

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 (consolidated)						Income Statement 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 (consolidated)						Financial Ratios					
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 growth (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 growth (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 growth (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 growth (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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