Krungthai Card Pcl (KTC TB) - BUY, Price Bt39.00, TP Bt44.00

Results Comment

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Record 2Q26 as ECL and opex decline

- KTC reported **record-high 2Q26** net profit of Bt2.2bn (+17% y-y, +2% q-q), **beating** Bloomberg consensus by 6% and in line with our forecast. Earnings were driven by lower credit costs and solid cost control. We view the results positively.
- KTC **remains one of our top non-bank picks**. We expect earnings to grow at a 6% CAGR in 2026–28F vs only 3% CAGR in 2023-25, supported by resilient asset quality, disciplined cost control, and new fee income from its insurance brokerage business. The stock also offers an attractive 2026F dividend yield of ~5%.
- We expect 3Q26 earnings to remain higher y-y, supported by lower ECL, although q-q profit may soften due to higher IT expenses from the new core system.
- <u>2Q26 Key highlight</u>:

  (+) Opex -1% y-y, due to lower marketing expenses.

  (+) Solid asset quality: Credit cost improved to 489bps (vs. 572bps in 2Q25) as NPLs fell 4% q-q.

  (+) Continue to gain market share: KTC's credit card spending market share increased to 13.4% in 5M26, from 13.2% in 5M25. Card spending grew 4.5% y-y, outperforming the industry's 2.4% growth. Personal loan market share also edged up to 4.2% from 4.1%.

  (0) Slightly lower bad debt recovery: at Bt911m vs. normal level of ~Bt1bn, due to the transfer of <Bt100k NPLs to SAM under the Close Debt Move Forward program in 1Q26.

  (0) Cautious loan expansion: Loan volume declined 0.1% q-q (+0.6% y-y). The credit card portfolio contracted 0.6% q-q, while personal loans continued to grow, rising 1.3% q-q.

Income Statement					(consolidated)
Yr-end Dec (Bt m)	**2Q25**	**3Q25**	**4Q25**	**1Q26**	**2Q26**
Interest income	4,023	4,099	4,140	3,993	4,037
Interest expense	432	423	399	369	363
Net interest income	**3,591**	**3,676**	**3,740**	**3,624**	**3,674**
Non-interest income	2,789	2,807	3,005	2,897	2,797
Total income	6,380	6,483	6,746	6,521	6,471
Operating expense	2,386	2,475	2,378	2,413	2,367
Pre-provisioning profit	**3,994**	**4,008**	**4,368**	**4,108**	**4,105**
Provision for bad&doubtful debt	1,522	1,445	1,346	1,387	1,310
Profit before tax	2,472	2,564	3,022	2,721	2,794
Tax	616	650	1,061	547	560
Profit after tax	1,856	1,913	1,961	2,173	2,234
Equity income	-	-	-	-	-
Minority interests	39	38	114	(2)	(9)
Extra items	-	-	-	-	-
Net profit	**1,895**	**1,951**	**2,075**	**2,171**	**2,225**
Normalized profit	**1,895**	**1,951**	**2,075**	**2,171**	**2,225**
PPP/share (Bt)	1.5	1.6	1.7	1.6	1.6
EPS (Bt)	0.7	0.8	0.8	0.8	0.9
Norm EPS (Bt)	0.7	0.8	0.8	0.8	0.9
BV/share (Bt)	15.6	16.3	17.1	18.0	17.1

Income Statement			6M as		
(Bt m)	**q-q%**	**y-y%**	**% 2026F**	**2026F**	**2027F**
Interest & dividend income	1	0	49	16,374	16,654
Interest expense	(2)	(16)	48	1,526	1,405
Net interest income	**1**	**2**	**49**	**14,848**	**15,250**
Non-interest income	(3)	0	49	11,549	12,080
Total income	(1)	1	49	26,397	27,330
Operating expense	(2)	(1)	48	9,928	10,325
Pre-provisioning profit	**(0)**	**3**	**50**	**16,469**	**17,005**
Provision for bad&doubtful debt	(6)	(14)	46	5,904	5,992
Profit before tax	3	13	52	10,565	11,012
Tax	2	(9)	52	2,113	2,206
Profit after tax	3	20	52	8,452	8,807
Equity income				-	-
Minority interests			66	(17)	(18)
Extra items			-		
Net profit	**2**	**17**	**52**	**8,435**	**8,789**
Normalized profit	**2**	**17**	**52**	**8,435**	**8,789**
PPP/share (Bt)	(0)	3	50	6.4	6.6
EPS (Bt)	2	17	52	3.3	3.4
Norm EPS (Bt)	2	17	52	3.3	3.4
BV/share (Bt)	(5)	10	17	18.4	19.8

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	**2Q25**	**3Q25**	**4Q25**	**1Q26**	**2Q26**
Cash and cash equivalent	2,625	2,580	3,471	2,713	2,924
Gross loans	**106,388**	**106,206**	**110,834**	**107,106**	**107,011**
Accrued interest	716	707	750	736	730
Provisions	8,194	8,354	8,424	8,449	8,494
Net loans	98,910	98,559	103,161	99,392	99,247
Property foreclosed	8	7	7	0	0
Premises & equipment	377	357	367	361	451
Other assets	4,123	3,944	3,517	3,659	3,972
Total assets	**106,043**	**105,447**	**110,524**	**106,125**	**106,594**
Total borrowings	57,764	55,374	56,912	51,350	54,048
Short term borrowing	23,457	16,480	27,130	22,550	22,230
Long term borrowing	34,307	38,894	29,782	28,800	31,818
Lease liabilitiy	106	88	63	40	194
Other liabilities	7,992	7,890	9,530	8,543	8,490
Total liabilities	**65,862**	**63,352**	**66,505**	**59,933**	**62,732**
Minority interest	19	(19)	(133)	(131)	(122)
Shareholders' equity	**40,162**	**42,114**	**44,151**	**46,323**	**43,984**
Total Liabilities & Equity	**106,043**	**105,447**	**110,524**	**106,125**	**106,594**

Financial Ratios					
(%)	**2Q25**	**3Q25**	**4Q25**	**1Q26**	**2Q26**
Loan growth (YTD)	(3.7)	(3.8)	0.4	(3.4)	(3.4)
Loan growth (q-q)	0.0	(0.2)	4.4	(3.4)	(0.1)
Borrowing growth (YTD)	(6.7)	(10.6)	(8.1)	(9.8)	(5.0)
Borrowing growth (q-q)	3.0	(4.1)	2.8	(9.8)	5.3
Non-interest income (y-y)	0.4	(0.3)	2.9	2.0	0.3
Non-interest income (q-q)	(1.8)	0.7	7.0	(3.6)	(3.4)
Cost-to-income	37.4	35.8	33.3	35.0	34.6
Net interest margin	13.5	13.8	13.8	13.3	13.7
Credit cost	5.7	5.4	5.0	5.1	4.9
ROE	18.5	19.0	19.2	19.2	19.7
ROA	7.1	7.4	7.7	8.0	8.4
Loan-to-borrowing	184.2	191.8	194.7	208.6	198.0
Loan-to- total equity	264.9	252.2	251.0	231.2	243.3
NPLs (Btm)	1,952	1,960	1,982	2,069	1,993
NPL increase	(147)	8	22	87	(76)
NPL ratio (%)	1.8	1.8	1.8	1.9	1.9
Loan loss coverage ratio (%)	419.8	426.2	425.0	408.4	426.2

Sources: Company data, ttb wealth estimates

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