

**Krungthai Card Pcl (KTC TB) - SELL, Price Bt43.00, TP Bt53.00****Results Comment**

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**In-line profits**

- KTC's 4Q23 profits were Bt1.76bn, up 6% y-y but down 5% q-q. 2023 profits were Bt7.25 bn, up 3% y-y, and made up 99% of our full-year forecast.
- Loans grew 8% y-y. Drivers remain credit card, followed by personal loans. P'Beum's new booking was Bt2.6bn.
- Credit card spending grew 11% y-y in 2023. Meanwhile, personal loans grew 4% over the same period which was below its target.
- NIM was manageable despite rising cost of fund.
- Expenses rose along with business expansions.
- NPLs of credit card and personal loan were stable at 1.7% of total loans. NPL rose sharply from leasing segment. And KTC slowed down the growth in this segment after seeing evident signs of asset quality deterioration.
- Credit costs were rising from 5.5% in 3Q23 to 5.7% in 4Q23 to support higher write-off. LLR dropped from 476% in 2022 to 400%.

Income Statement						Income Statement					
(consolidated)						12M as					
Yr-end Dec (Bt m)	4Q22	1Q23	2Q23	3Q23	4Q23	(Bt m)	q-q%	y-y%	% 2023F	2023A	2024F
Interest income	3,035	3,013	3,161	3,265	3,303	Interest & dividend income	1	9	82	16,019	17,241
Interest expense	378	390	415	441	456	Interest expense	3	21	105	1,703	1,811
<b>Net interest income</b>	<b>2,657</b>	<b>2,622</b>	<b>2,746</b>	<b>2,824</b>	<b>2,847</b>	<b>Net interest income</b>	<b>1</b>	<b>7</b>	<b>79</b>	<b>14,317</b>	<b>15,429</b>
Non-interest income	3,217	3,042	3,079	3,196	3,360	Non-interest income	5	4	137	9,399	9,840
Total income	5,875	5,664	5,825	6,019	6,207	Total income	3	6	102	23,716	25,269
Operating expense	2,276	1,985	2,135	2,252	2,429	Operating expense	8	7	106	8,801	8,543
<b>Pre-provisioning profit</b>	<b>3,599</b>	<b>3,680</b>	<b>3,690</b>	<b>3,768</b>	<b>3,778</b>	<b>Pre-provisioning profit</b>	<b>0</b>	<b>5</b>	<b>100</b>	<b>14,915</b>	<b>16,727</b>
Provision for bad&doubtful debt	1,508	1,367	1,438	1,477	1,612	Provision for bad&doubtful debt	9	7	104	5,894	6,123
Profit before tax	2,091	2,313	2,252	2,290	2,166	Profit before tax	(5)	4	98	9,021	10,603
Tax	456	452	463	464	439	Tax	(5)	(4)	99	1,819	2,121
Profit after tax	1,635	1,861	1,789	1,826	1,727	Profit after tax	(5)	6	98	7,203	8,483
Equity income	10	5	12	12	18	Equity income			270	47	17
Minority interests	21	6	5	18	17	Minority interests				-	-
Extra items	-	-	-	-	-	Extra items					
<b>Net profit</b>	<b>1,666</b>	<b>1,872</b>	<b>1,806</b>	<b>1,857</b>	<b>1,761</b>	<b>Net profit</b>	<b>(5)</b>	<b>6</b>	<b>99</b>	<b>7,250</b>	<b>8,500</b>
<b>Normalized profit</b>	<b>1,666</b>	<b>1,872</b>	<b>1,806</b>	<b>1,857</b>	<b>1,761</b>	<b>Normalized profit</b>	<b>(5)</b>	<b>6</b>	<b>99</b>	<b>7,250</b>	<b>8,500</b>
PPP/share (Bt)	1.4	1.4	1.4	1.5	1.5	PPP/share (Bt)	0	5	109	5.8	6.5
EPS (Bt)	0.6	0.7	0.7	0.7	0.7	EPS (Bt)	(5)	6	103	2.8	3.3
Norm EPS (Bt)	0.6	0.7	0.7	0.7	0.7	Norm EPS (Bt)	(5)	6	103	2.8	3.3
BV/share (Bt)	12.2	12.9	12.4	13.2	13.8	BV/share (Bt)	5	14	14	13.8	15.9

Balance Sheet						Financial Ratios					
(consolidated)						12M as					
Yr-end Dec (Bt m)	4Q22	1Q23	2Q23	3Q23	4Q23	(%)	4Q22	1Q23	2Q23	3Q23	4Q23
Cash and cash equivalent	2,182	1,705	1,855	2,744	5,344	Gross loan growth (YTD)	12.5	(0.8)	1.3	2.4	7.8
Other current assets	485	440	438	720	862	Gross loan growth (q-q)	7.4	(0.8)	2.2	1.1	5.3
Total current assets	2,667	2,146	2,293	3,465	6,206	Borrowing growth (YTD)	13.3	(3.9)	1.9	1.8	0.4
Gross loans and accrued interest	104,194	103,312	105,589	106,701	112,346	Borrowing growth (q-q)	7.9	(3.9)	6.0	(0.2)	(1.3)
Provisions	8,792	8,934	9,226	9,469	9,763	Non-interest income (y-y)	13.6	15.3	10.5	9.9	7.1
Net loans	95,402	94,378	96,363	97,231	102,583	Non-interest income (q-q)	3.4	(1.3)	4.7	2.8	0.8
Fixed assets	348	348	348	378	421	Cost-to-income	36.4	32.8	34.2	34.9	36.5
Other assets	3,379	3,348	3,540	3,504	3,604	Net interest margin	10.9	10.4	10.8	10.9	10.5
<b>Total assets</b>	<b>101,796</b>	<b>100,220</b>	<b>102,545</b>	<b>104,578</b>	<b>112,814</b>	Credit cost	5.8	5.3	5.4	5.5	5.7
S-T liabilities	161	137	211	199	212	ROA	6.8	7.4	7.1	7.2	6.5
S-T loans from banks + Current pc	14,818	16,384	15,957	14,497	17,372	ROE	21.8	23.2	22.1	22.5	20.2
L-T loans - net current portion	6,000	6,000	6,000	6,500	5,000	Loan-to-borrowing	154.8	159.3	153.4	155.0	165.7
L-T Debenture	40,817	36,868	40,877	41,733	39,532	Loan-to-total equity	304.3	284.1	300.5	286.6	287.5
Total Borrowings	61,635	59,252	62,833	62,730	61,904	NPLs (Btm)	1,846	1,932	2,129	2,482	2,439
Other liabilities	8,424	7,389	7,223	7,533	14,852	NPL increase	(71)	86	197	353	(43)
Minority interest	223	217	212	193	164	NPL ratio (%)	1.8	1.9	2.0	2.3	2.2
<b>Shareholders' equity</b>	<b>31,353</b>	<b>33,225</b>	<b>32,066</b>	<b>33,922</b>	<b>35,682</b>	Loan loss coverage ratio (%)	476.3	462.4	433.3	381.5	400.3
<b>Total Liabilities &amp; Equity</b>	<b>101,796</b>	<b>100,220</b>	<b>102,545</b>	<b>104,578</b>	<b>112,814</b>						

Sources: Company data, Thanachart estimates

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