

KIATNAKIN BANK KKP TB

THAILAND / BANKS

BUY

UNCHANGED

Record high 3Q22 net profit

- Record high 3Q22 NP of THB2.1b (+41% y-y, +2% q-q) on solid loan and fee growth, beating the BBG consensus estimate by 8%.
- Raise 2022-24 NP forecasts by 8%/4%/3%.
- Maintain BUY with a new TP of THB85 on rosy outlook.

TARGET PRICE	THB85.00
CLOSE	THB70.50
UP/DOWNSIDE	+20.6%
PRIOR TP	THB82.00
CHANGE IN TP	+3.7%
TP vs CONSENSUS	+1.8%

KEY STOCK DATA

YE Dec (THB m)	2021	2022E	2023E	2024E
Operating profit	7,797	10,170	10,695	11,848
Net profit	6,318	8,188	8,611	9,540
EPS (THB)	7.46	9.67	10.17	11.27
vs Consensus (%)	-	8.9	8.1	9.7
Core net profit	6,318	8,188	8,611	9,540
Core EPS (THB)	7.46	9.67	10.17	11.27
Chg. In EPS est. (%)	-	8.1	3.8	3.0
EPS growth (%)	23.3	29.6	5.2	10.8
Core P/E (x)	9.4	7.3	6.9	6.3
Dividend yield (%)	4.2	6.0	6.4	7.1
Price/book (x)	1.2	1.1	1.0	0.9
ROE (%)	13.0	15.3	14.8	15.0
ROA (%)	1.6	1.7	1.7	1.8

3Q22 net profit beats expectations

KKP reported a record high 3Q22 net profit of THB2,083m (+41% y-y, +2% q-q), beating the Bloomberg consensus estimate and our forecast by 8% thanks to better-than-expected loan growth. Its 9M22 net profit accounts for 75% of our full-year forecast.

Solid loan growth and fee income drove 3Q22 net profit

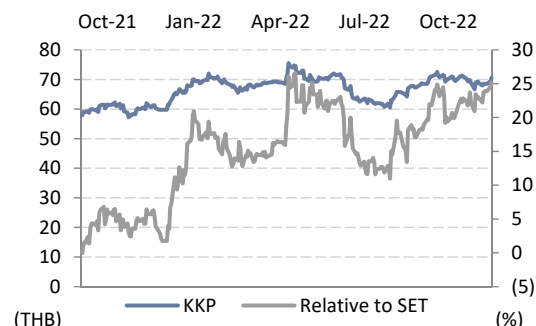
KKP's 3Q22 operations were solid, driven by 1) a 7.0% q-q and a 17.3% YTD rise in loan volume due largely to the growth in hire purchase and corporate loans; 2) a rise in its NIM to 4.15% from 4.08% in 2Q22; and 3) higher fee income, supported by IB fees, banking fees, and wealth management related fees. These positives were able to offset a 50% q-q surge in losses on repossessed cars following an increase in the number of seized vehicles. However, our concern on this point is limited as the loss ratio per car was still manageable, in our view. As for asset quality, its non-performing loans (NPLs) rose by 9% q-q, implying an NPL ratio of 3.0%. Its coverage ratio remained high at 160%.

KKP Dime to target mass segment clients

In Sept-22, KKP's new KKP Dime Securities Company Limited (KKP Dime) began providing both local mutual fund and foreign securities brokerage services to individual clients who are domiciled in Thailand. KKP Dime's mass-segment focus differs from its normal format which mostly targets high net worth clients. We are convinced that the new agency will help KKP expand its client base, which should eventually benefit its fee income in a year or two.

Maintain our BUY call with a new, higher TP of THB85

We raise our 2022-24E net profit by 8%/4%/3% to reflect the stronger-than-expected loan growth and sufficient provision cushion. We maintain BUY with a higher 2023 GGM-based TP of THB85, up from THB82. In our view, KKP's robust loan growth over many consecutive quarters, its strong franchise fee income, and new strategy of expanding further into the retail customer base should serve as a cushion against any potential squeeze in its margins from the expected interest rate uptrend. Thus, we expect KKP to deliver satisfactory performance. On top of that, we expect KKP to pay an attractive dividend yield of 6-7% in 2022-24.



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	1.4	14.2	22.6
Relative to country (%)	4.0	10.9	26.7
Mkt cap (USD m)	1,567		
3m avg. daily turnover (USD m)	8.8		
Free float (%)	80		
Major shareholder	Wattanavekin family (4%)		
12m high/low (THB)	76.25/56.25		
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.

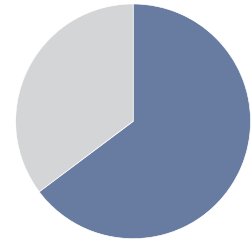
Company profile

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 51% of its loan portfolio at end-2021.

kiatnakin.co.th

Principal activities (revenue, 2021)

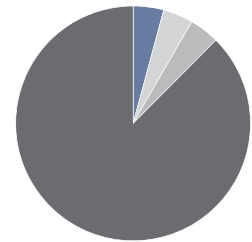
- Net interest income - 64.8 %
- Non-interest income - 35.2 %



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
25 October 2022	Post-3Q22 results analyst meeting
Mid-January 2023	4Q22 results announcement

Key assumptions

	2022E	2023E	2024E
	(%)	(%)	(%)
Net profit (THB m)	8,188	8,611	9,540
Net profit growth (%)	29.6	5.2	10.8
NIM (%)	4.28	4.01	4.05
Loan growth (%)	15.0	6.5	4.8
Fee growth (%)	1.5	(1.0)	1.0
Non-NII growth (%)	(9.3)	(0.2)	2.8
Credit cost (bp)	120	123	117
Cost to income (%)	45.1	43.7	42.6

Source: FSSIA estimates

Earnings sensitivity

		----- 2022E -----		
Loan growth	±2ppt	13.00	15.00	17.00
% change in net profit		(1.2)	-	1.2
NIM (%)	±5bp	4.23	4.28	4.33
% change in net profit		(2.8)	-	2.8
Credit cost (bp)	±10bp	110	120	130
% change in net profit		3.7	-	(3.7)

Source: FSSIA estimates

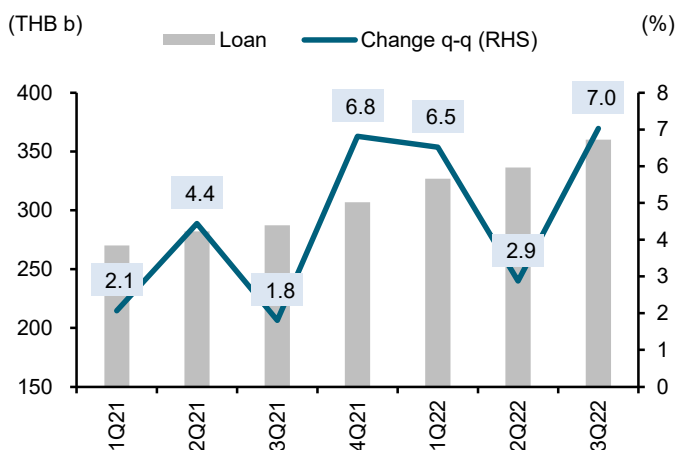
Solid loan growth and fee income drove 3Q22 net profit

KKP reported a record high 3Q22 net profit of THB2,083m (+41% y-y, +2% q-q), beating the Bloomberg consensus estimate and our forecast by 8% thanks to better-than-expected loan growth. Its 3Q22 operations were solid, driven by 1) a 7.0% q-q and a 17.3% YTD increase in loan volume due largely to a rise in its hire purchase and corporate loans; 2) a rise in its NIM to 4.15% from 4.08% in 2Q22; and 3) higher fee income, supported by IB fees, banking fees, and wealth management related fees. These positives were able to offset a 50% q-q surge in losses on repossessed cars. However, our concern on this point is limited as the loss ratio per car was still in good shape, in our view. As for asset quality, NPLs rose by 9% q-q, with a high coverage ratio at 160%.

3Q22 key highlights

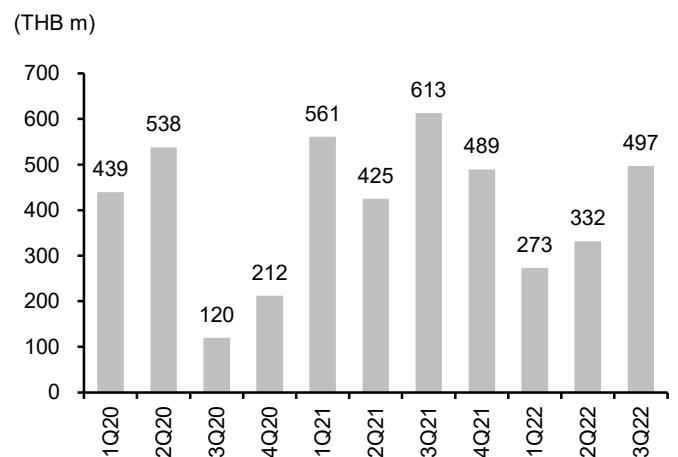
- Total loan volume increased by 7.0% q-q mainly from an increase in hire purchase and housing loans. Its new car lending penetration rate for the first eight months of 2022 remained high at 5.5%, due mainly to its expansion into new business segments with higher asset quality.
- Non-NII increased by 3% y-y and 21% q-q due to higher fee income and a net gain on financial instruments designated at fair value through profit or loss.
- Losses from repossessed car sales amounted to THB497m in 3Q22 vs THB332m in 2Q22. The loss ratio per car was still in good shape.

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 – 3Q22 results review

Year end Dec 31	3Q21	2Q22	3Q22			9M22			2022E		Comments
	(THB m)	(THB m)	(THB m)	(y-y%)	(q-q%)	(THB m)	(y-y %)	%22E	(THB m)	(y-y %)	
Net interest income	3,823	4,475	4,775	25	7	13,555	18	75	17,986	15	
Non-interest income*	1,978	1,672	2,028	3	21	5,838	2	75	7,754	(9)	
Operating income	5,802	6,147	6,804	17	11	19,392	13	75	25,740	6	
Operating expenses	2,951	2,818	3,106	5	10	8,717	6	75	11,611	3	
PPOP before tax*	2,850	3,329	3,698	30	11	10,675	19	76	14,129	9	
Provision	1,007	812	1,089	8	34	2,967	(18)	75	3,959	(24)	
Income tax	364	481	523	43	9	1,525	54	79	1,932	34	
Minority interest	1	2	2			11	(69)		49	33	
Normalised profit	1,478	2,033	2,083	41	2	6,172	44	75	8,188	30	
Extraordinary items	0	0	0			0			0		
Net profit	1,478	2,033	2,083	41	2	6,172	44	75	8,188	30	Beat BBG consensus by 8%
EPS (THB)	1.75	2.40	2.46	41	2	7.29	44	75	9.67	30	
Asset quality ratio											
Gross NPLs (THB m) ex POCI	10,047	10,270	11,149	11	9				11,304	19	
NPL ratios (%) ex POCI	3.50	3.00	3.00						n/a		
Total NPL ratio (%)	3.74	3.26	3.28						3.41		
Coverage ratio (%) ex POCI	157	169	160						n/a		
Total coverage ratio (%)	147	158	150						153		
Credit cost (bp)	141	98	125						120		
Profitability ratio											
Cost to income ratio*	50.9	45.8	45.7						45.1		
Average yield (%)	5.26	5.06	5.19						5.3		
Cost of fund (%)	1.17	1.12	1.18						1.2		
NIM – FSSIA calculation	4.23	4.08	4.15						4.28		
Non-int inc/total income	34.1	27.2	29.8						30.1		
Liquidity ratio											
Loan to deposit ratio	110.2	104.8	107.0						107.1		
Loan growth											
y-y	12.7	19.2	25.3						15.0		
q-q	1.8	2.9	7.0								

*Including share of profits from associates; ** POCI = Purchased or Originated Credit Impaired
Source: FSSIA estimates

Net profit and TP revisions

We raise our net profit forecasts for 2022-24 by 8%/4%/3% mostly to reflect the stronger-than-expected loan growth and sufficient provision cushion. We also:

- 1) increase our loan growth assumption in 2022 to 15% from 11% to reflect the strong rise in hire-purchase and corporate loans;
- 2) lower our credit cost assumptions in 2022-23 to 120/123 bps from 140/126 bps as we believe KKP has set aside sufficient provisions to weather potential increases in its NPLs from the end of the debt forbearance program.

Exhibit 4: 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	17,674	17,986	1.8	18,361	19,244	4.8	19,570	20,538	4.9
Non-interest income	8,545	7,724	7,754	0.4	8,174	7,736	(5.4)	8,413	7,950	(5.5)
Operating income	24,246	25,398	25,740	1.3	26,535	26,980	1.7	27,982	28,488	1.8
Operating expenses	11,248	11,461	11,611	1.3	11,803	11,803	-	12,138	12,138	-
PPOP before tax	12,998	13,937	14,129	1.4	14,732	15,177	3.0	15,845	16,351	3.2
Provision (Reversal)	5,201	4,533	3,959	(12.7)	4,432	4,482	1.1	4,346	4,502	3.6
Taxes expenses	1,442	1,787	1,932	8.1	1,957	2,032	3.8	2,185	2,251	3.0
Minority interest	37	46	49	8.1	50	52	3.8	56	58	3.0
Normalised profit	6,318	7,572	8,188	8.1	8,293	8,611	3.8	9,258	9,540	3.0
Extraordinary items	-	-	-	-	-	-	-	-	-	-
Net profit	6,318	7,572	8,188	8.1	8,293	8,611	3.8	9,258	9,540	3.0
EPS (THB)	7.46	8.94	9.67	8.1	9.79	10.17	3.8	10.93	11.27	3.0
Key statistic and ratio										
Asset quality ratio										
Gross NPLs (THB m)	10,191	11,516	12,025	4.4	13,013	13,589	4.4	14,444	15,083	4.4
Gross NPLs / Loans	3.30	3.36	3.39		3.56	3.59		3.78	3.81	
Loan loss reserve/NPLs	162	165	153		163	151		161	151	
Credit cost (bp)	182	140	120		126	123		117	117	
Profitability ratio										
Cost to income ratio (%)	46.4	45.1	45.1		44.5	43.7		43.4	42.6	
Average yield (%)	5.6	5.5	5.3		5.6	5.3		5.6	5.4	
Cost of fund (%)	1.2	1.2	1.2		1.7	1.5		1.8	1.6	
Net interest margin (NIM)	4.52	4.30	4.28		4.05	4.01		4.07	4.05	
Liquidity ratio										
Loan to deposit ratio (%)	106.4	109.6	107.1		111.1	107.1		114.1	111.0	
% growth										
Loan growth (y-y)	15.9	11.0	15.0		6.5	6.5		4.8	4.8	

*Including share of profits from associates

Source: FSSIA estimates

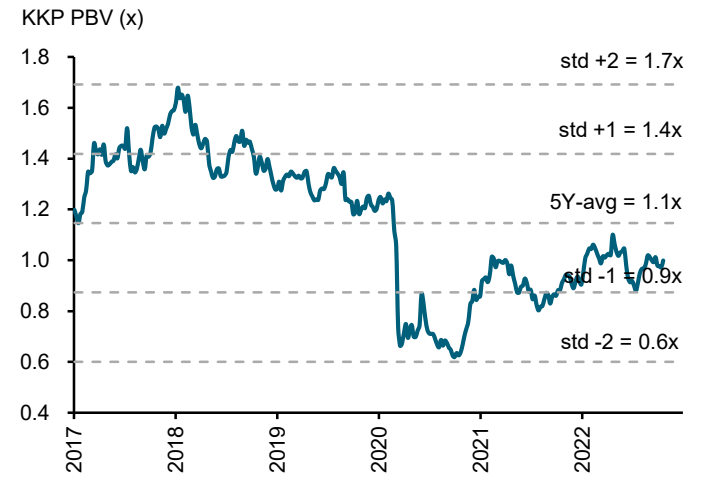
We revise up our 2023 GGM-based TP to THB85 from THB82, as we 1) increase our EPS forecast, leading to a higher book value; and 2) revise up our target 2023 P/BV to 1.2x from 1.1x as a result of our higher average long-term ROE target of 14.1% from 14.0%.

Exhibit 5: KKP – GGM-derived target price

Target price	THB 85 (from THB 82)
Recommendation	BUY (unchanged)
Risk-free rate (%)	3.0 (unchanged)
Market risk premium (%)	8.0 (unchanged)
Cost of equity (%)	12.6 (unchanged)
Terminal growth (%)	4.5 (from 4.3)
ROE target (%)	14.1 (from 14.0)

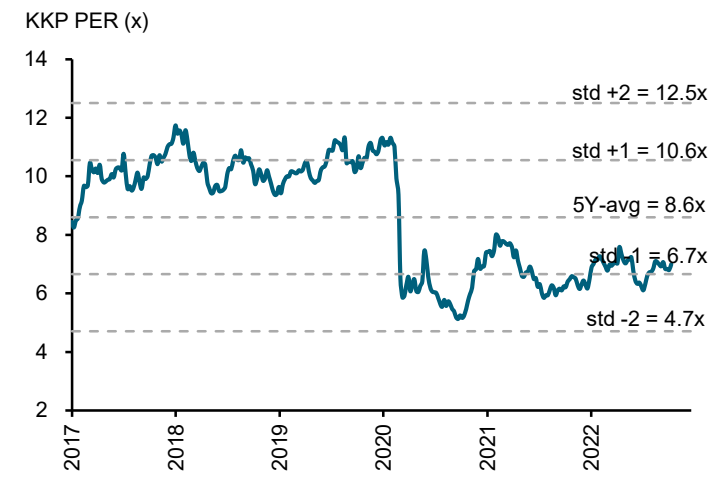
Source: FSSIA estimates

Exhibit 6: KKP – one-year forward rolling P/BV



Sources: Bloomberg; FSSIA estimates

Exhibit 7: KKP – one-year forward rolling P/E



Sources: Bloomberg; FSSIA estimates

Exhibit 8: Peers comparison

	BBG code	Rec	--- Share price ---		Up side (%)	Market Cap (USD m)	EPS growth		--- P/E ---		-- DivYld --		--- ROE ---		--- PBV ---	
			Current (THB)	Target (THB)			22E (%)	23E (%)	22E (x)	23E (x)	22E (%)	23E (%)	22E (%)	23E (%)	22E (x)	23E (x)
Coverage						38,256	18.0	9.7	8.6	7.9	4.3	5.0	8.6	8.8	0.7	0.7
Bangkok Bank	BBL TB	BUY	139.50	170.00	22	6,991	15.2	11.5	8.7	7.8	3.6	4.7	6.0	6.4	0.5	0.5
Kasikornbank	KBANK TB	BUY	146.50	192.00	31	9,113	10.6	12.9	8.3	7.3	3.1	3.4	8.5	9.0	0.7	0.6
Kiatnakin Bank	KKP TB	BUY	70.50	85.00	21	1,567	29.6	5.2	7.3	6.9	6.0	6.4	15.3	14.8	1.1	1.0
Krung Thai Bank	KTB TB	BUY	16.90	20.00	18	6,201	43.6	9.6	7.6	7.0	4.6	5.0	8.3	8.5	0.6	0.6
SCB X	SCB TB	BUY	105.00	134.00	28	9,282	9.8	6.6	9.1	8.6	4.8	5.7	8.6	8.5	0.8	0.7
Tisco Financial	TISCO TB	HOLD	94.00	94.00	0	1,976	7.8	3.5	10.3	9.9	8.2	8.8	17.4	17.4	1.8	1.7
TMBThanachart Bank	TTB TB	BUY	1.23	1.40	14	3,125	20.3	12.1	9.4	8.4	4.8	5.3	5.8	6.3	0.5	0.5

Share prices as of 18 Oct 2022

Source: 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	22,301	25,442	27,323
Interest expense	(4,905)	(3,788)	(4,315)	(6,198)	(6,785)
Net interest income	14,679	15,701	17,986	19,244	20,538
Net fees & commission	4,336	6,074	6,165	6,103	6,164
Foreign exchange trading income	1,079	(158)	200	210	221
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	7,754	7,736	7,950
Total income	21,233	24,246	25,740	26,980	28,488
Staff costs	(5,664)	(6,428)	(6,878)	(7,222)	(7,656)
Other operating costs	(4,988)	(4,820)	(4,733)	(4,580)	(4,482)
Operating costs	(10,652)	(11,248)	(11,611)	(11,803)	(12,138)
Pre provision operating profit	10,581	12,998	14,129	15,177	16,351
Provision for bad and doubtful debt	(4,095)	(5,201)	(3,959)	(4,482)	(4,502)
Other provisions	-	-	-	-	-
Operating profit	6,487	7,797	10,170	10,695	11,848
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	10,170	10,695	11,848
Tax	(1,344)	(1,442)	(1,932)	(2,032)	(2,251)
Profit after tax	5,143	6,355	8,238	8,663	9,597
Minority interests	(20)	(37)	(49)	(52)	(58)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	5,123	6,318	8,188	8,611	9,540
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	5,123	6,318	8,188	8,611	9,540
Per share (THB)					
Recurring EPS *	6.05	7.46	9.67	10.17	11.27
Reported EPS	6.05	7.46	9.67	10.17	11.27
DPS	2.25	2.95	4.25	4.50	5.00
Growth					
Net interest income (%)	19.2	7.0	14.6	7.0	6.7
Non interest income (%)	(4.3)	30.4	(9.3)	(0.2)	2.8
Pre provision operating profit (%)	17.9	22.8	8.7	7.4	7.7
Operating profit (%)	(11.1)	20.2	30.4	5.2	10.8
Reported net profit (%)	(14.4)	23.3	29.6	5.2	10.8
Recurring EPS (%)	(14.4)	23.3	29.6	5.2	10.8
Reported EPS (%)	(14.4)	23.3	29.6	5.2	10.8
Income Breakdown					
Net interest income (%)	69.1	64.8	69.9	71.3	72.1
Net fees & commission (%)	20.4	25.1	23.9	22.6	21.6
Foreign exchange trading income (%)	5.1	(0.7)	0.8	0.8	0.8
Securities trading income (%)	0.2	0.0	0.0	0.0	0.0
Dividend income (%)	1.8	5.5	2.7	2.6	2.7
Other income (%)	3.3	5.4	2.7	2.7	2.8
Operating performance					
Gross interest yield (%)	6.42	5.61	5.31	5.30	5.39
Cost of funds (%)	1.83	1.18	1.15	1.53	1.63
Net interest spread (%)	4.59	4.43	4.16	3.77	3.76
Net interest margin (%)	4.8	4.5	4.3	4.0	4.1
Cost/income(%)	50.2	46.4	45.1	43.7	42.6
Cost/assets(%)	3.2	2.8	2.5	2.3	2.2
Effective tax rate (%)	20.7	18.5	19.0	19.0	19.0
Dividend payout on recurring profit (%)	37.2	39.5	44.0	44.3	44.4
ROE (%)	11.3	13.0	15.3	14.8	15.0
ROE - COE (%)	0.5	2.2	4.5	4.0	4.2
ROA (%)	1.5	1.6	1.7	1.7	1.8
RORWA (%)	1.9	2.1	2.4	2.3	2.4

* 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	352,946	375,888	393,742
Total provisions	(13,105)	(16,505)	(18,347)	(20,574)	(22,714)
interest in suspense	7,178	8,743	8,471	7,518	7,875
Net customer loans	258,846	299,148	343,070	362,832	378,903
Bank loans	32,771	55,238	72,749	76,188	81,380
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	34,603	39,205	40,744	42,350	44,025
Cash & equivalents	1,491	1,242	2,937	2,641	4,992
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	40,601	39,817	42,597
Total assets	363,411	436,123	507,509	530,896	558,674
Customer deposits	251,526	288,382	329,650	351,124	354,635
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	39,184	61,378	69,055	63,532	64,177
Non interest bearing liabilities	26,076	35,201	52,802	55,442	47,126
Hybrid Capital	-	-	-	-	-
Total liabilities	316,785	384,961	451,506	470,097	465,938
Share capital	8,468	8,468	8,468	8,468	8,468
Reserves	38,050	42,579	47,408	52,193	57,907
Total equity	46,517	51,046	55,875	60,661	66,374
Minority interests	109	116	127	138	151
Total liabilities & equity	363,411	436,123	507,509	530,896	532,463
Supplementary items					
Risk weighted assets (RWA)	288,370	313,428	360,442	383,871	402,105
Average interest earning assets	305,121	347,536	419,796	480,433	506,787
Average interest bearing liabilities	267,916	320,023	373,986	406,422	416,463
Tier 1 capital	41,319	42,676	46,584	51,174	56,438
Total capital	52,714	54,380	58,288	62,877	68,142
Gross non performing loans (NPL)	8,456	10,191	12,025	13,589	15,083
Per share (THB)					
Book value per share	54.94	60.28	65.99	71.64	78.39
Tangible book value per share	54.94	60.28	65.99	71.64	78.39
Growth					
Gross customer loans	11.7	15.9	15.0	6.5	4.8
Average interest earning assets	6.3	13.9	20.8	14.4	5.5
Total asset (%)	16.6	20.0	16.4	4.6	5.2
Risk weighted assets (%)	7.9	8.7	15.0	6.5	4.8
Customer deposits (%)	46.1	14.7	14.3	6.5	1.0
Leverage & capital measures					
Customer loan/deposits (%)	102.9	103.7	104.1	103.3	106.8
Equity/assets (%)	12.8	11.7	11.0	11.4	11.9
Tangible equity/assets (%)	12.8	11.7	11.0	11.4	11.9
RWA/assets (%)	79.4	71.9	71.0	72.3	72.0
Tier 1 CAR (%)	14.3	13.6	12.9	13.3	14.0
Total CAR (%)	18.3	17.4	16.2	16.4	16.9
Asset Quality					
Change in NPL (%)	(11.5)	20.5	18.0	13.0	11.0
NPL/gross loans (%)	3.2	3.3	3.4	3.6	3.8
Total provisions/gross loans (%)	4.9	5.4	5.2	5.2	5.8
Total provisions/NPL (%)	155.0	162.0	152.6	151.4	150.6
Valuation					
Recurring P/E (x) *	11.7	9.4	7.3	6.9	6.3
Recurring P/E @ target price (x) *	14.0	11.4	8.8	8.4	7.5
Reported P/E (x)	11.7	9.4	7.3	6.9	6.3
Dividend yield (%)	3.2	4.2	6.0	6.4	7.1
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)	1.5	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 2021

EXCELLENT LEVEL – Score range 90-100										
AAV	BCPG	CPALL	GCAP	K	MSC	PLANET	SAMART	SPI	THRE	TVD
ADVANC	BDMS	CPF	GFPT	KBANK	MST	PLAT	SAMTEL	SPRC	THREL	TVI
AF	BEM	CPI	GGC	KCE	MTC	PORT	SAT	SPVI	TIPCO	TVO
AH	BGC	CPN	GLAND	KKP	MVP	PPS	SC	SSSC	TISCO	TWPC
AIRA	BGRIM	CRC	GLOBAL	KSL	NCL	PR9	SCB	SST	TK	U
AKP	BIZ	CSS	GPI	KTB	NEP	PREB	SCC	STA	TKT	UAC
AKR	BKI	DDD	GPSC	KTC	NER	PRG	SCCC	STEC	TMT	UBIS
ALT	BOL	DELTA	GRAMMY	LALIN	NKI	PRM	SCG	STI	TNDT	UV
AMA	BPP	DEMCO	GULF	LANNA	NOBLE	PROUD	SCGP	SUN	TNITY	VGI
AMATA	BRR	DRT	GUNKUL	LH	NSI	DRSH	SCM	SUSCO	TOA	VIH
AMATAV	BTS	DTAC	HANA	LHFG	NVD	PSL	SDC	SUTHA	TOP	WACOAL
ANAN	BTW	DUSIT	HARN	LIT	NWR	PTG	SEAFCO	SVI	TPBI	WAVE
AOT	BWG	EA	HMPRO	LPN	NYT	PTT	SEAOIL	SYMC	TQM	WHA
AP	CENTEL	EASTW	ICC	MACO	OISHI	PTTEP	SE-ED	SYNTEC	TRC	WHAUP
ARIP	CFRESH	ECF	ICHI	MAJOR	OR	PTTGC	SELIC	TACC	TRU	WICE
ARROW	CHEWA	ECL	III	MAKRO	ORI	PYLON	SENA	TASCO	TRUE	WINNER
ASP	CHO	EE	ILINK	MALEE	OSP	Q-CON	SHR	TCAP	TSC	ZEN
AUCT	CIMBT	EGCO	ILM	MBK	OTO	QH	SIRI	TEAMG	TSR	
AWC	CK	EPG	INTUCH	MC	PAP	QTC	SIS	TFMAMA	TSTE	
AYUD	CKP	ETC	IP	MCOT	PCSGH	RATCH	SITHAI	TGH	TSTH	
BAFS	CM	FPI	IRPC	METCO	PDG	RS	SMK	THANA	TTA	
BANPU	CNT	FPT	ITEL	MFEC	PDJ	S	SMPC	THANI	TTB	
BAY	COM7	FSMART	IVL	MINT	PG	S & J	SNC	THCOM	TTCL	
BBL	COMAN	GBX	JSP	MONO	PHOL	SAAM	SONIC	THG	TTW	
BCP	COTTO	GC	JWD	MOONG	PLANB	SABINA	SPALI	THIP	TU	

VERY GOOD LEVEL – Score range 80-89										
2S	ASIMAR	CHOW	FLOYD	IT	LOXLEY	OCC	RPC	SKY	TCC	TVT
7UP	ASK	CI	FN	ITD	LRH	OGC	RT	SLP	TCMC	TWP
ABICO	ASN	CIG	FNS	J	LST	PATO	RWI	SMIT	TEAM	UEC
ABM	ATP30	CMC	FORTH	JAS	M	PB	S11	SMT	TFG	UMI
ACE	B	COLOR	FSS	JCK	MATCH	PICO	SA	SNP	TFI	UOBKH
ACG	BA	CPL	FTE	JCKH	MBAX	PIMO	SAK	SO	TIGER	UP
ADB	BAM	CPW	FVC	JMART	MEGA	PJW	SALEE	SORKON	TITLE	UPF
AEONTS	BC	CRD	GEL	JMT	META	PL	SAMCO	SPA	TKN	UPOIC
AGE	BCH	CSC	GENCO	KBS	MFC	PM	SANKO	SPC	TKS	UTP
AHC	BEC	CSP	GJS	KCAR	MGT	PMTA	SAPPE	SPCG	TM	VCOM
AIT	BEYOND	CWT	GYT	KEX	MICRO	PPP	SAWAD	SR	TMC	VL
ALL	BFIT	DCC	HEMP	KGI	MILL	PPP	SCI	SRICHA	TMD	VPO
ALLA	BJC	DCON	HPT	KIAT	MITSIB	PRIME	SCN	SSC	TMI	VRANDA
ALUCON	BJCHI	DHOUSE	HTC	KISS	MK	PRIN	SCP	SSF	TMILL	WGE
AMANAH	BLA	DOD	HYDRO	KOOL	MODERN	PRINC	SE	STANLY	TNL	WIK
AMARIN	BR	DOHOME	ICN	KTIS	MTI	PSG	SFLEX	STGT	TNP	WP
APCO	BROOK	DV8	IFS	KUMWEL	NBC	PSTC	SFP	STOWER	TOG	XO
APCS	CBG	EASON	IMH	KUN	NCAP	PT	SFT	STPI	TPA	XPG
APURE	CEN	EFORL	IND	KWC	NCH	QLT	SGF	SUC	TPAC	YUASA
AQUA	CGH	ERW	INET	KWM	NETBAY	RBF	SIAM	SWC	TPCS	
ASAP	CHARAN	ESSO	INSET	L&E	NEX	RCL	SINGER	SYNEX	TPS	
ASEFA	CHAYO	ESTAR	INSURE	LDC	NINE	RICHY	SKE	TAE	TRITN	
ASIA	CHG	ETE	IRC	LEO	NRF	RML	SKN	TAKUNI	TRT	
ASIAN	CHOTI	FE	IRCP	LHK	NTV	ROJNA	SKR	TBSP	TSE	

GOOD LEVEL – Score range 70-79										
A	BGT	CITY	GIFT	JTS	MDX	PK	SGP	SUPER	TQR	YGG
AI	BH	CMAN	GLOCON	JUBILE	MJD	PLE	SICT	SVOA	TTI	ZIGA
AIE	BIG	CMO	GREEN	KASET	MORE	PPM	SIMAT	TC	TYCN	
AJ	BLAND	CMR	GSC	KCM	MUD	PRAKIT	SISB	TCCC	UKEM	
ALPHAX	BM	CPT	GTB	KK	NC	PRAPAT	SK	THMUI	UMS	
AMC	BROCK	CRANE	HTECH	KKC	NDR	PRECHA	SMART	TNH	UNIQ	
APP	BSBM	CSR	HUMAN	KWI	NFC	PTL	SOLAR	TNR	UPA	
AQ	BSM	D	IHL	KYE	NNCL	RJH	SPACK	TOPP	UREKA	
ARIN	BTNC	EKH	IIG	LEE	NOVA	RP	SPG	TPCH	VIBHA	
AS	BYD	EMC	INGRS	LPH	NPK	RPH	SQ	TPIPL	W	
AU	CAZ	EP	INOX	MATI	NUSA	RSP	SSP	TIPIP	WIN	
B52	CCP	F&D	JAK	M-CHAI	PAF	SABUY	STARK	TPLAS	WORK	
BEAUTY	CGD	FMT	JR	MCS	PF	SF	STC	TPOLY	WPH	

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

Sources: Thai Institute of Directors Association (IOD); FSSIA's compilation; data as of 26 October 2021

Anti-corruption Progress Indicator

CERTIFIED										
2S	BCH	CPALL	GC	K	MFC	PE	QLT	SNP	THCOM	TU
7UP	BCP	CPF	GCAP	KASET	MFEC	PG	QTC	SORKON	THIP	TVD
ADVANC	BCPG	CPI	GEL	KBANK	MILL	PHOL	RATCH	SPACK	THRE	TVI
AF	BE8	CPN	GFPT	KBS	MINT	PK	RML	SPALI	THREL	TVO
AI	BEYOND	CSC	GGC	KCAR	MONO	PL	RWI	SPC	TIDLOR	TWPC
AIE	BGC	DCC	GJS	KCE	MOONG	PLANB	S & J	SPI	TIPCO	U
AIRA	BGRIM	DELTA	GPI	KGI	MSC	PLANET	SAAM	SPRC	TISCO	UBE
AKP	BJCHI	DEMCO	GPSC	KKP	MST	PLAT	SABINA	SRICHA	TKS	UBIS
ALPHAX	BKI	DIMET	GSTEEL	KSL	MTC	PM	SAPPE	SSF	TKT	UEC
AMA	BLA	DRT	GUNKUL	KTB	MTI	PPP	SAT	SSP	TMD	UKEM
AMANAHA	BPP	DTAC	HANA	KTC	NBC	PPPM	SC	SSSC	TMILL	UOBKH
AMATA	BROOK	DUSIT	HARN	KWC	NEP	PPS	SCB	SST	TMT	UPF
AMATAV	BRR	EA	HEMP	KWI	NINE	PR9	SCC	STA	TNITY	UV
AP	BSBM	EASTW	HENG	L&E	NKI	PREB	SCCC	STOWER	TNL	VGI
APCS	BTS	ECL	HMPRO	LANNA	NMG	PRG	SCG	SUSCO	TNP	VIH
AQUA	BWG	EGCO	HTC	LH	NNCL	PRINC	SCN	SVI	TNR	WACOAL
ARROW	CEN	EP	ICC	LHFG	NOBLE	PRM	SEAOIL	SYMC	TOG	WHA
AS	CENTEL	EPG	ICHI	LHK	NOK	PROS	SE-ED	SYNTEC	TOP	WHAUP
ASIAN	CFRESH	ERW	IFEC	LPN	NSI	PSH	SELIC	TAE	TOPP	WICE
ASK	CGH	ESTAR	IFS	LRH	NWR	PSL	SENA	TAKUNI	TPA	WIIK
ASP	CHEWA	ETE	ILINK	M	OCC	PSTC	SGP	TASCO	TPP	XO
AWC	CHOTI	FE	INET	MAKRO	OGC	PT	SINGER	TBSP	TRU	ZEN
AYUD	CHOW	FNS	INSURE	MALEE	ORI	PTG	SIRI	TCAP	TRUE	
B	CIG	FPI	INTUCH	MATCH	PAP	PTT	SITHAI	TCMC	TSC	
BAFS	CIMBT	FPT	IRC	MBAX	PATO	PTTEP	SKR	TFG	TSTE	
BAM	CM	FSMART	IRPC	MBK	PB	PTTGC	SMIT	TFI	TSTH	
BANPU	CMC	FSS	ITEL	MC	PCSGH	PYLON	SMK	TFMAMA	TTA	
BAY	COM7	FTE	IVL	MCOT	PDG	Q-CON	SMPC	TGH	TTB	
BBL	COTTO	GBX	JKN	META	PDJ	QH	SNC	THANI	TTCL	
DECLARED										
AJ	CHG	DDD	ETC	JR	MAJOR	NUSA	RS	SSS	TQM	YUASA
ALT	CPL	DHOUSE	FLOYD	JTS	NCAP	NYT	SAK	STECH	TSI	ZIGA
APCO	CPR	DOHOME	GULF	KEX	NCL	OR	SCGP	STGT	VARO	
B52	CPW	ECF	III	KUMWEL	NOVA	PIMO	SCM	TKN	VCOM	
BEC	CRC	EKH	INOX	LDC	NRF	PLE	SIS	TMI	VIBHA	

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)

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Note: Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of 26 October 2021) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

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

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ANALYST(S) CERTIFICATION

Rawisara Suwanumphai FSS International Investment Advisory Securities Co., Ltd

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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 139.50	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand.
Kasikornbank	KBANK TB	THB 146.50	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand.
Krung Thai Bank	KTB TB	THB 16.90	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand.
SCB X	SCB TB	THB 105.00	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand.
Tisco Financial	TISCO TB	THB 94.00	HOLD	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand. An upside risk to our GGM-based TP would be lower-than-expected policy rate hikes.
TMBThanachart Bank	TTB TB	THB 1.23	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand.

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 18-Oct-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.