

Kiatnakin Phatra Bank (KKP TB) - BUY, Price Bt67.75, TP Bt76.00**Results Comment**

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High quality beat 4Q25 on asset quality

- We have a **positive** view on KKP's strong 4Q25 net profit of Bt1.77bn (+22% y-y, +6% q-q), which **beat** both our forecast (+18%) and Bloomberg consensus (+25%) thanks to continued improvement in asset quality, strong fee income, and efficient NIM management. 2025 net profit reached Bt5.91bn (+18% y-y), supported by better asset quality, solid fee income, and higher investment income.

■ **4Q25 Key highlights:**

(+) Improving asset quality: NPLs declined 3% q-q, while the NPL formation rate eased to 0.3% (vs 0.6% in 3Q25) and Stage 2 loans fell 12% q-q. Thus, credit costs declined 21bps q-q to 82bps, and losses on repossessed vehicles fell 11% q-q. While its coverage ratio rose to 122% from 119% in 3Q25.

(+) Robust fee income: Fee income grew 5% q-q, driven by bancassurance, brokerage, wealth management, and Dime.

(+) NIM improvement: Amid policy rate cut, its NIM up 8bps to 3.81% supported by efficient funding costs management.

- **(0) Loan decline at slower pace:** Loan book contracted 0.7% q-q (-6.5% y-y) across most segments, except corporate loans, as the bank maintained a conservative lending stance to safeguard asset quality.

- We reiterate our **BUY** call on KKP, supported by multiple re-rating catalysts: sector-leading 2026F EPS growth, a rising share of high-quality fee income from capital markets, active buybacks, and 7% dividend yields, with ROE trending up to 9.3% in 2026F.

| Income Statement | | | | | | Income Statement | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------------------------|------------|------------|------------|---------------|---------------|
| | | | | | | | | | | | |
| (consolidated) | | | | | | 12M as | | | | | |
| Yr-end Dec (Bt m) | 4Q24 | 1Q25 | 2Q25 | 3Q25 | 4Q25 | (Bt m) | q-q% | y-y% | % 2025F | 2025A | 2026F |
| Interest & dividend income | 7,273 | 6,937 | 6,693 | 6,447 | 6,212 | Interest & dividend income | (4) | (15) | 99 | 26,289 | 25,553 |
| Interest expense | 2,624 | 2,491 | 2,381 | 2,214 | 1,947 | Interest expense | (12) | (26) | 96 | 9,032 | 7,804 |
| Net interest income | 4,649 | 4,446 | 4,312 | 4,233 | 4,266 | Net interest income | 1 | (8) | 100 | 17,257 | 17,749 |
| Non-interest income | 2,163 | 1,507 | 1,876 | 2,496 | 2,337 | Non-interest income | (6) | 8 | 105 | 8,217 | 8,034 |
| Total income | 6,813 | 5,953 | 6,189 | 6,729 | 6,602 | Total income | (2) | (3) | 102 | 25,473 | 25,783 |
| Operating expense | 4,065 | 3,515 | 3,454 | 3,742 | 3,620 | Operating expense | (3) | (11) | 101 | 14,330 | 14,051 |
| Pre-provisioning profit | 2,747 | 2,438 | 2,735 | 2,987 | 2,983 | Pre-provisioning profit | (0) | 9 | 103 | 11,143 | 11,732 |
| Provision for bad&doubtful debt | 914 | 1,104 | 973 | 909 | 708 | Provision for bad&doubtful debt | (22) | (23) | 97 | 3,693 | 3,734 |
| Profit before tax | 1,833 | 1,335 | 1,762 | 2,079 | 2,274 | Profit before tax | 9 | 24 | 106 | 7,450 | 7,998 |
| Tax | 380 | 271 | 351 | 391 | 468 | Tax | 20 | 23 | 105 | 1,481 | 1,600 |
| Profit after tax | 1,453 | 1,064 | 1,411 | 1,688 | 1,806 | Profit after tax | 7 | 24 | 106 | 5,969 | 6,398 |
| Equity income | - | - | - | - | - | Equity income | neg | neg | - | - | - |
| Minority interests | (2) | (2) | (2) | (18) | (34) | Minority interests | neg | neg | - | (56) | (13) |
| Extra items | - | - | - | - | - | Extra items | neg | neg | - | - | - |
| Net profit | 1,451 | 1,062 | 1,409 | 1,670 | 1,772 | Net profit | 6 | 22 | 105 | 5,913 | 6,386 |
| Normalized profit | 1,451 | 1,062 | 1,409 | 1,670 | 1,772 | Normalized profit | 6 | 22 | 105 | 5,913 | 6,386 |
| PPP/share (Bt) | 3.2 | 2.9 | 3.2 | 3.5 | 3.5 | PPP/share (Bt) | (0) | 9 | 100 | 13.2 | 13.4 |
| EPS (Bt) | 1.7 | 1.3 | 1.7 | 2.0 | 2.1 | EPS (Bt) | 6 | 22 | 103 | 7.0 | 7.3 |
| Norm EPS (Bt) | 1.7 | 1.3 | 1.7 | 2.0 | 2.1 | Norm EPS (Bt) | 6 | 22 | 103 | 7.0 | 7.3 |
| BV/share (Bt) | 74.3 | 75.7 | 74.9 | 75.5 | 76.5 | BV/share (Bt) | 1 | 3 | 76 | 76.9 | 81.4 |

| Balance Sheet | | | | | | Financial Ratios | | | | | |
|---------------------------------------|----------------|----------------|----------------|----------------|----------------|---------------------------------|--------|--------|--------|--------|--------|
| | | | | | | | | | | | |
| (consolidated) | | | | | | 12M as | | | | | |
| Yr-end Dec (Bt m) | 4Q24 | 1Q25 | 2Q25 | 3Q25 | 4Q25 | (%) | 4Q24 | 1Q25 | 2Q25 | 3Q25 | 4Q25 |
| Cash and Interbank | 40,232 | 32,977 | 40,488 | 33,285 | 40,447 | Gross loan grow th (YTD) | (7.6) | (1.4) | (2.6) | (5.8) | (6.5) |
| Other liquid items | 32,112 | 26,677 | 33,504 | 34,331 | 33,460 | Gross loan grow th (q-q) | (1.3) | (1.4) | (1.2) | (3.3) | (0.7) |
| Total liquid items | 72,344 | 59,654 | 73,992 | 67,617 | 73,907 | Deposit grow th (YTD) | 0.1 | (0.6) | (0.5) | (2.5) | (3.1) |
| Gross loans and accrued interest | 375,549 | 370,323 | 366,090 | 354,345 | 351,367 | Deposit grow th (q-q) | 4.4 | (0.6) | 0.0 | (1.9) | (0.6) |
| Provisions | 20,607 | 20,592 | 20,351 | 20,198 | 20,167 | Non-interest income (y-y) | 55.3 | (4.6) | 21.6 | 49.7 | 8.0 |
| Net loans | 354,941 | 349,731 | 345,740 | 334,147 | 331,200 | Non-interest income (q-q) | 29.7 | (30.3) | 24.5 | 33.0 | (6.4) |
| Fixed assets | 14,071 | 13,985 | 13,757 | 13,640 | 13,198 | Fee income / Operating income | 23.8 | 22.0 | 23.6 | 23.0 | 24.6 |
| Other assets | 22,533 | 21,258 | 26,218 | 39,840 | 26,938 | Cost-to-income | 59.7 | 59.0 | 55.8 | 55.6 | 54.8 |
| Total assets | 498,429 | 483,664 | 501,261 | 495,618 | 488,095 | Net interest margin | 3.96 | 3.87 | 3.77 | 3.73 | 3.81 |
| Deposits | 359,306 | 357,252 | 357,364 | 350,446 | 348,300 | Credit cost | 0.99 | 1.21 | 1.08 | 1.03 | 0.82 |
| Interbank | 17,399 | 10,126 | 20,905 | 14,603 | 13,078 | ROE | 9.3 | 6.7 | 8.8 | 10.5 | 11.0 |
| Other liquid items | 347 | 478 | 510 | 507 | 439 | Loan-to-deposit | 102.4 | 101.5 | 100.3 | 98.9 | 98.8 |
| Total liquid items | 377,052 | 367,856 | 378,779 | 365,557 | 361,817 | Loan-to-deposit + S-T borrowing | 102.4 | 101.5 | 100.3 | 98.9 | 98.8 |
| Borrowings | 27,350 | 24,073 | 18,828 | 16,832 | 15,088 | NPLs (Bt m) | 17,473 | 17,877 | 17,507 | 16,961 | 16,516 |
| Other liabilities | 30,817 | 27,385 | 39,833 | 48,859 | 45,983 | NPL increase | 66 | 404 | (370) | (546) | (445) |
| Minority interest | 301 | 284 | 383 | 400 | 434 | NPL ratio | 4.75 | 4.93 | 4.89 | 4.89 | 4.80 |
| Shareholders' equity | 62,910 | 64,065 | 63,439 | 63,970 | 64,772 | Loan-loss-coverage ratio | 117.9 | 115.2 | 116.2 | 119.1 | 122.1 |
| Total Liabilities & Equity | 498,429 | 483,664 | 501,261 | 495,618 | 488,095 | CAR - total | 16.6 | 17.0 | 17.1 | 17.2 | 16.4 |

Sources: Company data, Thanachart estimates

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