

**HOLD**

UNCHANGED

TARGET PRICE	THB44.00
CLOSE	THB48.25
UP/DOWNSIDE	-8.8%
PRIOR TP	THB40.00
CHANGE IN TP	+10.0%
TP vs CONSENSUS	-3.1%

## Muted 3Q24 operations expected

- We expect flat net profit growth in 3Q24, with modest loan growth due to an aggressive write-off policy.
- Asset quality remains under control and aligns with its guidance of below 2.00%.
- We maintain our HOLD call for KTC with a 2025 TP of THB44.

### Overall performance and profit in 3Q24 remain relatively stable

We expect a 3Q24 net profit of THB1.86b, marking 1.7% growth q-q but remaining stable y-y. The expected NII of THB3.59b represents a minimal change both q-q and y-y, aligning with our flat loan growth estimate. We project a loan contraction of 5.3% YTD, making its 6-7% y-y growth target for 2024 seem challenging. We anticipate a slight q-q increase in the loan spread to 12.41% due to a stable cost of funds and a slight increase in loan yields. 3Q24 non-NII should remain stable q-q, driven by 1) a 10% y-y increase in spending; and 2) a higher bad debt recovery income base to THB1.0b/quarter vs an average of THB700-800m in 2023. We project 3Q24 OPEX at THB2.36b, flat q-q but rising by 5.0% y-y, in line with the increase in spending volume, with the expected CIR at 37.3%. KTC's auto title loans via the "P-Berm" brand will likely remain muted due to low market recognition, with most disbursements catering to short-term liquidity needs for debtors, leading to a high turnover rate. Our 9M24E net profit accounts for 73% of our 2024E.

### NPLs remain under control with faster write-off policy

We expect KTC's 3Q24 asset quality to remain unchanged from 2Q24, with an anticipated NPL ratio of 2.00%, aligning with its 2024 target. The revised write-off policy implemented since 1Q24 has continued to manage the balance sheet quality efficiently. The prudent lending policy initiated in 2023 should improve the overall portfolio quality and lower the LGD in its ECL model. Consequently, we expect the 3Q24 credit cost to decrease slightly by 10bp q-q to 6.34%, with the coverage ratio remaining stable at 364%.

### Minor revisions on 2024-26E earnings with 5.6% growth CAGR

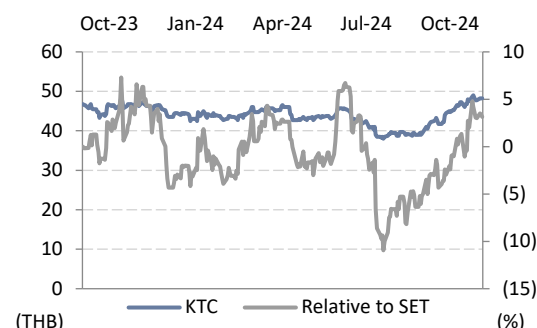
We cut our 2024-26E earnings by 0.8-2.7% to reflect the higher credit costs due to the impact of the faster loan write-off policy, partially offset by increased debt recovery income. Additionally, we adjust our 2024 loan growth forecast to contract by 3.0% y-y (from growth of 1.9% y-y), with growth likely concentrated in 4Q24 following the seasonal effect. Consequently, we expect net profit growth at 5.6% CAGR during 2024-26, aligning with KTC's guidance of demonstrating profit growth every year.

### Maintain HOLD call with 2025 TP at THB44

We roll forward our GGM-based TP to 2025 at THB44, implying a P/BV of 2.57x, assuming an LT ROE of 18.0% and a COE of 9.0%. Given the current share price, there is no upside potential, so we maintain our HOLD call.

### KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Operating profit	9,068	9,268	9,847	10,655
Net profit	7,295	7,465	7,934	8,585
EPS (THB)	2.83	2.90	3.08	3.33
vs Consensus (%)	-	0.2	(0.3)	0.5
Recurring net profit	7,295	7,465	7,934	8,585
Core EPS (THB)	2.83	2.90	3.08	3.33
Chg. In EPS est. (%)	-	(2.7)	(0.8)	(0.8)
EPS growth (%)	3.1	2.3	6.3	8.2
Core P/E (x)	17.1	16.7	15.7	14.5
Dividend yield (%)	2.6	2.7	2.9	3.1
Price/book (x)	3.5	3.1	2.8	2.5
ROE (%)	21.8	19.8	18.9	18.3
ROA (%)	6.8	6.7	7.1	7.4



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	7.2	26.1	7.2
Relative to country (%)	5.3	14.3	5.4
Mkt cap (USD m)	3,722		
3m avg. daily turnover (USD m)	6.5		
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


**Usanee Liurut, CISA**

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

**Maeta Cherdsatirakul**

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

## Investment thesis

We maintain our HOLD recommendation on KTC due to:

- 1) We expect the overall unsecured consumer finance industry to experience a certain degree of pressure on portfolios and economic stalls, and operators remains cautious on growth.
- 2) We expect KTC's 2024-26 net profit to expand at an average growth rate of 5.6%, while we estimate its loan portfolio to slightly contract by 3.0% y-y in 2024 due to the influence of a large write-off in 1Q24. We expect an average recovery at a pace of 4.5% CAGR during 2025-26.
- 3) We maintain our HOLD call on KTC with our 2025 GGM-based TP of THB44, referencing 2.57x P/BV (LT ROE 18.0% and COE 9.0%), which currently offers no upside.

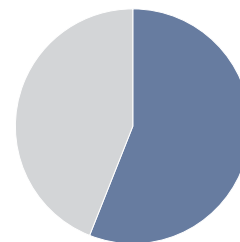
## Company profile

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, 1H24)

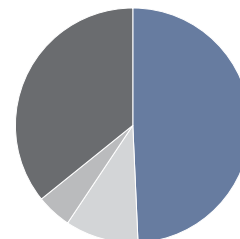
- Net interest income - 56.4 %
- Non-interest income - 43.6 %



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
18 Oct 2024	3Q24 results announcement
19 Nov 2024	3Q24 analyst meeting

## Key assumptions

	2024E	2025E	2026E
Net profit (THB m)	7,465	7,934	8,585
Net profit growth (%)	2.3	6.2	8.2
Loan growth (y-y %)	(3.0)	4.8	4.5
Fee growth (y-y %)	9.0	10.0	10.0
Non-NII growth (y-y %)	15.9	5.8	7.6
Loan yield (%)	15.0	15.1	15.1
Cost of funds (%)	2.8	3.2	3.3
Interest spread (%)	12.1	11.9	11.8
NIM (%)	12.7	12.8	12.8
Credit cost (bp)	617.4	598.1	591.6
Cost to income (%)	37.3	37.6	37.5

Source: FSSIA estimates

## Earnings sensitivity

			2025E	
Loan growth	±1ppt	3.8	4.8	5.8
% change in net profit		(0.6)	-	0.6
Interest spread	±10bp	11.8	11.9	12.0
% change in net profit		(0.6)	-	0.6
Credit cost (bps)	±10bp	588	598	608
% change in net profit		1.1	-	(1.1)

Source: FSSIA estimates

## Exhibit 1: KTC – 3Q24 earnings preview

KTC	3Q23 (THB m)	4Q23 (THB m)	1Q24 (THB m)	2Q24 (THB m)	3Q24E (THB m)	---- Change ----		9M24E (THB m)	Change (y-y%)	% of 24E	2024E (THB m)	Change (y-y %)
						(q-q%)	(y-y%)					
Interest income	4,096	4,149	4,008	4,004	4,045	1.0	(1.2)	12,057	1.6	73	16,446	2.7
Interest expense	441	456	451	448	454	1.4	2.8	1,353	8.5	75	1,792	5.2
Net interest income	3,655	3,693	3,557	3,556	3,591	1.0	(1.7)	10,704	0.8	73	14,654	2.4
Non-interest income	2,376	2,532	2,755	2,777	2,753	(0.9)	15.8	8,285	19.8	76	10,945	15.9
Operating income	6,031	6,225	6,312	6,333	6,344	0.2	5.2	18,989	8.3	74	25,599	7.7
Operating expenses	2,252	2,429	2,369	2,359	2,364	0.2	5.0	7,092	11.3	74	9,541	8.4
PPOP	3,779	3,795	3,943	3,975	3,980	0.1	5.3	11,897	6.5	74	16,058	7.3
Expected credit loss	1,477	1,612	1,683	1,690	1,672	(1.1)	13.2	5,046	17.8	74	6,789	15.2
Profit before tax	2,302	2,184	2,260	2,284	2,308	1.0	0.2	6,852	(0.5)	74	9,268	2.2
Income tax expense	464	439	467	469	462	(1.6)	(0.6)	1,397	1.3	75	1,854	1.9
<b>Net profit</b>	<b>1,856</b>	<b>1,761</b>	<b>1,803</b>	<b>1,826</b>	<b>1,857</b>	<b>1.7</b>	<b>0.0</b>	<b>5,486</b>	<b>(0.9)</b>	<b>73</b>	<b>7,465</b>	<b>2.3</b>
EPS (THB)	0.72	0.68	0.70	0.71	0.72	1.7	0.0	2.13	(0.9)	73	2.90	2.3
Key balance sheet highlights												
Loan - gross	106,027	111,623	104,690	105,154	105,676	0.5	(0.3)	105,676	(0.3)		108,319	(3.0)
Interest bearing debt	63,213	66,918	59,814	62,392	61,080	(2.1)	(3.4)	61,080	(3.4)		60,111	(10.2)
Earnings assets	108,924	117,130	108,351	109,468	110,453	0.9	1.4	110,453	1.4		113,202	(3.4)
Leverage ratio	(x)	(x)	(x)	(x)	(x)			(x)			(x)	
IBD/E (x)	1.85	1.87	1.59	1.73	1.60			1.60			1.51	
D/E (x)	2.07	2.15	1.83	1.98	1.84			1.84			1.77	
Asset quality ratio	(%)	(%)	(%)	(%)	(%)			(%)	(%)		(%)	(%)
Gross NPLs (THB m)	2,481	2,439	2,091	2,071	2,117	2.2	(14.7)	2,117	(14.7)		2,266	(7.1)
NPL ratio	2.34	2.19	2.00	1.97	2.00			2.00			2.09	
Coverage ratio - LLR/ NPLs	382	400	354	363	364			364			370	
Credit cost (bp)	560	593	623	644	634			636			617	
LLR/TL	8.93	8.75	7.07	7.16	7.30			7.30			7.74	
Profitability ratios	(%)	(%)	(%)	(%)	(%)			(%)			(%)	
Cost-to-income ratio	37.34	39.03	37.53	37.24	37.27			37.35			37.27	
Yield on loans	15.53	15.25	14.82	15.26	15.35			15.19			14.95	
Cost of funds	2.79	2.80	2.85	2.93	2.94			2.90			2.82	
Spreads	12.74	12.45	11.97	12.33	12.41			12.29			12.13	
Net interest margin (NIM)	13.55	13.07	12.62	13.06	13.06			13.01			12.72	
ROE	22.28	20.05	19.60	19.75	20.02			20.25			19.78	
ROA	7.10	6.42	6.54	6.79	6.89			6.87			6.69	
Loan growth	(%)	(%)	(%)	(%)	(%)			(%)			(%)	
q-q	1.1	5.3	(6.2)	0.4	0.5							
y-y	10.0	7.8	2.0	0.2	(0.3)			(0.3)			(3.0)	
YTD	2.4	7.8	(6.2)	(5.8)	(5.3)			(5.3)				

Sources: KTC; FSSIA estimates

## Exhibit 2: 2024-26E earnings revisions

	----- New -----			----- Previous -----			----- Change -----		
	2024E (THB m)	2025E (THB m)	2026E (THB m)	2024E (THB m)	2025E (THB m)	2026E (THB m)	2024E (%)	2025E (%)	2026E (%)
Net profit	7,465	7,934	8,585	7,674	7,998	8,651	(2.7)	(0.8)	(0.8)
Growth y-y%	2.3	6.2	8.2	5.2	4.2	8.2			
Net interest income	11,263	11,376	11,962	11,583	11,924	12,559	(2.8)	(4.6)	(4.8)
Growth y-y%	2.0	1.0	5.2	4.9	2.9	5.3			
Non-interest income	10,945	11,582	12,459	10,026	10,624	11,478	9.2	9.0	8.5
Growth y-y%	15.9	5.8	7.6	6.1	6.0	8.0			
Spending volume	289,267	318,194	350,014	285,287	313,815	345,197	1.4	1.4	1.4
Growth y-y%	9.0	10.0	10.0	7.5	10.0	10.0			
Gross loan	108,319	113,496	118,578	114,435	121,694	129,424	(5.3)	(6.7)	(8.4)
Growth y-y%	(3.0)	4.8	4.5	1.9	6.3	6.4			
	(%)	(%)	(%)	(%)	(%)	(%)			
Cost-to-income ratio	37.27	37.59	37.51	37.39	37.64	37.11			
Yield	14.95	15.07	15.10	14.99	14.97	14.86			
Cost of funds	2.82	3.15	3.26	2.93	3.19	3.29			
Spreads	12.13	11.92	11.84	12.06	11.79	11.57			
	(%)	(%)	(%)	(%)	(%)	(%)			
NPL ratio	2.09	2.09	2.10	2.07	2.07	2.08			
Credit cost (bp)	617	598	592	547	543	543			
Coverage ratio	370	388	405	343	354	365			

Source: FSSIA estimates

## Exhibit 3: Staged loans and ECL

	2022	2023	1Q24	2Q24	2022	2023	1Q24	2Q24
	(THB m)	(THB m)	(THB m)	(THB m)	(%)	(%)	(%)	(%)
Loans and accrued interest					Stage loans % of total loans			
Stage 1	87,743	92,974	87,467	89,103	86.8	85.7	86.0	86.8
Stage 2	11,690	13,585	12,734	11,808	11.6	12.5	12.5	11.5
Stage 3	1,627	1,875	1,504	1,720	1.6	1.7	1.5	1.7
Total	101,060	108,434	101,705	102,631	100.0	100.0	100.0	100.0
Expected credit loss (ECL)					ECL % of stage loans			
Stage 1	4,247	4,332	3,093	3,515	4.8	4.7	3.5	3.9
Stage 2	2,782	3,316	2,483	2,328	23.8	24.4	19.5	19.7
Stage 3	1,139	1,283	960	1,084	70.0	68.5	63.8	63.0
Total	8,168	8,931	6,536	7,525	8.1	8.2	6.4	7.3
	(%)	(%)	(%)	(%)				
NPL / TL	1.6	1.7	1.5	1.7				
LLR / NPL	502	476	435	438				
NPL + S2 / TL	13.2	14.3	14.0	13.2				
LLR / (NPL + S2)	61.3	57.8	45.9	55.6				

Sources: KTC; FSSIA estimates

## Exhibit 4: KTC – GGM-based 2025 TP

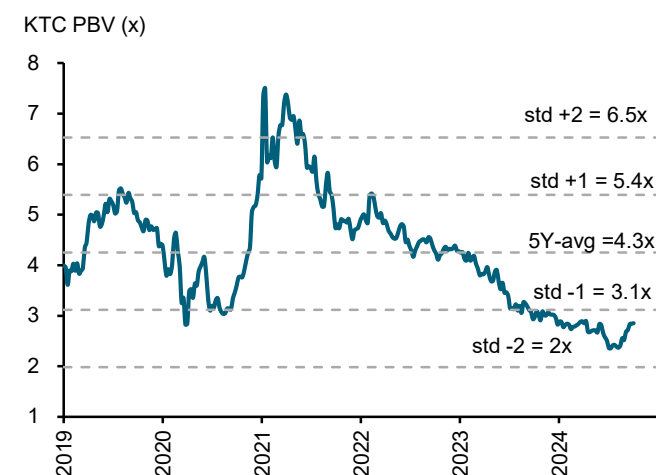
GGM	2025E
ROE - sustainable (%)	18.0
Terminal growth rate (%)	3.3
Cost of equity	9.0
Risk-free (%)	3.0
Expected market return (%)	8.0
Market risk premium (%)	5.0
Beta	1.2
Target PBV (x)	2.57
BVS (THB)	17.19
Fair price (THB)	44.00

Source: FSSIA estimates

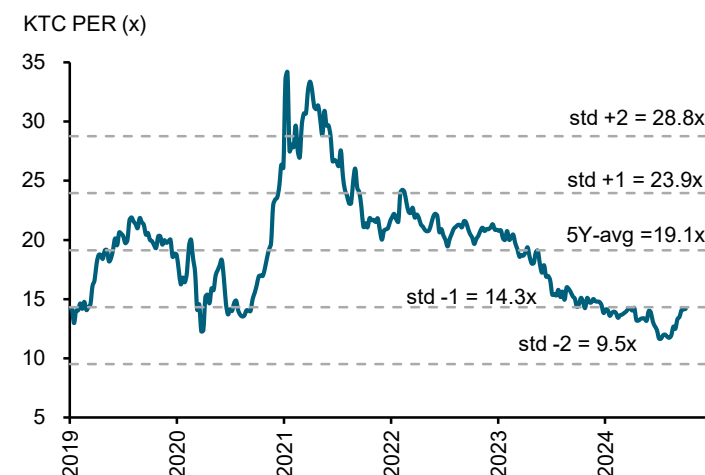
## Exhibit 5: Share price performance of non-banks under coverage, as of 9 October 2024

	Price performance				
	1M	3M	6M	1Y	YTD
	(%)	(%)	(%)	(%)	(%)
TIDLOR TB	(1.1)	(1.1)	(16.0)	(6.7)	(17.5)
MTC TB	5.2	19.3	10.9	43.7	13.3
SAWAD TB	3.1	16.7	7.4	6.2	14.1
SAK TB	(7.2)	(8.9)	(3.5)	14.4	18.3
AEONTS TB	2.5	21.9	(13.0)	(5.2)	(9.7)
KTC TB	8.4	26.0	4.3	6.0	11.5
ASK TB	(8.9)	(2.9)	(23.1)	(35.1)	(33.2)
THANI TB	1.0	(6.2)	(8.6)	(19.0)	(10.3)
JMT TB	0.0	31.9	(23.9)	(56.6)	(30.2)
BAM TB	(3.7)	23.0	(9.0)	(4.7)	11.7
CHAYO TB	(9.2)	7.5	(24.9)	(39.7)	(31.4)
SETFIN	2.5	14.2	(6.1)	(8.6)	(5.4)
SET	2.8	10.9	4.2	2.3	3.7

Source: Bloomberg

**Exhibit 6: KTC – one-year prospective P/BV band**


Sources: Bloomberg; FSSIA estimates

**Exhibit 7: KTC – one-year prospective PER band**


Sources: Bloomberg; FSSIA estimates

**Exhibit 8: Peers comparison, as of 9 October 2024**

Company name	BBG	Rec	Share	Target	Up	----- PE -----		----- PBV -----		----- ROE -----		----- Div yld -----	
	code					price	price	side	24E	25E	24E	25E	24E
			(LCY)	(LCY)	(%)	(x)	(x)	(x)	(x)	(%)	(%)	(x)	(x)
Auto title													
Muangthai Capital	MTC TB	BUY	49.50	62.00	25.3	16.7	12.9	2.8	2.3	18.1	19.7	0.5	0.7
Srisawad Corp	SAWAD TB	HOLD	41.50	37.00	(10.8)	12.0	10.7	1.9	1.6	17.0	16.2	0.3	0.9
Ngern Tid Lor	TIDLOR TB	HOLD	17.70	15.80	(10.7)	11.7	10.1	1.6	1.4	14.5	15.1	2.6	3.0
Saksiam Leasing	SAK TB	BUY	4.82	5.28	9.6	12.2	10.6	1.6	1.5	13.7	14.4	3.4	3.9
Unsecured finance													
AEON Thana Sinsap (Thailand)	AEONTS TB	HOLD	142.00	142.00	0.0	12.0	11.0	1.4	1.3	11.7	11.9	3.5	3.8
Krungthai Card	KTC TB	HOLD	48.25	44.00	(8.8)	16.7	15.7	3.1	2.8	19.8	18.9	2.7	2.9
Hire-purchase truck													
Asia Sermkij Leasing	ASK TB	HOLD	13.30	9.60	(27.8)	15.8	12.4	0.7	0.6	4.2	5.3	3.2	4.0
Ratchthani Leasing	THANI TB	HOLD	2.12	1.88	(11.3)	11.5	10.6	1.0	0.9	8.5	8.9	4.8	5.2
AMCs													
Bangkok Commercial Asset Mgmt.	BAM TB	BUY	9.20	11.00	19.6	16.3	15.1	0.7	0.7	4.1	4.4	4.9	5.3
JMT Network services	JMT TB	HOLD	17.80	11.00	(38.2)	15.9	13.1	1.0	0.9	6.1	7.2	3.8	4.6
Chayo Group	CHAYO TB	HOLD	3.70	3.00	(18.9)	14.5	9.3	1.1	1.0	8.1	11.1	1.8	1.6
Average						14.1	12.0	1.5	1.4	11.4	12.1	2.9	3.3

Note: 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	16,446	16,719	17,518
Interest expense	(1,392)	(1,703)	(1,792)	(1,895)	(1,943)
Net interest income	12,989	14,317	14,654	14,825	15,576
Net fees & commission	4,973	5,556	6,056	6,662	7,328
Foreign exchange trading income	-	-	-	-	-
Securities trading income	-	-	-	-	-
Dividend income	17	47	0	0	0
Other income	3,876	3,842	4,888	4,920	5,130
Non interest income	8,867	9,445	10,945	11,582	12,459
Total income	21,855	23,763	25,599	26,407	28,034
Staff costs	(7,872)	(8,801)	(9,541)	(9,926)	(10,514)
Other operating costs	(244)	-	-	-	-
Operating costs	(8,117)	(8,801)	(9,541)	(9,926)	(10,514)
Pre provision operating profit	13,739	14,962	16,058	16,481	17,520
Expected credit loss	(4,868)	(5,894)	(6,789)	(6,633)	(6,865)
Other provisions	-	-	-	-	-
Operating profit	8,870	9,068	9,268	9,847	10,655
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	9,268	9,847	10,655
Tax	(1,818)	(1,819)	(1,854)	(1,969)	(2,131)
Profit after tax	7,053	7,250	7,415	7,878	8,524
Non-controlling interest	(26)	(46)	(51)	(56)	(61)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	7,078	7,295	7,465	7,934	8,585
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	7,078	7,295	7,465	7,934	8,585
<b>Per share (THB)</b>					
Recurring EPS *	2.75	2.83	2.90	3.08	3.33
Reported EPS	2.75	2.83	2.90	3.08	3.33
DPS	1.15	1.27	1.30	1.38	1.50
<b>Growth</b>					
Net interest income (%)	6.5	10.2	2.4	1.2	5.1
Non interest income (%)	13.1	6.5	15.9	5.8	7.6
Pre provision operating profit (%)	8.1	8.9	7.3	2.6	6.3
Operating profit (%)	22.2	2.2	2.2	6.2	8.2
Reported net profit (%)	20.4	3.1	2.3	6.3	8.2
Recurring EPS (%)	20.4	3.1	2.3	6.3	8.2
Reported EPS (%)	20.4	3.1	2.3	6.3	8.2
<b>Income Breakdown</b>					
Net interest income (%)	59.4	60.3	57.2	56.1	55.6
Net fees & commission (%)	22.8	23.4	23.7	25.2	26.1
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	-	-	-	-	-
Dividend income (%)	0.1	0.2	-	-	-
Other income (%)	17.7	16.2	19.1	18.6	18.3
<b>Operating performance</b>					
Gross interest yield (%)	14.35	14.37	14.28	14.41	14.43
Cost of funds (%)	2.39	2.64	2.82	3.15	3.26
Net interest spread (%)	11.96	11.73	11.46	11.26	11.17
Net interest margin (%)	13.0	12.8	12.7	12.8	12.8
Cost/income(%)	37.1	37.0	37.3	37.6	37.5
Cost/assets(%)	8.5	8.2	8.6	8.8	9.0
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	19.8	18.9	18.3
ROE - COE (%)	13.5	11.0	9.0	8.1	7.5
ROA (%)	7.4	6.8	6.7	7.1	7.4
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	108,319	113,496	118,578
Allowance for expected credit loss	(8,792)	(9,763)	(8,389)	(9,226)	(10,100)
interest in suspense	685	724	732	779	828
<b>Net customer loans</b>	<b>95,402</b>	<b>102,584</b>	<b>100,662</b>	<b>105,049</b>	<b>109,306</b>
Bank loans	-	-	-	-	-
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	106	154	162	170	179
Cash & equivalents	2,182	5,344	4,712	5,203	5,118
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>110,301</b>	<b>115,226</b>	<b>119,456</b>
Customer deposits	0	0	0	0	0
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	61,972	66,918	60,111	60,176	59,095
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>70,489</b>	<b>70,896</b>	<b>70,172</b>
Share capital	2,578	2,578	2,578	2,578	2,578
Reserves	28,775	33,103	37,233	41,752	46,706
<b>Total equity</b>	<b>31,353</b>	<b>35,682</b>	<b>39,812</b>	<b>44,330</b>	<b>49,284</b>
Non-controlling interest	223	164	0	0	0
<b>Total liabilities &amp; equity</b>	<b>101,796</b>	<b>112,814</b>	<b>110,301</b>	<b>115,226</b>	<b>119,456</b>
<b>Supplementary items</b>					
Risk weighted assets (RWA)	n/a	n/a	n/a	n/a	n/a
Average interest earning assets	100,186	111,482	115,166	116,039	121,379
Average interest bearing liabilities	58,371	64,445	63,514	60,143	59,635
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	2,266	2,377	2,492
<b>Per share (THB)</b>					
Book value per share	12.16	13.84	15.44	17.19	19.11
Tangible book value per share	12.16	13.84	15.44	17.19	19.11
<b>Growth</b>					
Gross customer loans	12.5	7.8	(3.0)	4.8	4.5
Average interest earning assets	4.6	11.3	3.3	0.8	4.6
Total asset (%)	13.8	10.8	(2.2)	4.5	3.7
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	36.1	38.5	41.3
Tangible equity/assets (%)	30.8	31.6	36.1	38.5	41.3
RWA/assets (%)	-	-	-	-	-
CET 1 CAR (%)	-	-	-	-	-
Total CAR (%)	-	-	-	-	-
<b>Asset Quality (FSSIA's calculation)</b>					
Change in NPL (%)	(44.4)	32.1	(7.1)	4.9	4.9
NPL/gross loans (%)	1.8	2.2	2.1	2.1	2.1
Allowance for ECL/gross loans (%)	8.5	8.7	7.7	8.1	8.5
Allowance for ECL/NPL (%)	476.3	400.3	370.2	388.2	405.3
<b>Valuation</b>					
Recurring P/E (x) *	17.6	17.1	16.7	15.7	14.5
Recurring P/E @ target price (x) *	16.0	15.6	15.2	14.3	13.2
Reported P/E (x)	17.6	17.1	16.7	15.7	14.5
Dividend yield (%)	2.4	2.6	2.7	2.9	3.1
Price/book (x)	4.0	3.5	3.1	2.8	2.5
Price/tangible book (x)	4.0	3.5	3.1	2.8	2.5
Price/tangible book @ target price (x)	3.6	3.2	2.8	2.6	2.3

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

Sources: Krungthai Card; FSSIA estimates



# Krungthai Card PCL (KTC TB)

FSSIA ESG rating

★★★★

Exhibit 9: 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 10: ESG – peer comparison

	FSSIA	Domestic ratings						Global ratings					Bloomberg		
	ESG score	DJSI	SET THSI	THSI	CG score	AGM level	Thai CAC	Morningstar ESG risk	ESG Book	MSCI	Moody's	Refinitiv	S&P Global	ESG score	Disclosure score
SET100	69.20	5.34	4.40	4.40	4.76	4.65	3.84	Medium	51.76	BBB	20.87	58.72	63.91	3.72	28.17
Coverage	67.12	5.11	4.15	4.17	4.83	4.71	3.53	Medium	52.04	BB	16.97	56.85	62.09	3.40	31.94
AEONTS	33.86	--	--	--	4.00	3.00	--	Medium	40.10	BBB	--	27.64	17.00	--	--
KTC	71.80	--	Y	Y	5.00	5.00	Certified	Low	57.22	A	--	64.48	59.00	4.96	57.09
SAK	45.28	--	Y	Y	4.00	4.00	Certified	High	40.10	--	--	43.87	--	2.02	36.23
MTC	68.21	--	Y	Y	5.00	5.00	Certified	Low	42.19	AA	--	58.09	42.00	3.31	--
SAWAD	46.52	--	Y	Y	4.00	5.00	--	Medium	43.97	BB	--	20.18	13.00	1.93	40.04
TIDLOR	36.71	--	--	--	4.00	4.00	Certified	Medium	37.03	--	--	23.69	19.00	1.66	--
SAWAD	46.52	--	Y	Y	4.00	5.00	--	Medium	43.97	BB	--	20.18	13.00	1.93	40.04

Sources: SETTRADE.com; FSSIA's compilation

Exhibit 11: ESG score by Bloomberg

FY ending Dec 31	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
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 12: ESG score by Bloomberg (cont.)**

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

Sources: Bloomberg; FSSIA's compilation

Disclaimer for ESG scoring

ESG score	Methodology	Rating																				
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.																				
Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET)	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for <b>THSI inclusion</b> , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. <b>SETTHSI Index</b> is extended from the THSI companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.																				
CG Score by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (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&amp;A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)</i>	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																				
Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. <i>(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</i>	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.																				
Morningstar Sustainalytics	The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <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+																		
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; &gt;25 to 50 = satisfactory; &gt;50 to 75 = good; and &gt;75 to 100 = excellent.)</i>																					
S&P Global	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.																					
Bloomberg	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.																				
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.																				

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

## GENERAL DISCLAIMER

### ANALYST(S) CERTIFICATION

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

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

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

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

Company	Ticker	Price	Rating	Valuation & Risks
Krungthai Card	KTC TB	THB 48.25	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 142.00	HOLD	Downside risks are: 1) regulatory actions to curb industry growth; 2) a higher-than-expected policy rate; and 3) deteriorating asset quality. Upside risks are: 1) better-than-estimated economic improvement; 2) stronger-than-estimated improvement in the overall asset quality; and 3) less pressure from the market yield and cost of funds.
Muangthai Capital	MTC TB	THB 49.50	BUY	Downside risks to our GGM-based TP include 1) a further weakening of asset quality that could potentially hit both loan yield and credit cost; and 2) changes in financial regulations by the Bank of Thailand and the Office of Consumer Protection Board.
Srisawad Corp	SAWAD TB	THB 41.50	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.
Ngern Tid Lor	TIDLOR TB	THB 17.70	HOLD	Downside risks to our GGM-based TP include 1) further weakening asset quality could potentially hit both loan yield and credit cost; and 2) tighter supervision from related regulators. Upside risks are 1) the lower-than-expected credit costs from better asset quality management and 2) the higher-than-expected loan and insurance premium growth from the positive effects of the more favorable economic situations.
Saksiam Leasing	SAK TB	THB 4.82	BUY	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 13.30	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 2.12	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.
Bangkok Commercial Asset Mngt.	BAM TB	THB 9.20	BUY	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.
JMT Network Services	JMT TB	THB 17.80	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
Chayo Group	CHAYO TB	THB 3.70	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 09-Oct-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.