

KIATNAKIN BANK KKP TB

THAILAND / BANKS

BUY

UNCHANGED

Modest bank on a winning streak

- Record high 1Q22 NP of THB2b from strong top-line growth.
- Expect strong NP growth in the coming quarters.
- Revise TP to THB86 on 7%/4%/3% higher 2022-24 NP estimates.

TARGET PRICE	THB86.00
CLOSE	THB70.50
UP/DOWNSIDE	+22.0%
PRIOR TP	THB80.00
CHANGE IN TP	+7.5%
TP vs CONSENSUS	+10.2%

KEY STOCK DATA

YE Dec (THB m)	2021	2022E	2023E	2024E
Operating profit	7,797	9,459	10,588	11,859
Net profit	6,318	7,616	8,525	9,489
EPS (THB)	7.46	8.99	10.07	11.21
vs Consensus (%)	-	10.9	13.8	14.5
Core net profit	6,318	7,616	8,525	9,489
Core EPS (THB)	7.46	8.99	10.07	11.21
Chg. In EPS est. (%)	-	7.3	4.1	3.1
EPS growth (%)	23.3	20.5	11.9	11.3
Core P/E (x)	9.4	7.8	7.0	6.3
Dividend yield (%)	4.2	6.0	7.1	7.8
Price/book (x)	1.2	1.1	1.0	0.9
ROE (%)	13.0	14.3	14.8	15.2
ROA (%)	1.6	1.7	1.8	1.9

1Q22 NP growth smashes record, exceeds expectations

Once again, KKP reported a record high net profit, reaching THB2,055m (+41% y-y, +2% q-q) in 1Q22, beating BBG's consensus estimate and our forecast by 24% and 15%, respectively. Its 1Q22 operations were solid, driven by 1) a 6.6% q-q loan volume increase due largely to a rise in its hire purchase loans, housing loans, and corporate clients; 2) a rise in fee income thanks to its strong brokerage, bancassurance, and mutual fund fees; 3) a significant decline in its losses from seized car sales following a reduction in the number of repossessed cars and a slightly lower loss ratio per car; and 4) stable NPLs q-q, even amid the continued increase in its loan volume for several consecutive quarters.

Solid momentum should continue in the next couple of quarters

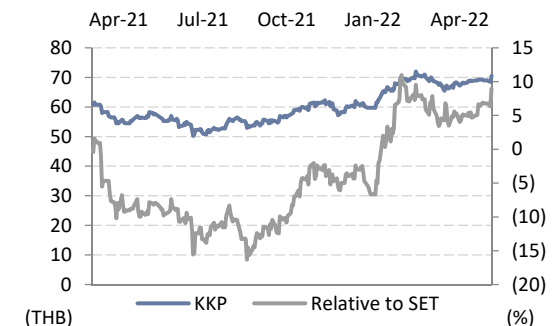
Despite Omicron and capital market volatility in 1Q22, KKP was able to deliver outstanding performance. With the expectation of higher NII, solid fee income, and lower provisions, we believe that its net profit should continue to increase strongly in the next couple of quarters.

Share price might hit a new high on the back of strong ROE

KKP's share price is currently trading at only 1.1x 2022E P/BV, -0.5 STD below its 5-year average. Its share price hit a record high in early 2018 at THB84.75, delivering a 2018 ROE of 14.5%. Given our expectation of 21% y-y net profit growth in 2022 on the back of 1) outstanding loan growth; 2) strong capital franchise fee income; and 3) healthy asset quality, we project that its ROE could reach 14.3%. On top of that, we are convinced that KKP's net profit during 2023-24 should continue to increase annually in the low teens, with its ROE at 14.8% and 15.2% in 2023-24, respectively. We think that there is plenty of room for its share price to rerate and potentially break its previous record high.

Maintain as our top pick with new, higher TP of THB86

We revise up our earnings forecasts for 2022-24 by 7%/4%/3% and increase our 2022 GGM-based TP to THB86. KKP remains our top pick as we think it has two main points that differentiate it from other banks: 1) it is selectively growing quality loans in segments where competitors are retreating, enabling it to gain market share; and 2) KKP's dominant institutional brokerage position, plus its IB and financial advisory businesses, should help it to generate more sustainable performance.



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	3.3	7.6	17.0
Relative to country (%)	3.5	6.5	10.0
Mkt cap (USD m)	1,768		
3m avg. daily turnover (USD m)	10.3		
Free float (%)	80		
Major shareholder	Wattanavekin family (4%)		
12m high/low (THB)	72.50/49.75		
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.

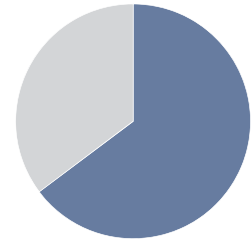
Company profile

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.

kiatnakin.co.th

Principal activities (revenue, 2021)

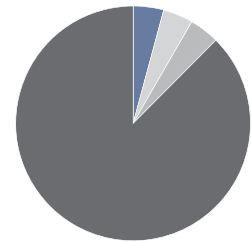
- Net interest income - 64.8 %
- Non-interest income - 35.2 %



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
22 Apr-2022	1Q22 analyst meeting
Mid-July 2022	2Q22 results announcement

Key assumptions

	2022E	2023E	2024E
	(%)	(%)	(%)
Net profit (THB m)	7,616	8,525	9,489
Net profit growth	20.5	11.9	11.3
NIM	4.44	4.22	4.20
Loan growth	11.0	7.0	5.0
Fee growth	1.0	5.4	1.0
Non-NII growth*	(9.6)	6.3	2.9
Credit cost (bp)	140	120	110
Cost to income*	45.0	44.5	43.3

*Including share of profits from associates

Source: FSSIA estimates

Earnings sensitivity

		2022E		
Loan growth	±2ppt	9.00	11.00	13.00
<i>% change in net profit</i>		(1.2)	-	1.2
NIM (%)	±5bp	4.39	4.44	4.49
<i>% change in net profit</i>		2.8	-	(2.8)
Credit cost (bp)	±10bp	130	140	150
<i>% change in net profit</i>		3.7	-	(3.7)

Source: FSSIA estimates

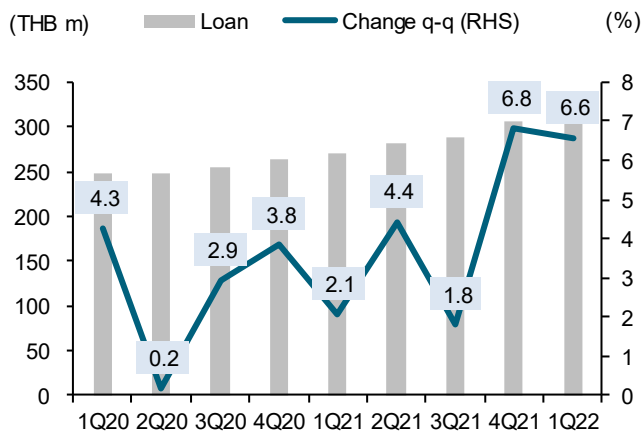
1Q22 earnings full of surprises, flawless in every single line

Once again, KKP reported a record high net profit, reaching THB2,055m (+41% y-y, +2% q-q) in 1Q22, beating the Bloomberg consensus estimate and our forecast by 24% and 15%, respectively, thanks to better-than-expected loan growth, fee income, and lower losses from repossessed car sales. Its 1Q22 operations were solid, driven by 1) a 6.6% q-q loan volume increase due largely to a rise in its hire purchase and housing loans, and corporate clients; 2) a rise in fee income thanks to its strong brokerage, bancassurance, and mutual fund fees; 3) a significant decline in its losses from repossessed car sales following a reduction in the number of seized cars and its slightly lower loss ratio per car; and 4) stable NPLs q-q amid the continued increase in its loan volume for several consecutive quarters.

1Q22 key highlights

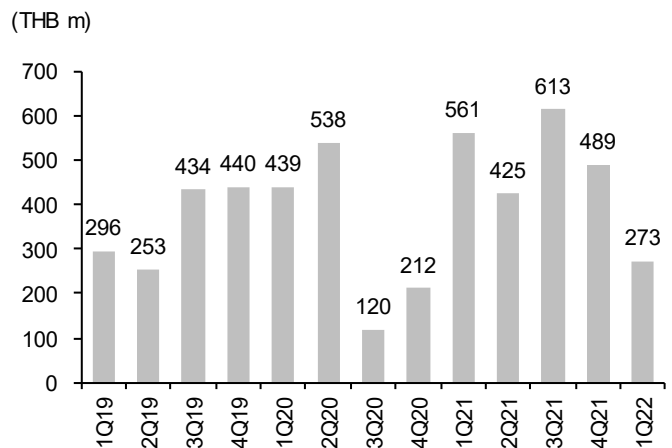
- Total loan volume surged by 6.6% q-q (21% y-y) from an increase in the hire purchase, housing, and corporate segments. Its new car lending penetration rate for the first two months of 2022 remained high at 5.5% vs 4.8% for TISCO, due mainly to its expansion into new business segments with higher asset quality.
- Non-NII rose by 20% y-y due to the strong fee income from both its bank and capital market arms amid unfavourable capital market conditions.
- Losses from repossessed car sales significantly dropped to THB273m in 1Q22 from an average of THB522m per quarter in 2021.
- Its 1Q22 coverage ratio hit a record high at 180% vs 174% in 4Q21.

Exhibit 1: Quarterly loan growth



Sources: KKP; FSSIA's compilation

Exhibit 2: Losses from repossessed car sales



Sources: KKP; FSSIA's compilation

Exhibit 3: KKP – 1Q22 results summary

Year end Dec 31	1Q21 (THB m)	4Q21 (THB m)	1Q22 (THB m)	---- Change ----		2022E (THB m)	Change	1Q22 comments
				(y-y%)	(q-q%)		(y-y %)	
Net interest income	3,830	4,253	4,304	12	1	17,729	13	Solid loan growth
Non-interest income*	1,785	2,841	2,137	20	(25)	7,724	(10)	Strong fee income
Operating income*	5,615	7,094	6,441	15	(9)	25,453	5	
Operating expenses	2,583	3,036	2,793	8	(8)	11,461	2	Lower losses from repossessed cars
PPOP before tax	3,032	4,058	3,648	20	(10)	13,992	8	
Provision	1,234	1,582	1,066	(14)	(33)	4,533	(13)	
Income tax	305	450	521	71	16	1,797	25	
Minority interest	30	3	6	<i>nm</i>	<i>nm</i>	46	23	
Normalised profit	1,463	2,023	2,055	41	2	7,616	21	
Extraordinary items	0	0	0			0		
Net profit	1,463	2,023	2,055	41	2	7,616	21	Beat BBG consensus by 24%
EPS (THB)	1.73	2.39	2.43	41	2	8.99	21	
Asset quality ratio								
Gross NPLs (THB m) ex POCI	8,717	9,498	9,483	9	(0)	10,615	12	
NPL ratios (%) ex POCI	3.20	3.00	2.90			3.10		
LLR/NPLs (%) ex POCI	163	174	180			179		
Credit cost (bp)	185	213	134			140		
Profitability ratio								
Cost to income ratio	46.0	42.8	43.4			45.0		
Average yield	5.7	5.4	5.1			5.5		
Cost of fund	1.3	1.1	1.1			1.2		
Net interest margin (NIM)	4.5	4.4	4.2			4.4		
Non-int inc/total income	31.8	40.0	33.2			30.3		
Liquidity ratio								
Loan to deposit ratio	107.1	106.4	109.2			109.6		
Loan growth								
y-y	9.3	15.9	21.0			11.0		
q-q	2.1	6.8	6.6					

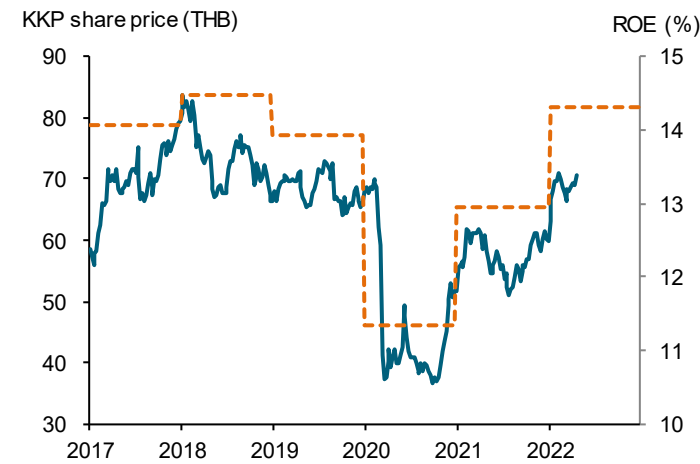
*Including share of profits from associates

Source: KKP; FSSIA estimates

Share price might hit a new high on the back of strong ROE

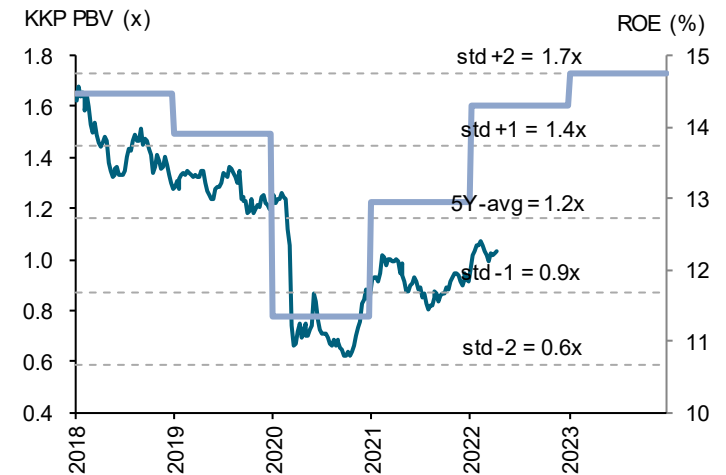
KKP's share price is currently trading at only 1.1x 2022E P/BV, or -0.5 STD below its 5-year average. Its share price hit a record high in early 2018 at THB84.75, with a 2018 ROE of 14.5%. We expect net profit growth of 21% y-y in 2022 on the back of 1) outstanding loan growth; 2) strong capital franchise fee income; and 3) healthy asset quality, and project that its ROE could reach 14.3%. On top of that, we are convinced that KKP's net profit in 2023-24 should continue to increase annually in the low teens, with its ROE potentially hitting 14.8% and 15.2% in 2023-24, respectively. As a result, we think that there is plenty of room for its share price to rerate and potentially break its previous record high.

Exhibit 4: KKP's share price and ROE



Sources: Bloomberg; FSSIA estimates

Exhibit 5: KKP's P/BV and ROE



Sources: Bloomberg; FSSIA estimates

Net profit and TP revisions

We revise up our net profit forecasts for 2022-24 by 7%/4%/3% to mainly reflect 1) our higher loan growth assumption for 2022; 2) KKP's stronger fee income; and 3) lower losses from repossessed cars.

Exhibit 6: KKP – changes in key assumptions

	-----2022E-----				-----2023E-----			-----2024E-----		
	2021 (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	15,701	17,292	17,729	2.5	18,003	18,480	2.7	19,141	19,730	3.1
Non-interest income*	8,545	7,656	7,724	0.9	7,882	8,211	4.2	8,108	8,450	4.2
Operating income*	24,246	24,948	25,453	2.0	25,885	26,691	3.1	27,249	28,180	3.4
Operating expenses	11,248	11,620	11,461	(1.4)	11,524	11,872	3.0	11,678	12,211	4.6
PPOP before tax*	12,998	13,328	13,992	5.0	14,361	14,819	3.2	15,571	15,969	2.6
Expected credit loss (Reversal)	5,201	4,512	4,533	0.5	4,193	4,231	0.9	4,073	4,110	0.9
Tax expenses	1,442	1,675	1,797	7.3	1,932	2,012	4.1	2,242	2,313	3.1
Minority interest	37	43	46	7.3	49	51	4.1	56	57	3.1
Normalised profit	6,318	7,099	7,616	7.3	8,187	8,525	4.1	9,201	9,489	3.1
Extraordinary items	-	-	-	-	-	-	-	-	-	-
Net profit	6,318	7,099	7,616	7.3	8,187	8,525	4.1	9,201	9,489	3.1
EPS (THB)	7.46	8.38	8.99	7.3	9.67	10.07	4.1	10.87	11.21	3.1
Key statistics and ratios										
Asset quality ratio										
Gross NPLs (THB m)	10,191	11,720	11,414	(2.6)	12,892	12,555	(2.6)	14,181	13,811	(2.6)
Gross NPLs / Loans (%)**	3.30	3.45	3.33		3.55	3.42		3.72	3.59	
Loan loss reserve/NPLs (%)	162	162	166		163	168		161	165	
Credit cost (bps)	182	140	140		120	120		110	110	
Profitability ratio (%)										
Cost to income ratio*	46.4	46.6	45.0		44.5	44.5		42.9	43.3	
Average yield	5.6	5.4	5.5		5.5	5.5		5.5	5.5	
Cost of funds	1.2	1.2	1.2		1.6	1.5		1.7	1.6	
Net interest margin (NIM)	4.52	4.33	4.44		4.11	4.22		4.07	4.20	
Loan growth (%)										
y-y	15.9	10.0	11.0		7.0	7.0		5.0	5.0	

*Including share of profits from associates

**Including POCI

Source: KKP; FSSIA estimates

We revise up our 2022 GGM-based TP to THB86 from THB80, as we 1) increase our EPS forecast, leading to a higher book value; and 2) revise up our target 2022 P/BV to 1.31x from 1.24x based on our higher average long-term ROE target of 14.6% from 14.1%.

Exhibit 7: KKP – GGM-derived target price

Target price	THB 86 (from THB80)
Recommendation	BUY (unchanged)
Risk-free rate (%)	3.0 (unchanged)
Market risk premium (%)	8.0 (unchanged)
Cost to equity (%)	12.3 (unchanged)
Terminal growth (%)	5.2 (from 5.0)
ROE target (%)	14.6 (from 14.1)
Risk to TP	Downside risks to our GGM-based target price include weakening asset quality and lower fee income.

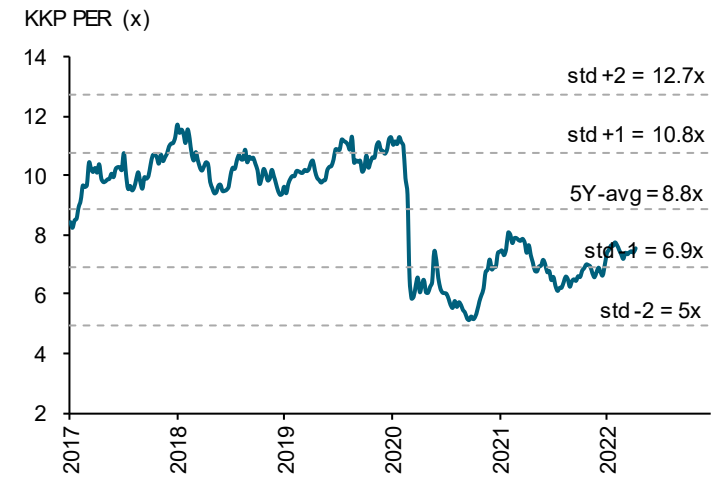
Source: FSSIA estimates

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 ----		- Div Yld -		--- ROE ---		--- PBV --	
			Current (THB)	Target (THB)			22E (%)	23E (%)	22E (x)	23E (x)	22E (%)	23E (%)	22E (%)	23E (%)	22E (x)	23E (x)
Bangkok Bank	BBL TB	HOLD	136.00	134.00	(1)	7,690	10.3	4.8	8.9	8.5	3.7	5.1	6.0	6.2	0.5	0.5
Kasikornbank	KBANK TB	BUY	152.50	180.00	18	10,704	9.2	10.0	8.7	7.9	3.0	3.3	8.4	8.7	0.7	0.7
Kiatnakin Bank	KKP TB	BUY	70.50	86.00	22	1,768	20.5	11.9	7.8	7.0	6.0	7.1	14.3	14.8	1.1	1.0
Krung Thai Bank	KTB TB	BUY	13.30	15.50	17	5,506	8.7	10.1	7.9	7.2	4.4	4.9	6.4	6.7	0.5	0.5
Siam Commercial Bank	SCBB TB	BUY	73.50	160.00	118	7,385	7.1	11.6	7.8	7.0	5.7	6.8	8.4	8.7	0.6	0.6
Tisco Financial	TISCO TB	BUY	100.00	110.00	10	2,372	4.0	9.1	11.4	10.4	7.8	8.3	16.8	17.7	1.9	1.8
TMBThanachart	TTB TB	BUY	1.29	1.80	40	3,692	26.5	14.5	9.4	8.2	4.8	5.5	6.1	6.7	0.6	0.5
Coverage						39,118	10.8	9.7	8.7	7.9	4.4	5.2	8.2	8.5	0.7	0.7

Share prices as of 19 Apr 2022
Sources: Company data; FSSIA estimates

Financial Statements

Kiatnakin Bank

Profit and Loss (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Interest Income	19,584	19,489	21,894	24,136	25,989
Interest expense	(4,905)	(3,788)	(4,165)	(5,656)	(6,259)
Net interest income	14,679	15,701	17,729	18,480	19,730
Net fees & commission	4,336	6,074	6,135	6,468	6,532
Foreign exchange trading income	1,079	(158)	200	320	352
Securities trading income	50	(10)	(11)	(12)	(13)
Dividend income	389	1,329	700	700	770
Other income	700	1,309	700	735	809
Non interest income	6,554	8,545	7,724	8,211	8,450
Total income	21,233	24,246	25,453	26,691	28,180
Staff costs	(5,664)	(6,428)	(6,878)	(7,291)	(7,729)
Other operating costs	(4,988)	(4,820)	(4,583)	(4,580)	(4,482)
Operating costs	(10,652)	(11,248)	(11,461)	(11,872)	(12,211)
Pre provision operating profit	10,581	12,998	13,992	14,819	15,969
Provision for bad and doubtful debt	(4,095)	(5,201)	(4,533)	(4,231)	(4,110)
Other provisions	-	-	-	-	-
Operating profit	6,487	7,797	9,459	10,588	11,859
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	6,487	7,797	9,459	10,588	11,859
Tax	(1,344)	(1,442)	(1,797)	(2,012)	(2,313)
Profit after tax	5,143	6,355	7,662	8,577	9,547
Minority interests	(20)	(37)	(46)	(51)	(57)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	5,123	6,318	7,616	8,525	9,489
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	5,123	6,318	7,616	8,525	9,489
Per share (THB)					
Recurring EPS *	6.05	7.46	8.99	10.07	11.21
Reported EPS	6.05	7.46	8.99	10.07	11.21
DPS	2.25	2.95	4.25	5.00	5.50
Growth					
Net interest income (%)	19.2	7.0	12.9	4.2	6.8
Non interest income (%)	(4.3)	30.4	(9.6)	6.3	2.9
Pre provision operating profit (%)	17.9	22.8	7.7	5.9	7.8
Operating profit (%)	(11.1)	20.2	21.3	11.9	12.0
Reported net profit (%)	(14.4)	23.3	20.5	11.9	11.3
Recurring EPS (%)	(14.4)	23.3	20.5	11.9	11.3
Reported EPS (%)	(14.4)	23.3	20.5	11.9	11.3
Income Breakdown					
Net interest income (%)	69.1	64.8	69.7	69.2	70.0
Net fees & commission (%)	20.4	25.1	24.1	24.2	23.2
Foreign exchange trading income (%)	5.1	(0.7)	0.8	1.2	1.2
Securities trading income (%)	0.2	0.0	0.0	0.0	0.0
Dividend income (%)	1.8	5.5	2.8	2.6	2.7
Other income (%)	3.3	5.4	2.8	2.8	2.9
Operating performance					
Gross interest yield (%)	6.42	5.61	5.48	5.51	5.53
Cost of funds (%)	1.83	1.18	1.16	1.50	1.61
Net interest spread (%)	4.59	4.43	4.32	4.01	3.92
Net interest margin (%)	4.8	4.5	4.4	4.2	4.2
Cost/income(%)	50.2	46.4	45.0	44.5	43.3
Cost/assets(%)	3.2	2.8	2.6	2.5	2.4
Effective tax rate (%)	20.7	18.5	19.0	19.0	19.5
Dividend payout on recurring profit (%)	37.2	39.5	47.3	49.7	49.1
ROE (%)	11.3	13.0	14.3	14.8	15.2
ROE - COE (%)	0.5	2.2	3.5	4.0	4.4
ROA (%)	1.5	1.6	1.7	1.8	1.9
RORWA (%)	1.9	2.1	2.3	2.4	2.5

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Kiatnakin Bank; FSSIA estimates

Financial Statements

Kiatnakin Bank

Balance Sheet (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Gross customer loans	264,773	306,910	340,670	364,517	382,743
Total provisions	(13,105)	(16,505)	(18,994)	(21,038)	(22,852)
interest in suspense	7,178	8,743	8,176	7,290	7,655
Net customer loans	258,846	299,148	329,851	350,769	367,545
Bank loans	32,771	55,238	43,979	44,050	62,477
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	34,603	39,205	40,744	42,350	44,025
Cash & equivalents	1,491	1,242	3,379	3,981	3,807
Other interesting assets	-	-	-	-	-
Tangible fixed assets	6,451	7,804	7,408	7,068	6,777
Associates	-	-	-	-	-
Goodwill	-	-	-	-	-
Other intangible assets	-	-	-	-	-
Other assets	29,250	33,486	34,489	36,342	37,169
Total assets	363,411	436,123	459,850	484,559	521,801
Customer deposits	251,526	288,382	310,965	326,513	333,043
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	39,184	61,378	56,283	59,097	60,287
Non interest bearing liabilities	26,076	35,201	36,961	38,809	36,869
Hybrid Capital	-	-	-	-	-
Total liabilities	316,785	384,961	404,209	424,420	430,199
Share capital	8,468	8,468	8,468	8,468	8,468
Reserves	38,050	42,579	47,047	51,535	56,775
Total equity	46,517	51,046	55,515	60,003	65,243
Minority interests	109	116	126	136	148
Total liabilities & equity	363,411	436,123	459,850	484,559	495,590
Supplementary items					
Risk weighted assets (RWA)	288,370	313,428	347,905	372,258	390,871
Average interest earning assets	305,121	347,536	399,272	438,155	470,080
Average interest bearing liabilities	267,916	320,023	358,258	376,171	389,199
Tier 1 capital	41,319	42,676	46,510	50,558	55,332
Total capital	52,714	54,380	58,214	62,262	67,036
Gross non performing loans (NPL)	8,456	10,191	11,414	12,555	13,811
Per share (THB)					
Book value per share	54.94	60.28	65.56	70.86	77.05
Tangible book value per share	54.94	60.28	65.56	70.86	77.05
Growth					
Gross customer loans	11.7	15.9	11.0	7.0	5.0
Average interest earning assets	6.3	13.9	14.9	9.7	7.3
Total asset (%)	16.6	20.0	5.4	5.4	7.7
Risk weighted assets (%)	7.9	8.7	11.0	7.0	5.0
Customer deposits (%)	46.1	14.7	7.8	5.0	2.0
Leverage & capital measures					
Customer loan/deposits (%)	102.9	103.7	106.1	107.4	110.4
Equity/assets (%)	12.8	11.7	12.1	12.4	12.5
Tangible equity/assets (%)	12.8	11.7	12.1	12.4	12.5
RWA/assets (%)	79.4	71.9	75.7	76.8	74.9
Tier 1 CAR (%)	14.3	13.6	13.4	13.6	14.2
Total CAR (%)	18.3	17.4	16.7	16.7	17.2
Asset Quality					
Change in NPL (%)	(11.5)	20.5	12.0	10.0	10.0
NPL/gross loans (%)	3.2	3.3	3.4	3.4	3.6
Total provisions/gross loans (%)	4.9	5.4	5.6	5.5	6.0
Total provisions/NPL (%)	155.0	162.0	166.4	167.6	165.5
Valuation					
Recurring P/E (x) *	11.7	9.4	7.8	7.0	6.3
Recurring P/E @ target price (x) *	14.2	11.5	9.6	8.5	7.7
Reported P/E (x)	11.7	9.4	7.8	7.0	6.3
Dividend yield (%)	3.2	4.2	6.0	7.1	7.8
Price/book (x)	1.3	1.2	1.1	1.0	0.9
Price/tangible book (x)	1.3	1.2	1.1	1.0	0.9
Price/tangible book @ target price (x)	1.6	1.4	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 Suwanumchai 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 70.50	BUY	Downside risks to our GGM-based target price include weakening asset quality and lower fee income.
Bangkok Bank	BBL TB	THB 136.00	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 152.50	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 13.30	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; and 3) an increase in OPEX due to aggressive digital investment.
Siam Commercial Bank	SCBB TB	THB 88.00	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 100.00	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; 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 1.29	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 19-Apr-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.