

KRUNGTHAI CARD

THAILAND / DIVERSIFIED FINANCIALS

KTC TB

HOLD

FROM REDUCE

ช่วงฟื้นตัวในระดับต่ำ

- คาดกำไรสุทธิ 2Q22 จะฟื้นตัวเป็น 1.8 พัน ลบ. (+7% y-y, +3% q-q)
- อัตราดอกเบี้ยที่อาจปรับขึ้นและเงินเฟ้อที่อยู่ในระดับสูงมีผลกระทบในระดับที่จำกัด
- ปรับราคาเป้าหมายไปในปี 2023 ที่ 60 บาทและปรับคำแนะนำขึ้นเป็นถือ

TARGET PRICE	THB60.00
CLOSE	THB57.50
UP/DOWNSIDE	+4.3%
PRIOR TP	THB52.00
CHANGE IN TP	+15.4%
TP vs CONSENSUS	-2.6%

คาดการณ์ฟื้นตัวในระดับต่ำใน 2Q22

เราคาดว่ากำไรสุทธิ 2Q22 ของ KTC จะอยู่ที่ 1.8 พัน ลบ. (+7% y-y, +3% q-q) โดยจะปรับตัวดีขึ้นใน 3 ด้าน ข้อแรกเราคาดว่ารายได้ดอกเบี้ยสุทธิจะปรับขึ้นตามส่วนต่างดอกเบี้ยที่น่าจะปรับขึ้นเป็น 13.5% จาก 13.1% ใน 1Q22 และอัตราการเติบโตของสินเชื่อที่เพิ่มเป็น 3% q-q จากสินเชื่อบัตรเครดิตตามการกลับมาของกิจกรรมทางธุรกิจ ในขณะที่สินเชื่อทะเบียนรถยนต์ต่ำกว่าเป้า ข้อสองเราคาดว่ารายได้ที่ไม่ใช่ดอกเบี้ยสุทธิจะเพิ่มจากหนี้เสียรับคืนที่เพิ่มขึ้นและรายได้ค่าธรรมเนียมที่สูงขึ้นจากการใช้จ่ายผ่านบัตรเครดิตที่อยู่ในระดับสูง ข้อสามเราคิดว่าหนี้ต่อคุณภาพจะเพิ่มเพียงเล็กน้อย q-q โดยจะคิดเป็นสัดส่วนหนี้ต่อคุณภาพที่ 3.5% เพราะฉะนั้นต้นทุนความเสี่ยงในการปล่อยสินเชื่อจะยังอยู่ในระดับต่ำที่ 480 bps

ผลกระทบเล็กน้อยจากอัตราดอกเบี้ยที่อาจปรับขึ้น

ในไตรมาส ก.ค. ครึ่งล่าสุด คณะกรรมการฯ ได้เปลี่ยนมุมมองเป็นค่อย ๆ ปรับเพิ่มอัตราดอกเบี้ยนโยบาย เราคาดว่า KTC จะเป็นบริษัทการเงินที่ต้นทุนในการกู้ยืม (COF) จะได้รับผลกระทบน้อยที่สุดจากอัตราดอกเบี้ยที่อาจปรับขึ้นในประเทศไทย โดยปกติ KTC จะออกหุ้นกู้ระยะยาว (อายุ 5-10 ปี) ด้วยเหตุดังกล่าวเมื่ออัตราดอกเบี้ยนโยบายเพิ่มขึ้น บริษัทฯ สามารถเลือกออกหุ้นกู้ที่มีอายุสั้นลง เช่น 3-5 ปีเป็นการชั่วคราว เราเชื่อว่า COF จะเพิ่มในอัตราที่น้อยกว่าเพื่อนที่ 2.67%/2.75%/2.81% ในปี 2022-24 เทียบกับ 2.48% ในปี 2021

ผลกระทบในระดับปานกลางจากเงินเฟ้อที่อยู่ในระดับสูงแต่สร้างผลมีเพียงพอ

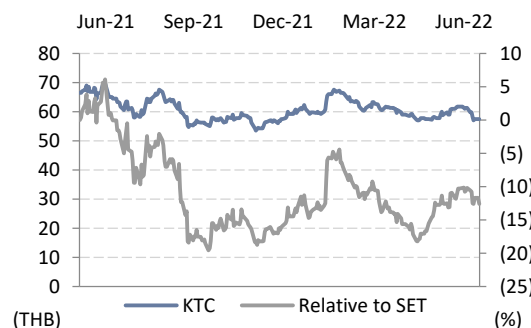
เราคิดว่าแนวโน้มเงินเฟ้อที่อยู่ในระดับสูงน่าจะอยู่ต่อเนื่องจนถึง 3Q22 สถานการณ์ดังกล่าวน่าจะบั่นทอนความสามารถในการชำระหนี้คืนของลูกค้าของ KTC ลูกค้าของบริษัทฯ ส่วนมากเป็นผู้มีรายได้รายได้น้อยถึงปานกลาง ซึ่งเราเห็นว่าในตลาดที่น่าจะได้รับผลกระทบในระดับปานกลางจากเงินเฟ้อที่อยู่ในระดับสูง เพราะฉะนั้นเราจึงคาดว่าคุณภาพสินทรัพย์น่าจะค่อย ๆ เสื่อมโทรมลงโดยคาดว่าหนี้ต่อคุณภาพจะเพิ่ม 7%/6%/10% y-y ในปี 2022-24 อย่างไรก็ตาม KTC ได้จัดสรรสำรองไว้เป็นจำนวนมากในปี 2020-21 ด้วยเหตุดังกล่าวเราจึงคาดว่าต้นทุนความเสี่ยงในการปล่อยสินเชื่อในปี 2022-24 จะยังอยู่ในระดับต่ำที่ 513/545/545 bps จาก 544 bps ในปี 2021

ปรับราคาเป้าหมายไปในปี 2023 ที่ 60 จาก 52 บาท

เราปรับลดประมาณการกำไรต่อหุ้นของเราในปี 2023-24 ลง 2%/3% เพื่อสะท้อนอัตราดอกเบี้ยที่อาจปรับขึ้นและเงินเฟ้อที่อยู่ในระดับสูง อย่างไรก็ตามผลกระทบเชิงลบดังกล่าวน่าจะมีจำกัดจากต้นทุนในการปล่อยสินเชื่อที่ลดลงจากสำรองที่มีอย่างเพียงพอ เราปรับการประเมินมูลค่าไปในปี 2023 และได้ราคาเป้าหมายใหม่ที่ 60 บาท เราปรับเพิ่มคำแนะนำ KTC เป็นถือเนื่องจากเราคิดว่าบริษัทฯ น่าจะได้รับผลกระทบจำกัดจากอัตราดอกเบี้ยที่คาดว่าจะปรับขึ้นและเงินเฟ้อที่อยู่ในระดับสูง นอกจากนี้เรายังคาดหวังว่าบริษัทฯ จะรายงานกระแสกำไรที่ดีขึ้นในไตรมาสถัด ๆ ไป

KEY STOCK DATA

YE Dec (THB m)	2021	2022E	2023E	2024E
Operating profit	7,627	8,787	9,436	10,530
Net profit	5,879	6,952	7,466	8,331
EPS (THB)	2.28	2.70	2.90	3.23
vs Consensus (%)	-	2.5	(1.1)	0.2
Core net profit	6,251	6,952	7,466	8,331
Core EPS (THB)	2.42	2.70	2.90	3.23
Chg. In EPS est. (%)	-	0.0	(1.9)	(3.2)
EPS growth (%)	17.2	11.2	7.4	11.6
Core P/E (x)	23.7	21.3	19.9	17.8
Dividend yield (%)	1.6	1.9	2.1	2.3
Price/book (x)	5.5	4.8	4.2	3.7
ROE (%)	25.2	24.1	22.5	22.0
ROA (%)	6.8	7.5	7.3	7.4



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(3.0)	(8.0)	(14.2)
Relative to country (%)	0.0	(2.2)	(12.7)
Mkt cap (USD m)	4,195		
3m avg. daily turnover (USD m)	10.1		
Free float (%)	21		
Major shareholder	Krung Thai Bank (49%)		
12m high/low (THB)	70.00/52.75		
Issued shares (m)	2,578		

Sources: Bloomberg consensus; FSSIA estimates



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PREPARED BY FSS INTERNATIONAL INVESTMENT ADVISORY SECURITIES CO LTD (FSSIA). ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES CAN BE FOUND AT THE END OF THIS REPORT

บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 22 มิถุนายน 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 THB16.4).

We slightly trim our EPS forecasts for 2023-24 by 2%/3% to reflect the potential rate hikes and high inflation. However, these negative impacts should be minimised by the lower credit cost due to its sufficient provisions. We roll forward our valuation to 2023 and derive a new TP of THB60. We upgrade KTC to HOLD as we think it should have a limited impact from the potential rate hikes and high inflation. Also, we expect it to deliver stronger earnings momentum in the coming quarters.

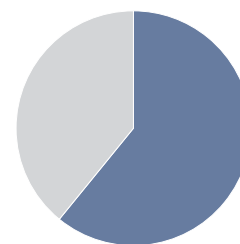
Company profile

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)

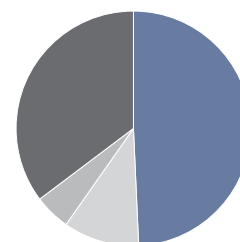
- Net interest income - 60.9 %
- Non-interest income - 39.1 %



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.

Risks to our call

Upside risks to our GGM-derived TP include: 1) stronger-than-expected cost of funds controlling; 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
21 July 2022	2Q22 results announcement

Key assumptions

Year to Dec	2022E	2023E	2024E
	(%)	(%)	(%)
Net profit (THB m)	6,952	7,466	8,331
Net profit growth	18.3	7.4	11.6
NIM	13.57	13.88	14.09
Loan growth	8.4	8.8	8.7
Fee growth	5.0	5.0	5.0
Non-NII growth*	4.2	4.2	4.6
Credit cost (bp)	513	545	545
Cost to income*	35.3	34.2	32.8

*Including share of profits from associates

Source: FSSIA estimates

Earnings sensitivity

Year to Dec	----- 2022E -----			
Loan growth	±2ppt	6.4	8.4	10.4
% change in net profit		(1.8)	-	1.8
NIM (%)	±5bp	13.52	13.57	13.62
% change in net profit		(0.5)	-	0.5
Credit cost (bps)	±10bp	503	513	523
% change in net profit		(1.1)	-	1.1

Source: FSSIA estimates

Expect a stronger performance in 2Q22

We expect KTC to report a mild recovery in its 2Q22 net profit at THB1,796b (+7% y-y, +3% q-q). We anticipate three improvements in 2Q22. First, we expect a rise in its NII following a slight increase in its NIM to 13.5% from 13.1% in 1Q22 and a rise in loan growth of 3% q-q, driven mainly by credit card lending following the resumption of business activity. 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 KTC has been able to control its asset quality effectively, with an expected minimal rise q-q in its non-performing loans (NPLs) – implying an NPL ratio of 3.5%. Thus, its credit cost should remain at a low level of 480 bps.

Exhibit 1: KTC – 2Q22E results preview

Year-end Dec 31	2Q21	1Q22	2Q22E	----- Change -----		1H22E	Change	% of	2022E	Change	Comments
	(THB m)	(THB m)	(THB m)	(y-y %)	(q-q %)	(THB m)	(y-y %)	22E	(THB m)	(y-y %)	
Net interest income	3,071	2,979	3,075	0	3	6,054	(1)	46	13,022	7	
Non-interest income	1,978	2,045	2,088	6	2	4,133	4	51	8,164	4	Increase in bad debt recovery and fee income
Operating income*	5,049	5,023	5,164	2	3	10,187	1	48	21,186	6	
Operating expenses	1,775	1,798	1,804	2	0	3,602	1	48	7,480	2	
PPOP before tax*	3,274	3,225	3,360	3	4	6,585	1	48	13,706	8	
Expected credit loss	1,144	1,045	1,091	(5)	4	2,137	(8)	43	4,919	(3)	
Income tax	428	436	454	6	4	890	6	51	1,757	20	
Minority interest	23	(3)	18	(20)	(738)	15			77		
Normalised profit	1,680	1,747	1,796	7	3	3,544	7	51	6,952	11	
Extraordinary items	0	0	0			0			0		
Net profit	1,680	1,747	1,796	7	3	3,544	7	51	6,952	18	
EPS (THB)	0.65	0.68	0.70	7	3	1.37	7	51	2.70	18	
Asset quality ratio	(%)	(%)	(%)						(%)		
NPLs (THB m)	3,879	3,205	3,269	(16)	2				3,549	7	
NPLs / Loans	4.36	3.58	3.54						3.56		
Loan loss reserve/NPLs	251	304	300						257		
Credit cost (bps)	522	460	480						513		
Profitability ratio	(%)	(%)	(%)						(%)		
Cost to income ratio	35.2	35.8	34.9						35.3		
Average yield	15.6	14.6	15.0						14.9		
Cost of fund	2.7	2.6	2.6						2.7		
Net interest margin (NIM)	14.0	13.1	13.5						13.6		
Non-int income/total income	39.2	40.7	40.4						38.5		
Loan growth	(%)	(%)	(%)						(%)		
y-y	7.2	3.8	3.8						8.4		
q-q	3.0	(2.6)	3.0								Driven by credit card lending

*Excluding share of profits from associates

Sources: KTC; FSSIA estimates

Minimal impact from potential rate hikes

At their recent meeting on 8 Jun-22, the MPC stated that the very accommodative monetary policy will be less required going forward and they are considering gradually increasing the policy rate at the appropriate time. The Bloomberg consensus expects at least one rate hike in 2022 and at least two more rate hikes in 2023.

We expect KTC to be the diversified financial company whose COF is least impacted by the potential rate hikes in Thailand. KTC normally issues long-term debentures, with a tenor of 5-10 years. Accordingly, when the policy rate increases, the company can tactically issue shorter duration debentures, e.g. 3-5 years, for certain periods. We believe its COF will increase at a lesser rate than its peers at 2.67%/2.75%/2.81% in 2022-24 from 2.48% in 2021.

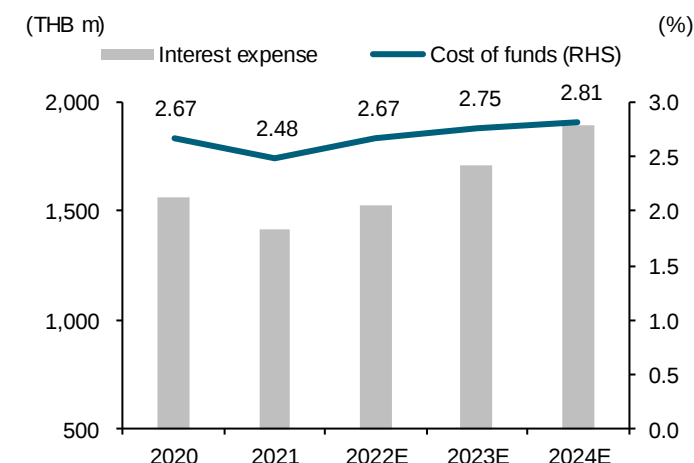
Exhibit 2: KTC's funding structure as of 1Q22

Source of funds	----- Debenture -----	
	(THB m)	(%)
Borrowing	4,080	8
- Short-term *	4,080	8
- Long-term	-	-
Debenture	46,287	92
- Short-term *	10,698	21
- Long-term	35,589	71

*Including current portion of long-term obligations

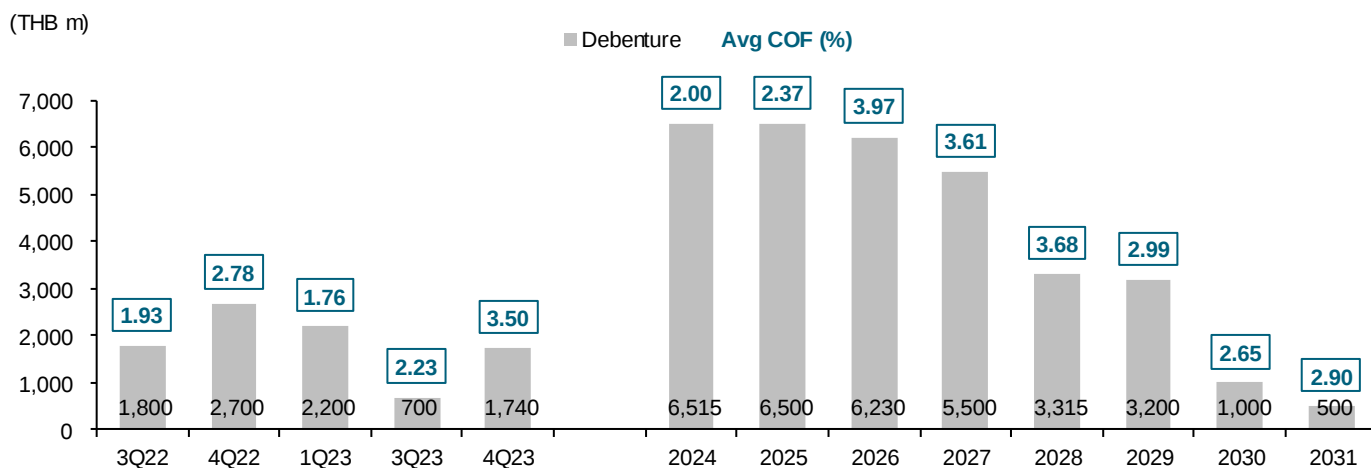
Sources: KTC; FSSIA estimates

Exhibit 3: KTC's cost of funds



Sources: KTC; FSSIA estimates

Exhibit 4: KTC's debentures as of 1Q22



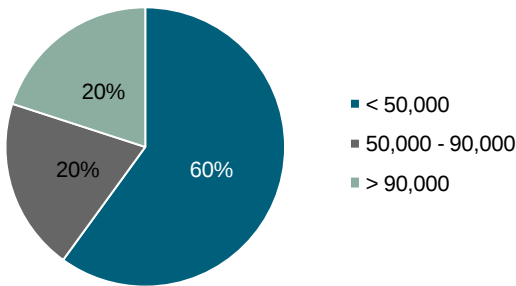
Sources: KTC; FSSIA estimates

Moderate impact from high inflation but sufficient provisions

Thailand’s headline inflation increased 7.1% y-y, a 13-year high, in May-22. The high inflation trend should persist until 3Q22, we think. This situation should reduce the debt repayment ability of KTC’s clients. Most of KTC’s clients are low to mid salary earners; the segment which should be moderately impacted by the high inflation, in our view. Accordingly, we expect that its asset quality should gradually deteriorate, with a projected increase in NPLs by 7%/6%/10% y-y in 2022-24.

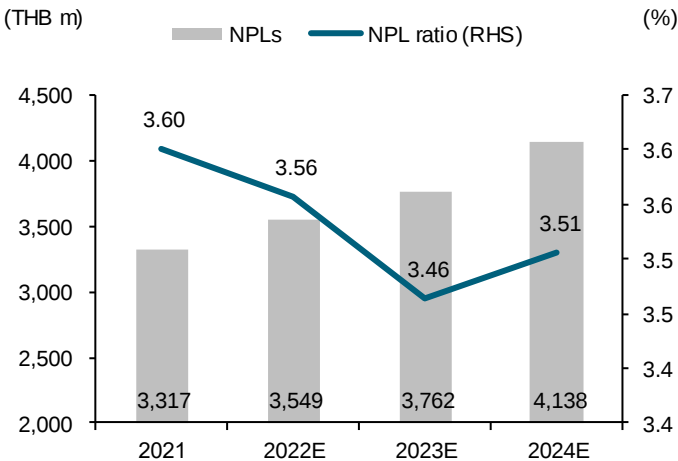
However, as KTC set provisions conservatively in 2020-21, we expect its credit cost in 2022-24 to remain at a low level of 513/545/545 bps from 544 bps in 2021.

Exhibit 5: Client profile by salary range (THB/month)



Sources: KTC; FSSIA estimates

Exhibit 6: NPLs and NPL ratio



Sources: KTC; FSSIA estimates

EPS and target price revisions

We maintain our 2022E EPS while fine-tuning some assumptions. We slightly trim our EPS forecasts for 2023-24 by 2%/3% to reflect the impact from the potential rate hikes and high inflation environment, which would result in higher COF and slower loan growth. These negative impacts, however, should be minimised by the lower expected credit loss due to its sufficient provisions. Details as below:

- 1) We increase our COF estimates for 2023-24 to 2.75%/2.81% from 2.65%/2.7% to reflect the potential rate hikes in Thailand;
- 2) We lower our 2023-24 loan growth assumptions to 8.8%/8.7% from 9.6%/10.2% as we think KTC will lend less aggressively due to the high inflation;
- 3) We decrease our 2023-24 credit cost assumptions to 545/545 bps from 583/582 bps due to the sufficient provisions from its conservative provisioning setup in 2020-21.

Exhibit 7: Changes in key assumptions

Year end - Dec	2021	2022E			2023E			2024E		
	Actual	Old	New	Change	Old	New	Change	Old	New	Change
	(THB m)	(THB m)	(THB m)	(%)	(THB m)	(THB m)	(%)	(THB m)	(THB m)	(%)
Net interest income	12,198	13,133	13,022	(0.8)	14,755	14,460	(2.0)	16,578	15,972	(3.7)
Non-interest income*	7,838	8,522	8,164	(4.2)	8,847	8,505	(3.9)	9,186	8,895	(3.2)
Operating income*	20,036	21,655	21,186	(2.2)	23,601	22,965	(2.7)	25,764	24,867	(3.5)
Operating expenses	7,326	7,480	7,480	0.0	7,849	7,849	0.0	8,160	8,160	0.0
PPOP before tax*	12,711	14,175	13,706	(3.3)	15,752	15,116	(4.0)	17,603	16,707	(5.1)
Expected credit loss	5,084	5,388	4,919	(8.7)	6,129	5,679	(7.3)	6,730	6,177	(8.2)
Tax expenses	1,467	1,757	1,757	0.0	1,925	1,887	(1.9)	2,175	2,106	(3.2)
Minority interest	(90)	77	77	0.0	85	83	(1.9)	96	93	(3.2)
Normalised profit	6,251	6,952	6,952	0.0	7,614	7,466	(1.9)	8,603	8,331	(3.2)
Extraordinary items	(372)	0	-		0	-		0.0	-	
Net profit	5,879	6,952	6,952	0.0	7,614	7,466	(1.9)	8,603	8,331	(3.2)
EPS (THB)	2.28	2.70	2.70	0.0	3.0	2.90	(1.9)	3.3	3.23	(3.2)
Asset quality ratio										
Gross NPLs (%)	3,317	3,516	3,549	0.9	3,692	3,762	1.9	4,061	4,138	1.9
Gross NPLs / Loans (%)	3.60	3.50	3.56		3.35	3.46		3.35	3.51	
Loan loss reserve/NPLs (%)	292	229	257		190	235		219	248	
Credit cost (bps)	544	560	513		583	545		582	545	
Profitability ratio										
Cost to income ratio* (%)	36.56	34.54	35.31		33.26	34.18		31.67	32.82	
Average yield (%)	14.49	14.94	14.92		15.17	15.11		15.05	15.01	
Cost of funds (%)	2.48	2.59	2.67		2.65	2.75		2.70	2.81	
Net interest margin (NIM) (%)	13.06	13.65	13.57		14.02	13.88		14.34	14.09	
% growth										
Loan growth (y-y %)	(2.80)	9.06	8.43		9.63	8.82		10.17	8.70	

*Including share of profits from associates

Sources: KTC; FSSIA estimates

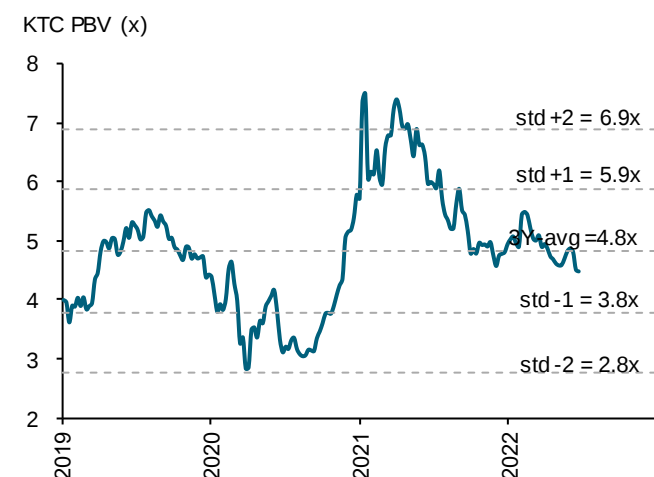
Although we minimally reduce our EPS forecasts, we roll forward to use 2023 BVPS. Accordingly, our 2023 TP increases to THB60 from our previous 2022 TP of THB52.

Exhibit 8: KTC – GGM-derived target price

Target price (THB)	60.0 (from 52.0)
Recommendation	HOLD (from REDUCE)
Risk-free rate (%)	3.0 (unchanged)
Market risk premium (%)	8.0 (unchanged)
Cost to equity (%)	9.3 (unchanged)
Terminal growth (%)	5.1 (unchanged)
ROE target (%)	23.2 (from 24.0)

Source: FSSIA estimates

Exhibit 9: KTC – one-year prospective P/BV



Sources: Bloomberg; FSSIA estimates

Exhibit 10: KTC – one-year prospective P/E



Sources: Bloomberg; FSSIA estimates

Exhibit 11: Key valuations of companies under our 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						20,871	16.2	21.0	22.2	17.9	16.2	16.8	3.2	2.8
Unsecured loan lenders						5,419	13.0	7.3	18.8	17.5	23.1	21.6	4.1	3.6
Aeon Thana Sinsap (Thailand)*	AEONTS TB	HOLD	173.00	188.00	9	1,224	19.0	7.0	10.2	9.6	19.8	18.5	1.9	1.7
Krungthai Card	KTC TB	HOLD	57.50	60.00	4	4,195	11.2	7.4	21.3	19.9	24.1	22.5	4.8	4.2
Auto-title lenders						7,054	11.6	22.6	16.8	13.7	18.3	19.5	2.8	2.5
Muangthai Capital	MTC TB	BUY	43.00	55.00	28	2,580	9.3	25.5	16.9	13.4	19.9	21.0	3.1	2.6
Srisawad Corp	SAWAD TB	BUY	48.75	68.00	39	1,894	10.0	20.5	13.2	11.0	19.3	21.1	2.4	2.2
Saksiam Leasing	SAK TB	BUY	7.75	12.00	55	460	38.5	25.9	19.3	15.3	16.2	18.1	3.0	2.6
Ngern Tid Lor	TIDLOR TB	BUY	30.00	43.00	43	2,120	10.1	20.3	19.3	16.1	15.9	16.5	2.8	2.5
Truck lenders						1,937	12.0	27.1	24.4	18.7	11.2	13.0	2.3	2.2
Micro Leasing	MICRO TB	BUY	5.90	10.70	81	156	45.1	26.8	20.3	16.0	13.2	15.0	2.6	2.3
Singer Thailand	SINGER TB	BUY	48.50	74.00	53	1,121	7.7	35.1	32.2	23.8	8.1	10.5	2.5	2.4
Ratchthani Leasing	THANI TB	BUY	4.12	4.80	17	660	11.5	13.6	12.2	10.8	15.9	16.7	1.9	1.7
Asset management						5,182	30.7	34.2	35.8	26.3	10.1	11.6	3.5	3.0
Bangkok Commercial AM	BAM TB	BUY	17.70	25.50	44	1,619	23.2	26.6	17.9	14.1	7.5	8.6	1.3	1.1
Chayo Group	CHAYO TB	BUY	11.60	16.60	43	350	96.6	(14.9)	25.9	30.5	15.5	8.9	3.2	2.4
JMT Network Services	JMT TB	BUY	74.75	80.00	7	3,086	28.3	43.1	45.2	31.6	11.0	13.6	4.6	4.0
Knight Club Capital AM	KCC TB	BUY	7.25	5.10	(30)	127	3.0	51.5	61.7	40.7	7.9	8.6	3.8	3.2
Other						1,135	4.1	8.5	7.3	6.7	8.0	8.2	0.6	0.5
Thanachart Capital	TCAP TB	HOLD	38.25	42.00	10	1,135	4.1	8.5	7.3	6.7	8.0	8.2	0.6	0.5
Hire purchase motorcycle						143	(9.5)	(4.0)	17.9	18.7	10.1	7.6	1.5	1.3
Next Capital	NCAP TB	HOLD	5.60	7.60	36	143	(9.5)	(4.0)	17.9	18.7	10.1	7.6	1.5	1.3

Share prices as of 21 Jun 2022; *22E fiscal year ending 28 Feb 2023, **Target prices of SINGER and KTC are for 2023, while the rest are 2022 target prices

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	14,545	16,173	17,862
Interest expense	(1,560)	(1,416)	(1,523)	(1,713)	(1,890)
Net interest income	12,742	12,198	13,022	14,460	15,972
Net fees & commission	4,616	4,293	4,508	4,733	4,970
Foreign exchange trading income	-	-	-	-	-
Securities trading income	-	-	-	-	-
Dividend income	1	11	11	11	11
Other income	3,533	3,534	3,646	3,761	3,914
Non interest income	8,150	7,838	8,164	8,505	8,895
Total income	20,892	20,036	21,186	22,965	24,867
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	13,706	15,116	16,707
Provision for bad and doubtful debt	(6,489)	(5,084)	(4,919)	(5,679)	(6,177)
Other provisions	-	-	-	-	-
Operating profit	6,880	7,627	8,787	9,436	10,530
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	9,436	10,530
Tax	(1,372)	(1,467)	(1,757)	(1,887)	(2,106)
Profit after tax	5,508	5,789	7,030	7,549	8,424
Minority interests	(175)	90	(77)	(83)	(93)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	5,333	5,879	6,952	7,466	8,331
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	5,333	6,251	6,952	7,466	8,331
Per share (THB)					
Recurring EPS *	2.07	2.42	2.70	2.90	3.23
Reported EPS	2.07	2.28	2.70	2.90	3.23
DPS	0.88	0.93	1.11	1.19	1.32
Growth					
Net interest income (%)	5.8	(4.3)	6.8	11.0	10.5
Non interest income (%)	(9.6)	(3.8)	4.2	4.2	4.6
Pre provision operating profit (%)	0.2	(4.9)	7.8	10.3	10.5
Operating profit (%)	(0.3)	10.9	15.2	7.4	11.6
Reported net profit (%)	(3.5)	10.2	18.3	7.4	11.6
Recurring EPS (%)	(3.5)	17.2	11.2	7.4	11.6
Reported EPS (%)	(3.5)	10.2	18.3	7.4	11.6
Income Breakdown					
Net interest income (%)	61.0	60.9	61.5	63.0	64.2
Net fees & commission (%)	22.1	21.4	21.3	20.6	20.0
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	-	-	-	-	-
Dividend income (%)	0.0	0.1	0.1	0.0	0.0
Other income (%)	16.9	17.6	17.2	16.4	15.7
Operating performance					
Gross interest yield (%)	15.84	14.57	15.16	15.52	15.76
Cost of funds (%)	2.67	2.48	2.67	2.75	2.81
Net interest spread (%)	13.17	12.09	12.49	12.77	12.95
Net interest margin (%)	14.1	13.1	13.6	13.9	14.1
Cost/income(%)	36.0	36.6	35.3	34.2	32.8
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	22.5	22.0
ROE - COE (%)	14.3	14.4	13.3	11.7	11.2
ROA (%)	6.2	6.8	7.5	7.3	7.4
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	99,807	108,614	118,062
Total provisions	(9,961)	(9,692)	(7,625)	(6,244)	(7,699)
interest in suspense	211	588	599	652	708
Net customer loans	84,947	82,943	92,781	103,022	111,072
Bank loans	-	-	-	-	-
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	73	83	0	0	0
Cash & equivalents	2,197	2,363	2,244	1,725	4,132
Other interesting assets	-	-	-	-	-
Tangible fixed assets	496	415	347	290	242
Associates	-	-	-	-	-
Goodwill	-	-	-	-	-
Other intangible assets	-	-	-	-	-
Other assets	3,881	3,666	3,768	3,842	4,142
Total assets	91,594	89,470	99,140	108,879	119,589
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	32,765	37,680
Total equity	22,799	26,836	30,938	35,343	40,259
Minority interests	1,313	248	253	258	263
Total liabilities & equity	91,594	89,471	99,140	108,879	119,589
Supplementary items					
Risk weighted assets (RWA)	n/a	n/a	n/a	n/a	n/a
Average interest earning assets	90,304	93,450	95,969	104,211	113,338
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	3,549	3,762	4,138
Per share (THB)					
Book value per share	8.84	10.41	12.00	13.71	15.61
Tangible book value per share	8.84	10.41	12.00	13.71	15.61
Growth					
Gross customer loans	10.3	(2.8)	8.4	8.8	8.7
Average interest earning assets	10.1	3.5	2.7	8.6	8.8
Total asset (%)	8.7	(2.3)	10.8	9.8	9.8
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	33.7
Tangible equity/assets (%)	24.9	30.0	31.2	32.5	33.7
RWA/assets (%)	-	-	-	-	-
Tier 1 CAR (%)	-	-	-	-	-
Total CAR (%)	-	-	-	-	-
Asset Quality					
Change in NPL (%)	75.6	107.6	7.0	6.0	10.0
NPL/gross loans (%)	1.7	3.6	3.6	3.5	3.5
Total provisions/gross loans (%)	10.5	10.5	7.6	5.3	6.5
Total provisions/NPL (%)	623.3	292.2	214.8	166.0	186.0
Valuation					
Recurring P/E (x) *	27.8	23.7	21.3	19.9	17.8
Recurring P/E @ target price (x) *	29.0	24.7	22.3	20.7	18.6
Reported P/E (x)	27.8	25.2	21.3	19.9	17.8
Dividend yield (%)	1.5	1.6	1.9	2.1	2.3
Price/book (x)	6.5	5.5	4.8	4.2	3.7
Price/tangible book (x)	6.5	5.5	4.8	4.2	3.7
Price/tangible book @ target price (x)	6.8	5.8	5.0	4.4	3.8

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Krungthai Card; FSSIA estimates

Corporate Governance report of Thai listed companies 2021

EXCELLENT LEVEL – Score range 90-100										
AAV	BCPG	CPALL	GCAP	K	MSC	PLANET	SAMART	SPI	THRE	TVD
ADVANC	BDMS	CPF	GFPT	KBANK	MST	PLAT	SAMTEL	SPRC	THREL	TVI
AF	BEM	CPI	GGC	KCE	MTC	PORT	SAT	SPVI	TIPCO	TVO
AH	BGC	CPN	GLAND	KKP	MVP	PPS	SC	SSSC	TISCO	TWPC
AIRA	BGRIM	CRC	GLOBAL	KSL	NCL	PR9	SCB	SST	TK	U
AKP	BIZ	CSS	GPI	KTB	NEP	PREB	SCC	STA	TKT	UAC
AKR	BKI	DDD	GPSC	KTC	NER	PRG	SCCC	STEC	TMT	UBIS
ALT	BOL	DELTA	GRAMMY	LALIN	NKI	PRM	SCG	STI	TNDT	UV
AMA	BPP	DEMCO	GULF	LANNA	NOBLE	PROUD	SCGP	SUN	TNITY	VGI
AMATA	BRR	DRT	GUNKUL	LH	NSI	PSH	SCM	SUSCO	TOA	VIH
AMATAV	BTS	DTAC	HANA	LHFG	NVD	PSL	SDC	SUTHA	TOP	WACOAL
ANAN	BTW	DUSIT	HARN	LIT	NWR	PTG	SEAFECO	SVI	TPBI	WAVE
AOT	BWG	EA	HMPRO	LPN	NYT	PTT	SEAOL	SYMC	TQM	WHA
AP	CENTEL	EASTW	ICC	MACO	OISHI	PTTEP	SE-ED	SYNTEC	TRC	WHAUP
ARIP	CFRESH	ECF	ICHI	MAJOR	OR	PTTGC	SELIC	TACC	TRU	WICE
ARROW	CHEWA	ECL	III	MAKRO	ORI	PYLON	SENA	TASCO	TRUE	WINNER
ASP	CHO	EE	ILINK	MALEE	OSP	Q-CON	SHR	TCAP	TSC	ZEN
AUCT	CIMBT	EGCO	ILM	MBK	OTO	QH	SIRI	TEAMG	TSR	
AWC	CK	EPG	INTUCH	MC	PAP	QTC	SIS	TFMAMA	TSTE	
AYUD	CKP	ETC	IP	MCOT	PCSGH	RATCH	SITHAI	TGH	TSTH	
BAFS	CM	FPI	IRPC	METCO	PDG	RS	SMK	THANA	TTA	
BANPU	CNT	FPT	ITEL	MFEC	PDJ	S	SMPC	THANI	TTB	
BAY	COM7	FSMART	IVL	MINT	PG	S & J	SNC	THCOM	TTCL	
BBL	COMAN	GBX	JSP	MONO	PHOL	SAAM	SONIC	THG	TTW	
BCP	COTTO	GC	JWD	MOONG	PLANB	SABINA	SPALI	THIP	TU	
VERY GOOD LEVEL – Score range 80-89										
2S	ASIMAR	CHOW	FLOYD	IT	LOXLEY	OCC	RPC	SKY	TCC	TVT
7UP	ASK	CI	FN	ITD	LRH	OGC	RT	SLP	TCMC	TWP
ABICO	ASN	CIG	FNS	J	LST	PATO	RWI	SMIT	TEAM	UEC
ABM	ATP30	CMC	FORTH	JAS	M	PB	S11	SMT	TFG	UMI
ACE	B	COLOR	FSS	JCK	MATCH	PICO	SA	SNP	TFI	UOBKH
ACG	BA	CPL	FTE	JCKH	MBAX	PIMO	SAK	SO	TIGER	UP
ADB	BAM	CPW	FVC	JMART	MEGA	PJW	SALEE	SORKON	TITLE	UPF
AEONTS	BC	CRD	GEL	JMT	META	PL	SAMCO	SPA	TKN	UPOIC
AGE	BCH	CSC	GENCO	KBS	MFC	PM	SANKO	SPC	TKS	UTP
AHC	BEC	CSP	GJS	KCAR	MGT	PMTA	SAPPE	SPCG	TM	VCOM
AIT	BEYOND	CWT	GYT	KEX	MICRO	PPP	SAWAD	SR	TMC	VL
ALL	BFIT	DCC	HEMP	KGI	MILL	PPPM	SCI	SRICHA	TMD	VPO
ALLA	BJC	DCON	HPT	KIAT	MTSIB	PRIME	SCN	SSC	TMI	VRANDA
ALUCON	BJCHI	DHOUSE	HTC	KISS	MK	PRIN	SCP	SSF	TMILL	WGE
AMANAH	BLA	DOD	HYDRO	KOOL	MODERN	PRINC	SE	STANLY	TNL	WIJK
AMARIN	BR	DOHOME	ICN	KTIS	MTI	PSG	SFLEX	STGT	TNP	WP
APCO	BROOK	DV8	IFS	KUMWEL	NBC	PSTC	SFP	STOWER	TOG	XO
APCS	CBG	EASON	IMH	KUN	NCAP	PT	SFT	STPI	TPA	XPG
APURE	CEN	EFORL	IND	KWC	NCH	QLT	SGF	SUC	TPAC	YUASA
AQUA	CGH	ERW	INET	KWM	NETBAY	RBF	SIAM	SWC	TPCS	
ASAP	CHARAN	ESSO	INSET	L&E	NEX	RCL	SINGER	SYNEX	TPS	
ASEFA	CHAYO	ESTAR	INSURE	LDC	NINE	RICHY	SKE	TAE	TRITN	
ASIA	CHG	ETE	IRC	LEO	NRF	RML	SKN	TAKUNI	TRT	
ASIAN	CHOTI	FE	IRCP	LHK	NTV	ROJNA	SKR	TBSP	TSE	
GOOD LEVEL – Score range 70-79										
A	BGT	CITY	GIFT	JTS	MDX	PK	SGP	SUPER	TQR	YGG
AI	BH	CMAN	GLOCON	JUBILE	MJD	PLE	SICT	SVOA	TTI	ZIGA
AIE	BIG	CMO	GREEN	KASET	MORE	PPM	SIMAT	TC	TYCN	
AJ	BLAND	CMR	GSC	KCM	MUD	PRAKIT	SISB	TCCC	UKEM	
ALPHAX	BM	CPT	GTB	KK	NC	PRAPAT	SK	THMUI	UMS	
AMC	BROCK	CRANE	HTECH	KKC	NDR	PRECHA	SMART	TNH	UNIQ	
APP	BSBM	CSR	HUMAN	KWI	NFC	PTL	SOLAR	TNR	UPA	
AQ	BSM	D	IHL	KYE	NNCL	RJH	SPACK	TOPP	UREKA	
ARIN	BTNC	EKH	IIG	LEE	NOVA	RP	SPG	TPCH	VIBHA	
AS	BYD	EMC	INGRS	LPH	NPK	RPH	SQ	TPIPL	W	
AU	CAZ	EP	INOX	MATI	NUSA	RSP	SSP	TPIPP	WIN	
B52	CCP	F&D	JAK	M-CHAI	PAF	SABUY	STARK	TPLAS	WORK	
BEAUTY	CGD	FMT	JR	MCS	PF	SF	STC	TPOLY	WPH	

Disclaimer:

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* 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

Sources: Thai Institute of Directors Association (IOD); FSSIA's compilation; data as of 26 October 2021

Anti-corruption Progress Indicator

CERTIFIED										
2S	BCH	CPALL	GC	K	MFC	PE	QLT	SNP	THCOM	TU
7UP	BCP	CPF	GCAP	KASET	MFEC	PG	QTC	SORKON	THIP	TVD
ADVANC	BCPG	CPI	GEL	KBANK	MILL	PHOL	RATCH	SPACK	THRE	TVI
AF	BE8	CPN	GFPT	KBS	MINT	PK	RML	SPALI	THREL	TVO
AI	BEYOND	CSC	GGC	KCAR	MONO	PL	RWI	SPC	TIDLOR	TWPC
AIE	BGC	DCC	GJS	KCE	MOONG	PLANB	S & J	SPI	TIPCO	U
AIRA	BGRIM	DELTA	GPI	KGI	MSC	PLANET	SAAM	SPRC	TISCO	UBE
AKP	BJCHI	DEMCO	GPSC	KKP	MST	PLAT	SABINA	SRICHA	TKS	UBIS
ALPHAX	BKI	DIMET	GSTEEL	KSL	MTC	PM	SAPPE	SSF	TKT	UEC
AMA	BLA	DRT	GUNKUL	KTB	MTI	PPP	SAT	SSP	TMD	UKEM
AMANAHA	BPP	DTAC	HANA	KTC	NBC	PPPM	SC	SSSC	TMILL	UOBKH
AMATA	BROOK	DUSIT	HARN	KWC	NEP	PPS	SCB	SST	TMT	UPF
AMATAV	BRR	EA	HEMP	KWI	NINE	PR9	SCC	STA	TNITY	UV
AP	BSBM	EASTW	HENG	L&E	NKI	PREB	SCCC	STOWER	TNL	VGI
APCS	BTS	ECL	HMPRO	LANNA	NMG	PRG	SCG	SUSCO	TNP	VIH
AQUA	BWG	EGCO	HTC	LH	NNCL	PRINC	SCN	SVI	TNR	WACOAL
ARROW	CEN	EP	ICC	LHFG	NOBLE	PRM	SEAOL	SYMC	TOG	WHA
AS	CENTEL	EPG	ICHI	LHK	NOK	PROS	SE-ED	SYNTEC	TOP	WHAUP
ASIAN	CFRESH	ERW	IFEC	LPN	NSI	PSH	SELIC	TAE	TOPP	WICE
ASK	CGH	ESTAR	IFS	LRH	NWR	PSL	SENA	TAKUNI	TPA	WIJK
ASP	CHEWA	ETE	ILINK	M	OCC	PSTC	SGP	TASCO	TPP	XO
AWC	CHOTI	FE	INET	MAKRO	OGC	PT	SINGER	TBSP	TRU	ZEN
AYUD	CHOW	FNS	INSURE	MALEE	ORI	PTG	SIRI	TCAP	TRUE	
B	CIG	FPI	INTUCH	MATCH	PAP	PTT	SITHAI	TCMC	TSC	
BAFS	CIMBT	FPT	IRC	MBAX	PATO	PTTEP	SKR	TFG	TSTE	
BAM	CM	FSMART	IRPC	MBK	PB	PTTGC	SMIT	TFI	TSTH	
BANPU	CMC	FSS	ITEL	MC	PCSGH	PYLON	SMK	TFMAMA	TTA	
BAY	COM7	FTE	IVL	MCOT	PDG	Q-CON	SMPC	TGH	TTB	
BBL	COTTO	GBX	JKN	META	PDJ	QH	SNC	THANI	TTCL	
DECLARED										
AJ	CHG	DDD	ETC	JR	MAJOR	NUSA	RS	SSS	TQM	YUASA
ALT	CPL	DHOUSE	FLOYD	JTS	NCAP	NYT	SAK	STECH	TSI	ZIGA
APCO	CPR	DOHOME	GULF	KEX	NCL	OR	SCGP	STGT	VARO	
B52	CPW	ECF	III	KUMWEL	NOVA	PIMO	SCM	TKN	VCOM	
BEC	CRC	EKH	INOX	LDC	NRF	PLE	SIS	TMI	VIBHA	

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 26 October 2021) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

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

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Yuvanart Suwanumphai FSS International Investment Advisory Securities Co., Ltd

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Company	Ticker	Price	Rating	Valuation & Risks
Krungthai Card	KTC TB	THB 57.50	HOLD	Upside risks to our GGM-derived TP include: 1) stronger-than-expected cost of funds controlling; and 2) better-than-expected bad debt recovery. Downside risks are: 1) regulatory actions to curb industry growth; and 2) deteriorating asset quality.
Aeon Thana Sinsap (Thailand)	AEONTS TB	THB 173.00	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 43.00	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 48.75	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.
Saksiam Leasing	SAK TB	THB 7.75	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 30.00	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 5.90	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 48.50	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 4.12	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 17.70	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 11.60	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 74.75	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.
Knight Club Capital Asset Management	KCC TB	THB 7.25	BUY	Downside risks to our GGM-based TP include 1) lower cash collection due to the slow economic recovery; and 2) lower-than-expected bad debt acquisition.
Thanachart Capital	TCAP TB	THB 38.25	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 5.60	HOLD	Downside risks to our GGM-derived TP include 1) an economic slowdown; 2) deteriorating asset quality; and 3) tighter competition from new players. Upside risks to our TP include 1) strong demand for motorcycles; and 2) a higher rate cap than our base-case assumption of 28% p.a.
Krung Thai Bank	KTB TB	THB 15.60	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 Finansia Syrus Securities Public Company Limited

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All share prices are as at market close on 21-Jun-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.