Krung Thai Bank (KTB TB)

2Q26: Results Beat; Provision Expenses Down yoy And qoq

BUY (Maintained)

Share Price	Bt42.50
Target Price	Bt52.00
Upside	22.4%
Previous TP	Bt44.00

Highlights

- KTB reported a net profit of Bt12.1b in 2Q26, up 9% yoy but down 3% qoq.
- Loan portfolio grew yoy and qoq in 2Q26.
- Maintain BUY with a higher target price of Bt52.00 (previously: Bt44.00).

2Q26 Results

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

Analysis

- **2Q26 results beat.** Krung Thai Bank (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.
- **Loan portfolio grew yoy and qoq in 2Q26.** KTB reported outstanding loans of around Bt2.83t in 2Q26, up 5% yoy and 1.2 qoq, driven by the retail, corporate and government sectors. In 1H26, the loan portfolio grew 3.6%, higher than loan growth target of 0-2% in 2026.
- **NII weakened yoy and qoq.** KTB reported a net interest income (NII) of Bt23.3b in 2Q26 (-14% yoy, -1% qoq). Meanwhile, NIM contracted from 2.48% in 1Q26 to 2.45% in 2Q26, pressured by the lower lending rate environment.

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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Stock Data

GICS sector	Financials
Bloomberg ticker:	KTB TB
Shares issued (m):	13,976.1
Market cap (Btm):	594,903.8
Market cap (US$m):	17,688.1
3-mth avg daily t'over (US$m):	87.5

Price Performance (%)

52-week high/low: Bt42.5/Bt21.2

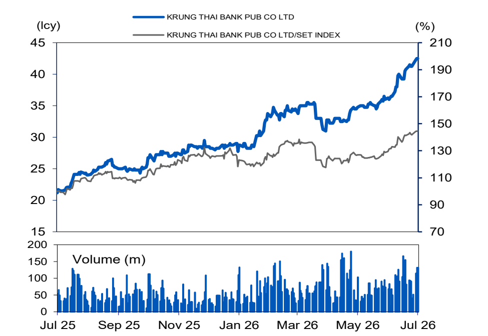
1mth	3mth	6mth	1yr	YTD
18.1	29.8	55.9	102.2	53.2

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.

- **Non-II dropped qoq.** KTB reported a non-interest income (non-II) of Bt14b in 2Q26 (+7% yoy, -11% qoq). Fee income rose 10.3% yoy, mainly supported by the wealth management business. There was a gain on financial instruments measured at fair value through profit or loss of Bt3.6b in 2Q26 (1Q26: Bt3.9b, 4Q25: Bt2.15b). Meanwhile, there was also an investment gain of Bt673m in 2Q26, decreasing qoq from Bt837m in 1Q26. Dividend income was reported at Bt358m in 2Q26, decreasing qoq from Bt1.4b in 1Q26.
- **Credit cost declined qoq.** The NPL ratio decreased from 2.93% in 1Q26 to 2.92% in 2Q26. The bank set aside provision expenses of Bt6.6b in 2Q26 (-20% yoy, -15% qoq). As a result, credit costs declined 20bp qoq to 95bp in 2Q26 (1Q26: 115bp). In 1H26, credit costs were reported at 105bp, within its 2026 target of 75-115bp. Meanwhile, the coverage ratio was 205% in 2Q26, which is a sufficiently strong cushion to buffer against future uncertainties.
- **Opex fell yoy due to the higher efficiency.** KTB reported opex of Bt14.6b (-14% yoy, -5% qoq). It improved its cost to income ratio to 38.9% (down from 42.3% in 2Q25) through smart cost controls, higher operational efficiency, and reduced property provisions while funding strategic digital and IT investments for future growth.

Valuation/Recommendation

- **Maintain BUY with a higher target price of Bt52.00 (previously: Bt44.00).** We use the Gordon Growth Model (cost of equity: 11%, long-term growth: 2%). This implies 1.54x 2026F P/B.

Earnings Revision/Risk

- We revise KTB's 2026-28 earnings forecasts upward by 2.3%, 2.5%, and 0.9%, respectively, to reflect the decent 2Q26 earnings results.

Share Price Catalyst

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

Environment, Social, Governance (ESG) Updates

CG Report: 5
SET ESG Rating: AAA

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

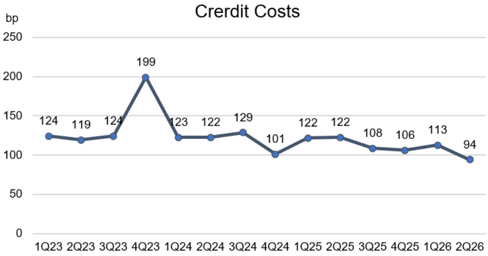
- The bank places great importance on conducting its business with transparency, honesty, and fairness, in accordance with the principles of good corporate governance.

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%

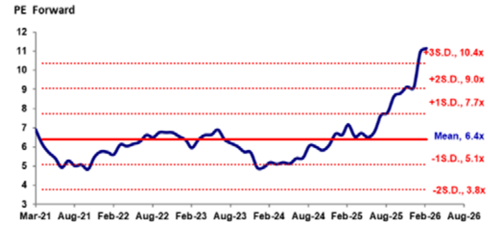
Source: KTB, UOB Kay Hian

Credit Cost (bp)



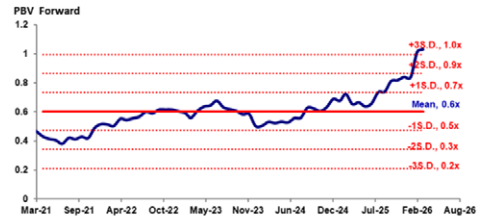
Source: KTB, UOB Kay Hian

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

Operating Ratios

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 Metrics

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