# Krung Thai Bank Pcl (KTB TB) - BUY, Price Bt15, TP Bt18

**Results Comment**

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

## Very strong profits

- KTB's 2Q22 profits came in very strong and beat our expectation on lower opex and provisions.
- 1H22 profits were 59% of our full year forecast and we see upsides to our numbers.
- Y-Y growth was due mainly to loan expansions and lower provisions.
- The q-q drop was due mainly to lower mark to market FX gains.
- Amid concern of rising costs, opex was under good control.
- With KTB's quality loans growth approach, asset quality is solid with NPL falling further. This has led to lower provisions and decent LLR.

| Income Statement | | | | | (consolidated) |
|---|---|---|---|---|---|
| Yr-end Dec (Bt m) | 2Q21 | 3Q21 | 4Q21 | 1Q22 | 2Q22 |
| Interest & dividend income | 26,349 | 26,419 | 26,767 | 26,209 | 27,260 |
| Interest expense | 5,433 | 5,277 | 5,423 | 5,123 | 5,441 |
| **Net interest income** | **20,916** | **21,142** | **21,345** | **21,086** | **21,818** |
| Non-interest income | 7,598 | 6,979 | 8,386 | 8,212 | 7,446 |
| Total income | 28,514 | 28,121 | 29,731 | 29,297 | 29,264 |
| Operating expense | 12,235 | 13,093 | 14,714 | 12,244 | 12,517 |
| **Pre-provisioning profit** | **16,279** | **15,028** | **15,017** | **17,053** | **16,747** |
| Provision for bad&doubtful debt | 8,097 | 8,137 | 8,233 | 5,470 | 5,669 |
| Profit before tax | 8,183 | 6,891 | 6,784 | 11,583 | 11,079 |
| Tax | 1,657 | 1,382 | 1,418 | 2,317 | 1,996 |
| Profit after tax | 6,526 | 5,509 | 5,366 | 9,266 | 9,082 |
| Equity income | 337 | 213 | 197 | 388 | 200 |
| Minority interests | (852) | (668) | (620) | (873) | (924) |
| Extra items | - | - | - | - | - |
| **Net profit** | **6,011** | **5,055** | **4,944** | **8,780** | **8,358** |
| **Normalized profit** | **6,011** | **5,055** | **4,944** | **8,780** | **8,358** |
| | | | | | |
| PPP/share (Bt) | 1.2 | 1.1 | 1.1 | 1.2 | 1.2 |
| EPS (Bt) | 0.4 | 0.4 | 0.4 | 0.6 | 0.6 |
| Norm EPS (Bt) | 0.4 | 0.4 | 0.4 | 0.6 | 0.6 |
| BV/share (Bt) | 24.5 | 25.3 | 25.8 | 25.9 | 25.4 |

| Income Statement | | | 6M as | | |
|---|---|---|---|---|---|
| (Bt m) | q-q% | y-y% | % 2022F | 2022F | 2023F |
| Interest & dividend income | 4 | 3 | 48 | 112,449 | 122,427 |
| Interest expense | 6 | 0 | 45 | 23,283 | 29,022 |
| **Net interest income** | **3** | **4** | **48** | **89,166** | **93,405** |
| Non-interest income | (9) | (2) | 51 | 30,582 | 32,401 |
| Total income | (0) | 3 | 49 | 119,748 | 125,806 |
| Operating expense | 2 | 2 | 45 | 55,501 | 56,157 |
| **Pre-provisioning profit** | **(2)** | **3** | **53** | **64,247** | **69,649** |
| Provision for bad&doubtful debt | 4 | (30) | 45 | 24,544 | 24,885 |
| Profit before tax | (4) | 35 | 57 | 39,703 | 44,764 |
| Tax | (14) | 21 | 54 | 7,941 | 8,953 |
| Profit after tax | (2) | 39 | 58 | 31,763 | 35,812 |
| Equity income | (48) | (41) | 59 | 1,000 | 1,100 |
| Minority interests | neg | neg | 51 | (3,500) | (3,850) |
| Extra items | neg | neg | | - | - |
| **Net profit** | **(5)** | **39** | **59** | **29,263** | **33,062** |
| **Normalized profit** | **(5)** | **39** | **59** | **29,263** | **33,062** |
| | | | | | |
| PPP/share (Bt) | (2) | 3 | 53 | 4.6 | 5.0 |
| EPS (Bt) | (5) | 39 | 59 | 2.1 | 2.4 |
| Norm EPS (Bt) | (5) | 39 | 59 | 2.1 | 2.4 |
| BV/share (Bt) | (2) | 4 | 25 | 27.4 | 29.2 |

| Balance Sheet | | | | | (consolidated) |
|---|---|---|---|---|---|
| Yr-end Dec (Bt m) | 2Q21 | 3Q21 | 4Q21 | 1Q22 | 2Q22 |
| Cash and Interbank | 574,878 | 541,325 | 532,760 | 631,220 | 598,387 |
| Other liquid items | 96,399 | 124,754 | 70,699 | 68,361 | 104,748 |
| Total liquid items | 671,277 | 666,079 | 603,459 | 699,582 | 703,134 |
| Gross loans and accrued interest | 2,502,774 | 2,579,103 | 2,649,542 | 2,679,341 | 2,655,556 |
| Provisions | 163,414 | 167,201 | 173,322 | 177,008 | 174,969 |
| Net loans | 2,339,360 | 2,411,902 | 2,476,220 | 2,502,333 | 2,480,587 |
| Fixed assets | 56,965 | 65,563 | 70,745 | 72,559 | 71,811 |
| Other assets | 65,915 | 59,189 | 42,303 | 40,496 | 48,150 |
| **Total assets** | **3,404,847** | **3,497,161** | **3,556,744** | **3,581,447** | **3,565,046** |
| Deposits | 2,493,121 | 2,582,228 | 2,614,747 | 2,712,691 | 2,603,600 |
| Interbank | 267,143 | 248,699 | 296,344 | 226,663 | 259,142 |
| Other liquid items | 4,588 | 4,899 | 4,210 | 5,661 | 4,969 |
| Total liquid items | 2,764,851 | 2,835,827 | 2,915,302 | 2,945,016 | 2,867,710 |
| Borrowings | 131,899 | 133,069 | 133,817 | 131,638 | 155,545 |
| Other liabilities | 152,235 | 160,928 | 133,514 | 128,364 | 171,855 |
| Minority interest | 12,622 | 13,290 | 14,059 | 14,932 | 14,548 |
| **Shareholders' equity** | **343,239** | **354,047** | **360,053** | **361,497** | **355,387** |
| **Total Liabilities & Equity** | **3,404,847** | **3,497,161** | **3,556,744** | **3,581,447** | **3,565,046** |

| Financial Ratios | | | | | |
|---|---|---|---|---|---|
| (%) | 2Q21 | 3Q21 | 4Q21 | 1Q22 | 2Q22 |
| Gross loan growth (YTD) | 6.5 | 9.6 | 12.6 | 1.1 | 0.2 |
| Gross loan growth (q-q) | 5.3 | 3.0 | 2.7 | 1.1 | (0.9) |
| Deposit growth (YTD) | 1.2 | 4.8 | 6.2 | 3.7 | (0.4) |
| Deposit growth (q-q) | 2.2 | 3.6 | 1.3 | 3.7 | (4.0) |
| Non-interest income (y-y) | (12.9) | (8.9) | 8.1 | (2.3) | (2.0) |
| Non-interest income (q-q) | (9.6) | (8.1) | 20.2 | (2.1) | (9.3) |
| Fee income / Operating income | 17.2 | 16.9 | 17.4 | 17.0 | 16.8 |
| Cost-to-income | 42.9 | 46.6 | 49.5 | 41.8 | 42.8 |
| Net interest margin | 2.47 | 2.45 | 2.42 | 2.36 | 2.44 |
| Credit cost | 1.30 | 1.27 | 1.25 | 0.82 | 0.86 |
| ROE | 7.0 | 5.8 | 5.5 | 9.7 | 9.3 |
| Loan-to-deposit | 99.7 | 99.1 | 100.5 | 98.0 | 101.2 |
| Loan-to-deposit + S-T borrowing | 99.7 | 99.1 | 100.5 | 98.0 | 101.2 |
| NPLs (Bt m) | 105,737 | 106,367 | 106,809 | 106,549 | 104,434 |
| NPL increase | (244) | 630 | 442 | (260) | (2,115) |
| NPL ratio | 3.54 | 3.57 | 3.50 | 3.34 | 3.32 |
| Loan-loss-coverage ratio | 154.5 | 157.2 | 162.3 | 166.1 | 167.5 |
| CAR - total | 19.4 | 19.4 | 19.9 | 19.7 | 20.1 |

Sources: Company data, Thanachart estimates

## General Disclaimers And Disclosures:



This report is prepared by analysts who are employed by the research department of TNS. While the information is from sources believed to be reliable, neither the information nor the forecasts shall be taken as a representation or warranty for which TNS or TCAP or its group companies or any of their employees incur any responsibility. This report is provided to you for informational purposes only and it is not, and is not to be construed as, an offer or an invitation to make an offer to sell or buy any securities. Neither TNS, TCAP nor its group companies accept any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents.

The information and opinions contained herein have been compiled or arrived at from sources believed reliable. However, TNS, TCAP and its group companies make no representation or warranty, express or implied, as to their accuracy or completeness. Expressions of opinion herein are subject to change without notice. The use of any information, forecasts and opinions contained in this report shall be at the sole discretion and risk of the user.

TNS, TCAP and its group companies perform and seek to perform business with companies covered in this report. TNS, TCAP, its group companies, their employees and directors may have positions and financial interest in securities mentioned in this report. TNS, TCAP or its group companies may from time to time perform investment banking or other services for, or solicit investment banking or other business from, any entity mentioned in this report. Therefore, investors should be aware of conflict of interest that may affect the objectivity of this report.

Note: Thanachart Securities Public Company Limited act as a Market Maker and Derivative Warrants Issuer. At present, TNS has issued 70 Derivative Warrants which are ADVANC16C2211A, ADVANC16C2210A, AMAT16C2209A, AOT16C2209A, AWC16C2207A, BAM16C2207A, BANP16C2207A, BANPU16C2210A, BCH16C2211A, BCH16C2207A, BEC16C2207A, BGRI16C2209A, BLA16C2208A, BLA16C2209A, CBG16C2207A, CBG16C2210A, CENTEL16C2209A, CHG16C2207A, COM716C2211C, COM716C2211B, COM716C2208A, COM716C2209A, COM716C2211A, DOHO16C2207A, EA16C2207A, EA16C2209A, ESSO16C2209A, ESSO16C2209B, GPSC16C2207A, GPSC16C2209A, GULF16C2207A, GULF16C2210A, GUNK16C2207A, GUNK16C2209A, HANA16C2211A, HANA16C2207A, HANA16C2209A, IVL16C2209A, JMART16C2210A, JMT16C2207A, JMT16C2210A, KBANK16C2211A, KBAN16C2208A, KBAN16C2209A, KCE16C2211A, KCE16C2208A, KCE16C2209A, KTC16C2209A, MEGA16C2207A, MINT16C2207A, MINT16C2211A, MTC16C2209A, PTG16C2209A, PTTE16C2209A, PTTG16C2207A, RBF16C2209A, RCL16C2208A, S5016C2209A, S5016P2209A, SAWA16C2209A, SCB16C2208A, SET5016P2209B, SPRC16C2209A, STEC16C2209A, TOP16C2211A, TTA16C2207A, TTA16C2208A, TTA16C2211A, TU16C2210A, WHA16C2209A (underlying securities are ADVANC, AMATA, AOT, AWC, BAM, BANPU, BCH, BEC, BGRIM, BLA, CBG, CENTEL, CHG, COM7, DOHOME, EA, ESSO, GPSC, GULF, GUNKUL, HANA, IVL, JMART, JMT, KBANK, KCE, KTC, MEGA, MINT, MTC, PTG, PTTEP, PTTGC, RBF, RCL, SAWAD, SCB, SET50, SPRC, STEC, TOP, TTA, TU, WHA). before making investment decisions.

**Note:** Our major shareholder TCAP (Thanachart Capital Pcl) which holding 50.96% of Thanachart Securities and also TCAP holding 100% of Thanachart SPV1 Co. Ltd. TCAP and Thanachart SPV1 Co. Ltd has stake in THANI for 60% and being the major shareholder of THANI.

**Note:** Thanachart Capital Public Company Limited (TCAP), TMBThanachart Bank Public Company Limited (TTB), are related companies to Thanachart Securities Public Company Limited (TNS). Thanachart Securities Pcl is a subsidiary of Thanachart Capital Pcl (TCAP) which holds 23% of the shareholding in TMBThanachart Bank Pcl.

**Note:** Thanachart Capital Public Company Limited (TCAP), Ratchthani Leasing Public Company Limited (THANI), MBK PUBLIC COMPANY LIMITED (MBK) and PATUM RICE MILL AND GRANARY PUBLIC COMPANY LIMTED (PRG ) are related companies to Thanachart Securities Public Company Limited (TNS) . Since TNS covers those securities in research report, consequently TNS incurs conflicts of interest.

**Disclosure of Interest of Thanachart Securities**

Investment Banking Relationship

Within the preceding 12 months, Thanachart Securities has lead-managed public offerings and/or secondary offerings (excluding straight bonds) of the securities of the following companies: -