Krungthai Card (KTC TB)

2Q26: Results Beat; Credit Cost And NPL Ratio Down QOQ

BUY (Maintained)	
Share Price	Bt39.00
Target Price	Bt50.00
Upside	29.03%
Previous TP	Bt44.00

Analyst(s)
Thanawat Thangchadakorn
thanawat@uobkh.co.th
(662) 090 3360

Highlights

- KTC reported a net profit of Bt2.23b in 2Q26, up 17% yoy and 3% qoq.
- KTC will prioritise maintaining good asset quality.
- Maintain BUY with a higher target price of Bt50.00 (previously Bt44.00).

2Q26 Results

Year to 31 Dec (Btm)	2Q26	1Q26	2Q25	qoq chg (%)	yoy chg (%)
Total gross loans	107,010	107,106	106,388	(0.1)	0.6
Net interest income	3,674	3,624	3,591	1.4	2.3
Non-interest income	2,797	2,896	2,789	(3.4)	0.3
Loan loss provision	(1,310)	(1,387)	(1,522)	(5.5)	(13.9)
Non-Interest expenses	(2,367)	(2,413)	(2,386)	(1.9)	(0.8)
Pre-provision operating profit	4,105	4,108	3,994	(0.1)	2.8
Net income	2,225	2,171	1,895	2.5	17.4
EPS (Bt)	0.86	0.84	0.73	2.5	17.4
Ratio (%)					
NPL Ratio (%)	1.86	1.93	1.8		
Loan loss coverage ratio (%)	426	408	420		
Net interest margin (NIM %)	13.7	13.3	13.5		
Reported Credit cost (bp)	490	510	572		
Reported Cost to income (%)	34.6	35.0	35.0		

Source: Krungthai Card, UOB Kay Hian

Analysis

- **2Q26 results beat.** Krungthai Card (KTC) posted a 2Q26 net profit of Bt2.23b, up 17% yoy and 3% qoq. The results beat our and consensus estimates by 11% and 6% respectively. Excluding provisioning, the company's pre-provision operating profit rose 3% yoy and was flat qoq.
- **Loan portfolio was flat qoq in 2Q26.** KTC's loan growth expanded 0.6% yoy but was flat qoq in 2Q26. In 1H26, its gross credit card portfolio grew 0.2% yoy while credit card spending jumped 5% yoy. Meanwhile, KTC's gross personal loan portfolio rose 3.2% yoy in 1H26. Overall, total loan portfolio grew 0.6% in 1H26. We forecast a 2.1% yoy growth in loan portfolio in 2026, compared with KTC's guidance of 1-2%.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net interest income	14,381.9	14,559.9	14,822.1	15,327.6	15,713.2
Non-Interest Income	11,267.4	11,441.5	11,887.6	13,451.4	14,903.4
Net profit (rep./act.)	7,437.2	7,781.6	8,633.6	9,029.3	9,383.5
Net profit (adj.)	7,437.2	7,781.6	8,633.6	9,029.3	9,383.5
EPS (Bt)	2.9	3.0	3.4	3.5	3.6
PE (x)	13.5	12.9	11.6	11.1	10.7
P/B (x)	2.5	2.3	2.1	1.9	1.8
Dividend yield (%)	2.6	6.7	4.9	5.4	5.5
Net int margin (%)	13.0	13.2	13.2	13.4	13.4
Cost/income Ratio (%)	37.5	37.1	37.1	37.0	36.9
Loan loss cover (%)	369.3	425.0	420.0	440.0	465.0
Consensus net profit	n.a	n.a	8,269.5	8,599.5	8,910.6
UOBKH/Consensus (x)	n.a	n.a	1.0	1.0	1.0

Source: Krungthai Card, Bloomberg, UOB Kay Hian

Stock Data

GICS sector	Financials
Bloomberg ticker:	KTC TB
Shares issued (m):	2,578.3
Market cap (Btm):	99,910.4
Market cap (US$m):	2,970.8
3-mth avg daily t'over (US$m):	17.8

Price Performance (%)

52-week high/low: Bt39.0/Bt24.8

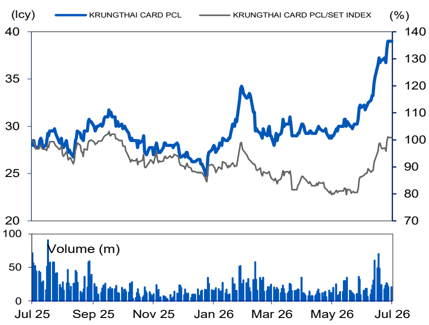
1mth	3mth	6mth	1yr	YTD
21.1	32.5	42.2	39.6	47.6

Major Shareholders	**%**
Krungthai Bank (KTB)	49.29
Thai NVDR	6.55
Mongkol Prakitchaiwattana	5.37

Balance Sheet Metrics

FY26 NAV/Share (Bt)	18.7
FY26 Net Debt/Share (Bt)	n.a

Price Chart



Source: Bloomberg

Company Description

The company provides unsecured financial products, credit card products and services, and personal loans to consumers in Thailand.

- **Credit cost and NPL ratio decreased qoq in 2Q26.** KTC set aside provision expenses of Bt1.3b, down 14% yoy and 6% qoq in 2Q26. Credit costs decreased from 510bp in 1Q26 to 490bp in 2Q26. Credit costs were reported at 500bp in 1H26. NPL ratio declined from 1.93% in 1Q26 to 1.86% in 2Q26. New NPL formation dropped to 4.5% in 2Q26 (1Q26: 5.5%, 4Q25: 4.8%). The loan-loss coverage ratio increased from 408% in 1Q26 to 426% in 2Q26. Although we have seen a small increase in gross NPLs for the credit card and personal loan portfolios, the reduction in NPL under the lease portfolio would result in a qoq drop in the total NPL ratio. We believe KTC will maintain a prudent approach to ensuring good asset quality.
- **KTC to prioritise maintaining good asset quality.** Due to the economic uncertainty and low growth, driven by high household debt and rising living costs, KTC cautiously grew its loan portfolio in 2Q26. Meanwhile, KTC planned a strategic decline in lease receivables, resulting in a continuous shrinkage in its loan portfolio and a reduction in NPL in 2Q26. To navigate this challenging environment, KTC prioritises a prudent expansion strategy focused on portfolio quality and risk management. This defensive approach aims to mitigate economic volatility while securing sustainable, long-term growth. We are optimistic about KTC's asset quality outlook.
- **Expect no change in dividend payment in the near term.** KTC said that the current dividend payout ratio of 55.1% is a sustainable level. Meanwhile, the company will not pay an interim dividend and will maintain the current annual dividend payment.

Valuation/Recommendation

- **Maintain BUY with a higher target price of Bt50.00 (previously Bt44.00),** based on the Gordon Growth Model (cost of equity: 11.5%, long-term growth: 3%). This implies 2.7x 2026F P/B, which is -0.5SD to its historical five-year mean.

Earnings Revision/Risk

- We revise our 2026-28 earnings forecasts upward by 4.9%, 7.8%, and 9.2%, respectively following decent 2Q26 earnings results that showed a mild impact from the Middle East conflict and a robust asset quality outlook.

Share Price Catalyst

- Government stimulus measures to strengthen domestic spending.
- An increase in the dividend payout ratio.

Environment, Social, Governance (ESG) Updates

CG Report: 5
SET ESG Rating: AAA

Environmental

- The company offers a 0% interest instalment plan for solar rooftops.
- The company offers special privileges for electric vehicle bookings and wall boxes.

Social

- **Education loans.** KTC aims to provide equal educational opportunities to individuals who aspire to further their education but lack the necessary funds. It offers loans with reasonable interest rates, fees, and instalment options to ease their burden.

Governance

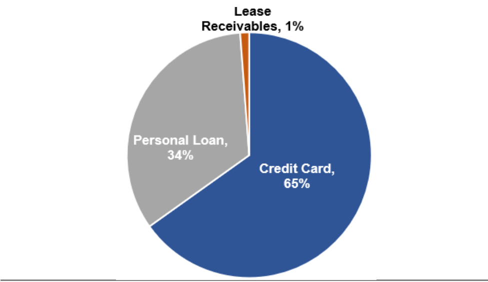
- The company has established the Business Ethic Manual, which is reviewed annually, to set up a framework for employees to follow.

2026 Financial Targets

	1H26 Actual	2026 Targets	2025 Actual
Net Profit	Bt4.4b	> Bt7.78b	Bt7.78b
Loan Growth	0.6%	1-2%	0.4%
Credit Card Spending	4.7%	5%	3.6%
Personal Loan	3.0%	2%	1.4%
P BERM Car for Cash (New Booking)	N/A	N/A	Bt2.3b
NPL ratio	1.86%	<= 2.0%	1.79%

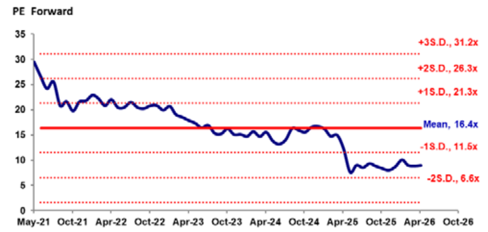
Source: KTC, UOB Kay Hian

Loan Portfolio (2Q26)



Source: KTC, UOB Kay Hian

PE Band

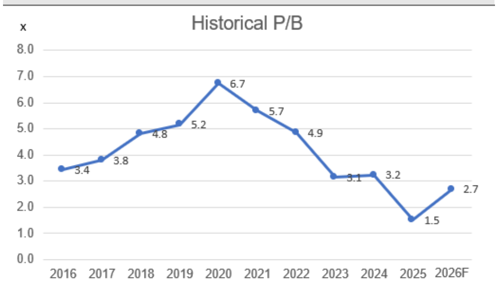


Source: Bloomberg, UOB Kay Hian

P/B Band

Source: Bloomberg, UOB Kay Hian

Historical P/B



Source: SET, UOB Kay Hian

Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Interest income	16,254	16,249	16,678	17,017
Interest expense	(1,694)	(1,426)	(1,350)	(1,304)
Net interest income/(expense)	14,560	14,822	15,328	15,713
Fees & Commissions	6,513	7,041	7,977	9,174
Income From Insurance	0	0	0	0
Net Trading Income	0	0	0	0
Other Income	4,929	4,847	5,474	5,730
Non-Interest Income	11,441	11,888	13,451	14,903
Total Income	26,001	26,710	28,779	30,617
Staff Costs	(9,404)	(9,665)	(10,421)	(11,048)
Other Operating Expense	(235)	(239)	(243)	(248)
Pre-Provision Profit	16,363	16,806	18,115	19,321
Loan Loss Provision	(5,906)	(5,974)	(6,784)	(7,545)
Other Provisions	0	0	0	0
Associated Companies	0	0	0	0
Other Non-Operating Income	0	0	0	0
Pre-tax profit	10,456	10,833	11,332	11,776
Tax	(2,897)	(2,171)	(2,266)	(2,355)
Minorities	222	(28)	(36)	(37)
Net profit	7,782	8,634	9,029	9,384
Net profit (adj.)	7,782	8,634	9,029	9,384

Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Cash With Central Bank	3,471	4,327	4,425	4,529
Govt Treasury Bills & Securities	0	0	0	0
Interbank Loans	0	0	0	0
Customer Loans	102,628	105,389	107,855	109,874
Investment Securities	0	0	0	0
Derivative Receivables	0	0	0	0
Associates & JVs	0	0	0	0
Properties & Other Fixed Assets	367	271	131	97
Goodwill & Intangible Assets	380	513	513	513
Other Assets	3,678	3,660	3,735	3,814
Insurance Fund Investment Assets	0	0	0	0
Total assets	110,524	114,159	116,659	118,827
Interbank Deposits	0	0	0	0
Customer Deposits	0	0	0	0
Bills Payable	21,300	20,961	18,426	15,581
Derivative Payables	0	0	0	0
Debts Securities Issued	0	0	0	0
Subordinated Debts	35,612	36,227	37,050	37,923
Other Liabilities	9,593	8,888	9,048	9,232
Insurance Fund Liabilities	0	0	0	0
Total liabilities	66,505	66,076	64,523	62,736
Shareholders' funds	44,151	48,221	52,310	56,303
Minority interest	(133)	(139)	(175)	(212)
Total Equity & Liabilities	110,524	114,159	116,659	118,827

Operating Ratios

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Capital Adequacy				
Total Assets/Equity	2	2	2	2
Tangible Assets/Tangible Common Equity	3	2	2	2
Asset Quality				
NPL Ratio	2	2	2	2
Loan Loss Coverage	425	420	440	465
Loan Loss Reserve/Gross Loans	5	5	6	6
Increase in NPLs	(8)	3	(3)	2
Credit Cost (bp)	534	533	592	644
Liquidity				
Loan/Deposit Ratio	194	197	207	220
Liquid Assets/Short-Term Liabilities	16	21	24	29
Liquid Assets/Total Assets	3	4	4	4

Key Metrics

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Growth				
Net Interest Income, yoy Chg	1	2	3	3
Fees & Commissions, yoy Chg	2	8	13	15
Pre-Provision Profit, yoy Chg	2	3	8	7
Net Profit, yoy Chg	5	11	5	4
Customer Loans, yoy Chg	0	3	2	2
Profitability				
Net Interest Margin	13	13	13	13
Cost/Income Ratio	37	37	37	37
Adjusted ROA	7	8	8	8
Reported ROE	19	19	18	18
Adjusted ROE	19	19	18	18
Valuation				
P/BV	2	2	2	2
P/NTA	2	2	2	2
Adjusted P/E	13	12	11	11
Dividend Yield	7	5	5	6