y, +23% q-q)

### เปิดมุมมองความเร่ง

จากข้อมูลของ MD&A แผนของ KTC ในปี 2022 ประกอบด้วยรูปแบบธุรกิจใหม่ที่มุ่งเน้นทั้งในด้านสินเชื่อที่มีหลักทรัพย์ค้ำประกันภายใต้แบรนด์พีเอ็ม (P Berm) และธุรกิจสินเชื่อประเภทไม่มีหลักทรัพย์ค้ำประกันที่มีอยู่ในปัจจุบัน ในปี 2022 เป้าหมายทางการเงินของบริษัทประกอบด้วย: 1) เพิ่มการใช้จ่ายผ่านบัตร 10% y-y เป็น 220 พัน ลบ.; 2) เพิ่มปริมาณสินเชื่อส่วนบุคคล 7% y-y; และ 3) ปลดปล่อยสินเชื่อใหม่ผ่าน KTC P Berm (รวมธุรกิจสินเชื่อทะเบียนรถและสินเชื่อเช่าซื้อ) จำนวน 11.5 พัน ลบ. เราคิดว่า KTC กำลังเปลี่ยนจากกลยุทธ์ขยายธุรกิจแบบ conservative ในปี 2021 มาเป็นเชิงรุกมากขึ้นในปี 2022

### คาดการณ์กำไรโตในระดับปานกลางในปี 2022

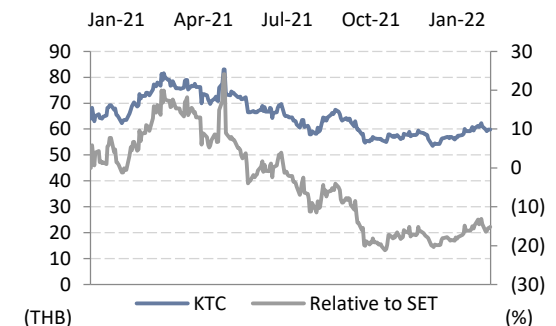
เราคิดว่ากำไรโตของ KTC ในปี 2022 จะเพิ่ม 11% y-y จาก: 1) สินเชื่อที่โตดีขึ้นเป็น 9% y-y ส่วนมากจากธุรกิจบัตรเครดิตที่เพิ่มขึ้น; 2) รายได้ที่ไม่ใช่ดอกเบี้ยสุทธิที่คาดว่าจะโต 9% y-y จากรายได้ค่าธรรมเนียมและหนี้เสียรับคืนตามการฟื้นตัวของเศรษฐกิจ; และ 3) การควบคุมต้นทุนที่มีประสิทธิภาพ ซึ่งจะทำให้ค่าใช้จ่ายในการดำเนินงาน (OPEX) เพิ่มเล็กน้อยเพียง 2% y-y เราใช้ความระมัดระวังที่มากกว่าในประมาณการของเราสำหรับสินเชื่อใหม่ของ KTC P Berm โดยคาดไว้ที่ 3.5 พัน ลบ. เทียบกับเป้าของ KTC ที่ 11.5 พัน ลบ. เนื่องจากเราเชื่อว่าตลาดดังกล่าวมีการแข่งขันที่รุนแรงสูงมากและอาจต้องใช้เวลามากขึ้นในการขยายตลาด ถ้าสมมติให้ปัจจัยอื่นคงที่ สินเชื่อใหม่ของ P Berm ที่เพิ่มขึ้นทุก ๆ 1 พัน ลบ. จะให้ Upside ประมาณ 0.5% ต่อประมาณการกำไรสุทธิปี 2022 ในปัจจุบันของเรา หมายเหตุกำไรสุทธิปี 2022 เพิ่มในอัตราที่สูงกว่าที่ 18% y-y จาก ECL พิเศษในปี 2021

### กำลังรอการขยายธุรกิจของ P Berm และธุรกิจรับชำระเงิน

เราคงแนะนำถือที่ราคาเป้าหมายปี 2022 ที่ 52 บาท (GGM) แม้เราจะเห็นว่าการดำเนินงานปรับตัวดีขึ้น เราคิดว่า KTC ยังมีการซื้อขายในระดับการประเมินมูลค่าที่สูง KTC อาจกลับมาอยู่ในความสนใจของเราถ้าการดำเนินงานของ KTC P Berm ดีมาก ๆ และ KTC ให้แผนธุรกิจที่ชัดเจนยิ่งขึ้น

### KEY STOCK DATA

YE Dec (THB m)	2021	2022E	2023E	2024E
Operating profit	7,627	8,787	9,623	10,873
Net profit	5,879	6,952	7,614	8,603
EPS (THB)	2.28	2.70	2.95	3.34
vs Consensus (%)	-	14.6	10.4	15.6
Core net profit	6,251	6,952	7,614	8,603
Core EPS (THB)	2.42	2.70	2.95	3.34
Chg. In EPS est. (%)	-	0.0	0.0	-
EPS growth (%)	17.2	11.2	9.5	13.0
Core P/E (x)	24.6	22.2	20.2	17.9
Dividend yield (%)	1.6	1.9	2.0	2.3
Price/book (x)	5.7	5.0	4.3	3.8
ROE (%)	25.2	24.1	22.9	22.7
ROA (%)	6.8	7.5	7.4	7.6



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	5.3	3.0	(11.8)
Relative to country (%)	3.3	2.4	(19.2)
Mkt cap (USD m)	4,682		
3m avg. daily turnover (USD m)	13.8		
Free float (%)	21		
Major shareholder	Krung Thai Bank (49%)		
12m high/low (THB)	84.75/52.75		
Issued shares (m)	2,578		

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 24 มกราคม 2022

### Investment thesis

KTC is one of the market leaders in the credit card and personal loan business, and it always receives strong support from its major shareholder, Krung Thai Bank (KTB TB, BUY, TP THB15.5).

We maintain our HOLD call with a 2022-GGM based TP of THB52. Although we see an improvement in its operations after the resumption of business activities, we think KTC still trades at a demanding valuation. KTC might be back on our radar if KTC P Berm skyrockets and KTC provides a clearer new business plan for the payment business.

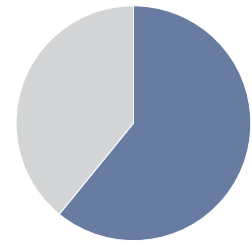
### Company profile

The company provides consumer financial products in Thailand, including credit cards, personal loans and auto-title loans.

[www.ktc.co.th](http://www.ktc.co.th)

### Principal activities (revenue, 2021)

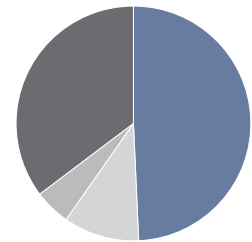
- Net interest income - 60.9 %
- Non-interest income - 39.1 %



Source: Krungthai Card

### Major shareholders

- Krung Thai Bank - 49.3 %
- Mongkol Prakitchaiwatthana - 10.5 %
- Chantana Jirattiphat - 5.0 %
- Others - 35.3 %



Source: Krungthai Card

### Catalysts

Potential share price catalysts for KTC include:

- 1) The higher profitability of Infinitas By Krungthai, its 25%-associated company;
- 2) Lower credit cost from a better-than-expected new NPL rate;
- 3) Strong KTB Leasing loan growth and debt collection.

### Risks to our call

Upside risks to our GGM-derived TP include: 1) stronger-than-expected growth for KTB Leasing; and 2) better-than-expected bad debt recovery. Downside risks are: 1) regulatory actions to curb industry growth; and 2) deteriorating asset quality.

### Event calendar

Date	Event
Apr 2022	1Q22 results announcement

### Key assumptions

Year to Dec	2022E	2023E	2024E
	(%)	(%)	(%)
Net profit (THB m)	6,952	7,614	8,603
Net profit growth	18.3	9.5	13.0
NIM	13.65	14.02	14.34
Loan growth	9.1	9.6	10.2
Fee growth	13.3	5.0	5.0
Non-NII growth*	8.7	3.8	3.8
Credit cost (bp)	560	583	582
Cost to income*	34.5	33.3	31.7

\*Including share of profits from associates

Source: FSSIA estimates

### Earnings sensitivity

Year to Dec	----- 2022E -----			
	±2ppt	7.1	9.1	11.1
Loan growth				
% change in net profit		(1.8)	-	1.8
NIM (%)	±5bp	13.60	13.65	13.70
% change in net profit		(0.5)	-	0.5
Credit cost (bps)	±10bp	550	560	570
% change in net profit		(1.1)	-	1.1

Source: FSSIA estimates



## Improved core operations in 4Q21 but NP hit by one-off ECL

KTC reported a weak 4Q21 net profit of THB1.25b (-6% y-y, -5% q-q) thanks to a one-off expected credit loss (ECL) from KTBL. In early 2021, KTC announced plans to acquire 75% of KTBL at an initial price of THB7.92b/share. After conducting due diligence and assessing the overall portfolio quality of KTBL, the purchase price has been adjusted to THB7.35b/share. In order to make KTBL's financial statements reflect the value of the purchase price, KTBL set aside ECL of THB539m.

KTC's core operations improved after the lockdown easing, with a rise in its credit card spending volume to THB58b/quarter (+2% y-y, +33% q-q). Its total loan volume increased by 6.4% q-q, and its fee income and bad debt recovery rose significantly q-q. KTC controlled its OPEX effectively, leading to a drop in its cost-to-income ratio to 37.2% in 4Q21 vs 38.6% in 3Q21. On top of that, its asset quality improved slightly. All in all, its 4Q21 normalised profit was at cTHB1.62b (+23% y-y, +23% q-q).

KTC's 2021 net profit came in at THB5.88b, up 10% y-y. Its 2021 core profit was at THB6.25b, an increase of 17% y-y, driven by a drop in its ECL as KTC prudently set aside a special provision in 2020. Also, KTC controlled its costs effectively, leading to a drop in its OPEX by 3% y-y.

### Exhibit 1: KTC – 4Q21/2021 results summary

Year-end Dec 31	4Q20	3Q21	4Q21	---- Change ----		2021	Change	4Q21 comments
	(THB m)	(THB m)	(THB m)	(y-y%)	(q-q%)	(THB m)	(y-y %)	
Net interest income	3,131	3,046	3,048	(3)	0	12,198	(4)	
Non-interest income	2,138	1,744	2,122	(1)	22	7,838	(4)	Surge in fee income and bad debt recovery in 4Q21
<b>Operating income</b>	<b>5,269</b>	<b>4,790</b>	<b>5,170</b>	<b>(2)</b>	<b>8</b>	<b>20,036</b>	<b>(4)</b>	
Operating expenses	2,110	1,847	1,923	(9)	4	7,326	(3)	
PPOP before tax	3,160	2,943	3,247	3	10	12,711	(5)	
Provision	1,362	1,293	1,460	7	13	5,084	(22)	
Income tax	353	337	290	(18)	(14)	1,467	7	
Minority interest	123	(4)	(124)			(90)		
<b>Normalised profit</b>	<b>1,321</b>	<b>1,317</b>	<b>1,620</b>	<b>23</b>	<b>23</b>	<b>6,251</b>	<b>17</b>	
Extraordinary items	0	0	(372)			(372)		One-time ECL from KTBL net of tax totalling THB372m
<b>Net profit</b>	<b>1,321</b>	<b>1,317</b>	<b>1,248</b>	<b>(6)</b>	<b>(5)</b>	<b>5,879</b>	<b>10</b>	
EPS (THB)	0.51	0.51	0.48	(6)	(5)	2.28	10	
<b>Asset quality ratio</b>								
Gross NPLs	1,598	3,295	3,317	108	1	3,317	108	
NPL ratios (%)	1.80	3.81	3.60			3.60		Excluding KTBL, KTC's NPL ratio was 1.8%
LLR/NPLs (%)	623	275	292			292		
Credit cost (bp)	610	589	821			594		
<b>Profitability ratio</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>			<b>(%)</b>		
Cost to income ratio	40.0	38.6	37.2			36.6		
Average yield	15.4	15.4	15.2			14.5		
Cost of fund	2.6	2.7	2.6			2.5		
Net interest margin (NIM)	14.0	13.9	13.7			13.3		
Non-int inc/total income	40.6	36.4	41.1			39.1		
<b>Loan growth</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>			<b>(%)</b>		
q-q	12.9	(2.7)	6.4					

Sources: KTC; FSSIA's estimates

## Turning on speed mode

According to its MD&A, in 2022, KTC plans to implement a new business model focused both on collateral loans under its P Berm brand and its existing uncollateralised lending business. Its 2022 financial targets are: 1) 10% y-y in card spending growth to THB220b; 2) 7% y-y growth in personal loan volume; and 3) KTC P Berm (including auto title and hire purchase businesses) new lending of THB11.5b through cooperation with a network of over 900 Krung Thai Bank (KTB TB, BUY, TP THB15.5) branches nationwide. All in all, management expects KTC's outstanding portfolio to exceed THB100b in 2022. We think KTC is changing from a conservative business expansion strategy in 2021 to a more aggressive mode in 2022.

**Exhibit 2: KTC's 2022 financial targets**

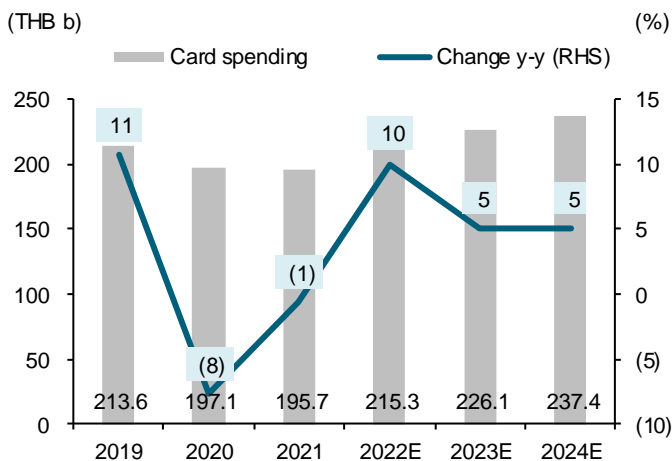
	2021	----- 2022E -----	
	Actual	KTC's target	FSSIA
<b>1. Total outstanding loan portfolio (THB m)</b>	<b>92,047</b>	<b>&gt; 100,000</b>	<b>100,385</b>
- Card spending (THB m)	195,727	220,000	215,300
- P-loan growth (y-y %)	(2.4)	7.0	7.0
- KTC P Berm new lending (THB m)	500*	11,500	3,500
<b>2. NPL ratio (%)</b>	<b>3.6</b>	<b>&lt; 3.6%</b>	<b>3.5</b>
<b>3. Net profit (THB m)</b>	<b>6,251**</b>	<b>&gt; 6,251</b>	<b>6,952</b>

\* Auto title loans outstanding

\*\* Separated level, consolidated net profit was at THB5,879m

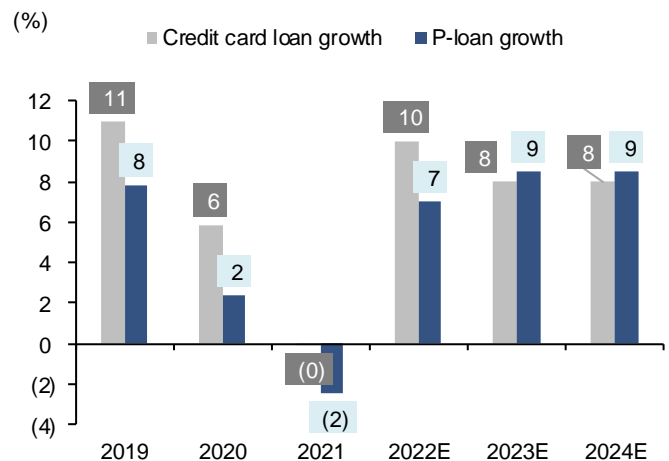
Sources: KTC; FSSIA estimates

**Exhibit 3: KTC's card spending**



Sources: KTC; FSSIA estimates

**Exhibit 4: KTC's credit card and personal loan growth**

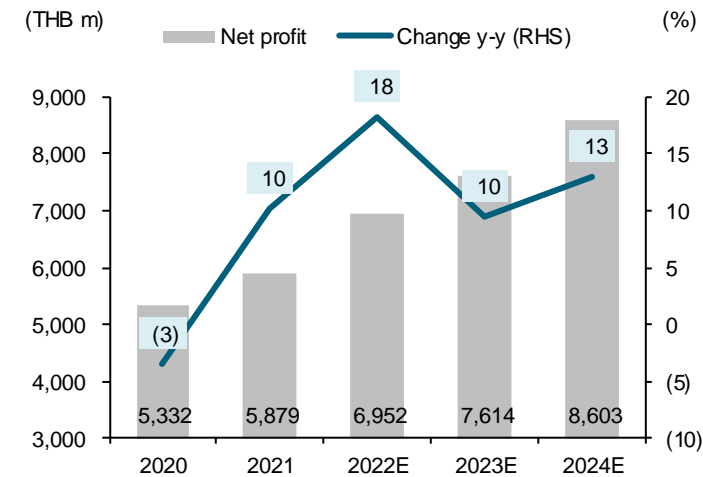


Sources: KTC; FSSIA estimates

## Expect moderate normalised profit growth in 2022

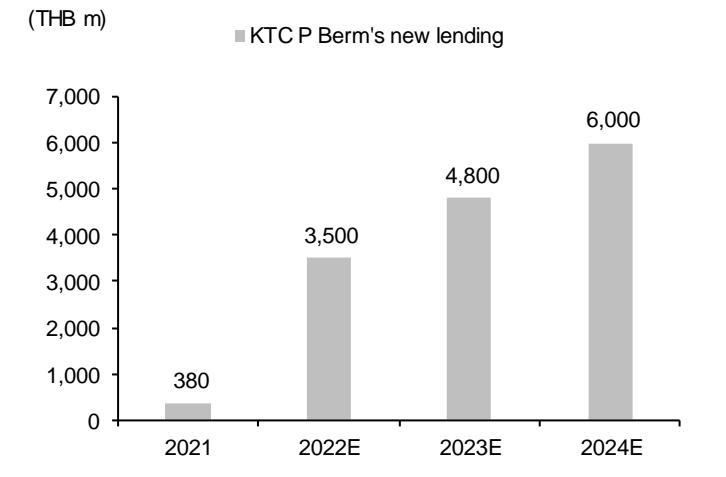
We think KTC’s 2022 normalised profit could increase by 11% y-y, driven by: 1) the solid recovery of its loan growth by 9% y-y thanks mainly to a rise in its credit card business; 2) an increase in its non-NII by 9% y-y due to fee income and bad debt recovery following an economic recovery; and 3) effective cost control, leading to a minimal rise in its OPEX by 2% y-y. We are more cautious in our forecast for KTC P Berm’s new lending of THB3.5b vs KTC’s target of THB11.5b as we believe this market is very competitive and could take more time to build coverage. For every THB1b increase in its P Berm new lending, all else being equal, there would be a c0.5% upside to our current 2022 net profit forecast. Note that its 2022 net profit could increase at a higher rate of 18% y-y thanks to the special ECL in 2021.

**Exhibit 5: KTC’s net profit growth**



Sources: KTC; FSSIA estimates

**Exhibit 6: KTC P Berm’s new lending**



Sources: KTC; FSSIA estimates

## Financial Statements

### Krungthai Card

Profit and Loss (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Interest Income	14,302	13,614	14,614	16,403	18,398
Interest expense	(1,560)	(1,416)	(1,481)	(1,648)	(1,820)
Net interest income	12,742	12,198	13,133	14,755	16,578
Net fees & commission	4,616	4,293	4,866	5,109	5,364
Foreign exchange trading income	-	-	-	-	-
Securities trading income	-	-	-	-	-
Dividend income	1	11	11	11	11
Other income	3,533	3,534	3,646	3,727	3,811
Non interest income	8,150	7,838	8,522	8,847	9,186
Total income	20,892	20,036	21,655	23,601	25,764
Staff costs	(7,283)	(7,064)	(7,205)	(7,566)	(7,869)
Other operating costs	(240)	(262)	(275)	(283)	(291)
Operating costs	(7,523)	(7,326)	(7,480)	(7,849)	(8,160)
Pre provision operating profit	13,369	12,711	14,175	15,752	17,603
Provision for bad and doubtful debt	(6,489)	(5,084)	(5,388)	(6,129)	(6,730)
Other provisions	-	-	-	-	-
Operating profit	6,880	7,627	8,787	9,623	10,873
Recurring non operating income	0	0	0	0	0
Associates	-	-	-	-	-
Goodwill amortization	-	-	-	-	-
Non recurring items	0	(372)	0	0	0
Profit before tax	6,880	7,255	8,787	9,623	10,873
Tax	(1,372)	(1,467)	(1,757)	(1,925)	(2,175)
Profit after tax	5,508	5,789	7,029	7,699	8,698
Minority interests	(175)	90	(77)	(85)	(96)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	5,333	5,879	6,952	7,614	8,603
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	5,333	6,251	6,952	7,614	8,603
<b>Per share (THB)</b>					
Recurring EPS *	2.07	2.42	2.70	2.95	3.34
Reported EPS	2.07	2.28	2.70	2.95	3.34
DPS	0.88	0.93	1.11	1.21	1.37
<b>Growth</b>					
Net interest income (%)	5.8	(4.3)	7.7	12.4	12.4
Non interest income (%)	(9.6)	(3.8)	8.7	3.8	3.8
Pre provision operating profit (%)	0.2	(4.9)	11.5	11.1	11.8
Operating profit (%)	(0.3)	10.9	15.2	9.5	13.0
Reported net profit (%)	(3.5)	10.2	18.3	9.5	13.0
Recurring EPS (%)	(3.5)	17.2	11.2	9.5	13.0
Reported EPS (%)	(3.5)	10.2	18.3	9.5	13.0
<b>Income Breakdown</b>					
Net interest income (%)	61.0	60.9	60.6	62.5	64.3
Net fees & commission (%)	22.1	21.4	22.5	21.6	20.8
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	-	-	-	-	-
Dividend income (%)	0.0	0.1	0.0	0.0	0.0
Other income (%)	16.9	17.6	16.8	15.8	14.8
<b>Operating performance</b>					
Gross interest yield (%)	15.84	14.57	15.18	15.59	15.91
Cost of funds (%)	2.67	2.48	2.59	2.65	2.70
Net interest spread (%)	13.17	12.09	12.59	12.94	13.21
Net interest margin (%)	14.1	13.1	13.6	14.0	14.3
Cost/income(%)	36.0	36.6	34.5	33.3	31.7
Cost/assets(%)	8.6	8.1	7.9	7.5	7.1
Effective tax rate (%)	19.9	20.2	20.0	20.0	20.0
Dividend payout on recurring profit (%)	42.5	38.6	41.0	41.0	41.0
ROE (%)	25.1	25.2	24.1	22.9	22.7
ROE - COE (%)	14.3	14.4	13.3	12.1	11.9
ROA (%)	6.2	6.8	7.5	7.4	7.6
RORWA (%)	-	-	-	-	-

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

Sources: Krungthai Card; FSSIA estimates

## Financial Statements

Krungthai Card

Balance Sheet (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Gross customer loans	94,697	92,047	100,385	110,048	121,237
Total provisions	(9,961)	(9,692)	(8,053)	(7,029)	(8,910)
interest in suspense	211	588	602	660	0
<b>Net customer loans</b>	<b>84,947</b>	<b>82,943</b>	<b>92,934</b>	<b>103,680</b>	<b>112,327</b>
Bank loans	-	-	-	-	-
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	73	83	0	0	0
Cash & equivalents	2,197	2,363	2,091	934	2,878
Other interesting assets	-	-	-	-	-
Tangible fixed assets	496	415	347	290	242
Associates	-	-	-	-	-
Goodwill	-	-	-	-	-
Other intangible assets	-	-	-	-	-
Other assets	3,881	3,666	3,768	4,063	4,389
<b>Total assets</b>	<b>91,594</b>	<b>89,470</b>	<b>99,140</b>	<b>108,966</b>	<b>119,836</b>
Customer deposits	0	0	0	0	0
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	59,482	54,555	59,725	64,643	70,000
Non interest bearing liabilities	8,000	7,832	8,224	8,635	9,067
Hybrid Capital	-	-	-	-	-
<b>Total liabilities</b>	<b>67,482</b>	<b>62,387</b>	<b>67,949</b>	<b>73,278</b>	<b>79,067</b>
Share capital	2,578	2,578	2,578	2,578	2,578
Reserves	20,221	24,258	28,360	32,852	37,927
<b>Total equity</b>	<b>22,799</b>	<b>26,836</b>	<b>30,938</b>	<b>35,430</b>	<b>40,506</b>
Minority interests	1,313	248	253	258	263
<b>Total liabilities &amp; equity</b>	<b>91,594</b>	<b>89,471</b>	<b>99,140</b>	<b>108,966</b>	<b>119,836</b>
<b>Supplementary items</b>					
Risk weighted assets (RWA)	n/a	n/a	n/a	n/a	n/a
Average interest earning assets	90,304	93,450	96,258	105,217	115,642
Average interest bearing liabilities	58,511	57,018	57,140	62,184	67,322
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)	1,598	3,317	3,516	3,692	4,061
<b>Per share (THB)</b>					
Book value per share	8.84	10.41	12.00	13.74	15.71
Tangible book value per share	8.84	10.41	12.00	13.74	15.71
<b>Growth</b>					
Gross customer loans	10.3	(2.8)	9.1	9.6	10.2
Average interest earning assets	10.1	3.5	3.0	9.3	9.9
Total asset (%)	8.7	(2.3)	10.8	9.9	10.0
Risk weighted assets (%)	-	-	-	-	-
Customer deposits (%)	nm	nm	nm	nm	nm
<b>Leverage &amp; capital measures</b>					
Customer loan/deposits (%)	-	-	-	-	-
Equity/assets (%)	24.9	30.0	31.2	32.5	33.8
Tangible equity/assets (%)	24.9	30.0	31.2	32.5	33.8
RWA/assets (%)	-	-	-	-	-
Tier 1 CAR (%)	-	-	-	-	-
Total CAR (%)	-	-	-	-	-
<b>Asset Quality</b>					
Change in NPL (%)	75.6	107.6	6.0	5.0	10.0
NPL/gross loans (%)	1.7	3.6	3.5	3.4	3.3
Total provisions/gross loans (%)	10.5	10.5	8.0	5.8	7.3
Total provisions/NPL (%)	623.3	292.2	229.0	190.4	219.4
<b>Valuation</b>					
Recurring P/E (x) *	28.9	24.6	22.2	20.2	17.9
Recurring P/E @ target price (x) *	25.1	21.4	19.3	17.6	15.6
Reported P/E (x)	28.9	26.2	22.2	20.2	17.9
Dividend yield (%)	1.5	1.6	1.9	2.0	2.3
Price/book (x)	6.8	5.7	5.0	4.3	3.8
Price/tangible book (x)	6.8	5.7	5.0	4.3	3.8
Price/tangible book @ target price (x)	5.9	5.0	4.3	3.8	3.3

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

Sources: Krungthai Card; 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	ICHI	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	PAP	PCSGH	PDJ	PG	PHOL	PLANB
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	SE-ED	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	TSC	TSR	TSTE	TSTH	TTA
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	AMANAHA	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

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**ANALYST(S) CERTIFICATION**

Yuvanart Suwanumphai FSS International Investment Advisory Securities Co., Ltd

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**History of change in investment rating and/or target price**

**Krungthai Card (KTC TB)**



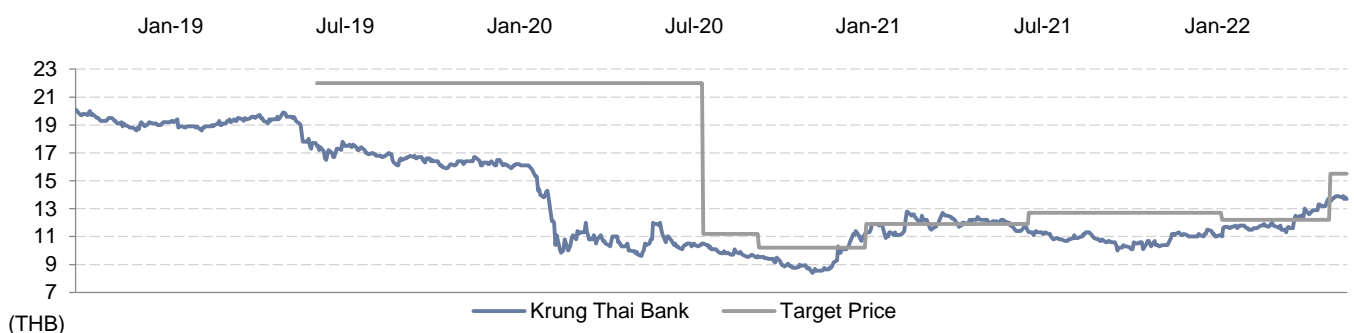
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
16-Jul-2020	HOLD	33.00	17-Nov-2020	HOLD	44.00	19-Jul-2021	HOLD	73.00
14-Sep-2020	HOLD	32.00	19-Jan-2021	REDUCE	50.00	18-Oct-2021	HOLD	52.00

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

Price and TP are in local currency

Source: FSSIA estimates

**Krung Thai Bank (KTB TB)**



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
20-Aug-2019	BUY	22.00	03-Dec-2020	HOLD	11.90	06-Jan-2022	BUY	15.50
16-Jul-2020	HOLD	11.20	22-Apr-2021	HOLD	12.70			
02-Sep-2020	HOLD	10.20	05-Oct-2021	HOLD	12.20			

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
Krungthai Card	KTC TB	THB 59.75	HOLD	Upside risks to our GGM-derived TP include 1) stronger-than-expected growth for KTB Leasing; and 2) a better-than-expected bad debt recovery. Downside risks are 1) regulatory actions to curb industry growth; and 2) deteriorating asset quality.
Krung Thai Bank	KTB TB	THB 13.70	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness and further waves of the Covid-19 pandemic affecting loan growth and asset quality; 2) the impact of further interest rate cuts on NIM and potential new regulations from the Bank of Thailand on debt-servicing programs; and 3) an increase in OPEX due to aggressive digital investment.

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 21-Jan-2022 unless otherwise stated.

## RECOMMENDATION STRUCTURE

### Stock ratings

Stock ratings are based on absolute upside or downside, which we define as (target price\* - current price) / 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.