

Krungthai Card Pcl (KTC TB) - SELL, Price Bt42.75, TP Bt53.00**Results Comment**

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Weaker-than-expected profits

- KTC's 1Q24 profits came in weaker than expected on higher provisions.
- The company decided to cease new loan extension since August last year, leading to overall loan contraction of 6% from 4Q23.
- Card spending volume grew 8.5% y-y and the total portfolio rose by 2% y-y, driven by the credit card and personal loans which expanded 2.3% and 2.4% y-y. KTC P BERM Car for Cash registered new loan book of Bt611m, rising 812% y-y.
- Total income rose 11% and 2% q-q from increased interest income, fees and bad debt recovery revenues
- Due to the accelerated write-off, credit costs were 6.4% higher both y-y and q-q.
- NPL ratio fell to 2%. But write-off impact, loan coverage ratio fell to 354%.
- We see downsides to our earnings forecast and TP.

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 income	3,013	3,161	3,265	3,303	4,008	Interest & dividend income	21	33	23	17,475	19,744
Interest expense	390	415	441	456	451	Interest expense	(1)	16	24	1,911	1,925
Net interest income	2,622	2,746	2,824	2,847	3,556	Net interest income	25	36	23	15,565	17,818
Non-interest income	3,042	3,079	3,196	3,360	2,755	Non-interest income	(18)	(9)	28	10,002	10,544
Total income	5,664	5,825	6,019	6,207	6,312	Total income	2	11	25	25,567	28,362
Operating expense	1,985	2,135	2,252	2,429	2,369	Operating expense	(2)	19	26	9,054	9,440
Pre-provisioning profit	3,680	3,690	3,768	3,778	3,943	Pre-provisioning profit	4	7	24	16,512	18,923
Provision for bad&doubtful debt	1,367	1,438	1,477	1,612	1,683	Provision for bad&doubtful debt	4	23	28	5,945	6,402
Profit before tax	2,313	2,252	2,290	2,166	2,259	Profit before tax	4	(2)	21	10,567	12,521
Tax	452	463	464	439	467	Tax	6	3	22	2,113	2,504
Profit after tax	1,861	1,789	1,826	1,727	1,793	Profit after tax	4	(4)	21	8,454	10,017
Equity income	5	12	12	18	-	Equity income				50	52
Minority interests	6	5	18	17	10	Minority interests				-	-
Extra items	-	-	-	-	-	Extra items					
Net profit	1,872	1,806	1,857	1,761	1,803	Net profit	2	(4)	21	8,504	10,068
Normalized profit	1,872	1,806	1,857	1,761	1,803	Normalized profit	2	(4)	21	8,504	10,068
PPP/share (Bt)	1.4	1.4	1.5	1.5	1.5	PPP/share (Bt)	4	7	26	6.4	7.3
EPS (Bt)	0.7	0.7	0.7	0.7	0.7	EPS (Bt)	2	(4)	25	3.3	3.9
Norm EPS (Bt)	0.7	0.7	0.7	0.7	0.7	Norm EPS (Bt)	2	(4)	25	3.3	3.9
BV/share (Bt)	12.9	12.4	13.2	13.8	14.5	BV/share (Bt)	5	13	15	15.9	18.3

Balance Sheet						Financial Ratios					
(consolidated)						3M as					
Yr-end Dec (Bt m)	1Q23	2Q23	3Q23	4Q23	1Q24	(%)	1Q23	2Q23	3Q23	4Q23	1Q24
Cash and cash equivalent	1,705	1,855	2,744	5,344	3,652	Gross loan growth (YTD)	(0.8)	1.3	2.4	7.8	(6.2)
Other current assets	440	438	720	862	833	Gross loan growth (q-q)	(0.8)	2.2	1.1	5.3	(6.2)
Total current assets	2,146	2,293	3,465	6,206	4,485	Borrowing growth (YTD)	(3.9)	1.9	1.8	0.4	(11.4)
Gross loans and accrued interest	103,312	105,589	106,701	112,346	105,347	Borrowing growth (q-q)	(3.9)	6.0	(0.2)	(1.3)	(11.4)
Provisions	8,934	9,226	9,469	9,763	7,399	Non-interest income (y-y)	15.3	10.5	9.9	7.1	35.6
Net loans	94,378	96,363	97,231	102,583	97,948	Non-interest income (q-q)	(1.3)	4.7	2.8	0.8	24.9
Fixed assets	348	348	378	421	435	Cost-to-income	32.8	34.2	34.9	36.5	35.0
Other assets	3,348	3,540	3,504	3,604	3,567	Net interest margin	10.4	10.8	10.9	10.5	13.0
Total assets	100,220	102,545	104,578	112,814	106,434	Credit cost	5.3	5.4	5.5	5.7	6.4
S-T liabilities	137	211	199	212	202	ROA	7.4	7.1	7.2	6.5	6.6
S-T loans from banks + Current pc	16,384	15,957	14,497	17,372	9,306	ROE	23.2	22.1	22.5	20.2	19.7
L-T loans - net current portion	6,000	6,000	6,500	5,000	6,000	Loan-to-borrowing	159.3	153.4	155.0	165.7	178.6
L-T Debenture	36,868	40,877	41,733	39,532	39,539	Loan-to-total equity	284.1	300.5	286.6	287.5	261.3
Total Borrowings	59,252	62,833	62,730	61,904	54,844	NPLs (Btm)	1,932	2,129	2,482	2,439	2,091
Other liabilities	7,389	7,223	7,533	14,852	13,750	NPL increase	86	197	353	(43)	(348)
Minority interest	217	212	193	164	153	NPL ratio (%)	1.9	2.0	2.3	2.2	2.0
Shareholders' equity	33,225	32,066	33,922	35,682	37,485	Loan loss coverage ratio (%)	462.4	433.3	381.5	400.3	353.9
Total Liabilities & Equity	100,220	102,545	104,578	112,814	106,434						

Sources: Company data, Thanachart estimates

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