

# KRUNGTHAI CARD KTC TB

THAILAND / FINANCE &amp; SECURITIES

**HOLD**

UNCHANGED

TARGET PRICE	THB46.00
CLOSE	THB42.75
UP/DOWNSIDE	+7.6%
PRIOR TP	THB45.00
CHANGE IN TP	+2.2%
TP vs CONSENSUS	-8.5%

## In-line 1Q24 profit with sizable write-off

- The 1Q24 net profit was THB1.8b (up 2.4% q-q, down 3.7% y-y) in line with forecasts, while the NPL ratio dropped due to its new w/o policy.
- We have revised our 2024-26E net profit to reflect lower credit costs and loan estimates following the massive write-off in 1Q24.
- Our GGM-based TP remained at THB46 with a HOLD rating.

### 1Q24 results saw support from debt recovery income

KTC reported a 1Q24 net profit of THB1.8b, increasing by 2.4% q-q but decreasing by 3.7% y-y, accounting for 24% of our full-year forecast, in line with our estimate and the consensus. PPOP finished at THB3.9b, which exhibited a 3.9% q-q and 7.0% y-y increase. NII was down by 3.7% q-q but up 4.2% y-y over a backdrop of the negative loan growth of 6.2% q-q (but +2.0% y-y), lower than our estimate due to higher-than-expected write-offs. OPEX dwindled but less than expected due mainly to its aggressive marketing budget. Non-NII increased 8.8% q-q and 22.0% y-y, receiving a push from a rise in bad debt recovery income (up 23.7% q-q and 26.7% y-y). The cost-to-income declined to 37.5% from 39.0% in 4Q23.

### A meaningful decline in the NPL ratio from the new write-off policy

The NPL ratio finished at 1.98%, drastically declining from 2.17% at the end of 2023 due to its write-off policy acceleration starting in the quarter. The write-off amount was cTHB4.1b (FSSIA's compilation), higher than our estimate of THB1.8b, leading to a sharp drop in LLR. The change in its write-off policy was due mainly to the preparation for an expected significant increase in NPLs after the BoT's debt moratorium scheme expired. The 1Q24 credit costs slightly increased to 6.23% from 5.93% in 4Q23. Accordingly, the coverage ratio dropped to 354% from 400% in 4Q23.

### 2024-26E earnings revision to reflect lower loan estimates

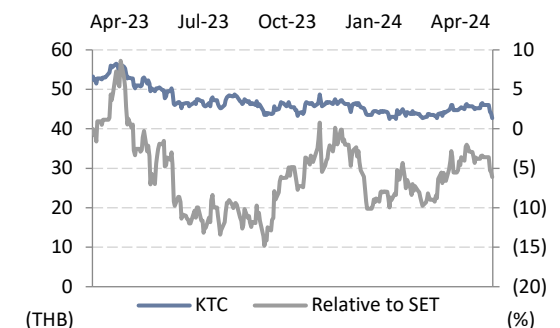
We have raised our 2024E net profit by 3.5%, primarily for our lower 2024E credit cost from 5.77% to 5.47% since we believe KTC has already recorded the highest write-offs in 1Q24, which proved to have a limited impact on ECL expenses. Going forward, we expect write-offs to normalize at cTHB1.2b per quarter and new NPLs to occur at a usual rate of cTHB1.3b per quarter throughout 2024. We expect the NPL ratio to gradually rise to 2.07%, while the coverage ratio should finish lower at 343% by the end of 2024. Given the greater-than-expected write-offs in 1Q24, we have lowered our 2024-26E loan estimate by 2.4-2.5%, leading to a 1.2-2.0% lower 2025-26E net profit.

### Maintain HOLD call given a limited upside and a soft outlook

Due to adjustments in our forecasts, we slightly raise our GGM-based 2024 TP to THB46 (a PBV of 2.95x, unchanged). Since it offers a limited upside to our target price, we maintain our HOLD call on KTC on the back of a negative view of the unsecured finance industry.

### KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Operating profit	9,068	9,529	9,928	10,738
Net profit	7,295	7,674	7,998	8,651
EPS (THB)	2.83	2.98	3.10	3.36
vs Consensus (%)	-	(0.1)	(4.2)	9.2
Recurring net profit	7,295	7,674	7,998	8,651
Core EPS (THB)	2.83	2.98	3.10	3.36
Chg. In EPS est. (%)	-	3.5	(1.2)	(2.0)
EPS growth (%)	3.1	5.2	4.2	8.2
Core P/E (x)	15.1	14.4	13.8	12.7
Dividend yield (%)	3.0	3.1	3.3	3.5
Price/book (x)	3.1	2.8	2.5	2.3
ROE (%)	21.8	20.3	19.0	18.6
ROA (%)	6.8	6.7	6.7	6.8



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(4.5)	(0.6)	(20.5)
Relative to country (%)	(0.9)	3.2	(5.6)
Mkt cap (USD m)	2,990		
3m avg. daily turnover (USD m)	4.0		
Free float (%)	21		
Major shareholder	Krung Thai Bank (49%)		
12m high/low (THB)	56.75/40.50		
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 maintain our HOLD recommendation on KTC due to:

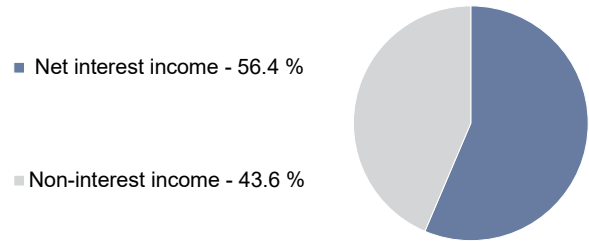
- 1) We expect the overall consumer finance industry to experience a certain degree of asset quality pressure and weakening spending power amid a slowing economic backdrop.
- 2) We estimate loan write-offs and new NPLs to normalize at cTHB1.2b and cTHB1.3b per quarter, respectively, while the NPL and coverage ratios should gradually rise/fall to 2.07% and 343% by year-end, respectively.
- 3) We have lowered our 2024-26 loan forecast by c2.4-2.5% due to the larger-than-expected write-offs in 1Q24 and decreased our 2024E credit cost by 50bp, causing our 2024-26E net profit to change by +3.5%/-1.2%/-2.0%, respectively.
- 4) Our GGM-based 2024 TP of THB46 implies a P/BV ratio of 2.95x and hardly offers any upside relative to the current share price.

### Company profile

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

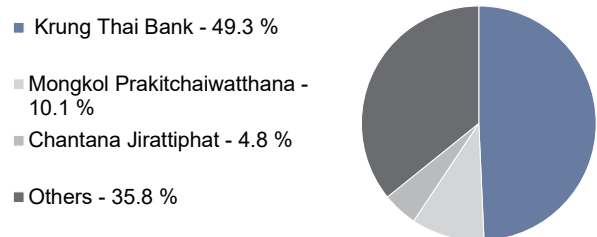
[www.ktc.co.th](http://www.ktc.co.th)

### Principal activities (revenue, 1Q24)



Source: Krungthai Card

### Major shareholders



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
16 May 2024	Analyst meeting and opportunity day

### Key assumptions

	2024E	2025E	2026E
<b>Net profit (THB m)</b>	<b>7,674</b>	<b>7,998</b>	<b>8,651</b>
Net profit growth (%)	5.2	4.2	8.2
Loan growth (y-y %)	1.9	6.3	6.4
Fee growth (y-y %)	7.5	10.0	10.0
Non-NII growth (y-y %)	6.1	6.0	8.0
Loan yield (%)	14.99	14.97	14.86
Cost of funds (%)	2.93	3.19	3.29
Interest spread (%)	12.06	11.79	11.57
NIM (%)	12.59	12.46	12.40
Credit cost (bp)	547	543	543
Cost to income (%)	37.39	37.64	37.11

Source: FSSIA estimates

### Earnings sensitivity

		----- 2024E -----		
<b>Loan growth (y-y %)</b>	<b>±1ppt</b>	<b>0.9</b>	<b>1.9</b>	<b>2.9</b>
% change in net profit		(1.5)	-	1.5
<b>Interest spread (%)</b>	<b>±10bp</b>	<b>11.96</b>	<b>12.06</b>	<b>12.16</b>
% change in net profit		(1.6)	-	1.6
<b>Credit cost (bps)</b>	<b>±10bp</b>	<b>5.4</b>	<b>5.5</b>	<b>5.6</b>
% change in net profit		1.8	-	(1.8)

Source: FSSIA estimates

## 1Q24 net profit in line with our forecast and consensus

KTC reported a 1Q24 net profit of THB1.8b, increasing by 2.4% q-q but decreasing by 3.7% y-y. The figure accounted for 24% of our full-year forecast and aligned with our estimate and the consensus. PPOP finished at THB3.9b, which exhibited a 3.9% q-q and 7.0% y-y increase.

The NPL ratio in 1Q24 sharply declined due to its changing to a more aggressive write-off practice we had highlighted. However, the coverage ratio drastically dropped to 354%, which was against our expectation of an increase in the NPLs after the BoT's debt moratorium expired. Since KTC already had sufficient provisions to back its aggressive write-offs, the slight increase in ECLs and credit costs aligned with our forecast.

### Highlights:

**(-) Net interest income:** NII was THB3.6b, decreasing by 3.7% q-q but increasing by 4.2% y-y over a backdrop of the negative loan growth of 6.2% q-q (but +2.0% y-y), which was lower than our estimate due to higher-than-expected write-offs during the period, particularly the personal loan segment. Excluding the NPL write-off effect, loans still contracted 2.6% q-q but expanded 4.2% y-y.

In addition, loan yields declined sharply by 42bp to 14.73%, against a 5bp rise in the cost of funds to 2.85%, which led to a 47bp narrower interest spread to 11.88%.

**(-) OPEX and cost-to-income ratio:** In 1Q24, operating expenses dwindled less than expected, decreasing by 2.5% q-q due to the seasonality effect but increasing by 19.4% y-y due mainly to the aggressive marketing budget during the Easy E-receipt stimulus. Hence, the cost-to-income declined to 37.5% from 39.0% in 4Q23 but remained higher than our estimate.

**(+) Non-NII** aligned with our forecast. It increased 8.8% q-q and 22.0% y-y despite the negative loan growth, offsetting the higher-than-expected OPEX. The figure received a push from a meaningful rise in bad debt recovery income to THB1.0b (up 23.7% q-q and 26.7% y-y) due to the adjustment in its collection strategies. Note the quarterly average bad debt recovery income was cTHB830m during 1Q21-4Q23.

**(+) Asset quality:** The NPL ratio finished at 1.98%, drastically declining from 2.17% at the end of 2023 due to its write-off policy acceleration starting in the quarter. The write-off amount was cTHB4.1b (FSSIA's compilation), higher than our estimate of THB1.8b, leading to a sharp drop in LLR. The change in its write-off policy was due mainly to the preparation for an expected significant increase in NPLs after the BoT's debt moratorium scheme expired. The 1Q24 credit costs slightly increased to 6.23% from 5.93% in 4Q23. Accordingly, the coverage ratio dropped to 354% from 400% at the end of 2023.

**(0) 2024 guidance:** KTC has revised its 2024 guidance to reflect the write-off impacts, including 1) a lower loan growth of c6-7% y-y (from 10% y-y) and 2) a lower NPL ratio of 2.00% (from 2.17%).

## Exhibit 1: KTC – 1Q24 operation summary

KTC	1Q23	2Q23	3Q23	4Q23	1Q24	---- Change ----		% of	2023	2024E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	24E	(THB m)	(THB m)	(y-y %)
Interest income	3,803	3,972	4,096	4,149	4,008	(3.4)	5.4	24	16,020	16,996	6.1
Interest expense	390	415	441	456	451	(1.0)	15.6	23	1,703	1,962	15.2
Net interest income	3,413	3,557	3,655	3,693	3,557	(3.7)	4.2	24	14,317	15,034	5.0
Non-interest income	2,258	2,280	2,376	2,532	2,755	8.8	22.0	27	9,445	10,026	6.1
Operating income	5,671	5,837	6,031	6,225	6,312	1.4	11.3	25	23,763	25,060	5.5
Operating expenses	1,985	2,135	2,252	2,429	2,369	(2.5)	19.4	25	8,801	9,369	6.5
PPOP	3,686	3,702	3,779	3,795	3,943	3.9	7.0	25	14,962	15,691	4.9
Expected credit loss	1,367	1,438	1,477	1,612	1,683	4.4	23.2	27	5,894	6,162	4.5
Profit before tax	2,319	2,263	2,302	2,184	2,260	3.5	(2.6)	24	9,068	9,529	5.1
Income tax expense	452	463	464	439	467	6.4	3.2	25	1,819	1,906	4.8
<b>Net profit</b>	<b>1,873</b>	<b>1,806</b>	<b>1,856</b>	<b>1,761</b>	<b>1,803</b>	<b>2.4</b>	<b>(3.7)</b>	<b>24</b>	<b>7,295</b>	<b>7,674</b>	<b>5.2</b>
EPS (THB)	0.73	0.70	0.72	0.68	0.70	2.4	(3.7)	24	2.83	2.98	5.2
<b>Key balance sheet highlights</b>											
Loan - gross	103,312	105,588	106,700	112,347	105,347	(6.2)	2.0		112,347	114,435	1.9
Interest bearing debt	59,547	63,351	63,213	66,918	59,814	(10.6)	0.4		66,918	67,140	0.3
Earnings assets	96,194	98,342	100,111	108,082	101,599	(6.0)	5.6		117,854	121,001	2.7
<b>Asset quality ratio</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>				<b>(%)</b>	<b>(%)</b>	<b>(%)</b>
Gross NPLs (THB m)	1,931	2,130	2,481	2,439	2,091	(14.3)	8.3		2,439	2,373	(2.7)
NPL ratio	1.87	2.02	2.33	2.17	1.98				2.17	2.07	
Coverage ratio - LLR/ NPLs	463	433	382	400	354				400	343	
Credit cost (bp)	530	554	560	593	623				548	547	
LLR/TL	8.65	8.74	8.87	8.69	7.02				8.69	7.11	
<b>Profitability ratios</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>				<b>(%)</b>	<b>(%)</b>	
Cost-to-income ratio	35.00	36.58	37.34	39.03	37.53				37.04	37.39	
Yield on loans	14.66	15.21	15.44	15.15	14.73				14.80	14.99	
Cost of funds	2.57	2.70	2.79	2.80	2.85				2.64	2.93	
Spreads	12.09	12.51	12.65	12.35	11.88				12.15	12.06	
Net interest margin (NIM)	12.90	13.38	13.46	12.99	12.54				12.76	12.59	
ROE	23.13	22.06	22.28	20.05	19.60				21.77	20.32	
ROA	7.39	7.10	7.10	6.42	6.54				6.80	6.66	
<b>Loan growth</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>				<b>(%)</b>	<b>(%)</b>	
q-q	(0.8)	2.2	1.1	5.3	(6.2)						
y-y	14.5	11.1	10.0	7.8	2.0				7.83	1.9	
YTD	(0.8)	1.3	2.4	7.8	(6.2)						

Sources: KTC; FSSIA estimates

## Exhibit 2: 2024E – FSSIA estimates vs. management guidance

	2023	New		Previous	1Q24
		FSSIA	KTC	KTC	
	2024E	2024E	2024E	2024E	
<b>Net profit (THB m)</b>	<b>7,295</b>	<b>7,674</b>	<b>&gt;7,250</b>	<b>&gt;7,250</b>	<b>1,803</b>
Portfolio Growth (%)	7.8	1.9	6.0-7.0	10.0	2.0
Credit card spending growth (%)	11.4	7.5	15.0	15.0	8.5
KTC PROUD growth (%)	4.4	1.2	5.0	5.0	3.9
P BERM new booking (THB m)	2,590	2,630	6,000	6,000	611
NPL ratio (%)	2.17	2.07	2.0	2.17	1.98
Coverage ratio (%)	400	343	~400	~400	354

Sources: KTC; FSSIA estimates

### 2024-26E downward revision to reflect lower loan growth assumptions

We have raised our 2024 net profit forecast by 3.5%, primarily for our lower estimate of credit costs from 5.77% to 5.47%, since we believe KTC has already recorded the highest write-offs in 1Q24, which proved to have a limited impact on ECL expenses. Going forward, we expect write-offs to normalize at cTHB1.2b-1.3b per quarter and new NPLs to occur at a usual rate of cTHB1.3b-1.4b per quarter throughout 2024. We expect the NPL ratio to gradually rise to 2.07%, while the coverage ratio should finish lower at 343% by the end of 2024. Given the greater-than-expected write-offs in 1Q24, we have lowered our 2024-26 loan estimate by 2.4-2.5%, leading to a 1.2-2.0% lower 2025-26E net profit.

### Exhibit 3: 2024-26E earnings revision

	Current			Previous			Change		
	2024E (THB m)	2025E (THB m)	2026E (THB m)	2024E (THB m)	2025E (THB m)	2026E (THB m)	2024E (%)	2025E (%)	2026E (%)
<b>Net profit</b>	<b>7,674</b>	<b>7,998</b>	<b>8,651</b>	<b>7,415</b>	<b>8,093</b>	<b>8,825</b>	<b>3.5</b>	<b>(1.2)</b>	<b>(2.0)</b>
<i>Growth y-y%</i>	5.2	4.2	8.2	1.6	9.1	9.1			
Net interest income	11,583	11,924	12,559	11,742	12,252	12,905	(1.4)	(2.7)	(2.7)
<i>Growth y-y%</i>	4.9	2.9	5.3	6.4	4.3	5.3			
Non-interest income	10,026	10,624	11,478	9,930	10,552	11,484	1.0	0.7	(0.0)
<i>Growth y-y%</i>	6.1	6.0	8.0	5.1	6.3	8.8			
Spending volume	285,287	313,815	345,197	285,287	313,815	345,197	-	-	-
<i>Growth y-y%</i>	7.5	10.0	10.0	7.5	10.0	10.0			
Gross loan	114,435	121,694	129,424	117,309	124,750	132,672	(2.5)	(2.4)	(2.4)
<i>Growth y-y%</i>	1.9	6.3	6.4	4.4	6.3	6.4			
	(%)	(%)	(%)	(%)	(%)	(%)			
Cost-to-income ratio	37.39	37.64	37.11	37.25	37.18	36.56			
Yield	14.99	14.97	14.86	14.97	14.95	14.83			
Cost of funds	2.93	3.19	3.29	2.93	3.19	3.29			
Spreads	12.06	11.79	11.57	12.05	11.76	11.55			
	(%)	(%)	(%)	(%)	(%)	(%)			
NPL ratio	2.07	2.07	2.08	2.11	2.11	2.11			
Credit cost (bp)	547	543	543	577	548	547			
Coverage ratio	343	354	365	442	426	423			

Source: FSSIA estimates

### Maintain HOLD call given a limited upside and a soft outlook

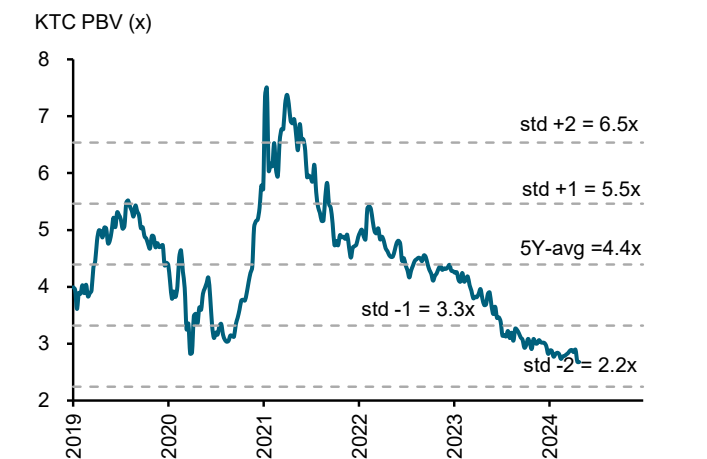
Due to adjustments in our forecasts, we slightly raise our GGM-based 2024 TP to THB46 (a PBV of 2.95x, unchanged). Since it offers a limited upside to our target price, we maintain our HOLD call on KTC on the back of a negative view of the unsecured finance industry (L-T ROE = 18%, COE = 8.25%).

Exhibit 4: GGM-based 2024TP

GGM	2024E	
	New	Previous
ROE - sustainable (%)	18.0	18.0
Terminal growth rate (%)	3.3	3.3
Cost of equity	8.3	8.3
Risk-free (%)	3.0	3.0
Expected market return (%)	8.0	8.0
Market risk premium (%)	5.0	5.0
Beta	1.1	1.1
Target PBV (%)	3.0	3.0
<b>BVS (THB)</b>	<b>15.5</b>	<b>15.4</b>
<b>Fair price (THB)</b>	<b>46.0</b>	<b>45.0</b>

Source: FSSIA estimates

Exhibit 6: KTC – one-year prospective PBV band



Sources: Bloomberg; FSSIA estimates

Exhibit 8: Peer comparison, as of 19 April 2024

Company name	BBG code	Rec	Share price (LCY)	Target price (LCY)	Up side (%)	PE		PBV		ROE		Div yld	
						24E (x)	25E (x)	24E (x)	25E (x)	24E (%)	25E (%)	24E (x)	25E (x)
AEON Thana Sinsap (Thailand)	AEONTS TB	HOLD	155.50	170.00	9	12.0	11.3	1.5	1.4	12.8	12.6	3.5	3.7
Muangthai Capital	MTC TB	HOLD	41.75	43.00	3	15.3	11.9	2.4	2.0	16.8	18.3	0.6	0.8
<b>Krungthai Card</b>	<b>KTC TB</b>	<b>HOLD</b>	<b>42.75</b>	<b>46.00</b>	<b>8</b>	<b>14.4</b>	<b>13.8</b>	<b>2.8</b>	<b>2.5</b>	<b>20.3</b>	<b>19.0</b>	<b>3.1</b>	<b>3.3</b>
Srisawad Corp	SAWAD TB	HOLD	38.75	40.00	3	10.7	9.5	1.9	1.6	18.4	18.2	4.6	1.1
JMT Network services	JMT TB	HOLD	20.30	25.70	27	12.3	10.5	1.1	1.1	9.0	10.5	6.5	7.6
Ngern Tid Lor	TIDLOR TB	BUY	20.40	27.00	32	12.7	10.7	1.8	1.6	15.4	16.2	2.4	2.8
Bangkok Commercial Asset Mgmt.	BAM TB	HOLD	9.45	8.75	(7)	17.2	16.1	0.7	0.7	4.1	4.3	4.0	4.0
Chayo Group	CHAYO TB	BUY	4.58	6.00	31	13.0	11.2	1.4	1.2	11.1	11.3	1.1	1.3
<b>Average</b>						<b>13.5</b>	<b>11.9</b>	<b>1.7</b>	<b>1.5</b>	<b>13.5</b>	<b>13.8</b>	<b>3.2</b>	<b>3.1</b>

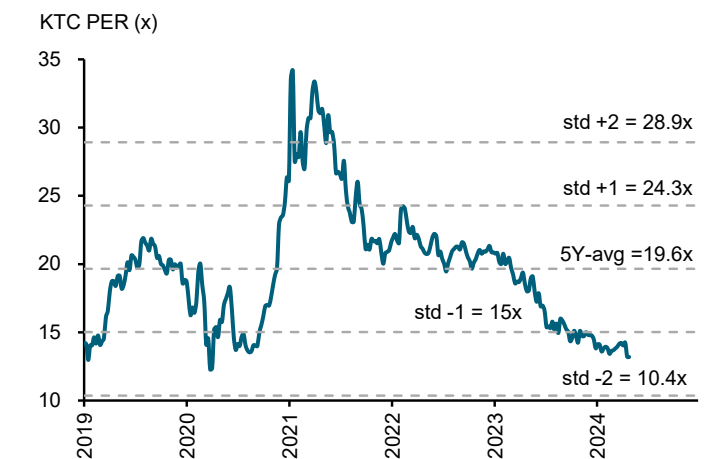
Sources: Bloomberg; FSSIA estimates

Exhibit 5: Share price performance of non-banks under coverage, as of 19 April 2024

	Price performance				
	1M (%)	3M (%)	6M (%)	1Y (%)	YTD (%)
TIDLOR TB	(7.5)	(2.8)	10.0	(6.7)	(7.1)
MTC TB	(4.9)	7.4	24.1	21.5	(2.8)
SAWAD TB	(4.8)	4.6	(1.8)	(27.9)	(1.2)
AEONTS TB	6.5	3.0	4.7	(17.2)	(2.2)
<b>KTC TB</b>	<b>(4.4)</b>	<b>1.2</b>	<b>(4.4)</b>	<b>(19.8)</b>	<b>0.0</b>
JMT TB	(5.0)	(11.5)	(35.3)	(47.3)	(18.8)
BAM TB	(3.5)	20.0	6.7	(27.8)	17.8
CHAYO TB	(12.5)	(13.3)	(20.7)	(37.3)	(14.9)
<b>SETFIN</b>	<b>(4.6)</b>	<b>(1.2)</b>	<b>(3.6)</b>	<b>(23.5)</b>	<b>(5.6)</b>
<b>SET</b>	<b>(2.4)</b>	<b>(1.6)</b>	<b>(3.7)</b>	<b>(13.5)</b>	<b>(4.8)</b>

Source: Bloomberg

Exhibit 7: KTC – one-year prospective PER band



Sources: Bloomberg; FSSIA estimates

## Financial Statements

### Krungthai Card

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Interest Income	14,381	16,020	16,996	17,679	18,658
Interest expense	(1,392)	(1,703)	(1,962)	(2,166)	(2,293)
Net interest income	12,989	14,317	15,034	15,513	16,364
Net fees & commission	4,973	5,556	5,973	6,570	7,227
Foreign exchange trading income	-	-	-	-	-
Securities trading income	-	-	-	-	-
Dividend income	17	47	35	35	35
Other income	3,876	3,842	4,018	4,018	4,216
Non interest income	8,867	9,445	10,026	10,624	11,478
Total income	21,855	23,763	25,060	26,137	27,842
Staff costs	(7,872)	(8,801)	(9,369)	(9,838)	(10,333)
Other operating costs	(244)	-	-	-	-
Operating costs	(8,117)	(8,801)	(9,369)	(9,838)	(10,333)
Pre provision operating profit	13,739	14,962	15,691	16,299	17,509
Expected credit loss	(4,868)	(5,894)	(6,162)	(6,371)	(6,771)
Other provisions	-	-	-	-	-
Operating profit	8,870	9,068	9,529	9,928	10,738
Recurring non operating income	0	0	0	0	0
Associates	-	-	-	-	-
Goodwill amortization	-	-	-	-	-
Non recurring items	0	0	0	0	0
Profit before tax	8,870	9,068	9,529	9,928	10,738
Tax	(1,818)	(1,819)	(1,906)	(1,986)	(2,148)
Profit after tax	7,053	7,250	7,623	7,942	8,591
Non-controlling interest	(26)	(46)	(51)	(56)	(61)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	7,078	7,295	7,674	7,998	8,651
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	7,078	7,295	7,674	7,998	8,651
<b>Per share (THB)</b>					
Recurring EPS *	2.75	2.83	2.98	3.10	3.36
Reported EPS	2.75	2.83	2.98	3.10	3.36
DPS	1.15	1.27	1.34	1.40	1.51
<b>Growth</b>					
Net interest income (%)	6.5	10.2	5.0	3.2	5.5
Non interest income (%)	13.1	6.5	6.1	6.0	8.0
Pre provision operating profit (%)	8.1	8.9	4.9	3.9	7.4
Operating profit (%)	22.2	2.2	5.1	4.2	8.2
Reported net profit (%)	20.4	3.1	5.2	4.2	8.2
Recurring EPS (%)	20.4	3.1	5.2	4.2	8.2
Reported EPS (%)	20.4	3.1	5.2	4.2	8.2
<b>Income Breakdown</b>					
Net interest income (%)	59.4	60.3	60.0	59.4	58.8
Net fees & commission (%)	22.8	23.4	23.8	25.1	26.0
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	-	-	-	-	-
Dividend income (%)	0.1	0.2	0.1	0.1	0.1
Other income (%)	17.7	16.2	16.0	15.4	15.1
<b>Operating performance</b>					
Gross interest yield (%)	14.26	14.28	14.23	14.20	14.13
Cost of funds (%)	2.39	2.64	2.93	3.19	3.29
Net interest spread (%)	11.87	11.64	11.30	11.01	10.84
Net interest margin (%)	12.9	12.8	12.6	12.5	12.4
Cost/income(%)	37.1	37.0	37.4	37.6	37.1
Cost/assets(%)	8.5	8.2	8.1	8.1	8.1
Effective tax rate (%)	20.5	20.1	20.0	20.0	20.0
Dividend payout on recurring profit (%)	41.9	45.0	45.0	45.0	45.0
ROE (%)	24.3	21.8	20.3	19.0	18.6
ROE - COE (%)	13.5	11.0	9.5	8.2	7.8
ROA (%)	7.4	6.8	6.7	6.7	6.8
RORWA (%)	-	-	-	-	-

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

Sources: Krungthai Card; FSSIA estimates

## Financial Statements

### Krungthai Card

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Gross customer loans	103,509	111,623	113,684	120,888	128,558
Allowance for expected credit loss	(8,792)	(9,763)	(8,139)	(8,934)	(9,794)
interest in suspense	685	724	751	806	866
<b>Net customer loans</b>	<b>95,402</b>	<b>102,584</b>	<b>106,296</b>	<b>112,760</b>	<b>119,629</b>
Bank loans	-	-	-	-	-
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	106	154	162	170	179
Cash & equivalents	2,182	5,344	6,396	6,195	6,367
Other interesting assets	-	-	-	-	-
Tangible fixed assets	348	421	379	341	307
Associates	-	-	-	-	-
Goodwill	-	-	-	-	-
Other intangible assets	-	-	-	-	-
Other assets	3,758	4,311	4,385	4,463	4,546
<b>Total assets</b>	<b>101,796</b>	<b>112,814</b>	<b>117,618</b>	<b>123,930</b>	<b>131,028</b>
Customer deposits	0	0	0	0	0
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	61,972	66,918	67,140	68,767	70,811
Non interest bearing liabilities	8,248	10,051	10,378	10,720	11,077
Hybrid Capital	-	-	-	-	-
<b>Total liabilities</b>	<b>70,220</b>	<b>76,968</b>	<b>77,518</b>	<b>79,487</b>	<b>81,887</b>
Share capital	2,578	2,578	2,578	2,578	2,578
Reserves	28,775	33,103	37,271	41,614	46,312
<b>Total equity</b>	<b>31,353</b>	<b>35,682</b>	<b>39,850</b>	<b>44,193</b>	<b>48,890</b>
Non-controlling interest	223	164	250	250	250
<b>Total liabilities &amp; equity</b>	<b>101,796</b>	<b>112,814</b>	<b>117,618</b>	<b>123,930</b>	<b>131,028</b>
<b>Supplementary items</b>					
Risk weighted assets (RWA)	n/a	n/a	n/a	n/a	n/a
Average interest earning assets	100,823	112,187	119,427	124,534	132,022
Average interest bearing liabilities	58,371	64,445	67,029	67,954	69,789
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)	1,846	2,439	2,373	2,522	2,686
<b>Per share (THB)</b>					
Book value per share	12.16	13.84	15.46	17.14	18.96
Tangible book value per share	12.16	13.84	15.46	17.14	18.96
<b>Growth</b>					
Gross customer loans	12.5	7.8	1.8	6.3	6.3
Average interest earning assets	4.8	11.3	6.5	4.3	6.0
Total asset (%)	13.8	10.8	4.3	5.4	5.7
Risk weighted assets (%)	-	-	-	-	-
Customer deposits (%)	nm	nm	nm	nm	nm
<b>Leverage &amp; capital measures</b>					
Customer loan/deposits (%)	-	-	-	-	-
Equity/assets (%)	30.8	31.6	33.9	35.7	37.3
Tangible equity/assets (%)	30.8	31.6	33.9	35.7	37.3
RWA/assets (%)	-	-	-	-	-
CET 1 CAR (%)	-	-	-	-	-
Total CAR (%)	-	-	-	-	-
<b>Asset Quality (FSSIA's calculation)</b>					
Change in NPL (%)	(44.4)	32.1	(2.7)	6.3	6.5
NPL/gross loans (%)	1.8	2.2	2.1	2.1	2.1
Allowance for ECL/gross loans (%)	8.5	8.7	7.2	7.4	7.6
Allowance for ECL/NPL (%)	476.3	400.3	343.0	354.3	364.6
<b>Valuation</b>					
Recurring P/E (x) *	15.6	15.1	14.4	13.8	12.7
Recurring P/E @ target price (x) *	16.8	16.3	15.5	14.8	13.7
Reported P/E (x)	15.6	15.1	14.4	13.8	12.7
Dividend yield (%)	2.7	3.0	3.1	3.3	3.5
Price/book (x)	3.5	3.1	2.8	2.5	2.3
Price/tangible book (x)	3.5	3.1	2.8	2.5	2.3
Price/tangible book @ target price (x)	3.8	3.3	3.0	2.7	2.4

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

Sources: Krungthai Card; FSSIA estimates



# Krungthai Card PCL (KTC TB)

**FSSIA ESG rating**

★★★★

**71.80 /100**

## Exhibit 9: 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.
★★★★	<b>&gt;59-79</b>	<b>A mixed track record of managing the most significant ESG risks and opportunities relative to industry peers.</b>
★★★	>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 10: 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 11: ESG score by Bloomberg

FY ending Dec 31	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
<b>ESG financial materiality scores - ESG score</b>	<b>2.10</b>	<b>2.55</b>	<b>3.27</b>	<b>3.49</b>	<b>4.11</b>	<b>5.79</b>	<b>5.74</b>	<b>4.96</b>
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
<b>ESG disclosure score</b>	<b>35.95</b>	<b>37.11</b>	<b>41.95</b>	<b>49.07</b>	<b>49.92</b>	<b>58.07</b>	<b>56.76</b>	<b>57.09</b>
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
<b>Environmental</b>								
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 12: 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	—	—	—	—	—	—	—	—
<b>Social</b>								
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
<b>Governance</b>								
<b>Board size</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>
<b>No. of independent directors (ID)</b>	<b>3</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>5</b>
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
<b>No. of executives / company managers</b>	<b>15</b>	<b>13</b>	<b>13</b>	<b>14</b>	<b>10</b>	<b>11</b>	<b>13</b>	<b>12</b>
No. of female executives	6	5	5	3	3	3	5	5
Executive share ownership guidelines	No	No	No	No	No	No	No	No
<b>Size of audit committee</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
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
<b>Size of compensation committee</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
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
<b>Size of nomination committee</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
No. of nomination committee meetings	6	7	9	8	10	7	7	8
Nomination meeting attendance %	89	92	100	100	86	100	94	96
<b>Sustainability governance</b>								
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 <b>THSI inclusion</b> , 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. <b>SETTHSI Index</b> 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 (50-59), 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&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.																			
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. 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.	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																	
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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="1" style="margin-left: auto; margin-right: auto;"> <tbody> <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> </tbody> </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
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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; &gt;25 to 50 = satisfactory; &gt;50 to 75 = good; and &gt;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.

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Company	Ticker	Price	Rating	Valuation & Risks
Krungthai Card	KTC TB	THB 42.75	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 155.50	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 41.75	HOLD	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. Upside risks are 1) a positive development of asset quality which could bring down its credit costs and 2) a decreasing market interest rate which could alleviate its cost of funds burden.
Srisawad Corp	SAWAD TB	THB 38.75	HOLD	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. Upside risks include 1) a faster-than-expected decline in losses on sales of repossessed cars for SCAP; and 2) an interest rate downtrend could push its interest spread.
JMT Network Services	JMT TB	THB 20.30	HOLD	Downside risks to our P/BV-based TP include 1) lower cash collection from both debt management and debt tracking collection services; and 2) higher-than-expected funding costs and operating expenses. Upside risks includes 1) better-than-expected purchasing power and cash collection 2) lower-than-expected operating and financing expense
Ngern Tid Lor	TIDLOR TB	THB 20.40	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.
Bangkok Commercial Asset Mngt.	BAM TB	THB 9.45	HOLD	Downside risks to our NAV-based TP include 1) lower cash collection than estimated; 2) lower-than-expected bad debt acquisition; and 3) a slowdown in the property market. Upsides include 1) better-than-expected economic conditions and debt repayment momentum; and 2) an acceleration in the demand for NPAs.
Chayo Group	CHAYO TB	THB 4.58	BUY	Downside risks to our GGM-based TP include 1) lower-than-expected bad debt acquisition; and 2) higher-than-expected operating expenses.

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 22-Apr-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.