

11 JULY 2024

EQUITY RESEARCH - COMPANY REPORT

**KRUNGTHAI CARD**  
 THAILAND / FINANCE & SECURITIES

**KTC TB**
**FINANSIA**  
 FSS INTERNATIONAL INVESTMENT ADVISORY

FSSIA ESG rating ★★★★★

**HOLD**

UNCHANGED

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%

## Expect a static 2Q24 performance

- The unfavorable economic situation continues to pressure the 2Q24 operating results and deteriorate asset quality.
- Despite our overestimated loan growth, the underestimated bad debt recovery could offset it with a low impact on the 2024 profit forecast.
- Maintain our HOLD call and cut our 2024 TP to THB40.00.

### Sustained 2Q24E profit amid fragile purchasing power

We expect KTC to deliver a 2Q24 net profit of THB1.84b, growing 2.2% q-q and 2.1% y-y, as it continues to realize the pressure from high credit costs and a rising cost of funds. The expected PPOP is at THB3.94b, stable q-q, but rising moderately by 6.3% y-y over an expected loan expansion of 2.7% q-q and 2.5% y-y. We view KTC's 2024 target loan growth of 6-7% y-y as challenging due to 1) the higher minimum payment for credit card loans since Jan-24; 2) a lower loan approval rate, especially for personal loan products (cash advance/auto title); and 3) the massive NPL write-off in 1Q24. We estimate the 2Q24 loan spread at 11.76%, contracting by 12bp q-q and 75bp y-y from a higher cost of funds. Therefore, we expect NII to drop 2.6% both q-q and y-y. 2Q24E non-NII falls 4.6% q-q, but jumps 15.3% y-y. The support on the y-y basis is from a higher income recovery, following its faster write-off, while we expect the 2Q24 spending volume to grow by 9.1% y-y. The expected 2Q24 cost-to-income ratio is at 35.4%.

### Deteriorating asset quality but manageable

Under the current economic circumstances, we expect ongoing asset quality deterioration in 2Q24. Thanks to its faster debt write-off policy (since 1Q24), the NPL ratio could be stable q-q at 2.01%. However, to tackle the NPL write-offs, we forecast the 2Q24 credit cost to remain relatively high at 6.21%, exceeding its 2024 guidance of below 6.00%. Consequently, the coverage ratio should finish relatively stable q-q at 358%.

### Maintain 2024-26 profit forecast

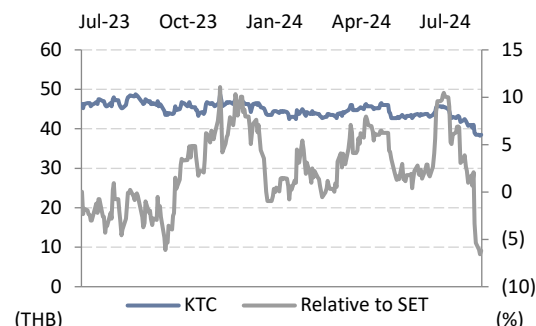
We retain our 2024-26E net profit with a CAGR of 5.8%, supported by loan growth of 4.8% CAGR over the same period, and expect the credit costs to gradually decline in 2H24 over customers' adaptation to the economic environment and higher minimum credit card payment, landing the figure at 5.47% for 2024. Despite witnessing the downside of our loan growth forecast, the underestimated bad debt recovery could offset it, thus having a low impact on the 2024 profit forecast.

### Reaffirm our HOLD rating but cut 2024 TP to THB40.00

We retain our HOLD call but trim our GGM-based 2024 TP to THB40.00 (from THB46.00), referencing a P/BV ratio of 2.57x (from 2.95x) to reflect a higher COE of 9.0% (from 8.3%), while LT ROE is retained at 18.0%. We continue to see challenges that lie ahead for unsecured players in 2024. Therefore, we reaffirm our Underweight view for the sector.

### 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



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.

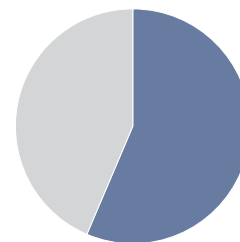
## Company profile

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

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

## Principal activities (revenue, 1Q24)

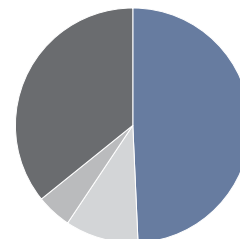
- Net interest income - 56.4 %
- Non-interest income - 43.6 %



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
<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

## Exhibit 1: KTC – 2Q24 earnings preview

KTC	2Q23 (THB m)	3Q23 (THB m)	4Q23 (THB m)	1Q24 (THB m)	2Q24E (THB m)	----- Change -----		1H24E (THB m)	Change (y-y%)	% of 24E	2024E (THB m)	Change (%)
						(q-q%)	(y-y%)					
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
<b>Net profit</b>	<b>1,806</b>	<b>1,856</b>	<b>1,761</b>	<b>1,803</b>	<b>1,843</b>	<b>2.2</b>	<b>2.1</b>	<b>3,646</b>	<b>(0.9)</b>	<b>48</b>	<b>7,674</b>	<b>3.1</b>
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 (THB m)	2022 (THB m)	2023 (THB m)	1Q24 (THB m)	2021 (%)	2022 (%)	2023 (%)	1Q24 (%)
<b>Loans and accrued interest</b>				<b>Stage loans % of total loans</b>				
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
<b>Expected credit loss (ECL)</b>				<b>ECL % of stage loans</b>				
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

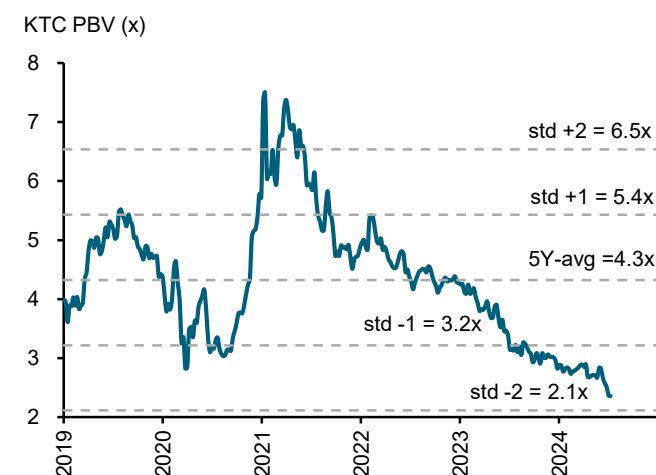
GGM	New	Previous
ROE - sustainable (%)	18.0	18.0
Terminal growth rate (%)	3.3	3.3
Cost of equity (%)	9.0	8.3
Risk-free (%)	3.0	3.0
Expected market return (%)	8.0	8.0
Market risk premium (%)	5.0	5.0
Beta	1.2	1.1
<b>Target PBV (x)</b>	<b>2.57</b>	<b>2.95</b>
<b>BVS (THB)</b>	<b>15.46</b>	<b>15.46</b>
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

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)
<b>KTC TB</b>	<b>(15.2)</b>	<b>(17.9)</b>	<b>(14.7)</b>	<b>(19.3)</b>	<b>(13.2)</b>
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)
<b>SETFIN</b>	<b>(9.1)</b>	<b>(16.9)</b>	<b>(19.7)</b>	<b>(23.7)</b>	<b>(18.0)</b>
<b>SET</b>	<b>0.4</b>	<b>(5.4)</b>	<b>(6.2)</b>	<b>(11.7)</b>	<b>(6.7)</b>

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	Target	Up	PE		PBV		ROE		Div yld	
	code		price	price	side	24E	25E	24E	25E	24E	25E	24E	25E
			(LCY)	(LCY)	(%)	(x)	(x)	(x)	(x)	(%)	(%)	(x)	(x)
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
<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) *	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

★★★★

Exhibit 8: FSSIA ESG score implication

71.80 /100

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

Sources: FSSIA estimates

Exhibit 9: ESG – peer comparison

	FSSIA	Domestic ratings						Global ratings					Bloomberg		
	ESG score	DJSI	SET THSI	THSI	CG score	AGM level	Thai CAC	Morningstar ESG risk	ESG Book	MSCI	Moody's	Refinitiv	S&P Global	ESG score	Disclosure score
SET100	69.20	5.34	4.40	4.40	4.76	4.65	3.84	Medium	51.76	BBB	20.87	58.72	63.91	3.72	28.17
Coverage	67.12	5.11	4.15	4.17	4.83	4.71	3.53	Medium	52.04	BB	16.97	56.85	62.09	3.40	31.94
AEONTS	33.86	--	--	--	4.00	3.00	--	Medium	40.10	BBB	--	27.64	17.00	--	--
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 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	—	—	—	—	—	—	—	—
<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>								
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
<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 ( <a href="#">DJSI</a> ) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.																			
Sustainability Investment List ( <a href="#">THSI</a> ) by The Stock Exchange of Thailand ( <a href="#">SET</a> )	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for <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.																			
<b>CG Score</b> by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).																			
<b>AGM level</b> By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <i>(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&amp;A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)</i>	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																			
<a href="#">Thai CAC</a> By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. <i>(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</i>	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.																			
<a href="#">Morningstar Sustainalytics</a>	The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality &amp; peer reviews.</i>	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table><tr><th>NEGL</th><th>Low</th><th>Medium</th><th>High</th><th>Severe</th></tr><tr><td>0-10</td><td>10-20</td><td>20-30</td><td>30-40</td><td>40+</td></tr></table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+									
NEGL	Low	Medium	High	Severe																	
0-10	10-20	20-30	30-40	40+																	
<a href="#">ESG Book</a>	The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.	The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.																			
<a href="#">MSCI</a>	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. <table><tr><td><b>AAA</b></td><td>8.571-10.000</td><td rowspan="3"><b>Leader:</b></td><td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td></tr><tr><td><b>AA</b></td><td>7.143-8.570</td></tr><tr><td><b>A</b></td><td>5.714-7.142</td></tr><tr><td><b>BBB</b></td><td>4.286-5.713</td><td rowspan="3"><b>Average:</b></td><td rowspan="3">a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td></tr><tr><td><b>BB</b></td><td>2.857-4.285</td></tr><tr><td><b>B</b></td><td>1.429-2.856</td></tr><tr><td><b>CCC</b></td><td>0.000-1.428</td><td><b>Laggard:</b></td><td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td></tr></table>	<b>AAA</b>	8.571-10.000	<b>Leader:</b>	leading its industry in managing the most significant ESG risks and opportunities	<b>AA</b>	7.143-8.570	<b>A</b>	5.714-7.142	<b>BBB</b>	4.286-5.713	<b>Average:</b>	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	<b>BB</b>	2.857-4.285	<b>B</b>	1.429-2.856	<b>CCC</b>	0.000-1.428	<b>Laggard:</b>	lagging its industry based on its high exposure and failure to manage significant ESG risks
<b>AAA</b>	8.571-10.000	<b>Leader:</b>	leading its industry in managing the most significant ESG risks and opportunities																		
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<b>CCC</b>	0.000-1.428	<b>Laggard:</b>	lagging its industry based on its high exposure and failure to manage significant ESG risks																		
<a href="#">Moody's ESG solutions</a>	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.																				
<a href="#">Refinitiv ESG rating</a>	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. <i>(Score ratings are 0 to 25 = poor; &gt;25 to 50 = satisfactory; &gt;50 to 75 = good; and &gt;75 to 100 = excellent.)</i>																				
<a href="#">S&amp;P Global</a>	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.																				
<b>Bloomberg</b>	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.																			
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.																			

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

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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 includes 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.