

## Krungthai Card (KTC TB)

1Q26 Results Preview: Anticipate Higher Credit Costs qoq

### Highlights

- We expect 1Q26 net profit to come in at Bt2.1b, up 14% yoy and 3% qoq.
- We anticipate a firm yoy loan growth in 1Q26.
- Maintain BUY with a target price of Bt47.00.

### Analysis

- **Expect to see a yoy and qoq increase in earnings in 1Q26.** We anticipate Krungthai Card (KTC) reporting a 1Q26 net profit of Bt2.1b, up 14% yoy and 3% qoq. We expect pre-provision operating income to be flat yoy but drop 9% qoq.
- **Strong growth momentum of industry's credit card loan outstanding.** In Jan 26, the industry's credit card loan outstanding decreased 3.7% from Dec 25. This mom reduction was due to the high base from the seasonal high in Dec 25. However, we saw the industry's credit card loan outstanding increase 8% yoy to Bt494b in Jan 26. We expect this increasing trend to continue, which would result in KTC seeing an improvement in both credit card spending and loan outstanding.
- **Anticipate a firm yoy loan growth in 1Q26.** We expect KTC's loan portfolio to grow 2% yoy but contract 2% qoq in 1Q26 due to the high base from the seasonal high in Dec 25. We forecast the loan portfolio expanding 2.3% yoy for 2026. Meanwhile, KTC guided a softer loan growth target of 1-2% in 2026. The CEO guided that the economic outlook in 2026 remains gloomy. Consequently, the company will grow at a cautious pace and prioritise good asset quality. We believe KTC will maintain its asset quality as it has in the past despite facing more challenges.
- **Forecast credit costs rising qoq in 1Q26.** We expect KTC to report a 118bp qoq increase in credit cost to 534bp in 1Q26 as we reckon the company will increase provision expenses to cushion against future uncertainties, including the spike in oil prices. Although KTC has set a lower loan growth target of 1-2% for 2026, we think it will conservatively set aside higher provisions to guard against future risks. We project a slight yoy increase in credit costs by 39bp yoy in 2026.

### Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net interest income	14,381.9	14,559.9	15,556.4	16,104.9	16,714.8
Non-Interest Income	11,267.4	11,441.5	10,576.7	11,272.5	11,750.7
Net profit (rep./act.)	7,437.2	7,781.6	8,484.4	8,694.7	8,999.0
Net profit (adj.)	7,437.2	7,781.6	8,484.4	8,694.7	8,999.0
EPS (Bt)	2.9	3.0	3.3	3.4	3.5
PE (x)	10.1	9.7	8.9	8.7	8.4
P/B (x)	1.9	1.7	1.6	1.5	1.4
Dividend yield (%)	2.6	6.0	6.6	6.7	6.9
Net int margin (%)	13.0	13.2	13.9	14.0	14.1
Cost/income Ratio (%)	37.5	37.1	37.1	37.1	36.9
Loan loss cover (%)	369.3	491.8	485.0	482.0	482.0
Consensus net profit	n.a	n.a	8,176.6	8,451.7	8,755.8
UOBKH/Consensus (x)	n.a	n.a	1.0	1.0	1.0

Source: Krungthai Card Plc, Bloomberg, UOB Kay Hian

**BUY** (Maintained)

Share Price	Bt29.25
Target Price	Bt47.00
Upside	60.68%

**Analyst(s)**

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### Stock Data

GICS sector	Financials
Bloomberg ticker:	KTC TB
Shares issued (m):	2,578.3
Market cap (Bt\$m):	75,416.3
Market cap (US\$m):	2,294.8
3-mth avg daily t'over (US\$m):	18.6

### Price Performance (%)

52-week high/low	Bt47.2/Bt24.0			
1mth	3mth	6mth	1yr	YTD
(12.0)	11.4	(2.5)	(36.1)	11.4

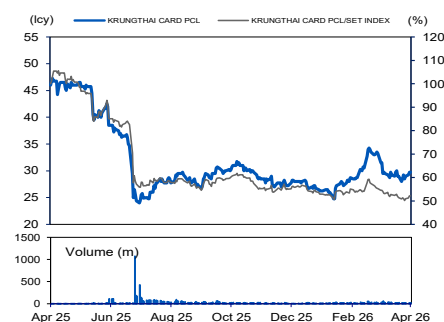
### Major Shareholders

	%
Krungthai Bank (KTB)	49.29
Thai NVDR	9.84
Mongkol Prakitchaiwattana	5.80

### Balance Sheet Metrics

	%
FY26 NAV/Share (Bt)	18.6
FY26 Net Debt/Share (Bt)	n.a

### Price Chart



Source: Bloomberg

### Company Description

The company provides unsecured financial products, credit card products and services, and personal loans to consumers in Thailand.

- **Expect a stabilised dividend payout ratio going forward.** KTC announced that the dividend payout ratio increased by approximately 13ppt from 46% in 2024 to 59% in 2025. Based on management's tone, we expect KTC to sustain its dividend payout ratio at 58-59% in the future. However, we will wait for an improvement in the business outlook before raising the dividend payout ratio above 60% in the future.
- **Some impacts from skyrocketing oil prices.** According to our channel check with KTC, it is closely monitoring the overall credit quality for credit cards and personal loans. Inevitably, consumers will experience higher cost of living due to the higher retail oil prices. Thus, there is a possibility that some clients might not be able to service their debt in time.

### 1Q26 Results Preview

Year to 31 Dec (Btm)	1Q26F	4Q25	1Q25	qoq chg (%)	yoy chg (%)
Total gross loans	108,750	110,835	106,373	(1.9)	2.2
Net interest income	3,871	3,742	3,553	3.5	9.0
Non-interest income	2,402	3,006	2,840	(20.1)	(15.4)
Loan loss provision	(1,467)	(1,346)	(1,594)	9.0	(8.0)
Non-interest expenses	(2,293)	(2,378)	(2,400)	(3.6)	(4.5)
Pre-provision operating profit	3,980	4,368	3,992	(8.9)	(0.3)
Net income	2,127	2,075	1,861	2.5	14.3
EPS (Bt)	0.83	0.80	0.72	2.5	14.3
<b>Ratio (%)</b>					
NPL Ratio (%)	1.6	1.5	2.0		
Loan loss coverage ratio (%)	490	492	385		
Net interest margin (NIM %)	14.1	13.8	13.1		
Reported Credit cost (bp)	534	416	588		
Reported Cost to income (%)	36.6	35.2	37.5		

Source: KTC, UOB Kay Hian

## Valuation/Recommendation

- **Maintain BUY with an unchanged target price of Bt47.00.** We use the Gordon Growth Model (cost of equity: 11.5%, long-term growth: 3%). This implies 2.5x 2026F P/B, which is slightly below -0.5SD to its historical five-year mean. KTC is one of our top picks in the finance sector.

## Earnings Revision/Risk

- We fine-tune our 2026-28 earnings forecasts by +0.3%, +0.3%, and +0.3%, respectively after incorporating figures from the reviewed version of the 4Q25 financial statements.

## Share Price Catalyst

- Government stimulus measures to strengthen domestic spending.
- An increase in the dividend payout ratio

## Environment, Social, Governance (ESG) Updates

CG Report: 5

SET ESG Rating: AAA

### Environmental

- The company offers a 0% interest instalment plan for solar rooftops.

### Social

- Education loans. KTC aims to provide equal educational opportunities to individuals who aspire to further their education but lack the necessary funds.

### Governance

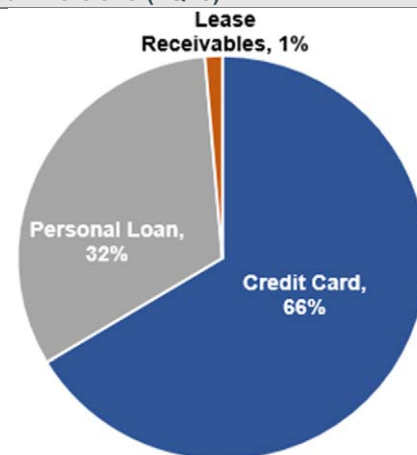
- The company has established the Business Ethic Manual, which is reviewed annually, to set up a framework for employees to follow.

### 2026 Financial Targets

	2026 Targets	2025 Targets
Net Profit	> Y2025	> Bt7.4b
Loan Growth	1-2%	4-5%
Credit Card Spending	5%	10%
Personal Loan	2%	3%
P BERM Car for Cash (New Booking)	N/A	Bt3b
NPL ratio	<= 2.0%	<= 2.0%

Source: Krungthai Card

### Loan Portfolio (4Q25)



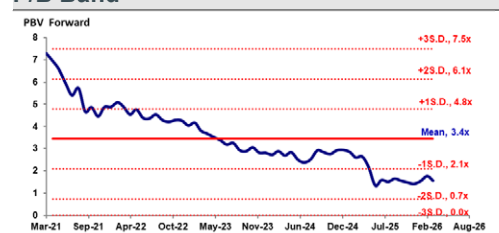
Source: KTC, UOB Kay Hian

### PE Band



Source: Bloomberg, UOB Kay Hian

### P/B Band



Source: Bloomberg, UOB Kay Hian

### Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Interest income	16,254	17,004	17,482	18,074
Interest expense	(1,694)	(1,448)	(1,377)	(1,359)
Net interest income/(expense)	14,560	15,556	16,105	16,715
Fees & Commissions	6,513	6,923	7,269	7,633
Income From Insurance	0	0	0	0
Net Trading Income	0	0	0	0
Other Income	4,929	3,654	4,003	4,118
Non-Interest Income	11,441	10,577	11,273	11,751
Total Income	26,001	26,133	27,377	28,465
Staff Costs	(9,404)	(9,446)	(9,910)	(10,266)
Other Operating Expense	(235)	(240)	(244)	(249)
Pre-Provision Profit	16,363	16,448	17,224	17,950
Loan Loss Provision	(5,906)	(6,423)	(6,950)	(7,317)
Other Provisions	0	0	0	0
Associated Companies	0	0	0	0
Other Non-Operating Income	0	0	0	0
<b>Pre-tax profit</b>	<b>10,456</b>	<b>10,025</b>	<b>10,273</b>	<b>10,633</b>
Tax	(2,897)	(2,005)	(2,055)	(2,127)
Minorities	222	464	476	493
<b>Net profit</b>	<b>7,782</b>	<b>8,484</b>	<b>8,695</b>	<b>8,999</b>
Net profit (adj.)	7,782	8,484	8,695	8,999

### Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Cash With Central Bank	3,471	4,335	4,455	4,615
Govt Treasury Bills & Securities	0	0	0	0
Interbank Loans	0	0	0	0
Customer Loans	102,628	105,911	108,866	112,737
Investment Securities	0	0	0	0
Derivative Receivables	0	0	0	0
Associates & JVs	0	0	0	0
Properties & Other Fixed Assets	367	198	162	158
Goodwill & Intangible Assets	380	380	380	380
Other Assets	3,678	3,518	3,609	3,730
Insurance Fund Investment	0	0	0	0
Assets				
<b>Total assets</b>	<b>110,524</b>	<b>114,341</b>	<b>117,472</b>	<b>121,620</b>
Interbank Deposits	0	0	0	0
Customer Deposits	0	0	0	0
Bills Payable	21,300	22,991	20,776	18,935
Derivative Payables	0	0	0	0
Debts Securities Issued	0	0	0	0
Subordinated Debts	35,612	34,030	34,970	36,222
Other Liabilities	9,593	8,905	9,109	9,406
Insurance Fund Liabilities	0	0	0	0
Total liabilities	66,505	65,926	64,855	64,563
Shareholders' funds	44,151	48,084	51,809	55,757
Minority interest	(133)	332	808	1,300
Total Equity & Liabilities	110,524	114,341	117,472	121,619

### Cash Flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
<b>Capital Adequacy</b>				
Total Assets/Equity	2	2	2	2
Tangible Assets/Tangible Common Equity	3	2	2	2
<b>Asset Quality</b>				
NPL Ratio	2	2	2	2
Loan Loss Coverage	492	485	482	482
Loan Loss Reserve/Gross Loans	5	6	6	6
Increase in NPLs	(21)	(1)	3	4
Credit Cost (bp)	534	573	604	617
<b>Liquidity</b>				
Loan/Deposit Ratio	194	198	208	218
Liquid Assets/Short-Term Liabilities	16	19	21	24
Liquid Assets/Total Assets	3	4	4	4

### Key Metrics

Year to 31 Dec (%)	2025	2026F	2027F	2028F
<b>Growth</b>				
Net Interest Income, yoy Chg	1	7	4	4
Fees & Commissions, yoy Chg	2	6	5	5
Pre-Provision Profit, yoy Chg	2	1	5	5
Net Profit, yoy Chg	5	9	2	2
Customer Loans, yoy Chg	0	3	3	3
<b>Profitability</b>				
Net Interest Margin	13	14	14	14
Cost/Income Ratio	37	37	37	37
Adjusted ROA	7	8	8	8
Reported ROE	19	18	17	17
Adjusted ROE	19	18	17	17
<b>Valuation</b>				
P/BV	2	2	1	1
P/NTA	2	2	1	1
Adjusted P/E	10	9	9	8
Dividend Yield	6	7	7	7

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