

Krung Thai Bank Plc (KTB TB) - BUY, Price Bt32.75, TP Bt41.00**Results Comment**

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Beat 1Q26 on opex and THAI MTM

- KTB reported 1Q26 net profit of Bt12.4bn (+6% y-y, +15% q-q), **beating** our estimate (+24%) and Bloomberg consensus (+13%), driven by strong cost discipline and mark-to-market gains (MTM) from Thai Airways (THAI TB; SELL; Bt6.4).
- We take a **positive view** on the results, supported by a **resilient core business**. Positives include good loan growth, strong fee income momentum, and continued discipline in both cost and asset quality management.
- KTB remains **our top pick** in the banking sector supported by its superior ROE profile (sustained >10%), a high-quality loan mix, and a transformative capital return policy that makes KTB one of the most attractive yield plays in the sector.
- 1Q26 Key highlights:**
 - (+) Loan up 2.4% q-q**, driven mainly by government loans, corporate, and mortgages.

(+) Non-NII +30% y-y, +27% q-q: from 1) robust fee income +14% y-y and +1% q-q, led by wealth management fees; 2) MTM THAI (we estimate partial recognition as ~25% of shares were released from the lock-up period); and 3) a rise in NPL recovery.

(+) Good cost control: Opex declined 6% y-y and 1% q-q, mainly due to lower NPA impairment.

(0) Asset quality remained manageable: NPLs increased slightly by 1% q-q, while stage 2 loans declined 2% q-q. The bank set additional management overlay for the Iran conflict, resulting in a 7bps q-q increase in credit cost to 114bps (still in line with 2026 guidance of 75–115bps). Coverage ratio remained strong at 201%.

(-) NIM -20bps q-q to 2.45%, reflecting the impact of the rate cut and a higher proportion of low-yield government loans.

Income Statement						Income Statement					
(consolidated)						3M as					
Yr-end Dec (Bt m)	1Q25	2Q25	3Q25	4Q25	1Q26	(Bt m)	q-q%	y-y%	% 2026F	2026F	2027F
Interest & dividend income	38,672	37,502	36,337	35,296	32,583	Interest & dividend income	(8)	(16)	24	136,482	140,010
Interest expense	10,829	10,605	10,465	10,127	9,146	Interest expense	(10)	(16)	23	39,971	38,711
Net interest income	27,843	26,897	25,871	25,169	23,437	Net interest income	(7)	(16)	24	96,512	101,299
Non-interest income	11,468	12,070	15,191	11,674	14,862	Non-interest income	27	30	34	44,078	45,426
Total income	39,311	38,967	41,063	36,843	38,299	Total income	4	(3)	27	140,590	146,725
Operating expense	16,292	16,974	16,031	15,469	15,352	Operating expense	(1)	(6)	25	61,169	62,445
Pre-provisioning profit	23,019	21,993	25,031	21,374	22,947	Pre-provisioning profit	7	(0)	29	79,421	84,280
Provision for bad&doubtful debt	8,223	8,239	7,202	7,096	7,805	Provision for bad&doubtful debt	10	(5)	36	21,906	23,182
Profit before tax	14,796	13,753	17,829	14,278	15,142	Profit before tax	6	2	26	57,515	61,098
Tax	3,177	2,828	3,647	3,229	2,764	Tax	(14)	(13)	24	11,503	11,609
Profit after tax	11,619	10,926	14,183	11,050	12,378	Profit after tax	12	7	27	46,012	49,489
Equity income	976	1,204	1,464	800	1,173	Equity income	47	20	25	4,666	4,900
Minority interests	(881)	(1,008)	(1,027)	(1,077)	(1,114)	Minority interests	neg	neg	30	(3,681)	(3,959)
Extra items	-	-	-	-	-	Extra items	neg	neg	-	-	-
Net profit	11,714	11,122	14,620	10,773	12,437	Net profit	15	6	26	46,997	50,430
Normalized profit	11,714	11,122	14,620	10,773	12,437	Normalized profit	15	6	26	46,997	50,430
PPP/share (Bt)	1.6	1.6	1.8	1.5	1.6	PPP/share (Bt)	7	(0)	29	5.7	6.0
EPS (Bt)	0.8	0.8	1.0	0.8	0.9	EPS (Bt)	15	6	26	3.4	3.6
Norm EPS (Bt)	0.8	0.8	1.0	0.8	0.9	Norm EPS (Bt)	15	6	26	3.4	3.6
BV/share (Bt)	32.4	31.8	33.0	33.2	33.6	BV/share (Bt)	1	4	34	33.6	35.5

Balance Sheet						Financial Ratios					
(consolidated)						(%)					
Yr-end Dec (Bt m)	1Q25	2Q25	3Q25	4Q25	1Q26		1Q25	2Q25	3Q25	4Q25	1Q26
Cash and Interbank	643,896	693,990	703,845	600,707	544,929	Gross loan growth (YTD)	(1.3)	(1.0)	(3.9)	0.5	2.4
Other liquid items	120,096	131,939	149,864	137,604	136,465	Gross loan growth (q-q)	(1.3)	0.4	(3.0)	4.6	2.4
Total liquid items	763,992	825,929	853,709	738,311	681,395	Deposit growth (YTD)	0.8	0.9	1.3	4.9	0.3
Gross loans and accrued interest	2,686,415	2,696,261	2,614,944	2,736,278	2,798,885	Deposit growth (q-q)	0.8	0.2	0.4	3.5	0.3
Provisions	173,209	178,676	184,247	185,845	188,247	Non-interest income (y-y)	6.8	35.2	47.3	37.2	29.6
Net loans	2,513,206	2,517,586	2,430,697	2,550,433	2,610,638	Non-interest income (q-q)	34.8	5.2	25.9	(23.2)	27.3
Fixed assets	55,311	53,675	52,595	52,323	51,442	Fee income / Operating income	13.8	14.3	14.2	16.6	16.2
Other assets	59,389	59,063	69,987	68,948	78,315	Cost-to-income	41.4	43.6	39.0	42.0	40.1
Total assets	3,760,853	3,804,538	3,833,413	3,933,319	3,918,836	Net interest margin	3.04	2.90	2.76	2.65	2.45
Deposits	2,752,208	2,757,282	2,767,196	2,864,171	2,872,333	Credit cost	1.23	1.24	1.09	1.07	1.14
Interbank	253,843	281,790	270,288	274,137	266,547	ROE	10.5	9.9	12.9	9.3	10.6
Other liquid items	7,160	5,891	5,430	5,722	5,074	Loan-to-deposit	96.8	96.9	93.7	94.7	96.6
Total liquid items	3,013,211	3,044,963	3,042,914	3,144,031	3,143,954	Loan-to-deposit + S-T borrowing	96.8	96.9	93.7	94.7	96.6
Borrowings	134,394	133,716	134,264	124,740	112,140	NPLs (Bt m)	95,017	94,656	91,154	92,911	93,669
Other liabilities	139,153	160,193	173,100	177,526	168,752	NPL increase	(48)	(361)	(3,502)	1,757	758
Minority interest	21,430	20,712	21,739	22,793	23,907	NPL ratio	3.57	3.54	3.52	3.43	3.37
Shareholders' equity	452,665	444,955	461,396	464,230	470,083	Loan-loss-coverage ratio	182.3	188.8	202.1	200.0	201.0
Total Liabilities & Equity	3,760,853	3,804,538	3,833,413	3,933,319	3,918,836	CAR - total	21.1	21.3	21.8	21.3	20.0

Sources: Company data, ttb wealth estimates

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