

KASIKORNBANK Pcl (KBANK TB) - BUY, Price Bt140, TP Bt160

Results Comment

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Better profits

- KBANK reported higher than expected profits of Bt9.9bn, down 25% y-y on high base but up 15% q-q on higher fees and lower provisions.
- Profits were 9% higher than our estimates and this was driven mainly by lower provisions.
- In light of higher retail loans and Covid-19 relief measures, loans grew 8% YTD, though contracting around 1% from repayment of corporate loans.
- NIM declined y-y due to lower yield from interest rate cut, financial aids under the relief program and deterioration of asset quality despite lower cost of funds.
- Boosted by mutual fund and brokerage fees, net fee income grew 7% y-y in 2021. Non-interest income came down in light of lower investment gains.
- Opex was under good control though it increased 21% q-q in 4Q21 on seasonal factor. Cost to income ratio was on average of 43% in 2021, slightly better than the bank's guidance.
- With higher write-off, NPLs fell 2% q-q to 3.76% of total loans.
- Loans in the forbearance program fell to 13% of total loans from 15% in the previous quarter. The decline has seen across all segments though the biggest improvement was from the retail loans.
- The bank put aside some extra provisions with average credit costs of 1.73% versus its guideline of less than 1.6%.
- KBANK's LLR remains in its comfortable level of 139%.

Income Statement						Income Statement					
(consolidated)						12M as					
Yr-end Dec (Bt m)	4Q20	1Q21	2Q21	3Q21	4Q21	(Bt m)	q-q%	y-y%	% 2021F	2021A	2022F
Interest & dividend income	30,473	31,972	33,605	34,828	35,010	Interest & dividend income	1	15	102	135,415	137,969
Interest expense	3,870	3,840	3,888	4,087	4,210	Interest expense	3	9	102	16,024	16,447
Net interest income	26,603	28,133	29,717	30,741	30,800	Net interest income	0	16	102	119,390	121,521
Non-interest income	12,511	12,019	11,228	9,368	12,038	Non-interest income	29	(4)	97	44,653	48,121
Total income	39,114	40,151	40,945	40,109	42,838	Total income	7	10	100	164,043	169,643
Operating expense	20,272	16,531	17,069	16,965	20,478	Operating expense	21	1	101	71,044	71,578
Pre-provisioning profit	18,842	23,620	23,876	23,143	22,360	Pre-provisioning profit	(3)	19	100	92,999	98,064
Provision for bad&doubtful debt	669	8,650	10,807	11,296	9,580	Provision for bad&doubtful debt	(15)	1,332	94	40,332	42,929
Profit before tax	18,173	14,970	13,070	11,848	12,780	Profit before tax	8	(30)	104	52,667	55,135
Tax	3,358	3,035	2,548	2,026	2,120	Tax	5	(37)	96	9,729	11,027
Profit after tax	14,814	11,935	10,522	9,821	10,661	Profit after tax	9	(28)	106	42,939	44,108
Equity income	(203)	(124)	(90)	(166)	(315)	Equity income	neg	neg	174	(694)	(400)
Minority interests	(1,353)	(1,184)	(1,537)	(1,025)	(445)	Minority interests	neg	neg	84	(4,192)	(5,000)
Extra items	-	-	-	-	-	Extra items	neg	neg	-	-	-
Net profit	13,258	10,627	8,894	8,631	9,901	Net profit	15	(25)	109	38,053	38,708
Normalized profit	13,258	10,627	8,894	8,631	9,901	Normalized profit	15	(25)	109	38,053	38,708
PPP/share (Bt)	8.0	10.0	10.1	9.8	9.4	PPP/share (Bt)	(3)	19	101	39	41.0
EPS (Bt)	5.6	4.5	3.8	3.6	4.2	EPS (Bt)	15	(25)	110	16	16.2
Norm EPS (Bt)	5.6	4.5	3.8	3.6	4.2	Norm EPS (Bt)	15	(25)	110	16	16.2
BV/share (Bt)	185.6	190.8	192.8	196.0	201.2	BV/share (Bt)	3	8	201	199	209.2

Balance Sheet						Financial Ratios					
(consolidated)						12M as					
Yr-end Dec (Bt m)	4Q20	1Q21	2Q21	3Q21	4Q21	(%)	4Q20	1Q21	2Q21	3Q21	4Q21
Cash and Interbank	479,382	441,288	463,725	444,519	480,466	Gross loan growth (YTD)	12.1	2.6	6.2	8.9	7.9
Other liquid items	-	-	-	-	-	Gross loan growth (q-q)	4.1	2.6	3.5	2.5	(0.9)
Total liquid items	479,382	441,288	463,725	444,519	480,466	Deposit growth (YTD)	13.2	2.4	5.8	7.9	10.8
Gross loans and accrued interest	2,256,093	2,315,236	2,397,562	2,460,735	2,438,412	Deposit growth (q-q)	3.1	2.4	3.3	2.0	2.7
Provisions	134,393	139,688	145,923	146,518	144,772	Non-interest income (y-y)	(22.6)	20.7	(20.3)	(1.5)	(3.8)
Net loans	2,121,700	2,175,549	2,251,639	2,314,217	2,293,640	Non-interest income (q-q)	31.6	(3.9)	(6.6)	(16.6)	28.5
Fixed assets	85,664	85,332	83,944	88,285	97,185	Fee income / Operating income	21.2	23.5	20.9	21.3	20.4
Other assets	194,261	188,147	208,502	235,788	197,736	Cost-to-income	51.8	41.2	41.7	42.3	47.8
Total assets	3,658,798	3,767,115	3,886,863	4,029,831	4,103,399	Net interest margin	2.95	3.03	3.11	3.11	3.03
Deposits	2,344,998	2,400,615	2,480,781	2,531,290	2,598,630	Credit cost	0.12	1.50	1.81	1.85	1.58
Interbank	87,797	137,649	150,158	181,890	186,449	ROE	12.5	9.5	7.8	7.5	8.4
Other liquid items	26,443	22,842	26,598	25,999	25,350	Loan-to-deposit	95.7	95.9	96.1	96.6	93.2
Total liquid items	2,459,239	2,561,106	2,657,537	2,739,179	2,810,429	Loan-to-deposit + S-T borrowing	95.7	95.9	96.1	96.6	93.2
Borrowings	69,390	69,254	74,328	100,362	103,886	NPLs (Bt m)	101,007	102,316	106,920	105,930	104,036
Other liabilities	638,883	629,789	641,458	668,254	652,409	NPL increase	4,264	1,309	4,604	(990)	(1,894)
Minority interest	51,616	54,937	56,712	57,669	59,961	NPL ratio	3.93	3.93	3.95	3.85	3.76
Shareholders' equity	439,670	452,029	456,829	464,367	476,714	Loan-loss-coverage ratio	133.1	136.5	136.5	138.3	139.2
Total Liabilities & Equity	3,658,798	3,767,115	3,886,863	4,029,831	4,103,399	CAR - total	18.8	18.4	18.2	18.8	18.8

Sources: Company data, Thanachart estimates

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