

AEON THANA SINSAP (THAILAND)
THAILAND / FINANCE & SECURITIES

AEONTS TB

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UNCHANGED

3QFY23 results at first glance

ผลประกอบการ 3QFY23 ใกล้เคียงกับที่เราและตลาดคาด

AEONTS รายงานกำไรสุทธิ 3QFY23 อยู่ที่ 706 ลบ. (-16.1% q-q, -36.0% y-y) นอกเหนือจากนี้ กำไรก่อนหักสำรอง 3QFY23 ยังลดลง 8.3% q-q และ 15.9% y-y มาอยู่ที่ 2.78 พัน ลบ. ส่วนมากจากกำไรจากการขายบัญชีลูกหนี้ตัดสูญที่หายไปไตรมาสเมื่อเทียบกับ 167 ลบ. ใน 2QFY23 ในขณะที่ ECL และค่าใช้จ่ายดอกเบี้ยที่ต่ำกว่าคาดช่วยชดเชยค่าใช้จ่ายในการดำเนินงานที่สูงกว่าคาด โดยสัดส่วนค่าใช้จ่ายในการดำเนินงานต่อรายได้อยู่ที่ 39.1% เทียบกับ 36.5% ใน 2QFY23 กำไรสุทธิในงวด 9MFY23 เพิ่มขึ้นเป็น 2.17 พัน ลบ. (-30.6% y-y) และคิดเป็น 70% ของประมาณการทั้งปีของเรา

Highlights

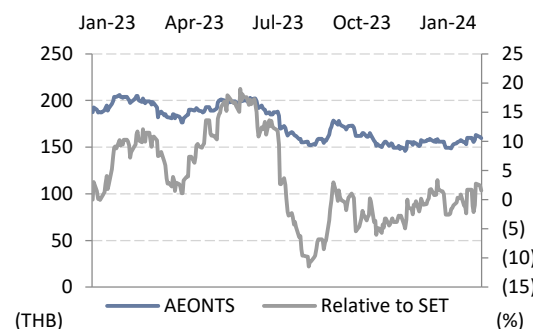
- (-) รายได้ดอกเบี้ยสุทธิลดลงเล็กน้อย q-q และลดลง 4.4% y-y ส่วนมากจากนโยบายการปล่อยสินเชื่อที่เข้มงวดมากยิ่งขึ้นซึ่งทำให้สินเชื่อลดลงมาตั้งแต่ต้นปี FY23 Interest spread ในงวด 3QFY23 ลดลง 12bp มาอยู่ที่ 16.70% แม้ว่าต้นทุนในการกู้ยืมจะลดลงมากกว่าคาดถึง 30 bp มาอยู่ที่ 3.12% (9MFY23 อยู่ที่ 3.20%) ส่วนมากจากสัดส่วนการกู้ยืมระยะสั้นที่เพิ่มขึ้นเป็น 12% (จาก 7% ใน 2QFY23) ซึ่งส่วนมากเป็นเงินกู้ยืมจากราชการ
- (-) สินเชื่อรายงานการเติบโตที่ไม่น่าประทับใจโดยลดลงเล็กน้อย q-q และ 1.3% y-y สินเชื่อเช่าซื้อ (7% ของยอดรวม) เป็นกลุ่มเดียวที่มีผลการดำเนินงานที่ดีมาตั้งแต่ 1QFY23 (จากธุรกรรมในต่างประเทศ) อย่างไรก็ตามสินเชื่อบุคคล (47%) และหนี้สินเชื่อบัตรเครดิต (46%) ซึ่งเป็นกลุ่มหลักจะลดตัวในช่วงดังกล่าว สินเชื่องวด 9MFY23 ก่อนช่วงทรงตัวและต่ำกว่าที่เราคาดไว้ที่ 4.5% y-y อยู่มาก
- (-) คุณภาพสินทรัพย์ สัดส่วนหนี้ต่อคุณภาพในรอบ 3QFY23 ดีกว่าที่คาดโดยจบลงที่ 6.24% เพิ่มขึ้นจาก 6.19% ใน 2QFY23 ส่วนมากจากการตัดจำหน่ายสินเชื่อบุคคลจำนวนมากก่อนมาตรการบรรเทาหนี้ของ ธปท. จะสิ้นสุดลงในปี 2023 นอกจากนี้ต้นทุนความเสี่ยงในการปล่อยสินเชื่อในรอบ 3QFY23 ยังต่ำกว่าคาดด้วยโดยลดลงเหลือ 8.10% จาก 8.31% ใน 2QFY23 อย่างไรก็ตามระดับดังกล่าวยังสูงกว่าปกติเพื่อรับมือกับการตัดจำหน่ายหนี้เชิงรุกซึ่งทำให้สัดส่วนสำรองต่อหนี้ต่อคุณภาพออกมาต่ำกว่าคาดโดยอยู่ที่ 162% จาก 174% ใน 2QFY23
- (+) แนวโน้ม 4QFY23 เราคาดว่ากำไรสุทธิ 4QFY23 จะกลับมาเติบโตในช่วงฤดูการจ่ายใช้สอย แนวโน้มสินเชื่อ 4QFY23 ที่ดีกล่าวมาข้างต้นและโครงการกระตุ้นเศรษฐกิจผ่านการบริโภคในประเทศของรัฐบาลจะเป็นปัจจัยบวกหนุนกำไรสุทธิของ AEONTS ในช่วง 4QFY23

เราคงแนะนำถือที่ราคาปัจจุบันเมื่อพิจารณาปัจจัยกดดันที่คาดว่าจะเกิดขึ้นตลอดปี FY24 ในแง่ของการเติบโตทางธุรกิจที่จำกัดเพื่อป้องกันคุณภาพสินทรัพย์และกฎระเบียบในธุรกิจบัตรเครดิตที่เข้มงวดมากยิ่งขึ้น ราคาเป้าหมายปี FY24 ของเราที่ 169 บาท (GGM) คิดเป็นค่า P/BV ได้ที่ 1.60x

TARGET PRICE	THB169.00
CLOSE	THB159.50
UP/DOWNSIDE	+6.0%
TP vs CONSENSUS	-5.0%

KEY STOCK DATA

YE Feb (THB m)	2022	2023E	2024E	2025E
Operating profit	4,950	4,022	4,338	4,618
Net profit	3,815	3,113	3,360	3,578
EPS (THB)	15.26	12.45	13.44	14.31
vs Consensus (%)	-	0.0	(7.7)	(1.8)
Recurring net profit	3,815	3,113	3,360	3,578
Core EPS (THB)	15.26	12.45	13.44	14.31
EPS growth (%)	7.4	(18.4)	7.9	6.5
Core P/E (x)	10.5	12.8	11.9	11.1
Dividend yield (%)	3.4	3.4	3.9	4.4
Price/book (x)	1.7	1.6	1.5	1.4
ROE (%)	17.9	13.1	13.2	13.1
ROA (%)	4.3	3.3	3.4	3.4



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	6.7	4.6	(16.1)
Relative to country (%)	4.2	6.1	0.5
Mkt cap (USD m)	1,140		
3m avg. daily turnover (USD m)	0.6		
Free float (%)	41		
Major shareholder	AEON Financial Service Co Ltd (32%)		
12m high/low (THB)	208.00/145.00		
Issued shares (m)	250		

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 12 มกราคม 2024

- (-) **Net interest income** edged down q-q and decreased by 4.4% y-y due mainly to its tightening credit policy, which led to a decline in loans since the beginning of FY23. 3QFY23 interest spread dropped by 12bp to 16.70% despite a much better-than-expected cost of funds reduction of 30 bp to 3.12% (9MFY23 was 3.20%) due primarily to the rising short-term funding proportion (12% from 7% in 2QFY23), mainly from bank loans. 9MFY23 interest spread was 16.77%, dipping by 430bp y-y, pressured by decreasing yield on loans in every segment (hire purchase, personal loans, and credit card) and the rising cost of funds in tandem with market interest rate.
- (-) **Loans** delivered unimpressive growth with a slight decrease on a q-q basis and 1.3% y-y. Hire-purchase receivables (7% of totals) were the only segment that could perform very well since 1QFY23. However, personal loans (47%) and credit card receivables (46%), the main contributors, were sluggish during the same period, dragged by 1) AEONTS' credit tightening policy to protect the asset quality and 2) its aggressive debt write-off, mainly in the personal and credit card loan segments. 9MFY23 loans were relatively flat YTD and much lower than our estimate of 4.5% y-y. However, we maintain our loan forecast that 4QFY23 would be the peak spending season with some pent-up demand from the government stimulus project, Easy E-receipt, from 1 Jan - 15 Feb 2024, where taxpayers can submit an electronic tax invoice to gain a limited tax rebate.
- (-) **Asset quality:** The 3QFY23 NPL ratio was better than expected, finishing at 6.24%, rising from 6.19% in 2QFY23 due mainly to its aggressive write-off of personal loans before the Bank of Thailand (BoT) 's debt assistance measures expired at end-2023. Stage 2 loans still showed an increasing trend following AEONTS' policy to let the poor asset quality flow to stage 3 in order to speed up the writing-off process. 3QFY23 credit cost was also lower than expected, decreasing to 8.10% from 8.31% in 2QFY23. However, this level was still abnormally high to tackle the proactive debt write-offs, bringing the coverage ratio to be lower than expected at 162% from 174% in 2QFY23.
- (+) **4QFY23 outlook:** We expect 4QFY23 net profit to hiccup during the spending season. The aforementioned 4QFY23 loan outlook and the government stimulus project of domestic consumption should bode well for AEONTS' net profit in 4QFY23. We retain our FY23 net profit forecast of THB3.11b, the lowest in the past six years, decreasing by 18.4% y-y, mainly dragged by rising interest expenses and credit costs.

Exhibit 1: 3QFY23 results summary

AEONTS	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	----- Change -----		9MFY23	Change	% of	FY2023E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(y-y%)	23E	(THB m)	(%)
Interest income	4,803	4,786	4,726	4,770	4,650	(2.5)	(3.2)	14,145	(0.9)	73	19,338	1.48
Interest expense	476	523	527	574	511	(11.0)	7.5	1,612	16.8	71	2,269	19.20
Net interest income	4,328	4,263	4,199	4,196	4,139	(1.4)	(4.4)	12,533	(2.8)	73	17,068	(0.48)
Non-interest income	1,016	766	734	907	755	(16.7)	(25.7)	2,395	(4.6)	74	3,230	(1.43)
Operating income	5,344	5,029	4,932	5,102	4,894	(4.1)	(8.4)	14,928	(3.1)	74	20,298	(0.63)
Operating expenses	2,039	2,155	2,033	2,071	2,114	2.1	3.7	6,219	2.6	75	8,310	2.38
PPOP	3,305	2,874	2,899	3,031	2,780	(8.3)	(15.9)	8,710	(6.7)	73	11,988	(2.62)
Expected credit loss	1,884	1,964	2,094	1,949	1,899	(2.5)	0.8	5,942	12.1	75	7,951	9.48
Profit before tax	1,421	909	805	1,082	881	(18.6)	(38.0)	2,768	(31.5)	69	4,022	(18.74)
Income tax expense	286	181	161	218	171	(21.9)	(40.3)	550	(32.5)	68	809	(18.74)
Net profit	1,104	693	617	842	706	(16.1)	(36.0)	2,165	(30.6)	70	3,113	(18.41)
EPS (THB)	4.42	2.77	2.47	3.37	2.82	(16.1)	(36.0)	8.66	(30.6)	70	12.45	(18.41)
Key balance sheet highlights												
NPL	5,340	5,340	5,541	5,810	5,854	0.7	9.6	5,854	9.63		6,381	19.48
Loan - gross	95,026	93,864	93,721	93,886	93,814	(0.1)	(1.3)	93,814	(1.28)		98,163	4.50
Interest bearing debt	68,556	67,057	64,701	65,621	65,624	0.0	(4.3)	65,624	(4.28)		68,087	1.54
Leverage ratio	(x)	(x)	(x)	(x)	(x)			(x)			(x)	
IBD/E (x)	3.15	2.94	2.77	2.78	2.77			2.77			2.77	
D/E (x)	3.39	3.15	3.02	2.99	2.95			2.95			2.98	
Asset quality ratio	(%)	(%)	(%)	(%)	(%)			(%)			(%)	
Gross NPLs (THB m)	5,340	5,340	5,541	5,810	5,854	0.7	9.6	5,854	9.6		6,381	19.48
NPL ratio	5.61	5.69	5.91	6.19	6.24			6.24			6.50	0.81
Coverage ratio - LLR/ NPLs	196	190	184	174	162			162			165	(25.07)
Credit cost	7.98	8.32	8.93	8.31	8.10			8.39			8.10	0.37
LLR/TL	11.01	10.78	10.87	10.73	10.10			10.10			10.69	
Profitability ratios	(%)	(%)	(%)	(%)	(%)			(%)			(%)	
Cost-to-income ratio	35.04	37.10	37.16	36.46	39.11			37.56			36.82	0.47
Yield on loans	20.34	20.27	20.15	20.34	19.82			19.97			20.13	(0.47)
Cost of funds	2.75	3.09	3.20	3.52	3.12			3.20			3.40	0.51
Spreads	17.59	17.18	16.95	16.82	16.70			16.77			16.73	(0.98)
Net interest margin (NIM)	18.33	18.05	17.91	17.89	17.64			17.70			17.77	(0.78)
ROE	20.40	12.44	10.70	14.34	11.93			12.70			13.14	
ROA	4.61	2.90	2.61	3.56	2.98			3.03			3.22	
Loan growth	(%)	(%)	(%)	(%)	(%)			(%)			(%)	
Loan growth q-q	1.21	(1.22)	(0.15)	0.18	(0.08)							
y-y	6.24	3.25	1.17	(0.01)	(1.28)			(1.28)			4.50	
YTD	4.53	3.25	(0.15)	0.02	(0.05)			(0.05)				

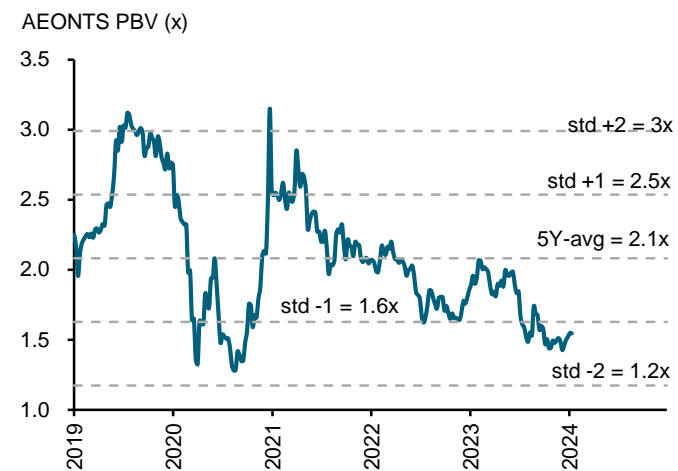
Sources: AEONTS; FSSIA estimates

Exhibit 2: Staged loans and ECL

	FY2020	FY2021	FY2022	3QFY23	FY2020	FY2021	FY2022	3QFY23
	(THB m)	(THB m)	(THB m)	(THB m)	(%)	(%)	(%)	(%)
Loans and accrued interest					% Staged loans			
Stage 1	79,447	82,899	85,032	84,135	90.9	91.1	90.5	89.6
Stage 2	2,944	3,702	3,565	3,906	3.4	4.1	3.8	4.2
Stage 3	5,042	4,427	5,340	5,854	5.8	4.9	5.7	6.2
Total	87,433	91,028	93,937	93,894	100.0	100.0	100.0	100.0
Expected credit loss (ECL)					% ECL to staged loans			
Stage 1	5,969	5,564	4,398	3,538	7.5	6.7	5.2	4.2
Stage 2	1,579	1,917	1,658	1,614	53.6	51.8	46.5	41.3
Stage 3	4,045	3,470	4,069	4,335	80.2	78.4	76.2	74.1
Total	11,593	10,951	10,125	9,488	13.3	12.0	10.8	10.1
LLR / Loans								
Stage 1	7.51	6.71	5.17	4.21				
Stage 2	53.63	51.80	46.51	41.33				
Stage 3	80.23	78.38	76.20	74.06				
Total	13.26	12.03	10.78	10.10				
NPL / TL	5.77	4.86	5.69	6.23				
LLR / NPL	230	247	190	162				
NPLs + stage 2 loans/ total loans	9.13	8.93	9.48	10.39				
LLR/(NPLs + stage 2 loans)	145	135	114	97				

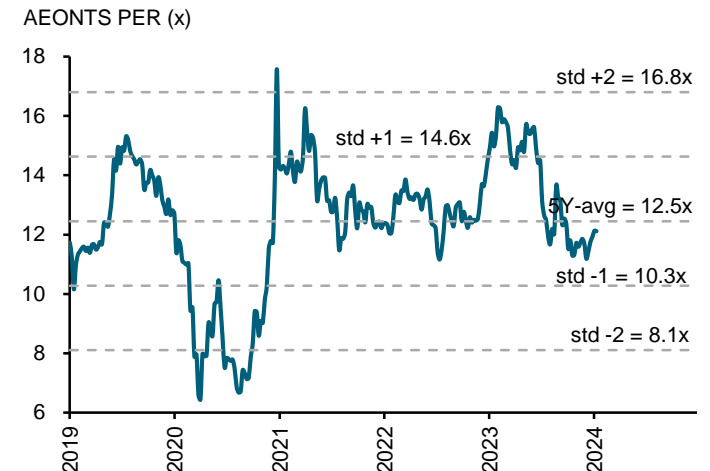
Sources: AEONTS; FSSIA's compilation

Exhibit 3: AEONTS – one-year prospective P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 4: AEONTS – one-year prospective PER band



Sources: Bloomberg; FSSIA estimates

Exhibit 5: GGM-based 2024 TP

Gordon growth model	
Sustainable ROE	13.5%
g	3.0%
ROE-g	10.50%
Beta	1.09
Risk free rate	3.0%
Risk premium	6.0%
COE	9.55%
COE-g	6.55%
ROE-g/COE-g	1.60

Source: FSSIA estimates

Exhibit 6: Share price performance of Non-bank companies under coverage, as of 10 January 2024

Price performance					
	1M	3M	6M	1Y	YTD
	(%)	(%)	(%)	(%)	(%)
AEONTS TB	4.68	1.62	(8.21)	(17.41)	(2.19)
KTC TB	(4.86)	(5.88)	(5.88)	(24.79)	1.15
MTC TB	7.51	27.40	30.07	15.53	3.33
SAWAD TB	(4.05)	(6.74)	(9.78)	(21.33)	2.47
TIDLOR TB	3.54	12.50	2.63	(15.08)	4.00
JMT TB	(6.19)	(34.97)	(25.35)	(61.87)	3.92
BAM TB	1.22	(15.74)	(18.63)	(48.45)	1.84
SETFIN	0.53	(3.61)	(4.97)	(29.34)	2.04
SET	2.13	(3.13)	(5.78)	(16.33)	(0.38)

Source: Bloomberg

Exhibit 7: Peer comparisons, as of 10 January 2024

Company name	BBG code	Rec	Share price (LCY)	Target price (LCY)	Up side (%)	PE		PBV		ROE		Div yld	
						23E (x)	24E (x)	23E (x)	24E (x)	23E (%)	24E (%)	23E (x)	24E (x)
AEON Thana Sinsap (Thailand)	AEONTS TB	HOLD	159.50	169.00	6	12.8	11.9	1.6	1.5	13.1	13.2	3.4	3.9
Krungthai Card	KTC TB	HOLD	44.50	49.00	10	15.8	14.5	3.2	2.8	21.7	20.7	2.5	2.5
Muangthai Capital	MTC TB	BUY	46.50	44.00	(5)	20.6	16.1	3.1	2.6	15.6	17.7	0.7	0.9
Srisawad Corp	SAWAD TB	BUY	42.00	54.00	29	10.8	9.1	2.0	1.8	19.7	20.7	4.3	4.8
Ngern Tid Lor	TIDLOR TB	BUY	23.60	28.00	19	17.4	14.4	2.3	2.0	14.2	15.2	1.2	1.4
Average						15.5	13.2	2.5	2.2	16.9	17.5	2.4	2.7

Sources: Bloomberg; FSSIA estimates

Financial Statements

Aeon Thana Sinsap (Thailand)

Profit and Loss (THB m) Year Ending Feb	2021	2022	2023E	2024E	2025E
Interest Income	17,903	19,055	19,338	20,519	21,911
Interest expense	(1,745)	(1,904)	(2,269)	(2,480)	(2,709)
Net interest income	16,158	17,151	17,068	18,039	19,203
Net fees & commission	2,635	3,015	2,966	3,048	3,081
Foreign exchange trading income	-	-	-	-	-
Securities trading income	-	-	-	-	-
Dividend income	-	-	-	-	-
Other income	254	261	264	267	269
Non interest income	2,888	3,277	3,230	3,314	3,350
Total income	19,047	20,428	20,298	21,353	22,553
Staff costs	(7,671)	(7,962)	(8,124)	(8,580)	(9,094)
Other operating costs	(172)	(253)	(200)	(200)	(209)
Operating costs	(7,844)	(8,215)	(8,325)	(8,780)	(9,304)
Pre provision operating profit	11,203	12,213	11,973	12,574	13,249
Expected credit loss	(6,629)	(7,263)	(7,951)	(8,236)	(8,631)
Other provisions	-	-	-	-	-
Operating profit	4,574	4,950	4,022	4,338	4,618
Recurring non operating income	0	0	0	0	0
Associates	-	-	-	-	-
Goodwill amortization	-	-	-	-	-
Non recurring items	0	0	0	0	0
Profit before tax	4,574	4,950	4,022	4,338	4,618
Tax	(1,000)	(996)	(809)	(873)	(929)
Profit after tax	3,574	3,954	3,213	3,465	3,689
Non-controlling interest	(21)	(139)	(100)	(105)	(110)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	3,553	3,815	3,113	3,360	3,578
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	3,553	3,815	3,113	3,360	3,578
Per share (THB)					
Recurring EPS *	14.21	15.26	12.45	13.44	14.31
Reported EPS	14.21	15.26	12.45	13.44	14.31
DPS	5.15	5.50	5.50	6.25	7.00
Growth					
Net interest income (%)	(2.0)	6.1	(0.5)	5.7	6.5
Non interest income (%)	6.4	13.4	(1.4)	2.6	1.1
Pre provision operating profit (%)	2.9	9.0	(2.0)	5.0	5.4
Operating profit (%)	(2.1)	8.2	(18.7)	7.9	6.4
Reported net profit (%)	(4.4)	7.4	(18.4)	7.9	6.5
Recurring EPS (%)	(4.4)	7.4	(18.4)	7.9	6.5
Reported EPS (%)	(4.4)	7.4	(18.4)	7.9	6.5
Income Breakdown					
Net interest income (%)	84.8	84.0	84.1	84.5	85.1
Net fees & commission (%)	13.8	14.8	14.6	14.3	13.7
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	-	-	-	-	-
Dividend income (%)	-	-	-	-	-
Other income (%)	1.3	1.3	1.3	1.2	1.2
Operating performance					
Gross interest yield (%)	-	-	-	-	-
Cost of funds (%)	-	-	-	-	-
Net interest spread (%)	0.00	0.00	0.00	0.00	0.00
Net interest margin (%)	-	-	-	-	-
Cost/income(%)	41.2	40.2	41.0	41.1	41.3
Cost/assets(%)	8.8	8.8	8.6	8.6	8.5
Effective tax rate (%)	20.2	20.5	20.0	20.0	20.0
Dividend payout on recurring profit (%)	36.2	36.0	44.2	46.5	48.9
ROE (%)	19.2	17.9	13.1	13.2	13.1
ROE - COE (%)	9.7	8.3	3.6	3.7	3.6
ROA (%)	4.0	4.3	3.3	3.4	3.4
RORWA (%)	-	-	-	-	-

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Aeon Thana Sinsap (Thailand); FSSIA estimates

Financial Statements

Aeon Thana Sinsap (Thailand)

Balance Sheet (THB m) Year Ending Feb	2021	2022	2023E	2024E	2025E
Gross customer loans	91,555	94,462	98,904	105,059	111,516
Allowance for expected credit loss	(10,951)	(10,125)	(10,498)	(9,595)	(9,320)
interest in suspense	(644)	(598)	(810)	(881)	(925)
Net customer loans	79,959	83,739	87,597	94,583	101,271
Bank loans	44	218	173	208	249
Government securities	0	0	0	0	0
Trading securities	-	-	-	-	-
Investment securities	-	-	-	-	-
Cash & equivalents	4,236	3,816	3,029	3,146	3,008
Other interesting assets	117	73	73	73	73
Tangible fixed assets	-	-	-	-	-
Associates	0	0	0	0	0
Goodwill	-	-	-	-	-
Other intangible assets	1,531	1,816	1,539	1,392	1,275
Other assets	4,438	5,400	5,934	6,208	6,526
Total assets	90,469	95,207	98,344	105,610	112,402
Customer deposits	-	-	-	-	-
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	66,127	67,057	68,087	73,306	78,002
Non interest bearing liabilities	4,078	4,802	5,128	5,319	5,522
Hybrid Capital	-	-	-	-	-
Total liabilities	70,205	71,859	73,215	78,625	83,525
Share capital	-	-	-	-	-
Reserves	19,161	22,093	23,822	25,620	27,448
Total equity	19,889	22,821	24,550	26,348	28,176
Non-controlling interest	375	527	579	637	701
Total liabilities & equity	90,469	95,207	98,344	105,610	112,402
Supplementary items					
Risk weighted assets (RWA)	-	-	-	-	-
Average interest earning assets	-	-	-	-	-
Average interest bearing liabilities	-	-	-	-	-
CET 1 capital	-	-	-	-	-
Total capital	0	0	0	0	0
Gross non performing loans (NPL)	-	-	-	-	-
Per share (THB)					
Book value per share	79.55	91.29	98.20	105.39	112.71
Tangible book value per share	-	-	-	-	-
Growth					
Gross customer loans	3.9	3.2	4.7	6.2	6.1
Average interest earning assets	-	-	-	-	-
Total asset (%)	3.5	5.2	3.3	7.4	6.4
Risk weighted assets (%)	-	-	-	-	-
Customer deposits (%)	-	-	-	-	-
Leverage & capital measures					
Customer loan/deposits (%)	-	-	-	-	-
Equity/assets (%)	22.0	24.0	25.0	24.9	25.1
Tangible equity/assets (%)	20.3	22.1	23.4	23.6	23.9
RWA/assets (%)	-	-	-	-	-
CET 1 CAR (%)	-	-	-	-	-
Total CAR (%)	-	-	-	-	-
Asset Quality (FSSIA's calculation)					
Change in NPL (%)	-	-	-	-	-
NPL/gross loans (%)	-	-	-	-	-
Allowance for ECL/gross loans (%)	12.0	10.7	10.6	9.1	8.4
Allowance for ECL/NPL (%)	-	-	-	-	-
Valuation					
Recurring P/E (x) *	11.2	10.5	12.8	11.9	11.1
Recurring P/E @ target price (x) *	11.9	11.1	13.6	12.6	11.8
Reported P/E (x)	11.2	10.5	12.8	11.9	11.1
Dividend yield (%)	3.2	3.4	3.4	3.9	4.4
Price/book (x)	2.0	1.7	1.6	1.5	1.4
Price/tangible book (x)	-	-	-	-	-
Price/tangible book @ target price (x)	-	-	-	-	-

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Aeon Thana Sinsap (Thailand); FSSIA estimates

AEON Thana Sinsap (Thailand) (AEONTS TB)

FSSIA ESG rating

★★

33.86 /100

Exhibit 8: FSSIA ESG score implication

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

Source: FSSIA estimates

Exhibit 9: ESG – peer comparison

	FSSIA	Domestic ratings						Global ratings					Bloomberg		
	ESG score	DJSI	SET THSI	THSI	CG score	AGM level	Thai CAC	Morningstar ESG risk	ESG Book	MSCI	Moody's	Refinitiv	S&P Global	ESG score	Disclosure score
SET100	69.20	5.34	4.40	4.40	4.76	4.65	3.84	Medium	51.76	BBB	20.87	58.72	63.91	3.72	28.17
Coverage	67.12	5.11	4.15	4.17	4.83	4.71	3.53	Medium	52.04	BB	16.97	56.85	62.09	3.40	31.94
AEONTS	33.86	--	--	--	4.00	3.00	--	Medium	40.10	BBB	--	27.64	17.00	--	--
BAM	55.19	--	Y	Y	5.00	4.00	Certified	Medium	47.11	B	--	49.29	14.00	2.88	51.77
JMT	35.60	--	--	--	4.00	5.00	Declared	Medium	--	BBB	--	12.70	13.00	--	39.90
KTC	71.80	--	Y	Y	5.00	5.00	Certified	Low	57.22	A	--	64.48	59.00	4.96	57.09
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 disclosure from the company's one report

FY ending Dec 31	FY 2022
Environmental	
Climate change policy	--
Climate change opportunities discussed	--
GHG scope 2 location-based policy	Yes
Biodiversity policy	--
Energy efficiency policy	Yes
Electricity used	Yes
Fuel used - crude oil/diesel	--
Waste reduction policy	Yes
Water policy	Yes
Water consumption	1,133.13
Social	
Human rights policy	Yes
Policy against child labor	--
Quality assurance and recall policy	Yes
Consumer data protection policy	Yes
Equal opportunity policy	Yes
Gender pay gap breakout	--
Pct women in workforce	Yes
Business ethics policy	Yes
Anti-bribery ethics policy	Yes
Health and safety policy	Yes
Lost time incident rate - employees	--
Training policy	Yes
Fair remuneration policy	Yes
Number of employees - CSR	--
Total hours spent by firm - employee training	324
Social supply chain management	--

Source: FSSIA's compilation

FY ending Dec 31	FY 2022
Governance	
Board size / Independent directors (ID) / Female	12 / 4 / 2
No. of board meetings for the year / % attendance	12 / 98.61%
Company conducts board evaluations	Yes
Number of non-executive directors on board	2
Director share ownership guidelines	No
Board age limit	No
Age of the youngest / oldest director	61 / 75
Number of executives / female	11 / 3
Executive share ownership guidelines	No
Size of audit committee / ID	3 / 3
Audit committee meetings	10
Audit committee meeting attendance (%)	100
Size of compensation committee	--
Number of compensation committee meetings	--
Compensation committee meeting attendance (%)	--
Size of nomination committee / ID	--
Number of nomination committee meetings	--
Nomination committee meeting attendance (%)	--
Board compensation (THB m)	24.21
Auditor fee (THB m)	7.59
<i>(Deloitte Touche Tohmatsu Jaiyos Audit Company Limited)</i>	

Disclaimer for ESG scoring

ESG score	Methodology	Rating																			
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.																			
Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET)	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for THSI inclusion , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. SETTHSI Index is extended from the THSI companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.																			
CG Score by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).																			
AGM level By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <i>(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)</i>	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																			
Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. <i>(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</i>	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.																			
Morningstar Sustainalytics	The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality & peer reviews.	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>NEGL</th> <th>Low</th> <th>Medium</th> <th>High</th> <th>Severe</th> </tr> </thead> <tbody> <tr> <td>0-10</td> <td>10-20</td> <td>20-30</td> <td>30-40</td> <td>40+</td> </tr> </tbody> </table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+									
NEGL	Low	Medium	High	Severe																	
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>AAA</td> <td>8.571-10.000</td> <td rowspan="2">Leader:</td> <td rowspan="2">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> <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>BBB</td> <td>4.286-5.713</td> </tr> <tr> <td>BB</td> <td>2.857-4.285</td> </tr> <tr> <td>B</td> <td>1.429-2.856</td> <td rowspan="2">Laggard:</td> <td rowspan="2">lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> <tr> <td>CCC</td> <td>0.000-1.428</td> </tr> </tbody> </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	Average:	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	BBB	4.286-5.713	BB	2.857-4.285	B	1.429-2.856	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks	CCC	0.000-1.428
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Moody's ESG solutions	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.																				
Refinitiv ESG rating	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. <i>(Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)</i>																				
S&P Global	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.																				
Bloomberg	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.																			
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.																			

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

Source: FSSIA's compilation

GENERAL DISCLAIMER

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

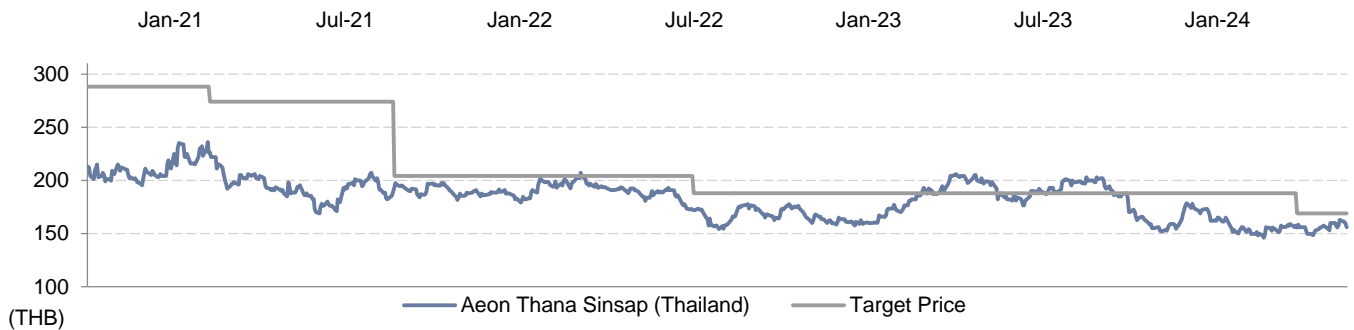
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History of change in investment rating and/or target price

Aeon Thana Sinsap (Thailand) (AEONTS TB)



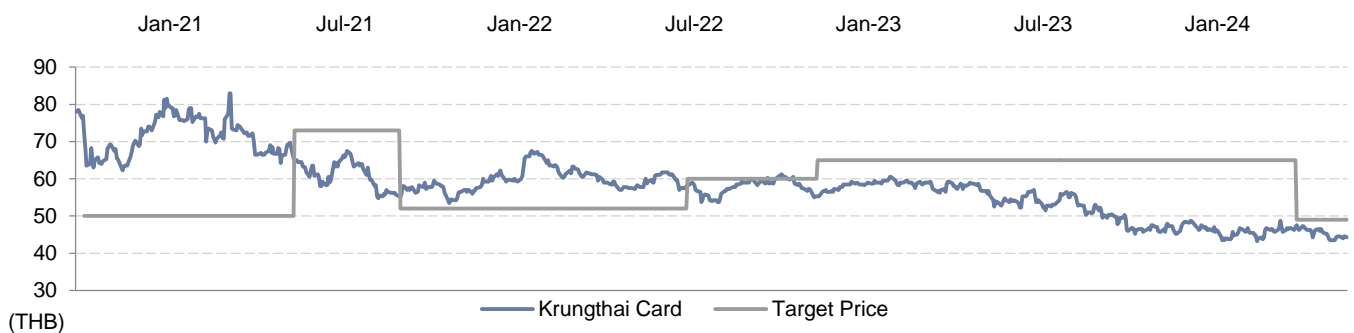
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
13-Jan-2021	BUY	288.00	05-Oct-2021	HOLD	204.00	28-Nov-2023	HOLD	169.00
28-Apr-2021	BUY	274.00	22-Jun-2022	HOLD	188.00			

Usanee Liurut, CISA started covering this stock from 28-Nov-2023

Price and TP are in local currency

Source: FSSIA estimates

Krungthai Card (KTC TB)



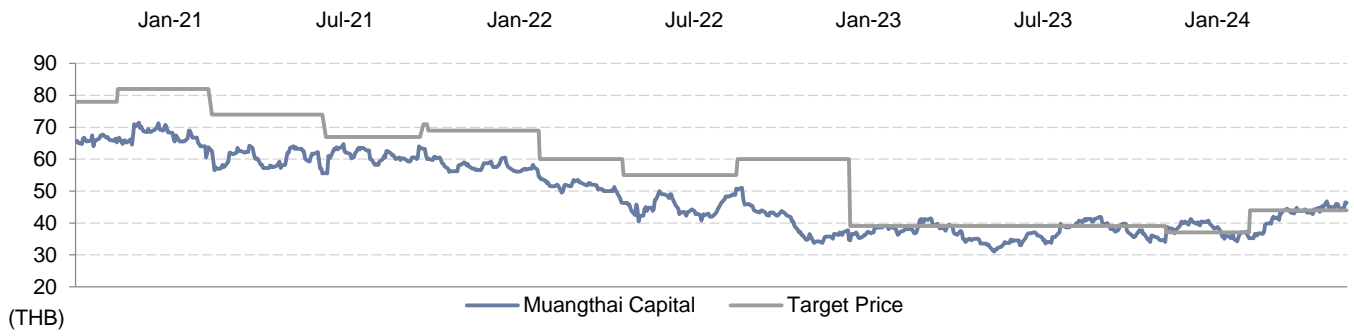
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
19-Jan-2021	REDUCE	50.00	11-Apr-2022	REDUCE	52.00	28-Nov-2023	HOLD	49.00
19-Jul-2021	HOLD	73.00	22-Jun-2022	HOLD	60.00			
18-Oct-2021	HOLD	52.00	12-Oct-2022	BUY	65.00			

Usanee Liurut, CISA started covering this stock from 28-Nov-2023

Price and TP are in local currency

Source: FSSIA estimates

Muangthai Capital (MTC TB)



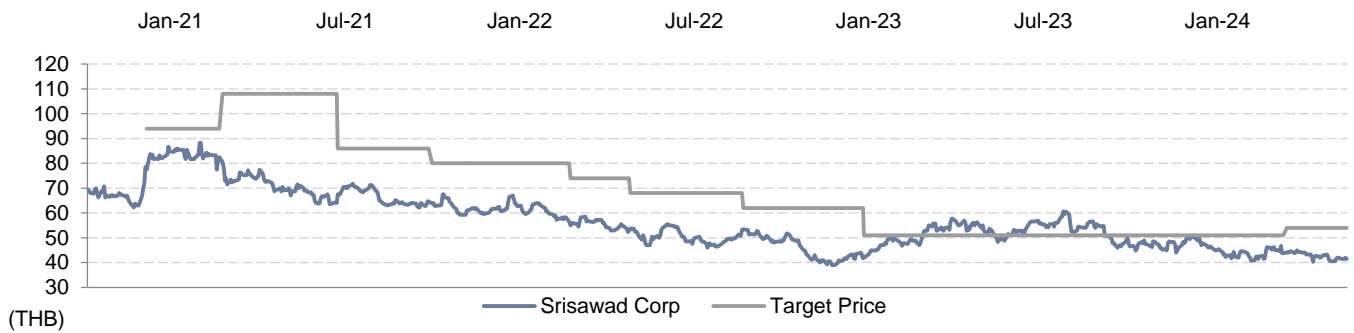
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
12-Jan-2021	BUY	78.00	05-Nov-2021	BUY	71.00	04-Aug-2022	BUY	60.00
17-Feb-2021	BUY	82.00	11-Nov-2021	BUY	69.00	09-Nov-2022	HOLD	39.00
07-May-2021	BUY	74.00	15-Feb-2022	BUY	60.00	08-Aug-2023	HOLD	37.00
13-Aug-2021	BUY	67.00	28-Apr-2022	BUY	55.00	19-Oct-2023	BUY	44.00

Usanee Liurut, CISA started covering this stock from 08-Aug-2023

Price and TP are in local currency

Source: FSSIA estimates

Srisawad Corp (SAWAD TB)



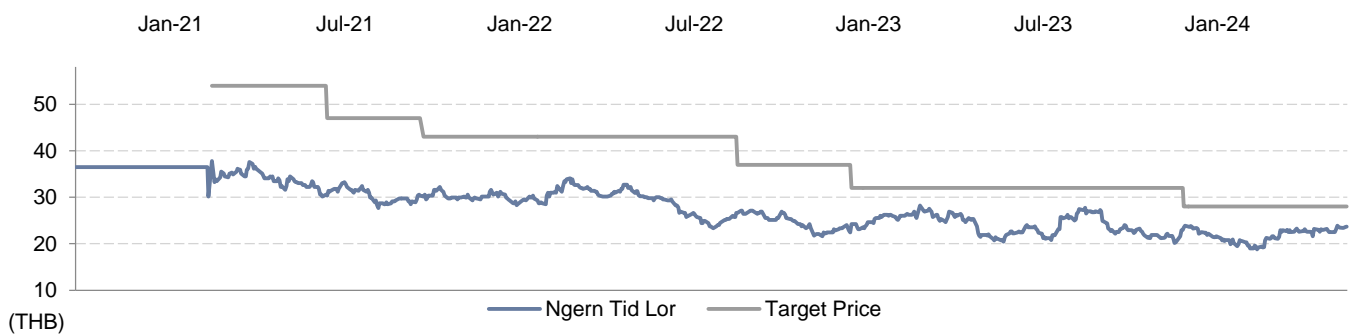
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
04-Mar-2021	BUY	94.00	05-Nov-2021	BUY	80.00	04-Aug-2022	BUY	62.00
07-May-2021	BUY	108.00	07-Mar-2022	BUY	74.00	17-Nov-2022	BUY	51.00
17-Aug-2021	BUY	86.00	28-Apr-2022	BUY	68.00	17-Nov-2023	BUY	54.00

Usanee Liurut, CISA started covering this stock from 17-Nov-2023

Price and TP are in local currency

Source: FSSIA estimates

Ngern Tid Lor (TIDLOR TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
07-May-2021	BUY	54.00	05-Nov-2021	BUY	43.00	10-Nov-2022	BUY	32.00
16-Aug-2021	BUY	47.00	04-Aug-2022	BUY	37.00	23-Aug-2023	BUY	28.00

Usanee Liurut, CISA started covering this stock from 23-Aug-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Aeon Thana Sinsap (Thailand)	AEONTS TB	THB 156.00	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.
Krungthai Card	KTC TB	THB 44.25	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.
Muangthai Capital	MTC TB	THB 46.25	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	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.
Ngern Tid Lor	TIDLOR TB	THB 23.70	BUY	Downside risks to our GGM-based TP include 1) the expansion into auto-title loans by the Government Savings Bank and Auto X (subsidiary of SCB X); 2) further weakening asset quality could potentially hit both loan yield and credit cost; and 3) tighter supervision from related regulators.

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 11-Jan-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.