

KIATNAKIN PHATRA SECURITIES PLC

No. 50/2025
11 April 2025

FINANCIAL INSTITUTIONS

Company Rating: A
Outlook: Stable

Last Review Date: 24/04/24

Company Rating History:

Date	Rating	Outlook/Alert
26/04/19	A	Stable
26/04/18	A-	Positive
13/06/13	A-	Stable

Contacts:

Pawin Thachasongtham
pawin@trisrating.com

Jantana Taveeratanasilp
jantana@trisrating.com

Jittrapan Pantaleard
jittrapan@trisrating.com

Annop Supachayanont, CFA
annop@trisrating.com



WWW.TRISRATING.COM

RATIONALE

TRIS Rating affirms the company rating on Kiatnakin Phatra Securities PLC (KKPS) at “A” with a “stable” outlook. The rating primarily reflects the company’s status as a core subsidiary of Kiatnakin Phatra Capital PLC (KKP CAPITAL), which in turn is a core entity under Kiatnakin Phatra Bank PLC (KKP, rated “A/Stable”). The rating on KKPS is equivalent to the company rating on KKP.

KEY RATING CONSIDERATIONS

Core subsidiary of KKP

We consider KKPS a core entity of the KKP Group. KKPS is a wholly-owned subsidiary of KKP CAPITAL, which is a core entity of KKP. The company serves as a capital market arm of the KKP Group. Over the past three years, it has contributed 20% on average to KKP’s profits.

The integration between KKPS and KKP is substantial. KKP influences KKPS’s business strategy, financial targets, and risk management through the board of directors and top management. The synergistic benefit is also evident in their client base, with around 20% of KKPS’s active securities trading accounts coming from KKP’s referrals. Also, the company leverages KKP’s bank branch network and staffs to provide comprehensive financial products and services to clients.

We believe KKP will continue to maintain a strong and long-term commitment to KKPS, encompassing both business and financial support, given the company’s integral role in the group’s long-term business strategy.

Strong business position

In our view, KKPS holds a strong business position in Thailand’s capital markets, benefiting from its expertise in wealth management, investment banking (IB), and brokerage services. The company has a well-established franchise, particularly in catering to high-net-worth individuals (HNWIs) and institutional clients.

KKPS holds a leading market position in Thailand’s wealth management industry with asset under advisement (AUA) of THB907 billion at end-2024. The figure increased from THB750 billion at end-2023. The company has built a strong reputation for delivering comprehensive investment solutions, leveraging its in-depth research capabilities and highly experienced financial consultants.

In the securities brokerage sector, KKPS maintained a strong revenue market share of 8.3% in 2024, slightly increased from 7.7% in 2023. The company particularly excels in the domestic institutional market, commanding a robust 12% revenue market share in 2024 — the highest among our rated securities brokerage firms. This strong market position stems from the company’s extensive research capabilities and a highly effective sales team.

Risk management aligned to group

KKPS remains committed to following KKP Group’s risk management policy, under the Bank of Thailand’s (BOT) consolidated supervision. The company maintains limited exposure to credit risk, as it does not engage in margin lending. Its exposure to market risks is generally limited to low-risk trading

activities, primarily on arbitrage and hedging for the financial products it offers to clients.

Ongoing financial support from KKP

We expect KKPS will continue to receive financial supports from KKP through credit lines and subordinated loans. Also, the company has access to credit facilities from other financial institutions. As of the end of January 2025, the company had credit facilities totaling THB4.9 billion, excluding the credit line provided by KKP. The total available credit facilities should be sufficient to support the company's operational needs and address any potential liquidity shortfalls.

BASE-CASE ASSUMPTIONS

TRIS Rating's base-case assumption is that KKPS will remain a core subsidiary of KKP.

RATING OUTLOOK

The "stable" outlook reflects our expectation that KKPS will maintain its status as a core subsidiary of KKP and continue to receive strong support from its parent bank.

RATING SENSITIVITIES

The rating and/or outlook on KKPS are equivalent to and move in tandem with those of KKP. The weakening of KKPS's group status in TRIS Rating's view may result in a downgrade for its rating.

COMPANY OVERVIEW

Phatra Securities PLC (PHATRA) was spun off from Phatra Thanakit PLC in 1997, becoming a 99.99% owned subsidiary of Phatra Thanakit. Prior to the spin-off, its securities business had been conducted as a department within Phatra Thanakit since 1975. In 1998, PHATRA changed its name to Merrill Lynch Phatra Securities Co. Ltd. after Merrill Lynch & Co., Inc. (ML) and Kasikorn Bank PLC (KBANK) acquired 51% and 49% stakes in PHATRA, respectively. The company changed its name back to Phatra Securities PLC when ML and KBANK sold their combined stakes in Merrill Lynch Phatra Securities PLC to the current management team, employees, and selected investors in 2003. PHATRA became a public company and its shares were listed on the Stock Exchange of Thailand (SET) in 2005.

PHATRA has collaborated with ML since 2003. The alliance covers research, securities brokerage, and IB. In 2010, the company restructured. Phatra Capital PLC was set up as a holding company and the direct investment (DI) portfolio was transferred from Phatra Securities to the newly set-up Phatra Capital. Phatra Capital was listed on the SET in place of Phatra Securities. The restructuring had three goals: to separate the risks of the agency business and the principal investment business, to give PHATRA more flexibility for future expansion efforts and strategic partnership opportunities, and to minimize conflicts of interest between the agency and principal investment businesses.

As of May 2015, Phatra Capital held a 99.9% stake in Phatra Securities. Before the merger with KKP, PHATRA's expansion efforts were constrained by limitations on capital, size, and business scope inherent in PHATRA's securities business license. The development of, and competition in, the country's and the region's financial markets threatened PHATRA's long-term competitive position. As a result, in April 2012, PHATRA's shareholders approved the merger with KKP at the annual general meeting. In September 2012, the merger was successfully completed. KKP now holds 99.9% of Phatra Capital, currently renamed KKP Capital PLC (KKP CAPITAL).

In August 2020, the company's name was changed to Kiatnakin Phatra Securities PLC (KKPS), following the name change of its parent bank to Kiatnakin Phatra Bank PLC (KKP), to reflect seamless integration within the financial group.

FINANCIAL STATISTICS AND KEY FINANCIAL RATIOS
Unit: Mil. THB

	-----Year Ended 31 December -----				
	2024	2023	2022	2021	2020
Total assets	19,722	19,675	27,938	29,625	14,814
Net investment in securities	9,837	7,693	15,877	15,318	4,666
Total securities business receivables and accrued interest receivables	6,681	6,170	8,504	10,996	6,838
Allowance for doubtful accounts	709	709	709	-	-
Total debts	2,570	-	5,070	7,170	370
Shareholders' equity	7,540	7,509	6,886	6,190	5,467
Net securities business income	3,680	3,533	3,553	4,184	3,145
Total income	4,719	4,777	4,931	5,367	3,954
Operating expenses	2,775	2,712	2,512	2,429	1,832
Interest expenses	77	113	146	57	52
Net profit	1,060	1,059	684	1,772	1,217

Unit: %

	-----Year Ended 31 December -----				
	2024	2023	2022	2021	2020
Profitability					
Brokerage fees/total revenues	30.5	31.8	43.8	36.2	41.9
Fees and services income/total revenues	35.8	32.7	29.9	39.4	25.4
Gain (loss) from trading/total revenues	15.0	13.5	6.8	8.6	19.3
Operating expenses/net revenues	59.8	58.1	52.5	45.8	46.9
Pre-tax margin	28.4	28.7	18.0	41.8	39.1
Return on average assets	5.4	4.4	2.4	8.0	6.9
Earning before tax/risk-weighted assets	2.8	2.5	1.3	4.8	4.7
Asset Quality					
Classified receivables/gross securities business receivables	10.6	11.5	8.3	0.0	0.0
Allowance for doubtful accounts/gross securities business receivables	10.6	11.5	8.3	0.0	0.0
Credit costs (reversal)	0.0	0.0	7.3	0.0	0.0
Capitalization					
Leverage ratio	34.6	34.9	23.8	20.8	33.3
Risk-adjusted capital	13.6	15.8	10.4	9.7	17.6
Funding and Liquidity					
Gross stable funding ratio	125.0	135.2	98.5	104.6	195.1
Liquidity coverage metric	2.0	2.3	1.2	1.1	2.1

RELATED CRITERIA

- Group Rating Methodology, 7 September 2022

Kiatnakin Phatra Securities PLC (KKPS)

Company Rating:	A
Rating Outlook:	Stable

TRIS Rating Co., Ltd.

Silom Complex Building, 24th Floor, 191 Silom Road, Bangkok 10500, Thailand Tel: +66 2 098 3000

© Copyright 2025, TRIS Rating Co., Ltd. All rights reserved. Any unauthorized use, disclosure, copying, republication, further transmission, dissemination, redistribution or storing for subsequent use for any purpose, in whole or in part, in any form or manner or by any means whatsoever, by any person, of the credit rating reports or information is prohibited, without the prior written permission of TRIS Rating Co., Ltd. The credit rating is not a statement of fact or a recommendation to buy, sell or hold any debt instruments. It is an expression of opinion regarding credit risks for that instrument or particular company. The opinion expressed in the credit rating does not represent investment or other advice and should therefore not be construed as such. Any rating and information contained in any report written or published by TRIS Rating has been prepared without taking into account any recipient's particular financial needs, circumstances, knowledge and objectives. Therefore, a recipient should assess the appropriateness of such information before making an investment decision based on this information. Information used for the rating has been obtained by TRIS Rating from the company and other sources believed to be reliable. Therefore, TRIS Rating does not guarantee the accuracy, adequacy, or completeness of any such information and will accept no liability for any loss or damage arising from any inaccuracy, inadequacy or incompleteness. Also, TRIS Rating is not responsible for any errors or omissions, the result obtained from, or any actions taken in reliance upon such information. All methodologies used can be found at www.trisrating.com/rating-information/rating-criteria