

KIATNAKIN BANK KKP TB

THAILAND / BANKS

BUY

UNCHANGED

Bright outlook lies ahead

- Expect strong 4Q21 NP of THB1,481m from strong top-line growth.
- Expect KKP to post the second highest 2022 net profit growth at 17% y-y, with the second highest dividend yield at 4-7% p.a.
- BUY maintained, revise up 2022 TP to THB74 from THB68.

TARGET PRICE	THB74.00
CLOSE	THB61.50
UP/DOWNSIDE	+20.3%
PRIOR TP	THB68.00
CHANGE IN TP	+8.8%
TP vs CONSENSUS	+5.5%

Solid 4Q21E from a rise in loan volume and fee income

We expect KKP to report a 4Q21 net profit of THB1,481m (+34% y-y, flat q-q). Its 4Q21 core operations should be strong, driven by 1) a 3.2% q-q loan volume increase due largely to a rise in its hire purchase loans; and 2) a rise in its fee income thanks to its strong brokerage and investment banking (IB) businesses. We have few concerns about its asset quality. Although we expect losses from repossessed car sales to be at a high level of THB500m – KKP increased repossessions following the end of the debt relief program – it had proactively set aside provisions in previous quarters. Thus, its credit cost (including losses from repossessed car sales) should decline to 249 bps vs 352 bps in 4Q20.

Outstanding loan growth expected in 4Q21

Out of the banks under our coverage, we expect KKP to deliver outstanding loan growth of 3.2% q-q (12% YTD) in 4Q21, due to its strategy of acquiring lower-risk profile hire purchase customers. KKP was able to gain market share from its competitors. 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. We think the robust loan growth will not only benefit its NII in 4Q21, but also in the next three years at least due to the loan duration nature of hire purchase loans.

Earnings could reach an all-time high in 2022

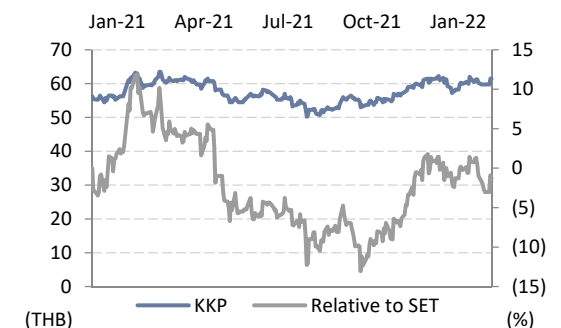
We revise up our net profit forecasts for 2021-23 by 4%/1%/2%. With the potentially higher NII, stronger fee income, and lower provisions, we expect 2022 net profit to reach an all-time high with 17% y-y growth. We also forecast its 2022 quarterly earnings to increase y-y in every quarter.

Maintain BUY with higher GGM-based TP to THB74

We revise up our 2022 GGM-based TP to THB74 from THB68 and maintain our BUY call. We think KKP has two main points that differentiate it from other banks. First, it is selectively growing quality loans in a situation where competitors are retreating from the market, enabling it to compete for market share. Second, KKP's dominant institutional brokerage position, plus its IB and financial advisory businesses, should help it to generate more sustainable performance. Thus, we expect KKP to post the second highest 2022 net profit growth at 17% y-y, with the second highest dividend yield at 4-7% p.a. in 2021-23.

KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Operating profit	6,487	7,276	8,469	9,409
Net profit	5,123	5,776	6,774	7,713
EPS (THB)	6.05	6.82	8.00	9.11
vs Consensus (%)	-	2.2	5.9	8.9
Core net profit	5,123	5,776	6,774	7,713
Core EPS (THB)	6.05	6.82	8.00	9.11
Chg. In EPS est. (%)	-	4.2	1.1	1.7
EPS growth (%)	(14.4)	12.7	17.3	13.9
Core P/E (x)	10.2	9.0	7.7	6.8
Dividend yield (%)	3.7	4.1	6.1	6.9
Price/book (x)	1.1	1.0	1.0	0.9
ROE (%)	11.3	12.0	13.1	13.8
ROA (%)	1.5	1.5	1.7	1.9



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	5.6	11.8	18.8
Relative to country (%)	0.0	8.3	6.8
Mkt cap (USD m)	1,568		
3m avg. daily turnover (USD m)	5.8		
Free float (%)	80		
Major shareholder	Wattanavekin family (4%)		
12m high/low (THB)	64.25/49.75		
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 c5-6% market share in auto hire purchase lending. Moreover, KKP has a solid capital market 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 institutional brokerage position, plus its IB and FA businesses, should help it to generate more sustainable performance vs its peers in the current low interest rate environment.

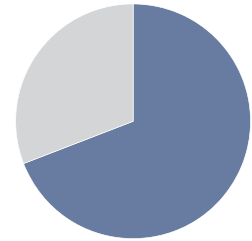
Company profile

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.

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Principal activities (revenue, 2020)

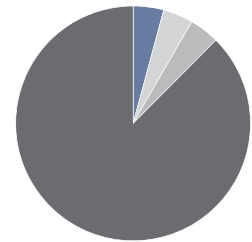
- Net interest income - 69.1 %
- Non-interest income - 30.9 %



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)	5,776	6,774	7,713
Net profit growth	12.7	17.3	13.9
NIM	4.57	4.48	4.41
Loan growth	12.0	5.0	5.0
Fee growth	41.7	0.8	1.0
Non-NII growth*	17.1	1.8	1.7
Credit cost (bp)	176	140	120
Cost to income*	47.2	46.8	45.6

*Including share of profits from associates

Source: FSSIA estimates

Earnings sensitivity

		----- 2022E -----		
Loan growth	±2ppt	3.00	5.00	7.00
<i>% change in net profit</i>		(1.4)	-	1.4
NIM (%)	±5bp	4.43	4.48	4.53
<i>% change in net profit</i>		(2.5)	-	2.5
Credit cost (bp)	±10bp	130	140	150
<i>% change in net profit</i>		1.6	-	(1.6)

Source: FSSIA estimates

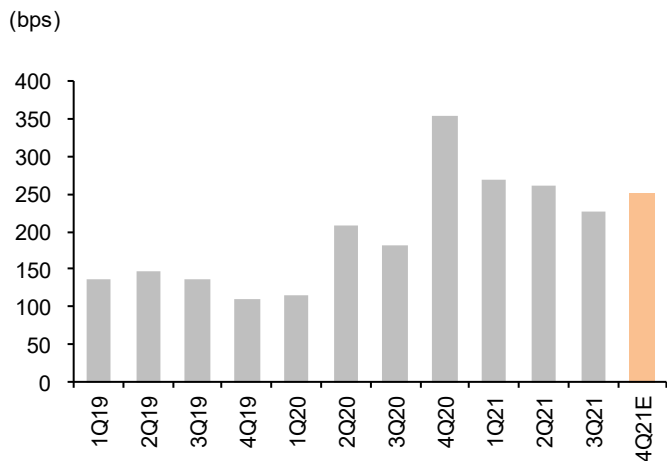
Solid 4Q21E from a rise in loan volume and fee income

We expect KKP to report a 4Q21 net profit of THB1,481m (+34% y-y, flat q-q). Its 4Q21 core operations should be strong, driven by 1) a 3.2% q-q loan volume increase due largely to a rise in its hire purchase loans; and 2) a rise in its fee income thanks to its strong brokerage and IB businesses. We have few concerns about its asset quality. Although we expect losses from repossessed car sales to be at a high level of THB500m – KKP increased repossessions following the end of the debt relief program – it had proactively set aside provisions in previous quarters. Thus, its credit cost (including losses from repossessed car sales) should decline to 249 bps vs 352 bps in 4Q20.

4Q21E key highlights

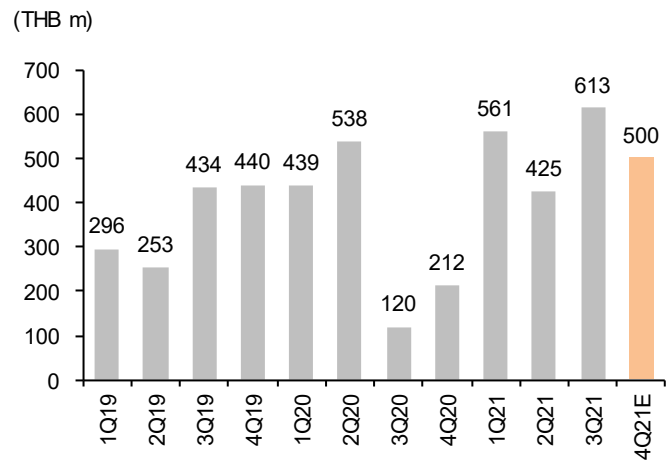
- We estimate that the total loan volume will rise by 3.2% q-q from an increase in the hire purchase and housing segments. KKP increased its new car lending penetration rate for the first eight months of 2021 to 5.6% from 4.2% at the end of 2020, due mainly to its expansion into new business segments with higher asset quality.
- Losses from repossessed car sales should remain at a high level of THB500m, due to the rise in the number of used cars sold. However, we expect that the loss per unit will be relatively stable q-q. Thus, we have few concerns about its asset quality.

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



Source: KKP; FSSIA estimates

Exhibit 2: Losses from repossessed car sales



Source: KKP; FSSIA estimates

Exhibit 3: KKP – 4Q21E results preview

Year-end Dec 31	4Q20 (THB m)	3Q21 (THB m)	4Q21E (THB m)	----- Change ---- (y-y %) (q-q %)		2020 (THB m)	2021E (THB m)	Change (y-y %)	4Q21E comments
Net interest income	3,996	3,823	4,014	0	5	14,679	15,462	5	Strong loan growth
Non-interest income	1,979	1,978	1,971	(0)	(0)	6,554	7,675	17	Solid fee income from brokerage fees and wealth management
Operating income	5,974	5,802	5,984	0	3	21,233	23,136	9	
Operating expenses	2,545	2,951	2,708	6	(8)	10,652	10,921	3	
PPOP before tax	3,430	2,850	3,276	(4)	15	10,581	12,216	15	
Provision	2,077	1,007	1,321	(36)	31	4,095	4,940	21	
Income tax	235	364	486	107	33	1,344	1,477	10	
Minority interest	10	1	(11)	<i>nm</i>	<i>nm</i>	20	23	17	
Normalised profit	1,108	1,478	1,481	34	0	5,123	5,776	13	
Extraordinary items	0	0	0			0	0		
Net profit	1,108	1,478	1,481	34	0	5,123	5,776	13	
EPS (THB)	1.31	1.75	1.75	34	0	6.05	6.82	13	
Asset quality ratio									
Gross NPLs (THB m)	7,751	10,047	10,462	35	4	7,751	10,462	34	
NPL ratios (%)	2.90	3.50	3.53			2.90	3.53		
LLR/NPLs (%)	171	157	157			171	157		
Credit cost (bp)	320	141	181			163	176		
Profitability ratio									
	(%)	(%)	(%)			(%)	(%)		
Cost to income ratio	42.6	50.9	45.3			50.2	47.2		
Average yield	6.2	5.3	5.5			6.4	5.7		
Cost of fund	1.5	1.2	1.2			1.8	1.3		
Net interest margin (NIM)	4.9	4.2	4.5			4.8	4.6		
Non-interest income / total income	33.1	34.1	32.9			30.9	33.2		
Liquidity ratio									
	(%)	(%)	(%)			(%)	(%)		
Loan to deposit ratio	105.3	110.2	111.8			105.3	111.8		
Loan growth									
	(%)	(%)	(%)			(%)	(%)		
Year-to-date	11.7	8.5	12.0						
y-y	11.7	12.7	12.0			11.7	12.0		
q-q	3.8	1.8	3.2						Driven mainly by hire purchase loans

Sources: KKP; FSSIA estimates

Net profit and TP revisions

We revise up our net profit forecasts for 2021-23 by 4%/1%/2% to reflect our lower provision, higher loan growth, and higher fee income assumptions.

1. We lower our credit cost estimate for 2021 to 176 bps from 193 bps to reflect the efficient asset quality control;
2. We raise our 2021 loan growth assumption to 12% from 8.5% to reflect the success of its strategy to expand to lower-risk hire purchase segments;
3. We increase our Non-NII forecasts for 2021-23 by 2%/3%/2% to mainly reflect the robust fee income from the capital market and IB business.

Exhibit 4: KKP – change of key assumptions

	2021E				2022E			2023E		
	2020 (THB m)	Old (THB m)	New (THB m)	Change (%)	Old (THB m)	New (THB m)	Change (%)	Old (THB m)	New (THB m)	Change (%)
Net interest income	14,679	15,201	15,462	1.7	15,247	16,111	5.7	16,066	16,392	2.0
Non-interest income*	6,554	7,509	7,675	2.2	7,600	7,817	2.9	7,792	7,946	2.0
Operating income*	21,233	22,710	23,136	1.9	22,847	23,928	4.7	23,858	24,338	2.0
Operating expenses	10,652	10,621	10,921	2.8	10,937	11,203	2.4	10,979	11,100	1.1
PPOP before tax*	10,581	12,089	12,216	1.1	11,910	12,724	6.8	12,879	13,238	2.8
Expected credit loss (Reversal)	4,095	5,327	4,940	(7.3)	3,534	4,255	20.4	3,401	3,830	12.6
Tax expenses	1,344	1,217	1,477	21.4	1,675	1,694	1.1	1,896	1,694	(10.7)
Minority interest	20	1	23	nm	1	1	1.1	2	2	1.7
Normalised profit	5,123	5,543	5,776	4.2	6,700	6,774	1.1	7,581	7,713	1.7
Extraordinary items	-	-	-		-	-		-	-	
Net profit	5,123	5,543	5,776	4.2	6,700	6,774	1.1	7,581	7,713	1.7
EPS (THB)	6.05	6.55	6.82	4.2	7.91	8.00	1.1	8.95	9.11	1.7
Key statistics and ratios										
Asset quality ratio										
Gross NPLs (THB m)	8,456	11,416	11,162	(2.2)	12,329	12,055	(2.2)	13,315	13,019	(2.2)
Gross NPLs/Loans (%)	3.20	3.98	3.77		4.10	3.88		4.21	3.99	
Loan loss reserve/NPLs (%)	155	148	147		151	156		151	159	
Credit cost (bps)	163	193	176		120	140		110	120	
Profitability ratio (%)										
Cost to income ratio*	50.2	46.8	47.2		47.9	46.8		46.0	45.6	
Average yield	6.4	5.7	5.7		5.4	5.6		5.7	5.8	
Cost of funds	1.8	1.4	1.3		1.4	1.3		1.6	1.6	
Net interest margin (NIM)	4.81	4.50	4.57		4.24	4.48		4.33	4.41	
Loan growth (%)										
y-y	11.7	8.5	12.0		5.0	5.0		5.0	5.0	

*Including share of profits from associates

Source: FSSIA estimates

We revise up our 2022 GGM-based TP to THB74 from THB68, as we 1) increase our EPS forecast, leading to a higher book value; and 2) revise up our target 2022 P/BV to 1.16x from 1.08x as a result of our higher average long-term ROE target of 13.4% from 12.9%.

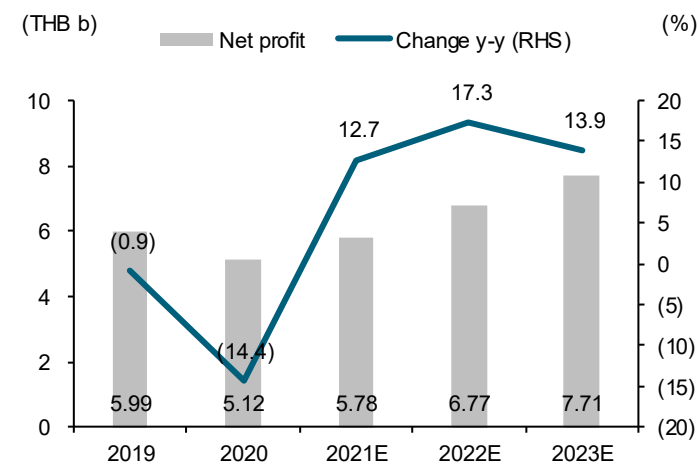
Exhibit 5: KKP – GGM-derived target price

Target price	THB 74 (from THB68)
Recommendation	BUY (unchanged)
Risk-free rate (%)	3.0 (unchanged)
Market risk premium (%)	8.0 (unchanged)
Cost to equity (%)	12.3 (unchanged)
Terminal growth (%)	5.0 (from 4.5)
ROE target (%)	13.4 (from 12.9)
Risk to TP	Downside risks to our GGM-based target price include weakening asset quality and lower fee income.

Source: FSSIA estimates

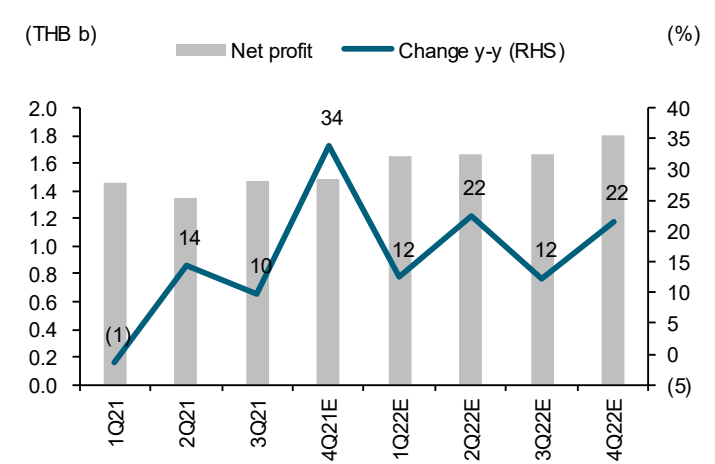
We maintain our BUY call on KKP. We think KKP has two main points that differentiate it from other banks. First, it is selectively growing quality loans in a situation where competitors are retreating from the market, enabling it to compete for market share. Second, KKP’s dominant institutional brokerage position, plus its IB and FA businesses, should help it to generate more sustainable performance. Thus, we expect KKP to post the second highest 2022 net profit growth at 17% y-y, with the second highest dividend yield at 4-7% p.a. in 2021-23.

Exhibit 6: KKP’s yearly net profit growth



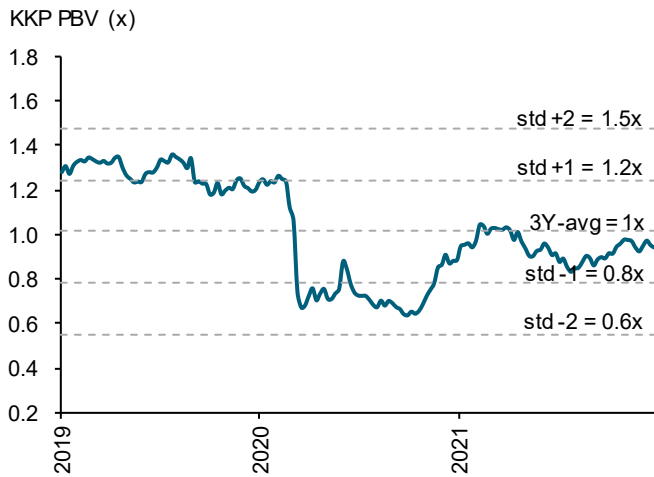
Sources: KKP; FSSIA estimates

Exhibit 7: KKP’s quarterly net profit growth



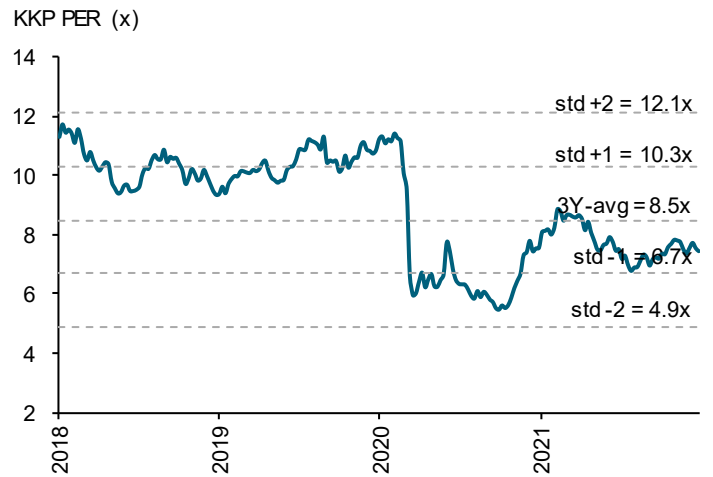
Sources: KKP; FSSIA estimates

Exhibit 8: KKP – one-year forward rolling P/BV



Sources: Bloomberg; FSSIA estimates

Exhibit 9: KKP – one-year forward rolling P/E



Sources: Bloomberg; FSSIA estimates

Exhibit 10: Peers comparison

Company name	BBG code	Rec	--- Share price --		Up side (%)	Market Cap (USD m)	EPS growth		----- PE -----		---- ROE ----		--- PBV ---	
			Current (THB)	Target (THB)			21E (%)	22E (%)	21E (x)	22E (x)	21E (%)	22E (%)	21E (x)	22E (x)
Bangkok Bank	BBL TB	HOLD	126.50	134.00	6	7,270	27.1	8.6	9.0	8.3	5.9	6.2	0.5	0.5
Kasikombank	KBANK TB	BUY	146.00	172.00	18	10,415	18.8	10.1	9.9	9.0	7.6	7.7	0.7	0.7
Kiatnakin Bank	KKP TB	BUY	61.50	74.00	20	1,568	12.7	17.3	9.0	7.7	12.0	13.1	1.0	1.0
Krung Thai Bank	KTB TB	BUY	13.70	15.50	13	5,765	29.6	8.2	8.8	8.2	6.1	6.3	0.5	0.5
Siam Commercial Bank	SCB TB	BUY	127.00	160.00	26	12,984	28.7	8.9	12.3	11.3	8.3	8.6	1.0	1.0
Tisco Financial	TISCO TB	BUY	98.75	110.00	11	2,381	9.4	6.3	11.9	11.2	16.5	16.6	1.9	1.8
TMBThanachart	TTB TB	BUY	1.45	1.80	24	4,218	(1.1)	32.1	14.0	10.6	4.8	6.1	0.7	0.6
Coverage						44,602	6.8	11.5	10.8	9.7	7.7	8.1	0.8	0.8

Share prices as of 5 Jan 2022

Sources: Company data; 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	19,257	20,275	21,618
Interest expense	(5,720)	(4,905)	(3,795)	(4,164)	(5,226)
Net interest income	12,316	14,679	15,462	16,111	16,392
Net fees & commission	4,604	4,336	6,146	6,193	6,255
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	300	315	331
Non interest income	6,852	6,554	7,675	7,817	7,946
Total income	19,168	21,233	23,136	23,928	24,338
Staff costs	(5,577)	(5,664)	(6,004)	(6,244)	(6,494)
Other operating costs	(4,617)	(4,988)	(4,917)	(4,959)	(4,606)
Operating costs	(10,194)	(10,652)	(10,921)	(11,203)	(11,100)
Pre provision operating profit	8,974	10,581	12,216	12,724	13,238
Provision for bad and doubtful debt	(1,676)	(4,095)	(4,940)	(4,255)	(3,830)
Other provisions	-	-	-	-	-
Operating profit	7,297	6,487	7,276	8,469	9,409
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	7,276	8,469	9,409
Tax	(1,307)	(1,344)	(1,477)	(1,694)	(1,694)
Profit after tax	5,990	5,143	5,799	6,775	7,715
Minority interests	(1)	(20)	(23)	(1)	(2)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	5,988	5,123	5,776	6,774	7,713
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	5,988	5,123	5,776	6,774	7,713
Per share (THB)					
Recurring EPS *	7.07	6.05	6.82	8.00	9.11
Reported EPS	7.07	6.05	6.82	8.00	9.11
DPS	5.00	2.25	2.50	3.75	4.25
Growth					
Net interest income (%)	9.4	19.2	5.3	4.2	1.7
Non interest income (%)	0.2	(4.3)	17.1	1.8	1.7
Pre provision operating profit (%)	3.9	17.9	15.4	4.2	4.0
Operating profit (%)	(1.2)	(11.1)	12.2	16.4	11.1
Reported net profit (%)	(0.9)	(14.4)	12.7	17.3	13.9
Recurring EPS (%)	(0.9)	(14.4)	12.7	17.3	13.9
Reported EPS (%)	(0.9)	(14.4)	12.7	17.3	13.9
Income Breakdown					
Net interest income (%)	64.3	69.1	66.8	67.3	67.4
Net fees & commission (%)	24.0	20.4	26.6	25.9	25.7
Foreign exchange trading income (%)	1.4	5.1	3.7	3.8	3.9
Securities trading income (%)	3.0	0.2	0.2	0.3	0.3
Dividend income (%)	3.0	1.8	1.3	1.4	1.4
Other income (%)	4.3	3.3	1.3	1.3	1.4
Operating performance					
Gross interest yield (%)	6.28	6.42	5.70	5.63	5.82
Cost of funds (%)	2.34	1.83	1.25	1.31	1.63
Net interest spread (%)	3.94	4.59	4.45	4.32	4.19
Net interest margin (%)	4.3	4.8	4.6	4.5	4.4
Cost/income(%)	53.2	50.2	47.2	46.8	45.6
Cost/assets(%)	3.3	3.2	2.9	2.8	2.7
Effective tax rate (%)	17.9	20.7	20.3	20.0	18.0
Dividend payout on recurring profit (%)	70.7	37.2	36.7	46.9	46.7
ROE (%)	13.9	11.3	12.0	13.1	13.8
ROE - COE (%)	3.1	0.5	1.2	2.3	3.0
ROA (%)	1.9	1.5	1.5	1.7	1.9
RORWA (%)	2.3	1.9	1.9	2.0	2.2

* 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	296,546	311,373	326,942
Total provisions	(10,589)	(13,105)	(16,413)	(18,801)	(20,669)
interest in suspense	1,128	7,178	8,303	7,473	6,539
Net customer loans	227,677	258,846	288,436	300,045	312,812
Bank loans	11,982	32,771	21,817	17,485	11,656
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	39,201	34,603	35,750	36,940	38,175
Cash & equivalents	1,110	1,491	1,590	1,246	1,351
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	48,241	49,316	50,418
Total assets	311,690	363,411	402,006	410,970	420,147
Customer deposits	172,174	251,526	265,159	271,009	273,719
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	73,132	39,184	51,708	49,034	49,532
Non interest bearing liabilities	22,373	26,076	35,202	36,962	38,810
Hybrid Capital	-	-	-	-	-
Total liabilities	267,679	316,785	352,068	357,005	362,061
Share capital	8,468	8,468	8,468	8,468	8,468
Reserves	35,435	38,050	41,354	45,372	49,483
Total equity	43,902	46,517	49,821	53,840	57,951
Minority interests	109	109	116	126	135
Total liabilities & equity	311,690	363,411	402,006	410,970	420,147
Supplementary items					
Risk weighted assets (RWA)	267,295	288,371	322,976	339,125	356,081
Average interest earning assets	287,099	305,121	338,016	359,955	371,285
Average interest bearing liabilities	244,834	267,916	303,600	318,257	321,439
Tier 1 capital	36,377	41,319	44,229	47,752	51,396
Total capital	45,975	52,714	55,624	59,146	62,791
Gross non performing loans (NPL)	9,560	8,456	11,162	12,055	13,019
Per share (THB)					
Book value per share	51.85	54.94	58.84	63.58	68.44
Tangible book value per share	51.85	54.94	58.84	63.58	68.44
Growth					
Gross customer loans	4.1	11.7	12.0	5.0	5.0
Average interest earning assets	9.7	6.3	10.8	6.5	3.1
Total asset (%)	1.8	16.6	10.6	2.2	2.2
Risk weighted assets (%)	3.5	7.9	12.0	5.0	5.0
Customer deposits (%)	(5.2)	46.1	5.4	2.2	1.0
Leverage & capital measures					
Customer loan/deposits (%)	132.2	102.9	108.8	110.7	114.3
Equity/assets (%)	14.1	12.8	12.4	13.1	13.8
Tangible equity/assets (%)	14.1	12.8	12.4	13.1	13.8
RWA/assets (%)	85.8	79.4	80.3	82.5	84.8
Tier 1 CAR (%)	13.6	14.3	13.7	14.1	14.4
Total CAR (%)	17.2	18.3	17.2	17.4	17.6
Asset Quality					
Change in NPL (%)	1.7	(11.5)	32.0	8.0	8.0
NPL/gross loans (%)	4.0	3.2	3.8	3.9	4.0
Total provisions/gross loans (%)	4.5	4.9	5.5	5.8	6.3
Total provisions/NPL (%)	110.8	155.0	147.0	156.0	158.8
Valuation					
Recurring P/E (x) *	8.7	10.2	9.0	7.7	6.8
Recurring P/E @ target price (x) *	10.5	12.2	10.8	9.3	8.1
Reported P/E (x)	8.7	10.2	9.0	7.7	6.8
Dividend yield (%)	8.1	3.7	4.1	6.1	6.9
Price/book (x)	1.2	1.1	1.0	1.0	0.9
Price/tangible book (x)	1.2	1.1	1.0	1.0	0.9
Price/tangible book @ target price (x)	1.4	1.3	1.3	1.2	1.1

* 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	SCCC	SCG	SCN	SDC
SEAFCO	SEOIL	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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Company	Ticker	Price	Rating	Valuation & Risks
Kiatnakin Bank	KKP TB	THB 61.50	BUY	Downside risks to our GGM-based target price include weakening asset quality and lower fee income.
Bangkok Bank	BBL TB	THB 126.50	HOLD	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness and further waves of the Covid-19 pandemic affecting loan growth and asset quality; and 2) the impact of further interest rate cuts on its NIM and potential new regulations from the Bank of Thailand on debt-servicing programs. The upside risk would be better-than-expected synergies with Permata.
Kasikornbank	KBANK TB	THB 146.00	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness and further waves of the Covid-19 pandemic affecting loan growth and asset quality; and 2) the impact of further interest rate cuts on NIM and potential new regulations from the Bank of Thailand on debt-servicing programs.
Krung Thai Bank	KTB TB	THB 13.70	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness and further waves of the Covid-19 pandemic affecting loan growth and asset quality; 2) the impact of further interest rate cuts on NIM and potential new regulations from the Bank of Thailand on debt-servicing programs; 3) an increase in OPEX due to aggressive digital investment.
Siam Commercial Bank	SCB TB	THB 127.00	BUY	Downside risks to our SOTP-based TP are 1) prolonged economic sluggishness and further waves of the Covid-19 pandemic affecting loan growth and asset quality; and 2) the impact of further interest rate cuts on its NIM.
Tisco Financial	TISCO TB	THB 98.75	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness and further waves of the Covid-19 pandemic affecting loan growth and asset quality; 2) the impact of new regulations from the Bank of Thailand on debt-servicing programs; and 3) the slow expansion of its high-yield auto cash portfolio.
TMBThanachart Bank	TTB TB	THB 1.45	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness and further waves of the Covid-19 pandemic affecting loan growth and asset quality; and 2) the impact of further interest rate cuts on NIM and potential new regulations from the Bank of Thailand on debt-servicing programs.

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

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 Finansia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 05-Jan-2022 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.