Small Cap Research

**BUY** (Unchanged) | **TP: Bt 58.00** (From: Bt 63.00)

**Change in Numbers** | **Upside : 16.0%** | **30 APRIL 2025**

# Kiatnakin Phatra Bank (KKP TB)

## Finalizing resolution

**Following KKP's higher-than-expected funding costs, we lower our earnings estimates and TP to Bt58. Although the recovery is slower than we'd anticipated, KKP looks on track for an earnings improvement. Coupled with what we see as an attractive valuation and a high dividend yield, we maintain our BUY rating.**


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Thanachart Securities

### Funding costs declining, albeit slowly

While the pace of loan yield decline for KKP was in line with our expectations, the benefit from funding cost repricing was slower in 1Q25. This was mainly because the bank has yet to lower the interest rate on special savings (20% of total deposits), which are price-sensitive and linked to its wealth management business. However, with bond yields shifting downward, we see room for the bank to gradually reduce these costs. Combined with the increased maturity of fixed deposits — where interest rates are clearly on a declining trend — we forecast a greater decline in funding costs over the next 12 months.

### Falling credit costs

KKP's overall credit costs (provisions plus losses on sales) fell from 2.07% in 1Q24 and 2.18% in 4Q24 to 1.97% in 1Q25. The bank's aggressive clean-up of legacy HP loans from the most vulnerable 2022–23 vintages, completed in 2H24, has begun to bear fruit. Losses on sales fell sharply from Bt1.44bn in 1Q24 and Bt1.1bn in 4Q24 to just Bt695m in the previous quarter. Meanwhile, the rise in provisions reflected increased NPLs in micro-SME and real estate loans, driven by the sluggish economy. However, we expect the improved quality of auto HP loans to help offset the rising provisioning needs from these segments. We estimate credit costs to decline to 1.94% this year and further to 1.82% in 2026F.

### Earnings recovery looks intact

After our mass revisions in our ***Siam Senses*** report, ***Shaking pillars,*** dated 7 April 2025, where we cut KKP's 2025-27F earnings and TP to Bt63, we now lower our earnings by a further 2-11% to reflect higher funding costs. Nevertheless, our view of KKP's improving earnings trend remains unchanged. We expect profits to remain at around 1Q25 levels in 2Q25F before staging a stronger recovery in 2H25F as funding cost repricing benefits feed through more meaningfully. We expect a 25bps policy rate cut in April, followed by another 25bps reduction in early 2H25F. In 2026F, with credit costs normalizing and the full-year impact of lower funding costs, we expect KKP's profits to grow 7%.

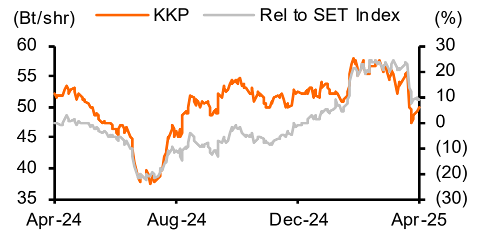
### Maintaining BUY with a lower TP of Bt58

Following our earnings cuts, we lower our DDM-based 12-month TP (2025F base year) by 8% to Bt58 but maintain our BUY call. We believe KKP has passed the worst of its asset quality cycle, and that benefits from declining funding costs will become more pronounced in the coming quarters. Meanwhile, its well-diversified income sources should help cushion the weaker capital market hit. Lastly, KKP's valuations still look attractive at 8x PE and 0.65x P/BV in 2025F, with a high dividend yield of 8%.

#### COMPANY VALUATION

| Y/E Dec (Bt m) | 2024A | 2025F | 2026F | 2027F |
|---|---|---|---|---|
| Pre Provision Profit | 10,286 | 10,707 | 10,766 | 11,102 |
| Net profit | 5,031 | 5,064 | 5,391 | 5,820 |
| Consensus NP | — | 4,910 | 5,374 | 5,793 |
| *Diff frm cons (%)* | — | *3.1* | *0.3* | *0.5* |
| Norm profit | 5,031 | 5,064 | 5,391 | 5,820 |
| Prev. Norm profit | — | 5,426 | 5,519 | 6,518 |
| *Chg frm prev (%)* | — | *(6.7)* | *(2.3)* | *(10.7)* |
| Norm EPS (Bt) | 6.0 | 6.1 | 6.5 | 7.1 |
| Norm EPS grw (%) | (7.1) | 2.0 | 7.2 | 8.6 |
| Norm PE (x) | 8.4 | 8.2 | 7.6 | 7.0 |
| P/BV (x) | 0.7 | 0.7 | 0.6 | 0.6 |
| Div yield (%) | 8.0 | 7.8 | 8.9 | 9.6 |
| ROE (%) | 8.1 | 7.9 | 8.2 | 8.6 |
| ROA (%) | 1.0 | 1.0 | 1.1 | 1.2 |

#### PRICE PERFORMANCE

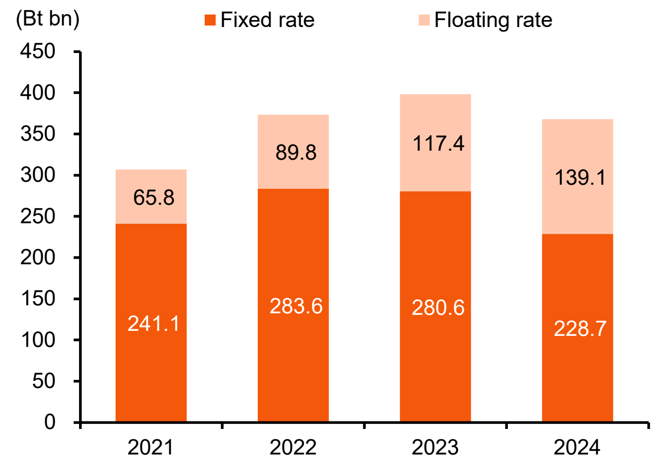



#### COMPANY INFORMATION

| | |
|---|---|
| Price: *as of* 30-Apr-25 (Bt) | 50.00 |
| Market Cap (US$ m) | 1,267 |
| Listed Shares (m shares) | 846.8 |
| Free Float (%) | 87.0 |
| Avg. Daily Turnover (US$ m) | 4.4 |
| 12M Price H/L (Bt) | 58.00/37.50 |
| Sector | BANK |
| Major Shareholder | Chottanawat 5.27% |

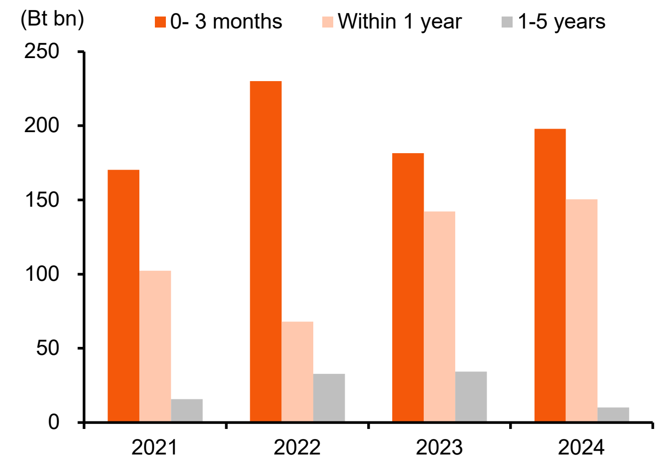
Sources: Bloomberg, Company data, Thanachart estimates

### Ex 1: Fixed Rate Vs. Floating Rate Loans



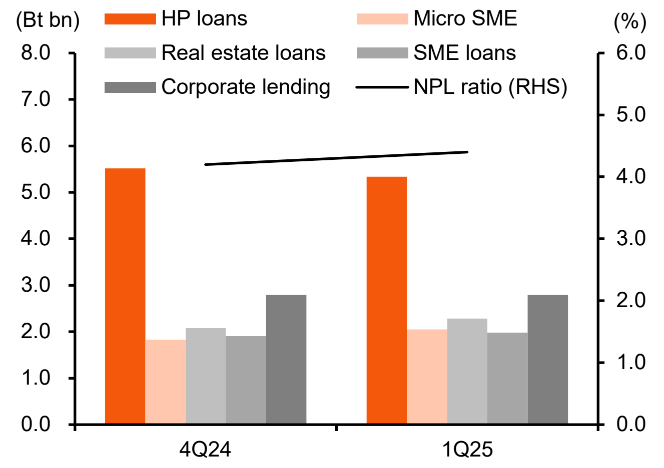

Source: Company data

### Ex 2: Deposit Breakdown By Repricing Maturity



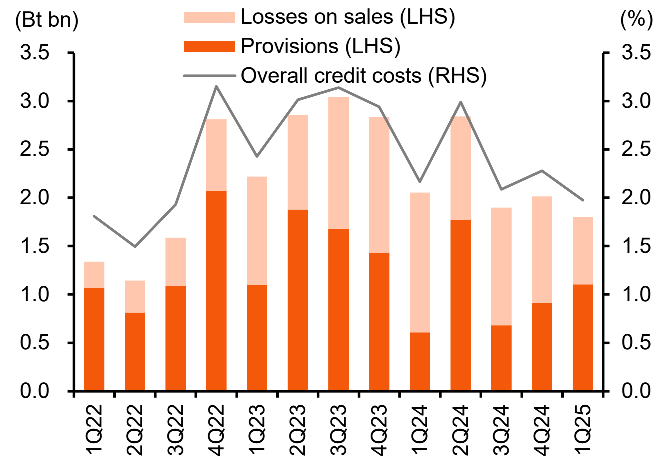

Source: Company data

### Ex 3: NPLs By Product




Source: Company data

### Ex 4: ECL And Losses On Sales




Source: Company data

### Ex 5: Earnings Revisions

| | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025F | 2026F | 2027F |
|---|---|---|---|---|---|---|---|---|---|
| **Net profits (Bt bn)** | | | | | | | | | |
| - New | 5.99 | 5.12 | 6.32 | 7.60 | 5.44 | 5.03 | 5.06 | 5.39 | 5.82 |
| - Old | | | | | | | 5.43 | 5.52 | 6.52 |
| *- Change (%)* | | | | | | | *(6.67)* | *(2.32)* | *(10.71)* |
| **Cost of funds (%)** | | | | | | | | | |
| - New | 2.34 | 1.83 | 1.18 | 1.20 | 1.95 | 2.49 | 2.41 | 2.25 | 2.14 |
| - Old | | | | | | | 2.20 | 1.94 | 1.83 |
| *- Change (ppt)* | | | | | | | *0.21* | *0.31* | *0.31* |
| **Provisioning expenses (Bt bn)** | | | | | | | | | |
| - New | 1.68 | 4.09 | 5.20 | 5.04 | 6.08 | 3.97 | 4.35 | 4.00 | 3.80 |
| - Old | | | | | | | 3.60 | 3.50 | 3.50 |
| *- Change (%)* | | | | | | | *20.83* | *14.29* | *8.57* |
| **Losses on sales (Bt bn)** | | | | | | | | | |
| - New | 1.42 | 1.31 | 2.09 | 1.84 | 4.87 | 4.83 | 2.90 | 2.70 | 2.50 |
| - Old | | | | | | | 4.00 | 4.00 | 3.00 |
| *- Change (%)* | | | | | | | *(27.50)* | *(32.50)* | *(16.67)* |

Sources: Company data, Thanachart estimates

### Ex 6: 12-month DDM-based TP Calculation Using A Base Year Of 2025F

| (Bt m) | 2025F | 2026F | 2027F | 2028F | 2029F | 2030F | 2031F | 2032F | 2033F | 2034F | 2035F | Terminal Value |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Dividend of common shares | 3,355 | 3,548 | 3,924 | 4,151 | 4,230 | 4,358 | 4,608 | 4,873 | 5,144 | 5,423 | 5,707 | 5,707 |
| Dividend payment | 3,355 | 3,548 | 3,924 | 4,151 | 4,230 | 4,358 | 4,608 | 4,873 | 5,144 | 5,423 | 5,707 | 67,221 |
| PV of dividend | 3,355 | 2,898 | 2,895 | 2,767 | 2,549 | 2,373 | 2,267 | 2,166 | 2,066 | 1,968 | 1,872 | 22,048 |

| | |
|---|---|
| Risk-free rate (%) | 2.5 |
| Market risk premium (%) | 8.0 |
| Beta | 1.0 |
| WACC (%) | 10.7 |
| Cost of equity | 10.7 |
| Terminal growth (%) | 2.0 |
| | |
| Equity value | 49,224 |
| No. of shares (m shares) | 846.8 |
| **Equity value / share (Bt)** | **58.0** |

Source: Thanachart estimates

# Valuation Comparison

### Ex 7: Valuation Comparison With Regional Peers

| Name | BBG Code | Country | EPS growth 25F (%) | EPS growth 26F (%) | PE 25F (x) | PE 26F (x) | P/BV 25F (x) | P/BV 26F (x) | ROE 25F (%) | ROE 26F (%) | Div. Yield 25F (%) | Div. Yield 26F (%) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| BOC Hong Kong Holdings | 2388 HK | Hong Kong | 2.7 | 2.7 | 8.7 | 8.4 | 1.0 | 0.9 | 11.4 | 11.2 | 6.4 | 6.6 |
| Bank of East Asia | 23 HK | Hong Kong | 9.1 | 5.7 | 6.4 | 6.1 | 0.3 | 0.3 | 4.2 | 4.5 | 7.0 | 7.5 |
| China Citic Bank Corp | 998 HK | Hong Kong | 2.0 | 6.3 | 4.9 | 4.6 | 0.4 | 0.4 | 9.5 | 9.4 | 5.9 | 6.2 |
| Hang Seng Bank | 11 HK | Hong Kong | (6.6) | 2.6 | 12.0 | 11.7 | 1.2 | 1.2 | 10.5 | 10.5 | 6.2 | 6.3 |
| Industrial & Commercial Bk | 1398 HK | Hong Kong | 1.3 | 1.7 | 5.4 | 5.3 | 0.5 | 0.5 | 9.4 | 9.0 | 5.8 | 5.9 |
| Axis Bank | AXSB IN | India | (7.1) | 8.5 | 14.1 | 13.0 | 2.0 | 1.8 | 15.9 | 14.8 | 3.0 | 3.1 |
| ICICI Bank | ICICIBC IN | India | (1.3) | 3.9 | 20.0 | 19.2 | 3.3 | 2.8 | na | na | 0.7 | 0.8 |
| State Bank of India | SBIN IN | India | 8.8 | 4.4 | 9.6 | 9.2 | 1.6 | 1.4 | 18.0 | 16.1 | 1.9 | 2.1 |
| Bank Central Asia | BBCA IJ | Indonesia | 6.3 | 7.5 | 18.6 | 17.3 | 3.8 | 3.5 | 21.2 | 21.0 | 3.5 | 3.8 |
| Bank Mandiri | BMRI IJ | Indonesia | 1.5 | 7.5 | 8.1 | 7.5 | 1.5 | 1.4 | 19.3 | 19.2 | 7.9 | 8.0 |
| Bank Rakyat | BBRI IJ | Indonesia | (2.0) | 10.6 | 9.8 | 8.9 | 1.8 | 1.7 | 18.4 | 19.6 | 8.8 | 9.2 |
| Bank Negara | BBNI IJ | Indonesia | 5.4 | 9.7 | 6.9 | 6.3 | 0.9 | 0.8 | 13.7 | 14.0 | 8.1 | 9.2 |
| CIMB Group Holdings | CIMB MK | Malaysia | 4.3 | 6.0 | 9.4 | 8.9 | 1.0 | 1.0 | 11.3 | 11.3 | 6.1 | 6.6 |
| Hong Leong Bank | HLBK MK | Malaysia | 2.1 | 11.1 | 9.6 | 8.6 | 1.0 | 1.0 | 11.5 | 11.5 | 3.9 | 4.3 |
| Malayan Banking | MAY MK | Malaysia | 4.3 | 4.1 | 11.5 | 11.0 | 1.2 | 1.2 | 10.9 | 11.0 | 6.4 | 6.7 |
| Public Bank | PBKF MK | Malaysia | 4.2 | 4.9 | na | na | na | na | 12.6 | 12.4 | na | na |
| Industrial Bank of Korea | 024110 KS | S Korea | 8.9 | 2.7 | 4.5 | 4.4 | 0.4 | 0.3 | 8.2 | 8.0 | 7.3 | 7.8 |
| DBS Group Holdings | DBS SP | Singapore | (3.0) | 2.2 | 11.0 | 10.8 | 1.8 | 1.7 | 16.1 | 16.0 | 7.1 | 7.2 |
| Oversea-Chinese Banking | OCBC SP | Singapore | (2.2) | 1.8 | 9.9 | 9.7 | 1.2 | 1.1 | 12.4 | 12.1 | 6.1 | 6.0 |
| United Overseas Bank | UOB SP | Singapore | 4.1 | 5.3 | 9.3 | 8.9 | 1.2 | 1.1 | 12.7 | 12.8 | 6.4 | 5.9 |
| Bangkok Bank | BBL TB* | Thailand | (3.8) | (5.3) | 6.1 | 6.5 | 0.5 | 0.4 | 7.6 | 6.9 | 6.1 | 6.1 |
| KASIKORNBANK | KBANK TB* | Thailand | (2.0) | (6.7) | 7.9 | 8.5 | 0.6 | 0.6 | 8.3 | 7.5 | 6.3 | 5.9 |
| Kiatnakin Phatra Bank | KKP TB* | Thailand | 2.0 | 7.2 | 8.2 | 7.6 | 0.7 | 0.6 | 7.9 | 8.2 | 7.8 | 8.9 |
| Krung Thai Bank | KTB TB* | Thailand | (1.3) | (6.9) | 7.0 | 7.6 | 0.7 | 0.6 | 9.5 | 8.5 | 7.3 | 7.3 |
| SCB X | SCB TB* | Thailand | (1.0) | (3.3) | 9.2 | 9.5 | 0.8 | 0.8 | 8.8 | 8.4 | 8.7 | 8.4 |
| Tisco Financial Group | TISCO TB* | Thailand | (6.1) | (0.3) | 12.1 | 12.2 | 1.8 | 1.8 | 15.0 | 14.9 | 7.9 | 7.9 |
| TMBThanachart Bank | TTB TB* | Thailand | 9.9 | 2.3 | 7.7 | 7.5 | 0.7 | 0.7 | 9.4 | 9.3 | 7.6 | 7.7 |
| **Average** | | | **1.5** | **3.6** | **9.5** | **9.2** | **1.2** | **1.1** | **12.1** | **11.9** | **6.2** | **6.4** |

Source: Bloomberg

Note: * Thanachart estimates , using Thanachart normalized EPS

Based on 30 April 2025 closing prices

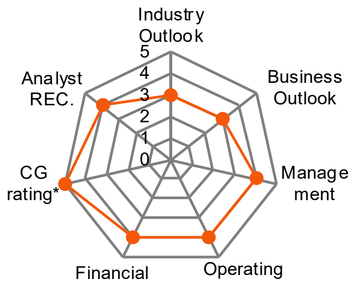
***Note: Thanachart Capital Public Company Limited (TCAP), TMBThanachart Bank Public Company Limited (TTB), are related companies to Thanachart Securities Public Company Limited (TNS). Thanachart Securities Pcl is a subsidiary of Thanachart Capital Pcl (TCAP) which holds 24.42% of the shareholding in TMBThanachart Bank Pcl.***

## COMPANY DESCRIPTION

Kiatnakin Phatra Bank Pcl (KKP) provides commercial banking services to its customers in Thailand, including commercial, developmental, consumer, hire-purchase, and mortgage financing. The bank also offers securities brokerage and investment advisory services.

Source: Thanachart

## COMPANY RATING




| Rating Scale | |
|---|---|
| **Excellent** | **5** |
| **Good** | **4** |
| **Fair** | **3** |
| **Weak** | **2** |
| **Very Weak** | **1** |
| **None** | **0** |

Source: Thanachart; *CG Rating

## THANACHART'S SWOT ANALYSIS

### S — Strength

- Strong footing in auto HP.
- Expertise in loan restructuring management.
- Leading in the capital markets business

### W — Weakness

- Small branch network.
- Relatively weak deposit franchise.
- High concentration in a few lending segments.

### O — Opportunity

- Growth in non-auto HP retail lending.
- Capital market products outside Thailand.

### T — Threat

- Global economic recession.
- New accounting standards and regulations.

## CONSENSUS COMPARISON

| | Consensus | Thanachart | Diff |
|---|---|---|---|
| **Target price (Bt)** | 51.04 | 58.00 | 14% |
| **Net profit 25F (Bt m)** | 4,910 | 5,064 | 3% |
| **Net profit 26F (Bt m)** | 5,374 | 5,391 | 0% |
| **Consensus REC** | **BUY: 4** | **HOLD: 13** | **SELL: 4** |

## HOW ARE WE DIFFERENT FROM THE STREET?

- While our earnings projections are in line with the Bloomberg consensus, our TP is higher, likely as we expect a stronger improvement in profits over the medium to longer term.
- We also expect KKP's high dividend payments to support its valuation.

Sources: Bloomberg consensus, Thanachart estimates

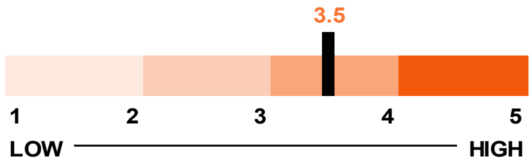
## RISKS TO OUR INVESTMENT CASE

- Weaker economic momentum that drags down asset quality to a greater extent than we have currently factored in represents the key upside risk to our assumptions for KKP's credit costs, and hence, downside risk to our earnings forecasts and TP**.**
- A weaker capital market performance than we assume represents another downside risk to our earnings forecasts.
- Should KKP be able to find the right segment to expand loan volume, the bank would prefer to preserve capital, and this would lead to downside risk to our dividend payout ratio assumptions.

Source: Thanachart

**Kiatnakin Phatra Financial Group (KKP) has embedded Environmental, Social, and Governance (ESG) principles into its business strategy, aiming to drive sustainable economic growth and create long-term value for all stakeholders. While its environmental targets remain less clearly defined – resulting in a lower E score compared to larger peers – its strong S score helps support a solid overall ESG score of 3.53.**

**Thanachart ESG Rating**




| | SET ESG Index | SET ESG (BBB-AAA) | DJSI Index | MSCI (CCC-AAA) | ESG Book (0-100) | Refinitiv (0-100) | S&P Global (0-100) | Moody's (0-100) | CG Rating (0-5) |
|---|---|---|---|---|---|---|---|---|---|
| KKP | YES | AA | - | BBB | 53.23 | 69.29 | 30.00 | - | 5.0 |

Sources: SETTRADE, SET ESG Index, SET ESG Rating, The Dow Jones Industrial Average (DJSI), MSCI ESG Research LLC, ESG Book, Refinitiv ESG Information, S&P Global Market Intelligence, Moody's ESG Solutions, Thai IOD (CG rating)
Note: Please see third party on "terms of use" toward the back of this report.

| Factors | Our Comments |
|---|---|
| **ENVIRONMENT**<br>– **Environmental Policies & Guidelines**<br>– **Energy Management**<br>– **Carbon Management**<br>– **Water Management**<br>– **Waste Management** | ▪ We assign KKP an E score of 3.4, slightly below its peer average of 3.5. This reflects the bank's relatively less defined and measurable environmental targets, particularly when compared to larger institutions with more advanced ESG roadmaps.<br>▪ Nevertheless, KKP has made notable progress in supporting environmentally friendly businesses. In 2023, it expanded its green loan portfolio by 45%, focusing on mid-sized real estate developers to help facilitate its transition toward sustainability.<br>▪ The group is also renovating its headquarters, KKP Tower, to achieve LEED (Leadership in Energy and Environmental Design) certification. This initiative aims to improve energy efficiency and reduce resource consumption, in line with global green building practices. |
| **SOCIAL**<br>– **Human Rights**<br>– **Staff Management**<br>– **Health & Safety**<br>– **Product Safety & Quality**<br>– **Social Responsibility** | ▪ We assign a high S score to KKP of 3.75 versus the banking sector average of 3.8, reflecting its strong commitment to promoting financial literacy and empowering individuals to achieve sustainable livelihoods.<br>▪ KKP has developed digital platforms, such as the Dime! application, to expand access to financial and investment services, helping to improve financial literacy among the Thai population.<br>▪ The group conducts financial literacy programs and seminars, such as "KKP Shaping Tomorrow," to educate the public and promote sustainable practices across various sectors. |
| **GOVERNANCE & SUSTAINABILITY**<br>– **Board**<br>– **Ethics & Transparency**<br>– **Business Sustainability**<br>– **Risk Management**<br>– **Innovation** | ▪ KKP's Governance (G) score stands at 3.5, in line with the sector average of 3.51. The bank's product innovation helps offset concerns over its risk management, given the group's opportunistic growth strategy.<br>▪ The board structure demonstrates strong independence, with eight out of 12 board members classified as independent, exceeding the recommended two-thirds threshold.<br>▪ KKP maintains an Audit Committee, Remuneration Committee, and Risk Management Committee in accordance with standard corporate governance practices.<br>▪ The group also has a dedicated Sustainability Subcommittee, chaired by the CEO, which oversees the integration of ESG principles across the organization's activities. |

Sources: Company data, Thanachart

*Supported by cost reductions*

*We don't foresee a case of strong asset growth*

## INCOME STATEMENT

| FY ending Dec (Bt m) | 2023A | 2024A | 2025F | 2026F | 2027F |
|---|---|---|---|---|---|
| Interest and Dividend Income | 30,717 | 30,515 | 27,755 | 26,788 | 26,611 |
| Interest Expenses | 8,424 | 10,667 | 9,553 | 8,739 | 8,383 |
| **Net Interest Income** | **22,294** | **19,848** | **18,203** | **18,049** | **18,229** |
| % of total income | 77.5% | 74.1% | 73.2% | 72.4% | 71.7% |
| Gain on Investment | (12) | 23 | 20 | 20 | 20 |
| Fee Income | 5,476 | 5,396 | 5,463 | 5,677 | 5,979 |
| Gain on Exchange | 665 | 1,382 | 1,000 | 1,000 | 1,000 |
| Others | 340 | 153 | 165 | 182 | 200 |
| **Non-interest Income** | **6,469** | **6,954** | **6,648** | **6,878** | **7,199** |
| % of total income | 22.5% | 25.9% | 26.8% | 27.6% | 28.3% |
| **Total Income** | **28,763** | **26,802** | **24,850** | **24,927** | **25,428** |
| Operating Expenses | 15,894 | 16,516 | 14,144 | 14,162 | 14,325 |
| **Pre-provisioning Profit** | **12,869** | **10,286** | **10,707** | **10,766** | **11,102** |
| Provisions | 6,082 | 3,974 | 4,350 | 4,000 | 3,800 |
| **Pre-tax Profit** | **6,787** | **6,312** | **6,357** | **6,766** | **7,302** |
| Income Tax | 1,331 | 1,264 | 1,273 | 1,355 | 1,462 |
| After Tax Profit | 5,456 | 5,048 | 5,084 | 5,411 | 5,840 |
| Equity Income | 0 | 0 | 0 | 0 | 0 |
| Minority Interest | (13) | (18) | (20) | (20) | (20) |
| Extraordinary Items | 0 | 0 | 0 | 0 | 0 |
| **NET PROFIT** | **5,443** | **5,031** | **5,064** | **5,391** | **5,820** |
| **Normalized Profit** | **5,443** | **5,031** | **5,064** | **5,391** | **5,820** |
| EPS (Bt) | 6.4 | 6.0 | 6.1 | 6.5 | 7.1 |
| Normalized EPS (Bt) | 6.4 | 6.0 | 6.1 | 6.5 | 7.1 |

## BALANCE SHEET

| FY ending Dec (Bt m) | 2023A | 2024A | 2025F | 2026F | 2027F |
|---|---|---|---|---|---|
| **ASSETS:** | | | | | |
| **Liquid Items** | **63,411** | **40,232** | **37,448** | **50,448** | **47,448** |
| cash & cash equivalents | 1,382 | 1,248 | 1,148 | 1,048 | 948 |
| interbank & money market | 62,029 | 38,985 | 36,300 | 49,400 | 46,500 |
| Securities under resale agreeme | 0 | 0 | 0 | 0 | 0 |
| Investments | 36,262 | 34,540 | 34,540 | 36,267 | 38,081 |
| **Net loans** | **384,826** | **354,941** | **340,323** | **328,859** | **335,615** |
| Gross and accrued interest | 405,493 | 375,549 | 361,568 | 350,511 | 357,577 |
| Provisions for doubtful | 20,668 | 20,607 | 21,245 | 21,652 | 21,962 |
| Fixed assets - net | 14,677 | 14,071 | 12,993 | 12,133 | 11,389 |
| Other assets | 46,152 | 54,640 | 57,094 | 58,557 | 60,029 |
| **Total assets** | **545,327** | **498,424** | **482,397** | **486,264** | **492,562** |
| **LIABILITIES:** | | | | | |
| **Liquid Items** | **382,421** | **377,052** | **360,447** | **363,137** | **368,028** |
| Deposit | 358,903 | 359,306 | 338,000 | 340,460 | 345,119 |
| Interbank & money market | 23,035 | 17,399 | 22,000 | 22,220 | 22,442 |
| Liability payable on demand | 483 | 347 | 447 | 457 | 467 |
| Borrow ings | 68,900 | 27,350 | 26,898 | 26,712 | 26,702 |
| Other liabilities | 32,753 | 30,858 | 30,000 | 29,500 | 29,000 |
| **Total liabilities** | **484,074** | **435,259** | **417,344** | **419,349** | **423,730** |
| Minority interest | 286 | 301 | 321 | 341 | 361 |
| **Shareholders' equity** | **60,967** | **62,864** | **64,732** | **66,575** | **68,470** |
| Preferred capital | - | - | - | - | - |
| Paid-in capital | 8,468 | 8,468 | 8,468 | 8,468 | 8,468 |
| Share premium | 9,356 | 9,357 | 9,357 | 9,357 | 9,357 |
| Surplus/ Others | 1,981 | 2,327 | 2,327 | 2,327 | 2,327 |
| Retained earnings | 41,162 | 42,713 | 44,581 | 46,424 | 48,320 |
| **Liabilities & equity** | **545,327** | **498,424** | **482,397** | **486,264** | **492,562** |

Sources: Company data, Thanachart estimates

*Attractive valuation matrix, in our view*

### VALUATION

| FY ending Dec | 2023A | 2024A | 2025F | 2026F | 2027F |
|---|---|---|---|---|---|
| Normlized PE (x) | 7.8 | 8.4 | 8.2 | 7.6 | 7.0 |
| Normalized PE - at target price (x) | 9.0 | 9.7 | 9.5 | 8.9 | 8.2 |
| PE (x) | 7.8 | 8.4 | 8.2 | 7.6 | 7.0 |
| PE - at target price (x) | 9.0 | 9.7 | 9.5 | 8.9 | 8.2 |
| P/PPP (x) | 3.3 | 4.1 | 3.9 | 3.8 | 3.7 |
| P/PPP - at target price (x) | 3.8 | 4.7 | 4.5 | 4.4 | 4.3 |
| P/BV (x) | 0.7 | 0.7 | 0.7 | 0.6 | 0.6 |
| P/BV - at target price (x) | 0.8 | 0.8 | 0.8 | 0.7 | 0.7 |
| Dividend yield (%) | 6.0 | 8.0 | 7.8 | 8.9 | 9.6 |
| Market cap / net loans (x) | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Market cap / deposit (x) | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| **(Bt)** | | | | | |
| Normalized EPS | 6.4 | 6.0 | 6.1 | 6.5 | 7.1 |
| EPS | 6.4 | 6.0 | 6.1 | 6.5 | 7.1 |
| DPS | 3.0 | 4.0 | 3.9 | 4.5 | 4.8 |
| PPP/Share | 15.2 | 12.2 | 12.9 | 13.1 | 13.5 |
| BV/Share | 72.0 | 74.2 | 76.4 | 78.6 | 80.9 |

### FINANCIAL RATIOS

| FY ending Dec | 2023A | 2024A | 2025F | 2026F | 2027F |
|---|---|---|---|---|---|
| **Growth Rate (%)** | | | | | |
| Net interest income (NII) | 16.8 | (11.0) | (8.3) | (0.8) | 1.0 |
| Non-interest income (Non-II) | (23.5) | 7.5 | (4.4) | 3.5 | 4.7 |
| Operating expenses | 22.1 | 3.9 | (14.4) | 0.1 | 1.2 |
| Pre-provisioning profit (PPP) | (11.4) | (20.1) | 4.1 | 0.6 | 3.1 |
| Net profit | (28.4) | (7.6) | 0.7 | 6.5 | 8.0 |
| Normalized profit growth | (28.4) | (7.6) | 0.7 | 6.5 | 8.0 |
| EPS | (28.4) | (7.1) | 2.0 | 7.2 | 8.6 |
| Normalized EPS | (28.4) | (7.1) | 2.0 | 7.2 | 8.6 |
| Dividend payout ratio | 46.7 | 67.3 | 65.6 | 70.0 | 70.0 |
| Loan - gross | 6.6 | (7.6) | (3.9) | (3.2) | 2.0 |
| Loan - net | 5.5 | (7.8) | (4.1) | (3.4) | 2.1 |
| Deposit | 8.3 | 0.1 | (5.9) | 0.7 | 1.4 |
| NPLs | 5.5 | 18.8 | (2.7) | (3.1) | (0.2) |
| Total assets | 7.4 | (8.6) | (3.2) | 0.8 | 1.3 |
| Total equity | 5.4 | 3.1 | 3.0 | 2.8 | 2.8 |
| **Operating Ratios (%)** | | | | | |
| Net interest margin (NIM) | 4.2 | 3.8 | 3.7 | 3.7 | 3.7 |
| Net interest spread | 5.7 | 5.2 | 5.1 | 5.2 | 5.3 |
| Yield on earnings assets | 6.4 | 6.4 | 6.3 | 6.2 | 6.1 |
| Avg cost of fund | 1.9 | 2.5 | 2.4 | 2.2 | 2.1 |
| NII / operating income | 77.5 | 74.1 | 73.2 | 72.4 | 71.7 |
| Non-II / operating income | 22.5 | 25.9 | 26.8 | 27.6 | 28.3 |
| Fee income / operating income | 19.0 | 20.1 | 22.0 | 22.8 | 23.5 |
| Normalized net margin | 18.9 | 18.8 | 20.4 | 21.6 | 22.9 |
| Cost-to-income | 55.3 | 61.6 | 56.9 | 56.8 | 56.3 |
| Credit cost - provision exp / loans | 1.5 | 1.1 | 1.2 | 1.2 | 1.1 |
| PPP / total assets | 2.4 | 2.0 | 2.2 | 2.2 | 2.3 |
| PPP / total equity | 21.7 | 16.6 | 16.8 | 16.4 | 16.4 |
| ROA | 1.0 | 1.0 | 1.0 | 1.1 | 1.2 |
| ROE | 9.2 | 8.1 | 7.9 | 8.2 | 8.6 |

Sources: Company data, Thanachart estimates

### FINANCIAL RATIOS

| FY ending Dec | 2023A | 2024A | 2025F | 2026F | 2027F |
|---|---|---|---|---|---|
| **Liquidity and Quality Ratio (%)** | | | | | |
| Loan-to-deposit | 110.9 | 102.4 | 104.6 | 100.5 | 101.1 |
| Loan-to-deposit & S-T borrow ing | 110.9 | 102.4 | 104.6 | 100.6 | 101.2 |
| Net loan / assets | 70.6 | 71.2 | 70.5 | 67.6 | 68.1 |
| Net loan / equity | 631.2 | 564.6 | 525.7 | 494.0 | 490.2 |
| Investment / assets | 6.6 | 6.9 | 7.2 | 7.5 | 7.7 |
| Deposit / liabilities | 74.1 | 82.5 | 81.0 | 81.2 | 81.4 |
| Liabilities / equity | 794.0 | 692.4 | 644.7 | 629.9 | 618.9 |
| Net interbank lender (Bt m) | 38,994 | 21,585 | 14,300 | 27,180 | 24,058 |
| Tier 1 CAR | 13.3 | 14.0 | 14.9 | 15.2 | 15.5 |
| Tier 2 CAR | 3.3 | 3.4 | 3.5 | 3.4 | 3.4 |
| Total CAR | 16.6 | 17.4 | 18.3 | 18.7 | 18.9 |
| NPLs (Bt m) | 14,710 | 17,473 | 16,994 | 16,474 | 16,449 |
| NPLs / Total loans (NPL Ratio) | 3.6 | 4.7 | 4.7 | 4.7 | 4.6 |
| Loan-Loss-Coverage | 140.5 | 117.9 | 125.0 | 131.4 | 133.5 |

*Manageable asset quality risks*

Sources: Company data, Thanachart estimates

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Note: Thanachart Securities Public Company Limited (TNS) acts as an underwriter of “Debentures of MUANGTHAI CAPITAL PUBLIC COMPANY LIMITED No. 3/2025 (B.E. 2568) tranche 1-3 which its maturity at 2029, 2030, 2032 (B.E. 2572, 2573, 2575)”, therefore investors need to be aware that there could be conflicts of interest in this research.

Note: Thanachart Securities Public Company Limited (TNS) acts as an underwriter of “Debentures of BANPU PUBLIC COMPANY LIMITED No. 1/2025 (B.E. 2568) tranche 1-3 which its maturity at 2030, 2032, 2035 (B.E. 2573, 2575, 2578)”, therefore investors need to be aware that there could be conflicts of interest in this research.

### Disclosure of Interest of Thanachart Securities

Investment Banking Relationship

Within the preceding 12 months, Thanachart Securities has lead-managed public offerings and/or secondary offerings (excluding straight bonds) of the securities of the following companies:

## Recommendation Structure:

Recommendations are based on absolute upside or downside, which is the difference between the target price and the current market price. If the upside is 10% or more, the recommendation is BUY. If the downside is 10% or more, the recommendation is SELL. For stocks where the upside or downside is less than 10%, the recommendation is HOLD. 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 the market price and the formal recommendation.

For sectors, an "Overweight" sector weighting is used when we have BUYs on majority of the stocks under our coverage by market cap. "Underweight" is used when we have SELLs on majority of the stocks we cover by market cap. "Neutral" is used when there are relatively equal weightings of BUYs and SELLs.

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