

Company Update

Monday, April 21, 2025



I V Global Securities Public Company Limited

Krung Thai Bank Pcl (KTB)

Rating: BUY

Fair price: Bt24.9

Close price: Bt21.3

Company Information

Ticker:	KTB TB
Sector:	Financials
Shares outstanding (m):	13,976.06
Market capitalization (Btm):	297,690.10
Trading vol/day (Btm):	1,320.17
Free float (%):	44.93
Beta:	0.66

Major Shareholders

FIDF	55.07%
Thai NVDR	10.12%

Consensus Bloomberg

2025F EPS (Bt):	3.23
Target price (Bt):	25.32

Price Performance

52 Wk high/low:	24.7 / 15.9
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	1M	3M	1Y	YTD
Absolute (%)	-9.4	-3.6	30.7	1.4
Relative (%)	-7.2	10.5	46.1	19.2



1Q25 net profit comes in flat YoY

- KTB reported a profit of Bt11.7bn for 1Q25, flat YoY and up 18.6% QoQ. The 1Q25 results slightly beat the Bloomberg consensus projection of Bt11.3bn. Net-interest income declined YoY and QoQ. Non-interest income rose YoY and QoQ from gains on investments. Pre-provision operating profit (PPOP) was up by 1.8% YoY and 17.7% QoQ to Bt24bn. Expected credit loss (ECL) came to Bt8.2bn (+2.4% YoY and +22.3% QoQ). The 1Q25 earnings accounted for 25.8% of our current full-year estimate.
- **Asset quality.** Gross NPLs declined marginally by 0.5% QoQ to Bt95bn, or 2.97% of loans as of end-March 2025, compared with 2.99% at end-2024. The loan-loss-coverage ratio remained high at 187.7%. ECL in 1Q25 came in at Bt8.2bn, suggesting credit costs at 124bps of loans for this quarter versus 124bps in 1Q24 and 102bps for 4Q24.
- **Loan growth and LDR ratio.** Net loans fell by 1.3% YTD, with a 1.2% rise in government sector loans (20% of total), a decline of 5.2% in the corporate segment (24.7%). SME lending fell by 1.8% YTD (10%). Loans to the retail segment (45.3% of the portfolio) were flat YTD, with housing loans up by 0.3% and personal lending rising by 0.3% YTD, while credit card lending fell by 5%. Deposits grew by 0.8% YTD. Therefore, the loan-to-deposit ratio reached 96.8% as of the end of March.
- NIM fell by 20bps QoQ to 3.08% in 1Q25 from portfolio optimization with a justified risk-adjusted return. Yield on earning assets fell by 28bps QoQ versus a 10bps fall in the cost of funds.
- Non-interest income grew by 6% YoY and 52% QoQ to Bt12.4bn in 1Q25, thanks to mark-to-market gains on financial instruments and gains on investments. Net fee income fell by 2.4% YoY and 6.3% QoQ.
- Cost-to-income ratio came in at 40.4% in 1Q25, with absolute operating expenses declining 8.1% YoY and 6.5% QoQ to Bt16.3bn with normalization of impairment loss of properties for sale, following a prudent impairment setup based on asset potential in 1Q2024. The bank has maintained ongoing investments in IT and digital capabilities to support the development of new products and services, in preparation for future industry growth and advancements in technology and innovation.
- Total CAR for the bank alone checked in at 21.1%, with Tier-1 of 19.1%.
- **Maintain BUY.** We cut our earnings estimates by 2.4% and 5.5% during 2025-26F, respectively. We prefer to maintain our BUY rating with a revised price target of Bt24.9 (from Bt25.5), based on 0.75x 2025F BV. The stock currently trades at an undemanding 2025F P/E of 6.7x. It also offers a 2025F annual dividend yield of 7.4%. The upside risk to our earnings lies with the potential booking of new government sector loans to support the government's economic stimulus packages. At the same time, the low yield offsets the low credit risk.

Investment summary

FY Dec 31	2022	2023	2024	2025F	2026F	2027F
Net profit (Btm)	33,698	36,616	43,856	44,277	45,198	46,560
Change (%)	56.1	8.7	19.8	1.0	2.1	3.0
PPOP (Btm)	70,620	87,309	90,324	89,401	88,701	91,366
Change (%)	12.0	23.6	3.5	-1.0	-0.8	3.0
EPS (Bt)	2.41	2.62	3.14	3.17	3.23	3.33
Change (%)	56.1	8.7	19.8	1.0	2.1	3.0
P/E (x)	8.8	8.1	6.8	6.7	6.6	6.4
DPS (Bt)	0.682	0.868	1.545	1.583	1.616	1.665
Yield (%)	3.2	4.1	7.3	7.4	7.6	7.8
BVPS (Bt)	26.91	28.78	31.48	33.15	34.80	38.13
P/BV (x)	0.79	0.74	0.68	0.64	0.61	0.56
ROAA (%)	0.9	1.0	1.2	1.2	1.2	1.3
ROAE (%)	9.2	9.4	10.4	9.8	9.5	9.1

Source: Company and IVG estimates

Analyst

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Rating	CGR	Thai CAC	SET ESG
KTB		Certified	AAA

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Results

Btm	1Q25	1Q24	% YoY	4Q24	% QoQ	2024	2023	% YoY
Net-interest income	27,843	29,561	-5.8	29,613	-6.0	119,115	113,419	5.0
Non-interest income								
Fee income	5,442	5,577	-2.4	5,809	-6.3	22,282	20,872	6.8
Others	7,003	6,162	13.6	2,374	194.9	17,705	15,174	16.7
Total	12,444	11,739	6.0	8,184	52.1	39,988	36,046	10.9
Operating expenses	16,292	17,731	-8.1	17,417	-6.5	68,778	62,157	10.7
PPOP	23,995	23,570	1.8	20,380	17.7	90,324	87,309	3.5
ECL	8,223	8,029	2.4	6,725	22.3	31,070	37,085	-16.2
Pre-tax profits	15,772	15,541	1.5	13,655	15.5	59,255	50,223	18.0
Tax	3,177	2,936	8.2	2,805	13.3	11,576	9,902	16.9
Net income	11,714	11,676	0.3	9,877	18.6	43,856	36,616	19.8
EPS (Bt)	0.84	0.84	0.3	0.71	18.6	3.14	2.62	19.8

Source: Company and IVG estimates

Key ratios

(%)	1Q24	2Q24	3Q24	4Q24	1Q25
Net loan growth, YTD	1.6	-0.6	-0.5	4.7	-1.3
Net loan growth, YoY	1.4	-0.7	-2.5	4.7	1.7
NIM	3.31	3.37	3.35	3.28	3.08
Fee income, YoY	8.5	10.0	2.1	6.9	-2.4
Non-int income, YoY	15.4	18.3	15.7	-4.8	6.0
Cost to income	43.6	41.7	42.4	45.4	40.4
Loan-to-deposit	100.6	96.6	97.0	98.8	96.8
Credit cost (bps)	123.6	123.6	129.7	102.2	123.7
NPLs	3.14	3.12	3.14	2.99	2.97
LLR/NPL	181.8	181.1	184.1	188.6	187.7
Tier I	17.3	17.6	19.0	18.8	19.1
Total CAR	20.5	20.8	21.0	20.8	21.1

Source: Company and IVG estimates

Quarterly

Btm	1Q24	2Q24	3Q24	4Q24	1Q25
Net interest income	29,561	30,056	29,885	29,613	27,843
Non-interest income					
Fee income	5,577	5,277	5,619	5,809	5,442
Others	5,564	4,117	5,052	2,972	7,003
Total	11,141	9,394	10,672	8,781	12,444
Operating expenses	17,731	16,438	17,193	17,417	16,292
PPOP	22,972	23,012	23,363	20,977	23,995
ECL	8,029	8,004	8,312	6,725	8,223
Pre-tax profits	14,943	15,008	15,051	14,252	15,772
Tax	2,936	2,877	2,958	2,805	3,177
Net income	11,078	11,195	11,107	10,475	11,714
EPS (Bt)	0.79	0.80	0.79	0.75	0.84

Source: Company and IVG estimates

Key ratios

(%)	2021	2022	2023	2024
Net loan growth, YTD	12.6	-1.4	-0.6	4.7
Net loan growth, YoY	12.6	-1.4	-0.6	4.7
NIM	2.49	2.60	3.22	3.29
Fee income, YoY	-2.5	1.5	2.7	6.8
Non-int income, YoY	-4.4	7.9	3.0	10.9
Cost to income	45.5	43.7	41.6	43.2
Loan-to-deposit	100.5	100.1	97.3	98.8
Credit costs (bps)	131.0	93.2	142.6	114.1
NPLs	3.50	3.26	3.08	2.99
LLR/NPL	168.8	179.7	181.2	188.6
Tier I	16.5	16.5	17.5	18.8
Total CAR	19.9	19.7	20.7	20.8

Source: Company and IVG estimates

KTB

E: Environmental

KTB recognizes its crucial role as a commercial bank in driving the financial mechanism for the transition to a circular economy system. As part of its commitment to managing operational risks, the bank has developed a Sustainability Credit Framework. Moreover, KTB is dedicated to creating shared value with customers and entrepreneurs of all sizes by providing credit support to environmentally friendly businesses. The bank also strives to develop innovative products, services, and financial solutions that promote the transition to a low-carbon society.

S: Social

Since 2018, KTB has implemented a market conduct policy to ensure responsible practices and fair treatment of customers. Work systems and processes have been improved to meet the requirements set by the Bank of Thailand's market conduct rules. Internal schemes and projects have been rolled out to foster the right mindset and instill market conduct awareness in all of our employees, a.k.a. make it part of our DNA. For example, the Sustainable KTB Initiative or "Krungthai Kunnatham".

G: Governance

Good corporate governance practices are central to KTB's culture and business conduct. As a financial institution, it prioritizes this for several reasons. Firstly, it has established a proper risk management framework, which is essential for stability and sustainability. Secondly, it promotes transparency, accountability, and responsible decision-making, building stakeholder confidence. Thirdly, it ensures compliance with laws and regulations, mitigating reputational damage and legal action. Fourthly, it enhances the bank's reputation, establishing it as trustworthy, reliable, and responsible. Lastly, it focuses on promoting long-term sustainability by creating long-term value for stakeholders rather than short-term gains.

Comment

KTB has been awarded a SET ESG rating of AAA, indicating a strong commitment to environmental, social, and governance (ESG) practices and clear long-term objectives in this regard. Furthermore, the company demonstrates the ability to execute short-term goals effectively.

Source: Company and IVG estimates

I V Global Investment Research – Recommendation Definitions

Sector Recommendations

OVERWEIGHT: The industry, as defined by the analyst's coverage universe, is expected to outperform the relevant primary market index by at least 10% over the next 12 months.

NEUTRAL: The industry, as defined by the analyst's coverage universe, is expected to perform in line with the relevant primary market index over the next 12 months.

UNDERWEIGHT: The industry, as defined by the analyst's coverage universe, is expected to underperform the relevant primary market index by 10% over the next 12 months.

Stock Recommendations

BUY: Expecting positive total returns of 15% or more over the next 12 months.

HOLD: Expecting total returns of not more than -10% to +10% over the next 3 months.

SELL: Expecting negative total returns of 15% or more over the next 12 months

Anti-corruption Progress Indicator Definitions

Level 5 Extended	Extension of the anti-corruption policy to business partners in the supply chain, and disclosure of any current investigations, prosecutions or closed cases
Level 4 Certified	Audit engagement by audit committee or auditors approved by the office of SEC, and receiving certification or assurance by independent external assurance providers (CAC etc.)
Level 3 Established	Carrying out preventive measures, risk assessment, communication and training for all employees, including consistent monitoring and review processes. (3A: Established by Declaration of Intent, 3B: Established by Internal Commitment and Policy)
Level 2 Declared	Public declaration statement to participate in Thailand's private sector Collective Action Coalition Against Corruption (CAC) or equivalent initiatives
Level 1 Committed	Organization's statement or board's resolution to work against corruption and to be in compliance with all relevant laws
Partially progress	Insufficient or not clearly defined policy
No progress	Data not available / no policy

Corporate Governance Report (CGR)

	Excellent
	Very good
	Good

Disclaimers

The disclosure of the survey result of corporate governance, which is surveyed by the Thai Institute of Directors Association ("IOD"), and the Anti-Corruption Progress Indicators, which is assessed by Thaipat Institute, are the disclosure of the survey or assessment result based on the information received from the listed company that was stipulated in the form for Annual Corporate Governance Report of Thai Listed Companies (CGR) and the form for the assessment of Anti-corruption that refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2) or other relevant documents or reports of such listed company (as the case may be). The survey or assessment result is based on the information of the listed company, which is disclosed to the public and can be accessed by all investors and is made in order to comply with the policy of the Office of the Stock Exchange of Thailand.

Nevertheless, the survey or assessment result is made from the perspective of the IOD or Thaipat Institute that are the third party only. It is not an assessment of operation of the listed company and is not based on any inside information."

Since this survey or assessment result is only the survey or assessment result as of the date appearing in the survey or assessment result only, it may be changed after that date or when there is any change to the relevant information. Nevertheless, I V Global Securities Plc. (IVG) does not confirm, verify, or certify the accuracy and completeness of the survey or assessment result.



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