

Krung Thai Bank Pcl (KTB TB) - BUY, Price Bt21.4, TP Bt24.0**Results Comment**

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3Q24 Good profits, in line

- KTB reported good 3Q24 profits of Bt11.1bn, increased 8% y-y but down 1% q-q. 9M24 profits of Bt33.4bn increased 9% y-y and accounted for 77% of our numbers. We maintain our projection and re-iterate BUY.
- Led by government and retail, loans expanded 0.1% q-q but were still down 0.5% YTD. Hit by repayments, corporate loans contracted 3% q-q. Reflect its de-risking policy, SME loans fell 2% from end of 2023.
- NIM was almost flat q-q. Net spread declined on higher funding costs.
- NPLs in absolute fell slightly q-q. Provisions were up 2% y-y and 4% q-q with credit costs of 1.3% versus 1.25% in 2Q24. Loan loss coverage increased slightly from 176% in 2Q24 to 179%.
- Net fee increased 6% q-q and 2% y-y, driven by bancassurance and mutual fund products.
- Thanks to higher investment gains and bad debt recoveries, non-interest income grew 19% y-y and 16% q-q.
- Other expenses rose quite sizably both y-y and q-q due to increase in IT investments. However, with falling NPA impairment expenses and higher income, cost to income ratio increased marginally from 42.2% in 2Q24 to 42.8% in 3Q24.

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	39,650	41,741	40,881	41,472	41,528	Interest & dividend income	0	5	75	164,159	159,773
Interest expense	9,983	11,379	11,319	11,416	11,643	Interest expense	2	17	74	46,220	43,438
Net interest income	29,667	30,362	29,561	30,056	29,885	Net interest income	(1)	1	76	117,939	116,334
Non-interest income	8,661	8,967	10,736	8,927	10,316	Non-interest income	16	19	79	38,140	40,393
Total income	38,329	39,329	40,297	38,983	40,201	Total income	3	5	77	156,079	156,727
Operating expense	16,733	17,745	17,731	16,438	17,193	Operating expense	5	3	78	66,091	63,470
Pre-provisioning profit	21,596	21,583	22,567	22,545	23,008	Pre-provisioning profit	2	7	76	89,988	93,257
Provision for bad&doubtful debt	8,157	13,070	8,029	8,004	8,312	Provision for bad&doubtful debt	4	2	74	32,852	30,623
Profit before tax	13,438	8,513	14,538	14,542	14,695	Profit before tax	1	9	77	57,136	62,634
Tax	2,774	1,733	2,936	2,877	2,958	Tax	3	7	77	11,427	12,527
Profit after tax	10,664	6,781	11,602	11,665	11,737	Profit after tax	1	10	77	45,709	50,107
Equity income	560	261	406	467	356	Equity income	(24)	(36)	68	1,800	2,000
Minority interests	(941)	(931)	(929)	(936)	(985)	Minority interests	neg	neg	74	(3,875)	(3,988)
Extra items	-	-	-	-	-	Extra items	neg	neg	-	-	-
Net profit	10,282	6,111	11,078	11,195	11,107	Net profit	(1)	8	77	43,634	48,119
Normalized profit	10,282	6,111	11,078	11,195	11,107	Normalized profit	(1)	8	77	43,634	48,119
PPP/share (Bt)	1.5	1.5	1.6	1.6	1.6	PPP/share (Bt)	2	7	76	6.4	6.7
EPS (Bt)	0.7	0.4	0.8	0.8	0.8	EPS (Bt)	(1)	8	76	3.1	3.4
Norm EPS (Bt)	0.7	0.4	0.8	0.8	0.8	Norm EPS (Bt)	(1)	8	76	3.1	3.4
BV/share (Bt)	28.0	28.8	29.9	29.4	30.7	BV/share (Bt)	4	10	31	30.9	33.0

Balance Sheet						Financial Ratios					
(consolidated)						(%)					
Yr-end Dec (Bt m)	3Q23	4Q23	1Q24	2Q24	3Q24		3Q23	4Q23	1Q24	2Q24	3Q24
Cash and Interbank	615,943	756,787	622,025	689,397	694,412	Gross loan grow th (YTD)	1.4	(0.6)	1.6	(0.6)	(0.5)
Other liquid items	122,597	95,407	125,871	107,993	104,691	Gross loan grow th (q-q)	2.0	(2.0)	1.6	(2.2)	0.1
Total liquid items	738,540	852,194	747,896	797,391	799,103	Deposit grow th (YTD)	0.8	2.2	(1.7)	0.2	(0.1)
Gross loans and accrued interest	2,652,170	2,599,418	2,642,040	2,584,824	2,586,864	Deposit grow th (q-q)	1.3	1.4	(1.7)	1.9	(0.2)
Provisions	171,303	173,323	172,757	173,292	175,673	Non-interest income (y-y)	4.1	(9.5)	16.0	14.3	19.1
Net loans	2,480,867	2,426,095	2,469,283	2,411,532	2,411,191	Non-interest income (q-q)	10.9	3.5	19.7	(16.8)	15.6
Fixed assets	68,405	65,924	61,593	59,353	58,529	Fee income / Operating income	14.4	13.8	13.8	13.5	14.0
Other assets	65,283	56,231	70,397	71,631	91,556	Cost-to-income	43.7	45.1	44.0	42.2	42.8
Total assets	3,627,349	3,677,684	3,717,055	3,682,775	3,660,651	Net interest margin	3.28	3.33	3.20	3.25	3.26
Deposits	2,611,351	2,646,872	2,602,050	2,650,867	2,644,389	Credit cost	1.24	2.03	1.23	1.25	1.30
Interbank	242,497	282,696	333,140	259,447	244,280	ROE	10.6	6.2	10.8	10.8	10.6
Other liquid items	4,144	4,423	4,289	5,769	6,468	Loan-to-deposit	100.7	97.3	100.6	96.6	97.0
Total liquid items	2,857,993	2,933,991	2,939,479	2,916,082	2,895,137	Loan-to-deposit + S-T borrow ing	100.7	97.3	100.6	96.6	97.0
Borrowings	162,153	160,839	158,558	157,239	135,822	NPLs (Bt m)	98,309	99,407	98,815	98,701	98,301
Other liabilities	198,457	162,008	182,300	179,105	181,206	NPL increase	(501)	1,098	(592)	(114)	(400)
Minority interest	17,538	18,470	19,321	18,610	19,595	NPL ratio	3.10	3.08	3.14	3.12	3.14
Shareholders' equity	391,208	402,376	417,396	411,739	428,890	Loan-loss-coverage ratio	174.2	174.4	174.8	175.6	178.7
Total Liabilities & Equity	3,627,349	3,677,684	3,717,055	3,682,775	3,660,651	CAR - total	20.5	20.6	20.5	20.8	21.0

Sources: Company data, Thanachart estimates

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