

KIATNAKIN PHATRA BANK

KKP TB

THAILAND / BANKING

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1Q24 results at first glance

ผลประกอบการ 1Q24 ดีกว่าที่เราและตลาดคาดมาก

KKP สร้างความประหลาดใจให้กับตลาดด้วยกำไรสุทธิ 1Q24 ที่โดดเด่นที่ 1.51 พัน ลบ. (+124.9% q-q, -27.7% y-y) กำไรดังกล่าวคิดเป็น 26% ของประมาณการทั้งปีของเรา กำไรก่อนสำรอง (PPO) ดีกว่าที่คาดเล็กน้อย (+6.1% q-q, -32.0% y-y) แม้ว่าธุรกิจหลักจะชะลอตัว จากรายได้ดอกเบี้ยสุทธิ (NII) และรายได้ค่าธรรมเนียมที่หดตัวลง แต่ได้ผลบวกจากผลขาดทุนทางเครดิตที่คาดว่าจะเกิดขึ้น (ECLs) และต้นทุนความเสี่ยงในการปล่อยสินเชื่อ (Credit costs) ที่ลดลงแรง อีกทั้งค่าใช้จ่ายในการดำเนินงาน (OPEX) ที่ลดลง รวมถึงรายได้ที่ไม่ใช่ดอกเบี้ยสุทธิ (Non-NII) ที่สูงขึ้นส่วนมากจากกำไรจากการตีมูลค่าทรัพย์สินของเงินลงทุนผ่านกำไรขาดทุน (FVTPL gains) ทำให้ช่วยชดเชยผลกระทบดังกล่าว อย่างไรก็ตามกำไรสุทธิยังคงปรับขึ้นต่อเนื่องเป็น 1.44 พัน ลบ. (+2.4% q-q, +28.8% y-y) KKP เปิดเผยผลบวกจากมาตรการเชิงรุกในการบริหารจัดการหนี้ที่ช่วยลดปริมาณหนี้ต่อเครดิตของบริษัทฯ ไม่ได้มาก

เราคงประมาณการกำไรปี 2024-26 ซึ่งคาดว่าจะโต 6-7% ต่อปี อย่างไรก็ตามก็เรวางแผนปรับประมาณการคุณภาพสินทรัพย์หลังเข้าร่วมการประชุมนักวิเคราะห์ในวันที่ 23 เม.ย. 2024 เราคงคำแนะนำถือ KKP ราคาเป้าหมายปี 2024 ของเราอยู่ที่ 50.60 บาท (GGM) คิดเป็นค่า P/BV อยู่ที่ 0.67x (LT-ROE ที่ 9.4% และ COE ที่ 13.1%) แม้ว่าหุ้นจะขาด Upside ที่ราคาปัจจุบัน เราคาดว่าหุ้นจะให้ผลตอบแทนในรูปเงินปันผลที่น่าสนใจที่ 6-7% ต่อปี

Highlights

(-) NII และ Loan spread ต่ำกว่าคาด โดย NII ลดลงเหลือ 5.25 พัน ลบ. (-5.6% q-q, +0.6% y-y) นอกจากการเติบโตของสินเชื่อที่ชะลอตัว (-0.7% q-q, -3.2% y-y) โดยเฉพาะอย่างยิ่งในบัญชีลูกค้าที่เข้าซื้อ (46%) และสินเชื่อ SME (8%) ส่วนมากจากนโยบายการปล่อยสินเชื่อด้วยความรอบคอบ Loan spread ยังลดลง 28bp เป็น 5.26% ส่วนมากจาก Loan yields ที่ลดลงและต้นทุนในการระดมเงินฝากที่เพิ่มขึ้นซึ่งส่งผลกระทบต่อ NII ใน 1Q24

(+) Non-NII สูงกว่าคาด Non-NIIs ประเภทอื่น ๆ โดยเฉพาะอย่างยิ่ง FVTPL gains อยู่ในเกณฑ์ดี แม้ว่ารายได้ค่าธรรมเนียมจะอ่อนแอ รายได้ค่าธรรมเนียมออกมาหน้ามือหวังและต่ำกว่าที่เราคาดมากโดยส่วนมากเกิดจากค่าธรรมเนียมธุรกิจ Bancassurance ที่ลดลงสอดคล้องกับการเติบโตของสินเชื่อที่ลดลง

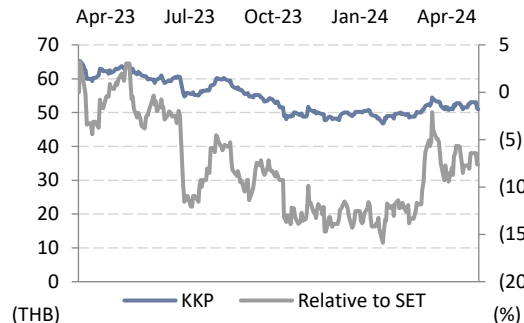
(+) OPEX และสัดส่วนค่าใช้จ่ายในการดำเนินงานต่อรายได้ (Cost-to-income ratio) ดีกว่าคาด ใน 1Q24 ค่าใช้จ่ายในการดำเนินงานหดตัวลดลง 5.8% q-q (แต่เพิ่มขึ้น 33.3% y-y) หลังผลกระทบจากปัจจัยด้านฤดูกาลใน 4Q23 ซึ่งทำให้ได้ Cost-to-income ratio อยู่ที่ 63.2% จาก 65.9% ใน 4Q23 เมื่อหักผลขาดทุนจากการขายรายปี Cost-to-income ratio จะปรับเป็น 42.1% ลดลงจาก 45.6% ใน 4Q23 แต่เพิ่มขึ้นจากระดับที่ต่ำผิดปกติที่ 30.5% ใน 1Q23 (จากการกลับสำรองการเสื่อมค่าของสินทรัพย์ที่ยืดมาจำนวน 619 ลบ. ใน 1Q23)

(-) คุณภาพสินทรัพย์แยกว่าที่คาด โดยเฉพาะอย่างยิ่งสัดส่วนหนี้โดยคุณภาพ (NPL ratio) และสัดส่วนสำรองต่อหนี้โดยคุณภาพ (NPL coverage ratio) อย่างไรก็ตาม ECLs และ Credit costs ดีกว่าคาดโดย NPL ratio เพิ่มขึ้น 3.94% จาก 3.31% ณ สิ้นไตรมาส 4Q23 ส่วนมากจากการจัดชั้นสินเชื่อของบริษัทขนาดใหญ่รายหนึ่งเป็นจำนวนประมาณ 2 พัน ลบ. (พร้อมตั้งสำรอง อย่างเพียงพอมาตั้งแต่ 4Q23) จากหนี้ชั้นที่ 2 เป็น 3 ตัวเลข NPL ratio สูงกว่าเป้าหมายการปี 2024 ของบริษัทฯ ที่ 3.50-3.70% และประมาณการของเราที่ 3.30% ซึ่งทำให้ Credit costs ใน 1Q24 ลดลงแรงเหลือ 206bp จาก 284bp ใน 4Q23 ต่ำกว่าเป้าหมายการปี 2024 ของธนาคารฯ ที่ 250-270bp และประมาณการของเราที่ 260bp เมื่อหักผลขาดทุนจากการขายรายปี ECLs และ Credit costs ลดลงต่อเนื่องเป็น 609 ลบ. และ 61bp ตามลำดับ อย่างไรก็ตาม Coverage ratio ก็ลดลงแรงเป็น 132% จาก 157% ณ สิ้นไตรมาส 4Q23

TARGET PRICE	THB50.60
CLOSE	THB51.00
UP/DOWNSIDE	-0.8%
PRIOR TP	THB50.60
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	-0.6%

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 (%)	-	1.1	(3.2)	(6.6)
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. (%)	-	-	-	-
EPS growth (%)	(28.4)	6.5	6.3	7.4
Core P/E (x)	7.9	7.4	7.0	6.5
Dividend yield (%)	5.9	6.4	6.9	7.4
Price/book (x)	0.7	0.7	0.6	0.6
ROE (%)	9.2	9.3	9.3	9.5
ROA (%)	1.0	1.0	1.1	1.1



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	0.0	5.2	(21.2)
Relative to country (%)	1.8	6.5	(7.8)
Mkt cap (USD m)			1,174
3m avg. daily turnover (USD m)			3.8
Free float (%)			93
Major shareholder			Thai NVDR (8%)
12m high/low (THB)			65.25/45.75
Issued shares (m)			847

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 19 เมษายน 2024

Exhibit 1: KKP – 1Q24 operation summary

Year end Dec 31	1Q23	2Q23	3Q23	4Q23	1Q24	--- Change ---		%of	2024E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	24E	(THB m)	(y-y %)
Net interest income	5,223	5,521	5,988	5,562	5,253	(5.6)	0.6	23	22,735	2.0
Non-interest income	1,718	1,902	1,456	1,393	1,579	13.4	(8.1)	24	6,472	0.0
Fee income - net	1,343	1,464	1,337	1,333	1,123	(15.7)	(16.4)	21	5,449	(0.5)
Total operating income	6,941	7,423	7,444	6,955	6,832	(1.8)	(1.6)	23	29,207	1.5
Total operating expenses	3,239	3,791	4,293	4,584	4,316	(5.8)	33.3	27	16,266	2.3
PPOP before tax	3,702	3,632	3,151	2,371	2,516	6.1	(32.0)	19	12,940	0.6
Expected credit loss	1,097	1,878	1,678	1,429	609	(57.4)	(44.5)	11	5,670	(6.8)
Income tax	517	342	201	270	400	48.1	(22.6)	28	1,454	9.3
Non-controlling interest	3	3	4	2	1	(69.2)	(78.2)	4	18	43.5
Net profit	2,085	1,408	1,268	670	1,506	124.9	(27.7)	26	5,798	6.5
EPS (THB)	2.46	1.66	1.50	0.79	1.78	124.9	(27.7)	26	6.85	6.5
Key ratios	1Q23	2Q23	3Q23	4Q23	1Q24	--- Change ---			2024E	
Asset quality ratio	(%)	(%)	(%)	(%)	(%)	(q-q%)	(y-y%)		(%)	
Gross NPLs (THB m)	13,660	14,248	14,170	13,220	15,604	18.0	14.2		13,564	
Change (% from prior period)	4.8	4.3	(0.5)	(6.7)	18.0				2.6	
NPL ratios (%) - reported	3.30	3.60	3.50	3.20	3.80					
NPL ratio (%)*	3.56	3.57	3.54	3.31	3.94				3.30	
Coverage ratio (%) - reported	152	143	145	165	137					
Coverage ratio (%)*	138	142	145	157	132				161	
Credit cost (bp) - incl loss from repossessed car	233	292	304	284	206				260	
Profitability ratio	(%)	(%)	(%)	(%)	(%)				(%)	
Cost to income ratio	46.7	51.1	57.7	65.9	63.2				55.7	
Average yield (%)	5.84	6.14	6.58	6.32	6.24				6.32	
Cost of funds (%)	1.68	1.82	2.00	2.21	2.36				2.25	
Loan spread	5.67	5.72	5.45	5.54	5.26				5.61	
NIM (%)*	4.36	4.53	4.81	4.36	4.16				4.35	
Non-int inc/total income (%)	24.7	25.6	19.6	20.0	23.1				22.2	
Loan growth	(%)	(%)	(%)	(%)	(%)				(%)	
q-q	1.7	3.9	0.3	(0.3)	(0.7)					
y-y	17.4	18.6	11.3	5.7	3.2				3.0	
Year-to-date	1.7	5.7	6.1	5.7	(0.7)					

Sources: KKP; FSSIA estimates

Exhibit 2: GGM-based 2024 TP

	2024E
Sustainable ROE	9.4%
g	2.0%
ROE-g	7.4%
Beta	1.01
Risk free rate	3.0%
Risk premium	10.0%
COE	13.1%
COE-g	11.1%
ROE-g/COE-g ; PBV (x)	0.67

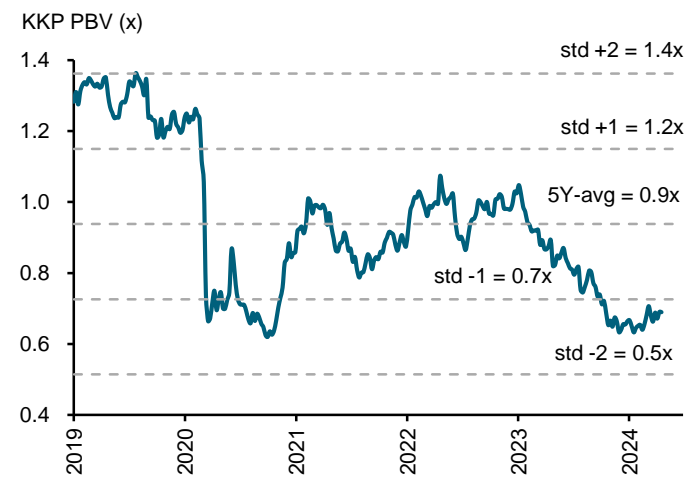
Source: FSSIA estimates

Exhibit 3: Share price performance of banks under coverage, as of 18 April 2024

	Price performance				
	1M	3M	6M	1Y	YTD
	(%)	(%)	(%)	(%)	(%)
BBL TB	2.50	(0.69)	(14.84)	(9.18)	(8.31)
KBANK TB	1.20	0.40	(0.40)	(4.18)	(6.67)
KKP TB	(1.45)	6.25	(2.86)	(20.00)	1.49
KTB TB	0.62	(9.94)	(15.54)	(2.40)	(11.41)
SCB TB	(9.09)	0.00	1.45	4.48	(0.94)
TISCO TB	(0.25)	2.05	1.79	0.00	0.00
TTB TB	(5.43)	2.96	1.16	22.54	4.19
SETBANK	(1.94)	(1.52)	(6.27)	(2.04)	(4.74)
SET	(1.55)	(1.55)	(4.36)	(13.90)	(3.87)

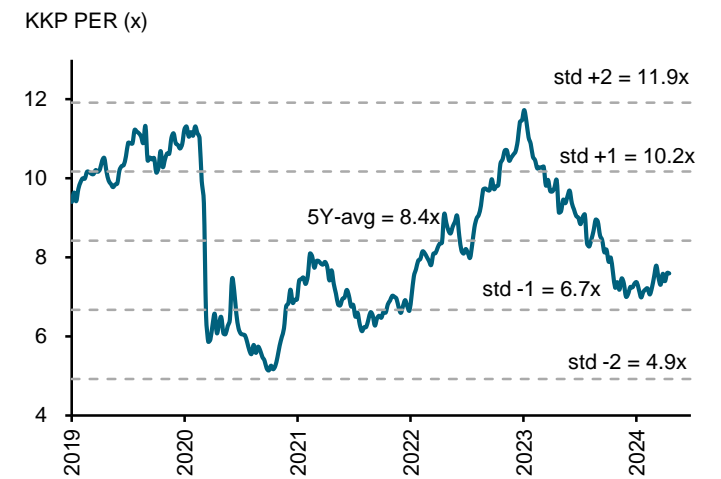
Source: Bloomberg

Exhibit 4: KKP – one-year prospective PBV band



Sources: Bloomberg; FSSIA estimates

Exhibit 5: KKP – one-year prospective PER band



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	3.00	3.25	3.50	3.75
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 (%)	5.41	6.22	6.32	6.31	6.30
Cost of funds (%)	1.20	1.95	2.25	2.29	2.31
Net interest spread (%)	4.20	5.69	5.61	5.61	5.61
Net interest margin (%)	4.436	4.552	4.335	4.31	4.329
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	46.7	47.5	48.1	48.0
ROE (%)	14.0	9.2	9.3	9.3	9.5
ROE - COE (%)	3.2	(1.6)	(1.5)	(1.5)	(1.3)
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	377,447	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	6,392	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	1,525	2,195	2,015
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	565,322	584,728	606,039
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	55,856	59,374	63,139
Total equity	57,824	60,967	64,324	67,841	71,607
Non-controlling interest	288	286	300	315	331
Total liabilities & equity	507,637	545,327	565,322	584,728	606,039
Supplementary items					
Risk weighted assets (RWA)	374,621	402,435	417,191	431,512	447,238
Average interest earning assets	437,563	493,571	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	54,128	50,149	58,329	58,329
Total capital	62,299	66,522	62,543	70,723	70,723
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	75.97	80.12	84.57
Tangible book value per share	62.69	66.07	70.04	74.19	78.64
Growth					
Gross customer loans	23.0	5.7	3.0	3.0	3.0
Average interest earning assets	19.3	12.8	5.9	3.7	3.7
Total asset (%)	16.4	7.4	3.7	3.4	3.6
Risk weighted assets (%)	19.5	7.4	3.7	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	11.4	11.6	11.8
Tangible equity/assets (%)	10.5	10.3	10.5	10.7	11.0
RWA/assets (%)	73.8	73.8	73.8	73.8	73.8
CET 1 CAR (%)	13.3	13.5	12.0	13.5	13.0
Total CAR (%)	16.6	16.5	15.0	16.4	15.8
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 (%)	5.0	5.2	5.3	5.4	5.5
Allowance for ECL/NPL (%)	145.6	156.3	161.0	164.0	166.4
Valuation					
Recurring P/E (x) *	5.7	7.9	7.4	7.0	6.5
Recurring P/E @ target price (x) *	5.6	7.9	7.4	6.9	6.5
Reported P/E (x)	5.7	7.9	7.4	7.0	6.5
Dividend yield (%)	6.4	5.9	6.4	6.9	7.4
Price/book (x)	0.7	0.7	0.7	0.6	0.6
Price/tangible book (x)	0.8	0.8	0.7	0.7	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)

FSSIA ESG rating

★★★★

62.96 /100

Exhibit 6: 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 7: ESG – peer comparison

	FSSIA ESG score	Domestic ratings						Global ratings					Bloomberg		
		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 8: 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

Exhibit 9: 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 (50-59), 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%). <i>(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.)</i>	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. <i>(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.)</i>	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 Sustainability	The Sustainability's 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. <i>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.</i>	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>NEGL</th> <th>Low</th> <th>Medium</th> <th>High</th> <th>Severe</th> </tr> </thead> <tbody> <tr> <td>0-10</td> <td>10-20</td> <td>20-30</td> <td>30-40</td> <td>40+</td> </tr> </tbody> </table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+									
NEGL	Low	Medium	High	Severe																	
0-10	10-20	20-30	30-40	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. <table border="1" style="margin-left: auto; margin-right: auto;"> <tbody> <tr> <td>AAA</td> <td>8.571-10.000</td> <td rowspan="3">Leader:</td> <td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td>AA</td> <td>7.143-8.570</td> </tr> <tr> <td>A</td> <td>5.714-7.142</td> </tr> <tr> <td>BBB</td> <td>4.286-5.713</td> <td rowspan="3">Average:</td> <td rowspan="3">a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td> </tr> <tr> <td>BB</td> <td>2.857-4.285</td> </tr> <tr> <td>B</td> <td>1.429-2.856</td> </tr> <tr> <td>CCC</td> <td>0.000-1.428</td> <td>Laggard:</td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </tbody> </table>	AAA	8.571-10.000	Leader:	leading its industry in managing the most significant ESG risks and opportunities	AA	7.143-8.570	A	5.714-7.142	BBB	4.286-5.713	Average:	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	BB	2.857-4.285	B	1.429-2.856	CCC	0.000-1.428	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks
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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. <i>(Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)</i>																				
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.																			

[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

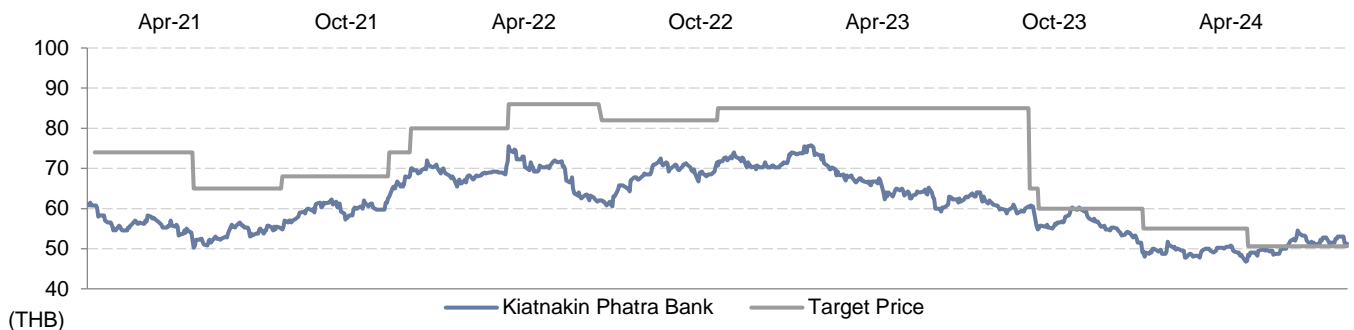
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

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History of change in investment rating and/or target price

Kiatnakin Phatra Bank (KKP TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
23-Apr-2021	BUY	74.00	25-Jan-2022	BUY	80.00	17-Jul-2023	HOLD	65.00
20-Jul-2021	BUY	65.00	20-Apr-2022	BUY	86.00	25-Jul-2023	HOLD	60.00
05-Oct-2021	BUY	68.00	08-Jul-2022	BUY	82.00	24-Oct-2023	HOLD	55.00
06-Jan-2022	BUY	74.00	19-Oct-2022	BUY	85.00	23-Jan-2024	HOLD	50.60

Usanee Liurut, CISA started covering this stock from 17-Jul-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Kiatnakin Bank	KKP TB	THB 51.00	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.

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 18-Apr-2024 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.