

19 OCTOBER 2021

THAILAND / BANKS

KIATNAKIN BANK KKP TB

BUY

UNCHANGED

| | |
|-----------------|-----------|
| TARGET PRICE | THB68.00 |
| CLOSE | THB57.50 |
| UP/DOWNSIDE | +18.3% |
| PRIOR TP | THB68.00 |
| CHANGE IN TP | UNCHANGED |
| TP vs CONSENSUS | +4.9% |

Picking up speed

3Q21: strong core operations and decent asset quality

KKP reported a 3Q21 net profit of THB1,478m (+10% y-y, +9% q-q), which was higher than our forecast by 12% and Bloomberg's estimate by 19%. Its 3Q21 core operations were strong, driven by 1) a 2.0% q-q loan volume increase due largely to a rise in its hire purchase loans; and 2) a high fee income level (moderately dropping q-q due to the very high base in 2Q21) thanks to its wealth-related businesses. Regarding its asset quality, its NPLs increased by 4% q-q and losses from repossessed car sales (LRC) increased moderately due to the higher number of used cars sold. However, the bank had proactively set aside provisions in previous quarters. Thus, its credit cost (including LRC) declined to 228 bps from 261 bps in 2Q21.

Losses from car sales could remain high in following quarters

Some investors may be worried about the spike in LRC in 3Q21, which was the highest quarterly in five years. To us, this is not a major concern, as it came from the abnormally low repossessed car sales in 2020 due to the relief programs, resulting in higher repossessed car sales in 2021. On the positive side, the loss ratio per car was still not high, according to management. We expect that LRC could remain high in the next couple of quarters as customers gradually exit relief programs. We think concern would be justified if used car prices were to drop sharply and the number of seized vehicles were to continue to increase.

Solid top-line growth could outweigh losses from car sales

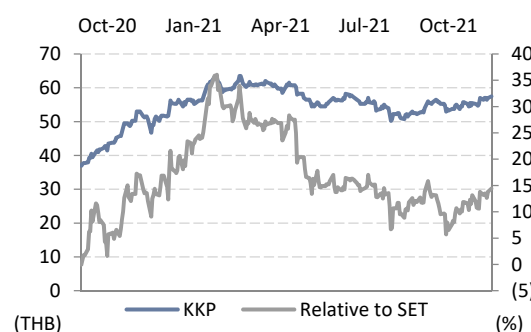
We expect KKP to post strong performance in 4Q21 and 2022, supported by continually robust top-line growth. We think KKP could deliver the strongest loan growth among its peers, due to its strategy of acquiring lower-risk profile hire purchase customers and its strong relationship with corporate clients. Moreover, while the sector is suffering from low interest income growth in the uncertain and low interest rate environment, KKP has strong franchise fee income from Phatra Capital. We expect its brokerage, wealth management and IB businesses to perform well. The solid top-line growth could offset the increase in LRC.

Maintain BUY and GGM-based TP of THB68

We maintain KKP as our third most preferred Buy in the banking space as we expect it to post the second highest net profit growth in 2022 at 21% y-y, with the second highest dividend yield at 5-7% p.a.

KEY STOCK DATA

| YE Dec (THB m) | 2020 | 2021E | 2022E | 2023E |
|----------------------|--------|-------|-------|-------|
| Operating profit | 6,487 | 6,761 | 8,376 | 9,478 |
| Net profit | 5,123 | 5,543 | 6,700 | 7,581 |
| EPS (THB) | 6.05 | 6.55 | 7.91 | 8.95 |
| vs Consensus (%) | - | (0.5) | 6.9 | 8.5 |
| Core net profit | 5,123 | 5,543 | 6,700 | 7,581 |
| Core EPS (THB) | 6.05 | 6.55 | 7.91 | 8.95 |
| Chg. In EPS est. (%) | - | - | - | - |
| EPS growth (%) | (14.4) | 8.2 | 20.9 | 13.2 |
| Core P/E (x) | 9.5 | 8.8 | 7.3 | 6.4 |
| Dividend yield (%) | 3.9 | 4.3 | 6.1 | 7.0 |
| Price/book (x) | 1.0 | 1.0 | 0.9 | 0.8 |
| ROE (%) | 11.3 | 11.6 | 13.0 | 13.6 |
| ROA (%) | 1.5 | 1.5 | 1.7 | 1.9 |



| Share price performance | 1 Month | 3 Month | 12 Month |
|--------------------------------|--------------------------|---------|----------|
| Absolute (%) | 4.5 | 5.5 | 55.4 |
| Relative to country (%) | 3.4 | (0.1) | 14.3 |
| Mkt cap (USD m) | 1,455 | | |
| 3m avg. daily turnover (USD m) | 5.0 | | |
| Free float (%) | 80 | | |
| Major shareholder | Wattanavekin family (4%) | | |
| 12m high/low (THB) | 64.25/35.50 | | |
| Issued shares (m) | 847 | | |

Sources: Bloomberg consensus; FSSIA estimates



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Investment thesis

KKP is a modest commercial banking operation whose main portfolio includes hire purchase lending. The bank commands a medium-sized c4% market share in auto hire purchase lending. Moreover, KKP has a solid investment banking arm, Phatra Securities PLC (PHATRA, not listed), under Phatra Capital (100% owned by KKP). PHATRA is prominent in investment banking (IB), financial advisory (FA), institutional securities brokerage, and the growing private banking business. In our opinion, KKP's dominant position in institutional brokerage, as well as its IB and FA businesses, can potentially help it to generate more sustainable performance compared with its peers in the current low interest rate environment.

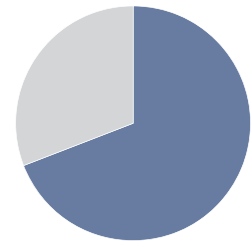
Company profile

KKP was created through the merger of a commercial banking business driven by Kiatnakin Bank and a capital market business led by Phatra Capital and Phatra Securities. KKP's banking operations are mostly geared toward retail, with auto hire purchase lending accounting for 47% of its loan portfolio at end-2020.

kiatnakin.co.th

Principal activities (revenue, 2020)

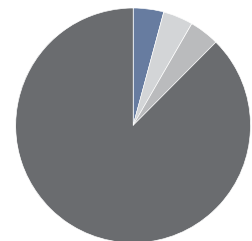
- Net interest income - 69.1 %
- Non-interest income - 30.9 %



Source: Kiatnakin Bank

Major shareholders

- Wattanavekin family - 4.2 %
- Eastern Sugar and Cane - 4.1 %
- Ramkamhang Hospital - 4.1 %
- Others - 87.6 %



Source: Kiatnakin Bank

Catalysts

Potential share price catalysts for KKP include:

- A higher dividend payout;
- Higher fee income, especially from Phatra;
- An increase in revenues related to the equity market.

Risks to our call

Downside risks to our GGM-based target price include weakening asset quality and lower fee income.

Event calendar

| Date | Event |
|--------------|---------------------------|
| Mid Jan-2022 | 4Q21 results announcement |

Key assumptions

| | 2021E | 2022E | 2023E |
|--------------------|-------|-------|-------|
| | (%) | (%) | (%) |
| Net profit (THB m) | 5,543 | 6,700 | 7,581 |
| Net profit growth | 8.2 | 20.9 | 13.2 |
| NIM | 4.50 | 4.24 | 4.33 |
| Loan growth | 8.5 | 5.0 | 5.0 |
| Fee growth | 33.5 | (0.2) | 2.0 |
| Non-NII growth* | 14.6 | 1.2 | 2.5 |
| Credit cost (bp) | 193 | 120 | 110 |
| Cost to income* | 46.8 | 47.9 | 46.0 |

*Including share of profits from associates

Source: FSSIA estimates

Earnings sensitivity

| | | ----- 2021E ----- | | |
|-------------------------------|--------------|-------------------|-------------|--------------|
| Loan growth | ±2ppt | 6.50 | 8.50 | 10.50 |
| <i>% change in net profit</i> | | (1.5) | - | 1.5 |
| NIM (%) | ±5bp | 4.45 | 4.50 | 4.55 |
| <i>% change in net profit</i> | | (2.5) | - | 2.5 |
| Credit cost (bp) | ±10bp | 183 | 193 | 203 |
| <i>% change in net profit</i> | | 1.6 | - | (1.6) |

Source: FSSIA estimates

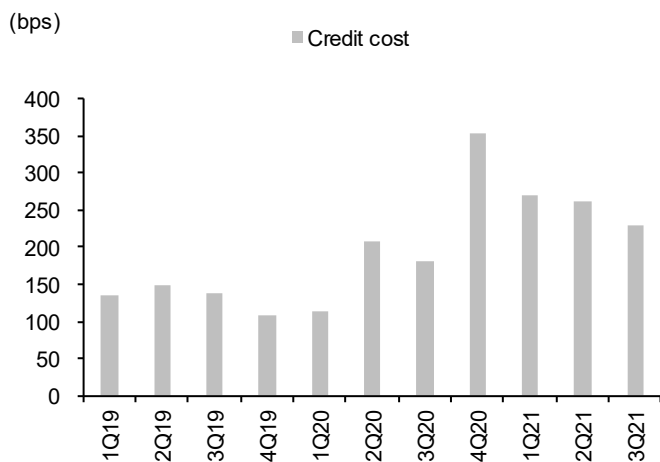
3Q21: strong core operations and decent asset quality

KKP reported a 3Q21 net profit of THB1,478m (+10% y-y, +9% q-q), which was higher than our forecast by 12% and Bloomberg’s estimate by 19% due to the higher-than-expected capital market income. Its 3Q21 core operations were strong, driven by 1) a 2.0% q-q loan volume increase due largely to a rise in its hire purchase loans; and 2) a high fee income level (moderately dropping q-q due to the very high base in 2Q21) thanks to its strong wealth related businesses. Regarding asset quality, its non-performing loans (NPLs) increased by 4% q-q and losses from repossessed car sales increased moderately due to the higher number of used cars sold. However, the bank had proactively set aside provisions in previous quarters. Thus, its credit cost (including losses from repossessed car sales) declined to 228 bps from 261 bps in 2Q21.

3Q21 key highlights

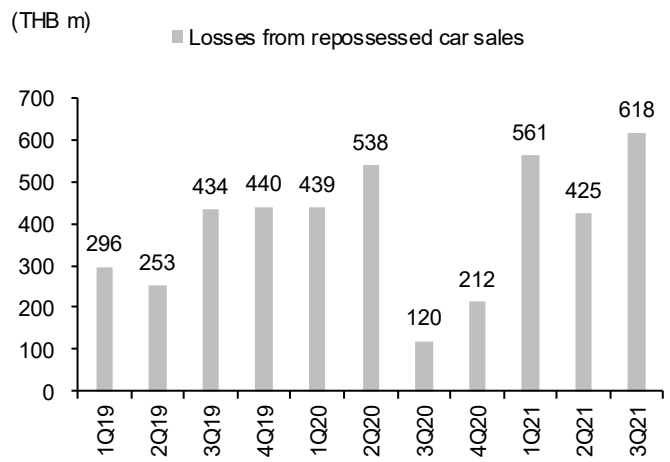
- The total loan volume increased 2.0% q-q from a rise in the hire purchase, housing and corporate segments. KKP increased its new car lending penetration rate for the first eight months of 2021 to 5.6% from 4.2% at the end of 2020, due mainly to its expansion into new business segments with higher asset quality;
- Its Non-NII increased by 54% y-y and 2% q-q due to 1) a rise in fee income from strong wealth management business; and 2) an increase in capital market income, especially from its derivatives business;
- Losses from repossessed car sales increased moderately to THB618m vs THB425m in 2Q21, due to the rise in the number of used cars sold. The losses per unit were relatively stable q-q. The bank is not concerned over its asset quality. Its credit cost (including losses from repossessed car sales) declined to 228 bps from 261 bps in 2Q21.

Exhibit 1: Credit cost (including losses from repossessed car sales)



Source: FSSIA's compilation

Exhibit 2: Losses from repossessed car sales



Source: FSSIA's compilation

Exhibit 3: KKP – 3Q21/9M21 results summary

| Year-end Dec 31 | 3Q20 | 2Q21 | 3Q21 | | 9M21 | | | 2021E | | Comments | |
|-------------------------------|--------------|--------------|--------------|-----------|------------|---------------|-----------|-----------|---------------|-----------|---|
| | (THB m) | (THB m) | (THB m) | (y-y%) | (q-q%) | (THB m) | (y-y %) | %21E | (THB m) | | (y-y %) |
| Net interest income | 3,530 | 3,794 | 3,823 | 8 | 1 | 11,448 | 7 | 75 | 15,201 | 4 | Strong loan growth |
| Non-interest income* | 1,283 | 1,941 | 1,978 | 54 | 2 | 5,704 | 25 | 76 | 7,509 | 15 | Lower fee income q-q due to high base effect |
| Operating income* | 4,813 | 5,735 | 5,802 | 21 | 1 | 17,152 | 12 | 76 | 22,710 | 7 | |
| Operating expenses | 2,130 | 2,678 | 2,951 | 39 | 10 | 8,212 | 1 | 77 | 10,621 | (0) | |
| PPOP before tax* | 2,682 | 3,058 | 2,850 | 6 | (7) | 8,940 | 25 | 74 | 12,089 | 14 | |
| Provision | 1,017 | 1,378 | 1,007 | (1) | (27) | 3,619 | 79 | 68 | 5,327 | 30 | |
| Income tax | 310 | 322 | 364 | 17 | 13 | 991 | (11) | 81 | 1,217 | (9) | |
| Minority interest | 8 | 4 | 1 | | | 35 | 237 | - | 1 | - | |
| Normalised profit | 1,347 | 1,354 | 1,478 | 10 | 9 | 4,295 | 7 | 77 | 5,543 | 8 | |
| Extraordinary items | 0 | 0 | 0 | - | - | 0 | - | - | 0 | - | |
| Net profit | 1,347 | 1,354 | 1,478 | 10 | 9 | 4,295 | 7 | 77 | 5,543 | 8 | Higher than BBG's estimate |
| EPS (THB) | 1.59 | 1.60 | 1.75 | 10 | 9 | 5.07 | 7 | 77 | 6.55 | 8 | |
| Asset quality ratio | | | | | | | | | | | |
| Gross NPLs ex POCI | 7,518 | 9,652 | 10,047 | 34 | 4 | | | | 11,416 | 47 | |
| NPL ratios (%) ex POCI | 2.90 | 3.40 | 3.50 | | | | | | 3.98 | | |
| LLR/NPLs (%) ex POCI | 153 | 160 | 157 | | | | | | 148 | | |
| Credit cost (bp) | 162 | 200 | 141 | | | | | | 193 | | |
| Profitability ratio | | | | | | | | | | | |
| Cost to income ratio* | 44.3 | 46.7 | 50.9 | | | | | | 46.8 | | |
| Average yield (%) | 5.6 | 5.4 | 5.3 | | | | | | 5.7 | | |
| Cost of fund (%) | 1.6 | 1.2 | 1.2 | | | | | | 1.4 | | |
| Net interest margin (NIM) | 4.2 | 4.3 | 4.2 | | | | | | 4.5 | | |
| Non-int inc/total income | 26.7 | 33.8 | 34.1 | | | | | | 33.1 | | |
| Liquidity ratio | | | | | | | | | | | |
| Loan to deposit ratio | 105.3 | 113.2 | 110.4 | | | | | | 119.2 | | |
| Capital adequacy ratio | | | | | | | | | | | |
| CAR | 19.1 | 18.1 | 18.2 | | | | | | 17.7 | | |
| CET 1 / Risk assets | 14.6 | 13.8 | 14.0 | | | | | | 14.0 | | |
| Tier 2 / Risk assets | 4.4 | 4.3 | 4.2 | | | | | | 3.6 | | |
| Loan growth | | | | | | | | | | | |
| Year-to-date | 7.5 | 6.6 | 8.7 | | | | | | | | |
| q-q | 2.9 | 4.4 | 2.0 | | | | | | | | |

*Including share of profits from associates

Sources: KKP; FSSIA estimates

Financial Statements

Kiatnakin Bank

| Profit and Loss (THB m) Year Ending Dec | 2019 | 2020 | 2021E | 2022E | 2023E |
|---|----------|----------|----------|----------|----------|
| Interest Income | 18,036 | 19,584 | 19,388 | 19,480 | 21,065 |
| Interest expense | (5,720) | (4,905) | (4,187) | (4,233) | (4,999) |
| Net interest income | 12,316 | 14,679 | 15,201 | 15,247 | 16,066 |
| Net fees & commission | 4,604 | 4,336 | 5,790 | 5,776 | 5,892 |
| Foreign exchange trading income | 277 | 1,079 | 863 | 906 | 952 |
| Securities trading income | 568 | 50 | 55 | 60 | 66 |
| Dividend income | 576 | 389 | 311 | 342 | 342 |
| Other income | 827 | 700 | 490 | 515 | 540 |
| Non interest income | 6,852 | 6,554 | 7,509 | 7,600 | 7,792 |
| Total income | 19,168 | 21,233 | 22,710 | 22,847 | 23,858 |
| Staff costs | (5,577) | (5,664) | (5,893) | (6,128) | (6,373) |
| Other operating costs | (4,617) | (4,988) | (4,729) | (4,809) | (4,606) |
| Operating costs | (10,194) | (10,652) | (10,621) | (10,937) | (10,979) |
| Pre provision operating profit | 8,974 | 10,581 | 12,089 | 11,910 | 12,879 |
| Provision for bad and doubtful debt | (1,676) | (4,095) | (5,327) | (3,534) | (3,401) |
| Other provisions | - | - | - | - | - |
| Operating profit | 7,297 | 6,487 | 6,761 | 8,376 | 9,478 |
| Recurring non operating income | 0 | 0 | 0 | 0 | 0 |
| Associates | 0 | 0 | 0 | 0 | 0 |
| Goodwill amortization | - | - | - | - | - |
| Non recurring items | 0 | 0 | 0 | 0 | 0 |
| Profit before tax | 7,297 | 6,487 | 6,761 | 8,376 | 9,478 |
| Tax | (1,307) | (1,344) | (1,217) | (1,675) | (1,896) |
| Profit after tax | 5,990 | 5,143 | 5,544 | 6,701 | 7,583 |
| Minority interests | (1) | (20) | (1) | (1) | (2) |
| Preferred dividends | - | - | - | - | - |
| Other items | - | - | - | - | - |
| Reported net profit | 5,988 | 5,123 | 5,543 | 6,700 | 7,581 |
| Non recurring items & goodwill (net) | - | - | 0 | 0 | 0 |
| Recurring net profit | 5,988 | 5,123 | 5,543 | 6,700 | 7,581 |
| Per share (THB) | | | | | |
| Recurring EPS * | 7.07 | 6.05 | 6.55 | 7.91 | 8.95 |
| Reported EPS | 7.07 | 6.05 | 6.55 | 7.91 | 8.95 |
| DPS | 5.00 | 2.25 | 2.50 | 3.50 | 4.00 |
| Growth | | | | | |
| Net interest income (%) | 9.4 | 19.2 | 3.6 | 0.3 | 5.4 |
| Non interest income (%) | 0.2 | (4.3) | 14.6 | 1.2 | 2.5 |
| Pre provision operating profit (%) | 3.9 | 17.9 | 14.2 | (1.5) | 8.1 |
| Operating profit (%) | (1.2) | (11.1) | 4.2 | 23.9 | 13.2 |
| Reported net profit (%) | (0.9) | (14.4) | 8.2 | 20.9 | 13.2 |
| Recurring EPS (%) | (0.9) | (14.4) | 8.2 | 20.9 | 13.2 |
| Reported EPS (%) | (0.9) | (14.4) | 8.2 | 20.9 | 13.2 |
| Income Breakdown | | | | | |
| Net interest income (%) | 64.3 | 69.1 | 66.9 | 66.7 | 67.3 |
| Net fees & commission (%) | 24.0 | 20.4 | 25.5 | 25.3 | 24.7 |
| Foreign exchange trading income (%) | 1.4 | 5.1 | 3.8 | 4.0 | 4.0 |
| Securities trading income (%) | 3.0 | 0.2 | 0.2 | 0.3 | 0.3 |
| Dividend income (%) | 3.0 | 1.8 | 1.4 | 1.5 | 1.4 |
| Other income (%) | 4.3 | 3.3 | 2.2 | 2.3 | 2.3 |
| Operating performance | | | | | |
| Gross interest yield (%) | 6.28 | 6.42 | 5.74 | 5.41 | 5.67 |
| Cost of funds (%) | 2.34 | 1.83 | 1.41 | 1.39 | 1.63 |
| Net interest spread (%) | 3.94 | 4.59 | 4.33 | 4.02 | 4.04 |
| Net interest margin (%) | 4.3 | 4.8 | 4.5 | 4.2 | 4.3 |
| Cost/income(%) | 53.2 | 50.2 | 46.8 | 47.9 | 46.0 |
| Cost/assets(%) | 3.3 | 3.2 | 2.8 | 2.8 | 2.8 |
| Effective tax rate (%) | 17.9 | 20.7 | 18.0 | 20.0 | 20.0 |
| Dividend payout on recurring profit (%) | 70.7 | 37.2 | 38.2 | 44.2 | 44.7 |
| ROE (%) | 13.9 | 11.3 | 11.6 | 13.0 | 13.6 |
| ROE - COE (%) | 3.1 | 0.5 | 0.8 | 2.2 | 2.8 |
| ROA (%) | 1.9 | 1.5 | 1.5 | 1.7 | 1.9 |
| RORWA (%) | 2.3 | 1.9 | 1.8 | 2.1 | 2.3 |

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Kiatnakin Bank; FSSIA estimates

Financial Statements

Kiatnakin Bank

| Balance Sheet (THB m) Year Ending Dec | 2019 | 2020 | 2021E | 2022E | 2023E |
|--|----------------|----------------|----------------|----------------|----------------|
| Gross customer loans | 237,139 | 264,773 | 287,279 | 301,643 | 316,725 |
| Total provisions | (10,589) | (13,105) | (16,852) | (18,576) | (20,076) |
| interest in suspense | 1,128 | 7,178 | 8,044 | 7,239 | 6,334 |
| Net customer loans | 227,677 | 258,846 | 278,470 | 290,306 | 302,983 |
| Bank loans | 11,982 | 32,771 | 31,084 | 27,215 | 21,873 |
| Government securities | - | - | - | - | - |
| Trading securities | - | - | - | - | - |
| Investment securities | 39,201 | 34,603 | 35,750 | 36,940 | 38,175 |
| Cash & equivalents | 1,110 | 1,491 | 2,195 | 1,394 | 2,685 |
| Other interesting assets | - | - | - | - | - |
| Tangible fixed assets | 6,624 | 6,451 | 6,173 | 5,937 | 5,737 |
| Associates | - | - | - | - | - |
| Goodwill | - | - | - | - | - |
| Other intangible assets | - | - | - | - | - |
| Other assets | 25,096 | 29,250 | 30,754 | 31,460 | 32,300 |
| Total assets | 311,690 | 363,411 | 384,427 | 393,253 | 403,752 |
| Customer deposits | 172,174 | 251,526 | 240,909 | 258,577 | 262,456 |
| Bank deposits | - | - | - | - | - |
| Other interest bearing liabilities | 73,132 | 39,184 | 61,430 | 46,794 | 47,503 |
| Non interest bearing liabilities | 22,373 | 26,076 | 32,595 | 34,224 | 35,935 |
| Hybrid Capital | - | - | - | - | - |
| Total liabilities | 267,679 | 316,785 | 334,934 | 339,595 | 345,894 |
| Share capital | 8,468 | 8,468 | 8,468 | 8,468 | 8,468 |
| Reserves | 35,435 | 38,050 | 40,909 | 45,065 | 49,256 |
| Total equity | 43,902 | 46,517 | 49,377 | 53,533 | 57,723 |
| Minority interests | 109 | 109 | 115 | 125 | 135 |
| Total liabilities & equity | 311,690 | 363,411 | 384,427 | 393,253 | 403,752 |
| Supplementary items | | | | | |
| Risk weighted assets (RWA) | 267,295 | 288,371 | 312,883 | 328,527 | 344,954 |
| Average interest earning assets | 287,099 | 305,121 | 338,016 | 359,955 | 371,285 |
| Average interest bearing liabilities | 244,834 | 267,916 | 296,336 | 303,658 | 307,457 |
| Tier 1 capital | 36,377 | 41,319 | 43,901 | 47,482 | 51,235 |
| Total capital | 45,975 | 52,714 | 55,296 | 58,877 | 62,630 |
| Gross non performing loans (NPL) | 9,560 | 8,456 | 11,416 | 12,329 | 13,315 |
| Per share (THB) | | | | | |
| Book value per share | 51.85 | 54.94 | 58.31 | 63.22 | 68.17 |
| Tangible book value per share | 51.85 | 54.94 | 58.31 | 63.22 | 68.17 |
| Growth | | | | | |
| Gross customer loans | 4.1 | 11.7 | 8.5 | 5.0 | 5.0 |
| Average interest earning assets | 9.7 | 6.3 | 10.8 | 6.5 | 3.1 |
| Total asset (%) | 1.8 | 16.6 | 5.8 | 2.3 | 2.7 |
| Risk weighted assets (%) | 3.5 | 7.9 | 8.5 | 5.0 | 5.0 |
| Customer deposits (%) | (5.2) | 46.1 | (4.2) | 7.3 | 1.5 |
| Leverage & capital measures | | | | | |
| Customer loan/deposits (%) | 132.2 | 102.9 | 115.6 | 112.3 | 115.4 |
| Equity/assets (%) | 14.1 | 12.8 | 12.8 | 13.6 | 14.3 |
| Tangible equity/assets (%) | 14.1 | 12.8 | 12.8 | 13.6 | 14.3 |
| RWA/assets (%) | 85.8 | 79.4 | 81.4 | 83.5 | 85.4 |
| Tier 1 CAR (%) | 13.6 | 14.3 | 14.0 | 14.5 | 14.9 |
| Total CAR (%) | 17.2 | 18.3 | 17.7 | 17.9 | 18.2 |
| Asset Quality | | | | | |
| Change in NPL (%) | 1.7 | (11.5) | 35.0 | 8.0 | 8.0 |
| NPL/gross loans (%) | 4.0 | 3.2 | 4.0 | 4.1 | 4.2 |
| Total provisions/gross loans (%) | 4.5 | 4.9 | 5.9 | 5.9 | 6.3 |
| Total provisions/NPL (%) | 110.8 | 155.0 | 147.6 | 150.7 | 150.8 |
| Valuation | | | | | |
| Recurring P/E (x) * | 8.1 | 9.5 | 8.8 | 7.3 | 6.4 |
| Recurring P/E @ target price (x) * | 9.6 | 11.2 | 10.4 | 8.6 | 7.6 |
| Reported P/E (x) | 8.1 | 9.5 | 8.8 | 7.3 | 6.4 |
| Dividend yield (%) | 8.7 | 3.9 | 4.3 | 6.1 | 7.0 |
| Price/book (x) | 1.1 | 1.0 | 1.0 | 0.9 | 0.8 |
| Price/tangible book (x) | 1.1 | 1.0 | 1.0 | 0.9 | 0.8 |
| Price/tangible book @ target price (x) | 1.3 | 1.2 | 1.2 | 1.1 | 1.0 |

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Kiatnakin Bank; FSSIA estimates

Corporate Governance report of Thai listed companies 2020

| EXCELLENT LEVEL | | | | | | | | | | |
|-----------------|--------|--------|-------|-------|-------|--------|--------|--------|--------|--------|
| AAV | ADVANC | AF | AIRA | AKP | AKR | ALT | AMA | AMATA | AMATAV | ANAN |
| AOT | AP | ARIP | ARROW | ASP | BAFS | BANPU | BAY | BCP | BCPG | BDMS |
| BEC | BEM | BGRIM | BIZ | BKI | BLA | BOL | BPP | BRR | BTS | BWG |
| CENTEL | CFRESH | CHEWA | CHO | CIMBT | CK | CKP | CM | CNT | COL | COMAN |
| COTTO | CPALL | CPF | CPI | CPN | CSS | DELTA | DEMCO | DRT | DTAC | DTC |
| DV8 | EA | EASTW | ECF | ECL | EGCO | EPG | ETE | FNS | FPI | FPT |
| FSMART | GBX | GC | GCAP | GEL | GFPT | GGC | GPSC | GRAMMY | GUNKUL | HANA |
| HARN | HMPRO | ICC | ICI | III | ILINK | INTUCH | IRPC | IVL | JKN | JSP |
| JWD | K | KBANK | KCE | KKP | KSL | KTB | KTC | LANNA | LH | LHFG |
| LIT | LPN | MAKRO | MALEE | MBK | MBKET | MC | MCOT | METCO | MFEC | MINT |
| MONO | MOONG | MSC | MTC | NCH | NCL | NEP | NKI | NOBLE | NSI | NVD |
| NYT | OISHI | ORI | OTO | PAP | PCSGH | PDJ | PG | PHOL | PLANB | PLANET |
| PLAT | PORT | PPS | PR9 | PREB | PRG | PRM | PSH | PSL | PTG | PTT |
| PTTEP | PTTGC | PYLON | Q-CON | QH | QTC | RATCH | RS | S | S & J | SAAM |
| SABINA | SAMART | SAMTEL | SAT | SC | SCB | SCC | SCCG | SCG | SCN | SDC |
| SEAFCO | SEAOIL | SE-ED | SELIC | SENA | SIRI | SIS | SITHAI | SMK | SMPC | SNC |
| SONIC | SORKON | SPALI | SPI | SPRC | SPVI | SSSC | SST | STA | SUSCO | SUTHA |
| SVI | SYMC | SYNTEC | TACC | TASCO | TCAP | TFMAMA | THANA | THANI | THCOM | THG |
| THIP | THRE | THREL | TIP | TIPCO | TISCO | TK | TKT | TTB | TMILL | TNDT |
| TNL | TOA | TOP | TPBI | TQM | TRC | TRC | TSC | TSR | TSTE | TSTH |
| TTCL | TTW | TU | TVD | TVI | TVO | TWPC | U | UAC | UBIS | UV |
| VGI | VIH | WACOAL | WAVE | WHA | WHAUP | WICE | WINNER | TRUE | | |

| VERY GOOD LEVEL | | | | | | | | | | |
|-----------------|---------|--------|-------|--------|-------|--------|--------|--------|--------|-------|
| 2S | ABM | ACE | ACG | ADB | AEC | AEONTS | AGE | AH | AHC | AIT |
| ALLA | AMANAHA | AMARIN | APCO | APCS | APURE | AQUA | ASAP | ASEFA | ASIA | ASIAN |
| ASIMAR | ASK | ASN | ATP30 | AUCT | AWC | AYUD | B | BA | BAM | BBL |
| BFIT | BGC | BJC | BJCHI | BROOK | BTW | CBG | CEN | CGH | CHARAN | CHAYO |
| CHG | CHOTI | CHOW | CI | CIG | CMC | COLOR | COM7 | CPL | CRC | CRD |
| CSC | CSP | CWT | DCC | DCON | DDD | DOD | DOHOME | EASON | EE | ERW |
| ESTAR | FE | FLOYD | FN | FORTH | FSS | FTE | FVC | GENCO | GJS | GL |
| GLAND | GLOBAL | GLOCON | GPI | GULF | GYT | HPT | HTC | ICN | IFS | ILM |
| IMH | INET | INSURE | IRC | IRCP | IT | ITD | ITEL | J | JAS | JCK |
| JCKH | JMART | JMT | KBS | KCAR | KGI | KIAT | KOOL | KTIS | KWC | KWM |
| L&E | LALIN | LDC | LHK | LOXLEY | LPH | LRH | LST | M | MACO | MAJOR |
| MBAX | MEGA | META | MFC | MGT | MILL | MITSIB | MK | MODERN | MTI | MVP |
| NETBAY | NEX | NINE | NTV | NWR | OCC | OGC | OSP | PATO | PB | PDG |
| PDI | PICO | PIMO | PJW | PL | PM | PPP | PRIN | PRINC | PSTC | PT |
| QLT | RCL | RICHY | RML | RPC | RWI | S11 | SALEE | SAMCO | SANKO | SAPPE |
| SAWAD | SCI | SCP | SE | SEG | SFP | SGF | SHR | SIAM | SINGER | SKE |
| SKR | SKY | SMIT | SMT | SNP | SPA | SPC | SPCG | SR | SRICHA | SSC |
| SSF | STANLY | STI | STPI | SUC | SUN | SYNEX | T | TAE | TAKUNI | TBSP |
| TCC | TCMC | TEAM | TEAMG | TFG | TIGER | TITLE | TKN | TKS | TM | TMC |
| TMD | TMI | TMT | TNITY | TNP | TNR | TOG | TPA | TPAC | TPCORP | TPOLY |
| TPS | TRITN | TRT | TRU | TSE | TVT | TWP | UEC | UMI | UOBKH | UP |
| UPF | UPOIC | UT | UTP | UWC | VL | VNT | VPO | WIJK | WP | XO |
| YUASA | ZEN | ZIGA | ZMICO | | | | | | | |

| GOOD LEVEL | | | | | | | | | | |
|------------|------|--------|--------|-------|--------|-------|-------|--------|--------|-------|
| 7UP | A | ABICO | AJ | ALL | ALUCON | AMC | APP | ARIN | AS | AU |
| B52 | BC | BCH | BEAUTY | BGT | BH | BIG | BKD | BLAND | BM | BR |
| BROCK | BSBM | BSM | BTNC | CAZ | CCP | CGD | CITY | CMAN | CMO | CMR |
| CPT | CPW | CRANE | CSR | D | EKH | EP | ESSO | FMT | GIFT | GREEN |
| GSC | GTB | HTECH | HUMAN | IHL | INOX | INSET | IP | JTS | JUBILE | KASET |
| KCM | KKC | KUMWEL | KUN | KWG | KYE | LEE | MATCH | MATI | M-CHAI | MCS |
| MDX | MJD | MM | MORE | NC | NDR | NER | NFC | NNCL | NPK | NUSA |
| OCEAN | PAF | PF | PK | PLE | PMTA | POST | PPM | PRAKIT | PRECHA | PRIME |
| PROUD | PTL | RBF | RCI | RJH | ROJNA | RP | RPH | RSP | SF | SFLEX |
| SGP | SISB | SKN | SLP | SMART | SOLAR | SPG | SQ | SSP | STARK | STC |
| SUPER | SVOA | TC | TCCC | THMUI | TIW | TNH | TOPP | TPCH | TIPIP | TPLAS |
| TTI | TYCN | UKEM | UMS | VCOM | VRANDA | WIN | WORK | WPH | | |

| Description | Score Range |
|-------------|-------------|
| Excellent | 90-100 |
| Very Good | 80-89 |
| Good | 70-79 |

Disclaimer:

The disclosure of the survey results of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey results may be changed after that date. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such survey results.

* CGR scoring should be considered with news regarding wrong doing of the company or director or executive of the company such unfair practice on securities trading, fraud, and corruption SEC imposed a civil sanction against insider trading of director and executive; ** delisted

Source: Thai Institute of Directors Association (IOD); FSSIA's compilation

Anti-corruption Progress Indicator 2020

| CERTIFIED | | | | | | | | | | |
|-----------|--------|--------|--------|-------|--------|--------|---------|--------|--------|--------|
| 2S | ADVANC | AI | AIE | AIRA | AKP | AMA | AMANAHA | AP | AQUA | ARROW |
| ASK | ASP | AYUD | B | BAFS | BANPU | BAY | BBL | BCH | BCP | BCPG |
| BGC | BGRIM | BJCHI | BKI | BLA | BPP | BROOK | BRR | BSBM | BTS | BWG |
| CEN | CENTEL | CFRESH | CGH | CHEWA | CHOTI | CHOW | CIG | CIMBT | CM | CMC |
| COL | COM7 | CPALL | CPF | CPI | CPN | CSC | DCC | DELTA | DEMCO | DIMET |
| DRT | DTAC | DTC | EASTW | ECL | EGCO | FE | FNS | FPI | FPT | FSS |
| FTE | GBX | GC | GCAP | GEL | GFPT | GGC | GJS | GPSC | GSTEEL | GUNKUL |
| HANA | HARN | HMPRO | HTC | ICC | ICHI | IFS | INET | INSURE | INTUCH | IRPC |
| ITEL | IVL | K | KASET | KBANK | KBS | KCAR | KCE | KGI | KKP | KSL |
| KTB | KTC | KWC | L&E | LANNA | LHFG | LHK | LPN | LRH | M | MAKRO |
| MALEE | MBAX | MBK | MBKET | MC | MCOT | MFC | MFEC | MINT | MONO | MOONG |
| MPG | MSC | MTC | MTI | NBC | NEP | NINE | NKI | NMG | NNCL | NSI |
| NWR | OCC | OCEAN | OGC | ORI | PAP | PATO | PB | PCSGH | PDG | PDI |
| PDJ | PE | PG | PHOL | PL | PLANB | PLANET | PLAT | PM | PPP | PPPM |
| PPS | PREB | PRG | PRINC | PRM | PSH | PSL | PSTC | PT | PTG | PTT |
| PTTEP | PTTGC | PYLON | Q-CON | QH | QLT | QTC | RATCH | RML | RWI | S & J |
| SABINA | SAT | SC | SCB | SCC | SCCC | SCG | SCN | SEAOIL | SE-ED | SELIC |
| SENA | SGP | SIRI | SITHAI | SMIT | SMK | SMPC | SNC | SNP | SORKON | SPACK |
| SPC | SPI | SPRC | SRICHA | SSF | SSSC | SST | STA | SUSCO | SVI | SYNTEC |
| TAE | TAKUNI | TASCO | TBSP | TCAP | TCMC | TFG | TFI | TFMAMA | THANI | THCOM |
| THIP | THRE | THREL | TIP | TIPCO | TISCO | TKT | TTB | TMD | TMILL | TMT |
| TNITY | TNL | TNP | TNR | TOG | TOP | TPA | TPCORP | TPP | TRU | TSC |
| TSTH | TTCL | TU | TVD | TVI | TVO | TWPC | U | UBIS | UEC | UKEM |
| UOBKH | UWC | VGI | VIH | VNT | WACOAL | WHA | WHAUP | WICE | WIJK | XO |
| ZEN | TRUE | | | | | | | | | |

| DECLARED | | | | | | | | | | |
|----------|-------|-------|--------|--------|-------|--------|-------|-------|-------|--------|
| 7UP | ABICO | AF | ALT | AMARIN | AMATA | AMATAV | ANAN | APURE | B52 | BKD |
| BM | BROCK | BUI | CHO | CI | COTTO | DDD | EA | EFORL | EP | ERW |
| ESTAR | ETE | EVER | FSMART | GPI | ILINK | IRC | J | JKN | JMART | JMT |
| JSP | JTS | KWG | LDC | MAJOR | META | NCL | NOBLE | NOK | PK | PLE |
| ROJNA | SAAM | SAPPE | SCI | SE | SHANG | SINGER | SKR | SPALI | SSP | STANLY |
| SUPER | SYNEX | THAI | TKS | TOPP | TRITN | TTA | UPF | UV | WIN | ZIGA |

| Level | |
|-----------|---|
| Certified | This level indicates practical participation with thoroughly examination in relation to the recommended procedures from the audit committee or the SEC's certified auditor, being a certified member of Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) or already passed examination to ensure independence from external parties. |
| Declared | This level indicates determination to participate in the Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) |

Disclaimer:

The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by Thaipat Institute, is made in order to comply with the policy and sustainable development plan for the listed companies of the Office of the Securities and Exchange Commission. Thaipat Institute made this assessment based on the information received from the listed company, as stipulated in the form for the assessment of Anti-corruption which refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2), or other relevant documents or reports of such listed company. The assessment result is therefore made from the perspective of Thaipat Institute that is a third party. It is not an assessment of operation and is not based on any inside information. Since this assessment is only the assessment result as of the date appearing in the assessment result, it may be changed after that date or when there is any change to the relevant information. Nevertheless, FSS International Investment Advisory Company Limited does not confirm, verify, or certify the accuracy and completeness of the assessment results.

Note: Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of June 24, 2019) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

Source: The Securities and Exchange Commission, Thailand; * FSSIA's compilation

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Yuvanart Suwanumphai FSS International Investment Advisory Securities Co., Ltd

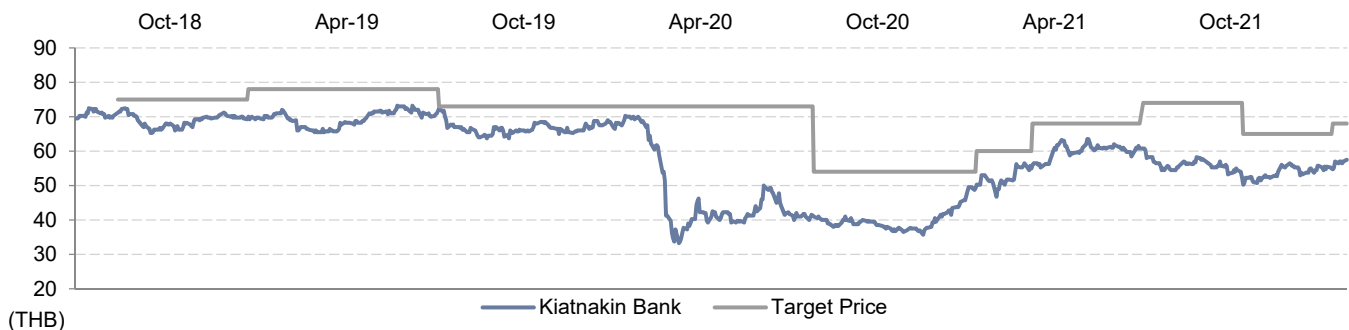
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

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History of change in investment rating and/or target price

Kiatnakin Bank (KKP TB)



| Date | Rating | Target price | Date | Rating | Target price | Date | Rating | Target price |
|-------------|--------|--------------|-------------|--------|--------------|-------------|--------|--------------|
| 27-Nov-2018 | HOLD | 75.00 | 16-Jul-2020 | BUY | 54.00 | 20-Jul-2021 | BUY | 65.00 |
| 19-Mar-2019 | HOLD | 78.00 | 03-Dec-2020 | BUY | 60.00 | 05-Oct-2021 | BUY | 68.00 |
| 30-Aug-2019 | HOLD | 73.00 | 20-Jan-2021 | BUY | 68.00 | | | |
| 02-Apr-2020 | HOLD | 73.00 | 23-Apr-2021 | BUY | 74.00 | | | |

Yuvanart Suwanumphai started covering this stock from 16-Jul-2020

Price and TP are in local currency

Source: FSSIA estimates

| Company | Ticker | Price | Rating | Valuation & Risks |
|----------------|--------|-----------|--------|--|
| Kiatnakin Bank | KKP TB | THB 57.50 | BUY | Downside risks to our GGM-based target price include weakening asset quality and lower fee income. |

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 Finasia Syrus Securities Public Company Limited

FSSIA may incorporate the recommendations and target prices of companies currently covered by FSS Research into equity research reports, denoted by an 'FSS' before the recommendation. FSS Research is part of Finasia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 18-Oct-2021 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.