FINANSIA
FSS INTERNATIONAL INVESTMENT ADVISORY

EQUITY RESEARCH - COMPANY REPORT

KIATNAKIN BANK   KKP TB
THAILAND / BANKING

FSSIA ESG rating ★ ★ ★ ★

HOLD
UNCHANGED

TARGET PRICE	THB50.60
CLOSE	THB46.75
UP/DOWNSIDE	+8.2%
PRIOR TP	THB55.00
CHANGE IN TP	-8.0%
TP vs CONSENSUS	-5.3%

Another difficult year in 2024

- Poor 4Q23 results were from decreasing income from the SAM business, while PPOP was slightly better than expected.

- We revise our 2024-25E earnings downward to reflect the 2024 guidance, which is still prudent and cautious.

- Maintain our HOLD call for its attractive dividend yield of c7-8% p.a.

Disappointing results continued in 4Q23

KKP reported a 4Q23 net profit of THB670m, the lowest since 1Q15, declining 47.7% q-q and 53.2% y-y, exceeding our estimate by 25% but 38% below the BBG consensus. The critical drag was a lower gain from the SAM business of THB76m compared to THB635m in 3Q23. 4Q23 PPOP was THB2.37b, slightly higher than expected, decreasing 25.0% q-q and 38.4% y-y, pressured by 1) a reduction in net interest income (lower income from the SAM business); 2) decreasing non-NII; and 3) higher losses from sales of repossessed cars totaling THB1.41b, which rose by 3.3% q-q and significantly increased by 90% y-y (from decreasing used car prices with lower car volumes). The 4Q23 cost-to-income ratio spiked to 65.9% from 57.5% in 3Q23.

Slight improvement in asset quality

Although NPLs were under control, KKP proactively managed the quality of its loan portfolios through debt restructuring, write-offs, foreclosing assets – mainly in the real estate segment (cTHB900m in 4Q23) – and various assistance measures. There was a positive development in both NPL and coverage ratios. The 4Q23 NPL ratio (FSSIA's calculation) continued decreasing to 3.31% from 3.69% in 3Q23 despite one corporate loan reclassified (THB2b) to NPL during the quarter, while the coverage ratio increased to 156% from 139% in 3Q23. 4Q23 credit costs, including losses from sales of repossessed cars, were reduced to 284bp from 304bp in 3Q23. Excluding this item, the credit costs were reduced to 143bp from 168bp in 3Q23. However, we are concerned that its stage 2 loans continued growing by 5.6% q-q and 19.8% y-y.

## Revised down 2024-25E earnings to reflect the cautious outlook

We have a less negative view of KKP's 2024 outlook regarding the improvement of its asset quality. However, potential downside risks come from the prospect of a significantly high loss from sales of repossessed assets. We have, therefore, cut our 2024-25E net profit by 15-17% to reflect the 2024 guidance with prolonged asset quality management and unfavorable market conditions.

Maintain HOLD, cut 2024 TP to THB50.60

We reiterate our HOLD call for KKP. Our 2024 GGM-based TP decreases to THB50.60 (from THB55), implying a P/BV of 0.67x (from 0.71x).

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Operating profit	6,787	7,270	7,733	8,305
Net profit	5,443	5,798	6,165	6,620
EPS (THB)	6.43	6.85	7.28	7.82
vs Consensus (%)	-	(5.3)	(0.7)	(8.4)
Recurring net profit	5,443	5,798	6,165	6,620
Core EPS (THB)	6.43	6.85	7.28	7.82
Chg. In EPS est. (%)	-	(14.5)	(17.3)	-
EPS growth (%)	(28.4)	6.5	6.3	7.4
Core P/E (x)	7.3	6.8	6.4	6.0
Dividend yield (%)	7.0	7.5	8.0	8.3
Price/book (x)	0.6	0.6	0.6	0.6
ROE (%)	9.2	9.3	9.4	9.6
ROA (%)	1.0	1.0	1.1	1.1
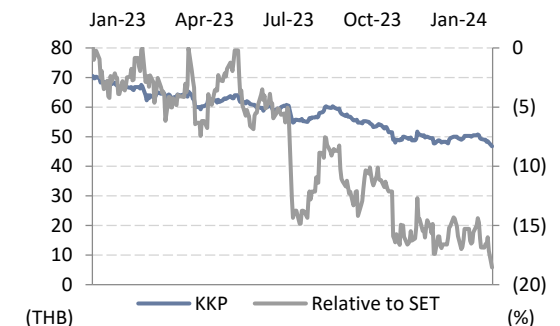
Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(5.6)	(9.2)	(34.4)
Relative to country (%)	(3.1)	(7.3)	(19.7)

Mkt cap (USD m)	1,110
3m avg. daily turnover (USD m)	3.7
Free float (%)	93
Major shareholder	Thai NVDR (8%)
12m high/low (THB)	71.75/45.75
Issued shares (m)	847

Sources: Bloomberg consensus; FSSIA estimates

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Investment thesis

- We have a less negative view of KKP's 2024 outlook regarding the improvement of its asset quality. However, potential downside risks come from the prospect of a significantly high loss from sales of repossessed assets and the recovery of the capital market.

- We cut our 2024-25E net profit by 15-17% to reflect the 2024 guidance with prolonged asset quality management and unfavorable market conditions.

- We reiterate our HOLD call for expected dividend yields of c7-8% p.a. Our 2024 GGM-based TP decreases to THB50.60 (from THB55), implying a P/BV of 0.67x (from 0.71x).

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 49% of its loan portfolio at end-2022.

kiatnakin.co.th

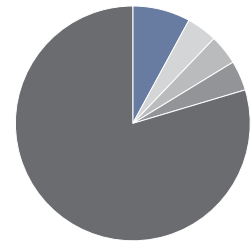## Principal activities (revenue, 2023)

- Net interest income - 77.5 %

- Non-interest income - 22.5 %
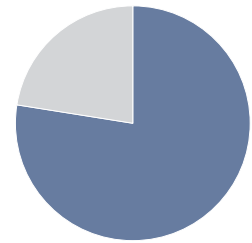
Source: Kiatnakin Bank

Major shareholders

- Thai NVDR - 7.9 %
- Ms Thitinan Wattanavekin☐ - 4.2 %
- Eastern Sugar and Cane - 4.1 %
- Ramkamhang Hospital - 4.1 %
- Others - 79.6 %

Source: Kiatnakin Bank

Catalysts

- Capital market conditions return to active mode with higher trading volumes.
- The efficiency of asset quality management is better than expected.
- Higher used car prices with lower supply from both banks and non-banks.
- The cost control policy of its cost of funds and operating expenses is better than expected.

Risks to our call

Downside risks to our GGM-based target price include weakening asset quality and lower fee income and upside risks include better capital market conditions, higher used car price, and strengthening asset quality.

Key assumptions

	2024E	2025E	2026E
Net profit (THB m)	5,798	6,165	6,620
Net profit growth (%)	6.5	6.3	7.4
Loan growth (%)	3.0	3.0	3.0
Fee growth (%)	(0.5)	6.5	6.5
Non-NII growth (%)	0.0	6.7	5.7
Credit cost (bp)	260	248	233
NPL ratio (%)	3.30	3.28	3.28
LLR/NPL (%)	161	164	166

*1. NPLs ratio: Excluding amount classified as Purchased or Originated Credit-Impaired (POCI) financial assets; 2. Credit cost: Expected credit loss plus loss from sale of repossessed cars excluding reversal of general provisions; 3. Excluding surplus on Land and Premises revaluation conducted during year 2022.

Source: FSSIA estimates

Earnings sensitivity

		--------------- 2024E ---------------		
Loan growth	±2ppt	1	3	5
% change in net profit		*(1.0)*		*1.0*
Loan spread (%)	±5bp	5.09	5.14	5.19
% change in net profit		*(3.0)*		*3.0*
Credit cost (bp)	±10bp	250	260	270
% change in net profit		*5.0*		*(5.0)*

Source: FSSIA estimates

Event calendar

Date	Event
Apr 2024	1Q24 results announcement

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Disappointing results continued in 4Q23

KKP reported a 4Q23 net profit of THB670m, the lowest since 1Q15, declining 47.7% q-q and 53.2% y-y, exceeding our estimate by 25% but 38% below the BBG consensus. The critical drag was a lower gain from the SAM business of THB76m compared to THB635m in 3Q23. 4Q23 PPOP was THB2.37b, slightly higher than expected, decreasing 25.0% q-q and 38.4% y-y, pressured by 1) a reduction in net interest income (lower income from the SAM business); 2) decreasing non-NII (flat fee income with a minor FVTPL investment loss booked); and 3) higher losses from sales of repossessed cars totaling THB1.41b, which rose by 3.3% q-q and significantly increased by 90% y-y (from decreasing used car prices with lower car volumes). The 4Q23 cost-to-income ratio (CIR) spiked to 65.9% from 57.5% in 3Q23. Excluding the losses from car repossessions, CIR reduced to 45.6% from 39.2% in 3Q23, mainly from the rising seasonal operating expenses.

In contrast, the loan spread increased 10bp q-q to 5.11% despite the rising cost of funds, but accelerating loan yields compensated for the impact. 4Q23 loans were relatively flat q-q (but increased by 5.7% y-y), pressured by decreasing hire-purchase (47% of total) and property loans (6%), whereas corporate (14%), housing (14%), micro-SME (4%) and personal loans (3%) still delivered growth.

Exhibit 1: KKP – 4Q23 results summary

Year end Dec 31	4Q22	1Q23	2Q23	3Q23	4Q23	---- Change ----		2022	2023	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y %)
Net interest income	5,527	5,223	5,521	5,988	5,562	(7.1)	0.6	19,081	22,294	16.8
Non-interest income	2,620	1,718	1,902	1,456	1,393	(4.4)	(46.8)	8,457	6,469	(23.5)
Fee income - net	1,646	1,343	1,464	1,337	1,333	(0.3)	(19.0)	6,165	5,476	(11.2)
Total operating income	8,146	6,941	7,423	7,444	6,955	(6.6)	(14.6)	27,539	28,763	4.4
Total operating expenses	4,295	3,239	3,791	4,281	4,584	7.1	6.7	13,013	15,894	22.1
PPOP before tax	3,851	3,702	3,632	3,163	2,371	(25.0)	(38.4)	14,526	12,869	(11.4)
Expected credit loss	2,069	1,097	1,878	1,678	1,429	(14.8)	(30.9)	5,036	6,082	20.8
Income tax	349	517	342	201	270	34.4	(22.5)	1,873	1,331	(29.0)
Non-controlling interest	4	3	3	4	2	(37.6)	(34.9)	14	13	(12.5)
Normalised profit	1,430	2,085	1,408	1,281	670	(47.7)	(53.2)	7,602	5,443	(28.4)
Net profit	**1,430**	**2,085**	**1,408**	**1,281**	**670**	**(47.7)**	**(53.2)**	**7,602**	**5,443**	**(28.4)**
EPS (THB)	1.69	2.46	1.66	1.51	0.79	(47.7)	(53.2)	8.98	6.43	(28.4)
Key ratios	**4Q22**	**1Q23**	**2Q23**	**3Q23**	**4Q23**	**---- Change ----**		**2022**	**2023**	**Change**
Asset quality ratio	(%)	(%)	(%)	(%)	(%)	(q-q%)	(y-y%)	(%)	(%)	(y-y %)
Gross NPLs (THB m)	13,031	13,660	14,928	14,764	13,220	(1.1)	24.9	13,031	13,220	1.5
Change (% from prior period)	10.3	4.8	9.3	(1.1)	(10.5)			27.9	1.5	
NPL ratios (%) - reported	3.30	3.30	3.60	3.50	3.20			3.40	3.20	
NPL ratio (%)*	3.45	3.56	3.74	3.69	3.31			3.45	3.31	
Coverage ratio (%) - reported	154	152	143	145	165			154	165	
Coverage ratio (%)*	146	143	136	139	156			146	156	
Credit cost (bp) - incl loss from repossessed car	305	233	292	304	284			201	282	
Profitability ratio	(%)	(%)	(%)	(%)	(%)			(%)	(%)	
Cost to income ratio	52.7	46.7	51.1	57.5	65.9			47.3	55.3	
Average yield (%)	5.84	5.84	6.14	6.58	6.32			5.43	6.25	
Cost of funds (%)	1.32	1.68	1.82	2.00	2.21			1.20	1.95	
Loan spread	6.01	5.67	5.72	5.45	5.54				5.72	
NIM (%)*	4.69	4.36	4.53	4.81	4.36			4.38	4.54	
Non-int inc/total income (%)	32.2	24.7	25.6	19.6	20.0			30.7	22.5	
Loan growth	(%)	(%)	(%)	(%)	(%)			(%)	(%)	
q-q	4.9	1.7	3.9	0.3	(0.3)					
y-y	23.0	17.4	18.6	11.3	5.7			23.0	5.7	
Year-to-date	23.0	1.7	5.7	6.1	5.7					
KKP - Loss (gain) from repossessed cars	**742**	**1,120**	**978**	**1,364**	**1,409**			**1,844**	**4,871**	
Credit cost (bp) excl. loss from repossessed cars	**224**	**115**	**192**	**168**	**143**			**147**	**157**	

Sources: KKP; FSSIA's compilation

Slight improvement in asset quality

Although NPLs were under control in 4Q, KKP proactively managed the quality of its loan portfolios through debt restructuring, write-offs, foreclosing assets – mainly in the real estate segment (cTHB900m in 4Q23) – and various assistance measures. There was a positive development in both NPL and coverage ratios. The 4Q23 NPL ratio (FSSIA's calculation) continued decreasing to 3.31% from 3.69% in 3Q23 despite one corporate loan reclassified (THB2b) to NPL during the quarter, while the coverage ratio increased to 156% from 139% in 3Q23. 4Q23 credit costs, including losses from sales of repossessed cars, were reduced to 284bp from 304bp in 3Q23. Excluding this item, the credit costs were reduced to 143bp from 168bp in 3Q23. However, we are concerned that its stage 2 loans continued growing by 5.6% q-q and 19.8% y-y.

Exhibit 2: KKP – Staged loans and ECL

	2021	2022	2023	2021	2022	2023
	(THB b)	(THB b)	(THB b)	(%)	(%)	(%)
Staged loans				**% Staged loans**		
Stage 1	287	346	363	91.21	90.41	89.63
Stage 2	17	23	27	5.41	5.94	6.74
Stage 3	11	14	15	3.38	3.64	3.64
Total	**315**	**383**	**405**	**100.00**	**100.00**	**100.00**
Allowance for ECL				**% ECL to staged loans**		
Stage 1	8	9	9	2.88	2.46	2.42
Stage 2	3	4	5	16.79	16.73	17.90
Stage 3	4	6	7	40.76	42.72	47.91
Total	**15**	**18**	**21**	**4.91**	**4.77**	**5.12**
LLR / Loans	**(%)**	**(%)**	**(%)**			
Stage 1	2.88	2.46	2.42			
Stage 2	16.79	16.73	17.90			
Stage 3	40.76	42.72	47.91			
Total	**4.91**	**4.77**	**5.12**			
	(%)	**(%)**	**(%)**			
NPL / TL	3.38	3.64	3.64			
NPL vs. Stage 2 loans / TL	8.79	9.59	10.37			
LLR / NPL	145.34	131.00	140.83			
LLR / (NPL vs. Stage 2 loans)	55.90	49.78	49.37			

Sources: KKP; FSSIA's compilation

Revised down 2024-25E earnings to reflect the cautious outlook

We have a less negative view of KKP's 2024 outlook regarding the improvement of its asset quality. However, potential downside risks come from the prospect of a significantly high loss from sales of repossessed assets. We have, therefore, cut our 2024-25E net profit by 15-17% to reflect the 2024 guidance with prolonged asset quality management and unfavorable market conditions, which would hurt its fees, investment, and other non-NII income, as shown in Exhibit 3.

Exhibit 3: 2024-26E earnings revisions

	------------------ Current ----------------			---------------- Previous ----------------			------------------ Change ------------------		
	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
Net profit (THB m)	**5,798**	**6,165**	**6,620**	**6,779**	**7,452**	**8,180**	**(14.5)**	**(17.3)**	**(19.1)**
EPS (THB)	6.85	7.28	7.82	8.01	8.80	9.66	(14.5)	(17.3)	(19.1)
Net interest income (THB m)	22,735	23,362	24,098	23,888	25,847	28,073	(4.8)	(9.6)	(14.2)
Non-interest income (THB m)	6,472	6,904	7,300	7,663	8,032	8,419	(15.5)	(14.0)	(13.3)
ECL (THB m)	5,670	5,841	6,016	6,470	7,117	7,828	(12.4)	(17.9)	(23.2)
Net profit growth (%)	6.5	6.3	7.4	14.0	9.9	9.8			
Loan growth (%)	3.0	3.0	3.0	10.0	10.0	10.0			
Fee growth (%)	(0.5)	6.5	6.5	7.0	5.4	5.4			
Non-NII growth (%)	0.0	6.7	5.7	6.0	4.8	4.8			
Interest spread	5.13	5.13	5.15	5.10	5.10	5.00			
Credit cost (bp) – including lossess from sales of repossessed cars	260	248	233	231	213	207			
NPL ratio (%)	3.30	3.28	3.28	3.46	3.46	3.46			
LLR/NPL (%)	161	164	166	142	142	141			

Source: FSSIA estimates

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Exhibit 4: 2024 key financial guidance vs FSSIA estimates

Key financial guidance	KKP	KKP*	FSSIA**
	2023	2024E	2024E
ROE	9.16%	~10-11%	9.3%
Loan growth	0.053	~3.0%	3.0%
Loan spread	0.052	~5.0%	5.1%
NPL ratio (gross) 1	0.032	~3.5-3.7%	3.3%
Credit cost (bp) (inc. GR) 2	301	~ 250-270	260

Note: *ROE comprehensive income;
[1]. NPL ratio: Excluding amount classified as Purchased or Originated Credit-Impaired (POCI) financial assets;
[2]. Credit cost: Expected credit loss plus loss from sale of repossessed cars excluding reversal of general provisions;
[3]. Excluding surplus on Land and Premises revaluation conducted during year 2022.

Sources: KKP; FSSIA estimates

Maintain HOLD, cut 2024 TP to THB50.60

We reiterate our HOLD call for KKP. Our 2024 GGM-based TP decreases to THB50.60 (from THB55), implying a P/BV of 0.67x (from 0.71x).

Exhibit 5: GGM-based 2024 TP

Gordon Growth Model		
	New	Previous
Sustainable ROE	9.4%	10.6%
g	2.0%	2.0%
ROE-g	7.4%	8.6%
Beta	1.01	1.08
Risk free rate	3.0%	2.5%
Risk premium	10.0%	10.7%
COE	13.1%	14.1%
COE-g	11.1%	12.1%
ROE-g/COE-g ; PBV (x)	**0.67**	**0.71**

Source: FSSIA estimates

Exhibit 6: Share price performance of banks under coverage, as of 22 January 2024

	----------------------- Price performance -------------------------				
	1M	3M	6M	1Y	YTD
	(%)	(%)	(%)	(%)	(%)
BBL TB	(3.65)	(13.17)	(11.85)	(5.23)	(7.35)
KBANK TB	(8.37)	(6.59)	(6.59)	(16.03)	(10.74)
KKP TB	**(5.05)**	**(8.74)**	**(22.31)**	**(33.57)**	**(6.47)**
KTB TB	(10.93)	(15.10)	(19.31)	(7.91)	(11.41)
SCB TB	0.48	4.76	(5.43)	(2.34)	(1.42)
TISCO TB	(0.77)	0.52	(0.77)	(4.90)	(2.76)
TTB TB	12.58	3.47	5.92	24.31	7.19
SETBANK	(2.88)	(5.90)	(9.12)	(6.98)	(5.20)
SET	(3.65)	(3.25)	(11.47)	(19.61)	(4.38)

Source: Bloomberg

Exhibit 7: KKP – one-year forward prospective P/BV band

KKP PBV (x)

std +2 = 1.4x
std +1 = 1.2x
5Y-avg = 1x
std -1 = 0.7x
std -2 = 0.5x

Sources: Bloomberg; FSSIA estimates

Exhibit 8: KKP – one-year forward PER band

KKP PER (x)

std +2 = 12x
std +1 = 10.3x
5Y-avg = 8.5x
std -1 = 6.7x
std -2 = 4.9x
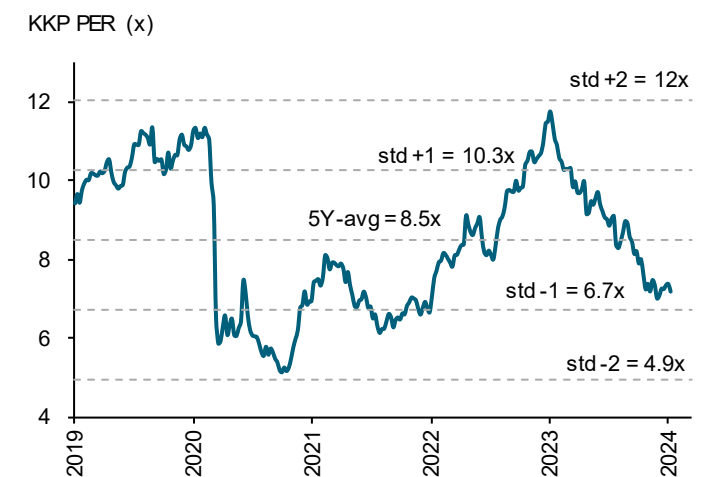
Sources: Bloomberg; FSSIA estimates

Exhibit 9: Regional bank peers comparison as of 22 January 2024

Company name	BBG code	Share price (LCY)	Target price (LCY)	Upside (%)	Market Cap. (USD b)	PE 23E (x)	PE 24E (x)	PBV 23E (x)	PBV 24E (x)	ROE 23E (%)	ROE 24E (%)	Div yld 23E (x)	Div yld 24E (x)
Thailand													
Bangkok Bank	BBL TB	144.50	191.00	32	7,737.3	6.6	6.6	0.5	0.5	8.1	7.7	4.4	4.5
Kasikornbank	KBANK TB	120.50	140.00	16	8,008.8	6.9	6.6	0.5	0.5	8.2	8.1	4.0	4.3
Krung Thai Bank	KTB TB	16.20	19.90	23	6,351.2	6.2	6.0	0.6	0.5	9.4	9.0	4.7	4.8
SCB X	SCB TB	105.00	118.00	12	9,917.4	8.1	8.0	0.7	0.7	9.3	9.0	7.1	7.4
TMBThanachart Bank	TTB TB	1.80	2.19	22	4,891.0	9.4	10.7	0.8	0.7	8.2	7.0	5.3	5.3
Kiatnakin Bank	KKP TB	46.75	50.60	8	1,110.4	7.3	6.8	0.6	0.6	9.2	9.3	7.0	7.5
Tisco Financial Group	TISCO TB	97.25	97.00	(0)	2,184.2	10.7	11.6	1.8	1.8	17.1	15.7	8.2	8.2
Thailand weighted average					**5,743**	**9.1**	**9.0**	**0.8**	**0.7**	**8.8**	**8.4**	**4.4**	**4.5**
Hong Kong													
Industrial & Comm Bank of China	1398 HK	3.61	n/a	n/a	223,902.9	3.3	3.3	0.3	0.3	10.7	10.4	9.3	9.5
China Construction Bank	939 HK	4.41	n/a	n/a	144,237.9	3.1	3.0	0.3	0.3	11.5	11.1	9.8	10.1
HSBC Holdings	5 HK	59.20	n/a	n/a	144,931.3	5.8	5.7	0.9	0.8	15.7	15.5	8.7	10.5
Bank of China	3988 HK	2.84	n/a	n/a	147,334.5	3.5	3.4	0.3	0.3	10.2	9.9	9.0	9.3
Hong Kong average					**165,102**	**3.9**	**3.8**	**0.5**	**0.4**	**12.0**	**11.7**	**9.2**	**9.8**
China													
Industrial & Comm Bank of China	601398 CH	4.89	n/a	n/a	223,904.4	4.9	4.7	0.5	0.5	10.6	10.2	6.3	6.5
Agricultural Bank of China	601288 CH	3.68	n/a	n/a	175,067.0	5.0	4.8	0.5	0.5	11.1	10.7	6.2	6.5
China Construction Bank	601939 CH	6.51	n/a	n/a	144,238.8	4.9	4.7	0.6	0.5	11.6	11.1	6.1	6.3
Bank of China	601988 CH	3.98	n/a	n/a	147,335.4	5.4	5.2	0.5	0.5	10.4	10.1	5.8	6.1
China average					**172,636**	**5.1**	**4.9**	**0.5**	**0.5**	**10.9**	**10.6**	**6.1**	**6.3**
South Korea													
KB Financial Group	105560 KS	51,400	n/a	n/a	15,523.0	4.1	3.9	0.4	0.3	9.5	9.1	6.2	6.6
Shinhan Financial Group	055550 KS	39,000	n/a	n/a	14,967.0	4.5	4.3	0.4	0.4	9.1	8.9	5.4	5.9
Hana Financial Group	086790 KS	42,900	n/a	n/a	9,387.0	3.5	3.3	0.3	0.3	9.8	9.7	8.0	8.6
Industrial Bank of Korea	024110 KS	11,700	n/a	n/a	6,982.9	3.5	3.4	0.3	0.3	9.4	9.2	8.4	8.9
South Korea average					**11,715**	**3.9**	**3.7**	**0.4**	**0.3**	**9.5**	**9.2**	**7.0**	**7.5**
Indonesia													
Bank Central Asia	BBCA IJ	9,625	n/a	n/a	75,489.0	24.1	22.2	4.8	4.4	21.1	20.8	2.3	2.7
Bank Rakyat Indonesia Persero	BBRI IJ	5,775	n/a	n/a	55,105.3	14.7	12.9	2.7	2.5	19.0	20.2	5.1	5.8
Bank Mandiri Persero	BMRI IJ	6,500	n/a	n/a	38,697.9	11.8	10.8	2.3	2.1	21.2	21.0	4.1	5.2
Bank Negara Indonesia Persero	BBNI IJ	5,525	n/a	n/a	12,906.7	9.5	8.4	1.4	1.2	15.0	15.5	4.3	5.0
Bank Syariah Indonesia	BRIS IJ	2,090	n/a	n/a	6,355.8	18.4	15.5	2.6	2.3	15.3	16.0	0.7	1.0
Indonesia average					**37,711**	**15.7**	**13.9**	**2.8**	**2.5**	**18.3**	**18.7**	**3.3**	**3.9**
Malaysia													
Malayan Banking	MAY MK	9.09	n/a	n/a	23,189.3	11.7	11.3	1.2	1.2	10.5	10.6	6.6	6.8
Public Bank	PBK MK	4.35	n/a	n/a	17,860.7	12.4	11.8	1.6	1.5	13.0	12.8	4.3	4.4
CIMB Group Holdings	CIMB MK	6.02	n/a	n/a	13,580.9	9.4	8.8	0.9	0.9	10.4	10.4	5.8	6.2
Hong Leong Bank	HLBK MK	19.12	n/a	n/a	8,767.2	10.3	9.8	1.2	1.1	12.1	11.4	3.4	3.4
RHB Bank	RHBBANK MK	5.60	n/a	n/a	5,077.4	8.3	8.1	0.8	0.7	9.6	9.3	6.9	7.2
Malaysia average					**13,695**	**10.4**	**10.0**	**1.1**	**1.1**	**11.1**	**10.9**	**5.4**	**5.6**
Singapore													
DBS Group Holdings	DBS SP	31.90	n/a	n/a	61,192.5	8.1	8.3	1.3	1.3	17.5	16.1	6.5	7.1
Oversea-Chinese Banking	OCBC SP	12.91	n/a	n/a	43,250.6	8.2	8.1	1.0	1.0	13.2	12.7	6.4	6.7
United Overseas Bank	UOB SP	27.93	n/a	n/a	35,009.5	8.2	8.0	1.1	1.0	13.3	12.9	6.1	6.3
Singapore average					**46,484**	**8.2**	**8.1**	**1.1**	**1.1**	**14.6**	**13.9**	**6.3**	**6.7**
Regional average (excl. Thailand)					**71,772**	**8.3**	**7.7**	**1.1**	**1.0**	**12.8**	**12.6**	**6.1**	**6.5**
Total average (incl. Thailand)					**57,328**	**8.2**	**7.8**	**1.1**	**1.0**	**12.3**	**12.1**	**6.1**	**6.5**

Sources: Bloomberg; FSSIA estimates

Financial Statements
Kiatnakin Bank

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Interest Income	23,671	30,718	33,039	34,225	35,429
Interest expense	(4,589)	(8,424)	(10,303)	(10,863)	(11,331)
Net interest income	19,081	22,294	22,735	23,362	24,098
Net fees & commission	6,165	5,476	5,449	5,803	6,180
Foreign exchange trading income	831	441	441	500	500
Securities trading income	(4)	(12)	0	0	0
Dividend income	507	340	347	353	361
Other income	958	224	235	247	259
Non interest income	8,457	6,469	6,472	6,904	7,300
Total income	27,539	28,763	29,207	30,266	31,399
Staff costs	(6,954)	(7,101)	(7,314)	(7,753)	(8,218)
Other operating costs	(6,058)	(8,793)	(8,952)	(8,939)	(8,860)
Operating costs	(13,013)	(15,894)	(16,266)	(16,692)	(17,078)
Pre provision operating profit	14,526	12,869	12,940	13,574	14,321
Expected credit loss	(5,036)	(6,082)	(5,670)	(5,841)	(6,016)
Other provisions	-	-	-	-	-
Operating profit	9,490	6,787	7,270	7,733	8,305
Recurring non operating income	0	0	0	0	0
Associates	-	-	-	-	-
Goodwill amortization	-	-	-	-	-
Non recurring items	0	0	0	0	0
Profit before tax	9,490	6,787	7,270	7,733	8,305
Tax	(1,873)	(1,331)	(1,454)	(1,547)	(1,661)
Profit after tax	7,616	5,456	5,816	6,186	6,644
Non-controlling interest	(14)	(13)	(18)	(21)	(24)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	7,602	5,443	5,798	6,165	6,620
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	7,602	5,443	5,798	6,165	6,620
Per share (THB)					
Recurring EPS *	8.98	6.43	6.85	7.28	7.82
Reported EPS	8.98	6.43	6.85	7.28	7.82
DPS	3.25	3.25	3.50	3.75	3.90
Growth					
Net interest income (%)	21.5	16.8	2.0	2.8	3.2
Non interest income (%)	(1.0)	(23.5)	0.0	6.7	5.7
Pre provision operating profit (%)	11.8	(11.4)	0.6	4.9	5.5
Operating profit (%)	21.7	(28.5)	7.1	6.4	7.4
Reported net profit (%)	20.3	(28.4)	6.5	6.3	7.4
Recurring EPS (%)	20.3	(28.4)	6.5	6.3	7.4
Reported EPS (%)	20.3	(28.4)	6.5	6.3	7.4
Income Breakdown					
Net interest income (%)	69.3	77.5	77.8	77.2	76.7
Net fees & commission (%)	22.4	19.0	18.7	19.2	19.7
Foreign exchange trading income (%)	3.0	1.5	1.5	1.7	1.6
Securities trading income (%)	0.0	0.0	-	-	-
Dividend income (%)	1.8	1.2	1.2	1.2	1.1
Other income (%)	3.5	0.8	0.8	0.8	0.8
Operating performance					
Gross interest yield (%)	5.43	6.25	6.32	6.31	6.30
Cost of funds (%)	1.20	1.95	2.25	2.29	2.31
Net interest spread (%)	4.23	4.30	4.07	4.02	3.99
Net interest margin (%)	4.4	4.5	4.3	4.3	4.3
Cost/income(%)	47.3	55.3	55.7	55.2	54.4
Cost/assets(%)	2.8	3.0	2.9	2.9	2.9
Effective tax rate (%)	19.7	19.6	20.0	20.0	20.0
Dividend payout on recurring profit (%)	36.2	50.6	51.1	51.5	49.9
ROE (%)	14.0	9.2	9.3	9.4	9.6
ROE - COE (%)	3.2	(1.6)	(1.5)	(1.4)	(1.2)
ROA (%)	1.6	1.0	1.0	1.1	1.1
RORWA (%)	2.2	1.4	1.4	1.5	1.5
* Pre-exceptional, pre-goodwill and fully diluted					

Sources: Kiatnakin Bank; FSSIA estimates

Financial Statements
Kiatnakin Bank

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Gross customer loans	373,436	399,045	411,016	423,347	436,047
Allowance for expected credit loss	(18,969)	(20,667)	(21,838)	(22,778)	(23,794)
interest in suspense	10,403	6,448	11,344	11,684	12,035
Net customer loans	**364,871**	**384,826**	**400,523**	**412,253**	**424,288**
Bank loans	45,732	62,029	64,511	67,091	69,775
Government securities	-	-	-	-	-
Trading securities	18,703	16,035	16,837	17,679	18,563
Investment securities	31,868	36,282	39,888	43,876	48,264
Cash & equivalents	1,000	1,382	1,314	1,772	1,379
Other interesting assets	-	-	-	-	-
Tangible fixed assets	13,200	14,677	16,135	17,358	18,684
Associates	-	-	-	-	-
Goodwill	3,066	3,066	3,066	3,066	3,066
Other intangible assets	1,670	1,954	1,954	1,954	1,954
Other assets	27,527	25,077	20,885	19,256	19,431
Total assets	**507,637**	**545,327**	**565,111**	**584,305**	**605,404**
Customer deposits	331,464	358,903	369,670	380,760	392,182
Bank deposits	20,175	23,035	25,339	26,606	27,936
Other interest bearing liabilities	61,354	68,900	71,656	74,522	78,621
Non interest bearing liabilities	36,532	33,237	34,034	34,684	35,362
Hybrid Capital	-	-	-	-	-
Total liabilities	**449,526**	**484,074**	**500,698**	**516,572**	**534,101**
Share capital	8,468	8,468	8,468	8,468	8,468
Reserves	49,356	52,499	55,645	58,950	62,504
Total equity	**57,824**	**60,967**	**64,112**	**67,418**	**70,972**
Non-controlling interest	288	286	300	315	331
Total liabilities & equity	**507,637**	**545,327**	**565,111**	**584,305**	**605,404**
Supplementary items					
Risk weighted assets (RWA)	374,621	402,435	417,034	431,199	446,769
Average interest earning assets	435,557	491,565	522,822	542,123	562,321
Average interest bearing liabilities	380,922	431,915	458,751	474,276	490,313
CET 1 capital	49,906	53,916	49,726	53,757	53,757
Total capital	62,299	66,310	62,120	66,151	66,151
Gross non performing loans (NPL)	13,031	13,220	13,564	13,886	14,302
Per share (THB)					
Book value per share	68.29	72.00	75.72	79.62	83.82
Tangible book value per share	62.69	66.07	69.79	73.69	77.89
Growth					
Gross customer loans	21.7	6.9	3.0	3.0	3.0
Average interest earning assets	18.8	12.9	6.4	3.7	3.7
Total asset (%)	16.4	7.4	3.6	3.4	3.6
Risk weighted assets (%)	19.5	7.4	3.6	3.4	3.6
Customer deposits (%)	14.9	8.3	3.0	3.0	3.0
Leverage & capital measures					
Customer loan/deposits (%)	110.1	107.2	108.3	108.3	108.2
Equity/assets (%)	11.4	11.2	11.3	11.5	11.7
Tangible equity/assets (%)	10.5	10.3	10.5	10.7	10.9
RWA/assets (%)	73.8	73.8	73.8	73.8	73.8
CET 1 CAR (%)	13.3	13.4	11.9	12.5	12.0
Total CAR (%)	16.6	16.5	14.9	15.3	14.8
Asset Quality (FSSIA's calculation)					
Change in NPL (%)	27.9	1.5	2.6	2.4	3.0
NPL/gross loans (%)	3.5	3.3	3.3	3.3	3.3
Allowance for ECL/gross loans (%)	5.1	5.2	5.3	5.4	5.5
Allowance for ECL/NPL (%)	145.6	156.3	161.0	164.0	166.4

Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	5.2	7.3	6.8	6.4	6.0
Recurring P/E @ target price (x) *	5.6	7.9	7.4	6.9	6.5
Reported P/E (x)	5.2	7.3	6.8	6.4	6.0
Dividend yield (%)	7.0	7.0	7.5	8.0	8.3
Price/book (x)	0.7	0.6	0.6	0.6	0.6
Price/tangible book (x)	0.7	0.7	0.7	0.6	0.6
Price/tangible book @ target price (x)	0.8	0.8	0.7	0.7	0.6
* Pre-exceptional, pre-goodwill and fully diluted					

Sources: Kiatnakin Bank; FSSIA estimates

Kiatnakin Phatra Bank PCL (KKP TB)

Exhibit 10: FSSIA ESG score implication

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

Sources: FSSIA estimates

Exhibit 11: ESG – peer comparison

	FSSIA	------------------ Domestic ratings -----------------------						---------------------------- Global ratings -------------------------						--- Bloomberg ---	
	ESG score	DJSI	SET THSI	THSI	CG score	AGM level	Thai CAC	Morningstar ESG risk	ESG Book	MSCI	Moody's	Refinitiv	S&P Global	ESG score	Disclosure score
SET100	69.20	5.34	4.40	4.40	4.76	4.65	3.84	Medium	51.76	BBB	20.87	58.72	63.91	3.72	28.17
Coverage	67.12	5.11	4.15	4.17	4.83	4.71	3.53	Medium	52.04	BB	16.97	56.85	62.09	3.40	31.94
BBL	62.08	--	Y	Y	5.00	5.00	Certified	Medium	54.70	--	29.00	58.68	67.00	2.19	60.06
KBANK	84.17	Y	Y	Y	5.00	5.00	Certified	Medium	62.19	AA	46.00	73.83	83.00	4.05	59.77
KTB	63.10	--	Y	Y	5.00	5.00	Certified	Medium	53.59	BBB	34.00	64.64	64.00	2.12	59.11
SCB	62.57	Y	Y	Y	5.00	4.00	--	High	--	A	--	--	86.00	3.43	--
KKP	62.96	--	Y	Y	5.00	5.00	Certified	Medium	52.81	BBB	--	77.56	26.00	2.18	45.90
TISCO	61.17	--	Y	Y	5.00	5.00	Certified	Medium	61.41	--	--	66.13	29.00	3.57	44.21
TTB	63.69	--	Y	Y	5.00	5.00	Certified	Medium	53.98	--	36.00	56.17	71.00	3.20	52.96

Sources: SETTRADE.com; FSSIA's compilation

Exhibit 12: ESG score by Bloomberg

FY ending Dec 31	FY 2019	FY 2020	FY 2021	FY 2022
ESG financial materiality scores - ESG score	—	—	2.86	2.18
BESG environmental pillar score	—	—	0.08	0.08
BESG social pillar score	—	—	3.95	2.45
BESG governance pillar score	—	—	5.02	4.76
ESG disclosure score	**46.15**	**46.69**	**45.56**	**45.90**
Environmental disclosure score	31.23	31.56	28.18	28.18
Social disclosure score	19.71	20.98	20.98	22.01
Governance disclosure score	87.36	87.36	87.36	87.36
Environmental				
Emissions reduction initiatives	Yes	Yes	Yes	Yes
Climate change policy	No	Yes	Yes	Yes
Climate change opportunities discussed	No	No	No	No
Risks of climate change discussed	No	No	No	No
GHG scope 1	2	2	3	3
GHG scope 2 location-based	4	4	3	4
GHG Scope 3	—	—	—	—
Carbon per unit of production	—	—	—	—
Biodiversity policy	No	No	No	No
Energy efficiency policy	Yes	Yes	Yes	Yes
Total energy consumption	18	16	16	19
Renewable energy use	—	—	—	—
Electricity used	8	8	5	7
Fuel used - natural gas	—	—	—	—

Sources: Bloomberg; FSSIA's compilation

FINANSIA

Exhibit 13: ESG score by Bloomberg *(cont.)*

FY ending Dec 31	FY 2019	FY 2020	FY 2021	FY 2022
Fuel used - crude oil/diesel	No	No	No	No
Waste reduction policy	Yes	Yes	Yes	Yes
Hazardous waste	—	—	—	—
Total waste	—	—	—	—
Waste recycled	—	—	—	—
Waste sent to landfills	—	—	—	—
Environmental supply chain management	Yes	Yes	Yes	Yes
Water policy	Yes	Yes	Yes	Yes
Water consumption	74	66	38	51
Social				
Human rights policy	Yes	Yes	Yes	Yes
Policy against child labor	No	Yes	Yes	Yes
Quality assurance and recall policy	No	No	No	No
Consumer data protection policy	No	No	No	Yes
Equal opportunity policy	Yes	Yes	Yes	Yes
Gender pay gap breakout	No	No	No	No
Pct women in workforce	61	61	62	63
Pct disabled in workforce	—	—	—	—
Business ethics policy	Yes	Yes	Yes	Yes
Anti-bribery ethics policy	Yes	Yes	Yes	Yes
Health and safety policy	Yes	Yes	Yes	Yes
Lost time incident rate - employees	—	0	0	0
Total recordable incident rate - employees	—	—	—	—
Training policy	Yes	Yes	Yes	Yes
Fair remuneration policy	No	No	No	No
Number of employees – CSR	4,042	3,761	3,704	3,876
Employee turnover pct	10	10	11	13
Total hours spent by firm - employee training	73,784	71,497	48,597	60,117
Social supply chain management	Yes	Yes	Yes	Yes
Governance				
Board size	**12**	**12**	**12**	**12**
No. of independent directors (ID)	**4**	**4**	**4**	**4**
No. of women on board	2	3	3	3
No. of non-executive directors on board	7	8	8	8
Company conducts board evaluations	Yes	Yes	Yes	Yes
No. of board meetings for the year	11	14	11	13
Board meeting attendance pct	94	99	99	97
Board duration (years)	3	3	3	3
Director share ownership guidelines	No	No	No	No
Age of the youngest director	50	51	52	53
Age of the oldest director	71	72	73	70
No. of executives / company managers	**42**	**40**	**40**	**45**
No. of female executives	12	15	15	16
Executive share ownership guidelines	No	No	No	No
Size of audit committee	**3**	**3**	**3**	**3**
No. of ID on audit committee	3	3	3	3
Audit committee meetings	11	12	16	13
Audit meeting attendance %	100	100	94	98
Size of compensation committee	**3**	**3**	**3**	**3**
No. of ID on compensation committee	2	2	2	2
No. of compensation committee meetings	7	5	6	6
Compensation meeting attendance %	100	100	94	100
Size of nomination committee	**3**	**3**	**3**	**3**
No. of nomination committee meetings	7	5	6	6
Nomination meeting attendance %	100	100	94	100
Sustainability governance				
Verification type	No	No	No	No

Sources: Bloomberg; FSSIA's compilation

Disclaimer for ESG scoring

ESG score	Methodology	Rating
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.
Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET)	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for **THSI inclusion**, verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. **SETTHSI Index** is extended from the THSI companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.
CG Score by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).
AGM level By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). *(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)*	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.
Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. *(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)*	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.
Morningstar Sustainalytics	The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. *Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality & peer reviews.*	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. NEGL 0-10, Low 10-20, Medium 20-30, High 30-40, Severe 40+
ESG Book	The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.	The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.
MSCI	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. AAA 8.571-10.000 AA 7.143-8.570 A 5.714-7.142 BBB 4.286-5.713 BB 2.857-4.285 B 1.429-2.856 CCC 0.000-1.428	**Leader:** leading its industry in managing the most significant ESG risks and opportunities **Average:** a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers **Laggard:** lagging its industry based on its high exposure and failure to manage significant ESG risks
Moody's ESG solutions	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.	
Refinitiv ESG rating	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. *(Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)*	
S&P Global	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.	
Bloomberg	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.

Morningstar Sustainalytics risk rating categories:

NEGL	Low	Medium	High	Severe
0-10	10-20	20-30	30-40	40+

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

Source: FSSIA's compilation

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

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

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Company	Ticker	Price	Rating	Valuation & Risks
Kasikornbank	KBANK TB	THB 120.50	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. Upside risks are 1) government stimulus projects leading to an economic recovery; and 2) rising NIM from well-controlled cost of funds.
Bangkok Bank	BBL TB	THB 144.50	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) an impact of new regulations from the Bank of Thailand.
Krung Thai Bank	KTB TB	THB 16.20	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. Upside risks are 1) broad-based economic recovery supporting higher loan growth; and 2) asset quality improvement, mainly from the retail segment, reducing its ECL burdens. By contrast, upside risks comprise better economic conditions and strengthening asset quality.
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.
TMBThanachart Bank	TTB TB	THB 1.80	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.
Kiatnakin Bank	KKP TB	THB 46.75	HOLD	Downside risks to our GGM-based target price include weakening asset quality and lower fee income and upside risks include better capital market conditions, higher used car price, and strengthening asset quality.
Tisco Financial	TISCO TB	THB 97.25	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. Upside risks are 1) aggressive loan growth; and 2) well-controlled asset quality.

Source: FSSIA estimates

Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finansia Syrus Securities Public Company Limited.

All share prices are as at market close on 22-Jan-2024 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as (target price* - current price) / 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.