

## KIATNAKIN PHATRA BANK

## KKP TB

THAILAND / BANKING

HOLD

UNCHANGED

## ความหวังเรื่องขาดทุนรดยังไม่ถ่วงอย่างที่เคยคิด

- เราคาดว่ากำไรสุทธิของ KKP จะไม่ฟื้นตัวเต็มที่ในปี 2025 จากผลขาดทุนที่สูงต่อเนื่องจากการยืตรถเป็นจำนวน 4.4 พัน ลบ.
- เราคาดว่าราคารถยนต์มือสองจะไม่ฟื้นตัวในปี 2025 จากอุปทานที่อยู่ในระดับสูงและอุปสงค์ที่อ่อนแอ
- คงคำแนะนำถือที่ราคาเป้าหมายใหม่ที่ 55.50 บาท

## ขาดผลขาดทุนจากการยืตรถจำนวน 4.4 พัน ลบ. ในปี 2025

เราคาดว่ากำไรสุทธิของ KKP จะไม่ฟื้นตัวเต็มที่ในปี 2025-26 เนื่องจากเราคาดว่าผลขาดทุนจากการยืตรถจะสูงอย่างต่อเนื่อง แม้ว่ายอดขายรถยนต์จะลดลงและราคารถมือสองจะปรับตัวดีขึ้นเมื่อเร็ว ๆ นี้ เราคาดว่าผลขาดทุนจากการยืตรถจะอยู่ที่ 4.4 พัน ลบ./3.9 พัน ลบ. ในปี 2025-26 ตามลำดับเทียบกับระดับสูงสุดที่ 4.8-4.9 พัน ลบ. ต่อปีในปี 2023-24 และค่าเฉลี่ย 10 ปีย้อนหลังที่ประมาณ 2 พัน ลบ. ต่อปี ทั้งนี้เราเชื่อว่าดัชนีราคารถมือสองที่มีเสถียรภาพและเป็นบวกรวมถึงความต้องการรถมือสองที่อยู่ในเกณฑ์ดีจะเป็น Upside สำคัญของ KKP

## แนวโน้มการเติบโตของสินเชื่อรถยนต์ไม่เป็นบวก

ผู้บริหารของ KKP มองว่าการฟื้นตัวของตลาดสินเชื่อเช่าซื้อรถยนต์จะเป็นรูป L จากการคาดการณ์ดังกล่าวจุดต่ำสุดได้เกิดขึ้นแล้วในปี 2024 แต่วิกฤตในตลาดสินเชื่อเช่าซื้อรถยนต์ยังเกิดต่อเนื่องโดยไม่อาจคาดการณ์ถึง Upside จากอำนาจในการซื้อที่อ่อนแอและหนี้ครัวเรือนต่อ GDP ที่อยู่ในระดับสูงถึง 89% ด้วยนโยบายระยะยาวที่เกี่ยวกับสินเชื่อเช่าซื้อรถยนต์ของ KKP เราคาดว่ากำไรสุทธิของสินเชื่อของธนาคารฯ ซึ่งเราคาดว่าไว้ที่ 1.0% ในปี 2025 จะได้ปัจจัยผลักดันจากสินเชื่อประเภทขนาดใหญ่และสินเชื่อจกจำนวนรายย่อยที่มีการคัดสรรอย่างระมัดระวังเป็นหลัก

## อุปทานที่สูงในลานประมูลและราคารถยนต์มือสองที่ไม่เอื้ออำนวย

สำหรับในปี 2025 ลานประมูลสำคัญ ๆ ต่างคาดว่าตัวเลขรถยืตรถส่งมาที่ลานประมูลรวมจะอยู่ที่ประมาณ 300,000 คัน (+/-) ซึ่งเป็นแนวโน้มที่มีเสถียรภาพมากขึ้น แต่จะไม่ลดลงอย่างเห็นได้ชัดและจะไม่กลับสู่ระดับปกติที่ประมาณ 200,000-250,000 คันต่อปี จากอุปทานการยืตรถเข้าลานประมูลที่สูงอย่างต่อเนื่องและความต้องการรถมือสองที่ไม่แน่นอน เราคาดว่าราคารถมือสองจะไม่ฟื้นตัวในปี 2025 ในแง่ของต้นทุนความเสี่ยงในการปล่อยสินเชื่อรวมผลขาดทุนจากรถยืตรถเราคาดว่าตัวเลขในปี 2025 อยู่ที่ 2.25% ซึ่งใกล้เคียงกับเป้าหมายของ KKP ที่อยู่ในช่วง 2.2-2.4% และต่ำกว่าในปี 2024 ที่ 2.30% อยู่เล็กน้อย

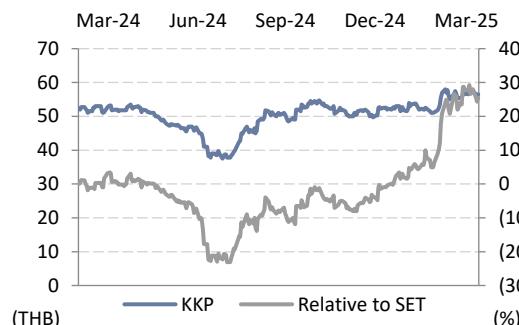
## ปรับประมาณการ คงคำแนะนำถือที่ราคาเป้าหมายใหม่ที่ 55.50 บาท

เราปรับประมาณการกำไรปี 2025-26 ของเราเพื่อสะท้อนผลขาดทุนจากรถยืตรถที่สูงอย่างต่อเนื่องซึ่งขัดแย้งกับรายได้ที่สูงขึ้นจากธุรกิจตลาดทุน หลังการปรับดังกล่าวเราปรับเพิ่มราคาเป้าหมายปี 2025 ของเราเป็น 55.50 (จาก 50.30) บาท (GGM) จากผลตอบแทนต่อส่วนผู้ถือหุ้นที่คาดว่าจะสูงขึ้นเป็น 7.5% (จาก 7%) ราคาเป้าหมายใหม่ของเราที่ 55.50 บาทเทียบเท่า 0.72x 2025E P/BV (COE 10.0%, ROE 7.5%) เราคงคำแนะนำถือ KKP ทั้งนี้บทวิเคราะห์ฉบับนี้ปัจจุบันจัดทำโดยคุณณฐพล พงษ์สุขเจริญกุล

TARGET PRICE	THB55.50
CLOSE	THB56.50
UP/DOWNSIDE	-1.8%
PRIOR TP	THB50.30
CHANGE IN TP	+10.3%
TP vs CONSENSUS	-0.3%

## KEY STOCK DATA

YE Dec (THB m)	2024	2025E	2026E	2027E
Operating profit	6,258	6,042	6,555	7,368
Net profit	4,985	4,799	5,210	5,860
EPS (THB)	5.89	5.67	6.15	6.92
vs Consensus (%)	-	(7.8)	(8.8)	(5.5)
Recurring net profit	4,985	4,799	5,210	5,860
Core EPS (THB)	5.89	5.67	6.15	6.92
Chg. In EPS est. (%)	-	(1.4)	(3.7)	-
EPS growth (%)	(8.4)	(3.7)	8.6	12.5
Core P/E (x)	9.6	10.0	9.2	8.2
Dividend yield (%)	7.1	6.0	6.5	7.3
Price/book (x)	0.8	0.7	0.7	0.7
ROE (%)	8.1	7.5	7.9	8.5
ROA (%)	1.0	1.0	1.0	1.1



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(2.2)	7.1	10.8
Relative to country (%)	1.2	25.8	28.2
Mkt cap (USD m)	1,377		
3m avg. daily turnover (USD m)	4.9		
Free float (%)	93		
Major shareholder	Thai NVDR (8%)		
12m high/low (THB)	58.25/37.00		
Issued shares (m)	847		

Sources: Bloomberg consensus; FSSIA estimates



Nathapol Pongsukcharoenkul

Fundamental Investment Analyst on Securities; License no. 049193  
nathapol.p@fssia.com, +66 2646 9974

Peemapon Nunthakunatip

Research Assistant

### Investment thesis

We maintain our HOLD rating for KKP because:

- We expect that KKP’s net profit in 2025-26 will not fully recover because we expect the high loss from auto repossessions to persist.
- The recovery in auto hire-purchase (HP) market should be L-shaped. That said, the bottom was found in 2024 already, but the crisis in the auto HP market has extended with unpredictable upside on the back of weak purchasing power and high household debt to GDP.
- With a persistently high supply of auto repossessions to auction yards and uncertain demand for used cars, we do not expect the healthy recovery of used car prices for 2025.

### 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 as the major contribution.

[kiatnakin.co.th](http://kiatnakin.co.th)

### Principal activities (revenue, 2024)

■ Net interest income - 74.1 %

■ Non-interest income - 25.9 %

Source: Kiatnakin Phatra 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 Phatra Bank

### Catalysts

- Positive and sustained used car price index, which would lower KKP’s losses on auto repossessions.
- Strong non-NII from Capital Market Business, including Investment Banking, Private Wealth Management, asset management via KKPAM and direct investment.

### Risks to our call

Downside risks to our GGM-based target price include weakened asset quality, high losses from auto repossessions and lower fee income. By contrast, upside risks include better capital market conditions, higher used car prices, and strengthened asset quality.

### Event calendar

Date	Event
Apr 2025	1Q25 results announcement

### Key assumptions

Key assumptions (%)	2025E	2026E	2027E
Loan growth	1.00	3.00	3.20
NIM	4.26	4.26	4.27
Cost-to-income ratio	62.05	60.05	57.76
Credit cost	1.06	1.10	1.10
NPL ratio	4.30	4.25	4.25
ROE	7.51	7.88	8.55

Source: FSSIA estimates

### Earnings sensitivity

		----- 2025E -----		
Loan growth (%)	±1ppt	0.00	1.00	2.00
% change in net profit		(0.7)		0.7
NIM (%)	±5bp	4.21	4.26	4.31
% change in net profit		(4.6)		4.6
Cost-to-income ratio (%)	±1ppt	61.05	62.05	63.05
% change in net profit		5.5		(5.5)
Credit cost (bp)	±10bp	96	106	116
% change in net profit		7.7		(7.7)

Source: FSSIA estimates

## No silver lining for auto loan losses

### Maintain HOLD rating with a new TP of THB55.50

We maintain our HOLD rating for KKP with a new GGM-based 2025 TP of THB55.50 (from THB50.30).

We expect that KKP's net profit in 2025-26 will not fully recover because we expect the high loss from auto repossessions to persist. Despite a lower number of autos sold and improving used car prices recently, we expect KKP's loss from auto repossessions to be at THB4.4b/THB3.9b in 2025-26, respectively, vs the peak of THB4.8-4.9b per year in 2023-24 and the 10-year historical average of around THB2b per year.

For 2025, major auction yards expect overall auto repossessions to auction yards to be around c300,000 units +/-, which would be a more stabilized trend but not an obvious downtrend, and not back to the normal level of c200,000-250,000 units per year. With a persistently high supply of auto repossessions to auction yards and uncertain demand for used cars, we do not expect the healthy recovery of used car prices for 2025.

In addition, given the unfavorable loan conditions for KKP, especially auto HP for both new autos and used autos, we expect KKP to post minimal loan growth of 1-3% y-y for 2025-26 vs a contraction of 7.8% in 2024 and high growth of c12% p.a. during 2019-23.

For the interest rate cuts in Oct-24 and Feb-25, we expect that KKP could see a positive impact from lower funding costs after 3-9 months on the back of gradual fixed deposit repricing.

We have fine-tuned our 2025-26 earnings forecast on the back of the persistently high losses from auto repossessions, which are offset by higher income from KKP's capital market business, including the brokerage business, investment banking and private wealth management.

After our earnings revisions, we raise our GGM-based 2025 TP to THB55.50 (from THB50.30) on the back of a higher ROE projection to 7.5% (from 7% previously) and the positive impact from KKP's share repurchase program in 4Q24. Our new TP of THB55.50 implies 0.72x 2025E P/BV (COE of 10.0%, ROE of 7.5%).

To manage capital efficiently in the face of subdued loan growth of 1-3% in 2025-26E, we expect KKP will maintain a high dividend payout ratio of 60% over the same period. With our forecast of a 60% dividend payout ratio for KKP, we expect that the bank will provide a dividend yield of at least 6.0% for 2025.

### Exhibit 1: 2025-26 earnings revisions

	--- Revised forecast ---		--- Previous forecast ---		----- Change -----	
	2025E (THB m)	2026E (THB m)	2025E (THB m)	2026E (THB m)	2025E (%)	2026E (%)
Net Interest Income	18,853	19,217	20,146	20,057	-6.4%	-4.2%
Non-Interest Income	7,324	7,514	6,195	6,534	18.2%	15.0%
PPOP	9,933	10,678	10,850	11,314	-8.4%	-5.6%
<b>Net profit</b>	<b>4,799</b>	<b>5,210</b>	<b>4,739</b>	<b>5,267</b>	<b>1.3%</b>	<b>-1.1%</b>
<b>Key ratios</b>					<b>(ppt)</b>	<b>(ppt)</b>
NIM (%)	4.26	4.26	4.10	4.00	0.16	0.26
Cost to income (%)	62.05	60.05	58.80	57.50	3.25	2.55
ROA (%)	0.96	1.03	0.90	1.00	0.06	0.03
ROE (%)	7.51	7.88	7.50	7.90	0.01	(0.02)
Credit cost + Loss from auto repossessions (%)	2.25	2.13	2.00	2.00	0.25	0.13
Loan growth (%)	1.00	3.00	-1.00	0.00	2.00	3.00
Net profit growth (%)	-3.73	8.55	10.70	11.10	(14.43)	(2.55)

Source: FSSIA estimates

## Exhibit 2: KKP – GGM based 2025 TP

Target price calculation based on Gordon Growth Model (GGM)			
Sustainable ROE	7.5%	<b>Cost of Equity (COE) calculation</b>	
COE	10.0%	Risk Free Rate	3.0%
Long-term growth (g)	1.0%	Equity Premium	7.0%
Derived P/BV multiple (x)	0.72	Equity Beta (x)	1.00
		COE	10.0%
Dec 2025E BV per share (THB)	76.7		
<b>Derived target price (THB)</b>	<b>55.5</b>		

Source: FSSIA estimates

## Exhibit 3: KKP's target price sensitivity

ROE	Growth rate assumption				
	0.0%	0.5%	1.0%	1.5%	2.0%
<b>5.5%</b>	42.2	40.4	38.4	36.1	33.6
<b>6.5%</b>	49.9	48.5	46.9	45.1	43.2
<b>7.5%</b>	57.6	56.5	55.5	54.2	52.8
<b>8.5%</b>	65.2	64.6	64.0	63.2	62.4
<b>9.5%</b>	72.9	72.7	72.5	72.2	71.9

Source: FSSIA estimates

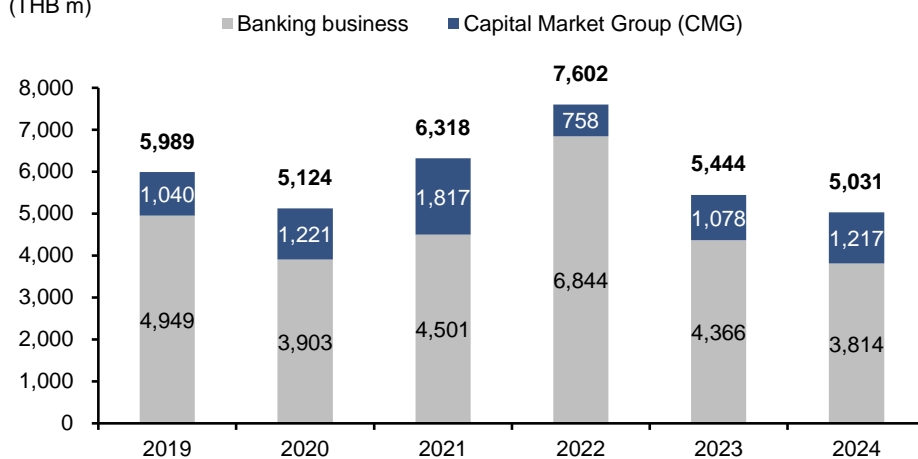
## Exhibit 4: 2025: KKP's key targets vs FSSIA's estimates

Consolidated	2024 Actual	2025E KKP	2025E FSSIA	Comments
Loan growth	-7.8%	0%	1.0%	Remain conservative on auto loans. We expect KKP's loan growth drivers would be corporate and mortgage.
NPL ratio	4.2%	4.1-4.3%	4.3%	Expect stable trend amid uncertain economic recovery.
Credit cost plus loss from auto repossessions	2.3%	2.2-2.4%	2.25%	Expect lower loss from auto repossessions but higher risk from higher NPLs.
Loss from auto repossessions (THB m)	4,832	n/a	4,400	Expect fewer units sold and gradually lower loss per unit after losses peaked in 2023-24.

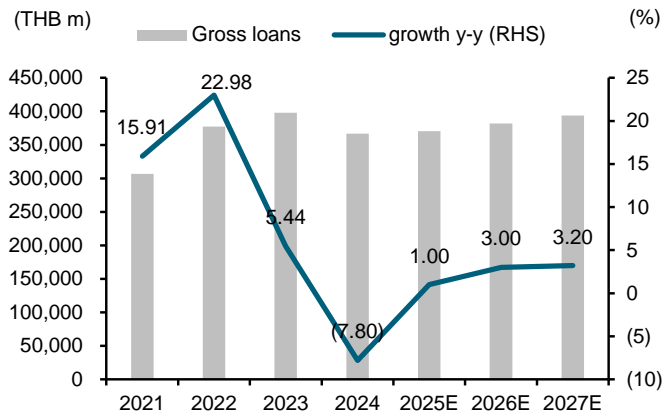
Sources: KKP, FSSIA estimates

## Exhibit 5: KKP's net profit breakdown – still mostly coming from banking business

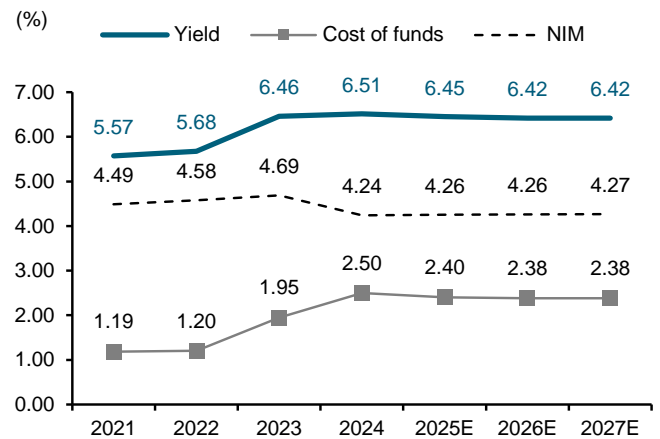
(THB m)



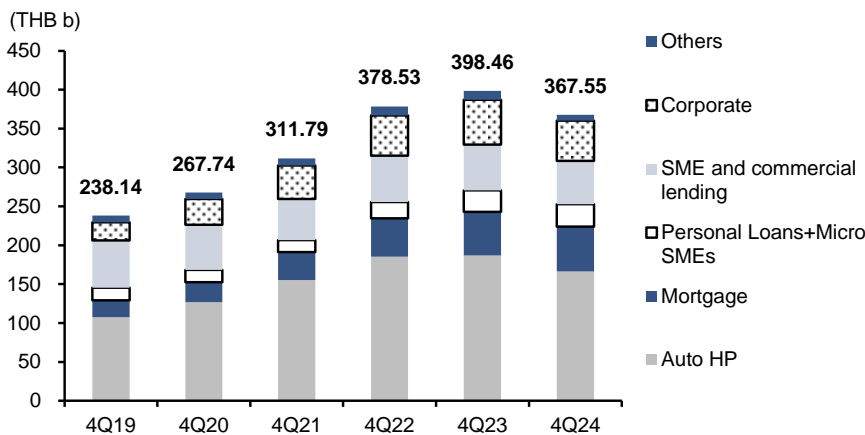
Sources: KKP, FSSIA compilation

**Exhibit 6: KKP's loan growth**

Sources: KKP, FSSIA estimates

**Exhibit 7: Yield, cost of funds and NIM**

Sources: KKP, FSSIA estimates

**Exhibit 8: KKP's loan segmentation – 2024 was the first year of slowdown after aggressive expansion since 2019**

Sources: KKP, FSSIA compilation

**Not a positive outlook for auto loan growth**

We expect KKP's loan growth to be at 1-3% for 2025-27 after the aggressive loan growth since 2020-23 and contraction in 2024. During 2020-23, KKP had expanded loans aggressively, especially in auto HP for both new and used autos (on the back of the high growth of used car prices in that period), mortgages and corporate loans. KKP's net profit and ROE in that time had expanded in tandem with the loan expansion as well.

Note that for KKP's total auto HP loans, used cars contribute a 62% proportion, while new cars contribute 38%. For types of autos, 73% of KKP's total auto HP loans are for sedans, while another 27% are for pickup trucks. With the high growth of used car prices in 2021-22 (+20% y-y), this allowed KKP to expand its auto HP loans aggressively.

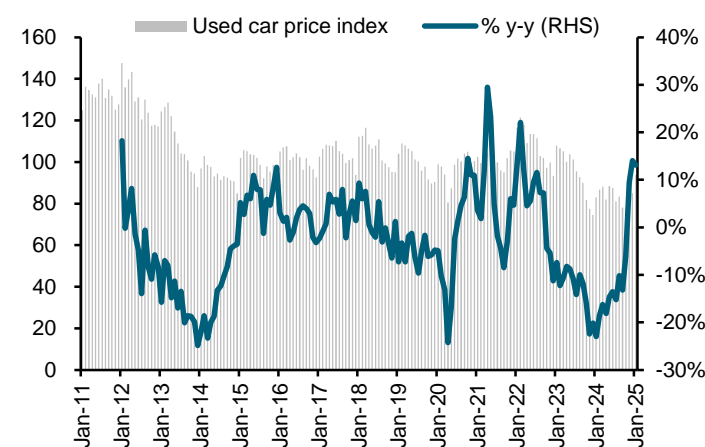
However, the aggressive loan growth by the bank comes with higher a credit cost and higher losses from auto repossessions for the auto HP business later. For HP lenders like KKP, based on our observations, the problem of NPLs, credit cost and losses from auto repossessions have normally occurred 12-24 months after HP loan origination vs the total auto HP loan contract of around 48-72 months. That said, the first 24 months of the HP loan contract is a critical period for asset quality monitoring.

For KKP, the problem of HP loans mostly comes from new loan origination in 2022 when there was a high demand for used cars and new cars but a limited supply from the chip shortage. Nonetheless, many customers have not been able to serve the loan repayment and have caused higher NPLs and losses from auto repossessions.

Moreover, the larger penetration of EV sales to domestic auto sales at 12.2% in 2024 vs 1.1% in 2022 (source: Federation of Thai Industry or FTI and Autolifethailand.tv) and the price war among Chinese EV manufacturers have impacted KKP indirectly via a contraction in used car prices. The bottom of used car prices at a contraction of 25% y-y in 2024 was the result of high competition, especially from the EV segment, a high supply of used cars and weaker purchasing power for the demand side.

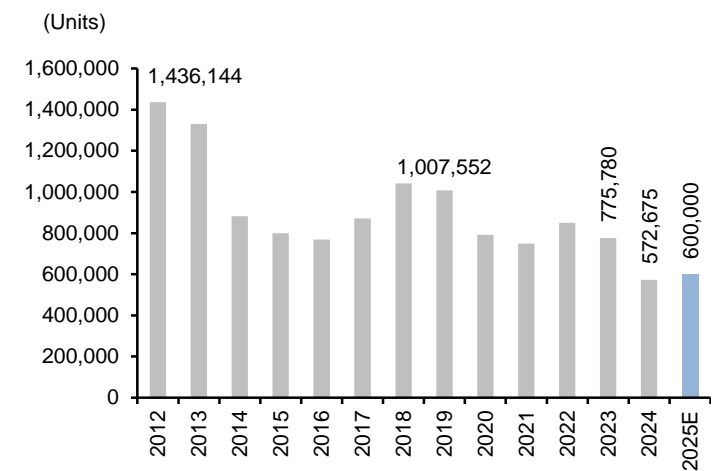
In January 2025, KKP's management sees the recovery in the auto HP market as L-shaped, i.e. the bottom was already found in 2024, but the crisis in the auto HP market has extended with unpredictable upside. Even though used car prices have rebounded to grow by 12% y-y in Jan-25, KKP remains conservative and is uncertain about the used car price outlook going forward on the back of weak purchasing power and high household debt to GDP at 89% (source: Bank of Thailand or BOT). In addition, KKP disclosed that the loan-to-value (LTV) policy for used cars remains stringent. Normally, used car HP loans have LTV of around 80% of market value, i.e. a c20% down payment is required.

**Exhibit 9: Rebound in used car prices recently may not be a strong recovery sign for the used car market**



Sources: Bank of Thailand, Union Auction, FSSIA compilation

**Exhibit 10: Subdued domestic new auto sales from 2019 to 2024-25E**



Sources: Toyota Motor Thailand Federation of Thai Industry (FTI), FSSIA compilation

With KKP's conservative stance on auto HP loans, we expect the bank's loan growth, which we estimate at 1.0% in 2025, to be mainly driven by corporate loans and selective retail mortgages. Note that KKP targets flat loan growth for 2025. Sensitivity-wise, if KKP's loan growth increases further by 1ppt from our base forecast of 1.0% in 2025, the positive impact on KKP's 2025 net profit would be around 0.7%, all else being equal.

### Small benefit from one policy rate cut to 2.0%

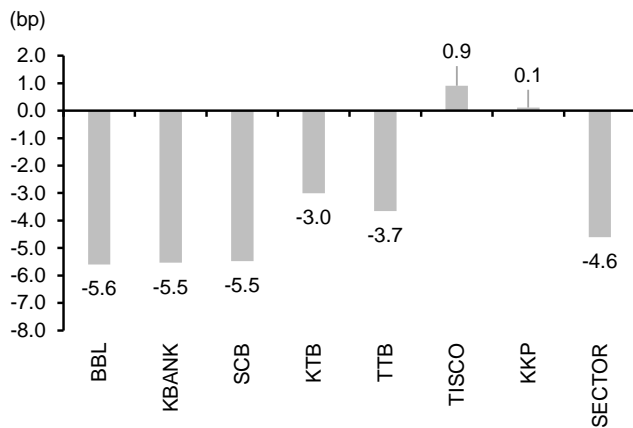
Our KKP earnings forecast is based on one policy rate cut (-25bp) in 2025E to 2.0%. The major proportion of KKP's loans is auto HP (new, used autos, auto cash, etc.), which is normally quoted at a fixed interest rate for the 3 to 5-year duration of the HP contract.

On the other hand, 58% of KKP's funding is fixed deposits which have an average duration of around 12 months. With shorter repricing from the deposit side, the average funding cost during the interest down-cycle should be gradually lower, we believe. For the interest rate cuts in Oct-24 and Feb-25, we expect that KKP could see a positive impact from lower funding costs after 3-9 months on the back of gradual fixed deposit repricing.

With the fixed loan yield from auto HP loans vs a gradually lower average funding cost from the peak in 2024, we expect a net benefit to KKP's NIM from the policy interest rate cut. We expect KKP's NIM to slightly increase to 4.26% in 2025 from 4.24% in 2024.

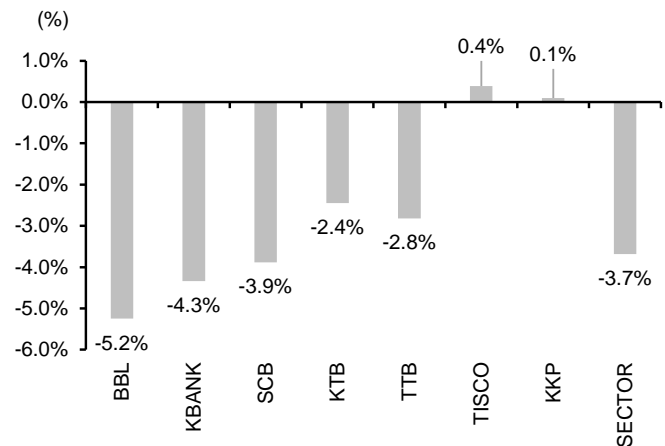
In the case of a further policy interest rate cut by 25bp from our base case, our sensitivity analysis suggests that the small positive impact on KKP's NIM would be around 0.1bp, with a net profit impact of 0.1% for 2025E, all else being equal.

**Exhibit 11: Impact on NIM from 25bp policy interest rate cut**



Sources: Bank's company data, FSSIA estimates

**Exhibit 12: Impact on 2025E net profit from 25bp policy interest rate cut**

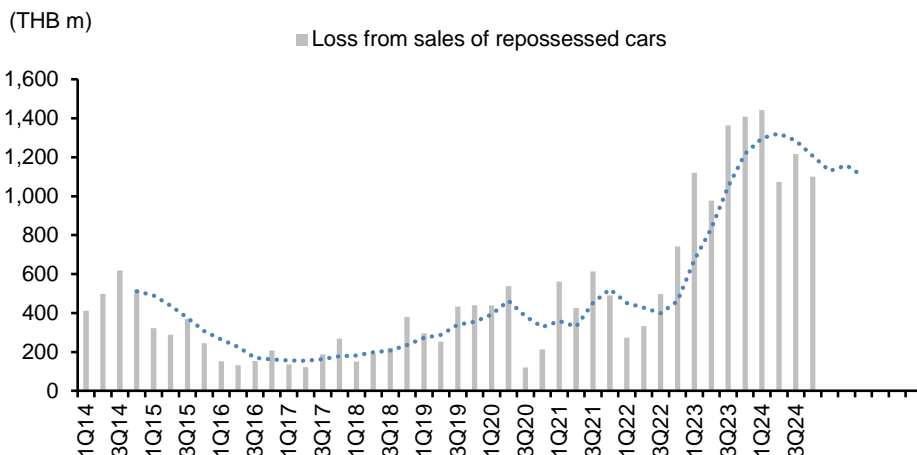


Sources: Bank's company data, FSSIA estimates

### Expect loss from auto repossessions of THB4.4b in 2025

KKP disclosed that the bad HP loans mostly came from new lending in 2022 amid high demand for used cars but slow income growth. KKP cleaned up bad HP loans via repossessions, selling to auction yards, and realized a high loss from auto repossessions of up to THB1.2-1.4b per quarter in 2023-24 vs 0.5b per quarter before that. KKP's new lending in 2023 was more prudent on the back of tightened credit standards.

**Exhibit 13: KKP's quarterly losses from auto repossessions – still high at THB1.0-1.1b per quarter at least**



Sources: KKP, FSSIA compilation

The high auto losses for KKP in 2023-24 corresponded with the high supply of total auto repossessions and the high loss per unit following the large supply flood. According to comments from major auto auction yards (Union Auction, Siam Inter Auction and Apple Auto Auction), they saw the peak of overall auto repossessions at c350,000 units in 2023 and c300,000 units in 2024 vs the normal range of c200,000-250,000 units per year. The repossession peak was a result of the high default rate of HP loans among auto lenders (from banks, captive finance and non-bank operators) following poor debt serviceability and slow income growth among auto HP borrowers.



For 2025, major auction yards expect overall auto repossessions to auction yards to be around c300,000 units +/-, which would be a more stabilized trend but not an obvious downtrend, and not back to the normal level of c200,000-250,000 units per year. The major concerns among auction yards are the risk of slow economic growth, subdued purchasing power and auction price turbulence if many EV autos are repossessed into the system.

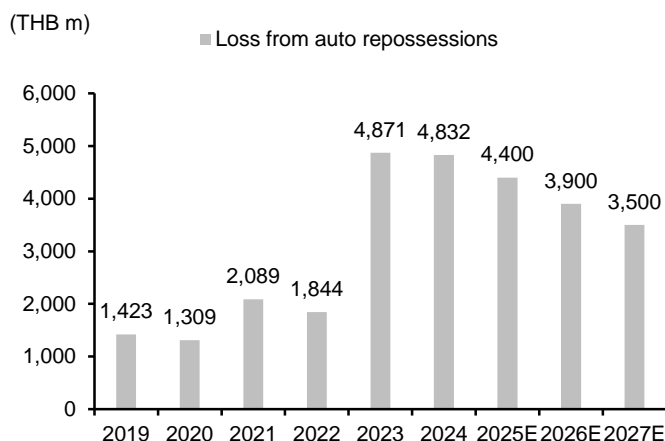
Back to KKP, as of 2024, the bank saw a lower loss from auto repossessions from a lower quantity sold, while the loss per unit stabilized. The auto loss per unit, which is represented by loss given default (LGD), was up to 50% of the loan value for KKP in 2023-24 vs a 10-year historical average of 20-30%.

With a persistently high supply of overall auto repossessions to auction yards at c300,000 units per year in 2025E and uncertain demand for used cars from subdued purchasing power, we do not expect the healthy recovery of used car prices for 2025. The growth of used car prices y-y in 2025 is possible, in our view, but it would mainly be due to the low base effect.

Thus, we expect KKP to report a gradually lower loss from auto repossessions of THB4.4b in 2025, which would be down 10% y-y from its peak of THB4.8-4.9b per year in 2023-24. This means that the loss per quarter would be around THB1.1b per quarter in 2025E vs THB1.2-1.4b per quarter in 2023-24.

In terms of credit cost plus loss from repossessed cars, our 2025 forecast would be at 2.25%, which is in line with KKP's target range of 2.2-2.4% and slightly below the 2024 level of 2.30%.

**Exhibit 14: Expect KKP's loss from auto sales to be at THB4.4b in 2025 vs THB4.8b in 2024 (-10% y-y)**

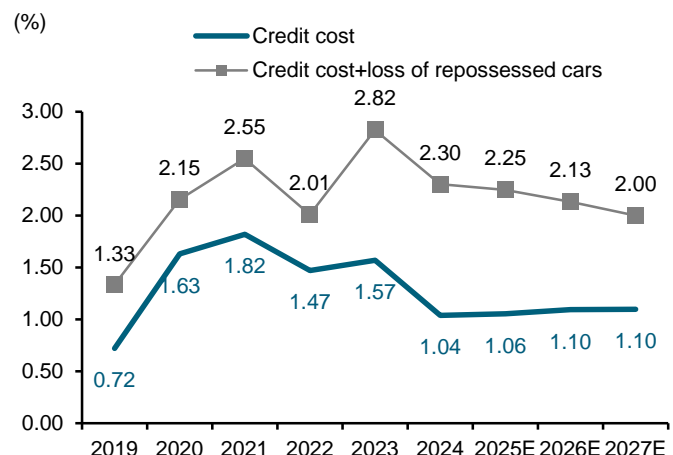


Sources: KKP, FSSIA estimates

Persistently high losses from auto repossessions in 2025-27E for KKP would dilute its EPS and ROE trajectory. Based on our projection, if KKP's loss from auto sales declines to THB3.0b in 2025 (vs our base forecast of THB4.4b), its ROE would be at 9.7%, which is much better than our 2025 base forecast of 7.5%. Note that a lower auto loss of that nature is unlikely in the near term due to the market dynamics mentioned above, we believe.

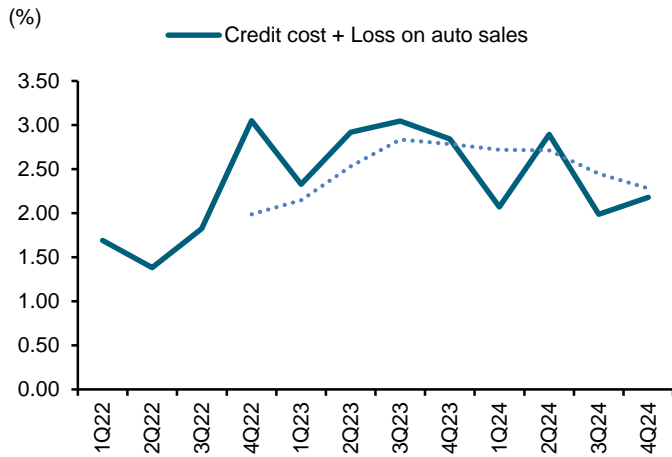
The risk of a higher loss from auto repossessions remains, in our view, from lower used car prices and a higher quantity sold. KKP reported a continuously higher NPL ratio for HP loans to 3.3% in 4Q24 from 2.7% in 4Q23. This higher NPL ratio could raise the concern of a higher quantity of autos to repossess again, we believe, unless troubled debtors and KKP could negotiate for loan restructuring in order to slow the repossession progress.

**Exhibit 15: Expect credit cost + loss from auto sales at 2.25% for 2025**

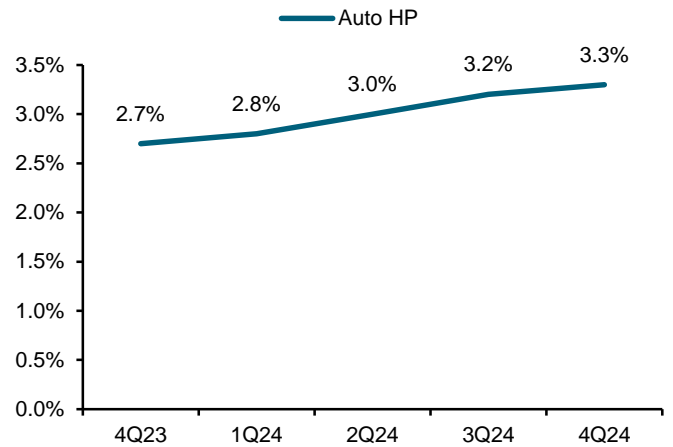


Sources: KKP, FSSIA estimates



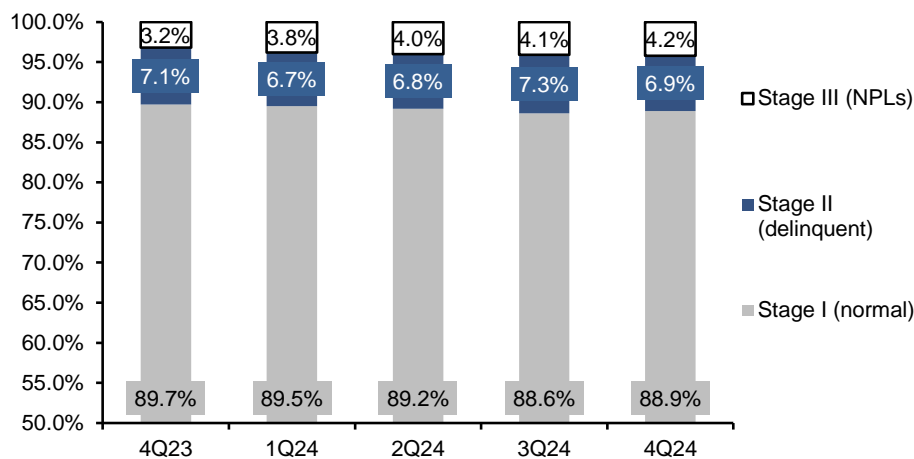
**Exhibit 16: Quarterly credit cost + loss from auto sales**


Sources: KKP, FSSIA compilation

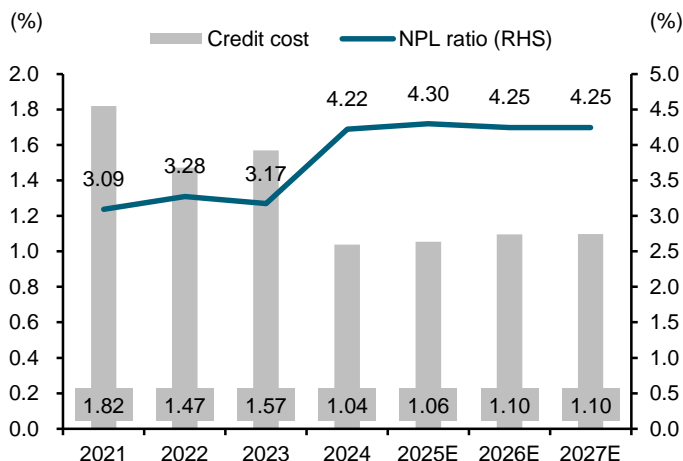
**Exhibit 17: Rising NPLs for KKP's auto hire-purchase (HP)**


Sources: KKP, FSSIA compilation

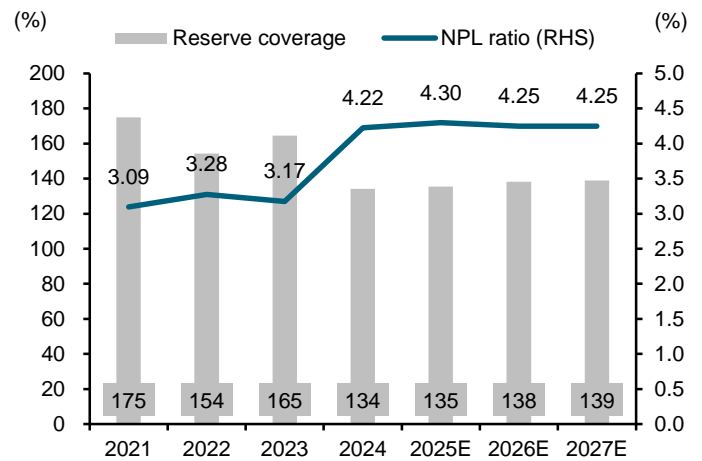
For KKP's overall loan portfolio, we expect its credit cost (not including losses from auto repossessions) to be at 1.06-1.10%, with an NPL ratio of 4.25-4.30% for 2025-27, which would be similar to 2024 levels.

**Exhibit 18: KKP's overall loans by stage**


Sources: KKP, FSSIA compilation

**Exhibit 19: NPL ratio and credit cost**


Sources: KKP, FSSIA estimates

**Exhibit 20: NPL and NPL coverage ratio**


Sources: KKP, FSSIA estimates

## Optimize capital management during period of low loan growth

For its 2024 performance, KKP has announced a full-year DPS of THB4.00, which implies a 68% dividend payout ratio, above market expectations.

We see the high dividend payout ratio for KKP as mainly due to optimizing capital management amid the low balance sheet growth in 2024. Even KKP's CET1 and CAR ratios in 2024 were at 13.1% and 16.6%, respectively, considerably lower compared to peers. These levels are much higher than the regulatory requirement of 8.0% for CET1 and 12.0% for CAR.

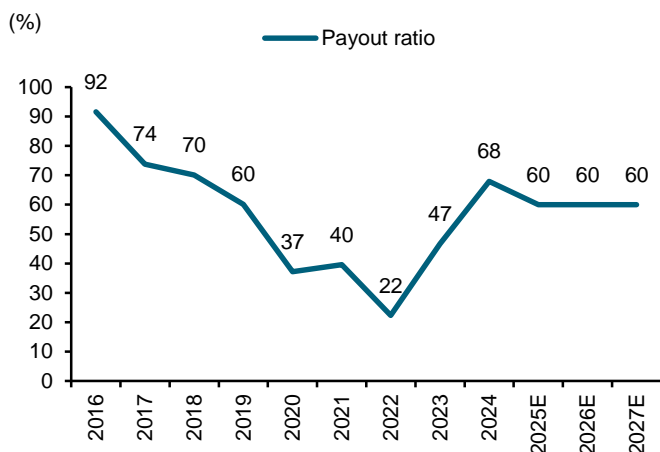
### Exhibit 21: Banks' 2024 dividend payout ratio comparison

2024A	Dividend payout ratio	Dividend yield	XD Date	ROE	CET1	CAR ratio	Comments
BBL	36%	5.7%	23-Apr-25	8.3%	17.0%	20.4%	*** Need further actions, in our view.
KBANK	46%	6.2%	17-Apr-25	8.9%	17.5%	19.6%	Raised payout from 36%, No treasury stock
SCB	80%	8.4%	16-Apr-25	9.1%	17.8%	18.9%	High payout already
KTB	49%	6.7%	16-Apr-25	10.4%	18.8%	20.8%	Raised payout ratio from 33%, positive surprise
TTB	60%	6.8%	25-Apr-25	9.0%	16.9%	19.3%	Treasury stock during 2025-27E
TISCO	90%	7.8%	25-Apr-25	16.1%	17.0%	18.6%	High payout already
KKP	68%	7.1%	2-May-25	8.1%	13.1%	16.6%	Raised payout ratio for capital optimization, positive surprise

Sources: Banks' company data, FSSIA's compilation

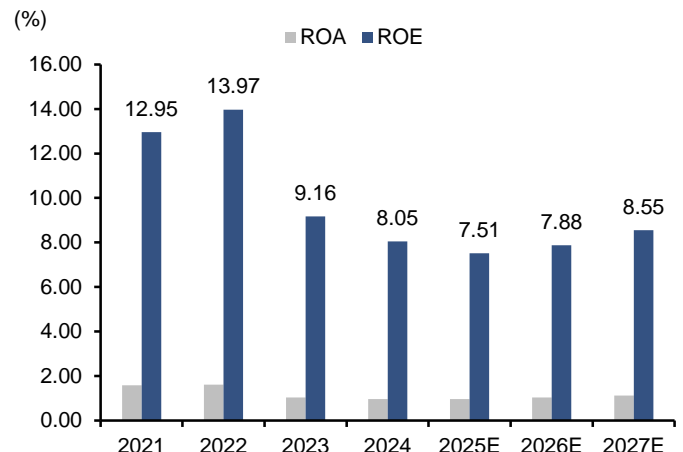
According to KKP's track record since 2016, we think the bank aims to optimize its capital base, as represented by the dynamic dividend payout ratio. During 2016-19, KKP experienced low loan growth (c5% p.a.) and thus decided to pay a high dividend payout ratio of between 60-92%. On the other hand, during 2020-23, KKP had expanded its loan growth aggressively (c14% p.a.). To support loan expansion in that time, KKP decided to lower its dividend payout ratio to 22-47% in order to preserve its capital ratio. For 2024, with loan contraction at 7.8% y-y, this allowed KKP to increase its dividend payout ratio to 68% for optimizing the capital base and ROE enhancement.

### Exhibit 22: Expect 60% dividend payout ratio for KKP for 2025-27



Sources: KKP, FSSIA estimates

### Exhibit 23: ROA and ROE

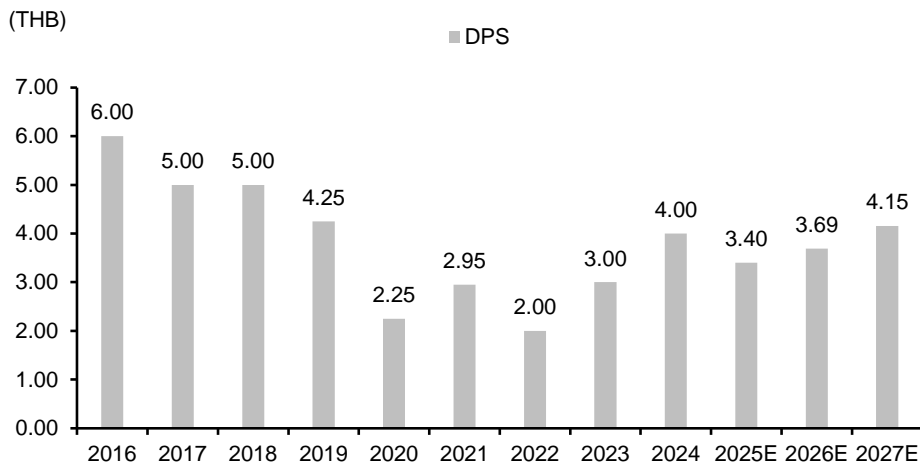


Sources: KKP, FSSIA estimates

Going forward in 2025-27, based on our loan growth projection of 1-3% amid unfavorable credit conditions, we expect KKP to maintain a high dividend payout ratio at 60% over the same period for capital management. We expect KKP's ROE to be around 7.5-8.5% for 2025-27 vs 8.05% in 2024 and much lower than 13-14% in 2021-22 (which were not impacted by high losses from auto repossessions).

The major upside risks to our ROE projections are 1) a lower-than-expected loss from auto repossessions which would directly translate into better profitability for KKP; and 2) a strong improvement in KKP's Capital Market Business, including Investment Banking, Private Wealth Management, asset management via KKPAM and the direct investment business.

#### Exhibit 24: KKP – DPS track record



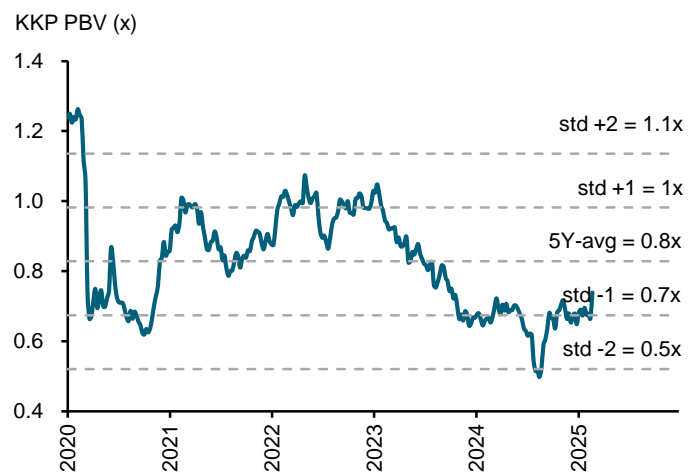
Sources: KKP, FSSIA estimates

#### Exhibit 25: KKP – one-year prospective P/E band



Sources: Bloomberg, FSSIA estimates

#### Exhibit 26: KKP – one-year prospective P/BV band



Sources: Bloomberg, FSSIA estimates

### Exhibit 27: Peer regional banks comparison, as of 26 March 2025

Company name	BBG	Share	Target	Up	Market	----- PE -----		---- PBV ----		----- ROE -----		---- Div yld ----	
	code	price	price	side	Cap.	25E	26E	25E	26E	25E	26E	25E	26E
		(LCY)	(LCY)	(%)	(USD m)	(x)	(x)	(x)	(x)	(%)	(%)	(x)	(x)
Thailand													
Bangkok Bank	BBL TB	149.00	194.00	30	8,376	6.0	5.7	0.5	0.5	8.3	8.3	6.0	6.3
Kasikornbank	KBANK TB	162.50	186.00	14	11,338	7.5	6.9	0.7	0.6	8.9	9.1	6.0	6.5
Krung Thai Bank	KTB TB	24.30	26.50	9	10,001	7.7	7.2	0.7	0.7	9.7	9.9	6.3	6.8
SCB X	SCB TB	125.00	130.00	4	12,395	9.1	8.8	0.8	0.8	9.4	9.5	8.8	9.1
TMBThanachart Bank	TTB TB	1.96	2.05	5	5,604	8.7	8.7	0.8	0.7	9.0	8.7	6.9	6.9
Kiatnakin Bank	KKP TB	56.50	55.50	(2)	1,377	10.0	9.2	0.7	0.7	7.5	7.9	6.0	6.5
Tisco Financial Group	TISCO TB	100.00	95.00	(5)	2,358	12.3	11.6	1.8	1.8	15.0	15.8	7.8	7.8
Thailand weighted average					7,350	8.8	8.3	0.9	0.8	9.7	9.9	6.8	7.1
Hong Kong													
Industrial & Comm Bank of China	1398 HK	5.57	n/a	n/a	316,307	5.2	5.0	0.5	0.4	9.3	8.9	6.0	6.1
China Construction Bank	939 HK	6.82	n/a	n/a	221,285	4.7	4.5	0.5	0.4	10.1	9.9	6.4	6.6
HSBC Holdings	5 HK	89.50	n/a	n/a	205,440	8.8	8.2	1.2	1.1	13.3	13.5	5.8	6.2
Bank of China	3988 HK	4.62	n/a	n/a	209,482	5.6	5.4	0.5	0.5	9.0	8.7	5.7	5.7
Hong Kong average					238,128	6.1	5.8	0.6	0.6	10.4	10.3	6.0	6.2
China													
Industrial & Comm Bank of China	601398 CH	6.83	n/a	n/a	316,487	6.8	6.6	0.6	0.6	9.3	9.0	4.5	4.7
Agricultural Bank of China	601288 CH	5.15	n/a	n/a	245,762	6.6	6.3	0.6	0.6	9.8	9.6	4.8	5.0
China Construction Bank	601939 CH	8.59	n/a	n/a	221,152	6.4	6.2	0.6	0.6	10.0	9.7	4.8	4.9
Bank of China	601988 CH	5.48	n/a	n/a	209,355	7.2	7.0	0.6	0.6	9.0	8.8	4.4	4.5
China average					248,189	6.7	6.5	0.6	0.6	9.5	9.3	4.6	4.8
South Korea													
KB Financial Group	105560 KS	81,800	n/a	n/a	21,602	5.5	5.1	0.5	0.5	9.5	9.3	4.2	4.5
Shinhan Financial Group	055550 KS	48,500	n/a	n/a	16,591	4.8	4.5	0.4	0.4	8.9	8.8	4.7	5.2
Hana Financial Group	086790 KS	62,000	n/a	n/a	12,016	4.4	4.1	0.4	0.4	9.2	9.1	6.0	6.5
Industrial Bank of Korea	024110 KS	15,650	n/a	n/a	8,413	4.5	4.4	0.4	0.4	8.3	8.2	7.1	7.7
South Korea average					14,655	4.8	4.5	0.4	0.4	9.0	8.9	5.5	6.0
Indonesia													
Bank Central Asia	BBCA IJ	8,525	n/a	n/a	63,240	17.9	16.6	3.7	3.4	21.4	21.1	3.7	4.0
Bank Rakyat Indonesia Persero	BBRI IJ	4,000	n/a	n/a	36,298	10.1	9.1	1.8	1.8	18.5	19.7	8.5	8.9
Bank Mandiri Persero	BMRI IJ	5,150	n/a	n/a	28,924	8.3	7.7	1.6	1.4	19.5	19.4	6.9	7.6
Bank Negara Indonesia Persero	BBNI IJ	4,250	n/a	n/a	9,494	6.7	6.2	0.9	0.8	14.0	14.3	7.9	9.1
Bank Syariah Indonesia	BRIS IJ	2,400	n/a	n/a	6,440	13.0	11.0	2.1	1.7	16.9	17.4	1.2	1.8
Indonesia average					28,879	11.2	10.1	2.0	1.8	18.1	18.4	5.6	6.3
Malaysia													
Malayan Banking	MAY MK	10.18	n/a	n/a	28,033	11.7	11.2	1.3	1.2	11.1	11.1	6.3	6.5
Public Bank	PBK MK	4.47	n/a	n/a	19,586	11.6	11.0	1.4	1.4	12.7	12.6	5.1	5.4
CIMB Group Holdings	CIMB MK	7.04	n/a	n/a	17,132	9.4	8.9	1.0	1.0	11.3	11.3	6.2	6.6
Hong Leong Bank	HLBK MK	20.20	n/a	n/a	10,012	9.8	8.8	1.1	1.0	11.5	11.5	3.8	4.2
RHB Bank	RHBBANK MK	6.80	n/a	n/a	6,702	8.9	8.5	0.9	0.8	10.0	10.1	6.5	6.8
Malaysia average					16,293	10.3	9.7	1.1	1.1	11.3	11.3	5.6	5.9
Singapore													
DBS Group Holdings	DBS SP	46.39	n/a	n/a	98,804	11.8	11.5	1.9	1.8	16.3	16.3	6.5	6.6
Oversea-Chinese Banking	OCBC SP	17.25	n/a	n/a	58,304	10.4	10.1	1.3	1.2	12.7	12.5	5.7	5.6
United Overseas Bank	UOB SP	37.85	n/a	n/a	47,938	10.1	9.5	1.3	1.2	13.0	13.1	5.8	5.5
Singapore average					68,349	10.8	10.4	1.5	1.4	14.0	13.9	6.0	5.9
Regional average (excl. Thailand)					97,392	8.4	7.9	1.1	1.0	12.2	12.2	5.5	5.8
Total average (incl. Thailand)					77,695	8.5	8.0	1.0	1.0	11.6	11.7	5.8	6.1

Sources: Bloomberg; FSSIA estimates

## Financial Statements

Kiatnakin Phatra Bank

Profit and Loss (THB m) Year Ending Dec	2023	2024	2025E	2026E	2027E
Interest Income	30,717	30,515	28,567	28,972	29,786
Interest expense	(8,424)	(10,667)	(9,714)	(9,756)	(9,981)
Net interest income	22,294	19,848	18,853	19,217	19,805
Net fees & commission	5,476	5,396	5,761	5,944	6,133
Foreign exchange trading income	441	1,147	1,147	1,147	1,147
Securities trading income	(12)	23	23	23	23
Dividend income	340	153	159	166	172
Other income	224	234	234	234	234
Non interest income	6,469	6,954	7,324	7,514	7,709
Total income	28,763	26,802	26,177	26,730	27,514
Staff costs	(7,144)	(7,287)	(7,433)	(7,582)	(7,733)
Other operating costs	(8,750)	(9,283)	(8,811)	(8,471)	(8,159)
Operating costs	(15,894)	(16,570)	(16,244)	(16,053)	(15,892)
Pre provision operating profit	12,869	10,232	9,933	10,678	11,622
Expected credit loss	(6,082)	(3,974)	(3,892)	(4,123)	(4,255)
Other provisions	-	-	-	-	-
Operating profit	6,787	6,258	6,042	6,555	7,368
Recurring non operating income	0	0	0	0	0
Associates	-	-	-	-	-
Goodwill amortization	-	-	-	-	-
Non recurring items	-	-	-	-	-
Profit before tax	6,787	6,258	6,042	6,555	7,368
Tax	(1,331)	(1,256)	(1,208)	(1,311)	(1,474)
Profit after tax	5,456	5,003	4,833	5,244	5,894
Non-controlling interest	(13)	(18)	(34)	(34)	(34)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	5,443	4,985	4,799	5,210	5,860
Non recurring items & goodwill (net)	-	-	-	-	-
Recurring net profit	5,443	4,985	4,799	5,210	5,860
<b>Per share (THB)</b>					
Recurring EPS *	6.43	5.89	5.67	6.15	6.92
Reported EPS	6.43	5.89	5.67	6.15	6.92
DPS	3.00	4.00	3.40	3.69	4.15
<b>Growth</b>					
Net interest income (%)	16.8	(11.0)	(5.0)	1.9	3.1
Non interest income (%)	(23.5)	7.5	5.3	2.6	2.6
Pre provision operating profit (%)	(11.4)	(20.5)	(2.9)	7.5	8.8
Operating profit (%)	(28.5)	(7.8)	(3.5)	8.5	12.4
Reported net profit (%)	(28.4)	(8.4)	(3.7)	8.6	12.5
Recurring EPS (%)	(28.4)	(8.4)	(3.7)	8.6	12.5
Reported EPS (%)	(28.4)	(8.4)	(3.7)	8.6	12.5
<b>Income Breakdown</b>					
Net interest income (%)	77.5	74.1	72.0	71.9	72.0
Net fees & commission (%)	19.0	20.1	22.0	22.2	22.3
Foreign exchange trading income (%)	1.5	4.3	4.4	4.3	4.2
Securities trading income (%)	0.0	0.1	0.1	0.1	0.1
Dividend income (%)	1.2	0.6	0.6	0.6	0.6
Other income (%)	0.8	0.9	0.9	0.9	0.9
<b>Operating performance</b>					
Gross interest yield (%)	6.46	6.51	6.45	6.42	6.42
Cost of funds (%)	1.95	2.50	2.40	2.38	2.38
Net interest spread (%)	4.51	4.01	4.05	4.04	4.04
Net interest margin (%)	4.7	4.2	4.3	4.3	4.3
Cost/income(%)	55.3	61.8	62.1	60.1	57.8
Cost/assets(%)	3.0	3.2	3.2	3.2	3.1
Effective tax rate (%)	19.6	20.1	20.0	20.0	20.0
Dividend payout on recurring profit (%)	46.7	67.9	60.0	60.0	60.0
ROE (%)	9.2	8.1	7.5	7.9	8.5
ROE - COE (%)	(0.8)	(1.9)	(2.5)	(2.1)	(1.5)
ROA (%)	1.0	1.0	1.0	1.0	1.1
RORWA (%)	1.6	1.5	1.5	1.6	1.7

\* Pre-exceptional, pre-goodwill and fully diluted

Sources: Kiatnakin Phatra Bank; FSSIA estimates

## Financial Statements

### Kiatnakin Phatra Bank

Balance Sheet (THB m) Year Ending Dec	2023	2024	2025E	2026E	2027E
Gross customer loans	397,999	366,955	370,624	381,743	393,959
Allowance for expected credit loss	(20,668)	(20,801)	(21,579)	(22,404)	(23,255)
interest in suspense	7,495	8,787	8,710	8,971	9,258
<b>Net customer loans</b>	<b>384,826</b>	<b>354,941</b>	<b>357,755</b>	<b>368,310</b>	<b>379,962</b>
Bank loans	62,029	38,985	40,154	40,957	42,186
Government securities	-	-	-	-	-
Trading securities	16,035	23,893	23,893	23,893	23,893
Investment securities	36,262	34,540	34,540	34,540	34,540
Cash & equivalents	1,382	1,248	790	606	411
Other interesting assets	-	-	-	-	-
Tangible fixed assets	7,436	7,087	7,228	7,373	7,521
Associates	0	0	0	0	0
Goodwill	5,020	5,088	5,190	5,294	5,399
Other intangible assets	-	-	-	-	-
Other assets	32,337	32,643	32,783	32,927	33,073
<b>Total assets</b>	<b>545,327</b>	<b>498,424</b>	<b>502,334</b>	<b>513,900</b>	<b>526,986</b>
Customer deposits	358,903	359,306	362,899	373,786	385,747
Bank deposits	23,035	17,399	17,399	17,399	17,399
Other interest bearing liabilities	68,900	27,350	25,162	23,149	21,297
Non interest bearing liabilities	33,237	31,204	31,557	31,916	32,282
Hybrid Capital	-	-	-	-	-
<b>Total liabilities</b>	<b>484,074</b>	<b>435,259</b>	<b>437,017</b>	<b>446,251</b>	<b>456,726</b>
Share capital	8,468	8,468	8,468	8,468	8,468
Reserves	52,499	54,397	56,514	58,813	61,390
<b>Total equity</b>	<b>60,967</b>	<b>62,864</b>	<b>64,982</b>	<b>67,280</b>	<b>69,857</b>
Non-controlling interest	286	301	335	369	403
<b>Total liabilities &amp; equity</b>	<b>545,327</b>	<b>498,424</b>	<b>502,334</b>	<b>513,900</b>	<b>526,986</b>
<b>Supplementary items</b>					
Risk weighted assets (RWA)	354,730	328,703	331,845	341,801	352,738
Average interest earning assets	475,659	468,385	442,899	451,280	463,963
Average interest bearing liabilities	431,915	427,446	404,758	409,897	419,389
CET 1 capital	47,655	48,323	49,855	51,519	53,390
Total capital	60,947	61,353	61,843	62,547	63,536
Gross non performing loans (NPL)	12,630	15,503	15,932	16,215	16,734
<b>Per share (THB)</b>					
Book value per share	72.00	74.24	76.74	79.46	82.50
Tangible book value per share	66.07	68.23	70.61	73.20	76.12
<b>Growth</b>					
Gross customer loans	5.4	(7.8)	1.0	3.0	3.2
Average interest earning assets	14.1	(1.5)	(5.4)	1.9	2.8
Total asset (%)	7.4	(8.6)	0.8	2.3	2.5
Risk weighted assets (%)	5.6	(7.3)	1.0	3.0	3.2
Customer deposits (%)	8.3	0.1	1.0	3.0	3.2
<b>Leverage &amp; capital measures</b>					
Customer loan/deposits (%)	107.2	98.8	98.6	98.5	98.5
Equity/assets (%)	11.2	12.6	12.9	13.1	13.3
Tangible equity/assets (%)	10.3	11.6	11.9	12.1	12.2
RWA/assets (%)	65.0	65.9	66.1	66.5	66.9
CET 1 CAR (%)	13.4	14.7	15.0	15.1	15.1
Total CAR (%)	17.2	18.7	18.6	18.3	18.0
<b>Asset Quality (FSSIA's calculation)</b>					
Change in NPL (%)	2.2	22.7	2.8	1.8	3.2
NPL/gross loans (%)	3.2	4.2	4.3	4.2	4.2
Allowance for ECL/gross loans (%)	5.2	5.7	5.8	5.9	5.9
Allowance for ECL/NPL (%)	163.6	134.2	135.4	138.2	139.0
<b>Valuation</b>					
Recurring P/E (x) *	8.8	9.6	10.0	9.2	8.2
Recurring P/E @ target price (x) *	8.6	9.4	9.8	9.0	8.0
Reported P/E (x)	8.8	9.6	10.0	9.2	8.2
Dividend yield (%)	5.3	7.1	6.0	6.5	7.3
Price/book (x)	0.8	0.8	0.7	0.7	0.7
Price/tangible book (x)	0.9	0.8	0.8	0.8	0.7
Price/tangible book @ target price (x)	0.8	0.8	0.8	0.8	0.7
* Pre-exceptional, pre-goodwill and fully diluted					

Sources: Kiatnakin Phatra Bank; FSSIA estimates

# Kiatnakin Phatra Bank PCL (KKP TB)

## FSSIA ESG rating


**62.96 /100**

### Exhibit 28: 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.
★★★★★	<b>&gt;59-79</b>	<b>A mixed track record of managing the most significant ESG risks and opportunities relative to industry peers.</b>
★★★	>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 29: ESG – peer comparison

	FSSIA	Domestic ratings						Global ratings					Bloomberg		
	ESG score	DJSI	SET ESG	SET ESG Rating	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](https://www.settrade.com); FSSIA's compilation

### Exhibit 30: ESG score by Bloomberg

FY ending Dec 31	FY 2019	FY 2020	FY 2021	FY 2022
<b>ESG financial materiality scores - ESG score</b>	<b>—</b>	<b>—</b>	<b>2.86</b>	<b>2.18</b>
BESG environmental pillar score	—	—	0.08	0.08
BESG social pillar score	—	—	3.95	2.45
BESG governance pillar score	—	—	5.02	4.76
<b>ESG disclosure score</b>	<b>46.15</b>	<b>46.69</b>	<b>45.56</b>	<b>45.90</b>
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
<b>Environmental</b>				
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 31: 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
<b>Social</b>				
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
<b>Governance</b>				
<b>Board size</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>
<b>No. of independent directors (ID)</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>
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
<b>No. of executives / company managers</b>	<b>42</b>	<b>40</b>	<b>40</b>	<b>45</b>
No. of female executives	12	15	15	16
Executive share ownership guidelines	No	No	No	No
<b>Size of audit committee</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
No. of ID on audit committee	3	3	3	3
Audit committee meetings	11	12	16	13
Audit meeting attendance %	100	100	94	98
<b>Size of compensation committee</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
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
<b>Size of nomination committee</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
No. of nomination committee meetings	7	5	6	6
Nomination meeting attendance %	100	100	94	100
<b>Sustainability governance</b>				
Verification type	No	No	No	No

Sources: Bloomberg; FSSIA's compilation

## Disclaimer for ESG scoring

ESG score	Methodology	Rating																			
The Dow Jones Sustainability Indices ( <a href="#">DJSI</a> ) 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.																			
SET ESG Ratings List ( <a href="#">SETESG</a> ) by The Stock Exchange of Thailand ( <a href="#">SET</a> )	SET ESG 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 <a href="#">SETESG inclusion</a> , 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. <a href="#">SETESG Index</a> is extended from the SET ESG Ratings 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.																			
<b>CG Score</b> 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%).																			
<b>AGM level</b> 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&amp;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.																			
<a href="#">Thai CAC</a> 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.																			
<a href="#">Morningstar Sustainalytics</a>	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. <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 &amp; 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><tr><th>NEGL</th><th>Low</th><th>Medium</th><th>High</th><th>Severe</th></tr><tr><td>0-10</td><td>10-20</td><td>20-30</td><td>30-40</td><td>40+</td></tr></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+																	
<a href="#">ESG Book</a>	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.																			
<a href="#">MSCI</a>	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><tr><td><b>AAA</b></td><td>8.571-10.000</td><td rowspan="3"><b>Leader:</b></td><td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td></tr><tr><td><b>AA</b></td><td>7.143-8.570</td></tr><tr><td><b>A</b></td><td>5.714-7.142</td></tr><tr><td><b>BBB</b></td><td>4.286-5.713</td><td rowspan="3"><b>Average:</b></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><b>BB</b></td><td>2.857-4.285</td></tr><tr><td><b>B</b></td><td>1.429-2.856</td></tr><tr><td><b>CCC</b></td><td>0.000-1.428</td><td><b>Laggard:</b></td><td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td></tr></table>	<b>AAA</b>	8.571-10.000	<b>Leader:</b>	leading its industry in managing the most significant ESG risks and opportunities	<b>AA</b>	7.143-8.570	<b>A</b>	5.714-7.142	<b>BBB</b>	4.286-5.713	<b>Average:</b>	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	<b>BB</b>	2.857-4.285	<b>B</b>	1.429-2.856	<b>CCC</b>	0.000-1.428	<b>Laggard:</b>	lagging its industry based on its high exposure and failure to manage significant ESG risks
<b>AAA</b>	8.571-10.000	<b>Leader:</b>	leading its industry in managing the most significant ESG risks and opportunities																		
<b>AA</b>	7.143-8.570																				
<b>A</b>	5.714-7.142																				
<b>BBB</b>	4.286-5.713	<b>Average:</b>	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers																		
<b>BB</b>	2.857-4.285																				
<b>B</b>	1.429-2.856																				
<b>CCC</b>	0.000-1.428	<b>Laggard:</b>	lagging its industry based on its high exposure and failure to manage significant ESG risks																		
<a href="#">Moody's ESG solutions</a>	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.																				
<a href="#">Refinitiv ESG rating</a>	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; &gt;25 to 50 = satisfactory; &gt;50 to 75 = good; and &gt;75 to 100 = excellent.)</i>																				
<a href="#">S&amp;P Global</a>	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.																				
<b>Bloomberg</b>	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

#### Nathapol Pongsukcharoenkul 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.

This report has been prepared by FSS International Investment Advisory Securities Company Limited (FSSIA). The information herein has been obtained from sources believed to be reliable and accurate; however FSSIA makes no representation as to the accuracy and completeness of such information. Information and opinions expressed herein are subject to change without notice. FSSIA has no intention to solicit investors to buy or sell any security in this report. In addition, FSSIA does not guarantee returns nor price of the securities described in the report nor accept any liability for any loss or damage of any kind arising out of the use of such information or opinions in this report. Investors should study this report carefully in making investment decisions. All rights are reserved.

This report may not be reproduced, distributed or published by any person in any manner for any purpose without permission of FSSIA. Investment in securities has risks. Investors are advised to consider carefully before making investment decisions.

Company	Ticker	Price	Rating	Valuation & Risks
Kiatnakin Phatra Bank	KKP TB	THB 56.50	HOLD	Downside risks to our GGM-based target price include weakened asset quality, high loss from auto repossessions and lower fee income. By contrast, upside risks include better capital market conditions, higher used car prices, and strengthened asset quality.
Bangkok Bank	BBL TB	THB 149.00	BUY	Downside risks 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 162.50	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 24.30	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 125.00	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. Upside risks comprise 1) the faster-than-expected recovery of EA operations and financial stability; and 2) a reduction in Thai household debt.
TMBThanachart Bank	TTB TB	THB 1.96	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 include 1) resumption of loan growth, especially retail loans (mortgage, auto, unsecured loans); 2) benign asset quality with lower credit cost; and 3) better-than-expected OPEX control.
Tisco Financial	TISCO TB	THB 100.00	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. 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 26-Mar-2025 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.