

Kiatnakin Phatra Bank Pcl (KKP TB) - HOLD, Price Bt52.5, TP Bt52

Results Comment

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3Q24 Better-than-expected profits

- KKP reported higher-than-expected profits of Bt1.3bn, up 2% y-y and 70% q-q. Profits beat our estimates on much lower provisions due to sharper loan contraction and falling NPL formation.
- Losses on repossessed sales remained high at Bt1.2bn versus Bt1bn in 2Q24. All-in credit costs of 2% in 3Q24 was down from 2.6% in 1H24 and below our full-year assumption of 2.6%.
- 9M24 profits were 84% of our full-year forecast. We see upside to our numbers and currently rate KKP as a HOLD due to limited share price upside.
- Dragged by all lending segments, loans contracted 5% q-q and 6% YTD. Overall NPLs were much flat q-q. NPLs of retail loans rose 4% q-q and 8% from 2023.
- NPL ratio increased from 4.1% of total loans in 2Q24 to 4.3%. Loan loss coverage ratio was stable q-q at 120% which is the lowest level in the industry.
- NIM held up on higher investment return and stabilizing funding costs.
- Fees grew 11% y-y and 27% q-q mainly from capital market business. Banking fees were weak along with loan growth.
- Excluding losses on sales, opex rose 7% y-y and 15% q-q on higher personnel expenses. Cost to income ratio was 48% from 42% in 2Q24.

Income Statement						Income Statement					
(consolidated)						9M as					
Yr-end Dec (Bt m)	3Q23	4Q23	1Q24	2Q24	3Q24	(Bt m)	q-q%	y-y%	% 2024F	2024F	2025F
Interest & dividend income	8,191	8,057	7,881	7,722	7,638	Interest & dividend income	(1)	(7)	76	30,735	29,696
Interest expense	2,204	2,495	2,629	2,714	2,701	Interest expense	(0)	23	72	11,179	10,450
Net interest income	5,988	5,562	5,253	5,009	4,937	Net interest income	(1)	(18)	78	19,556	19,246
Non-interest income	1,456	1,393	1,579	1,543	1,668	Non-interest income	8	15	74	6,470	7,062
Total income	7,444	6,955	6,832	6,552	6,605	Total income	1	(11)	77	26,026	26,308
Operating expense	4,281	4,584	4,316	3,809	4,326	Operating expense	14	1	77	16,100	15,028
Pre-provisioning profit	3,163	2,371	2,516	2,743	2,279	Pre-provisioning profit	(17)	(28)	76	9,926	11,280
Provision for bad&doubtful debt	1,678	1,429	609	1,769	681	Provision for bad&doubtful debt	(61)	(59)	66	4,640	5,000
Profit before tax	1,485	942	1,907	974	1,598	Profit before tax	64	8	85	5,286	6,280
Tax	201	270	400	202	282	Tax	39	40	85	1,037	1,231
Profit after tax	1,284	672	1,507	772	1,316	Profit after tax	71	3	85	4,250	5,049
Equity income	-	-	-	-	-	Equity income	neg	neg	-	-	-
Minority interests	(4)	(2)	(1)	(3)	(12)	Minority interests	neg	neg	196	(8)	(8)
Extra items	-	-	-	-	-	Extra items	neg	neg	-	-	-
Net profit	1,281	670	1,506	769	1,305	Net profit	70	2	84	4,242	5,041
Normalized profit	1,281	670	1,506	769	1,305	Normalized profit	70	2	84	4,242	5,041
PPP/share (Bt)	3.7	2.8	3.0	3.2	2.7	PPP/share (Bt)	(17)	(28)	76	11.7	13.3
EPS (Bt)	1.5	0.8	1.8	0.9	1.5	EPS (Bt)	70	2	84	5.0	6.0
Norm EPS (Bt)	1.5	0.8	1.8	0.9	1.5	Norm EPS (Bt)	70	2	84	5.0	6.0
BV/share (Bt)	71.0	72.0	74.0	73.1	72.9	BV/share (Bt)	(0)	3	73	74.0	77.0

Balance Sheet						Financial Ratios					
(consolidated)											
Yr-end Dec (Bt m)	3Q23	4Q23	1Q24	2Q24	3Q24	(%)	3Q23	4Q23	1Q24	2Q24	3Q24
Cash and Interbank	58,839	63,411	48,330	54,586	40,236	Gross loan grow th (YTD)	6.1	5.4	(0.7)	(1.8)	(6.4)
Other liquid items	26,100	24,098	25,957	21,048	40,600	Gross loan grow th (q-q)	0.3	(0.6)	(0.7)	(1.0)	(4.7)
Total liquid items	84,939	87,509	74,287	75,634	80,835	Deposit grow th (YTD)	5.6	8.3	(0.6)	2.9	(4.1)
Gross loans and accrued interest	407,628	405,493	402,685	398,749	380,472	Deposit grow th (q-q)	4.8	2.5	(0.6)	3.5	(6.8)
Provisions	20,490	20,668	20,500	21,078	20,912	Non-interest income (y-y)	(28.2)	(46.8)	(8.1)	(18.8)	14.5
Net loans	387,138	384,826	382,185	377,671	359,560	Non-interest income (q-q)	(23.4)	(4.4)	13.4	(2.3)	8.1
Fixed assets	14,160	14,677	14,206	14,320	14,216	Fee income / Operating income	18.0	19.2	16.4	17.9	22.4
Other assets	31,267	22,054	24,625	25,572	22,484	Cost-to-income	57.5	65.9	63.2	58.1	65.5
Total assets	553,889	545,327	532,436	529,581	515,628	Net interest margin	4.42	4.05	3.90	3.77	3.78
Deposits	350,042	358,903	356,849	369,440	344,234	Credit cost	1.68	1.44	0.62	1.81	0.73
Interbank	36,280	23,035	22,415	18,146	21,073	ROE	8.5	4.4	9.7	4.9	8.4
Other liquid items	612	483	581	553	609	Loan-to-deposit	114.4	110.9	110.7	105.8	108.3
Total liquid items	386,934	382,421	379,845	388,138	365,915	Loan-to-deposit + S-T borrow ing	114.4	110.9	110.7	105.8	108.3
Borrowings	66,208	68,900	60,706	48,236	39,328	NPLs (Bt m)	16,122	14,710	17,310	17,442	17,407
Other liabilities	40,349	32,753	28,944	30,983	48,353	NPL increase	82	(1,412)	2,600	132	(35)
Minority interest	298	286	287	288	299	NPL ratio	3.70	3.30	3.90	4.10	4.30
Shareholders' equity	60,100	60,967	62,654	61,936	61,733	Loan-loss-coverage ratio	127.1	140.5	118.4	120.8	120.1
Total Liabilities & Equity	553,889	545,327	532,436	529,581	515,628	CAR - total	15.5	15.7	16.0	16.2	16.5

Sources: Company data, Thanachart estimates

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