

KRUNGTHAI CARD KTC TB

THAILAND / FINANCE & SECURITIES

HOLD

UNCHANGED

TARGET PRICE	THB49.00
CLOSE	THB44.50
UP/DOWNSIDE	+10.1%
PRIOR TP	THB49.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	-9.0%

Spending postponed for 2024 stimulus

- We expect KTC's 4Q23 net profit to drop q-q from rising OPEX, but increase y-y along with loan growth.
- 1Q24 profit expected to bounce back, supported by pent-up demand via the government's Easy E-Receipt stimulus.
- Unjustified valuation with limited upside; reiterate our HOLD call.

4Q23E net profit seasonally dwindled due to rising OPEX

We expect KTC's 4Q23 net profit to finish at THB1.75b, posting a drop of 5.71% q-q but an increase of 5.08% y-y. We estimate the q-q decline to come from rising fee and marketing expenses during the period. We expect the Easy E-Receipt policy stimulus in Jan-Feb 2024 to somewhat drag credit card spending in 4Q23 due to postponed spending for households. In addition, we project credit card loans to finish at THB72.9b in 4Q23 (up 5.36% q-q and 5.01% y-y). Meanwhile, personal loan growth should continue increasing moderately and exhibit a 1.2% q-q and 7% y-y expansion.

Expect prolonged pressure on 4Q23 asset quality

We estimate the 4Q23 NPL ratio to finish at 2.49%, rising from 2.33% in 3Q23, while credit cards and personal loans should exhibit slight upward pressure along with the industry trend. However, the leasing segment should continue to put the most pressure on NPL formation due to its high sensitivity to macroeconomic conditions. Therefore, we expect KTC's 4Q23 credit cost to marginally increase from 5.6% in 3Q23 to 5.76%, while we forecast the coverage ratio to finish at 353%, down from 382% in 3Q23.

Reiterate 2023 forecast while expecting strong results in 1Q24

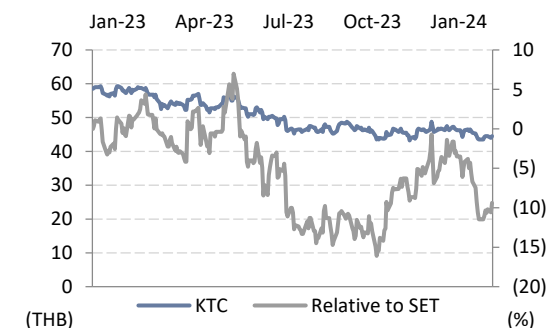
We reiterate our 2023E net profit of THB7.29b (+2.9% y-y). Meanwhile, we have a stronger-than-usual outlook for the spending volume in Jan-Feb 2024, pushed by the Easy E-Receipt stimulus during the period, leading to both q-q and y-y spending growth in 1Q24, whereas it usually drops q-q after strong fourth quarter performance. The effect should positively benefit credit card loan growth and fee income for the period. For 2024, we expect acceleration in credit card loan growth due to KTC's aggressive marketing schemes. The total personal loan segment should see a stable growth rate from a slowdown in cash advance loans due to the stricter lending policy, but should be offset by high expansion in the auto title portfolio.

Valuation remains tight; maintain HOLD

We maintain our HOLD call for KTC with our 2024 TP of THB49. Despite a decline in the share price during Dec 2023 and an 10.1% upside from our TP, we expect the current P/BV of 3.21x to be tight in terms of multiple valuation. Furthermore, we do not expect the outlook for the sector to reverse course in the near term as asset quality should remain a concerning issue given the currently slow economic recovery momentum.

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Operating profit	8,871	9,056	9,834	10,724
Net profit	7,079	7,285	7,912	8,629
EPS (THB)	2.75	2.83	3.07	3.35
vs Consensus (%)	-	(0.5)	(0.2)	(0.2)
Recurring net profit	7,079	7,285	7,912	8,629
Core EPS (THB)	2.75	2.83	3.07	3.35
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	20.4	2.9	8.6	9.1
Core P/E (x)	16.2	15.8	14.5	13.3
Dividend yield (%)	2.2	2.5	2.5	2.8
Price/book (x)	3.7	3.2	2.8	2.5
ROE (%)	24.3	21.7	20.7	19.9
ROA (%)	7.4	6.9	7.0	7.0



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(3.8)	(1.1)	(24.9)
Relative to country (%)	(6.1)	0.1	(10.2)
Mkt cap (USD m)	3,282		
3m avg. daily turnover (USD m)	5.7		
Free float (%)	21		
Major shareholder	Krung Thai Bank (49%)		
12m high/low (THB)	60.25/40.50		
Issued shares (m)	2,578		

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 CherdSATIRAKUL

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

Investment thesis

We have a HOLD recommendation on KTC from:

- 1) We expect the overall consumer finance industry to experience a certain degree of asset quality pressure and weakening spending power amid the slowing economic backdrop.
- 2) We estimate that operators will focus on credit quality and active bad debt management, which should weigh on loan bottom-line growth in 2023.
- 3) We estimate slightly weaker asset quality in 4Q23 but at a controllable level, and do not expect the firm to have an unusual trend in provisions for loan losses.
- 4) Our GGM-based TP for 2024 of THB49 implies an upside of 10.1% and a P/BV ratio of 3.11x.

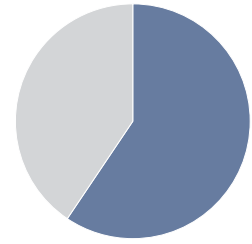
Company profile

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

www.ktc.co.th

Principal activities (revenue, 2022)

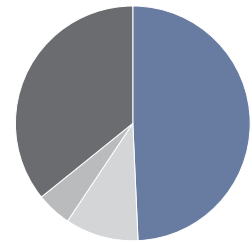
- Net interest income - 59.4 %
- Non-interest income - 40.6 %



Source: Krungthai Card

Major shareholders

- Krung Thai Bank - 49.3 %
- Mongkol Prakitchaiwatthana - 10.1 %
- Chantana Jirattiphat - 4.8 %
- Others - 35.8 %



Source: Krungthai Card

Catalysts

- 1) Stronger-than-expected momentum of economic recovery and card spending;
- 2) Better-than-estimated loan growth;
- 3) Lower-than-estimated new NPL formation;
- 4) A significant acceleration in the auto title loan segment.

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
19 Jan 2024	2023 results announcement

Key assumptions

	2023E	2024E	2025E
Net profit (THB m)	7,285	7,912	8,629
Net profit growth	2.9	8.6	9.1
NIM	13.0	12.9	12.9
Loan growth	6.2	7.7	7.9
Fee growth	10.0	10.0	10.0
Non-NII growth	5.2	10.2	6.6
Credit cost (bp)	547	542	539
Cost to income	36.7	37.1	36.5

Source: FSSIA estimates

Earnings sensitivity

		----- 2024E -----		
Loan growth	±1ppt	6.7	7.7	8.7
% change in net profit		(0.5)	-	0.6
NIM (%)	±10bp	12.8	12.9	13.0
% change in net profit		(1.3)	-	1.3
Credit cost (bps)	±10bp	5.3	5.4	5.5
% change in net profit		1.2	-	(1.2)

Source: FSSIA estimates

4Q23E net profit seasonally dwindled due to rising OPEX

We expect KTC's 4Q23 net profit to finish at THB1.75b, posting a drop of 5.71% q-q but an increase of 5.08% y-y. We estimate the q-q decline to come from rising fee and marketing expenses during the period. We expect the Easy E-Receipt policy stimulus in Jan-Feb 2024 to somewhat drag credit card spending in 4Q23 (typically a strong season) due to postponed spending for households, and it should instead influence 1Q24 to exhibit stronger-than-usual results. We expect growth in spending volume in 4Q23 to finish at 8.03% q-q and 0.85% y-y, resulting in THB262b for 2023E (10% y-y growth, in line with KTC's guidance), slowing down from 13.75% y-y growth in 9M23 due to 1) the high base effect in 4Q22; and 2) the postponed spending behavior of customers. In addition, we project credit card loans to finish at THB72.9b in 4Q23 (up 5.36% q-q and 5.01% y-y). Meanwhile, personal loan growth should continue increasing moderately in the quarter and exhibit a 1.2% q-q and 7% y-y expansion, which would also be in line with the company's guidance.

We estimate the 4Q23 yield on loans to marginally drop from 15.44% in 3Q23 to 15.16% due to the more quickly growing credit card portfolio than higher-yield personal loans. Meanwhile, the cost of funds should slightly pick up from 2.79% to 2.84% in 4Q23, mainly from the increase in the coupon rate of new debentures issued and the maturity of low-yield debentures during the period (merely c1.7-1.8% p.a.), leading to a decline in the spread from 12.65% in 3Q23 to 12.31%.

Exhibit 1: KTC – 4Q23 earnings preview

KTC	4Q22	1Q23	2Q23	3Q23	4Q23E	Change		2023E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(%)
Interest income	3,832	3,803	3,972	4,096	4,119	0.56	7.48	15,990	11.2
Interest expense	378	390	415	441	450	1.91	18.99	1,697	21.8
Net interest income	3,454	3,413	3,557	3,655	3,669	0.39	6.22	14,293	10.0
Non-interest income	3,228	3,047	3,091	3,208	3,137	(2.20)	(2.81)	12,483	5.2
Operating income	5,885	5,670	5,837	6,031	5,997	(0.57)	1.90	23,535	7.7
Operating expenses	2,276	1,985	2,135	2,252	2,272	0.90	(0.18)	8,643	6.5
PPOP	3,609	3,685	3,702	3,780	3,725	(1.45)	3.22	14,892	8.4
Expected credit loss	1,508	1,367	1,438	1,477	1,555	5.26	3.11	5,836	19.9
Income tax expense	456	452	463	464	434	(6.49)	(4.79)	1,811	-0.4
Net profit	1,666	1,872	1,806	1,857	1,750	(5.71)	5.08	7,285	2.9
EPS (THB)	0.65	0.73	0.70	0.72	0.68	(5.71)	5.08	2.83	2.9
NPL	1,845	1,931	2,130	2,481	2,753	11.0	49.2	2,753	49.2
Loan receivables	104,194	103,312	105,588	106,700	110,671	3.7	6.2	110,671	6.2
Interest bearing debt	61,972	59,547	63,351	63,213	63,345	0.2	2.2	63,345	2.2
IBD/E (x)	1.98	1.79	1.98	1.86	1.77			1.77	
D/E (x)	2.24	2.01	2.19	2.08	2.01			2.01	
Asset quality ratio	(%)	(%)	(%)	(%)	(%)			(%)	
Gross NPLs (THB m)	1,845	1,931	2,130	2,481	2,753	11.0	49.2	2,753	49.2
NPL ratio	1.77	1.87	2.02	2.33	2.49			2.49	
Coverage ratio - LLR/ NPLs	476	463	433	382	353			353	
Credit cost (bp)	609	530	554	560	576			547	
LLR/TL	8.44	8.65	8.74	8.87	8.78			8.78	
Profitability ratios	(%)	(%)	(%)	(%)	(%)			(%)	
Cost-to-income ratio	38.68	35.01	36.58	37.33	37.89			36.73	
Yield on loans	15.24	14.66	15.21	15.44	15.16			14.88	
Cost of funds	2.53	2.57	2.70	2.79	2.84			2.71	
Spreads	12.70	12.09	12.51	12.65	12.31			12.18	
Net interest margin (NIM)	13.47	12.90	13.38	13.46	13.16			12.99	
ROE	21.84	23.19	22.13	22.51	20.09			21.71	
ROA	6.81	7.41	7.12	7.17	6.59			6.95	
Loan growth	(%)	(%)	(%)	(%)	(%)			(%)	
Loan growth y-y	12.48	14.53	11.06	9.98	6.22			6.22	
q-q	7.40	-0.85	2.20	1.05	3.72				

Sources: KTC; FSSIA estimates

Expect prolonged pressure on 4Q23 asset quality

We estimate the 4Q23 NPL ratio to finish at 2.49%, rising from 2.33% in 3Q23. The credit card and personal loan segments should exhibit only slight upward pressure along with the industry trend. However, the leasing segment should continue to put the most pressure on NPL formation for the period due to its high sensitivity to macroeconomic conditions. Therefore, we expect KTC's 4Q23 credit cost to marginally increase from 5.6% in 3Q23 to 5.76%, while we forecast the coverage ratio to finish at 353%, down from 382% in the prior period.

For 2024, the retirement of the Covid debtor support policy at the end of 2023 should result in a spike in new NPL formation, mostly among the policy supported debtors, leading to a significantly higher NPL ratio of around 4% in 1Q24. This NPL group should then be subject to write-offs at the end of 2Q24 (after 6 months as NPLs), causing the estimated figure to drop by 50-100 bp per quarter and finish at around 2.2% at the end of 2024. However, KTC disclosed that it currently has sufficient provisions for these expected new NPLs, hence, there should be no additional pressure on credit cost. We expect the unusually higher number of bad debt write-offs to return as bad debt recovery income for KTC from 2H24 onward.

Exhibit 2: Staged loans and ECL, 2021-3Q23

	2020	2021	2022	3Q23	2020	2021	2022	3Q23
	(THB m)	(THB m)	(THB m)	(THB m)	(%)	(%)	(%)	(%)
Loans and accrued interest					Stage loans % of total loans			
Stage 1	77,020	76,929	87,743	86,930	85.95	86.58	86.82	85.75
Stage 2	10,989	10,338	11,690	12,643	12.26	11.64	11.57	12.47
Stage 3	1,598	1,581	1,627	1,807	1.78	1.78	1.61	1.78
Total	89,607	88,848	101,060	101,380	100.00	100.00	100.00	100.00
Expected credit loss (ECL)					ECL % of stage loans			
Stage 1	3,865	3,918	4,247	4,191	5.02	5.09	4.84	4.82
Stage 2	2,445	2,365	2,782	3,081	22.25	22.88	23.80	24.37
Stage 3	1,046	1,066	1,139	1,266	65.46	67.43	70.01	70.04
Total	7,356	7,349	8,168	8,537	8.21	8.27	8.08	8.42
	(%)	(%)	(%)	(%)				
NPL / TL	1.78	1.78	1.61	1.78				
LLR / NPL	460.33	464.83	502.13	472.42				
NPL + S2 / TL	14.05	13.42	13.18	14.25				
LLR / (NPL + S2)	58.44	61.66	61.33	59.08				

Note: Calculation excludes contribution from KTBL

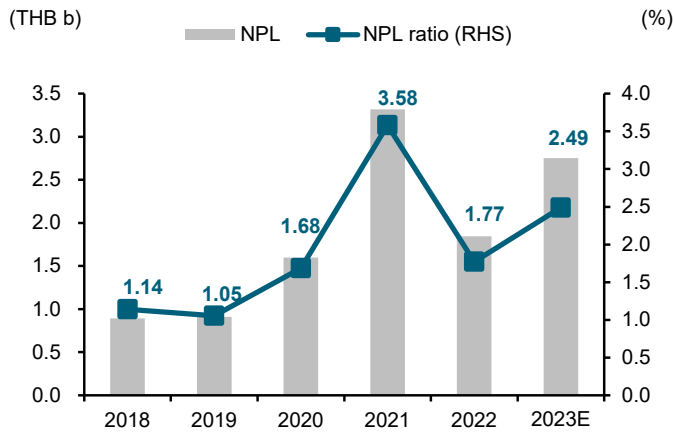
Sources: KTC; FSSIA's compilation

Stronger-than-usual outlook for 1Q24 from stimulus package

We have a stronger-than-usual outlook for the spending volume in Jan-Feb 2024, pushed by the Easy E-Receipt stimulus during the period, leading to both q-q and y-y spending growth in 1Q24, whereas it usually drops q-q after strong fourth quarter performance. The effect should positively benefit credit card loan growth and fee income for the period.

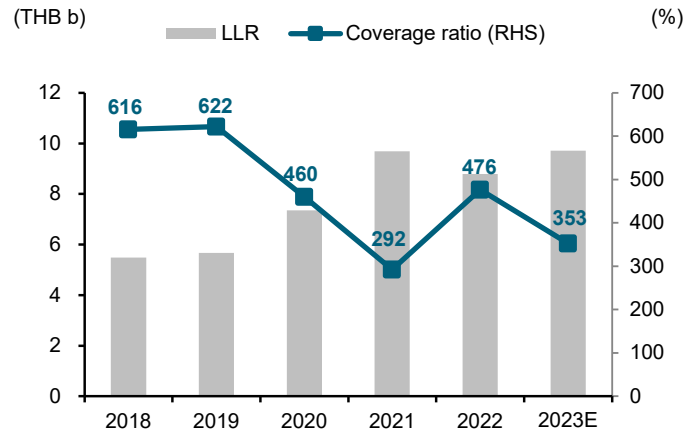
Regarding to the higher Bank of Thailand-regulated credit card minimum payment from 5% to 8% starting this year, we expect the change in the policy to have a marginal effect on the company, projecting KTC's customers to make average payments ranging above 20%. Meanwhile, for incapable customers, KTC could negotiate to transform credit card loans into term loans or personal loans where monthly payments could match customers' repayment ability, while the firm could still continue to provide a credit line – a practice KTC normally exercises. Therefore, the imposition of the policy should not lead to meaningful asset quality pressure.

Exhibit 3: Gross NPLs and NPL ratio, 2018-2023E



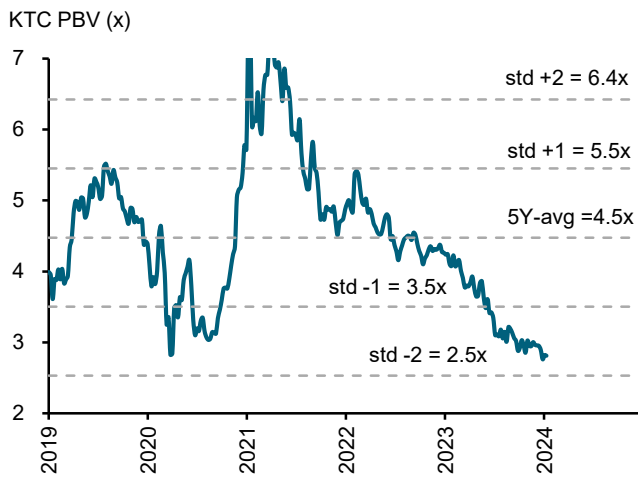
Sources: KTC; FSSIA estimates

Exhibit 4: LLR and coverage ratio, 2018-2023E



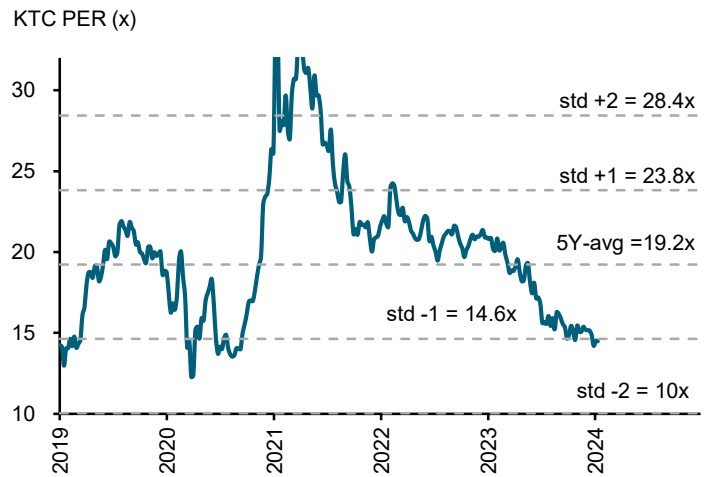
Sources: KTC; FSSIA estimates

Exhibit 5: KTC – one-year prospective P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 6: KTC – one-year prospective PER band



Sources: Bloomberg; FSSIA estimates

Exhibit 7: GGM-based 2024 TP

GGM assumptions	2024E (%)
ROE - sustainable	18.00
Terminal growth rate	3.25
Cost of equity	8.00
Risk-free rate	3.00
Expected market return	8.00
Market risk premium	5.00
Beta	1.00
ROE-g/ COE-g	3.11
BVS (per share)	15.79
Fair price	49.00

Source: FSSIA estimates

Exhibit 8: Share price performance of non-bank companies under coverage, as of 5 January 2023

	Price performance				
	1M (%)	3M (%)	6M (%)	1Y (%)	YTD (%)
KTC TB	(4.86)	(1.68)	(4.35)	(25.11)	1.15
AEONTS TB	8.03	6.25	(5.00)	(13.17)	0.94
MTC TB	3.47	27.86	20.95	20.95	(0.56)
SAWAD TB	(4.05)	(2.35)	(10.75)	(13.54)	2.47
TIDLOR TB	3.54	15.84	2.18	(8.43)	4.00
JMT TB	(1.77)	(40.00)	(23.45)	(57.95)	8.82
BAM TB	4.27	(15.35)	(16.99)	(44.84)	4.91
SETFIN	1.36	(1.92)	(5.03)	(26.10)	2.88
SET	2.71	(1.39)	(4.83)	(15.26)	0.18

Source: Bloomberg

Exhibit 9: Peer comparisons, as of 9 January 2024

Company name	BBG code	Rec	Share price (LCY)	Target price (LCY)	Up side (%)	PE		PBV		ROE		Div yld	
						23E (x)	24E (x)	23E (x)	24E (x)	23E (%)	24E (%)	23E (x)	24E (x)
Krungthai Card	KTC TB	HOLD	44.50	49.00	10	15.8	14.5	3.2	2.8	21.7	20.7	2.5	2.5
AEON Thana Sinsap (Thailand)	AEONTS TB	HOLD	161.00	169.00	5	12.9	12.0	1.6	1.5	13.1	13.2	3.4	3.9
Muangthai Capital	MTC TB	BUY	44.75	44.00	(2)	19.9	15.5	3.0	2.5	15.6	17.7	0.8	1.0
Srisawad Corp	SAWAD TB	BUY	41.50	54.00	30	10.7	9.0	2.0	1.8	19.7	20.7	4.3	4.8
Ngern Tid Lor	TIDLOR TB	BUY	23.50	28.00	19	17.3	14.3	2.3	2.0	14.2	15.2	1.2	1.4
Average						15.3	13.1	2.4	2.1	16.9	17.5	2.4	2.7

Sources: Bloomberg; FSSIA estimates

Financial Statements

Krungthai Card

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Interest Income	13,614	14,381	15,990	17,068	18,532
Interest expense	(1,416)	(1,392)	(1,697)	(1,879)	(2,109)
Net interest income	12,198	12,989	14,293	15,188	16,422
Net fees & commission	4,293	4,974	5,471	6,018	6,620
Foreign exchange trading income	-	-	-	-	-
Securities trading income	-	-	-	-	-
Dividend income	11	17	35	35	35
Other income	3,534	3,876	3,736	4,206	4,247
Non interest income	7,838	8,868	9,242	10,259	10,902
Total income	20,036	21,856	23,535	25,447	27,324
Staff costs	(7,064)	(7,872)	(8,379)	(9,152)	(9,681)
Other operating costs	(262)	(244)	(264)	(277)	(286)
Operating costs	(7,326)	(8,117)	(8,643)	(9,429)	(9,966)
Pre provision operating profit	12,711	13,740	14,892	16,018	17,358
Expected credit loss	(5,456)	(4,868)	(5,836)	(6,184)	(6,634)
Other provisions	-	-	-	-	-
Operating profit	7,255	8,871	9,056	9,834	10,724
Recurring non operating income	0	0	0	0	0
Associates	-	-	-	-	-
Goodwill amortization	-	-	-	-	-
Non recurring items	0	0	0	0	0
Profit before tax	7,255	8,871	9,056	9,834	10,724
Tax	(1,467)	(1,818)	(1,811)	(1,967)	(2,145)
Profit after tax	5,789	7,054	7,245	7,867	8,579
Non-controlling interest	90	26	40	45	50
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	5,879	7,079	7,285	7,912	8,629
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	5,879	7,079	7,285	7,912	8,629
Per share (THB)					
Recurring EPS *	2.28	2.75	2.83	3.07	3.35
Reported EPS	2.28	2.75	2.83	3.07	3.35
DPS	0.88	1.00	1.10	1.13	1.23
Growth					
Net interest income (%)	(3.2)	6.5	10.0	6.3	8.1
Non interest income (%)	(5.4)	13.1	4.2	11.0	6.3
Pre provision operating profit (%)	(4.9)	8.1	8.4	7.6	8.4
Operating profit (%)	5.5	22.3	2.1	8.6	9.0
Reported net profit (%)	10.2	20.4	2.9	8.6	9.1
Recurring EPS (%)	10.2	20.4	2.9	8.6	9.1
Reported EPS (%)	10.2	20.4	2.9	8.6	9.1
Income Breakdown					
Net interest income (%)	60.9	59.4	60.7	59.7	60.1
Net fees & commission (%)	21.4	22.8	23.2	23.7	24.2
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	-	-	-	-	-
Dividend income (%)	0.1	0.1	0.1	0.1	0.1
Other income (%)	17.6	17.7	15.9	16.5	15.5
Operating performance					
Gross interest yield (%)	14.15	14.26	14.53	14.49	14.61
Cost of funds (%)	2.47	2.39	2.71	2.85	3.02
Net interest spread (%)	11.68	11.87	11.82	11.64	11.59
Net interest margin (%)	12.7	12.9	13.0	12.9	12.9
Cost/income(%)	36.6	37.1	36.7	37.1	36.5
Cost/assets(%)	8.1	8.5	8.2	8.3	8.1
Effective tax rate (%)	20.2	20.5	20.0	20.0	20.0
Dividend payout on recurring profit (%)	38.6	36.4	38.9	36.8	36.7
ROE (%)	23.7	24.3	21.7	20.7	19.9
ROE - COE (%)	12.9	13.5	10.9	9.9	9.1
ROA (%)	6.4	7.4	6.9	7.0	7.0
RORWA (%)	-	-	-	-	-

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Krungthai Card; FSSIA estimates

Financial Statements

Krungthai Card

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Gross customer loans	92,047	103,509	109,934	118,411	127,737
Allowance for expected credit loss	(9,692)	(8,792)	(9,712)	(8,035)	(8,810)
interest in suspense	588	685	738	805	878
Net customer loans	82,943	95,402	100,959	111,181	119,804
Bank loans	-	-	-	-	-
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	83	106	111	117	122
Cash & equivalents	2,363	2,182	2,684	2,756	2,805
Other interesting assets	-	-	-	-	-
Tangible fixed assets	419	348	313	282	254
Associates	-	-	-	-	-
Goodwill	-	-	-	-	-
Other intangible assets	-	-	-	-	-
Other assets	3,663	3,758	3,829	3,904	3,982
Total assets	89,471	101,796	107,897	118,240	126,968
Customer deposits	0	0	0	0	0
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	54,769	61,972	63,345	68,435	71,436
Non interest bearing liabilities	7,617	8,248	8,535	8,835	9,149
Hybrid Capital	-	-	-	-	-
Total liabilities	62,387	70,220	71,881	77,270	80,585
Share capital	2,578	2,578	2,578	2,578	2,578
Reserves	24,258	28,775	33,188	38,141	43,555
Total equity	26,836	31,353	35,766	40,719	46,134
Non-controlling interest	248	223	250	250	250
Total liabilities & equity	89,471	101,796	107,897	118,240	126,968
Supplementary items					
Risk weighted assets (RWA)	n/a	n/a	n/a	n/a	n/a
Average interest earning assets	96,197	100,823	110,012	117,814	126,850
Average interest bearing liabilities	57,240	58,371	62,659	65,890	69,936
CET 1 capital	n/a	n/a	n/a	n/a	n/a
Total capital	0	0	0	0	0
Gross non performing loans (NPL)	3,317	1,846	2,753	2,571	2,698
Per share (THB)					
Book value per share	10.41	12.16	13.87	15.79	17.89
Tangible book value per share	10.41	12.16	13.87	15.79	17.89
Growth					
Gross customer loans	(2.8)	12.5	6.2	7.7	7.9
Average interest earning assets	4.0	4.8	9.1	7.1	7.7
Total asset (%)	(2.3)	13.8	6.0	9.6	7.4
Risk weighted assets (%)	-	-	-	-	-
Customer deposits (%)	nm	nm	nm	nm	nm
Leverage & capital measures					
Customer loan/deposits (%)	-	-	-	-	-
Equity/assets (%)	30.0	30.8	33.1	34.4	36.3
Tangible equity/assets (%)	30.0	30.8	33.1	34.4	36.3
RWA/assets (%)	-	-	-	-	-
CET 1 CAR (%)	-	-	-	-	-
Total CAR (%)	-	-	-	-	-
Asset Quality (FSSIA's calculation)					
Change in NPL (%)	107.6	(44.4)	49.2	(6.6)	4.9
NPL/gross loans (%)	3.6	1.8	2.5	2.2	2.1
Allowance for ECL/gross loans (%)	10.5	8.5	8.8	6.8	6.9
Allowance for ECL/NPL (%)	292.2	476.3	352.8	312.5	326.5
Valuation					
Recurring P/E (x) *	19.5	16.2	15.8	14.5	13.3
Recurring P/E @ target price (x) *	21.5	17.8	17.3	16.0	14.6
Reported P/E (x)	19.5	16.2	15.8	14.5	13.3
Dividend yield (%)	2.0	2.2	2.5	2.5	2.8
Price/book (x)	4.3	3.7	3.2	2.8	2.5
Price/tangible book (x)	4.3	3.7	3.2	2.8	2.5
Price/tangible book @ target price (x)	4.7	4.0	3.5	3.1	2.7

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Krungthai Card; FSSIA estimates

Krungthai Card PCL (KTC TB)

FSSIA ESG rating

★★★★

71.80 /100

Exhibit 10: FSSIA ESG score implication

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.

Sources: FSSIA estimates

Exhibit 11: ESG – peer comparison

	FSSIA ESG score	Domestic ratings						Global ratings						Bloomberg	
		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	--	--
KTC	71.80	--	Y	Y	5.00	5.00	Certified	Low	57.22	A	--	64.48	59.00	4.96	57.09
SAK	45.28	--	Y	Y	4.00	4.00	Certified	High	40.10	--	--	43.87	--	2.02	36.23
MTC	68.21	--	Y	Y	5.00	5.00	Certified	Low	42.19	AA	--	58.09	42.00	3.31	--
SAWAD	46.52	--	Y	Y	4.00	5.00	--	Medium	43.97	BB	--	20.18	13.00	1.93	40.04
TIDLOR	36.71	--	--	--	4.00	4.00	Certified	Medium	37.03	--	--	23.69	19.00	1.66	--
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 12: ESG score by Bloomberg

FY ending Dec 31	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
ESG financial materiality scores - ESG score	2.10	2.55	3.27	3.49	4.11	5.79	5.74	4.96
BESG environmental pillar score	0.00	2.90	3.74	4.41	3.84	3.95	3.64	3.88
BESG social pillar score	0.92	1.20	2.21	2.32	3.33	6.29	6.49	4.89
BESG governance pillar score	5.97	5.35	5.19	5.47	5.66	5.64	5.31	5.48
ESG disclosure score	35.95	37.11	41.95	49.07	49.92	58.07	56.76	57.09
Environmental disclosure score	0.91	4.38	10.90	27.88	27.88	33.77	29.84	31.80
Social disclosure score	25.70	25.70	33.71	38.12	40.69	59.28	59.28	58.28
Governance disclosure score	81.10	81.10	81.10	81.10	81.10	81.10	81.10	81.10
Environmental								
Emissions reduction initiatives	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Climate change policy	No	No	No	Yes	Yes	Yes	Yes	Yes
Climate change opportunities discussed	No	No	No	No	No	No	No	No
Risks of climate change discussed	No	No	No	No	No	No	No	No
GHG scope 1	—	—	—	1	1	0	0	0
GHG scope 2 location-based	—	2	2	1	1	1	1	1
GHG Scope 3	—	—	0	0	0	0	0	0
Carbon per unit of production	—	—	—	—	—	—	—	—
Biodiversity policy	No	No	No	No	No	No	No	No
Energy efficiency policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Total energy consumption	—	—	—	—	—	—	—	—
Renewable energy use	—	—	—	—	—	—	—	—
Electricity used	—	3	3	2	2	2	2	3
Fuel used - natural gas	—	—	—	—	—	—	—	—

Sources: Bloomberg; FSSIA's compilation

Exhibit 13: ESG score by Bloomberg (cont.)

FY ending Dec 31	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Fuel used - crude oil/diesel	No	No	No	No	No	No	No	No
Waste reduction policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Hazardous waste	—	—	—	—	—	0	—	—
Total waste	—	—	—	—	—	0	—	0
Waste recycled	—	—	—	—	—	0	0	0
Waste sent to landfills	—	—	—	—	—	—	—	—
Environmental supply chain management	No	No	No	Yes	Yes	Yes	Yes	Yes
Water policy	No	No	No	Yes	Yes	Yes	Yes	Yes
Water consumption	—	—	—	—	—	—	—	—
Social								
Human rights policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Policy against child labor	No	No	No	No	No	Yes	Yes	Yes
Quality assurance and recall policy	No	No	No	No	No	No	No	No
Consumer data protection policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Equal opportunity policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Gender pay gap breakout	No	No	No	No	No	No	No	No
Pct women in workforce	63	63	64	65	66	65	66	66
Pct disabled in workforce	—	—	—	—	—	1	1	1
Business ethics policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Anti-bribery ethics policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Health and safety policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Lost time incident rate - employees	—	—	—	0	0	0	0	0
Total recordable incident rate - employees	—	—	—	0	0	0	0	0
Training policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Fair remuneration policy	No	No	No	No	No	Yes	Yes	Yes
Number of employees – CSR	1,489	1,804	1,741	1,763	1,778	1,744	1,705	1,695
Employee turnover pct	—	—	—	—	14	9	10	17
Total hours spent by firm - employee training	47,082	50,425	56,709	39,980	72,732	83,151	99,420	108,744
Social supply chain management	No	No	No	Yes	Yes	Yes	Yes	Yes
Governance								
Board size	8	8	8	8	8	8	8	8
No. of independent directors (ID)	3	4	4	4	4	4	4	5
No. of women on board	4	2	2	2	2	2	2	1
No. of non-executive directors on board	7	7	7	7	7	7	7	7
Company conducts board evaluations	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
No. of board meetings for the year	13	12	12	13	15	16	19	15
Board meeting attendance pct	96	92	96	96	87	95	96	98
Board duration (years)	3	3	3	3	3	3	3	3
Director share ownership guidelines	No	No	No	No	No	No	No	No
Age of the youngest director	33	34	35	43	44	39	40	40
Age of the oldest director	63	64	65	66	65	66	67	68
No. of executives / company managers	15	13	13	14	10	11	13	12
No. of female executives	6	5	5	3	3	3	5	5
Executive share ownership guidelines	No	No	No	No	No	No	No	No
Size of audit committee	3	3	3	3	3	3	3	3
No. of ID on audit committee	3	3	3	3	3	3	3	3
Audit committee meetings	7	6	8	12	11	11	12	13
Audit meeting attendance %	90	89	87	89	88	100	97	85
Size of compensation committee	3	3	3	3	3	3	3	3
No. of ID on compensation committee	1	1	1	1	1	1	1	2
No. of compensation committee meetings	6	7	9	8	10	7	7	8
Compensation meeting attendance %	89	92	100	100	86	100	94	96
Size of nomination committee	3	3	3	3	3	3	3	3
No. of nomination committee meetings	6	7	9	8	10	7	7	8
Nomination meeting attendance %	89	92	100	100	86	100	94	96
Sustainability governance								
Verification type	No	No	No	No	No	No	No	No

Sources: Bloomberg; FSSIA's compilation

Disclaimer for ESG scoring

ESG score	Methodology	Rating																											
The Dow Jones Sustainability Indices (DJSI) 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 (THSI) by The Stock Exchange of Thailand (SET)	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 THSI inclusion , 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. SETTHSI Index 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.																											
CG Score 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%).																											
AGM level 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&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.																											
Thai CAC 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.																											
Morningstar Sustainalytics	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 & 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 border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>NEGL</th> <th>Low</th> <th>Medium</th> <th>High</th> <th>Severe</th> </tr> </thead> <tbody> <tr> <td>0-10</td> <td>10-20</td> <td>20-30</td> <td>30-40</td> <td>40+</td> </tr> </tbody> </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+																									
ESG Book	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.																											
MSCI	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 border="0" style="margin-left: 20px;"> <tr> <td style="padding-right: 10px;">AAA</td> <td style="padding-right: 10px;">8.571-10.000</td> <td style="padding-right: 10px;">Leader:</td> <td>leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td>AA</td> <td>7.143-8.570</td> <td></td> <td></td> </tr> <tr> <td>A</td> <td>5.714-7.142</td> <td></td> <td></td> </tr> <tr> <td>BBB</td> <td>4.286-5.713</td> <td>Average:</td> <td>a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td> </tr> <tr> <td>BB</td> <td>2.857-4.285</td> <td></td> <td></td> </tr> <tr> <td>B</td> <td>1.429-2.856</td> <td></td> <td></td> </tr> <tr> <td>CCC</td> <td>0.000-1.428</td> <td>Laggard:</td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </table>	AAA	8.571-10.000	Leader:	leading its industry in managing the most significant ESG risks and opportunities	AA	7.143-8.570			A	5.714-7.142			BBB	4.286-5.713	Average:	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	BB	2.857-4.285			B	1.429-2.856			CCC	0.000-1.428	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks
AAA	8.571-10.000	Leader:	leading its industry in managing the most significant ESG risks and opportunities																										
AA	7.143-8.570																												
A	5.714-7.142																												
BBB	4.286-5.713	Average:	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers																										
BB	2.857-4.285																												
B	1.429-2.856																												
CCC	0.000-1.428	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks																										
Moody's ESG solutions	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.																												
Refinitiv ESG rating	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; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)</i>																												
S&P Global	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.																												
Bloomberg	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

GENERAL DISCLAIMER

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.

This report has been prepared by FSS International Investment Advisory Securities Company Limited (FSSIA). The information herein has been obtained from sources believed to be reliable and accurate; however FSSIA makes no representation as to the accuracy and completeness of such information. Information and opinions expressed herein are subject to change without notice. FSSIA has no intention to solicit investors to buy or sell any security in this report. In addition, FSSIA does not guarantee returns nor price of the securities described in the report nor accept any liability for any loss or damage of any kind arising out of the use of such information or opinions in this report. Investors should study this report carefully in making investment decisions. All rights are reserved.

This report may not be reproduced, distributed or published by any person in any manner for any purpose without permission of FSSIA. Investment in securities has risks. Investors are advised to consider carefully before making investment decisions.

History of change in investment rating and/or target price

Krungthai Card (KTC TB)



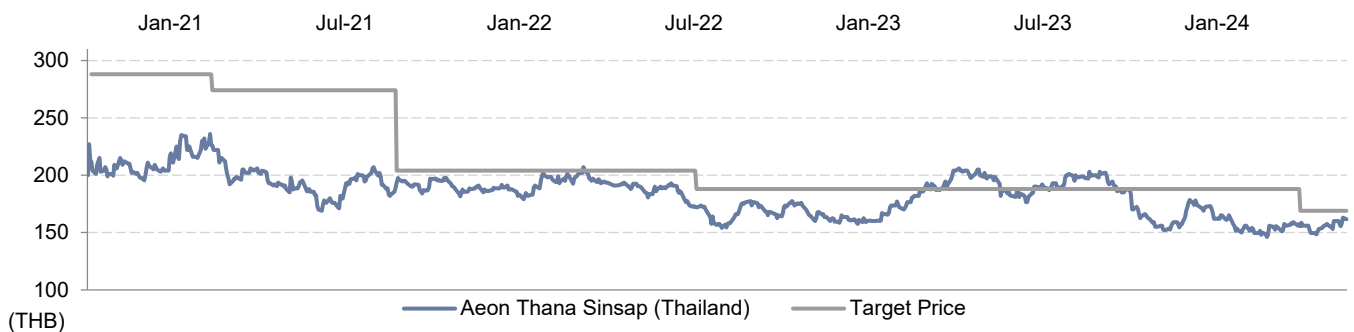
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
19-Jan-2021	REDUCE	50.00	11-Apr-2022	REDUCE	52.00	28-Nov-2023	HOLD	49.00
19-Jul-2021	HOLD	73.00	22-Jun-2022	HOLD	60.00			
18-Oct-2021	HOLD	52.00	12-Oct-2022	BUY	65.00			

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

Price and TP are in local currency

Source: FSSIA estimates

Aeon Thana Sinsap (Thailand) (AEONTS TB)



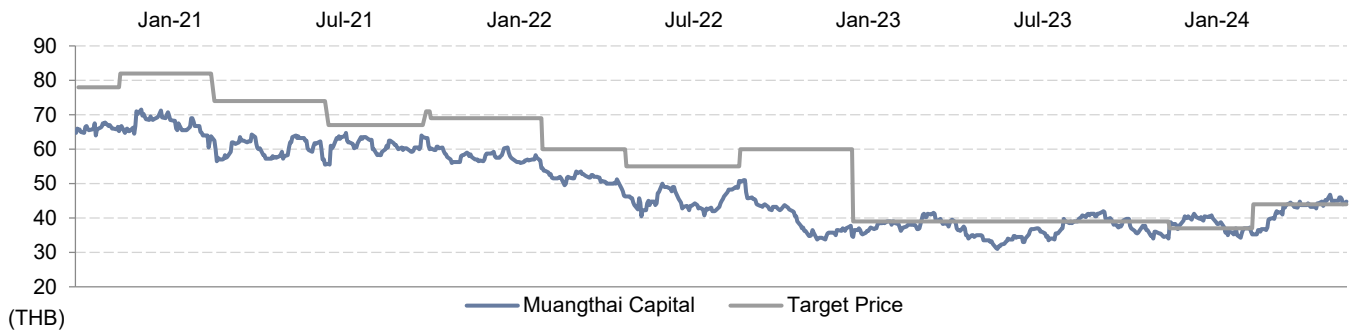
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
13-Jan-2021	BUY	288.00	05-Oct-2021	HOLD	204.00	28-Nov-2023	HOLD	169.00
28-Apr-2021	BUY	274.00	22-Jun-2022	HOLD	188.00			

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

Price and TP are in local currency

Source: FSSIA estimates

Muangthai Capital (MTC TB)



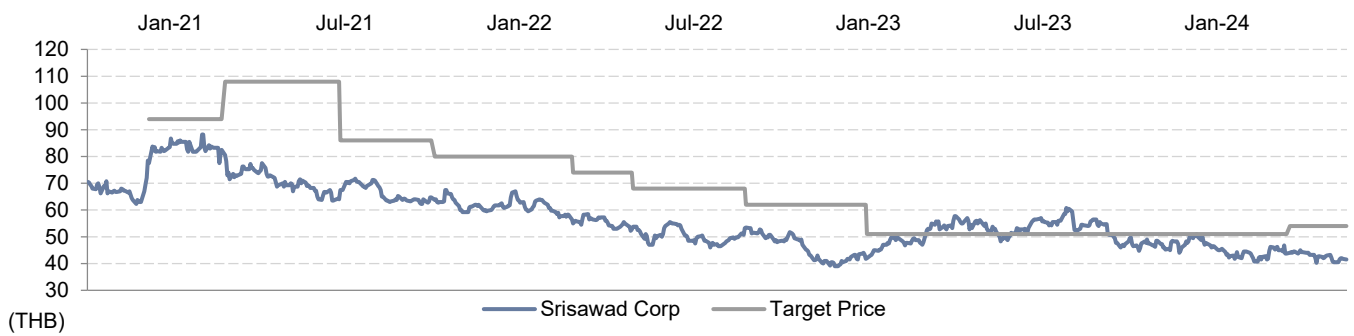
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
12-Jan-2021	BUY	78.00	05-Nov-2021	BUY	71.00	04-Aug-2022	BUY	60.00
17-Feb-2021	BUY	82.00	11-Nov-2021	BUY	69.00	09-Nov-2022	HOLD	39.00
07-May-2021	BUY	74.00	15-Feb-2022	BUY	60.00	08-Aug-2023	HOLD	37.00
13-Aug-2021	BUY	67.00	28-Apr-2022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



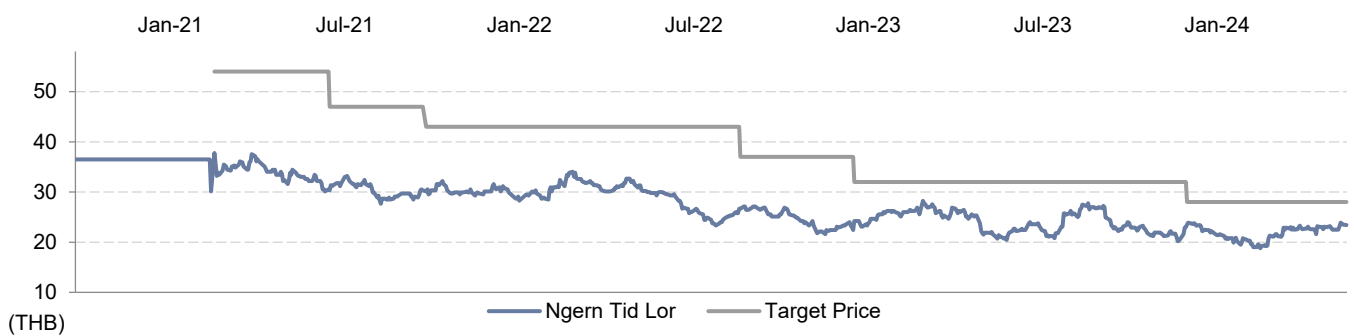
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
04-Mar-2021	BUY	94.00	05-Nov-2021	BUY	80.00	04-Aug-2022	BUY	62.00
07-May-2021	BUY	108.00	07-Mar-2022	BUY	74.00	17-Nov-2022	BUY	51.00
17-Aug-2021	BUY	86.00	28-Apr-2022	BUY	68.00	17-Nov-2023	BUY	54.00

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
Krungthai Card	KTC TB	THB 44.50	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.
Aeon Thana Sinsap (Thailand)	AEONTS TB	THB 161.00	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.
Muangthai Capital	MTC TB	THB 44.75	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 41.50	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 23.50	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 09-Jan-2024 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.