

KRUNGTHAI CARD KTC TB

THAILAND / DIVERSIFIED FINANCIALS

REDUCE

FROM HOLD

TARGET PRICE	THB52.00
CLOSE	THB60.50
UP/DOWNSIDE	-14.0%
PRIOR TP	THB52.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	-13.2%

ปัจจัยบวกจำกัด การประเมินมูลค่าตึงตัว

- คาดกำไรลดลง y-y ใน 2 ไตรมาสข้างหน้า
- สินเชื่อทะเบียนรถยนต์ต่ำกว่าเป้าของบริษัทฯ
- คงราคาเป้าหมายที่ 52 บาท แต่ลดคำแนะนำเป็น REDUCE

คาดเริ่มได้ไม่ตีใน 1Q22

เราคาดว่า KTC จะรายงานกำไรปกติอ่อนแอใน 1Q22 ที่ 1.56 พัน ลบ. (-5% y-y, -4% q-q) โดยคาดว่าจะเห็น 3 ปัจจัยปรับตัวดีขึ้น ข้อแรกเราคาดว่ารายได้ดอกเบี้ยสุทธิ (NII) จะสูงขึ้นตามการเติบโตของสินเชื่อที่เพิ่มขึ้นเป็น 6% y-y ส่วนมากจากสินเชื่อที่ไม่มีหลักทรัพย์ค้ำประกัน ข้อสองเราคาดว่ารายได้ที่ไม่ใช่ดอกเบี้ยสุทธิจะปรับตัวดีขึ้นจากหนี้เสียรับคืนและรายได้ค่าธรรมเนียมที่สูงขึ้น ข้อสามเราคิดว่าหนี้ต่อคุณภาพ (NPL) จะเพิ่มเล็กน้อย q-q อย่างไรก็ตาม ผลประกอบการใน 1Q22 น่าจะถูกจุดโดยสำรองที่เพิ่มขึ้นตามปริมาณสินเชื่อที่ปรับขึ้น เราคิดว่าบริษัท จะต้องใช้เวลาอย่างน้อย 1-2 ไตรมาสก่อนที่ NII ที่เพิ่มขึ้นจากการขยายสินเชื่อจะชดเชยการเพิ่มของผลขาดทุนทางเครดิตที่คาดว่าจะเกิดขึ้น (ECL) ได้

ต้องใช้เวลากว่าที่สินเชื่อทะเบียนรถยนต์จะดีขึ้น

KTC จะเร่งบุกพอร์ตสินเชื่อทะเบียนรถในปี 2022 จากข้อมูลของบริษัทฯ สินเชื่อดังกล่าวยังห่างจากเป้าใน 1Q22 อย่างมีนัยสำคัญ เราคิดว่าเป็นเรื่องยากที่บริษัทฯ จะเพิ่มพอร์ตดังกล่าวเนื่องจากสินเชื่อทะเบียนรถมีการแข่งขันสูง มีผู้ประกอบการขนาดใหญ่ 3 รายที่มีสาขาทั่วประเทศ ในขณะที่ KTC มีสาขาไม่มากนัก แม้ว่า KTC วางแผนใช้สาขาของ KTB เพื่อเข้าถึงกลุ่มเป้าหมายในต่างจังหวัด เราคิดว่าพนักงานธนาคารไม่จะสามารถสู้กับพนักงานของผู้ประกอบการที่ไม่ใช่ธนาคารได้ นอกจากนี้แม้ว่า KTC จะมีผลิตภัณฑ์ที่มีนวัตกรรม เช่น บัตรเงินสด ความสามารถในการเจาะฐานลูกค้าที่เห็นได้อย่างชัดเจนแสดงให้เห็นว่า KTC ยังตามหลัง TIDLOR ซึ่งมีผลิตภัณฑ์บัตรเงินสดเช่นเดียวกัน ซึ่งทำให้เราคิดว่าบริษัทฯ อาจต้องใช้เวลาเพิ่มขึ้นในการทำตลาด

กำไรสุทธิไม่น่าจะโตถึง 2H22

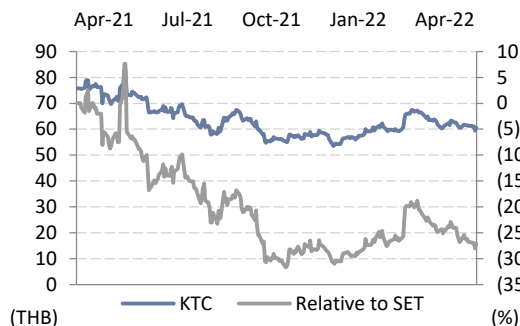
แม้เราจะคาดว่าสินเชื่อบัตรเครดิตและบุคคลจะโตดีขึ้นใน 2Q22 เราเห็นว่ากำไรสุทธิของบริษัทฯ น่าจะค่อนข้างทรงตัว y-y เราเชื่อว่ากำไรสุทธิของบริษัทฯ น่าจะดีขึ้นในช่วง 2H22 จากสำรองที่สูงขึ้น เราคิดว่าการเติบโตของกำไรสุทธิของ KTC น่าจะดีขึ้นในช่วง 2H22 จากการฟื้นตัวของเศรษฐกิจ เราเชื่อว่าสินเชื่อที่ปรับตัวดีขึ้นใน 2 ไตรมาสน่าจะมากพอที่จะชดเชยสำรองที่สูงขึ้น ข้อสองหลังสินเชื่อโตดีขึ้น รายได้ค่าธรรมเนียมน่าจะเพิ่มขึ้นด้วย

ปรับลดคำแนะนำเป็น REDUCE จากถือ

เรากำหนดเป้าหมายที่ 52 บาทแต่ปรับลดคำแนะนำสำหรับ KTC เป็น REDUCE จาก Upside ที่จำกัดเมื่อเทียบกับราคาตลาดในปัจจุบัน เราคิดว่า KTC มีการซื้อขายในระดับที่สูง หุ้นอาจกลับมาอยู่ในความสนใจของเรา ถ้าพอร์ตสินเชื่อทะเบียนรถพุ่งขึ้นแรงและกำไรเข้าสู่ช่วงการเติบโตอีกครั้งในช่วง 2H22

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 (%)	-	3.6	1.3	5.2
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. (%)	-	-	-	-
EPS growth (%)	17.2	11.2	9.5	13.0
Core P/E (x)	25.0	22.4	20.5	18.1
Dividend yield (%)	1.5	1.8	2.0	2.3
Price/book (x)	5.8	5.0	4.4	3.9
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 (%)	0.4	0.4	(21.4)
Relative to country (%)	(1.3)	(0.7)	(27.0)
Mkt cap (USD m)	4,644		
3m avg. daily turnover (USD m)	14.3		
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 11 เมษายน 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 TP of THB52, but downgrade KTC to REDUCE due to the limited upside gain compared to the current market share price. We think KTC trades at a demanding valuation. It might be back on our radar if its auto title loan portfolio skyrockets and its earnings enter growth mode again in 2H22.

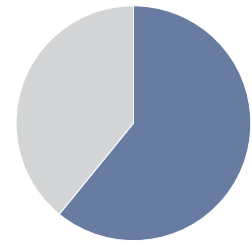
Company profile

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

www.ktc.co.th

Principal activities (revenue, 2021)

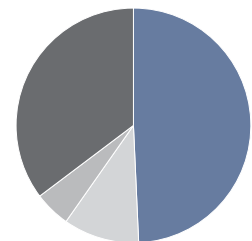
- Net interest income - 60.9 %
- Non-interest income - 39.1 %



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) The strong ramp up of its auto title loan portfolio;
- 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.

Event calendar

Date	Event
21 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
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

Expect a soft start in 1Q22

We expect KTC to report a soft 1Q22 core profit of THB1.56b (-5% y-y, -4% q-q). We anticipate three improvements in 1Q22. First, we expect a rise in its NII following a stable NIM and a rise in loan growth of 6% y-y (-0.6% q-q thanks to seasonality), driven mainly by unsecured lending. Meanwhile, its auto title loans are still below its target. Next, we expect a rise in its Non-NII due to an increase in bad debt recovery and a higher fee income following a recovery in credit card spending. Third, we think its non-performing loans (NPLs) should rise minimally q-q. However, its performance in 1Q22 should be dragged down by a rise in provisions following a rise in its loan volume. It would take at least one to two quarters for a rise in NII from loan expansion to offset an increase in expected credit losses (ECL), we think. Note that its 1Q22 net profit should increase 25% q-q, as in 4Q21 KTC booked a one-off ECL from KTB Leasing (KTBL).

Exhibit 1: KTC – 1Q22E results preview

Year-end Dec 31	1Q21	4Q21	1Q22E	----- Change -----		2021	2022E	Change	1Q22E comments
	(THB m)	(THB m)	(THB m)	(y-y%)	(q-q%)	(THB m)	(THB m)	(y-y %)	
Net interest income	3,034	3,048	3,122	3	2	12,198	13,133	8	
Non-interest income	1,994	2,122	2,127	7	0	7,838	8,522	9	
Operating income	5,027	5,170	5,249	4	2	20,036	21,655	8	
Operating expenses	1,779	1,923	1,817	2	(6)	7,326	7,480	2	
PPOP before tax	3,248	3,247	3,432	6	6	12,711	14,175	12	
Provision	1,187	1,460	1,491	26	2	5,084	5,388	6	
Income tax	412	290	369	(10)	27	1,467	1,757	20	
Minority interest	15	(124)	16			(90)	77		
Normalised profit	1,634	1,620	1,556	(5)	(4)	6,251	6,952	11	
Extraordinary items	0	(372)	0			(372)	0		One-off ECL from KTB Leasing in 4Q21
Net profit	1,634	1,248	1,556	(5)	25	5,879	6,952	18	
EPS (THB)	0.63	0.48	0.60	(5)	25	2.28	2.70	18	
Asset quality ratio									
Gross NPLs	1,661	3,317	3,383	104	2	3,317	3,516	6	
NPL ratios (%)	1.92	3.60	3.70			3.60	3.50		NPL ratio to significantly increase y-y due to the consolidation of KTB Leasing
LLR/NPLs (%)	442	292	321			292	229		
Credit cost (bp)	525	654	650			544	560		
Profitability ratio	(%)	(%)	(%)			(%)	(%)		
Cost to income ratio	35.4	37.2	34.6			36.6	34.5		
Average yield	14.9	15.2	15.1			14.5	14.9		
Cost of fund	2.6	2.6	2.6			2.5	2.6		
Net interest margin (NIM)	13.4	13.7	13.6			13.1	13.6		
Non-int inc/total income	39.7	41.1	40.5			39.1	39.4		
Loan growth	(%)	(%)	(%)			(%)	(%)		
y-y	5.9	(2.8)	6.0			(2.8)	9.1		
q-q	(8.8)	6.4	(0.6)						

Sources: KTC; FSSIA's estimates

Auto title loans take time to improve

KTC will aggressively accelerate its auto title loan portfolio in 2022 with a new lending target of THB11.5b. It is still significantly lagging behind its target in 1Q22, according to management. We think it will be difficult for KTC to ramp up its portfolio as auto title lending is very competitive. There are three big operators with a presence countrywide while KTC has only a few branches. Although KTC plans to use KTB's branches to reach its target customers upcountry, we think bank employees are unlikely to be as aggressive as those of non-bank operators. Also, even though KTC has innovative products like its cash card, its apparent inability to penetrate the customer base shows that KTC still lags behind Ngern Tid Lor (TIDLOR TB, BUY, TP THB43), which also has a cash card product. As a result, we think it could take more time to build coverage. We are more cautious in our forecast for KTC's new auto title lending, estimating THB3.5b in 2022.

Exhibit 2: KTC's 2022 financial targets

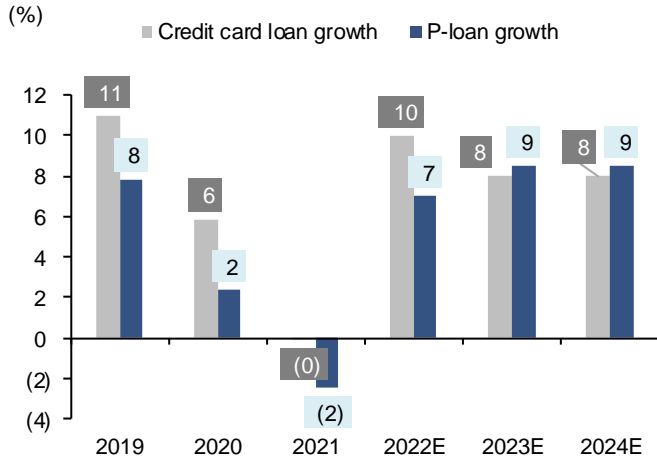
	2021	----- 2022E -----	
	Actual	KTC's target	FSSIA
1. Total outstanding loan portfolio (THB m)	92,047	> 100,000	100,385
- Card spending (THB m)	195,727	220,000	215,300
- P-loan growth (y-y %)	(2.4)	7.0	7.0
- KTC P Berm new lending (THB m)	500*	11,500	3,500
2. NPL ratio (%)	3.6	< 3.6%	3.5
3. Net profit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

* Auto title loans outstanding

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

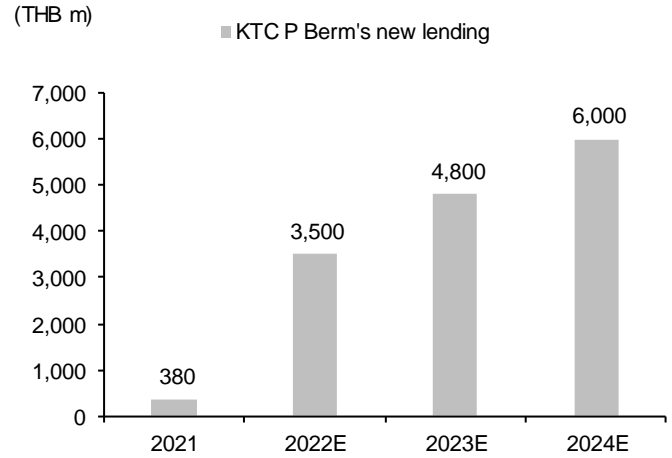
Sources: KTC; FSSIA estimates

Exhibit 3: KTC's credit card and personal loan growth



Sources: KTC; FSSIA estimates

Exhibit 4: KTC P Berm's new lending

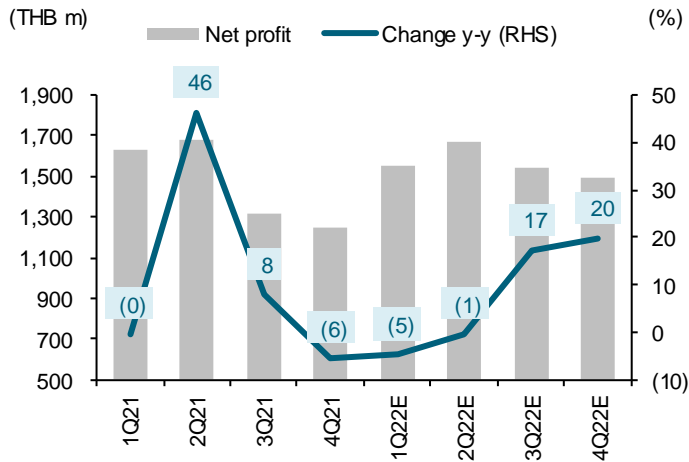


Sources: KTC; FSSIA estimates

Until 2H22, KTC not likely to deliver impressive net profit growth

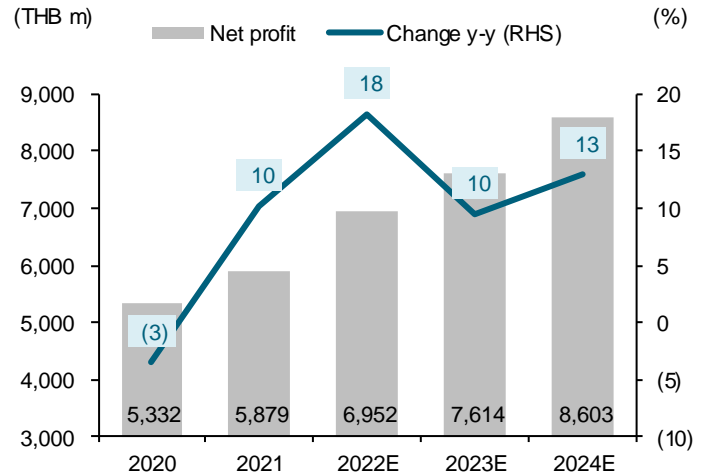
Although we expect stronger credit card and person loan growth in 2Q22, KTC's 2Q22 net profit should only be relatively stable y-y, in our view. We believe its NII growth is insufficient to offset higher provisions. We think KTC's net profit momentum growth should be stronger in 2H22, supported by two factors. First, we expect stronger loan growth in 2H22 due to an economic recovery. We believe that two-quarter loan improvements would be able to offset the increase in reserves. Second, following stronger loan growth, its fee income should increase.

Exhibit 5: KTC's quarterly net profit growth



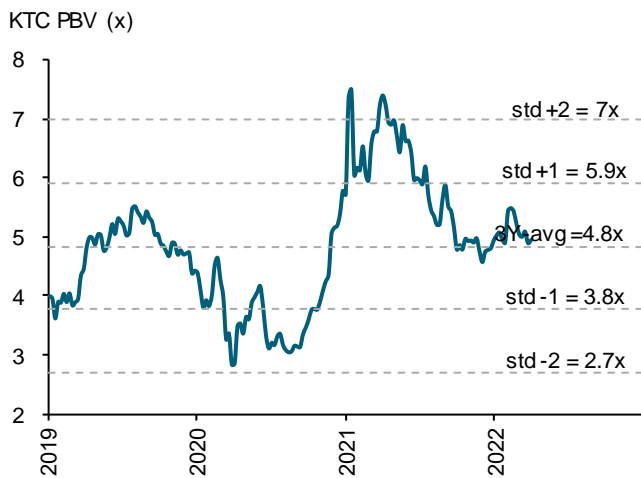
Sources: KTC; FSSIA's estimates

Exhibit 6: KTC's yearly net profit growth



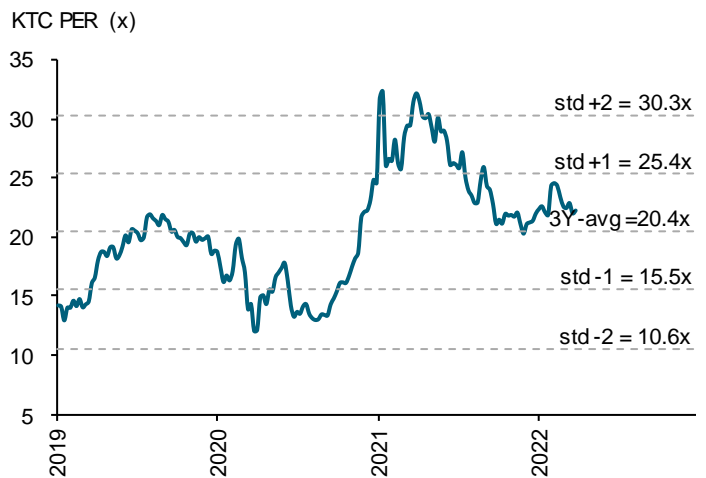
Sources: KTC; FSSIA's estimates

Exhibit 7: KTC – one-year prospective P/BV



Sources: Bloomberg; FSSIA estimates

Exhibit 8: KTC – one-year prospective P/E



Sources: Bloomberg; FSSIA estimates

Exhibit 9: Key valuations of companies under coverage

	BBG	Rec	--- Share price ---		Up	Market	EPS growth		---- P/E ----		---- ROE ----		---- PBV ----	
	code		Current	Target	side	Cap	22E	23E	22E	23E	22E	23E	22E	23E
			(THB)	(THB)	(%)	(USD m)	(%)	(%)	(x)	(x)	(%)	(%)	(x)	(x)
Diversified financials						24,008	17.2	21.3	23.7	19.1	16.6	17.2	3.4	3.0
Unsecured loan lenders						6,080	11.9	9.0	19.7	18.0	23.4	22.2	4.3	3.8
Aeon Thana Sinsap (Thailand)	AEONTS TB	HOLD	193.00	204.00	6	1,436	13.9	7.4	10.7	9.9	21.1	19.6	2.1	1.8
Krungthai Card	KTC TB	REDUCE	60.50	52.00	(14)	4,644	11.2	9.5	22.4	20.5	24.1	22.9	5.0	4.4
Auto-title lenders						8,519	18.7	22.0	18.6	15.3	19.2	20.3	3.3	2.8
Muangthai Capital	MTC TB	BUY	50.75	60.00	18	3,203	17.6	24.6	18.5	14.8	21.4	22.3	3.7	3.0
Srisawad Corp	SAWAD TB	BUY	54.25	74.00	36	2,218	15.5	19.3	14.0	11.8	20.2	21.8	2.7	2.4
Saksiam Leasing	SAK TB	BUY	9.00	12.00	33	562	38.5	25.9	22.4	17.8	16.2	18.1	3.4	3.0
Ngern Tid Lor	TIDLOR TB	BUY	36.75	43.00	17	2,537	18.6	20.1	22.0	18.3	16.1	16.9	3.3	2.9
Truck lenders						2,227	9.8	27.6	27.8	21.2	11.0	12.9	2.6	2.4
Micro Leasing	MICRO TB	BUY	7.45	10.70	44	207	45.1	26.8	25.6	20.2	13.2	15.0	3.2	2.9
Singer Thailand	SINGER TB	BUY	54.75	62.00	13	1,322	14.2	35.1	36.3	26.9	8.1	10.5	2.9	2.8
Ratchthani Leasing	THANI TB	BUY	4.14	4.80	16	698	(9.0)	13.6	12.3	10.8	15.9	16.7	1.9	1.7
Asset management						5,569	27.6	35.6	37.7	27.4	9.8	11.6	3.6	3.1
Bangkok Commercial Asset Mngt.	BAM TB	BUY	20.10	25.50	27	1,934	23.2	26.6	20.3	16.0	7.5	8.6	1.5	1.3
Chayo Group	CHAYO TB	BUY	12.60	16.60	32	392	44.4	17.2	38.0	32.4	10.6	9.4	3.3	2.6
JMT Network Services	JMT TB	BUY	79.50	80.00	1	3,243	28.3	43.1	48.1	33.6	11.0	13.6	4.9	4.3
Other						1,342	4.1	8.5	8.2	7.5	8.0	8.2	0.6	0.6
Thanachart Capital	TCAP TB	HOLD	43.00	42.00	(2)	1,342	4.1	8.5	8.2	7.5	8.0	8.2	0.6	0.6
Hire purchase motorcycle						271	1.3	(2.6)	28.9	29.6	11.3	8.6	2.8	2.4
Next Capital	NCAP TB	BUY	10.10	12.80	27	271	1.3	(2.6)	28.9	29.6	11.3	8.6	2.8	2.4

Share prices as of 8 Apr 2022

Source: 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
Per share (THB)					
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
Growth					
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
Income Breakdown					
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
Operating performance					
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
Net customer loans	84,947	82,943	92,934	103,680	112,327
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
Total assets	91,594	89,470	99,140	108,966	119,836
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	-	-	-	-	-
Total liabilities	67,482	62,387	67,949	73,278	79,067
Share capital	2,578	2,578	2,578	2,578	2,578
Reserves	20,221	24,258	28,360	32,852	37,927
Total equity	22,799	26,836	30,938	35,430	40,506
Minority interests	1,313	248	253	258	263
Total liabilities & equity	91,594	89,471	99,140	108,966	119,836
Supplementary items					
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
Per share (THB)					
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
Growth					
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
Leverage & capital measures					
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 (%)	-	-	-	-	-
Asset Quality					
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
Valuation					
Recurring P/E (x) *	29.3	25.0	22.4	20.5	18.1
Recurring P/E @ target price (x) *	25.1	21.4	19.3	17.6	15.6
Reported P/E (x)	29.3	26.5	22.4	20.5	18.1
Dividend yield (%)	1.5	1.5	1.8	2.0	2.3
Price/book (x)	6.8	5.8	5.0	4.4	3.9
Price/tangible book (x)	6.8	5.8	5.0	4.4	3.9
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	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	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	SEAOIL	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)

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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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Company	Ticker	Price	Rating	Valuation & Risks
Krungthai Card	KTC TB	THB 60.50	REDUCE	Upside risks to our GGM-derived TP include: 1) stronger-than-expected growth for KTB Leasing; and 2) better-than-expected bad debt recovery.
Aeon Thana Sinsap (Thailand)	AEONTS TB	THB 193.00	HOLD	Downside risks to our GGM-derived TP include 1) intense competition; 2) regulatory actions to curb industry growth; and 3) deteriorating asset quality. The upside risk is stronger-than-expected asset quality.
Muangthai Capital	MTC TB	THB 50.75	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.
Srisawad Corp	SAWAD TB	THB 54.25	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.
Saksiam Leasing	SAK TB	THB 9.00	BUY	Downside risks to our GGM-derived TP include 1) competition from existing and new players; 2) regulatory changes by the Bank of Thailand (BoT); and 3) a slower-than-expected reduction in its cost of funds due to a shift toward more long-term loans.
Ngern Tid Lor	TIDLOR TB	THB 36.75	BUY	Downside risks to our GGM-based TP include 1) the expansion into auto-title loans by the Government Savings Bank and Auto X (subsidiary of SCB); 2) further weakening asset quality could potentially hit both loan yield and credit cost; and 3) tighter supervision from related regulators.
Micro Leasing	MICRO TB	THB 7.45	BUY	Downside risks to our GGM-derived TP include 1) an economic slowdown, especially for logistics activities and private investment; 2) deteriorating asset quality; and 3) a slower-than-expected reduction in the cost of funds due to a shift toward more long-term loans.
Singer Thailand	SINGER TB	THB 54.75	BUY	Downside risks to our GGM-derived TP include 1) an economic slowdown leading to slower loan growth and lower sales of electrical products and home appliances; and 2) deteriorating asset quality.
Ratchthani Leasing	THANI TB	THB 4.14	BUY	Downside risks to our GGM-derived TP include 1) an economic slowdown, especially for logistics activities and private investment; 2) deteriorating asset quality; and 3) changes in financial regulations from the Bank of Thailand.
Bangkok Commercial Asset Mngt.	BAM TB	THB 20.10	BUY	Downside risks to our GGM-based TP include 1) lower cash collection from its fully amortised portfolio; 2) lower-than-expected bad debt acquisition; and 3) the prolonged slowdown of the property market.
Chayo Group	CHAYO TB	THB 12.60	BUY	Downside risks to our GGM-based TP include 1) lower-than-expected bad debt acquisition; and 2) higher-than-expected operating expenses.
JMT Network Services	JMT TB	THB 79.50	BUY	Downside risks to our GGM-based TP include 1) lower cash collection from its fully amortised portfolio; and 2) the lower-than-expected acquisition of new bad debt.
Thanachart Capital	TCAP TB	THB 43.00	HOLD	Upside risks to our GGM-based target price are the faster-than-expected net profit contribution from Thanachart Plus. Downside risks are impacts from a prolonged weak macro outlook on loan growth and asset quality which could lead to higher provisions for both TTB and THANI.
Next Capital	NCAP TB	THB 10.10	BUY	Downside risks to our GGM-derived TP include 1) an economic slowdown, especially for food delivery and logistics activities; 2) deteriorating asset quality; and 3) tighter competition from new players.
Krung Thai Bank	KTB TB	THB 13.50	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 digital 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

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All share prices are as at market close on 08-Apr-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.