

Krung Thai Bank Pcl (KTB TB) - BUY, Price Bt27.75, TP Bt35.00**Results Comment**

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Strong 4Q25 results as expected

- KTB reported 4Q25 net profit of Bt10.7bn (-2% y-y, -26% q-q), broadly in line with both our estimate and Bloomberg consensus. FY25 net profit reached Bt48.2bn (+5% y-y), as NIM compression was fully offset by stronger fee income, solid investment income, good cost control, and lower ECL.

- We take a **slightly positive view** on the results, supported by a **resilient core business**. Positives include the resumption of loan growth, strong fee income momentum, and continued discipline in both cost and asset quality management.

- 4Q25 Key highlights:

(+) Loan growth resumed: up 4.6% q-q (+0.5% y-y), driven mainly by government loans, mortgages, and credit cards.

(+) Robust fee income: rose 5% y-y and 5% q-q, led by wealth management fees.

(+) Strong cost control: Opex declined 11% y-y and 4% q-q, mainly due to lower NPA impairment (following proactive provisioning in prior periods) and lower staff costs. Cost-to-income ratio improved to a sector-low 41.1%.

(0) Asset quality remained manageable: NPLs increased slightly by 2% q-q, while credit cost stayed stable at 107bps. Coverage ratio remained high at 200%.

(0) Other non-NII fell 41% q-q: reflecting a high base of investment income in 3Q25.

(-) NIM declined 11bps q-q: reflecting impact of the rate cut.

- KTB remains **our top pick** in the banking sector because it offers comparable earnings growth with a lower risk profile, a similar dividend yield at a far lower payout ratio than peers, and the highest ROE among the big banks.

Income Statement (consolidated)					
Yr-end Dec (Bt m)	4Q24	1Q25	2Q25	3Q25	4Q25
Interest & dividend income	41,224	38,672	37,502	36,337	35,296
Interest expense	11,612	10,829	10,605	10,465	10,127
Net interest income	29,613	27,843	26,897	25,871	25,169
Non-interest income	8,508	11,468	12,070	15,191	11,674
Total income	38,121	39,311	38,967	41,063	36,843
Operating expense	17,417	16,292	16,974	16,031	15,469
Pre-provisioning profit	20,705	23,019	21,993	25,031	21,374
Provision for bad&doubtful debt	6,725	8,223	8,239	7,202	7,096
Profit before tax	13,980	14,796	13,753	17,829	14,278
Tax	2,805	3,177	2,828	3,647	3,229
Profit after tax	11,175	11,619	10,926	14,183	11,050
Equity income	788	976	1,204	1,464	800
Minority interests	(973)	(881)	(1,008)	(1,027)	(1,077)
Extra items	-	-	-	-	-
Net profit	10,990	11,714	11,122	14,620	10,773
Normalized profit	10,990	11,714	11,122	14,620	10,773
PPP/share (Bt)	1.5	1.6	1.6	1.8	1.5
EPS (Bt)	0.8	0.8	0.8	1.0	0.8
Norm EPS (Bt)	0.8	0.8	0.8	1.0	0.8
BV/share (Bt)	31.5	32.4	31.8	33.0	33.2

Balance Sheet (consolidated)					
Yr-end Dec (Bt m)	4Q24	1Q25	2Q25	3Q25	4Q25
Cash and Interbank	591,664	643,896	693,990	703,845	600,707
Other liquid items	117,403	120,096	131,939	149,864	137,604
Total liquid items	709,067	763,992	825,929	853,709	738,311
Gross loans and accrued interest	2,722,954	2,686,415	2,696,261	2,614,944	2,736,278
Provisions	173,879	173,209	178,676	184,247	185,845
Net loans	2,549,075	2,513,206	2,517,586	2,430,697	2,550,433
Fixed assets	57,360	55,311	53,675	52,595	52,323
Other assets	57,730	59,389	59,063	69,987	68,948
Total assets	3,740,468	3,760,853	3,804,538	3,833,413	3,933,319
Deposits	2,731,344	2,752,208	2,757,282	2,767,196	2,864,171
Interbank	255,872	253,843	281,790	270,288	274,137
Other liquid items	5,116	7,160	5,891	5,430	5,722
Total liquid items	2,992,333	3,013,211	3,044,963	3,042,914	3,144,031
Borrowings	132,464	134,394	133,716	134,264	124,740
Other liabilities	155,001	139,153	160,193	173,100	177,526
Minority interest	20,549	21,430	20,712	21,739	22,793
Shareholders' equity	440,122	452,665	444,955	461,396	464,230
Total Liabilities & Equity	3,740,468	3,760,853	3,804,538	3,833,413	3,933,319

Sources: Company data, Thanachart estimates

Income Statement 12M as					
(Bt m)	q-q%	y-y%	% 2025F	2025A	2026F
Interest & dividend income	(3)	(14)	100	147,807	139,249
Interest expense	(3)	(13)	102	42,027	38,666
Net interest income	(3)	(15)	100	105,781	100,584
Non-interest income	(23)	37	99	50,403	47,851
Total income	(10)	(3)	99	156,184	148,434
Operating expense	(4)	(11)	97	64,766	62,768
Pre-provisioning profit	(15)	3	101	91,417	85,666
Provision for bad&doubtful debt	(1)	6	99	30,760	27,245
Profit before tax	(20)	2	102	60,657	58,421
Tax	(11)	15	109	12,880	11,684
Profit after tax	(22)	(1)	101	47,777	46,737
Equity income	(45)	2	99	4,444	3,151
Minority interests	neg	neg		(3,992)	(3,739)
Extra items	neg	neg		-	-
Net profit	(26)	(2)	100	48,229	46,149
Normalized profit	(26)	(2)	100	48,229	46,149
PPP/share (Bt)	(15)	3	101	6.5	6.1
EPS (Bt)	(26)	(2)	100	3.5	3.3
Norm EPS (Bt)	(26)	(2)	100	3.5	3.3
BV/share (Bt)	1	5	33	33.2	34.9

Financial Ratios (%)					
	4Q24	1Q25	2Q25	3Q25	4Q25
Gross loan growth (YTD)	4.7	(1.3)	(1.0)	(3.9)	0.5
Gross loan growth (q-q)	5.2	(1.3)	0.4	(3.0)	4.6
Deposit growth (YTD)	3.2	0.8	0.9	1.3	4.9
Deposit growth (q-q)	3.3	0.8	0.2	0.4	3.5
Non-interest income (y-y)	(5.1)	6.8	35.2	47.3	37.2
Non-interest income (q-q)	(17.5)	34.8	5.2	25.9	(23.2)
Fee income / Operating income	15.2	13.8	14.3	14.2	16.6
Cost-to-income	45.7	41.4	43.6	39.0	42.0
Net interest margin	3.30	3.04	2.90	2.76	2.65
Credit cost	1.02	1.23	1.24	1.09	1.07
ROE	10.1	10.5	9.9	12.9	9.3
Loan-to-deposit	98.8	96.8	96.9	93.7	94.7
Loan-to-deposit + S-T borrowing	98.8	96.8	96.9	93.7	94.7
NPLs (Bt m)	95,065	95,017	94,656	91,154	92,911
NPL increase	(3,236)	(48)	(361)	(3,502)	1,757
NPL ratio	3.52	3.57	3.54	3.52	3.43
Loan-loss-coverage ratio	182.9	182.3	188.8	202.1	200.0
CAR - total	20.8	21.1	21.3	21.8	21.3

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