

Krung Thai Bank Pcl (KTB TB) - BUY, Price Bt16, TP Bt22**Results Comment**

Sarachada Sornsong | Email: sarachada.sor@thanachartsec.co.th

Strong profits, beat expectation

- KTB's 1Q24 profits came in stronger-than-expected at Bt11.1bn, up 10% y-y and 81% q-q. Results beat our estimates on higher income and lower provisions. 1Q24 profits were 27% of our full-year forecast and we re-iterate BUY.
- Loans grew 1.6% q-q driven by government sector. The strategic shift to lower risk segment impacted lending yield and NIM. Meanwhile, KTB's funding costs came down q-q as it increased liquidity leverage with loan-to-deposit ratio rising to above 100%.
- Non-interest income increased 16% y-y and 20% q-q from increased bancassurance, loan related fees as well as increased other income from bad debt recovery. Net fee increased 9% y-y and 3% q-q.
- Opex increased 30% y-y from a rise in other expenses owing a prudent management for properties for sale with appropriate level of impairment losses provided and increased IT costs. Despite this, cost to income ratio remained manageable at 44% in the quarter
- NPLs in absolute fell 1% q-q. Without extra provisions, credit costs decreased to 1.23% from 2% in 4Q23 and 1.26% in 1Q23.
- Loan loss coverage stood high at 175%.

Income Statement						Income Statement					
(consolidated)						3M as					
Yr-end Dec (Bt m)	1Q23	2Q23	3Q23	4Q23	1Q24	(Bt m)	q-q%	y-y%	% 2024F	2024F	2025F
Interest & dividend income	34,105	36,872	39,650	41,741	40,881	Interest & dividend income	(2)	20	27	154,106	154,989
Interest expense	8,486	9,101	9,983	11,379	11,319	Interest expense	(1)	33	27	41,274	40,102
Net interest income	25,619	27,771	29,667	30,362	29,561	Net interest income	(3)	15	26	112,833	114,887
Non-interest income	9,254	7,810	8,661	8,967	10,736	Non-interest income	20	16	31	35,162	37,097
Total income	34,873	35,581	38,329	39,329	40,297	Total income	2	16	27	147,995	151,984
Operating expense	13,650	14,028	16,733	17,745	17,731	Operating expense	(0)	30	29	61,437	63,163
Pre-provisioning profit	21,223	21,552	21,596	21,583	22,567	Pre-provisioning profit	5	6	26	86,558	88,821
Provision for bad&doubtful debt	8,104	7,754	8,157	13,070	8,029	Provision for bad&doubtful debt	(39)	(1)	24	32,800	30,346
Profit before tax	13,120	13,798	13,438	8,513	14,538	Profit before tax	71	11	27	53,758	58,475
Tax	2,531	2,864	2,774	1,733	2,936	Tax	69	16	27	10,752	11,695
Profit after tax	10,589	10,934	10,664	6,781	11,602	Profit after tax	71	10	27	43,007	46,780
Equity income	399	134	560	261	406	Equity income	55	2	29	1,403	1,453
Minority interests	(921)	(912)	(941)	(931)	(929)	Minority interests	neg	neg	24	(3,921)	(4,196)
Extra items	-	-	-	-	-	Extra items	neg	neg	-	-	-
Net profit	10,067	10,156	10,282	6,111	11,078	Net profit	81	10	27	40,489	44,037
Normalized profit	10,067	10,156	10,282	6,111	11,078	Normalized profit	81	10	27	40,489	44,037
PPP/share (Bt)	1.5	1.5	1.5	1.5	1.6	PPP/share (Bt)	5	6	26	6.2	6.4
EPS (Bt)	0.7	0.7	0.7	0.4	0.8	EPS (Bt)	81	10	27	2.9	3.2
Norm EPS (Bt)	0.7	0.7	0.7	0.4	0.8	Norm EPS (Bt)	81	10	27	2.9	3.2
BV/share (Bt)	27.9	27.7	28.0	28.8	29.9	BV/share (Bt)	4	7	30	30.7	32.8

Balance Sheet						Financial Ratios					
(consolidated)						3M as					
Yr-end Dec (Bt m)	1Q23	2Q23	3Q23	4Q23	1Q24	(%)	1Q23	2Q23	3Q23	4Q23	1Q24
Cash and Interbank	702,948	685,551	615,943	756,787	622,025	Gross loan grow th (YTD)	(0.4)	(0.6)	1.4	(0.6)	1.6
Other liquid items	83,253	106,773	122,597	95,407	125,871	Gross loan grow th (q-q)	(0.4)	(0.2)	2.0	(2.0)	1.6
Total liquid items	786,201	792,325	738,540	852,194	747,896	Deposit grow th (YTD)	1.2	(0.4)	0.8	2.2	(1.7)
Gross loans and accrued interest	2,608,623	2,596,483	2,652,170	2,599,418	2,642,040	Deposit grow th (q-q)	1.2	(1.6)	1.3	1.4	(1.7)
Provisions	181,601	169,268	171,303	173,323	172,757	Non-interest income (y-y)	12.7	4.9	4.1	(9.5)	16.0
Net loans	2,427,022	2,427,215	2,480,867	2,426,095	2,469,283	Non-interest income (q-q)	(6.6)	(15.6)	10.9	3.5	19.7
Fixed assets	71,439	70,056	68,405	65,924	61,593	Fee income / Operating income	14.7	13.5	14.4	13.8	13.8
Other assets	54,949	57,434	65,283	56,231	70,397	Cost-to-income	39.1	39.4	43.7	45.1	44.0
Total assets	3,569,070	3,610,274	3,627,349	3,677,684	3,717,055	Net interest margin	2.86	3.09	3.28	3.33	3.20
Deposits	2,620,709	2,579,084	2,611,351	2,646,872	2,602,050	Credit cost	1.26	1.20	1.24	2.03	1.23
Interbank	220,229	280,320	242,497	282,696	333,140	ROE	10.5	10.5	10.6	6.2	10.8
Other liquid items	5,500	4,515	4,144	4,423	4,289	Loan-to-deposit	98.5	100.0	100.7	97.3	100.6
Total liquid items	2,846,438	2,863,919	2,857,993	2,933,991	2,939,479	Loan-to-deposit + S-T borrowing	98.5	100.0	100.7	97.3	100.6
Borrowings	150,588	159,205	162,153	160,839	158,558	NPLs (Bt m)	102,542	98,810	98,309	99,407	98,815
Other liabilities	165,188	183,210	198,457	162,008	182,300	NPL increase	1,446	(3,732)	(501)	1,098	(592)
Minority interest	17,188	16,596	17,538	18,470	19,321	NPL ratio	3.22	3.11	3.10	3.08	3.14
Shareholders' equity	389,667	387,344	391,208	402,376	417,396	Loan-loss-coverage ratio	177.1	171.3	174.2	174.4	174.8
Total Liabilities & Equity	3,569,070	3,610,274	3,627,349	3,677,684	3,717,055	CAR - total	19.8	20.1	20.5	20.6	20.5

Sources: Company data, Thanachart estimates

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