

Kiatnakin Phatra Bank (KKP TB)

4Q25: Results Beat; A Huge Improvement In Credit Costs

Highlights

- KKP reported a net profit of Bt1.77b in 4Q25, up 26% yoy and 6% qoq.
- Credit costs have decreased consistently, supporting a favourable asset quality outlook.
- Maintain HOLD with a higher target price of Bt72.00 (previously: Bt68.00).

4Q25 Results

Year to 31 Dec (Btm)	4Q25	3Q25	4Q24	qoq chg (%)	yy chg (%)
Total gross loans	351,367	354,535	375,549	(0.9)	(6.4)
Net interest income	4,265	4,233	4,649	0.8	(8.3)
Non-interest income	2,337	2,496	2,163	(6.4)	8.0
Loan loss provision	(708)	(909)	(914)	(22.0)	(22.5)
Non-Interest Expenses	(3,620)	(3,742)	(4,119)	(3.3)	(12.1)
Pre-provision operating profit	2,983	2,987	2,693	(0.2)	10.7
Net income	1,772	1,670	1,406	6.1	26.1
EPS (Bt)	2.17	2.02	1.68	7.8	29.8
Ratio (%)					
NPL Ratio	4.3	4.3	4.2		
Loan loss coverage ratio (%)	137	137	134		
Loan Spread	3.9	3.9	4.1		
Credit cost (bp)	80	101	97		
Reported Credit Cost Inc Losses from Repossessing (bp)	141	168	218		
Cost to income (%)	46	46	45		
CET1 ratio (%)	13.7	13.7	13.1		

Source: KKP, UOB Kay Hian

Analysis

- **4Q25 results beat expectations.** Kiatnakin Phatra Bank (KKP) reported a net profit of Bt1.77b for 4Q25, increasing 26% yoy and 6% qoq. The results beat our and consensus expectations by 40% and 28%, respectively. The key positive surprise was a qoq reduction in provision expenses and a less-than-expected reduction in investment gains. Excluding provisioning, pre-provision operating profit jumped 11% yoy and was flat qoq.
- **Loan portfolio contracted yoy and qoq.** In 4Q25, KKP reported loan outstanding of Bt351b, falling 6% yoy and 1% qoq. The loan contraction was in line with the bank's strategic focus on asset quality, emphasising the high-quality segments. The 2025 loan portfolio contracted 6.7% yoy (vs KKP's target of -5 to -8% yoy in 2025).

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net interest income	19,847.8	17,256.8	17,759.9	19,812.5	20,215.6
Non-Interest Income	6,953.8	8,216.7	5,820.2	5,999.9	5,953.9
Net profit (rep./act.)	4,985.1	5,912.9	5,840.4	6,196.0	6,300.6
Net profit (adj.)	4,985.1	5,912.9	5,840.4	6,196.0	6,300.6
EPS (Bt)	5.9	7.3	7.2	7.6	7.7
PE (x)	11.4	9.3	9.4	8.9	8.8
P/B (x)	0.9	0.8	0.8	0.8	0.8
Dividend yield (%)	7.6	7.1	7.1	7.6	7.6
Net int margin (%)	4.2	3.9	4.0	4.4	4.4
Cost/income Ratio (%)	61.8	56.3	51.1	51.9	52.0
Loan loss cover (%)	134.2	137.2	137.8	138.9	140.0
Consensus net profit	n.a	n.a	5,533.3	5,689.1	6,049.8
UOBKH/Consensus (x)	n.a	n.a	1.1	1.1	1.0

Source: Kiatnakin Phatra Bank, Bloomberg, UOB Kay Hian

	HOLD (Maintained)
Share Price	Bt67.75
Target Price	Bt72.00
Upside	6.27%
Previous TP	Bt68.00

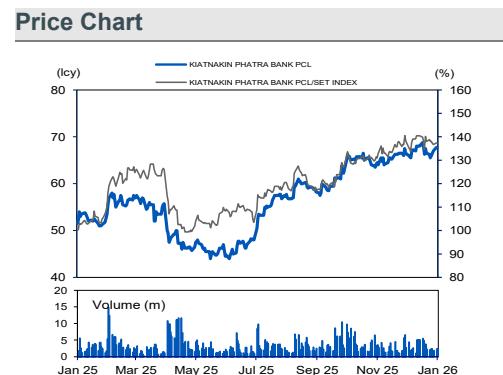
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Stock Data	
GICS Sector	Financials
Bloomberg ticker	KKP TB
Shares issued (m)	811.9
Market cap (Btm)	55,003.8
Market cap (US\$m)	1,760.3
3-mth avg daily t/over (US\$m)	7.0

Price Performance (%)				
52-week high/low	Bt68.8/Bt44.0			
1mth	3mth	6mth	1yr	YTD
1.9	8.8	41.2	30.9	(0.4)

Major Shareholders		%
Thai NVDR		7.71
Chodthanawat Co., Ltd.		5.27
Eastern Sugar Co., Ltd.		4.57

Balance Sheet Metrics		%
FY26 NAV/Share (Bt)		81.73
FY26 CAR Tier 1 (%)		13.67



Source: Bloomberg

Company Description	
The small-sized bank has roughly 2% of the credit market. Its strong focus is on auto hire purchase lending which accounts for about half of its loan book.	

- NII declined yoy.** KKP reported a net interest income (NII) of Bt4.26b in 4Q25, down 8% yoy but up 1% qoq. The loan yield decreased slightly qoq from 6.7% in 3Q25 to 6.6% in 4Q25. Nevertheless, the loan spread widened qoq to 4.5% in 4Q25 from 4.4% in 3Q25.
- Maintained high level of non-II.** KKP posted a non-interest income (non-II) of Bt2.34b in 4Q25, up 8% yoy but down 6% qoq. It reported a gain on financial instruments measured at fair value through profit or loss of around Bt482m in 4Q25 (3Q25: Bt663m, 2Q25: Bt247m). Although we saw a qoq reduction in gain on investment resulting in lower non-II, the non-II in 4Q25 was higher-than-expected.
- A qoq tumble in provision expenses.** KKP reported a stable qoq NPL of 4.3% in 4Q25. The bank set aside provisions of Bt708m (-23% yoy, -22% qoq). Credit cost declined 27bp qoq to 141bp in 4Q25. This improvement reflects the effectiveness of KKP's continued efforts in asset quality management. The consistent reduction in credit costs supported our positive view on KKP's asset quality outlook.

Valuation/Recommendation

- Maintain HOLD with a higher price of Bt72.00 (previously: Bt68.00),** based on the Gordon Growth Model (cost of equity: 12.5%, long-term growth: 2.0%). Our target price implies 0.88x 2026F P/B, which is nearly +1SD to its five-year mean.

Earnings Revision/Risk

- We revise KKP's 2026-27 earnings forecasts upward by 4.4% and 2.6% respectively, to reflect the significant improvement in the credit cost outlook and far higher-than-expected earnings in 4Q25.

Share Price Catalyst

- Dividend payout upgrade.
- Significant improvement in the automobile industry and market conditions.

Environment, Social, Governance (ESG) Updates

CG Report: 5

SET ESG Rating: BBB

Environmental

- Promoting efficient energy usage and reducing greenhouse gas emissions.
- Providing financial support for green businesses and promoting businesses that reduce environmental and social impacts.

Social

- Building a positive work environment that prohibits discrimination in all its forms, embraces diversity, and respects human rights.
- Improving the wellbeing and quality of life of people by promoting financial literacy and supporting projects that have positive social impacts.

Governance

- Conducting business under the principles of good corporate governance.

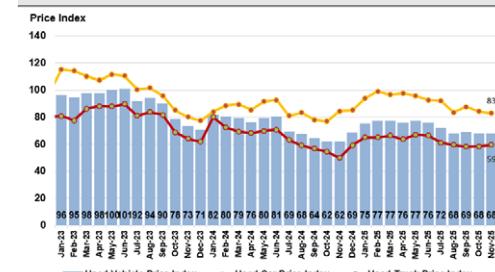
2025 Financial Targets

	2025 Actual	2025 Revised	2024 Actual
	2025 Actual	Target	2024 Actual
ROAE	9.3%	9-10%	8.1%
Loan growth	-6.7%	-5% to -8%	-7.8%
Loan spread	4.5%	4.5%	4.8%
NPL ratio (Gross)	4.4%	4.3%-4.5%	4.3%
*Credit cost	1.72%	1.8%-2.0%	2.30%

*ECL plus loss from sales of repossessed cars

Source: KKP, UOB Kay Hian

Used-Vehicle Prices



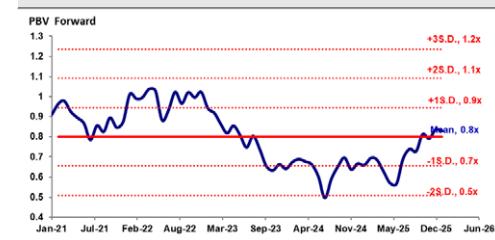
Source: KKP, UOB Kay Hian

PE Band



Source: KKP, UOB Kay Hian

P/B Band



Source: KKP, UOB Kay Hian

Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F	Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Interest income	26,289	25,211	26,880	27,977	Cash With Central Bank	1,209	1,815	1,876	1,940
Interest expense	(9,032)	(7,452)	(7,068)	(7,761)	Govt Treasury Bills & Securities	42,851	42,450	43,625	45,076
Net interest income/(expense)	17,257	17,760	19,812	20,216	Interbank Loans	39,238	37,657	38,465	39,703
Fees & Commissions	5,935	3,952	4,025	3,937	Customer Loans	331,200	342,435	353,861	365,920
Net Trading Income	1,675	1,648	1,755	1,797	Investment Securities	23,637	24,224	25,101	25,979
Other Income	606	220	220	220	Derivative Receivables	9,824	10,172	10,476	10,887
Non-Interest Income	8,217	5,820	6,000	5,954	Associates & JVs	0	0	0	0
Total Income	25,473	23,580	25,812	26,170	Properties & Other Fixed Assets	13,218	13,466	13,683	13,893
Staff Costs	(7,646)	(6,675)	(7,609)	(7,919)	Goodwill & Intangible Assets	5,055	5,055	5,055	5,055
Other Operating Expense	(6,684)	(5,366)	(5,779)	(5,679)	Other Assets	21,864	24,689	26,083	27,055
Pre-Provision Profit	11,143	11,539	12,424	12,571	Total assets	488,095	501,962	518,224	535,507
Loan Loss Provision	(3,693)	(4,051)	(4,480)	(4,493)	Interbank Deposits	13,078	14,774	15,501	16,058
Pre-tax profit	7,450	7,488	7,944	8,078	Customer Deposits	348,300	357,718	369,510	382,027
Tax	(1,481)	(1,535)	(1,629)	(1,656)	Bills Payable	439	439	439	439
Minorities	(56)	(113)	(120)	(122)	Derivative Payables	9,832	9,428	9,644	9,958
Net profit	5,913	5,840	6,196	6,301	Subordinated Debts	15,088	16,388	16,474	17,028
Net profit (adj.)	5,913	5,840	6,196	6,301	Other Liabilities	36,152	36,064	37,184	38,324
					Total liabilities	422,889	434,810	448,752	463,835
					Shareholders' funds	64,772	66,608	68,811	70,892
					Minority interest	434	544	661	780
					Total Equity & Liabilities	488,095	501,962	518,224	535,507

Cash Flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Capital Adequacy				
Tier-1 CAR	14	14	14	14
Total CAR	16	16	16	16
Total Assets/Equity	8	8	8	8
Tangible Assets/Tangible Common Equity	8	8	8	8
Asset Quality				
NPL Ratio	4	4	4	4
Loan Loss Coverage	137	138	139	140
Loan Loss Reserve/Gross Loans	6	6	6	6
Increase in NPLs	(5)	2	3	2
Credit Cost (bp)	102	113	121	118
Liquidity				
Loan/Deposit Ratio	95	96	96	96
Liquid Assets/Short-Term Liabilities	23	22	22	22
Liquid Assets/Total Assets	17	16	16	16

Key Metrics

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Growth				
Net Interest Income, yoy Chg	(13)	3	12	12
Fees & Commissions, yoy Chg	10	(33)	2	2
Pre-Provision Profit, yoy Chg	9	4	8	8
Net Profit, yoy Chg	19	(1)	6	6
Customer Loans, yoy Chg	(7)	3	3	3
Profitability				
Net Interest Margin	4	4	4	4
Cost/Income Ratio	56	51	52	52
Adjusted ROA	1	1	1	1
Reported ROE	9	9	9	9
Adjusted ROE	9	9	9	9
Valuation				
P/BV	1	1	1	1
P/NTA	1	1	1	1
Adjusted P/E	9	9	9	9
Dividend Yield	7	7	8	8

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