

Krungthai Card Pcl (KTC TB) - SELL, Price Bt48.50, TP Bt53.00**Results Comment**

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3Q24 Moderate profits

- KTC reported 3Q24 profits of Bt1.9bn, up 3% y-y and 5% q-q. Profits were in-line with consensus but lower than our forecast due to higher expenses and provisions.
- Loans slowed down 0.5% y-y and 5% YTD. This decline was due mainly to the increase in the minimum repayment rate of credit card loans from 5% to 8%, faster bad-debt write-off policy and a run-down of leasing business.
- Meanwhile, personal loans grew slightly by 2% y-y. KTC's Pi Beum's new booking was Bt1.95bn in 9M24, far below the full-year target of Bt6bn.
- Credit card spending expanded 10% y-y and the growth was stronger than industry's.
- NPLs fell slightly to 1.9% of total loans from 2% in the previous quarter. Provisions rose 9% y-y but were down 5% q-q. Credit costs were 6.1% versus 6.4% in 2Q24.
- Opex rose 9% y-y and 4% q-q on higher marketing expenses.
- 9M24 profits accounted for 65% of our full-year forecast. We see downsides to our earnings projection and TP.

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 income	3,265	3,303	4,008	4,004	4,075	Interest & dividend income	2	25	69	17,475	19,744
Interest expense	441	456	451	448	453	Interest expense	1	3	71	1,911	1,925
Net interest income	2,824	2,847	3,556	3,556	3,622	Net interest income	2	28	69	15,565	17,818
Non-interest income	3,196	3,360	2,755	2,777	2,815	Non-interest income	1	(12)	83	10,002	10,544
Total income	6,019	6,207	6,312	6,333	6,437	Total income	2	7	75	25,567	28,362
Operating expense	2,252	2,429	2,369	2,359	2,460	Operating expense	4	9	79	9,054	9,440
Pre-provisioning profit	3,768	3,778	3,943	3,975	3,977	Pre-provisioning profit	0	6	72	16,512	18,923
Provision for bad&doubtful debt	1,477	1,612	1,683	1,690	1,611	Provision for bad&doubtful debt	(5)	9	84	5,945	6,402
Profit before tax	2,290	2,166	2,259	2,284	2,366	Profit before tax	4	3	65	10,567	12,521
Tax	464	439	467	469	470	Tax	0	1	67	2,113	2,504
Profit after tax	1,826	1,727	1,793	1,816	1,895	Profit after tax	4	4	65	8,454	10,017
Equity income	12	18	-	-	-	Equity income	-	-	-	50	52
Minority interests	18	17	10	11	24	Minority interests	-	-	-	-	-
Extra items	-	-	-	-	-	Extra items	-	-	-	-	-
Net profit	1,857	1,761	1,803	1,826	1,919	Net profit	5	3	65	8,504	10,068
Normalized profit	1,857	1,761	1,803	1,826	1,919	Normalized profit	5	3	65	8,504	10,068
PPP/share (Bt)	1.5	1.5	1.5	1.5	1.5	PPP/share (Bt)	0	6	80	6.4	7.3
EPS (Bt)	0.7	0.7	0.7	0.7	0.7	EPS (Bt)	5	3	77	3.3	3.9
Norm EPS (Bt)	0.7	0.7	0.7	0.7	0.7	Norm EPS (Bt)	5	3	77	3.3	3.9
BV/share (Bt)	13.2	13.8	14.5	14.0	14.7	BV/share (Bt)	5	12	15	15.9	18.3

Balance Sheet						Financial Ratios					
(consolidated)						9M as					
Yr-end Dec (Bt m)	3Q23	4Q23	1Q24	2Q24	3Q24	(%)	3Q23	4Q23	1Q24	2Q24	3Q24
Cash and cash equivalent	2,744	5,344	3,652	4,297	2,288	Gross loan growth (YTD)	2.4	7.1	(6.2)	(5.8)	(4.9)
Other current assets	720	862	833	927	816	Gross loan growth (q-q)	1.1	4.6	(6.2)	0.4	1.0
Total current assets	3,465	6,206	4,485	5,224	3,105	Borrowing growth (YTD)	1.8	0.4	(11.4)	(7.2)	(7.8)
Gross loans and accrued interest	106,701	112,346	105,347	105,803	106,183	Borrowing growth (q-q)	(0.2)	(1.3)	(11.4)	4.8	(0.7)
Provisions	9,469	9,039	6,742	6,876	7,610	Non-interest income (y-y)	9.9	7.1	35.6	29.5	28.3
Net loans	97,231	102,583	97,948	98,278	98,573	Non-interest income (q-q)	2.8	0.8	24.9	(0.0)	1.8
Fixed assets	378	421	435	404	405	Cost-to-income	34.9	36.5	35.0	34.8	35.7
Other assets	3,504	3,604	3,567	3,564	3,608	Net interest margin	10.9	10.5	13.0	13.3	13.6
Total assets	104,578	112,814	106,434	107,470	105,690	Credit cost	5.5	5.8	6.4	6.4	6.1
S-T liabilities	199	212	202	194	221	ROA	7.2	6.5	6.6	6.8	7.2
S-T loans from banks + Current pc	14,497	17,372	9,306	12,919	17,977	ROE	22.5	20.2	19.7	19.9	20.8
L-T loans - net current portion	6,500	5,000	6,000	6,000	6,500	Loan-to-borrowing	155.0	165.7	178.6	171.0	172.8
L-T Debenture	41,733	39,532	39,539	38,546	32,577	Loan-to-total equity	286.6	287.5	261.3	272.7	259.7
Total Borrowings	62,730	61,904	54,844	57,465	57,054	NPLs (Btm)	2,482	2,439	2,091	2,072	2,039
Other liabilities	7,533	14,852	13,750	13,657	10,366	NPL increase	353	(43)	(348)	(19)	(33)
Minority interest	193	164	153	117	93	NPL ratio (%)	2.3	2.2	2.0	2.0	1.9
Shareholders' equity	33,922	35,682	37,485	36,036	37,956	Loan loss coverage ratio (%)	381.5	370.6	322.4	331.9	373.2
Total Liabilities & Equity	104,578	112,814	106,434	107,470	105,690						

Sources: Company data, Thanachart estimates

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