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Company – Update | Thailand

Wednesday, 26 August 2026

Krung Thai Bank (KTB TB)

Reiterates Strong Asset Quality Outlook In 2H26

Highlights

- Positive tone during analyst meeting.
- Credit cost should come in within the 2026 target range, but not near the high end.
- Maintain BUY with an unchanged target price of Bt52.00.

Analysis

- **Positive tone during analyst meeting**. We attended Krungthai Bank's (KTB) analyst meeting and came away with a positive view.
- **Expect loans to surge significantly in 4Q26**. The CFO expects 4Q26 loan demand to come mainly from corporate loans and the SME segment, driven by SME Credit Boost programme. Meanwhile, the government loan segment in KTB's loan portfolio has benefitted from government stimulus projects. For retail loans, KTB will focus on growing housing loans. Going forward, we should see a shift in mix toward less government loans and more corporate loans based on risk appetite, alongside an increase in SME loans. We expect KTB's loan to exceed its 2026 target of 0-2%.
- **NIM has bottomed in 2Q26**. KTB's 2Q26 NIM saw the full impact of the previous rate cut and should stabilise going forward. KTB expects NIM to end in the mid-to-high range of its 2026 target of 2.35-2.5% (vs 2.47% in 1H26). The CFO guided that the bank has already booked a mark-to-market gain on Thai Airways International (THAI) of about 25% of total shareholding in Feb 26. Meanwhile, the remaining 75% of the shareholding in THAI is waiting to be booked for a mark-to-market gain.
- **Expect expenses to be higher in 2H26 but within target range**. KTB said that its cost-to-income ratio was seasonally lower in 1H and expects higher costs in 2H due to marketing campaigns launched in preparation for 2027. However, the bank maintains its cost-to-income ratio target at the low-to-mid 40s level (vs 38.9% in 1H26). The bank remains focused on cost efficiency.
- **To maintain coverage ratio at the current high level**. The CFO said the asset quality in 1H26 is manageable. Hence, the bank has no need to add more provisions, which resulted in a qoq decline in credit costs in 2Q26. Full-year credit cost should come in within the 2026 target range of 75-115bp (vs 105bp in 1H26). KTB also guided that credit cost in 2026 will not come in near the high end of the target range. However, the coverage ratio should remain broadly stable at its current high level of around 200% (with no intention to reach the targeted 170%).

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net interest income	119,114.8	105,780.8	93,834.8	99,307.4	102,408.8
Non-Interest Income	41,100.5	54,847.1	54,682.1	50,910.1	52,606.4
Net profit (rep./act.)	44,968.5	48,228.6	49,368.0	52,259.6	52,976.1
Net profit (adj.)	44,968.5	48,228.6	49,368.0	52,259.6	52,976.1
EPS (Bt)	3.2	3.4	3.5	3.7	3.8
PE (x)	13.2	12.3	12.0	11.4	11.2
P/B (x)	1.4	1.3	1.3	1.2	1.2
Dividend yield (%)	3.6	6.3	6.3	6.7	6.8
Net int margin (%)	3.3	2.9	2.5	2.5	2.6
Cost/income Ratio (%)	42.9	40.3	40.0	39.9	39.7
Loan loss cover (%)	188.6	203.6	197.9	187.8	182.7
Consensus net profit	n.a	n.a	46,369.4	48,229.0	50,180.2
UOBKH/Consensus (x)	n.a	n.a	1.1	1.1	1.1

Source: Krung Thai Bank, Bloomberg, UOB Kay Hian

Analyst(s)

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BUY (Maintained)

Share Price	Bt44.00
Target Price	Bt52.00
Upside	18.2%

Stock Data

Sector	Financials
Bloomberg ticker	KTB TB
Shares issued (m)	13,976.1
Market cap (Btm)	615,867.9
Market cap (US$m)	18,826.4
3-mth avg daily t'over (US$m)	94.6

Price Performance (%)

52-week high/low: Bt46.0/Bt24.0

1mth	3mth	6mth	1yr	YTD
1.1	26.6	30.4	83.3	55.8

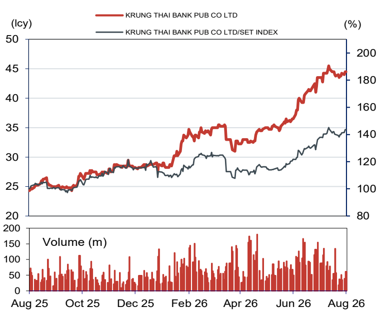
Major Shareholders (%)

FIDF (MOF)	55.07
Thai NVDR	8.69
Vayupak No.1 Fund	3.24

Balance Sheet Metrics

FY26 NAV/Share (Bt)	33.3
FY26 CAR Tier 1 (%)	17.6

Price Chart



Source: Bloomberg

Company Description

One of the largest commercial banks with roughly 15% share of the credit market. The bank has a strong focus on corporate lending, which accounts for 31% of its loan book.

- **Maintaining interim dividend; to announce dividend payment after annual meeting**. Given that the CET1 of 18.7% is high, the bank will maintain its interim dividend and dividend payout of 40-60%. However, we could see changes in its dividend payout ratio once the bank comes to a conclusion about its dividend payment during the annual meeting that will be held at the beginning of 2027, which is expected to go XD in Apr 27. The bank maintains its goal of an ROE above 10%.
- **2Q26 results recap**. KTB reported a 2Q26 net profit of Bt12.1b, up 9% yoy but down 3% qoq. The results beat our and consensus forecasts by 8%. KTB's pre-provision operating profit decreased 1% yoy and 5% qoq in 2Q26.

2Q26 Results Recap

Year to 31 Dec (Btm)	2Q26	1Q26	2Q25	qoq chg (%)	yoy chg (%)
Total gross loans	2,832,709	2,798,885	2,696,261	1.2	5.1
Net interest income	23,261	23,437	26,897	(0.7)	(13.5)
Non-interest income	14,219	16,035	13,274	(11.3)	7.1
Loan loss provision	(6,621)	(7,805)	(8,239)	(15.2)	(19.6)
Non-Interest Expenses	(14,582)	(15,352)	(16,974)	(5.0)	(14.1)
Pre-provision operating profit	22,899	24,120	23,197	(5.1)	(1.3)
Net income	12,125	12,437	11,122	(2.5)	9.0
EPS (Bt)	0.87	0.89	0.80	(2.5)	9.0
Ratio (%)					
NPL Ratio	2.92	2.93	2.94		
Loan loss coverage ratio (%)	205	205	194		
Reported NIM %	2.45	2.48	2.91		
Reported Credit cost (bp)	95	115	122		
Cost to income (%)	39	39	42		
CET1 ratio %	18.0	18.0	18.3		

Source: KTB, UOB Kay Hian

Valuation/Recommendation

- **Maintain BUY with an unchanged target price of Bt52.00.** We use the Gordon Growth Model (cost of equity: 11%, long-term growth: 2%). This implies 1.54x 2026F P/B.

Earnings Revision/Risk

- No earnings revision.

Share Price Catalyst

- Government stimulus programme to boost domestic economy.
- Increase in the dividend payout ratio

Environment, Social, Governance (ESG) Updates

Environmental

- The bank set a long-term target to reduce GHG emissions by 30% by 2030 for operations within the bank, compared with the base year 2022.
- The emissions reduction target was set at 3%. The reduction plan aims to reduce GHG emissions by 1,700 tonnes of carbon dioxide equivalent

Social

- Human rights. No criteria or conditions of employment discrimination are specified but KTB aims to provide equal opportunities for employment.
- Community involvement. The bank believes that a robust economic foundation is key to a thriving community.

Governance

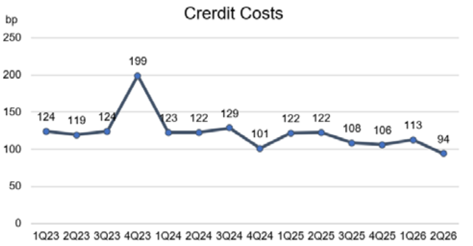
- The bank places great importance on conducting its business with transparency, honesty and fairness, in accordance with the principles of good corporate governance.

2026 Financial Targets

	1H26 Actual	2026 Target
Loan Growth	3.6%	0-2%
NIM	2.47%	2.35-2.5%
Cost to income	38.9%	Low to Mid-40s
NPL ratio	2.92%	<3.1%
Credit cost (bp)	105bp	75-115bp
Coverage ratio	205.2%	Around 170%

Source: KTB, UOB Kay Hian

Credit Cost (bp)



Source: KTB, UOB Kay Hian

PE Band

Source: KTB, UOB Kay Hian

P/B Band

Source: KTB, UOB Kay Hian

Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Interest income	147,807	128,969	134,535	140,457
Interest expense	(42,027)	(35,134)	(35,228)	(38,048)
Net interest income/(expense)	105,781	93,835	99,307	102,409
Fees & Commissions	22,957	24,464	25,473	26,584
Net Trading Income	17,949	16,643	11,985	12,366
Other Income	13,940	13,576	13,452	13,656
Non-Interest Income	54,847	54,682	50,910	52,606
Total Income	160,628	148,517	150,217	155,015
Staff Costs	(26,922)	(25,583)	(25,488)	(26,335)
Other Operating Expense	(37,844)	(33,884)	(34,477)	(35,209)
Pre-Provision Profit	95,861	89,050	90,252	93,471
Loan Loss Provision	(30,760)	(22,972)	(19,706)	(21,958)
Pre-tax profit	65,101	66,078	70,546	71,513
Tax	(12,880)	(12,146)	(13,404)	(13,587)
Minorities	(3,992)	(4,564)	(4,883)	(4,949)
Net profit	48,229	49,368	52,260	52,976
Net profit (adj.)	48,229	49,368	52,260	52,976

Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Cash With Central Bank	61,745	56,949	58,824	60,002
Govt Treasury Bills & Securities	501,042	450,340	449,532	456,122
Interbank Loans	538,962	550,487	573,207	586,474
Customer Loans	2,550,433	2,664,238	2,767,075	2,832,701
Investment Securities	63,785	65,557	67,617	69,016
Derivative Receivables	73,819	78,452	80,645	82,741
Associates & JVs	22,261	23,344	23,344	23,344
Properties & Other Fixed Assets	52,323	53,480	55,407	57,527
Goodwill & Intangible Assets	24,305	25,962	25,962	25,962
Other Assets	44,643	50,256	52,372	53,352
Total assets	3,933,319	4,019,065	4,153,986	4,247,242
Interbank Deposits	274,137	274,477	282,072	287,643
Customer Deposits	2,864,171	2,930,400	3,019,473	3,079,388
Bills Payable	5,722	5,361	5,361	5,361
Derivative Payables	63,691	71,576	73,128	74,519
Subordinated Debts	124,740	129,733	146,923	155,285
Other Liabilities	113,835	110,934	112,897	114,615
Total liabilities	3,446,297	3,522,481	3,639,854	3,716,811
Shareholders' funds	464,830	472,142	486,901	500,303
Minority interest	22,793	25,043	27,831	30,728
Total Equity & Liabilities	3,933,920	4,019,666	4,154,586	4,247,842

Cash Flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Capital Adequacy				
Tier-1 CAR	19	18	18	18
Total CAR	21	20	20	20
Total Assets/Equity	8	9	9	8
Tangible Assets/Tangible Common Equity	9	9	9	9
Asset Quality				
NPL Ratio	3	3	3	3
Loan Loss Coverage	204	198	188	183
Loan Loss Reserve/Gross Loans	7	6	6	6
Increase in NPLs	(2)	2	0	(1)
Credit Cost (bp)	113	82	68	74
Liquidity				
Loan/Deposit Ratio	89	91	92	92
Liquid Assets/Short-Term Liabilities	35	33	33	33
Liquid Assets/Total Assets	28	26	26	26

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Growth				
Net Interest Income, yoy Chg	(11)	(11)	6	3
Fees & Commissions, yoy Chg	3	7	4	4
Pre-Provision Profit, yoy Chg	5	(7)	1	4
Net Profit, yoy Chg	7	2	6	1
Customer Loans, yoy Chg	0	4	4	2
Profitability				
Net Interest Margin	3	2	3	3
Cost/Income Ratio	40	40	40	40
Adjusted ROA	1	1	1	1
Reported ROE	11	11	11	11
Adjusted ROE	11	11	11	11
Valuation				
P/BV	1	1	1	1
P/NTA	1	1	1	1
Adjusted P/E	12	12	11	11
Dividend Yield	6	6	7	7