

# Company Update

Friday, August 08, 2025



I V Global Securities Public Company Limited

## Krung Thai Bank Pcl (KTB)

Rating: BUY

Fair price: Bt24.9

Close price: Bt23.5

### Focusing on sustainable, consistent growth

#### Company Information

Ticker:	KTB TB
Sector:	Financials
Shares outstanding (m):	13,976.06
Market capitalization (Btm):	328,437.44
Trading vol/day (Btm):	1,238.77
Free float (%):	44.93
Beta:	0.54

#### Major Shareholders

FIDF	55.07%
Thai NVDR	8.31%

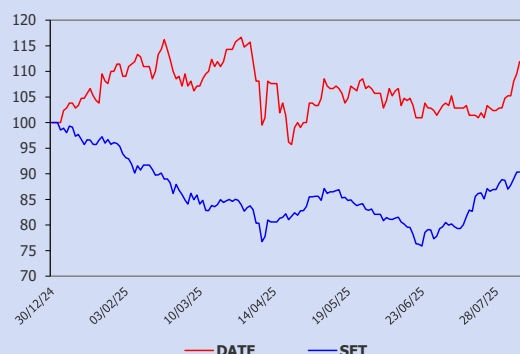
#### Consensus Bloomberg

2025F EPS (Bt):	3.10
Target price (Bt):	24.76

#### Price Performance

52 Wk high/low:	24.7 / 17.5
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	1M	3M	1Y	YTD
Absolute (%)	6.3	3.1	32.8	11.9
Relative (%)	-6.3	-0.6	34.7	21.6



- At the recent analyst meeting, KTB's management maintained key financial targets for 2025, saying the 1H25 performance was on track for the full-year target despite the challenging macroeconomic environment. Although loans have declined 1.0% YTD, the bank currently targets total loan growth to come in flat this year, with rising demand from the private sector, particularly the retail segment. The bank's economist has revised up GDP growth from below 1% to 2%, following higher exports in 1H25 and relief over concerns about the US reciprocal tariff rate.
- The bank expects the BoT to cut the policy rate twice in 2H25 from a current rate of 1.75%. Therefore, NIM could be lower than the target range of 2.9-3.2% (which is based on an assumption of a policy rate of 1.5%).
- Management also guided that the credit cost set aside in 2H25 will likely be lower than the 1H25 level of 124bps. The full-year credit cost target will likely come in at the low to mid-range of the given target of 105-125bps.
- In terms of THAI's re-listing, the bank will treat its investment in THAI shares (derived from the conversion of debt to equity) as mark-to-market in the P&L statement (with potential upside risk to 3Q25 earnings). The bank is also considering upgrading this NPL to performing, and it may reverse provisions partly. The current NPL ratio of 2.94% is manageable (versus the guidance of <3.25%).
- Key financial targets for this year include flat loan growth (versus -1.0% in 1H25), NIM of 2.9-3.2% (versus 2.99% in 1H25), and credit cost of 105-125bps (124bps in 1H25). KTB prefers to keep its LLR ratio at 170bps+/1 (194bps at end-June 2025). In terms of loan growth, there is market demand for the retail segment, particularly mortgages. Ideally, mortgage lending is designed for salary-based payrolls, with a loan-to-value ratio of 50%. The current high coverage ratio would ideally be used as a recovery engine tool in the longer term.
- Fee income is on track to grow by low-to-mid single digits (1.4% in 1H25). KTB has seen subscribers to the Pao Tung application reaching 40m, already at the maximum range based on the 64m eligible population.
- Cost-to-income ratio is on track at the low to mid-40s (from 41.3% in 1H25). NPA impairment will decline in 2H25.
- The virtual bank business will be formed soon, with key partners (ADVANC, PTTOR). Backed by a strong database from a mobile operator, retail customers, and the Pao Tung app, the bank foresees a new business opportunity, while the new virtual bank license will use alternative data to provide a new business model. No concrete plans have been disclosed.
- Total CAR for the bank alone checked in at 21.3%, with a Tier-1 level of 19.3%.
- Maintain BUY.** We maintain our earnings and BUY rating with a price target of Bt24.9, based on 0.75x 2025F BV. The stock currently trades at an undemanding 2025F P/E of 7.5x. It also offers a 2025F annual dividend yield of 6.7%. 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	44,054	45,021	46,319
Change (%)	56.1	8.7	19.8	0.5	2.2	2.9
PPOP (Btm)	70,620	87,309	90,324	89,486	89,589	92,202
Change (%)	12.0	23.6	3.5	-0.9	0.1	2.9
EPS (Bt)	2.41	2.62	3.14	3.15	3.22	3.31
Change (%)	56.1	8.7	19.8	0.5	2.2	2.9
P/E (x)	9.8	9.0	7.5	7.5	7.3	7.1
DPS (Bt)	0.682	0.868	1.545	1.575	1.610	1.656
Yield (%)	2.9	3.7	6.6	6.7	6.9	7.0
BVPS (Bt)	26.91	28.78	31.48	33.14	34.78	38.10
P/BV (x)	0.87	0.82	0.75	0.71	0.68	0.62
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	2Q25	2Q24	% YoY	1Q25	% QoQ	1H25	1H24	% YoY
Net-interest income	26,897	30,056	-10.5	27,843	-3.4	54,740	59,617	-8.2
Non-interest income								
Fee income	5,569	5,277	5.5	5,442	2.3	11,011	10,854	1.4
Others	7,704	4,719	63.3	7,003	10.0	14,707	10,881	35.2
Total	13,274	9,996	32.8	12,444	6.7	25,718	21,735	18.3
Operating expenses	16,974	16,438	3.3	16,292	4.2	33,266	34,168	-2.6
PPOP	23,197	23,614	-1.8	23,995	-3.3	47,192	47,184	0.0
ECL	8,239	8,004	2.9	8,223	0.2	16,463	16,032	2.7
Pre-tax profits	14,957	15,611	-4.2	15,772	-5.2	30,729	31,152	-1.4
Tax	2,828	2,877	-1.7	3,177	-11.0	6,005	5,813	3.3
<b>Net income</b>	<b>11,122</b>	<b>11,798</b>	<b>-5.7</b>	<b>11,714</b>	<b>-5.1</b>	<b>22,836</b>	<b>23,474</b>	<b>-2.7</b>
EPS (Bt)	0.80	0.84	-5.7	0.84	-5.1	1.63	1.68	-2.7

Source: Company and IVG estimates

## Key ratios

(%)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25
Net loan growth, YTD	1.6	-0.6	-0.5	4.7	-1.3	-1.0
Net loan growth, YoY	1.4	-0.7	-2.5	4.7	1.7	4.4
NIM	3.31	3.37	3.35	3.28	3.08	2.91
Fee income, YoY	8.5	10.0	2.1	6.9	-2.4	5.5
Non-int income, YoY	15.4	18.3	15.7	-4.8	6.0	32.8
Cost to income	43.6	41.7	42.4	45.4	40.4	42.3
Loan-to-deposit	100.6	96.6	97.0	98.8	96.8	96.9
Credit cost (bps)	123.6	123.6	129.7	102.2	123.7	123.5
NPLs	3.14	3.12	3.14	2.99	2.97	2.94
LLR/NPL	181.8	181.1	184.1	188.6	187.7	194.1
Tier I	17.3	17.6	19.0	18.8	19.1	19.3
Total CAR	20.5	20.8	21.0	20.8	21.1	21.3

Source: Company and IVG estimates

## Quarterly

Btm	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25
Net interest income	29,561	30,056	29,885	29,613	27,843	26,897
Non-interest income						
Fee income	5,577	5,277	5,619	5,809	5,442	5,569
Others	5,564	4,117	5,052	2,972	7,003	7,704
Total	11,141	9,394	10,672	8,781	12,444	13,274
Operating expenses	17,731	16,438	17,193	17,417	16,292	16,974
PPOP	22,972	23,012	23,363	20,977	23,995	23,197
ECL	8,029	8,004	8,312	6,725	8,223	8,239
Pre-tax profits	14,943	15,008	15,051	14,252	15,772	14,957
Tax	2,936	2,877	2,958	2,805	3,177	2,828
<b>Net income</b>	<b>11,078</b>	<b>11,195</b>	<b>11,107</b>	<b>10,475</b>	<b>11,714</b>	<b>11,122</b>
EPS (Bt)	0.79	0.80	0.79	0.75	0.84	0.80

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

<b>Level 5 Extended</b>	Extension of the anti-corruption policy to business partners in the supply chain, and disclosure of any current investigations, prosecutions or closed cases
<b>Level 4 Certified</b>	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.)
<b>Level 3 Established</b>	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)
<b>Level 2 Declared</b>	Public declaration statement to participate in Thailand's private sector Collective Action Coalition Against Corruption (CAC) or equivalent initiatives
<b>Level 1 Committed</b>	Organization's statement or board's resolution to work against corruption and to be in compliance with all relevant laws
<b>Partially progress</b>	Insufficient or not clearly defined policy
<b>No progress</b>	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."

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