

# AEON THANA SINSAP (THAILAND)

## THAILAND / FINANCE & SECURITIES

## AEONTS TB

# HOLD

UNCHANGED

TARGET PRICE	THB169.00
CLOSE	THB160.00
UP/DOWNSIDE	+5.6%
PRIOR TP	THB169.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	-5.0%

## Accelerated cleanup of balance sheet

- We expect AEONTS to post a q-q and y-y drop in 3QFY23 profit.
- We have a negative view of its credit card and personal loan segments regarding poor asset quality and regulation changes.
- We reiterate our HOLD call at the current price regarding headwinds continuing throughout FY24E.

### 3QFY23E profit to decline; no gains on NPLs sold

We expect a 3QFY23 net profit of THB727m, dropping by 13.6% q-q and 34.1% y-y. Meanwhile, 3QFY23 PPOP should decrease by 4.4% q-q and 12.3% y-y to THB2.9b, mainly dragged by a reduction in gains on sales of written-off account receivables, of which we predict none in this quarter compared to THB167m in 2QFY23. Net interest income should be relatively stable q-q but decrease by 2.8% y-y due mainly to projected sluggish q-q loan growth, which we expect to decrease by 1.4% y-y. 3QFY23 interest spread should be flat q-q at 16.84% despite a rising cost of funds estimated at 19bp to 3.71% (9MFY23E is 3.39%). The increasing yields, mainly from the personal loan and credit card segments (lower credit base calculated), should help offset the impact. 9MFY23 net profit should increase to THB2.19b, dropping by 30.0% y-y and accounting for 70% of our full-year forecast.

### Asset quality continued deteriorating; high credit costs imminent

We project the 3QFY23 NPL ratio to finish at 6.34%, rising from 6.19% in 2QFY23 despite AEONTS aggressively writing off personal loans before the Bank of Thailand (BoT)'s debt assistance measures expired at end-2023. 3QFY23 credit cost should increase slightly to 8.36% from 8.31% in 2QFY23 to tackle the proactive debt write-offs, bringing down the expected coverage ratio to 168% from 174% in 2QFY23.

### 4QFY23E profit to bounce back during spending season

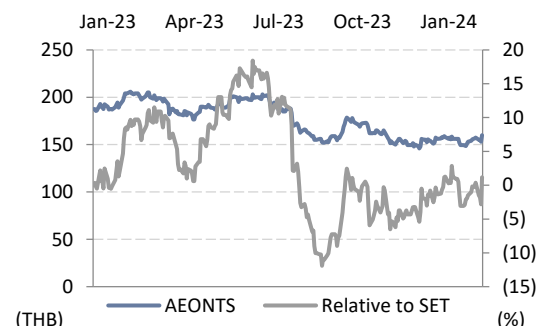
Typically, 4Q is the high season for spending. This, combined with the government's easy e-receipt measure from 1 Jan to 15 Feb 2024 – an electronic tax invoice can be submitted to gain a limited tax rebate – which should stimulate domestic consumption, should bode well for AEONTS' net profit in 4QFY23. We retain our FY23 net profit forecast of THB3.11b, the lowest in the past six years, decreasing by 18.4% y-y, mainly dragged by rising interest expenses and credit costs.

### Unjustified risk-reward returns at current price

We reiterate our HOLD call at the current price regarding headwinds continuing throughout FY24E in terms of limited business growth to protect its asset quality and stricter credit card business regulations. Our FY24 GGM-based TP of THB169 implies a P/BV of 1.60x.

## KEY STOCK DATA

YE Feb (THB m)	2022	2023E	2024E	2025E
Operating profit	4,950	4,022	4,338	4,618
Net profit	3,815	3,113	3,360	3,578
EPS (THB)	15.26	12.45	13.44	14.31
vs Consensus (%)	-	(0.8)	(6.6)	(0.6)
Recurring net profit	3,815	3,113	3,360	3,578
Core EPS (THB)	15.26	12.45	13.44	14.31
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	7.4	(18.4)	7.9	6.5
Core P/E (x)	10.5	12.8	11.9	11.2
Dividend yield (%)	3.4	3.4	3.9	4.4
Price/book (x)	1.8	1.6	1.5	1.4
ROE (%)	17.9	13.1	13.2	13.1
ROA (%)	4.3	3.3	3.4	3.4



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	1.6	(3.0)	(11.4)
Relative to country (%)	0.6	1.5	3.1
Mkt cap (USD m)	1,172		
3m avg. daily turnover (USD m)	0.6		
Free float (%)	41		
Major shareholder	AEON Financial Service Co Ltd (32%)		
12m high/low (THB)	208.00/145.00		
Issued shares (m)	250		

Sources: Bloomberg consensus; FSSIA estimates



Usanee Liurut, CISA

Fundamental Investment Analyst on Capital Market; License no. 017928  
 usanee.l@fssia.com, +66 2646 9967

Maeta Cherdasatirakul

Research Assistant  
 maeta.c@fssia.com, +66 2646 9971

The Chairman Of The Board of  
 Finansia Syrus Securities PCL  
 is also AEONTS's Director

## Investment thesis

We have a negative view on AEONTS' businesses and reiterate our HOLD call at the current price due to:

- 1) Credit card and personal loan segments should continue to have headwinds in FY24.
- 2) We expect the FY23 NPL ratio to accelerate to 6.50%. We also project FY23 credit cost to remain at a high level of 8.10%. We are concerned about the BoT's regulation changes that will lift the minimum payment for credit cards to 8% in 2024 and 10% in 2025.
- 3) We expect FY24-25 net profit to grow by just 7.2% p.a. CAGR.

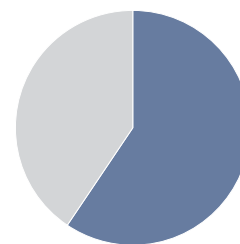
## Company profile

AEONTS' main business activity is providing a variety of retail finance services, including credit cards, personal loans, hire purchase, a life-insurance broker business, non-life insurance broker business, debt collection and others. As of 28 Feb 2023, AEONTS has a total of 104 branches, of which 31 branches are in Bangkok and the vicinity, while the remaining are distributed nationwide. As of 31 Aug 2023, the company has 3.33m ready-to-use credit cards and 6.61m membership cards for personal loans.

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

## Principal activities (revenue, 2022)

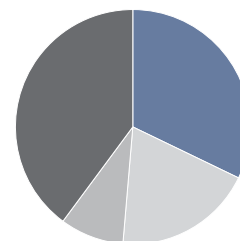
- Net interest income - 59.4 %
- Non-interest income - 40.6 %



Source: Aeon Thana Sinsap (Thailand)

## Major shareholders

- AEON Financial Service Co Ltd - 32.2 %
- ACS Capital Corp Co Ltd - 19.2 %
- Aeon Holding Thailand Co Ltd - 8.8 %
- Others - 39.9 %



Source: Aeon Thana Sinsap (Thailand)

## Catalysts

- 1) Better-than-expected loan growth.
- 2) Better-than-expected spread.
- 3) Lower-than-expected NPLs and credit cost.
- 4) Lower-than-expected operating expenses

## Risks to our call

Downside risks are: 1) regulatory actions to curb industry growth; 2) a higher-than-expected policy rate; and 3) deteriorating asset quality. Upside risks are: 1) better-than-estimated economic improvement; 2) stronger-than-estimated improvement in the overall asset quality; and 3) less pressure from the market yield and cost of funds.

## Event calendar

Date	Event
11 Jan 2024	3QFY23 results announcement

## Key assumptions

	2023E	2024E	2025E
	(%)	(%)	(%)
Loan growth	4.50	6.20	6.15
Interest spread	16.73	16.73	16.78
Net fee income growth	1.00	3.00	3.00
Cost to income	36.82	36.82	36.81
Credit cost (bp)	810	790	780
NPL ratio	6.50	5.50	5.00
ROE	13.14	13.20	13.13
ROA	3.22	3.30	3.28

Source: FSSIA estimates

## Earnings sensitivity

			2024E	
Loan growth (%)	±2ppt	4.20	6.20	8.20
% change in net profit		(2.4)		2.4
Spread (%)	±10bp	16.63	16.73	16.83
% change in net profit		(1.6)		1.6
Credit cost (bp)	±10bp	780	790	800
% change in net profit		+2.5		(2.5)

Source: FSSIA estimates

### 3QFY23 profit expected to decline and bounce back in 4QFY23

We expect a 3QFY23 net profit of THB727m, dropping by 13.6% q-q and 34.1% y-y. Meanwhile, 3QFY23 PPOP should decrease by 4.4% q-q and 12.3% y-y to THB2.9b, mainly dragged by a reduction in gains on sales of written-off account receivables, of which we predict none in this quarter compared to THB167m in 2QFY23. Net interest income should be relatively stable q-q but decrease by 2.8% y-y due mainly to projected sluggish q-q loan growth, which we expect to decrease by 1.4% y-y. We also expect credit card and personal loans to post a relatively stable q-q and slight y-y decrease, respectively. Critical pressures are from its continued policy of proactively writing off bad debts in these segments before the BoT's debt assistance measures expired at end-2023.

In contrast, we project hire-purchase receivables to have solid q-q and y-y growth, supported by its overseas motorcycle hire-purchase loans, particularly Cambodia, with an outstanding value of cTHB3b (50% of total hire-purchase receivables).

For the interest spread, we project it to be flat q-q at 16.84% despite a rising cost of funds estimated at 19bp to 3.71% (9MFY23E is 3.39%). The increasing yields, mainly from the personal loan and credit card segments (lower credit base calculated), should help offset the impact. We also expect the cost-to-income ratio to be at 36.98%, still below 37% regarding its FY23 guidance. 9MFY23 net profit should increase to THB2.19b, dropping by 30.0% y-y and accounting for 70% of our full-year forecast. Typically, 4Q is the high season for spending, which should bode well for AEONTS' net profit in 4QFY23.

#### Exhibit 1: AEONTS – quarterly loan breakdown, 1QFY22-3QFY23E

	1QFY22 (THB m)	2QFY22 (THB m)	3QFY22 (THB m)	4QFY22 (THB m)	1QFY23 (THB m)	2QFY23 (THB m)	3QFY23E (THB m)
<b>Hire purchase receivables</b>	<b>5,641</b>	<b>5,495</b>	<b>5,645</b>	<b>5,511</b>	<b>5,712</b>	<b>6,009</b>	<b>6,263</b>
%q-q	-4.3%	-2.6%	2.7%	-2.4%	3.6%	5.2%	4.2%
%y-y	-8.0%	-7.6%	-6.9%	-6.5%	1.3%	9.4%	11.0%
%YTD	-4.3%	-6.7%	-4.2%	-6.5%	3.6%	9.0%	13.7%
<b>Personal loans</b>	<b>46,194</b>	<b>46,218</b>	<b>45,982</b>	<b>44,878</b>	<b>44,361</b>	<b>43,999</b>	<b>43,400</b>
%q-q	1.1%	0.1%	-0.5%	-2.4%	-1.2%	-0.8%	-1.4%
%y-y	3.0%	2.8%	0.8%	-1.8%	-4.0%	-4.8%	-5.6%
%YTD	1.1%	1.1%	0.6%	-1.8%	-1.2%	-2.0%	-3.3%
<b>Credit card receivables</b>	<b>40,807</b>	<b>42,181</b>	<b>43,399</b>	<b>43,474</b>	<b>43,649</b>	<b>43,879</b>	<b>44,000</b>
%q-q	3.8%	3.4%	2.9%	0.2%	0.4%	0.5%	0.3%
%y-y	14.7%	16.9%	14.9%	10.6%	7.0%	4.0%	1.4%
%YTD	3.8%	7.3%	10.4%	10.6%	0.4%	0.9%	1.2%
<b>Net loans</b>	<b>92,641</b>	<b>93,894</b>	<b>95,026</b>	<b>93,864</b>	<b>93,721</b>	<b>93,886</b>	<b>93,663</b>
%q-q	1.9%	1.4%	1.2%	-1.2%	-0.2%	0.2%	-0.2%
%y-y	7.0%	7.9%	6.2%	3.2%	1.2%	0.0%	-1.4%
%YTD	1.9%	3.3%	4.5%	3.2%	-0.2%	0.0%	-0.2%

Sources: AEONTS; FSSIA estimates

## Exhibit 2: AEONTS – 3QFY23E earnings preview

AEONTS	2Q22/23	3Q22/23	4Q22/23	1Q23/24	2Q23/24	3Q23/24E	---- Change ----		9M23/24E	Change	% of	2023/24E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(y-y%)	23E	(THB m)	(%)
Interest income	4,761	4,803	4,786	4,726	4,770	4,818	1.0	0.3	14,313	0.3	74	19,338	1.48
Interest expense	469	476	523	527	574	610	6.2	28.3	1,711	23.9	75	2,269	19.20
Net interest income	4,292	4,328	4,263	4,199	4,196	4,208	0.3	(2.8)	12,602	(2.2)	74	17,068	(0.48)
Non-interest income	715	1,016	766	734	907	752	(17.0)	(26.0)	2,392	(4.7)	74	3,230	(1.43)
Operating income	5,007	5,344	5,029	4,932	5,102	4,960	(2.8)	(7.2)	14,994	(2.6)	74	20,298	(0.63)
Operating expenses	1,986	2,039	2,155	2,033	2,071	2,061	(0.5)	1.1	6,166	1.8	74	8,310	2.38
PPOP	3,021	3,305	2,874	2,899	3,031	2,899	(4.4)	(12.3)	8,828	(5.5)	74	11,988	(2.62)
Expected credit loss	1,851	1,884	1,964	2,094	1,949	1,960	0.6	4.0	6,003	13.3	75	7,951	9.48
Profit before tax	1,170	1,421	909	805	1,082	939	(13.3)	(33.9)	2,826	(30.1)	70	4,022	(18.74)
Income tax expense	239	286	181	161	218	190	(13.2)	(33.6)	569	(30.2)	70	809	(18.74)
Net profit	904	1,104	693	617	842	727	(13.6)	(34.1)	2,186	(30.0)	70	3,113	(18.41)
EPS (THB)	3.61	4.42	2.77	2.47	3.37	2.91	(13.6)	(34.1)	8.75	(30.0)	70	12.45	(18.41)
Key balance sheet highlights													
NPL	5,149	5,340	5,340	5,541	5,810	5,950	2.4	11.4	5,950	11.43		6,381	19.48
Loan - gross	93,894	95,026	93,864	93,721	93,886	93,663	(0.2)	(1.4)	93,663	(1.43)		98,163	4.50
Interest bearing debt	69,558	68,556	67,057	64,701	65,621	65,956	0.5	(3.8)	65,956	(3.79)		68,087	1.54
Leverage ratio		(x)	(x)	(x)	(x)	(x)			(x)			(x)	
IBD/E (x)	3.23	3.15	2.94	2.77	2.78	2.78			2.78			2.77	
D/E (x)	3.41	3.39	3.15	3.02	2.99	2.98			2.98			2.98	
Asset quality ratio		(%)	(%)	(%)	(%)	(%)			(%)			(%)	
Gross NPLs (THB m)	5,149	5,340	5,340	5,541	5,810	5,950	2.4	11.4	5,950	11.4		6,381	19.48
NPL ratio	5.48	5.61	5.69	5.91	6.19	6.34			6.34			6.50	0.81
Coverage ratio	207	196	190	184	174	168			168			165	(25.07)
Credit cost	7.94	7.98	8.32	8.93	8.31	8.36			8.48			8.10	0.37
LLR/TL	11.35	11.01	10.78	10.87	10.73	10.49			10.49			10.69	
Profitability ratios		(%)	(%)	(%)	(%)	(%)			(%)			(%)	
Cost-to-income ratio	36.25	35.04	37.10	37.16	36.46	36.98			36.87			36.82	0.47
Yield on loans	20.42	20.34	20.27	20.15	20.34	20.55			20.23			20.13	(0.47)
Cost of funds	2.74	2.75	3.09	3.20	3.52	3.71			3.39			3.40	0.51
Spreads	17.68	17.59	17.18	16.95	16.82	16.84			16.84			16.73	(0.98)
Net interest margin	18.41	18.33	18.05	17.91	17.89	17.95			17.81			17.77	(0.78)
ROE	16.88	20.40	12.44	10.70	14.34	12.28			12.82			13.14	
ROA	3.83	4.61	2.90	2.61	3.56	3.06			3.05			3.22	
Loan growth		(%)	(%)	(%)	(%)	(%)			(%)			(%)	
Loan growth q-q		1.21	(1.22)	(0.15)	0.18	(0.24)							
y-y		6.24	3.25	1.17	(0.01)	(1.43)			(1.43)			4.50	
YTD		4.53	3.25	(0.15)	0.02	(0.21)			(0.21)				

Sources: AEONTS; FSSIA estimates

### Asset quality continued deteriorating; high credit costs imminent

We project the 3QFY23 NPL ratio to finish at 6.34%, rising from 6.19% in 2QFY23 despite AEONTS aggressively writing off personal loans before the BoT's debt assistance measures expired at end-2023. We are still concerned about the rising stage 2 loans during 1HFY23 amid the fragile economic recovery, which is another reason NPLs accelerated in this quarter. 3QFY23 credit cost should increase slightly to 8.36% from 8.31% in 2QFY23 to tackle the proactive debt write-offs, bringing down the expected coverage ratio to 168% from 174% in 2QFY23.

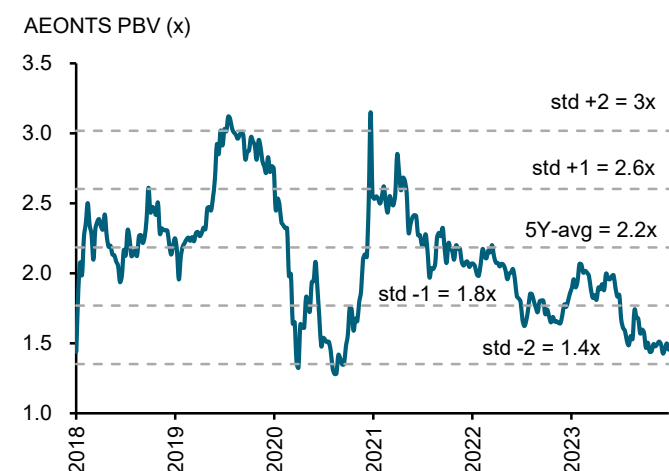
We expect the FY23 NPL ratio to accelerate to 6.50% then decline to 5.50% and 5.00% in FY24-25, respectively. Meanwhile, we expect bad debt recovery to be at THB1.75b-1.80b per year during FY23-25. We also project FY23 credit cost to remain at a high level of 8.10%, then slightly decline to 7.90% and 7.80% in FY24-25, respectively, likely impacted by the BoT's regulation change to lift the minimum payment for credit cards to 8% in 2024 and 10% in 2025, from 5% at present. AEONTS clarified that 1) c10% of total credit card customers normally pay at the full amount, while the rest pay at an average of 8-9% (more than 50% pay above the 5% minimum) of credit outstanding; and 2) a credit card loan exposure of cTHB200m would slip to stage 3 once the 3% additional payment is implemented. However, the company has already set aside ECL of the same amount in its management overlay portion. Hence, there would be no need to set up extra ECL over this issue.

### Exhibit 3: Staged loans and ECL

	FY20 (THB m)	FY21 (THB m)	FY22 (THB m)	1HFY23 (THB m)	FY20 (%)	FY21 (%)	FY22 (%)	1HFY23 (%)
<b>Staged loans</b>	<b>% Staged loans</b>							
Stage 1	79,447	82,899	85,032	85,422	90.9	91.1	90.5	89.7
Stage 2	2,944	3,702	3,565	3,900	3.4	4.1	3.8	4.1
Stage 3	5,042	4,427	5,340	5,950	5.8	4.9	5.7	6.2
<b>Total</b>	<b>87,433</b>	<b>91,028</b>	<b>93,937</b>	<b>95,272</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Expect credit loss (ECL)</b>	<b>% ECL to staged loans</b>							
Stage 1	5,969	5,564	4,398	4,041	7.5	6.7	5.2	4.7
Stage 2	1,579	1,917	1,658	1,684	53.6	51.8	46.5	43.2
Stage 3	4,045	3,470	4,069	4,361	80.2	78.4	76.2	73.3
<b>Total</b>	<b>11,593</b>	<b>10,951</b>	<b>10,125</b>	<b>10,086</b>	<b>13.3</b>	<b>12.0</b>	<b>10.8</b>	<b>10.6</b>
<b>LLR / Loans</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>				
Stage 1	7.51	6.71	5.17	4.73				
Stage 2	53.63	51.80	46.51	43.17				
Stage 3	80.23	78.38	76.20	73.30				
<b>Total</b>	<b>13.26</b>	<b>12.03</b>	<b>10.78</b>	<b>10.59</b>				
	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>				
NPL / TL	5.77	4.86	5.69	6.25				
LLR / NPL	230	247	190	170				
NPLs + stage 2 loans/ total loans	9.13	8.93	9.48	10.34				
LLR/(NPLs + stage 2 loans)	145	135	114	102				

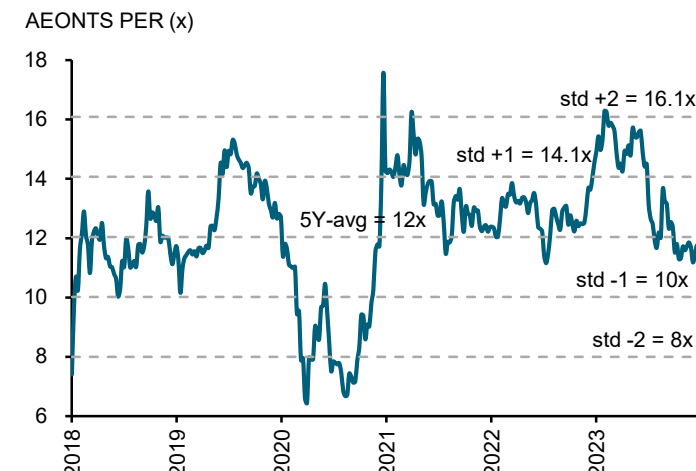
Sources: AEONTS; FSSIA's compilation

## Exhibit 4: AEONTS – one-year prospective P/BV band



Sources: Bloomberg; FSSIA estimates

## Exhibit 5: AEONTS – one-year prospective PER band



Sources: Bloomberg; FSSIA estimates

## Exhibit 6: GGM-based 2024 TP

Gordon growth model	
Sustainable ROE	13.5%
g	3.0%
ROE-g	10.50%
Beta	1.09
Risk free rate	3.0%
Risk premium	6.0%
COE	9.55%
COE-g	6.55%
<b>ROE-g/COE-g</b>	<b>1.60</b>

Source: FSSIA estimates

## Exhibit 7: Share price performance of non-banks under our coverage, as of 28 December 2023

	Price performance			
	1M	3M	6M	1Y
	(%)	(%)	(%)	(%)
AEONTS TB	1.92	1.27	(15.20)	(12.64)
KTC TB	(4.32)	1.14	(10.61)	(25.00)
MTC TB	3.43	26.57	15.29	19.08
SAWAD TB	(7.34)	(4.65)	(13.23)	(15.90)
TIDLOR TB	1.33	10.10	(0.87)	(12.67)
JMT TB	(0.94)	(44.74)	(30.00)	(61.96)
BAM TB	0.00	(19.42)	(22.43)	(47.47)
SETFIN	(1.72)	(5.78)	(7.77)	(28.70)
SET	2.92	(2.94)	(3.47)	(14.02)

Sources: Bloomberg; FSSIA's compilation

## Exhibit 8: Peer comparisons, as of 28 December 2023

Company name	code	Rec	Share price	Target price	Up side	Market Cap.	PE		PBV		ROE		Div yld	
							23E	24E	23E	24E	23E	24E	23E	24E
			(LCY)	(LCY)	(%)	(USD m)	(x)	(x)	(x)	(x)	(%)	(%)	(x)	(x)
Aeon Thana Sinsap (Thailand)	AEONTS TB	HOLD	160.00	169.00	6	1,172	12.8	11.9	1.6	1.5	13.1	13.2	3.4	3.9
Krungthai Card	KTC TB	HOLD	43.50	49.00	13	3,286	15.4	14.2	3.1	2.8	21.7	20.7	2.5	2.6
Muangthai Capital	MTC TB	BUY	45.00	44.00	(2)	2,795	20.0	15.6	3.0	2.6	15.6	17.7	0.8	1.0
Srisawad Corp	SAWAD TB	BUY	40.50	54.00	33	1,629	10.4	8.8	1.9	1.7	19.7	20.7	4.4	4.9
Ngern Tid Lor	TIDLOR TB	BUY	22.50	28.00	24	1,852	16.6	13.7	2.2	2.0	14.2	15.2	1.2	1.5
<b>Average</b>			<b>160.00</b>	<b>169.00</b>	<b>6</b>	<b>1,172</b>	<b>12.8</b>	<b>11.9</b>	<b>1.6</b>	<b>1.5</b>	<b>13.1</b>	<b>13.2</b>	<b>3.4</b>	<b>3.9</b>

Sources: Bloomberg; FSSIA estimates

## Financial Statements

### Aeon Thana Sinsap (Thailand)

Profit and Loss (THB m) Year Ending Feb	2021	2022	2023E	2024E	2025E
Interest Income	17,903	19,055	19,338	20,519	21,911
Interest expense	(1,745)	(1,904)	(2,269)	(2,480)	(2,709)
Net interest income	16,158	17,151	17,068	18,039	19,203
Net fees & commission	2,635	3,015	2,966	3,048	3,081
Foreign exchange trading income	-	-	-	-	-
Securities trading income	-	-	-	-	-
Dividend income	-	-	-	-	-
Other income	254	261	264	267	269
Non interest income	2,888	3,277	3,230	3,314	3,350
Total income	19,047	20,428	20,298	21,353	22,553
Staff costs	(7,671)	(7,962)	(8,124)	(8,580)	(9,094)
Other operating costs	(172)	(253)	(200)	(200)	(209)
Operating costs	(7,844)	(8,215)	(8,325)	(8,780)	(9,304)
Pre provision operating profit	11,203	12,213	11,973	12,574	13,249
Expected credit loss	(6,629)	(7,263)	(7,951)	(8,236)	(8,631)
Other provisions	-	-	-	-	-
Operating profit	4,574	4,950	4,022	4,338	4,618
Recurring non operating income	0	0	0	0	0
Associates	-	-	-	-	-
Goodwill amortization	-	-	-	-	-
Non recurring items	0	0	0	0	0
Profit before tax	4,574	4,950	4,022	4,338	4,618
Tax	(1,000)	(996)	(809)	(873)	(929)
Profit after tax	3,574	3,954	3,213	3,465	3,689
Non-controlling interest	(21)	(139)	(100)	(105)	(110)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	3,553	3,815	3,113	3,360	3,578
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	3,553	3,815	3,113	3,360	3,578
<b>Per share (THB)</b>					
Recurring EPS *	14.21	15.26	12.45	13.44	14.31
Reported EPS	14.21	15.26	12.45	13.44	14.31
DPS	5.15	5.50	5.50	6.25	7.00
<b>Growth</b>					
Net interest income (%)	(2.0)	6.1	(0.5)	5.7	6.5
Non interest income (%)	6.4	13.4	(1.4)	2.6	1.1
Pre provision operating profit (%)	2.9	9.0	(2.0)	5.0	5.4
Operating profit (%)	(2.1)	8.2	(18.7)	7.9	6.4
Reported net profit (%)	(4.4)	7.4	(18.4)	7.9	6.5
Recurring EPS (%)	(4.4)	7.4	(18.4)	7.9	6.5
Reported EPS (%)	(4.4)	7.4	(18.4)	7.9	6.5
<b>Income Breakdown</b>					
Net interest income (%)	84.8	84.0	84.1	84.5	85.1
Net fees & commission (%)	13.8	14.8	14.6	14.3	13.7
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	-	-	-	-	-
Dividend income (%)	-	-	-	-	-
Other income (%)	1.3	1.3	1.3	1.2	1.2
<b>Operating performance</b>					
Gross interest yield (%)	-	-	-	-	-
Cost of funds (%)	-	-	-	-	-
Net interest spread (%)	0.00	0.00	0.00	0.00	0.00
Net interest margin (%)	-	-	-	-	-
Cost/income(%)	41.2	40.2	41.0	41.1	41.3
Cost/assets(%)	8.8	8.8	8.6	8.6	8.5
Effective tax rate (%)	20.2	20.5	20.0	20.0	20.0
Dividend payout on recurring profit (%)	36.2	36.0	44.2	46.5	48.9
ROE (%)	19.2	17.9	13.1	13.2	13.1
ROE - COE (%)	9.7	8.3	3.6	3.7	3.6
ROA (%)	4.0	4.3	3.3	3.4	3.4
RORWA (%)	-	-	-	-	-

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

Sources: Aeon Thana Sinsap (Thailand); FSSIA estimates



## Financial Statements

Aeon Thana Sinsap (Thailand)

Balance Sheet (THB m) Year Ending Feb	2021	2022	2023E	2024E	2025E
Gross customer loans	91,555	94,462	98,904	105,059	111,516
Allowance for expected credit loss	(10,951)	(10,125)	(10,498)	(9,595)	(9,320)
interest in suspense	(644)	(598)	(810)	(881)	(925)
<b>Net customer loans</b>	<b>79,959</b>	<b>83,739</b>	<b>87,597</b>	<b>94,583</b>	<b>101,271</b>
Bank loans	44	218	173	208	249
Government securities	0	0	0	0	0
Trading securities	-	-	-	-	-
Investment securities	-	-	-	-	-
Cash & equivalents	4,236	3,816	3,029	3,146	3,008
Other interesting assets	117	73	73	73	73
Tangible fixed assets	-	-	-	-	-
Associates	0	0	0	0	0
Goodwill	-	-	-	-	-
Other intangible assets	1,531	1,816	1,539	1,392	1,275
Other assets	4,438	5,400	5,934	6,208	6,526
<b>Total assets</b>	<b>90,469</b>	<b>95,207</b>	<b>98,344</b>	<b>105,610</b>	<b>112,402</b>
Customer deposits	-	-	-	-	-
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	66,127	67,057	68,087	73,306	78,002
Non interest bearing liabilities	4,078	4,802	5,128	5,319	5,522
Hybrid Capital	-	-	-	-	-
<b>Total liabilities</b>	<b>70,205</b>	<b>71,859</b>	<b>73,215</b>	<b>78,625</b>	<b>83,525</b>
Share capital	-	-	-	-	-
Reserves	19,161	22,093	23,822	25,620	27,448
<b>Total equity</b>	<b>19,889</b>	<b>22,821</b>	<b>24,550</b>	<b>26,348</b>	<b>28,176</b>
Non-controlling interest	375	527	579	637	701
<b>Total liabilities &amp; equity</b>	<b>90,469</b>	<b>95,207</b>	<b>98,344</b>	<b>105,610</b>	<b>112,402</b>
<b>Supplementary items</b>					
Risk weighted assets (RWA)	-	-	-	-	-
Average interest earning assets	-	-	-	-	-
Average interest bearing liabilities	-	-	-	-	-
CET 1 capital	-	-	-	-	-
Total capital	0	0	0	0	0
Gross non performing loans (NPL)	-	-	-	-	-
<b>Per share (THB)</b>					
Book value per share	79.55	91.29	98.20	105.39	112.71
Tangible book value per share	-	-	-	-	-
<b>Growth</b>					
Gross customer loans	3.9	3.2	4.7	6.2	6.1
Average interest earning assets	-	-	-	-	-
Total asset (%)	3.5	5.2	3.3	7.4	6.4
Risk weighted assets (%)	-	-	-	-	-
Customer deposits (%)	-	-	-	-	-
<b>Leverage &amp; capital measures</b>					
Customer loan/deposits (%)	-	-	-	-	-
Equity/assets (%)	22.0	24.0	25.0	24.9	25.1
Tangible equity/assets (%)	20.3	22.1	23.4	23.6	23.9
RWA/assets (%)	-	-	-	-	-
CET 1 CAR (%)	-	-	-	-	-
Total CAR (%)	-	-	-	-	-
<b>Asset Quality (FSSIA's calculation)</b>					
Change in NPL (%)	-	-	-	-	-
NPL/gross loans (%)	-	-	-	-	-
Allowance for ECL/gross loans (%)	12.0	10.7	10.6	9.1	8.4
Allowance for ECL/NPL (%)	-	-	-	-	-
<b>Valuation</b>					
Recurring P/E (x) *	11.3	10.5	12.8	11.9	11.2
Recurring P/E @ target price (x) *	11.9	11.1	13.6	12.6	11.8
Reported P/E (x)	11.3	10.5	12.8	11.9	11.2
Dividend yield (%)	3.2	3.4	3.4	3.9	4.4
Price/book (x)	2.0	1.8	1.6	1.5	1.4
Price/tangible book (x)	-	-	-	-	-
Price/tangible book @ target price (x)	-	-	-	-	-

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

Sources: Aeon Thana Sinsap (Thailand); FSSIA estimates



# AEON Thana Sinsap (Thailand) (AEONTS TB)

FSSIA ESG rating

★ ★

Exhibit 9: FSSIA ESG score implication

33.86 /100

Rating	Score	Implication
★★★★★	>79-100	Leading its industry peers in managing the most significant ESG risks which not only better cost efficiency but also lead to higher profitability.
★★★★★	>59-79	A mixed track record of managing the most significant ESG risks and opportunities relative to industry peers.
★★★	>39-59	Relevant ESG materiality matrix has been constructively addressed, well-managed and incorporated into day-to-day operations, in which targets and achievements are evaluated annually.
★★	>19-39	Relevant ESG materiality matrix has been identified with key management in charge for progress to be followed up on and to provide intensive disclosure. Most targets are conventional and achievable.
★	1-19	The company has adopted the United Nations Sustainable Development Goals (UN SDGs), established sustainability management guidelines and fully complies with regulations or ESG suggested guidance from related organizations such as the SET and SEC.

Source: FSSIA estimates

Exhibit 10: ESG – peer comparison

	FSSIA	Domestic ratings						Global ratings					Bloomberg		
	ESG score	DJSI	SET THSI	THSI	CG score	AGM level	Thai CAC	Morningstar ESG risk	ESG Book	MSCI	Moody's	Refinitiv	S&P Global	ESG score	Disclosure score
SET100	69.20	5.34	4.40	4.40	4.76	4.65	3.84	Medium	51.76	BBB	20.87	58.72	63.91	3.72	28.17
Coverage	67.12	5.11	4.15	4.17	4.83	4.71	3.53	Medium	52.04	BB	16.97	56.85	62.09	3.40	31.94
AEONTS	33.86	--	--	--	4.00	3.00	--	Medium	40.10	BBB	--	27.64	17.00	--	--
BAM	55.19	--	Y	Y	5.00	4.00	Certified	Medium	47.11	B	--	49.29	14.00	2.88	51.77
JMT	35.60	--	--	--	4.00	5.00	Declared	Medium	--	BBB	--	12.70	13.00	--	39.90
KTC	71.80	--	Y	Y	5.00	5.00	Certified	Low	57.22	A	--	64.48	59.00	4.96	57.09
SAWAD	46.52	--	Y	Y	4.00	5.00	--	Medium	43.97	BB	--	20.18	13.00	1.93	40.04

Sources: SETTRADE.com; FSSIA's compilation

Exhibit 11: ESG disclosure from the company's one report

FY ending Dec 31	FY 2022	FY ending Dec 31	FY 2022
Environmental		Governance	
Climate change policy	--	Board size / Independent directors (ID) / Female	12 / 4 / 2
Climate change opportunities discussed	--	No. of board meetings for the year / % attendance	12 / 98.61%
GHG scope 2 location-based policy	Yes	Company conducts board evaluations	Yes
Biodiversity policy	--	Number of non-executive directors on board	2
Energy efficiency policy	Yes	Director share ownership guidelines	No
Electricity used	Yes	Board age limit	No
Fuel used - crude oil/diesel	--	Age of the youngest / oldest director	61 / 75
Waste reduction policy	Yes	Number of executives / female	11 / 3
Water policy	Yes	Executive share ownership guidelines	No
Water consumption	1,133.13	Size of audit committee / ID	3 / 3
Social		Audit committee meetings	10
Human rights policy	Yes	Audit committee meeting attendance (%)	100
Policy against child labor	--	Size of compensation committee	--
Quality assurance and recall policy	Yes	Number of compensation committee meetings	--
Consumer data protection policy	Yes	Compensation committee meeting attendance (%)	--
Equal opportunity policy	Yes	Size of nomination committee / ID	--
Gender pay gap breakout	--	Number of nomination committee meetings	--
Pct women in workforce	Yes	Nomination committee meeting attendance (%)	--
Business ethics policy	Yes	Board compensation (THB m)	24.21
Anti-bribery ethics policy	Yes	Auditor fee (THB m)	7.59
Health and safety policy	Yes	(Deloitte Touche Tohmatsu Jaiyos Audit Company Limited)	
Lost time incident rate - employees	--		
Training policy	Yes		
Fair remuneration policy	Yes		
Number of employees - CSR	--		
Total hours spent by firm - employee training	324		
Social supply chain management	--		

Source: FSSIA's compilation

Disclaimer for ESG scoring

ESG score	Methodology	Rating																				
The Dow Jones Sustainability Indices ( <a href="#">DJSI</a> ) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.																				
Sustainability Investment List ( <a href="#">THSI</a> ) by The Stock Exchange of Thailand ( <a href="#">SET</a> )	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for <a href="#">THSI inclusion</a> , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. <a href="#">SETTHSI Index</a> is extended from the THSI companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.																				
<b>CG Score</b> by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).																				
<b>AGM level</b> By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <i>(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&amp;A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)</i>	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																				
<a href="#">Thai CAC</a> By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. <i>(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</i>	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.																				
<a href="#">Morningstar Sustainalytics</a>	The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality &amp; peer reviews.</i>	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table><tr><th>NEGL</th><th>Low</th><th>Medium</th><th>High</th><th>Severe</th></tr><tr><td>0-10</td><td>10-20</td><td>20-30</td><td>30-40</td><td>40+</td></tr></table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+										
NEGL	Low	Medium	High	Severe																		
0-10	10-20	20-30	30-40	40+																		
<a href="#">ESG Book</a>	The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.	The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.																				
<a href="#">MSCI</a>	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. <table><tr><td><b>AAA</b></td><td>8.571-10.000</td><td rowspan="3"><b>Leader:</b></td><td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td></tr><tr><td><b>AA</b></td><td>7.143-8.570</td></tr><tr><td><b>A</b></td><td>5.714-7.142</td></tr><tr><td><b>BBB</b></td><td>4.286-5.713</td><td rowspan="3"><b>Average:</b></td><td rowspan="3">a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td></tr><tr><td><b>BB</b></td><td>2.857-4.285</td></tr><tr><td><b>B</b></td><td>1.429-2.856</td></tr><tr><td><b>CCC</b></td><td>0.000-1.428</td><td><b>Laggard:</b></td><td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td></tr></table>	<b>AAA</b>	8.571-10.000	<b>Leader:</b>	leading its industry in managing the most significant ESG risks and opportunities	<b>AA</b>	7.143-8.570	<b>A</b>	5.714-7.142	<b>BBB</b>	4.286-5.713	<b>Average:</b>	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	<b>BB</b>	2.857-4.285	<b>B</b>	1.429-2.856	<b>CCC</b>	0.000-1.428	<b>Laggard:</b>	lagging its industry based on its high exposure and failure to manage significant ESG risks	
<b>AAA</b>	8.571-10.000	<b>Leader:</b>	leading its industry in managing the most significant ESG risks and opportunities																			
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<b>CCC</b>	0.000-1.428	<b>Laggard:</b>	lagging its industry based on its high exposure and failure to manage significant ESG risks																			
<a href="#">Moody's ESG solutions</a>	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.																					
<a href="#">Refinitiv ESG rating</a>	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. <i>(Score ratings are 0 to 25 = poor; &gt;25 to 50 = satisfactory; &gt;50 to 75 = good; and &gt;75 to 100 = excellent.)</i>																					
<a href="#">S&amp;P Global</a>	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.																					
<b>Bloomberg</b>	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.																				
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.																				

[Rating](#) regarding the sustainable development of Thai listed companies, both on the SET and MAI, are publicly available on the website of the Securities and Exchange Commission of Thailand (SEC). Currently, ratings available are 1) "**CG Score**"; 2) "**AGM Level**"; 3) "**Thai CAC**"; and 4) **THSI**. The ratings are updated on an annual basis. FSSIA does not confirm nor certify the accuracy of such ratings.  
Source: FSSIA's compilation

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### ANALYST(S) CERTIFICATION

Usanee Liurut, CISA FSS International Investment Advisory Securities Co., Ltd

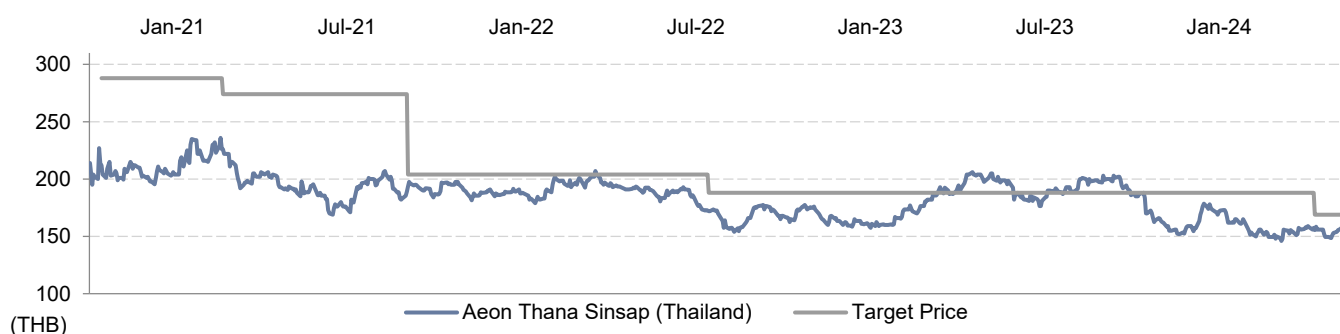
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

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

#### Aeon Thana Sinsap (Thailand) (AEONTS TB)



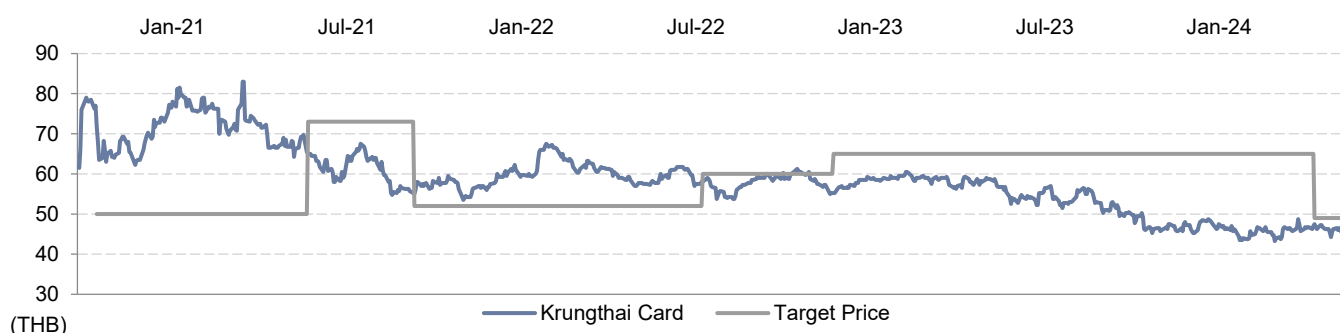
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
13-Jan-2021	BUY	288.00	05-Oct-2021	HOLD	204.00	28-Nov-2023	HOLD	169.00
28-Apr-2021	BUY	274.00	22-Jun-2022	HOLD	188.00			

Usanee Liurut, CISA started covering this stock from 28-Nov-2023

Price and TP are in local currency

Source: FSSIA estimates

#### Krungthai Card (KTC TB)

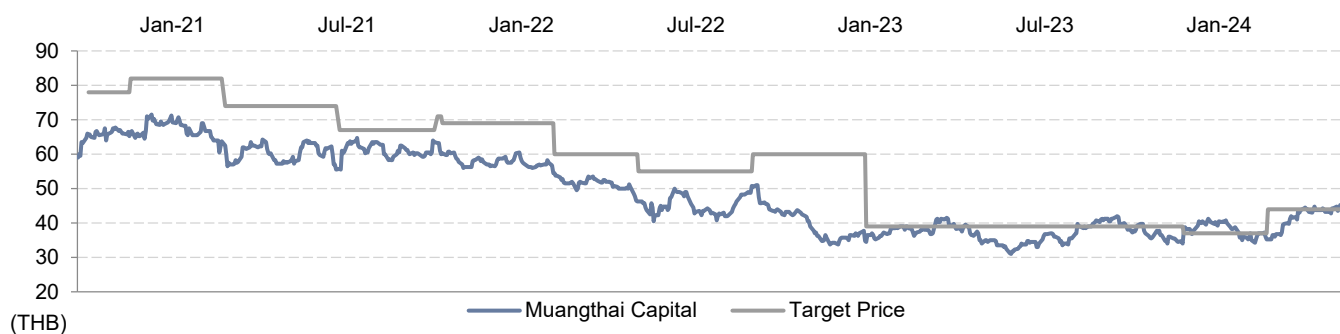


Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
19-Jan-2021	REDUCE	50.00	11-Apr-2022	REDUCE	52.00	28-Nov-2023	HOLD	49.00
19-Jul-2021	HOLD	73.00	22-Jun-2022	HOLD	60.00			
18-Oct-2021	HOLD	52.00	12-Oct-2022	BUY	65.00			

Usanee Liurut, CISA started covering this stock from 28-Nov-2023

Price and TP are in local currency

Source: FSSIA estimates

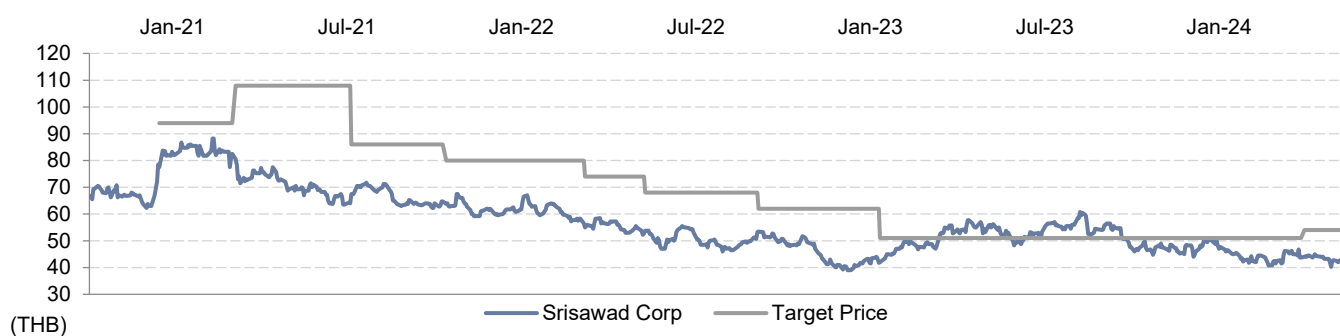
**Muangthai Capital (MTC TB)**

Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
12-Jan-2021	BUY	78.00	05-Nov-2021	BUY	71.00	04-Aug-2022	BUY	60.00
17-Feb-2021	BUY	82.00	11-Nov-2021	BUY	69.00	09-Nov-2022	HOLD	39.00
07-May-2021	BUY	74.00	15-Feb-2022	BUY	60.00	08-Aug-2023	HOLD	37.00
13-Aug-2021	BUY	67.00	28-Apr-2022	BUY	55.00	19-Oct-2023	BUY	44.00

Usanee Liurut, CISA started covering this stock from 08-Aug-2023

Price and TP are in local currency

Source: FSSIA estimates

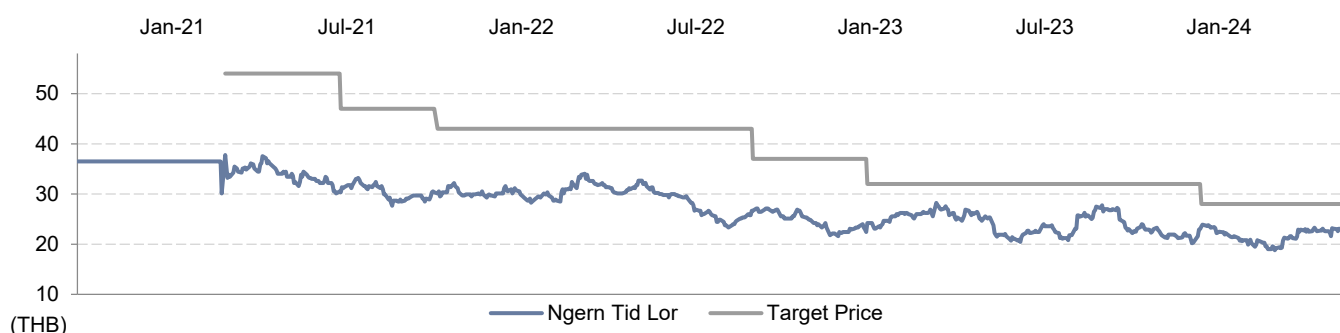
**Srisawad Corp (SAWAD TB)**

Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
04-Mar-2021	BUY	94.00	05-Nov-2021	BUY	80.00	04-Aug-2022	BUY	62.00
07-May-2021	BUY	108.00	07-Mar-2022	BUY	74.00	17-Nov-2022	BUY	51.00
17-Aug-2021	BUY	86.00	28-Apr-2022	BUY	68.00	17-Nov-2023	BUY	54.00

Usanee Liurut, CISA started covering this stock from 17-Nov-2023

Price and TP are in local currency

Source: FSSIA estimates

**Ngern Tid Lor (TIDLOR TB)**

Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
07-May-2021	BUY	54.00	05-Nov-2021	BUY	43.00	10-Nov-2022	BUY	32.00
16-Aug-2021	BUY	47.00	04-Aug-2022	BUY	37.00	23-Aug-2023	BUY	28.00

Usanee Liurut, CISA started covering this stock from 23-Aug-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Aeon Thana Sinsap (Thailand)	AEONTS TB	THB 160.00	HOLD	Downside risks are: 1) regulatory actions to curb industry growth; 2) a higher-than-expected policy rate; and 3) deteriorating asset quality. Upside risks are: 1) better-than-estimated economic improvement; 2) stronger-than-estimated improvement in the overall asset quality; and 3) less pressure from the market yield and cost of funds.
Krungthai Card	KTC TB	THB 43.50	HOLD	Downside risks are: 1) regulatory actions to curb industry growth; 2) a higher-than-expected policy rate; and 3) deteriorating asset quality. Upside risks are: 1) better-than-estimated economic improvement; 2) stronger-than-estimated improvement in the overall asset quality; and 3) less pressure from the market yield and cost of funds.
Muangthai Capital	MTC TB	THB 45.00	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 40.50	BUY	Downside risks to our GGM-based TP include 1) a further weakening of asset quality that could potentially hit both loan yield and credit cost; and 2) changes in financial regulations by the Bank of Thailand and the Office of Consumer Protection Board.
Ngern Tid Lor	TIDLOR TB	THB 22.50	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 X); 2) further weakening asset quality could potentially hit both loan yield and credit cost; and 3) tighter supervision from related regulators.

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.

All share prices are as at market close on 28-Dec-2023 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.