

Krung Thai Bank Pcl (KTB TB) - BUY

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Analyst Meeting**Positive view from analyst meeting**

- **ROE > 10%+, driven by healthy balance sheet**
- **Shareholder return in focus**
- **Higher payout likely; buyback unlikely**
- **Maintain as Top Buy**
- **Event:** KTB announced its 2026 financial targets and hosted an analyst meeting led by CEO Mr. Payong Srivanich. Key highlights include:
 - 1) KTB **maintains its 10%+ ROE target**. Management remains comfortable with asset quality and its excess provisioning cushion. **Credit cost could lower y-y** to offset NIM pressure from policy rate cuts.
 - 2) Management reiterated its focus on shareholder returns. While share buybacks appear unlikely, a **higher payout ratio is under consideration**, pending board approval.
 - 3) KTB's consortium with ADVANC and OR to establish a virtual bank is expected to be the first such launch in Thailand. Management targets a payback period of less than five years, with earnings contribution likely gradual in the initial phase.
 - 4) 2026 financial target;
 - **NIM:** 2.3.5-2.5%, down from 2.82% in 2025, assuming a further 25bps rate cut in 1H26.
 - **Loan growth:** 0-2% y-y. Management expects long-term investment projects under the new government to support growth in 2H26. However, if the economic recovery remains weak, loan expansion will focus conservatively on government-related lending.
 - **Asset quality:** NPL ratio guided at <3.1%, with no specific areas of concern highlighted.
 - **Fee income:** Low to mid-single-digit growth.
 - **Cost-to-income ratio:** Low to mid40s.
 - **Credit cost:** 75–115bps, depending on loan growth. With NPL coverage above 200%, credit cost could trend toward the lower end if loan growth remains subdued, but may move toward the upper bound should growth accelerate.
- **Our take:** We expect KTB to **increase its 2025F dividend payout ratio** (2024 = 47%), with our 55% assumption implying DPS of Bt1.89 and a 6.1% yield. Although NIM pressure should weigh on 2026F earnings y-y, we believe the decline will be more limited than peers given its ample credit cost cushion and >200% NPL coverage. KTB remains our top pick, offering a defensive earnings profile, competitive dividend yield at a lower payout ratio, and the highest ROE among large banks.

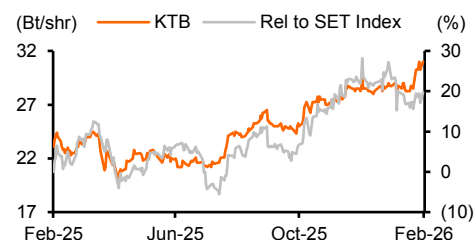
Key Valuations

Y/E Dec (Bt m)	2025A	2026F	2027F	2028F
Pre Prov. Profit	91,417	85,666	86,429	87,469
Net profit	48,229	46,149	48,833	48,420
Norm net profit	48,229	46,149	48,833	48,420
Norm EPS (Bt)	3.5	3.3	3.5	3.5
Norm EPS gr (%)	4.5	(4.3)	5.8	(0.8)
Norm PE (x)	9.0	9.4	8.9	8.9
P/BV (x)	0.9	0.9	0.8	0.8
Div. yield (%)	6.1	6.2	6.8	6.1
ROE (%)	10.7	9.7	9.8	9.3
ROA (%)	1.3	1.2	1.2	1.2

Source: Thanachart estimates

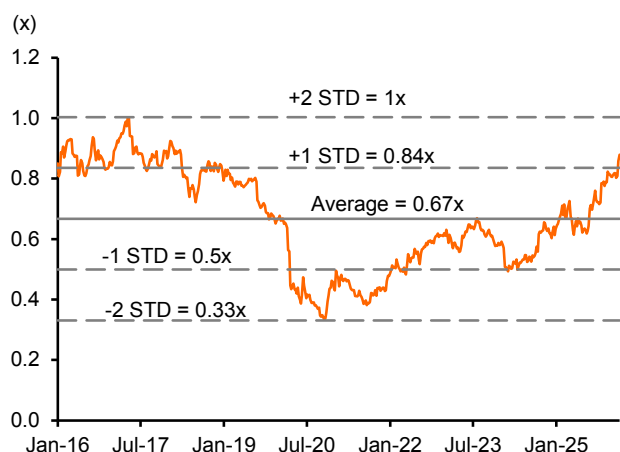
Stock Data

Closing price (Bt)	31.0
Target price (Bt)	35.0
Market cap (US\$ m)	13.930
Avg daily turnover (US\$ m)	39.5
12M H/L price (Bt)	31.0/20.1

Price Performance

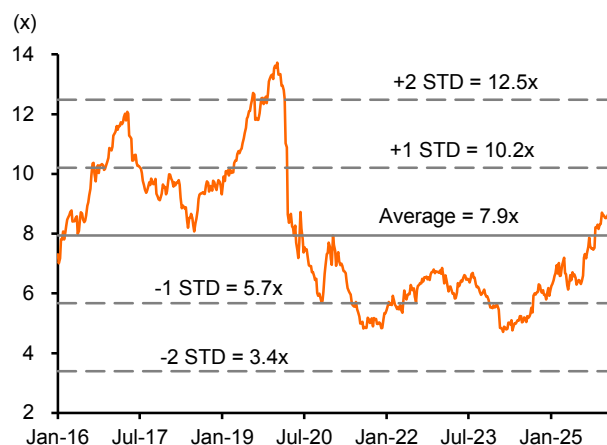
Source: Bloomberg

Ex 1: KTB – forward P/BV



Sources: Bloomberg, Thanachart estimates

Ex 2: KTB – forward PE



Sources: Bloomberg, Thanachart estimates

Ex 3: 2026 Financial targets

	2025		2026
	Target	Actual	Target
Loan growth (%)	Flat	0.5%	0-2%
NIM (%)	2.9-3.2%	2.82%	2.35-2.5%
Fee income growth (%)	Low to mid-single digit	3%	Low to mid-single digit
Cost to income ratio (%)	Low to mid-40s	41%	Low to mid-40s
NPL (%) - reported	<3.25%	2.90%	<3.1%
Credit cost (bps)	105-125	114	75-115
Coverage ratio (%) - reported	+/-170%	204%	+/-170%

Sources: Company data, Thanachart estimates

Ex 4: Bank Sector Valuations

Stocks	Rating	Current	Target	Norm EPS growth		Norm PE		P/BV		Yield	
		price (Bt)	price (Bt)	2026F (%)	2027F (%)	2026F (x)	2027F (x)	2026F (x)	2027F (x)	2026F (%)	2027F (%)
BBL	HOLD	164.00	164.00	1.4	3.3	6.7	6.5	0.5	0.5	5.2	5.8
KBANK	BUY	199.00	216.00	(7.4)	7.8	10.3	9.5	0.8	0.8	6.0	6.5
KKP	BUY	71.75	76.00	3.6	5.5	9.9	9.3	0.9	0.9	7.1	7.5
KTB	BUY	31.00	35.00	(4.3)	5.8	9.4	8.9	0.9	0.8	6.2	6.8
SCB	BUY	142.00	152.00	(1.5)	6.4	10.2	9.6	0.9	0.9	7.8	8.3
TISCO	HOLD	112.00	108.00	3.9	1.5	13.0	12.8	2.0	2.0	6.9	6.9

Sources: Company data, Thanachart estimates

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