

Krungthai Card Pcl (KTC TB) - SELL, Price Bt50.5, TP Bt53.0**Results Comment**

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Weaker-than-expected profits

- KTC's profits were weaker than our expectation due to higher provisions. Profits were in-line with estimates of consensus.
- KTC's share prices has been held up well but there remain upsides to our Bt53 TP. We suspect that it might be due to higher dividend payments. KTC's payout ratio was 45% in 2023.
- 4Q24 profits of Bt1.89bn grew 7% y-y but were down 2% q-q. Y-Y growth was driven by higher income and manageable expenses. Q-Q decline was result of higher provisions.
- Profits were Bt7.44bn in 2024, grew 2% y-y. Total income grew 8% y-y despite declining loan book.
- Loans dipped 1% y-y, pressured by a decline in credit card loans. Personal loans expanded 1%, driven by the growth of car for cash, KTC P Beum. Pi Beum's loans were Bt3bn as of 2024. NIM dropped on higher funding costs from 2.6% in 2023 to 2.8% in 2024.
- Credit card spending outperformed industry's at 10% increase y-y.
- Opex rose on increasing in transaction volume and market expenses.
- NPLs were manageable thanks to accelerating write-offs. NPL ratio ended at 2%
- Credit costs rose from 5.9% in 2023 to 6.1% last year. Loan loss coverage ratio stood high at 369%.

Income Statement						Income Statement					
(consolidated)						12M as					
Yr-end Dec (Bt m)	4Q23	1Q24	2Q24	3Q24	4Q24	(Bt m)	q-q%	y-y%	% 2024F	2024A	2025F
Interest income	3,303	4,008	4,004	4,075	4,102	Interest & dividend income	1	24	93	16,188	19,744
Interest expense	456	451	448	453	454	Interest expense	0	(0)	95	1,806	1,925
Net interest income	2,847	3,556	3,556	3,622	3,647	Net interest income	1	28	92	14,382	17,818
Non-interest income	3,360	2,755	2,777	2,815	2,920	Non-interest income	4	(13)	113	11,267	10,544
Total income	6,207	6,312	6,333	6,437	6,567	Total income	2	6	100	25,649	28,362
Operating expense	2,429	2,369	2,359	2,460	2,435	Operating expense	(1)	0	106	9,622	9,440
Pre-provisioning profit	3,778	3,943	3,975	3,977	4,133	Pre-provisioning profit	4	9	97	16,027	18,923
Provision for bad&doubtful debt	1,612	1,683	1,690	1,611	1,777	Provision for bad&doubtful debt	10	10	114	6,762	6,402
Profit before tax	2,166	2,259	2,284	2,366	2,356	Profit before tax	(0)	9	88	9,265	12,521
Tax	439	467	469	470	471	Tax	0	7	89	1,877	2,504
Profit after tax	1,727	1,793	1,816	1,895	1,885	Profit after tax	(1)	9	87	7,388	10,017
Equity income	18	-	-	-	-	Equity income	-	-	-	-	52
Minority interests	17	10	11	24	4	Minority interests	-	-	-	49	-
Extra items	-	-	-	-	-	Extra items	-	-	-	-	-
Net profit	1,761	1,803	1,826	1,919	1,889	Net profit	(2)	7	87	7,437	10,068
Normalized profit	1,761	1,803	1,826	1,919	1,889	Normalized profit	(2)	7	87	7,437	10,068
PPP/share (Bt)	1.5	1.5	1.5	1.5	1.6	PPP/share (Bt)	4	9	107	6.2	7.3
EPS (Bt)	0.7	0.7	0.7	0.7	0.7	EPS (Bt)	(2)	7	103	2.9	3.9
Norm EPS (Bt)	0.7	0.7	0.7	0.7	0.7	Norm EPS (Bt)	(2)	7	103	2.9	3.9
BV/share (Bt)	13.8	14.5	14.0	14.7	15.4	BV/share (Bt)	5	12	15	15.4	18.3

Balance Sheet						Financial Ratios					
(consolidated)						12M as					
Yr-end Dec (Bt m)	4Q23	1Q24	2Q24	3Q24	4Q24	(%)	4Q23	1Q24	2Q24	3Q24	4Q24
Cash and cash equivalent	5,344	3,652	4,297	2,288	3,063	Gross loan grow th (YTD)	7.8	(6.2)	(5.8)	(5.5)	(0.4)
Other current assets	862	833	927	816	871	Gross loan grow th (q-q)	5.3	(6.2)	0.4	0.3	5.4
Total current assets	6,206	4,485	5,224	3,105	3,934	Borrowing grow th (YTD)	0.4	(11.4)	(7.2)	(7.8)	(2.4)
Gross loans and accrued interest	112,346	105,347	105,803	106,183	111,162	Borrowing grow th (q-q)	(1.3)	(11.4)	4.8	(0.7)	5.9
Provisions	9,039	6,742	6,876	6,937	7,967	Non-interest income (y-y)	7.1	35.6	29.5	28.3	28.1
Net loans	102,583	97,948	98,278	98,573	103,195	Non-interest income (q-q)	0.8	24.9	(0.0)	1.8	0.7
Fixed assets	421	435	404	405	390	Cost-to-income	36.5	35.0	34.8	35.7	34.7
Other assets	3,604	3,567	3,564	3,608	3,547	Net interest margin	10.5	13.0	13.3	13.6	13.5
Total assets	112,814	106,434	107,470	105,690	111,066	Credit cost	5.8	6.4	6.4	6.1	6.4
S-T liabilities	212	202	194	221	225	ROA	6.5	6.6	6.8	7.2	7.0
S-T loans from banks + Current pc	17,372	9,306	12,919	17,977	21,602	ROE	20.2	19.7	19.9	20.8	19.4
L-T loans - net current portion	5,000	6,000	6,000	6,500	8,000	Loan-to-borrowing	165.7	178.6	171.0	172.8	170.8
L-T Debenture	39,532	39,539	38,546	32,577	30,807	Loan-to- total equity	287.5	261.3	272.7	259.7	259.2
Total Borrowings	61,904	54,844	57,465	57,054	60,409	NPLs (Btm)	2,439	2,091	2,072	2,039	2,157
Other liabilities	14,852	13,750	13,657	10,366	10,533	NPL increase	(43)	(348)	(19)	(33)	118
Minority interest	164	153	117	93	90	NPL ratio (%)	2.2	2.0	2.0	1.9	2.0
Shareholders' equity	35,682	37,485	36,036	37,956	39,810	Loan loss coverage ratio (%)	370.6	322.4	331.9	340.2	369.3
Total Liabilities & Equity	112,814	106,434	107,470	105,690	111,066						

Sources: Company data, Thanachart estimates

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