

# KRUNGTHAI CARD KTC TB

THAILAND / FINANCE &amp; SECURITIES

**HOLD**

UNCHANGED

TARGET PRICE	THB43.00
CLOSE	THB46.50
UP/DOWNSIDE	-7.5%
PRIOR TP	THB44.00
CHANGE IN TP	-2.3%
TP vs CONSENSUS	-12.1%

## Expect large IT expenses in 2025

- KTC expects economic recovery in 2025 to allow higher risk tolerance and resume loan growth but also plans for IT investment.
- We have cut our 2025-26E net profit to reflect management's plan for IT investment to improve transaction capability.
- Maintain HOLD recommendation with a lower TP of THB43.

### Bullish on 2025 economy; IT costs to weigh in

Key discussions at the 3Q24 analyst meeting largely concentrated on management targets for 2025. KTC would prioritize its bottom-line growth target while retaining its NPL ratio under 2.0% by utilizing benefits from more aggressive write-off policies. Management expressed bullish expectations on economic recovery and saw an opportunity to take on more risks, with a loan growth target of 4.0-5.0%, which mostly should come from the credit card segment. Meanwhile, KTC targets 2025 card spending growth at 10% y-y. For its personal loan segment, the firm would remain cautious about the growth of both KTC Proud (cash advance cards) and P Berm (auto title loans), given their more fragile nature of customers. KTC disclosed that in 2025, it plans for a large IT investment project, leading 2025 CIR to increase by c3% from 2024. Although costs would inevitably rise, management remained confident in their net profit growth target, which should come from a decline in credit cost and an increase in bad debt recovery income.

### 4Q24 presents a high season

4Q24 would be a peak season for both credit card and personal loan growth. We expect 4Q24 loans to expand by 2.6% q-q but continue declining by 3.0% y-y. Meanwhile, we estimate card spending to maintain a solid growth of 12.1% q-q and 9.0% y-y, leading to improvement expectations of both NII and non-NII. However, seasonally rising OPEX and ECL would offset them, causing 4Q24E net profit to finish stable q-q but improve 9.4% y-y to THB1.93b.

### Revise earnings to reflect IT expenses in 2025-26

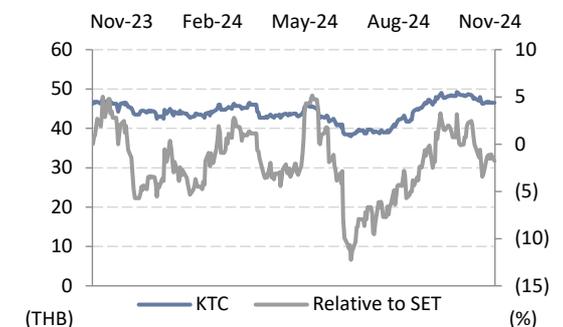
We have slashed our earnings forecasts, especially in 2025-26, by 1.2-5.7% to reflect an increased expectation on the firm's IT investment. Although our 2025-26E CIR increased to 39.1-41.4% from 37.5-37.6%, lower credit cost estimates to 565bp-569bp from 592bp-598bp would offset it. Also, our 3Y-CAGR net profit growth assumption decreased to 5.2% from 5.6%.

### Maintain HOLD rating at a lower TP of THB43

We maintain our HOLD recommendation on KTC at a lower 2025 TP (GGM) of THB43 (from THB44), implying a PBV ratio of 2.51x (from 2.57x), assuming LT ROE of 17.7% and COE of 9.0%.

### KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Operating profit	9,068	9,280	9,281	10,528
Net profit	7,295	7,474	7,481	8,483
EPS (THB)	2.83	2.90	2.90	3.29
vs Consensus (%)	-	0.2	(7.9)	(2.7)
Recurring net profit	7,295	7,474	7,481	8,483
Core EPS (THB)	2.83	2.90	2.90	3.29
Chg. In EPS est. (%)	-	0.1	(5.7)	(1.2)
EPS growth (%)	3.1	2.5	0.1	13.4
Core P/E (x)	16.4	16.0	16.0	14.1
Dividend yield (%)	2.7	2.8	2.8	3.2
Price/book (x)	3.4	3.0	2.7	2.4
ROE (%)	21.8	19.8	17.9	18.3
ROA (%)	6.8	6.7	6.7	7.3



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(4.1)	17.0	1.6
Relative to country (%)	(1.7)	4.9	(0.9)
Mkt cap (USD m)	3,444		
3m avg. daily turnover (USD m)	7.1		
Free float (%)	21		
Major shareholder	Krung Thai Bank (49%)		
12m high/low (THB)	49.75/37.00		
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 unsecured consumer finance industry to experience a certain degree of pressure on portfolios from economic stalls while operators remain cautious about growth.
- 2) We expect KTC's 2024-26 net profit to expand at an average growth rate of 5.2%, 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 THB43, referencing 2.51x P/BV (LT ROE of 17.7% and COE of 9.0%), which currently offers no upside.

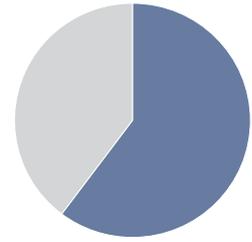
### Company profile

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, 2023)

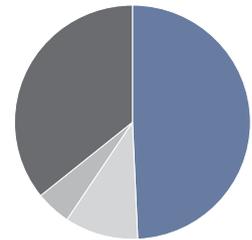
- Net interest income - 60.3 %
- Non-interest income - 39.7 %



Source: Krungthai Card

### Major shareholders

- Krung Thai Bank - 49.3 %
- Mongkol Prakitchaiwatthana - 10.1 %
- Chantana Jirattiphath - 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
Jan 2025	4Q24 results announcement

### Key assumptions

	2024E	2025E	2026E
Net profit (THB m)	7,474	7,481	8,483
Net profit growth (%)	2.4	0.0	13.4
Loan growth (y-y %)	(3.0)	4.8	4.2
Fee growth (y-y %)	14.5	10.0	10.0
Non-NII growth (y-y %)	19.6	7.0	6.4
Loan yield (%)	14.7	14.8	14.8
Cost of funds (%)	2.9	3.2	3.3
Interest spread (%)	11.9	11.7	11.5
NIM (%)	12.5	12.6	12.6
Credit cost (bp)	617.4	568.8	564.7
Cost to income (%)	37.4	41.4	39.1

Source: FSSIA estimates

### Earnings sensitivity

		----- 2025E -----		
<b>Loan growth</b>	<b>±1ppt</b>	<b>3.8</b>	<b>4.8</b>	<b>5.8</b>
% change in net profit		(0.6)	-	0.6
<b>Interest spread</b>	<b>±10bp</b>	<b>11.8</b>	<b>11.7</b>	<b>11.9</b>
% change in net profit		(0.6)	-	0.6
<b>Credit cost (bps)</b>	<b>±10bp</b>	<b>559</b>	<b>569</b>	<b>679</b>
% change in net profit		1.1	-	(1.1)

Source: FSSIA estimates

## Bullish on 2025 economy; IT costs to weigh in

Key discussions at the 3Q24 analyst meeting largely concentrated on management targets for 2025. KTC would prioritize its bottom-line growth target while retaining the NPL ratio under 2.0% by utilizing benefits from more aggressive write-off policies.

Management expressed bullish expectations on economic recovery and saw an opportunity to take on more risks, with a loan growth target of 4.0-5.0%, especially from the credit card segment, compared to 2024 when a contraction is likely imminent due to large write-offs in 1Q24. Meanwhile, KTC targets 2025 card spending growth at 10% y-y, lower than a 15% y-y growth target for 2024 as management sees it to be more achievable.

For its personal loan segment, the firm would remain cautious about the growth of both KTC Proud (cash advance cards) and P Berm (auto title loans), given their more fragile nature of customers. KTC Proud loan growth target is 3.0% y-y, while the new loan volume target of P Berm is THB3.0b, in line with our expectations.

Despite increasing IT expenses in the past few years, KTC disclosed that in 2025, it plans for a large IT investment project where more than half of the project's budget will occur in 2025, leading CIR to increase by c3% from 2024. The investment aims to improve its transaction capacity. Although costs would inevitably rise, management remained confident in their net profit growth target, which should come from a decline in credit cost and an increase in bad debt recovery income.

### Exhibit 1: 2025E – Management vs FSSIA estimates

	FSSIA 2024E	FSSIA 2025E	KTC 2025E
Net profit (THB m)	7,474	7,481	Positive growth
Portfolio Growth (%)	(3.0)	4.8	4.0-5.0
Credit card spending growth (%)	9.0	10.0	10.0
KTC PROUD growth (%)	0.6	(1.9)	3.0
P BERM new booking (THB m)	2,630	3,049	3,000
NPL ratio (%)	2.04	2.00	<2.00
Coverage ratio (%)	379	394	~400

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	7,474	7,481	8,483	7,465	7,934	8,585	0.1	(5.7)	(1.2)
Growth y-y%	2.4	0.0	13.4	2.3	6.2	8.2			
Spending volume	289,267	318,194	350,014	289,267	318,194	350,014	-	-	-
Growth y-y%	9.0	10.0	10.0	9.0	10.0	10.0			
Gross loan	108,319	113,519	118,262	108,319	113,496	118,578	-	0.0	(0.3)
Growth y-y%	(3.0)	4.8	4.2	(3.0)	4.8	4.5			
	(%)	(%)	(%)	(%)	(%)	(%)			
Cost-to-income ratio	37.40	41.43	39.07	37.27	37.59	37.51			
Yield	14.73	14.80	14.76	14.95	15.07	15.10			
Cost of funds	2.87	3.15	3.26	2.82	3.15	3.26			
Spreads	11.86	11.65	11.50	12.13	11.92	11.84			
	(%)	(%)	(%)	(%)	(%)	(%)			
NPL ratio	2.04	2.00	2.04	2.09	2.09	2.10			
Credit cost (bp)	617	569	565	617	598	592			
Coverage ratio	379	394	397	370	388	405			

Source: FSSIA estimates

## Exhibit 3: KTC – 3Q24 operating summary

KTC	3Q23	4Q23	1Q24	2Q24	3Q24	----- Change -----		9M24	Change	% of	2024E	Change
	(THB m)	(q-q%)	(y-y%)	(THB m)	(y-y%)	24E	(THB m)	(y-y %)				
Interest income	4,096	4,149	4,008	4,004	4,074	1.7	(0.5)	12,086	1.8	75	16,195	1.1
Interest expense	441	456	451	448	453	1.1	2.6	1,352	8.4	74	1,822	7.0
Net interest income	3,655	3,693	3,557	3,556	3,621	1.8	(0.9)	10,734	1.0	75	14,373	0.4
Non-interest income	2,376	2,532	2,755	2,777	2,815	1.4	18.4	8,347	20.7	74	11,298	19.6
Operating income	6,031	6,225	6,312	6,333	6,436	1.6	6.7	19,081	8.8	74	25,671	8.0
Operating expenses	2,252	2,429	2,369	2,359	2,460	4.3	9.2	7,187	12.8	75	9,602	9.1
PPOP	3,779	3,795	3,943	3,975	3,976	0.0	5.2	11,894	6.5	74	16,069	7.4
Expected credit loss	1,477	1,612	1,683	1,690	1,611	(4.7)	9.1	4,985	16.4	73	6,789	15.2
Profit before tax	2,302	2,184	2,260	2,284	2,365	3.5	2.7	6,909	0.4	74	9,280	2.3
Income tax expense	464	439	467	469	470	0.3	1.3	1,406	1.9	76	1,856	2.1
Net profit	1,856	1,761	1,803	1,826	1,918	5.1	3.4	5,548	0.2	74	7,474	2.5
EPS (THB)	0.72	0.68	0.70	0.71	0.74	5.1	3.4	2.15	0.2	74	2.90	2.5
<b>Key highlights</b>												
Loan - gross	106,027	111,623	104,690	105,154	105,511	0.3	(0.5)	105,511	(0.5)		108,319	(3.0)
Interest bearing debt	63,213	66,918	59,814	62,392	60,519	(3.0)	(4.3)	60,519	(4.3)		60,111	(10.2)
Earnings assets	108,924	117,130	108,351	109,468	107,832	(1.5)	(1.0)	107,832	(1.0)		113,211	(3.3)
<b>Leverage ratio</b>	<b>(x)</b>	<b>(x)</b>	<b>(x)</b>	<b>(x)</b>	<b>(x)</b>			<b>(x)</b>			<b>(x)</b>	
IBD/E (x)	1.85	1.87	1.59	1.73	1.59			1.59			1.51	
D/E (x)	2.07	2.15	1.83	1.98	1.78			1.78			1.77	
<b>Asset quality ratio</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>			<b>(%)</b>			<b>(%)</b>	<b>(%)</b>
Gross NPLs (THB m)	2,481	2,439	2,091	2,071	2,039	(1.5)	(17.8)	2,039	(17.8)		2,214	(9.2)
NPL ratio	2.34	2.19	2.00	1.97	1.93			1.93			2.04	
Coverage ratio	382	400	354	363	373			373			379	
Credit cost (bp)	560	593	623	644	612			628			617	
LLR/TL	8.93	8.75	7.07	7.16	7.21			7.21			7.74	
<b>Profitability ratios</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>			<b>(%)</b>			<b>(%)</b>	
Cost-to-income ratio	37.34	39.03	37.53	37.24	38.22			37.67			37.40	
Yield on loans	15.53	15.25	14.82	15.26	15.47			15.24			14.73	
Cost of funds	2.79	2.80	2.85	2.93	2.95			2.91			2.87	
Spreads	12.74	12.45	11.97	12.33	12.52			12.32			11.86	
Net interest margin (NIM)	13.55	13.07	12.62	13.06	13.33			13.21			12.48	
ROE	22.28	20.05	19.60	19.75	20.72			20.50			19.80	
ROA	7.10	6.42	6.54	6.79	7.20			7.04			6.70	
<b>Loan growth</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>			<b>(%)</b>			<b>(%)</b>	
q-q	1.1	5.3	(6.2)	0.4	0.3							
y-y	10.0	7.8	2.0	0.2	(0.5)			(0.5)			(3.0)	
YTD	2.4	7.8	(6.2)	(5.8)	(5.5)			(5.5)				

Sources: KTC; FSSIA estimates

## Exhibit 4: KTC – Staged loans and ECL

	2021	2022	2023	3Q24	2021	2022	2023	3Q24
	(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	89,655	86.6	86.8	85.7	86.9
Stage 2	10,338	11,690	13,585	11,915	11.6	11.6	12.5	11.5
Stage 3	1,581	1,627	1,875	1,657	1.8	1.6	1.7	1.6
Total	88,848	101,060	108,434	103,227	100.0	100.0	100.0	100.0
Expected credit loss (ECL)				ECL % of stage loans				
Stage 1	3,918	4,247	4,332	3,611	5.1	4.8	4.7	4.0
Stage 2	2,365	2,782	3,316	2,338	22.9	23.8	24.4	19.6
Stage 3	1,066	1,139	1,283	1,042	67.4	70.0	68.5	62.9
Total	7,349	8,168	8,931	6,991	8.3	8.1	8.2	6.8
	(%)	(%)	(%)	(%)				
NPL / TL	1.8	1.6	1.7	1.6				
LLR / NPL	465	502	476	422				
NPL + S2 / TL	13.4	13.2	14.3	13.1				
LLR / (NPL + S2)	61.7	61.3	57.8	51.5				

Sources: KTC; FSSIA's compilation

**Exhibit 5: KTC – GGM-based 2025 TP**

GGM	New	Previous
ROE - sustainable (%)	17.7	18.0
Terminal growth rate (%)	3.3	3.3
Cost of equity	9.0	9.0
Risk-free (%)	3.0	3.0
Expected market return (%)	8.0	8.0
Market risk premium (%)	5.0	5.0
Beta	1.2	1.2
<b>Target PBV (x)</b>	<b>2.51</b>	<b>2.57</b>
<b>BVS (THB)</b>	<b>17.02</b>	<b>17.19</b>
<b>Fair price (THB)</b>	<b>43.00</b>	<b>44.00</b>

Source: FSSIA estimates

**Exhibit 6: Share price performance of non-banks under coverage, as of 18 November 2024**

	Price performance				
	1M	3M	6M	1Y	YTD
	(%)	(%)	(%)	(%)	(%)
TIDLOR TB	(4.3)	25.2	(14.4)	(18.9)	(17.5)
MTC TB	(10.0)	5.6	1.6	8.0	5.0
SAWAD TB	(10.4)	14.8	(6.6)	(2.6)	5.2
SAK TB	8.8	17.6	1.8	27.9	33.4
AEONTS TB	(13.0)	5.1	(23.2)	(20.5)	(22.5)
<b>KTC TB</b>	<b>(3.6)</b>	<b>14.0</b>	<b>7.5</b>	<b>2.2</b>	<b>7.5</b>
ASK TB	(18.5)	6.0	(30.3)	(49.0)	(46.7)
THANI TB	(14.6)	(7.9)	(26.7)	(30.9)	(25.5)
JMT TB	(12.1)	26.4	2.8	(31.3)	(28.6)
BAM TB	(24.2)	(5.4)	(21.2)	(16.1)	(13.5)
CHAYO TB	(15.6)	0.0	(21.5)	(42.9)	(42.4)
<b>SETFIN</b>	<b>(9.0)</b>	<b>10.4</b>	<b>(8.4)</b>	<b>(13.5)</b>	<b>(12.1)</b>
<b>SET</b>	<b>(1.9)</b>	<b>12.2</b>	<b>5.7</b>	<b>3.2</b>	<b>3.2</b>

Source: Bloomberg

**Exhibit 7: Peers comparison, as of 18 November 2024**

Company name	BBG code	Rec	Share price (LCY)	Target price (LCY)	Up side (%)	PE		PBV		ROE		Div yld	
						24E (x)	25E (x)	24E (x)	25E (x)	24E (%)	25E (%)	24E (x)	25E (x)
<b>Auto title</b>													
Muangthai Capital	MTC TB	BUY	47.00	62.00	31.9	15.8	12.2	2.6	2.2	18.1	19.7	0.6	0.7
Srisawad Corp	SAWAD TB	HOLD	38.75	37.00	(4.5)	11.2	10.0	1.8	1.5	17.0	16.2	0.3	1.0
Ngern Tid Lor	TIDLOR TB	HOLD	17.70	17.64	(0.3)	11.7	10.1	1.6	1.4	14.5	15.1	2.6	3.0
Saksiam Leasing	SAK TB	BUY	5.40	5.28	(2.2)	13.6	11.9	1.8	1.7	13.7	14.4	3.1	3.5
<b>Unsecured finance</b>													
AEON Thana Sinsap (Thailand)	AEONTS TB	HOLD	125.00	142.00	13.6	10.6	9.7	1.2	1.1	11.7	11.9	4.0	4.4
<b>Krungthai Card</b>	<b>KTC TB</b>	<b>HOLD</b>	<b>46.50</b>	<b>43.00</b>	<b>(7.5)</b>	<b>16.0</b>	<b>16.0</b>	<b>3.0</b>	<b>2.7</b>	<b>19.8</b>	<b>17.9</b>	<b>2.8</b>	<b>2.8</b>
<b>Hire-purchase truck</b>													
Asia Sermkij Leasing	ASK TB	HOLD	10.60	11.00	3.8	12.6	9.9	0.5	0.5	4.2	5.3	4.0	5.0
Ratchthani Leasing	THANI TB	HOLD	1.76	1.78	1.1	11.2	9.9	0.8	0.8	7.2	8.0	4.9	5.6
<b>AMCs</b>													
Bangkok Commercial Asset Mgmt.	BAM TB	HOLD	6.90	9.00	30.4	16.6	13.9	0.5	0.5	3.1	3.6	4.8	5.8
JMT Network services	JMT TB	HOLD	17.90	17.00	(5.0)	15.7	12.9	1.0	0.9	6.2	7.4	3.8	4.6
Chayo Group	CHAYO TB	BUY	3.14	4.00	27.4	12.7	7.4	0.9	0.8	7.9	11.8	2.1	2.0
<b>Average</b>						<b>13.4</b>	<b>11.3</b>	<b>1.4</b>	<b>1.3</b>	<b>11.2</b>	<b>11.9</b>	<b>3.0</b>	<b>3.5</b>

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	16,195	16,421	17,102
Interest expense	(1,392)	(1,703)	(1,822)	(1,895)	(1,943)
Net interest income	12,989	14,317	14,373	14,527	15,159
Net fees & commission	4,973	5,556	6,364	7,000	7,700
Foreign exchange trading income	-	-	-	-	-
Securities trading income	-	-	-	-	-
Dividend income	17	47	0	0	0
Other income	3,876	3,842	4,934	5,089	5,161
Non interest income	8,867	9,445	11,298	12,090	12,861
Total income	21,855	23,763	25,671	26,617	28,021
Staff costs	(7,872)	(8,801)	(9,602)	(11,027)	(10,948)
Other operating costs	(244)	-	-	-	-
Operating costs	(8,117)	(8,801)	(9,602)	(11,027)	(10,948)
Pre provision operating profit	13,739	14,962	16,069	15,590	17,072
Expected credit loss	(4,868)	(5,894)	(6,789)	(6,309)	(6,545)
Other provisions	-	-	-	-	-
Operating profit	8,870	9,068	9,280	9,281	10,528
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	9,280	9,281	10,528
Tax	(1,818)	(1,819)	(1,856)	(1,856)	(2,106)
Profit after tax	7,053	7,250	7,424	7,425	8,422
Non-controlling interest	(26)	(46)	(51)	(56)	(61)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	7,078	7,295	7,474	7,481	8,483
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	7,078	7,295	7,474	7,481	8,483
<b>Per share (THB)</b>					
Recurring EPS *	2.75	2.83	2.90	2.90	3.29
Reported EPS	2.75	2.83	2.90	2.90	3.29
DPS	1.15	1.27	1.30	1.31	1.48
<b>Growth</b>					
Net interest income (%)	6.5	10.2	0.4	1.1	4.4
Non interest income (%)	13.1	6.5	19.6	7.0	6.4
Pre provision operating profit (%)	8.1	8.9	7.4	(3.0)	9.5
Operating profit (%)	22.2	2.2	2.3	0.0	13.4
Reported net profit (%)	20.4	3.1	2.5	0.1	13.4
Recurring EPS (%)	20.4	3.1	2.5	0.1	13.4
Reported EPS (%)	20.4	3.1	2.5	0.1	13.4
<b>Income Breakdown</b>					
Net interest income (%)	59.4	60.3	56.0	54.6	54.1
Net fees & commission (%)	22.8	23.4	24.8	26.3	27.5
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	-	-	-	-	-
Dividend income (%)	0.1	0.2	-	-	-
Other income (%)	17.7	16.2	19.2	19.1	18.4
<b>Operating performance</b>					
Gross interest yield (%)	14.35	14.37	14.06	14.20	14.18
Cost of funds (%)	2.39	2.64	2.87	3.15	3.26
Net interest spread (%)	11.96	11.73	11.19	11.05	10.92
Net interest margin (%)	13.0	12.8	12.5	12.6	12.6
Cost/income(%)	37.1	37.0	37.4	41.4	39.1
Cost/assets(%)	8.5	8.2	8.6	9.8	9.4
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	17.9	18.3
ROE - COE (%)	13.5	11.0	9.0	7.1	7.5
ROA (%)	7.4	6.8	6.7	6.7	7.3
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	113,519	118,262
Allowance for expected credit loss	(8,792)	(9,763)	(8,389)	(8,929)	(9,553)
interest in suspense	685	724	732	774	815
<b>Net customer loans</b>	<b>95,402</b>	<b>102,584</b>	<b>100,662</b>	<b>105,364</b>	<b>109,523</b>
Bank loans	-	-	-	-	-
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	106	154	162	170	179
Cash & equivalents	2,182	5,344	4,722	4,440	4,555
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>110,310</b>	<b>114,778</b>	<b>119,110</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	37,242	41,304	46,359
<b>Total equity</b>	<b>31,353</b>	<b>35,682</b>	<b>39,821</b>	<b>43,882</b>	<b>48,938</b>
Non-controlling interest	223	164	0	0	0
<b>Total liabilities &amp; equity</b>	<b>101,796</b>	<b>112,814</b>	<b>110,310</b>	<b>114,778</b>	<b>119,110</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	115,170	115,674	120,570
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	2,214	2,268	2,407
<b>Per share (THB)</b>					
Book value per share	12.16	13.84	15.44	17.02	18.98
Tangible book value per share	12.16	13.84	15.44	17.02	18.98
<b>Growth</b>					
Gross customer loans	12.5	7.8	(3.0)	4.8	4.2
Average interest earning assets	4.6	11.3	3.3	0.4	4.2
Total asset (%)	13.8	10.8	(2.2)	4.1	3.8
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	38.2	41.1
Tangible equity/assets (%)	30.8	31.6	36.1	38.2	41.1
RWA/assets (%)	-	-	-	-	-
CET 1 CAR (%)	-	-	-	-	-
Total CAR (%)	-	-	-	-	-
<b>Asset Quality (FSSIA's calculation)</b>					
Change in NPL (%)	(44.4)	32.1	(9.2)	2.4	6.2
NPL/gross loans (%)	1.8	2.2	2.0	2.0	2.0
Allowance for ECL/gross loans (%)	8.5	8.7	7.7	7.9	8.1
Allowance for ECL/NPL (%)	476.3	400.3	378.9	393.7	396.8
<b>Valuation</b>					
Recurring P/E (x) *	16.9	16.4	16.0	16.0	14.1
Recurring P/E @ target price (x) *	15.7	15.2	14.8	14.8	13.1
Reported P/E (x)	16.9	16.4	16.0	16.0	14.1
Dividend yield (%)	2.5	2.7	2.8	2.8	3.2
Price/book (x)	3.8	3.4	3.0	2.7	2.4
Price/tangible book (x)	3.8	3.4	3.0	2.7	2.4
Price/tangible book @ target price (x)	3.5	3.1	2.8	2.5	2.3

\* 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.
★★★★	<b>&gt;59-79</b>	<b>A mixed track record of managing the most significant ESG risks and opportunities relative to industry peers.</b>
★★★	>39-59	Relevant ESG materiality matrix has been constructively addressed, well-managed and incorporated into day-to-day operations, in which targets and achievements are evaluated annually.
★★	>19-39	Relevant ESG materiality matrix has been identified with key management in charge for progress to be followed up on and to provide intensive disclosure. Most targets are conventional and achievable.
★	1-19	The company has adopted the United Nations Sustainable Development Goals (UN SDGs), established sustainability management guidelines and fully complies with regulations or ESG suggested guidance from related organizations such as the SET and SEC.

Sources: FSSIA estimates

## Exhibit 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; 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
<b>ESG financial materiality scores - ESG score</b>	<b>2.10</b>	<b>2.55</b>	<b>3.27</b>	<b>3.49</b>	<b>4.11</b>	<b>5.79</b>	<b>5.74</b>	<b>4.96</b>
BESG environmental pillar score	0.00	2.90	3.74	4.41	3.84	3.95	3.64	3.88
BESG social pillar score	0.92	1.20	2.21	2.32	3.33	6.29	6.49	4.89
BESG governance pillar score	5.97	5.35	5.19	5.47	5.66	5.64	5.31	5.48
<b>ESG disclosure score</b>	<b>35.95</b>	<b>37.11</b>	<b>41.95</b>	<b>49.07</b>	<b>49.92</b>	<b>58.07</b>	<b>56.76</b>	<b>57.09</b>
Environmental disclosure score	0.91	4.38	10.90	27.88	27.88	33.77	29.84	31.80
Social disclosure score	25.70	25.70	33.71	38.12	40.69	59.28	59.28	58.28
Governance disclosure score	81.10	81.10	81.10	81.10	81.10	81.10	81.10	81.10
<b>Environmental</b>								
Emissions reduction initiatives	No	Yes						
Climate change policy	No	No	No	Yes	Yes	Yes	Yes	Yes
Climate change opportunities discussed	No							
Risks of climate change discussed	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							
Energy efficiency policy	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							
Waste reduction policy	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							
Policy against child labor	No	No	No	No	No	Yes	Yes	Yes
Quality assurance and recall policy	No							
Consumer data protection policy	Yes							
Equal opportunity policy	Yes							
Gender pay gap breakout	No							
Pct women in workforce	63	63	64	65	66	65	66	66
Pct disabled in workforce	—	—	—	—	—	1	1	1
Business ethics policy	Yes							
Anti-bribery ethics policy	Yes							
Health and safety policy	Yes							
Lost time incident rate - employees	—	—	—	0	0	0	0	0
Total recordable incident rate - employees	—	—	—	0	0	0	0	0
Training policy	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>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							
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							
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							
<b>Size of audit committee</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>							
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>							
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							

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.																											
SET ESG Ratings List (SETESG) by The Stock Exchange of Thailand (SET)	SET ESG 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>SETESG 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>SETESG Index</b> is extended from the SET ESG Ratings 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 border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>NEGL</th> <th>Low</th> <th>Medium</th> <th>High</th> <th>Severe</th> </tr> </thead> <tbody> <tr> <td>0-10</td> <td>10-20</td> <td>20-30</td> <td>30-40</td> <td>40+</td> </tr> </tbody> </table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+																	
NEGL	Low	Medium	High	Severe																									
0-10	10-20	20-30	30-40	40+																									
ESG Book	The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.	The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.																											
MSCI	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. <table border="1" style="margin-left: auto; margin-right: auto;"> <tbody> <tr> <td><b>AAA</b></td> <td>8.571-10.000</td> <td><b>Leader:</b></td> <td>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> <td></td> <td></td> </tr> <tr> <td><b>A</b></td> <td>5.714-7.142</td> <td></td> <td></td> </tr> <tr> <td><b>BBB</b></td> <td>4.286-5.713</td> <td><b>Average:</b></td> <td>a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td> </tr> <tr> <td><b>BB</b></td> <td>2.857-4.285</td> <td></td> <td></td> </tr> <tr> <td><b>B</b></td> <td>1.429-2.856</td> <td></td> <td></td> </tr> <tr> <td><b>CCC</b></td> <td>0.000-1.428</td> <td><b>Laggard:</b></td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </tbody> </table>	<b>AAA</b>	8.571-10.000	<b>Leader:</b>	leading its industry in managing the most significant ESG risks and opportunities	<b>AA</b>	7.143-8.570			<b>A</b>	5.714-7.142			<b>BBB</b>	4.286-5.713	<b>Average:</b>	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	<b>BB</b>	2.857-4.285			<b>B</b>	1.429-2.856			<b>CCC</b>	0.000-1.428	<b>Laggard:</b>	lagging its industry based on its high exposure and failure to manage significant ESG risks
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<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																										
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

#### Jitra Amornthum FSS International Investment Advisory Securities Co., Ltd

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

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Company	Ticker	Price	Rating	Valuation & Risks
Krungthai Card	KTC TB	THB 46.50	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 125.00	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 47.00	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 38.75	HOLD	Downside risks to our GGM-based TP include 1) a further weakening of asset quality that could potentially hit both loan yield and credit cost; and 2) changes in financial regulations by the Bank of Thailand and the Office of Consumer Protection Board. Upside risks include 1) a faster-than-expected decline in losses on sales of repossessed cars for SCAP; and 2) an interest rate downtrend could push its interest spread.
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 5.40	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 10.60	HOLD	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. 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.
Ratchthani Leasing	THANI TB	THB 1.76	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 6.90	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.
JMT Network Services	JMT TB	THB 17.90	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
Chayo Group	CHAYO TB	THB 3.14	BUY	Downside risks to our GGM-based TP include 1) lower-than-expected bad debt acquisition; and 2) higher-than-expected operating expenses.

Source: FSSIA estimates

#### Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finansia Syrus Securities Public Company Limited.

All share prices are as at market close on 18-Nov-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.