

Kiatnakin Phatra Bank Pcl (KKP TB) - BUY, Price Bt80.5, TP Bt76**Results Comment**

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Solid beat 1Q26

- We maintain a **positive view** on KKP following its strong **1Q26 net profit** of Bt1.96bn (+84% y-y, +10% q-q), which **exceeded** both our forecast and Bloomberg consensus by 23%. The outperformance was driven by continued improvement in asset quality and robust fee income growth.
- **We expect 2Q26F earnings to grow y-y**, supported by lower losses on repossessed vehicles and sustained fee income momentum. However, **q-q profit may soften**, as losses on repossessed cars are likely to normalize from the unusually low base in 1Q26. In addition, the Middle East conflict could pressure used car prices, posing downside risk to collateral recovery values.
- 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, and 7% dividend yields, with ROE trending up to 9.3% in 2026F

1Q26 Key highlights:

(+) Improving asset quality: NPLs declined 2% q-q. Stage 2 loans fell 5% q-q. Also, losses on repossessed vehicles fell to Bt331m, the lowest in 15 quarters, due to lower repossession volumes. Meanwhile, the bank set aside a special provision for Middle East risks, lifting credit cost to 111bps (vs. 82bps in 4Q25) and raising the coverage ratio to 124% (from 121%).

(+) Strong non-NII +65% y-y, +6% q-q: Fee income grew 24% y-y, driven by asset management, brokerage, wealth management, and Dime. In addition, other non-NII was lifted by gains from FVTPL and dividend income.

(0) Loan increased 1.5% q-q: Retail lending continued to contract as the bank maintained a conservative underwriting stance to preserve asset quality. However, this was fully offset by growth in corporate lending—which can be volatile on a quarterly basis—and real estate development loans.

Income Statement						Income Statement					
(consolidated)						3M as					
Yr-end Dec (Bt m)	1Q25	2Q25	3Q25	4Q25	1Q26	(Bt m)	q-q%	y-y%	% 2026F	2026F	2027F
Interest & dividend income	6,937	6,693	6,447	6,212	5,938	Interest & dividend income	(4)	(14)	23	25,553	25,744
Interest expense	2,491	2,381	2,214	1,947	1,722	Interest expense	(12)	(31)	22	7,804	7,575
Net interest income	4,446	4,312	4,233	4,266	4,216	Net interest income	(1)	(5)	24	17,749	18,169
Non-interest income	1,507	1,876	2,496	2,337	2,483	Non-interest income	6	65	31	8,034	8,561
Total income	5,953	6,189	6,729	6,602	6,699	Total income	1	13	26	25,783	26,730
Operating expense	3,515	3,454	3,742	3,620	3,261	Operating expense	(10)	(7)	23	14,051	14,353
Pre-provisioning profit	2,438	2,735	2,987	2,983	3,438	Pre-provisioning profit	15	41	29	11,732	12,377
Provision for bad&doubtful debt	1,104	973	909	708	961	Provision for bad&doubtful debt	36	(13)	26	3,734	3,878
Profit before tax	1,335	1,762	2,079	2,274	2,477	Profit before tax	9	86	31	7,998	8,499
Tax	271	351	391	468	477	Tax	2	76	30	1,600	1,700
Profit after tax	1,064	1,411	1,688	1,806	1,999	Profit after tax	11	88	31	6,398	6,799
Equity income	-	-	-	-	-	Equity income	neg	neg	-	-	-
Minority interests	(2)	(2)	(18)	(34)	(44)	Minority interests	neg	neg	343	(13)	(14)
Extra items	-	-	-	-	-	Extra items	neg	neg	-	-	-
Net profit	1,062	1,409	1,670	1,772	1,955	Net profit	10	84	31	6,386	6,786
Normalized profit	1,062	1,409	1,670	1,772	1,955	Normalized profit	10	84	31	6,386	6,786
PPP/share (Bt)	2.9	3.2	3.5	3.5	4.0	PPP/share (Bt)	12	37	30	13.4	14.0
EPS (Bt)	1.3	1.7	2.0	2.1	2.2	EPS (Bt)	7	79	31	7.3	7.7
Norm EPS (Bt)	1.3	1.7	2.0	2.1	2.2	Norm EPS (Bt)	7	79	31	7.3	7.7
BV/share (Bt)	75.7	74.9	75.5	76.5	78.5	BV/share (Bt)	3	4	79	81.4	84.0

Balance Sheet						Financial Ratios					
(consolidated)						3M as					
Yr-end Dec (Bt m)	1Q25	2Q25	3Q25	4Q25	1Q26	(%)	1Q25	2Q25	3Q25	4Q25	1Q26
Cash and interbank	32,977	40,488	33,285	40,447	35,309	Gross loan growth (YTD)	(1.4)	(2.6)	(5.8)	(6.6)	1.5
Other liquid items	26,677	33,504	34,331	33,460	46,666	Gross loan growth (q-q)	(1.4)	(1.2)	(3.3)	(0.9)	1.5
Total liquid items	59,654	73,992	67,617	73,907	81,975	Deposit growth (YTD)	(0.6)	(0.5)	(2.5)	(3.1)	(0.9)
Gross loans and accrued interest	370,323	366,090	354,345	351,138	356,364	Deposit growth (q-q)	(0.6)	0.0	(1.9)	(0.6)	(0.9)
Provisions	20,592	20,351	20,198	19,937	20,242	Non-interest income (y-y)	(4.6)	21.6	49.7	8.0	64.7
Net loans	349,731	345,740	334,147	331,200	336,122	Non-interest income (q-q)	(30.3)	24.5	33.0	(6.4)	6.3
Fixed assets	13,985	13,757	13,640	13,198	13,111	Fee income / Operating income	22.0	23.6	23.0	24.6	24.2
Other assets	21,258	26,218	39,840	26,938	37,277	Cost-to-income	59.0	55.8	55.6	54.8	48.7
Total assets	483,664	501,261	495,618	488,095	513,516	Net interest margin	3.87	3.77	3.73	3.81	3.72
Deposits	357,252	357,364	350,446	348,300	345,307	Credit cost	1.21	1.08	1.03	0.82	1.11
Interbank	10,126	20,905	14,603	13,078	17,793	ROE	6.7	8.8	10.5	11.0	11.8
Other liquid items	478	510	507	439	879	Loan-to-deposit	101.5	100.3	98.9	98.6	101.0
Total liquid items	367,856	378,779	365,557	361,817	363,979	Loan-to-deposit + S-T borrowing	101.5	100.3	98.9	98.6	101.0
Borrowings	24,073	18,828	16,832	15,088	30,109	NPLs (Bt m)	17,877	17,507	16,961	16,516	16,268
Other liabilities	27,385	39,833	48,859	45,983	50,656	NPL increase	404	(370)	(546)	(445)	(248)
Minority interest	284	383	400	434	478	NPL ratio	4.93	4.89	4.89	4.81	4.67
Shareholders' equity	64,065	63,439	63,970	64,772	68,295	Loan-loss-coverage ratio	115.2	116.2	119.1	120.7	124.4
Total Liabilities & Equity	483,664	501,261	495,618	488,095	513,516	CAR - total	17.0	17.1	17.2	16.4	16.1

Sources: Company data, ttb wealth estimates

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