

คาดผลประกอบการ 2Q24 จะทรงตัว

- สภาวะเศรษฐกิจที่ไม่เอื้ออำนวยกดดันผลการดำเนินงานใน 2Q24 อย่างต่อเนื่องและทำให้คุณภาพสินทรัพย์อ่อนตัวลง
- แม้เราจะคาดการณ์เติบโตของสินเชื่อไว้สูงเกินไป หนี้สูญรับคืนที่เราคาดว่าจะต่ำเกินไปอาจช่วยชดเชยได้ซึ่งทำให้มีผลกระทบต่ำต่อประมาณการกำไรในปี 2024 ของเรา
- คงคำแนะนำถือและปรับลดราคาเป้าหมายปี 2024 ของเราเป็น 40.00 บาท

| | |
|-----------------|----------|
| TARGET PRICE | THB40.00 |
| CLOSE | THB38.50 |
| UP/DOWNSIDE | +3.9% |
| PRIOR TP | THB46.00 |
| CHANGE IN TP | -13.0% |
| TP vs CONSENSUS | -15.5% |

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) | (4.1) | (5.1) |
| 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. (%) | - | - | - | - |
| EPS growth (%) | 3.1 | 5.2 | 4.2 | 8.2 |
| Core P/E (x) | 13.6 | 12.9 | 12.4 | 11.5 |
| Dividend yield (%) | 3.3 | 3.5 | 3.6 | 3.9 |
| Price/book (x) | 2.8 | 2.5 | 2.2 | 2.0 |
| ROE (%) | 21.8 | 20.3 | 19.0 | 18.6 |
| ROA (%) | 6.8 | 6.7 | 6.7 | 6.8 |

ค่ากำไร 2Q24 จะทรงตัวท่ามกลางอำนาจในการซื้อที่เปราะบาง

เราคาดว่า KTC จะรายงานกำไรสุทธิ 2Q24 อยู่ที่ 1.84 พัน ลบ. เพิ่มขึ้น 2.2% q-q และ 2.1% y-y โดยได้ปัจจัยกดดันจากต้นทุนความเสี่ยงในการปล่อยสินเชื่อ (Credit cost) ที่สูงและต้นทุนในการกู้ยืม (Cost of funds) ที่ปรับขึ้นอย่างต่อเนื่อง เราคาดว่า PPOP อยู่ที่ 3.94 พัน ลบ. ทรงตัว q-q แต่เพิ่มขึ้นในระดับปานกลางที่ 6.3% y-y จากสินเชื่อที่คาดว่าจะขยายตัว 2.7% q-q และ 2.5% y-y เรามองว่าเป้าการเติบโตของสินเชื่อของ KTC ในปี 2024 ที่ 6-7% y-y มีความท้าทายจาก 1) อัตราการชำระหนี้ขั้นต่ำสำหรับบัตรเครดิตที่สูงขึ้นมาตั้งแต่เดือน ม.ค. 2024, 2) อัตราการอนุมัติสินเชื่อที่ลดลงโดยเฉพาะในผลิตภัณฑ์สินเชื่อส่วนบุคคล (บัตรเครดิตเงินสด/สินเชื่อจำนำทะเบียน) และ 3) การตัดหนี้สูญ (NPL) เป็นจำนวนมากใน 1Q24 เราคาดว่า Loan spread อยู่ที่ 11.76% หดตัว 12bp q-q และ 75bp y-y จาก Cost of funds ที่สูงขึ้น ดังนั้นเราจึงคาดว่าจะรายได้ดอกเบี้ยสุทธิ (NII) จะลดลง 2.6% ทั้ง q-q และ y-y และคาดว่าจะรายได้ที่ไม่ใช่ดอกเบี้ยสุทธิ (Non-NII) จะลดลง 4.6% q-q แต่เพิ่มขึ้น 15.3% y-y หนุนด้วยรายได้หนี้เสียรับคืนที่สูงขึ้นหลังการตัดจำหน่ายที่เร็วขึ้น ในขณะที่เราคาดว่าปริมาณการใช้จ่ายผ่านบัตรจะโต 9.1% y-y และคาดสัดส่วนค่าใช้จ่ายในการดำเนินงานต่อรายได้ อยู่ที่ 35.4%

คุณภาพสินทรัพย์เสื่อมลงแต่อยู่ในระดับที่จัดการได้

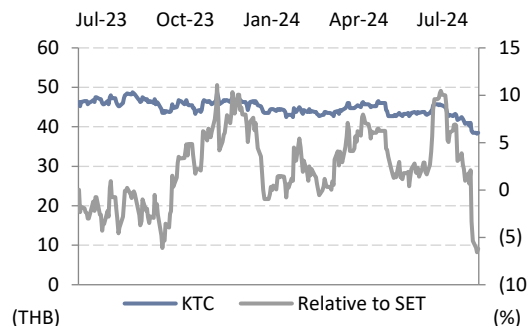
ภายใต้สถานการณ์ทางเศรษฐกิจในปัจจุบัน เราคาดว่าคุณภาพสินทรัพย์จะอ่อนตัวลงอย่างต่อเนื่องใน 2Q24 แต่ด้วยนโยบายการตัดจำหน่ายหนี้ที่เร็วขึ้นมาตั้งแต่ 1Q24 จึงคาดว่า NPL ratio จะทรงตัว q-q ที่ 2.01% เราคาดว่า Credit cost จะทรงตัวในระดับสูงที่ 6.21% สูงกว่าเป้าหมายของ KTC ในปี 2024 ที่ต่ำกว่า 6.00% เพราะฉะนั้นสัดส่วนสำรองต่อหนี้โดยคุณภาพ (Coverage ratio) จึงน่าจะค่อนข้างทรงตัว q-q ที่ 358%

คงประมาณการกำไรปี 2024-26

เราคงประมาณการปี 2024-26 ที่คาดว่ากำไรสุทธิจะโต 5.8% CAGR โดยได้ปัจจัยหนุนจากการเติบโตของสินเชื่อที่ 4.8% CAGR ในระยะเวลาเดียวกันและ Credit cost ที่คาดว่าจะค่อย ๆ ลดลงในช่วง 2H24 จากการปรับตัวของลูกค้านำมาซึ่งสภาวะเศรษฐกิจและการชำระบัตรเครดิตขั้นต่ำที่สูงขึ้นซึ่งอาจทำให้ตัวเลขจบที่ 5.47% ในปี 2024 แม้ว่าประมาณการตัวเลขการเติบโตของสินเชื่อของเราจะมี Downside สมมติฐานหนี้เสียรับคืนที่ต่ำเกินไปของเราอาจช่วยชดเชยปัจจัยดังกล่าวได้ซึ่งทำให้มีผลกระทบต่ำต่อประมาณการกำไรในปี 2024 ของเรา

คงคำแนะนำถือและปรับลดราคาเป้าหมายปี 2024 เป็น 40.00 บาท

เราคงคำแนะนำถือและปรับลดราคาเป้าหมายปี 2024 ของเราเหลือ 40.00 จาก 46.00 บาท (GGM) โดยมีสมมติฐานจาก P/BV ratio ที่ 2.57x (จาก 2.95x) ซึ่งสะท้อนค่า COE ที่สูงขึ้นเป็น 9.0% (จาก 8.3%) ในขณะที่คง LT ROE ไว้ที่ 18.0% เรายังเห็นความท้าทายอย่างต่อเนื่องรออยู่ข้างหน้าสำหรับผู้เล่นในตลาดสินเชื่อประเภทไม่มีหลักทรัพย์ค้ำประกันในปี 2024 ดังนั้นเรายังคงให้น้ำหนักกลุ่มดังกล่าวน้อยกว่าตลาด



| Share price performance | 1 Month | 3 Month | 12 Month |
|--------------------------------|-----------------------|---------|----------|
| Absolute (%) | (14.4) | (17.2) | (17.6) |
| Relative to country (%) | (14.7) | (11.9) | (6.8) |
| Mkt cap (USD m) | 2,727 | | |
| 3m avg. daily turnover (USD m) | 8.2 | | |
| Free float (%) | 21 | | |
| Major shareholder | Krung Thai Bank (49%) | | |
| 12m high/low (THB) | 49.50/37.00 | | |
| Issued shares (m) | 2,578 | | |

Sources: Bloomberg consensus; FSSIA estimates



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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 retain our 2024-26 net profit forecasts, growing at an average rate of 5.8% CAGR over loan growth of 4.8% y-y.
- 3) We maintain our HOLD call on KTC but trim our GGM-based 2024 TP to THB40.00 (from THB46.00), which implies a P/BV ratio of 2.57x, (from 2.95x) to reflect a higher COE of 9.0% (from 8.3%) and an LT ROE of 18.0%. We continue to see challenges that lie ahead for unsecured players in 2024. Therefore, we reaffirm our Underweight view for the sector.

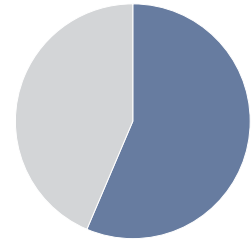
Company profile

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, 1Q24)

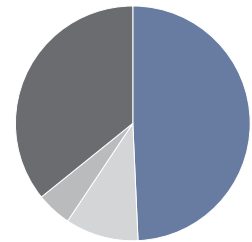
- Net interest income - 56.4 %
- Non-interest income - 43.6 %



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 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 Jul 2024 | 2Q24 results announcement |
| 14 Aug 2024 | Analyst meeting |

Key assumptions

| | 2024E | 2025E | 2026E |
|---------------------------|--------------|--------------|--------------|
| Net profit (THB m) | 7,674 | 7,998 | 8,651 |
| 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 | |
|----------------------------|--------------|--------------|--------------|--------------|
| Loan growth (y-y %) | ±1ppt | 0.9 | 1.9 | 2.9 |
| % change in net profit | | (1.5) | - | 1.5 |
| Interest spread (%) | ±10bp | 11.96 | 12.06 | 12.16 |
| % change in net profit | | (1.6) | - | 1.6 |
| Credit cost (bps) | ±10bp | 5.4 | 5.5 | 5.6 |
| % change in net profit | | 1.8 | - | (1.8) |

Source: FSSIA estimates

Exhibit 1: KTC – 2Q24 earnings preview

| KTC | 2Q23 | 3Q23 | 4Q23 | 1Q24 | 2Q24E | ----- Change ----- | | 1H24E | Change | % of | 2024E | Change |
|----------------------------|--------------|--------------|--------------|--------------|--------------|--------------------|------------|--------------|--------------|-----------|--------------|------------|
| | (THB m) | (THB m) | (THB m) | (THB m) | (THB m) | (q-q%) | (y-y%) | (THB m) | (y-y%) | 24E | (THB m) | (%) |
| Interest income | 3,972 | 4,096 | 4,149 | 4,008 | 3,925 | (2.1) | (1.2) | 7,933 | 2.0 | 47 | 16,996 | 11.4 |
| Interest expense | 415 | 441 | 456 | 451 | 461 | 2.1 | 11.0 | 912 | 13.2 | 46 | 1,962 | 22.3 |
| Net interest income | 3,557 | 3,655 | 3,693 | 3,557 | 3,464 | (2.6) | (2.6) | 7,021 | 0.7 | 47 | 15,034 | 10.2 |
| Non-interest income | 2,280 | 2,376 | 2,532 | 2,755 | 2,629 | (4.6) | 15.3 | 5,385 | 18.7 | 54 | 10,026 | 6.5 |
| Operating income | 5,837 | 6,031 | 6,225 | 6,312 | 6,093 | (3.5) | 4.4 | 12,405 | 7.8 | 50 | 25,060 | 8.7 |
| Operating expenses | 2,135 | 2,252 | 2,429 | 2,369 | 2,156 | (9.0) | 1.0 | 4,525 | 9.8 | 48 | 9,369 | 8.4 |
| PPOP | 3,702 | 3,779 | 3,795 | 3,943 | 3,937 | (0.2) | 6.3 | 7,880 | 6.7 | 50 | 15,691 | 8.9 |
| Expected credit loss | 1,438 | 1,477 | 1,612 | 1,683 | 1,646 | (2.2) | 14.4 | 3,330 | 18.7 | 54 | 6,162 | 21.1 |
| Profit before tax | 2,263 | 2,302 | 2,184 | 2,260 | 2,291 | 1.4 | 1.2 | 4,550 | (0.7) | 48 | 9,529 | 2.2 |
| Income tax expense | 463 | 464 | 439 | 467 | 458 | (1.9) | (1.1) | 925 | 1.1 | 49 | 1,906 | 0.0 |
| Net profit | 1,806 | 1,856 | 1,761 | 1,803 | 1,843 | 2.2 | 2.1 | 3,646 | (0.9) | 48 | 7,674 | 3.1 |
| EPS (THB) | 0.70 | 0.72 | 0.68 | 0.70 | 0.71 | 2.2 | 2.1 | 1.41 | (0.9) | 48 | 2.98 | 3.1 |
| Key highlights | | | | | | | | | | | | |
| Loan - gross | 105,588 | 106,700 | 112,347 | 105,347 | 108,237 | 2.7 | 2.5 | 108,237 | 2.5 | | 114,435 | 7.8 |
| Interest bearing debt | 63,351 | 63,213 | 66,918 | 59,814 | 65,472 | 9.5 | 3.3 | 65,472 | 3.3 | | 67,140 | 8.0 |
| Earnings assets | 98,342 | 100,111 | 108,082 | 101,599 | 105,971 | 4.3 | 7.8 | 105,971 | 7.8 | | 121,001 | 10.6 |
| Leverage ratio | (x) | (x) | (x) | (x) | (x) | | | | | | | |
| IBD/E (x) | 1.98 | 1.86 | 1.88 | 1.60 | 1.82 | | | 1.82 | | | 1.68 | |
| D/E (x) | 2.19 | 2.08 | 2.16 | 1.84 | 2.07 | | | 2.07 | | | 1.95 | |
| Asset quality ratio | (%) | (%) | (%) | (%) | (%) | | | | | | | |
| Gross NPLs (THB m) | 2,130 | 2,481 | 2,439 | 2,091 | 2,175 | 4.0 | 2.1 | 2,175 | 2.1 | | 2,373 | 32.1 |
| NPL ratio | 2.02 | 2.33 | 2.17 | 1.98 | 2.01 | | | 2.01 | | | 2.07 | 0.4 |
| Coverage ratio - LLR/ NPLs | 433 | 382 | 400 | 354 | 358 | | | 358 | | | 343 | -76.0 |
| Credit cost (bp) | 554 | 560 | 593 | 623 | 621 | | | 623 | | | 547 | 50.1 |
| LLR/TL | 8.74 | 8.87 | 8.69 | 7.02 | 7.20 | | | 7.20 | | | 7.11 | |
| Profitability ratios | (%) | (%) | (%) | (%) | (%) | | | | | | (%) | |
| Cost-to-income ratio | 36.58 | 37.34 | 39.03 | 37.53 | 35.39 | | | 36.48 | | | 37.39 | -0.1 |
| Yield on loans | 15.21 | 15.44 | 15.15 | 14.73 | 14.70 | | | 14.84 | | | 14.99 | 0.2 |
| Cost of funds | 2.70 | 2.79 | 2.80 | 2.85 | 2.94 | | | 2.83 | | | 2.93 | 0.3 |
| Spreads | 12.51 | 12.65 | 12.35 | 11.88 | 11.76 | | | 12.01 | | | 12.06 | -0.1 |
| Net interest margin (NIM) | 13.38 | 13.46 | 12.99 | 12.54 | 12.44 | | | 13.75 | | | 12.59 | -0.1 |
| ROE | 22.06 | 22.28 | 20.05 | 19.60 | 19.94 | | | 21.29 | | | 20.32 | |
| ROA | 7.10 | 7.10 | 6.42 | 6.54 | 6.75 | | | 6.80 | | | 6.66 | |
| Loan growth | (%) | (%) | (%) | (%) | (%) | (75.2) | | | | | | |
| q-q | 2.2 | 1.1 | 5.3 | (6.2) | 2.7 | | | | | | | |
| y-y | 11.1 | 10.0 | 7.8 | 2.0 | 2.5 | | | 2.5 | | | 1.9 | |
| YTD | 1.3 | 2.4 | 7.8 | (6.2) | (3.7) | | | (3.7) | | | | |

Sources: KTC; FSSIA estimates

Exhibit 2: KTC – Staged loans and ECL

| | 2021 | 2022 | 2023 | 1Q24 | 2021 | 2022 | 2023 | 1Q24 |
|-----------------------------------|---------|---------|---------|---------|-------------------------------------|-------|-------|-------|
| | (THB m) | (THB m) | (THB m) | (THB m) | (%) | (%) | (%) | (%) |
| Loans and accrued interest | | | | | Stage loans % of total loans | | | |
| Stage 1 | 76,929 | 87,743 | 92,974 | 87,467 | 86.6 | 86.8 | 85.7 | 86.0 |
| Stage 2 | 10,338 | 11,690 | 13,585 | 12,734 | 11.6 | 11.6 | 12.5 | 12.5 |
| Stage 3 | 1,581 | 1,627 | 1,875 | 1,504 | 1.8 | 1.6 | 1.7 | 1.5 |
| Total | 88,848 | 101,060 | 108,434 | 101,705 | 100.0 | 100.0 | 100.0 | 100.0 |
| Expected credit loss (ECL) | | | | | ECL % of stage loans | | | |
| Stage 1 | 3,918 | 4,247 | 4,332 | 3,093 | 5.1 | 4.8 | 4.7 | 3.5 |
| Stage 2 | 2,365 | 2,782 | 3,316 | 2,483 | 22.9 | 23.8 | 24.4 | 19.5 |
| Stage 3 | 1,066 | 1,139 | 1,283 | 960 | 67.4 | 70.0 | 68.5 | 63.8 |
| Total | 7,349 | 8,168 | 8,931 | 6,536 | 8.3 | 8.1 | 8.2 | 6.4 |
| | (%) | (%) | (%) | (%) | | | | |
| NPL / TL | 1.8 | 1.6 | 1.7 | 1.5 | | | | |
| LLR / NPL | 465 | 502 | 476 | 435 | | | | |
| NPL + S2 / TL | 13.4 | 13.2 | 14.3 | 14.0 | | | | |
| LLR / (NPL + S2) | 61.7 | 61.3 | 57.8 | 45.9 | | | | |

Sources: KTC; FSSIA estimates

Exhibit 3: KTC – GGM-based 2024 TP

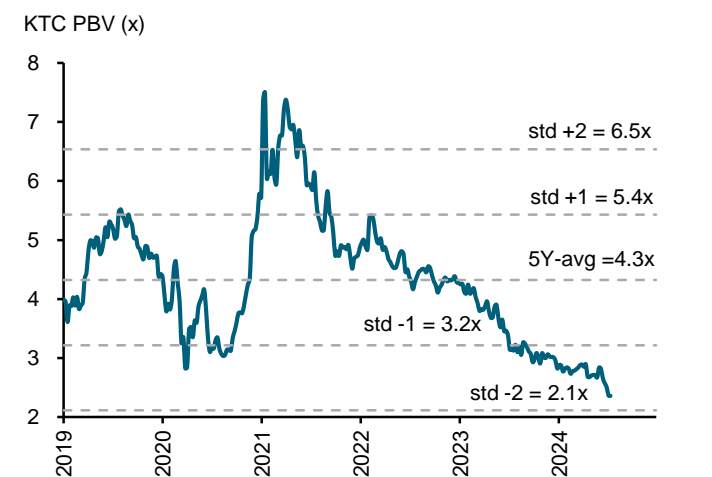
| GGM | New | Previous |
|----------------------------|--------------|--------------|
| ROE - sustainable (%) | 18.0 | 18.0 |
| Terminal growth rate (%) | 3.3 | 3.3 |
| Cost of equity (%) | 9.0 | 8.3 |
| Risk-free (%) | 3.0 | 3.0 |
| Expected market return (%) | 8.0 | 8.0 |
| Market risk premium (%) | 5.0 | 5.0 |
| Beta | 1.2 | 1.1 |
| Target PBV (x) | 2.57 | 2.95 |
| BVS (THB) | 15.46 | 15.46 |
| Fair price (THB) | 40.00 | 46.00 |

Source: FSSIA estimates

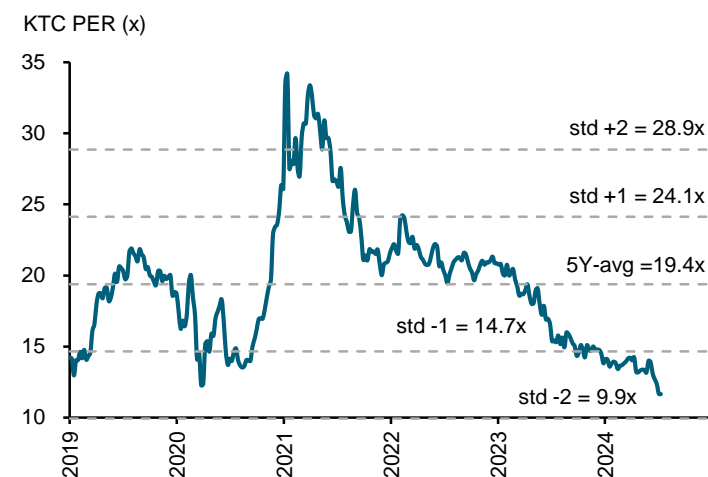
Exhibit 4: Share price performance of non-banks under coverage, as of 10 July 2024

| | Price performance ----- | | | | |
|---------------|-------------------------|---------------|---------------|---------------|---------------|
| | 1M | 3M | 6M | 1Y | YTD |
| | (%) | (%) | (%) | (%) | (%) |
| TIDLOR TB | (11.8) | (16.6) | (24.7) | (21.8) | (20.7) |
| MTC TB | (2.8) | (2.8) | (7.6) | 19.6 | (5.0) |
| SAWAD TB | (10.7) | (4.8) | (5.9) | (15.1) | (3.6) |
| AEONTS TB | (16.1) | (28.9) | (25.0) | (31.4) | (26.9) |
| KTC TB | (15.2) | (17.9) | (14.7) | (19.3) | (13.2) |
| SAK TB | (0.9) | 9.8 | 26.2 | 8.4 | 29.8 |
| ASK TB | (4.9) | (19.9) | (32.2) | (44.8) | (31.2) |
| THANI TB | 3.7 | (4.3) | (7.4) | (24.0) | (5.2) |
| JMT TB | (17.6) | (40.9) | (48.2) | (61.7) | (46.7) |
| BAM TB | (9.7) | (24.7) | (10.2) | (27.0) | (8.6) |
| CHAYO TB | (5.8) | (26.7) | (35.9) | (42.4) | (34.7) |
| SETFIN | (9.1) | (16.9) | (19.7) | (23.7) | (18.0) |
| SET | 0.4 | (5.4) | (6.2) | (11.7) | (6.7) |

Source: Bloomberg

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: Peers comparison as of 10 July 2024

| Company name | BBG | Rec | Share price | Target price | Up side | PE | | PBV | | ROE | | Div yld | |
|--------------------------------|-----------|------|-------------|--------------|---------|-------|-------|-----|---------|---------|---------|---------|---------|
| | code | | | | | (LCY) | (LCY) | (%) | 24E (x) | 25E (x) | 24E (x) | 25E (x) | 24E (%) |
| Auto title | | | | | | | | | | | | | |
| Muangthai Capital | MTC TB | BUY | 42.75 | 50.00 | 17.0 | 14.4 | 11.5 | 2.4 | 2.0 | 18.1 | 19.0 | 0.6 | 0.8 |
| Srisawad Corp | SAWAD TB | HOLD | 36.00 | 40.00 | 11.1 | 10.0 | 8.8 | 1.7 | 1.5 | 18.4 | 18.2 | 1.1 | 1.1 |
| Ngern Tid Lor | TIDLOR TB | BUY | 18.10 | 21.00 | 16.0 | 11.3 | 9.5 | 1.6 | 1.4 | 15.4 | 16.2 | 2.7 | 3.2 |
| Saksiam Leasing | SAK TB | HOLD | 5.40 | 5.28 | (2.2) | 13.6 | 11.9 | 1.8 | 1.7 | 13.7 | 14.4 | 3.1 | 3.5 |
| Unsecured finance | | | | | | | | | | | | | |
| AEON Thana Sinsap (Thailand) | AEONTS TB | HOLD | 118.50 | 145.00 | 22.4 | 9.1 | 8.6 | 1.1 | 1.0 | 12.8 | 12.6 | 4.6 | 4.9 |
| Krungthai Card | KTC TB | HOLD | 38.50 | 40.00 | 3.9 | 12.9 | 12.4 | 2.5 | 2.2 | 20.3 | 19.0 | 3.5 | 3.6 |
| Hire-purchase truck | | | | | | | | | | | | | |
| Asia Sermkij Leasing | ASK TB | HOLD | 13.70 | 18.00 | 31.4 | 8.3 | 7.1 | 0.7 | 0.6 | 8.1 | 9.1 | 7.3 | 7.0 |
| Ratchthani Leasing | THANI TB | HOLD | 2.26 | 2.28 | 0.9 | 10.2 | 9.9 | 1.0 | 1.0 | 10.1 | 10.0 | 5.4 | 5.6 |
| AMCs | | | | | | | | | | | | | |
| Bangkok Commercial Asset Mgmt. | BAM TB | HOLD | 7.40 | 8.75 | 18.2 | 13.4 | 12.6 | 0.5 | 0.5 | 4.1 | 4.3 | 5.1 | 5.2 |
| JMT Network services | JMT TB | HOLD | 13.50 | 17.00 | 25.9 | 12.0 | 10.0 | 0.7 | 0.7 | 6.1 | 7.2 | 5.0 | 6.0 |
| Chayo Group | CHAYO TB | HOLD | 3.48 | 4.20 | 20.7 | 13.6 | 8.8 | 1.0 | 0.9 | 8.1 | 11.1 | 1.9 | 1.7 |
| Average | | | | | | 11.7 | 10.1 | 1.4 | 1.2 | 12.3 | 12.8 | 4.0 | 3.9 |

Noted: The Chairman of The Board of Directors of Finansia Syrus Securities PCL is also AEONTS's Director.

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 |
| Per share (THB) | | | | | |
| 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 |
| Growth | | | | | |
| 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 |
| Income Breakdown | | | | | |
| 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 |
| Operating performance | | | | | |
| 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 |
| Net customer loans | 95,402 | 102,584 | 106,296 | 112,760 | 119,629 |
| 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 |
| Total assets | 101,796 | 112,814 | 117,618 | 123,930 | 131,028 |
| 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 | - | - | - | - | - |
| Total liabilities | 70,220 | 76,968 | 77,518 | 79,487 | 81,887 |
| Share capital | 2,578 | 2,578 | 2,578 | 2,578 | 2,578 |
| Reserves | 28,775 | 33,103 | 37,271 | 41,614 | 46,312 |
| Total equity | 31,353 | 35,682 | 39,850 | 44,193 | 48,890 |
| Non-controlling interest | 223 | 164 | 250 | 250 | 250 |
| Total liabilities & equity | 101,796 | 112,814 | 117,618 | 123,930 | 131,028 |
| Supplementary items | | | | | |
| 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 |
| Per share (THB) | | | | | |
| 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 |
| Growth | | | | | |
| 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 |
| Leverage & capital measures | | | | | |
| 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 (%) | - | - | - | - | - |
| Asset Quality (FSSIA's calculation) | | | | | |
| 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 |
| Valuation | | | | | |
| Recurring P/E (x) * | 14.0 | 13.6 | 12.9 | 12.4 | 11.5 |
| Recurring P/E @ target price (x) * | 14.6 | 14.1 | 13.4 | 12.9 | 11.9 |
| Reported P/E (x) | 14.0 | 13.6 | 12.9 | 12.4 | 11.5 |
| Dividend yield (%) | 3.0 | 3.3 | 3.5 | 3.6 | 3.9 |
| Price/book (x) | 3.2 | 2.8 | 2.5 | 2.2 | 2.0 |
| Price/tangible book (x) | 3.2 | 2.8 | 2.5 | 2.2 | 2.0 |
| Price/tangible book @ target price (x) | 3.3 | 2.9 | 2.6 | 2.3 | 2.1 |

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Krungthai Card; FSSIA estimates

Krungthai Card PCL (KTC TB)

FSSIA ESG rating


71.80 /100

Exhibit 8: 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 9: 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](https://www.settrade.com); FSSIA's compilation

Exhibit 10: 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 11: 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><tr><th>NEGL</th><th>Low</th><th>Medium</th><th>High</th><th>Severe</th></tr><tr><td>0-10</td><td>10-20</td><td>20-30</td><td>30-40</td><td>40+</td></tr></table> | NEGL | Low | Medium | High | Severe | 0-10 | 10-20 | 20-30 | 30-40 | 40+ | | | | | | | | | | |
| NEGL | Low | Medium | High | Severe | | | | | | | | | | | | | | | | | | |
| 0-10 | 10-20 | 20-30 | 30-40 | 40+ | | | | | | | | | | | | | | | | | | |
| 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><tr><td>AAA</td><td>8.571-10.000</td><td rowspan="3">Leader:</td><td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td></tr><tr><td>AA</td><td>7.143-8.570</td></tr><tr><td>A</td><td>5.714-7.142</td></tr><tr><td>BBB</td><td>4.286-5.713</td><td rowspan="3">Average:</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>BB</td><td>2.857-4.285</td></tr><tr><td>B</td><td>1.429-2.856</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

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| Company | Ticker | Price | Rating | Valuation & Risks |
|--------------------------------|-----------|------------|--------|--|
| Krungthai Card | KTC TB | THB 38.50 | 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 118.50 | 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. |
| Ngern Tid Lor | TIDLOR TB | THB 18.10 | 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. |
| Muangthai Capital | MTC TB | THB 42.75 | 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 36.00 | 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. |
| Saksiam Leasing | SAK TB | THB 5.40 | HOLD | Upside risks to our GGM-derived TP include 1) loan expansion following the broad-based economic recovery 2) a reduction in cost of funds due mainly to the downward interest rate trend and 3) an accelerated decrease in credit costs owing to the rise in consumers purchasing power. Downside risks include 1) competition from existing and new players 2) regulatory changes by the Bank of Thailand (BoT) and 3) a slower-than-expected reduction in its cost of funds due to a shift toward more long-term loans. |
| Asia Sermkij Leasing PCL | ASK TB | THB 13.70 | HOLD | Downside risks to our GGM-derived TP include 1) an economic slowdown, especially for logistics activities and private investment; 2) deteriorating asset quality; and 3) changes in financial regulations from the Bank of Thailand. Upside risks include 1) a better-than-expected macroeconomic improvement; 2) downtrend of policy rate could reduce cost of funds and enhance interest spreads; and 3) a faster-than-expected decline in ECL expense. |
| Ratchthani Leasing | THANI TB | THB 2.26 | HOLD | Downside risks to our GGM-derived TP include 1) an economic slowdown, especially for logistics activities and private investment; 2) deteriorating asset quality; and 3) changes in financial regulations from the Bank of Thailand. Upside risks include 1) a better-than-expected macroeconomic improvement; 2) a downtrend in the policy rate could reduce cost of funds and enhance interest spreads; and 3) a faster-than-expected decline in ECL expense. |
| JMT Network Services | JMT TB | THB 13.50 | 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 include 1) better-than-expected purchasing power and cash collection 2) lower-than-expected operating and financing expense |
| Bangkok Commercial Asset Mngt. | BAM TB | THB 7.40 | 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 3.48 | HOLD | Downside risks to our GGM-based TP include 1) lower-than-expected bad debt acquisition; and 2) higher-than-expected operating expenses. Upside risks include 1) better-than-expected cash collection performance and lower pressure from ECL, 2) stronger-than-expected loan growth, and 3) better cost control than expected. |

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 10-Jul-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.