

Kiatnakin Phatra Bank Pcl (KKP TB) - BUY, Price Bt51.5, TP Bt63**Results Comment**

Sarachada Sornsong | Email: sarachada.sor@thanachartsec.co.th

Stronger-than-expected profits

- KKP reported net profits of Bt1.4bn, up 110% y-y and 8% q-q in 4Q24. Profits were Bt4.99bn, down 8% from 2023. However, profits beat our estimates by 10% on higher-than-expected non-interest income and lower provisions. Results showed significant improvements in asset quality and capital market fees. We also expect high dividends and maintain our BUY call on KKP.
- Loans contracted 1.5% q-q and 7.8% YTD. The contractions were across auto HP, SME, corporate and Lombard loans. NIM dipped on lower yield and higher funding costs. We believe this was partly due to higher liquidity as LDR was down almost 7% q-q.
- NPLs were well manageable. NPL ratio was stable at 4.3%. Losses on sales were down q-q to Bt1.1bn from Bt1.2bn in 3Q24 and Bt1.4bn in 4Q23.
- All-in credit costs were down 2.2%, increased slightly from 2% in 3Q24. The same ratio was averaging at 2.3% in 2024, down from 2.8% in 2023.
- Non-interest income was up 30% q-q in 4Q24 due to higher capital market fees and mark to market investment gains. The growth was 7.5% y-y in 2024.
- Net fee income grew 10% y-y and 9% q-q in 4Q24 on higher wealth and asset management businesses. The full-year figure showed slight contraction of 2% mainly on lower bancassurance fees as it relates to new loan volume.
- Opex was down both y-y and q-q in 4Q24 due to lower employee expense and losses on sales. Excluding the losses, cost to income ratio was well controlled at 44% in 2024.

Income Statement						Income Statement					
(consolidated)						12M as					
Yr-end Dec (Bt m)	4Q23	1Q24	2Q24	3Q24	4Q24	(Bt m)	q-q%	y-y%	% 2024F	2024A	2025F
Interest & dividend income	8,057	7,881	7,722	7,638	7,273	Interest & dividend income	(5)	(10)	99	30,515	28,460
Interest expense	2,495	2,629	2,714	2,701	2,624	Interest expense	(3)	5	100	10,667	9,383
Net interest income	5,562	5,253	5,009	4,937	4,649	Net interest income	(6)	(16)	99	19,848	19,077
Non-interest income	1,393	1,579	1,543	1,668	2,163	Non-interest income	30	55	106	6,954	7,377
Total income	6,955	6,832	6,552	6,605	6,813	Total income	3	(2)	101	26,802	26,454
Operating expense	4,584	4,316	3,809	4,326	4,119	Operating expense	(5)	(10)	97	16,570	16,027
Pre-provisioning profit	2,371	2,516	2,743	2,279	2,693	Pre-provisioning profit	18	14	107	10,232	10,427
Provision for bad&doubtful debt	1,429	609	1,769	681	914	Provision for bad&doubtful debt	34	(36)	98	3,974	3,800
Profit before tax	942	1,907	974	1,598	1,779	Profit before tax	11	89	113	6,258	6,627
Tax	270	400	202	282	372	Tax	32	38	115	1,256	1,299
Profit after tax	672	1,507	772	1,316	1,407	Profit after tax	7	109	112	5,003	5,327
Equity income	-	-	-	-	-	Equity income	neg	neg	-	-	-
Minority interests	(2)	(1)	(3)	(12)	(2)	Minority interests	neg	neg	219	(18)	(8)
Extra items	-	-	-	-	-	Extra items	neg	neg	-	-	-
Net profit	670	1,506	769	1,305	1,406	Net profit	8	110	112	4,985	5,319
Normalized profit	670	1,506	769	1,305	1,406	Normalized profit	8	110	112	4,985	5,319
PPP/share (Bt)	2.8	3.0	3.2	2.7	3.2	PPP/share (Bt)	18	14	107	12.1	12.3
EPS (Bt)	0.8	1.8	0.9	1.5	1.7	EPS (Bt)	8	110	112	5.9	6.3
Norm EPS (Bt)	0.8	1.8	0.9	1.5	1.7	Norm EPS (Bt)	8	110	112	5.9	6.3
BV/share (Bt)	72.0	74.0	73.1	72.9	74.2	BV/share (Bt)	2	3	74	74.2	74.7

Balance Sheet						Financial Ratios					
(consolidated)						12M as					
Yr-end Dec (Bt m)	4Q23	1Q24	2Q24	3Q24	4Q24	(%)	4Q23	1Q24	2Q24	3Q24	4Q24
Cash and Interbank	63,411	48,330	54,586	40,236	40,232	Gross loan growth (YTD)	5.4	(0.7)	(1.8)	(6.4)	(7.8)
Other liquid items	24,098	25,957	21,048	40,600	32,112	Gross loan growth (q-q)	(0.6)	(0.7)	(1.0)	(4.7)	(1.5)
Total liquid items	87,509	74,287	75,634	80,835	72,344	Deposit growth (YTD)	8.3	(0.6)	2.9	(4.1)	0.1
Gross loans and accrued interest	405,493	402,685	398,749	380,398	375,542	Deposit growth (q-q)	2.5	(0.6)	3.5	(6.8)	4.4
Provisions	20,668	20,500	21,078	20,838	20,601	Non-interest income (y-y)	(46.8)	(8.1)	(18.8)	14.5	55.3
Net loans	384,826	382,185	377,671	359,560	354,941	Non-interest income (q-q)	(4.4)	13.4	(2.3)	8.1	29.7
Fixed assets	14,677	14,206	14,320	14,216	14,071	Fee income / Operating income	19.2	16.4	17.9	22.4	23.8
Other assets	22,054	24,625	25,572	22,484	22,528	Cost-to-income	65.9	63.2	58.1	65.5	60.5
Total assets	545,327	532,436	529,581	515,628	498,424	Net interest margin	4.05	3.90	3.77	3.78	3.67
Deposits	358,903	356,849	369,440	344,234	359,306	Credit cost	1.44	0.62	1.81	0.73	1.00
Interbank	23,035	22,415	18,146	21,073	17,399	ROE	4.4	9.7	4.9	8.4	9.0
Other liquid items	483	581	553	609	347	Loan-to-deposit	110.9	110.7	105.8	108.3	102.1
Total liquid items	382,421	379,845	388,138	365,915	377,052	Loan-to-deposit + S-T borrowing	110.9	110.7	105.8	108.3	102.1
Borrowings	68,900	60,706	48,236	39,328	27,350	NPLs (Bt m)	14,710	17,310	17,442	17,407	17,473
Other liabilities	32,753	28,944	30,983	48,353	30,858	NPL increase	(1,412)	2,600	132	(35)	66
Minority interest	286	287	288	299	301	NPL ratio	3.30	3.90	4.10	4.30	4.30
Shareholders' equity	60,967	62,654	61,936	61,733	62,864	Loan-loss-coverage ratio	140.5	118.4	120.8	119.7	117.9
Total Liabilities & Equity	545,327	532,436	529,581	515,628	498,424	CAR - total	15.7	16.0	16.2	16.5	16.6

Sources: Company data, Thanachart estimates

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