KASIKORNBANK Pcl (KBANK TB) - BUY, Price Bt154.5, TP Bt190

Results Comment

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Decent profits, in line

- KBANK reported decent 1Q22 profits of Bt11.2bn, up 5% y-y and 13% q-q. Profits were in line as 1Q22 profits made up 26% of our full-year forecast. Maintain projection and re-iterate BUY.
- Net interest income increased by 13% y-y and 3.09% q-q mainly due to interest income from loans to customers according to loans growth and the bank's relief measures to inject liquidity for customers.
- Led by corporate and SME, loans grew 1.5% q-q. NIM stood at 3.08%, improving both y-y and q-q on higher lending yield.
- Non - interest income decreased 26% y-y and q-q, mainly due to the mark to market of financial assets according to market condition.
- Fee income declined 6% y-y and the growth was almost flat q-q. The y-y decline was due to a decrease in fees from asset management and fees from underwriting.
- Opex grew 5% on higher IT expenses but decreased 15% q-q due to seasonality low of marketing activities.
- The bank wrote off Bt6.9bn of NPLs in the quarter. This was smaller than Bt10.9bn in 4Q21. NPLs increased slightly 2% q-q. NPL ratio was contained at below 3.8%.
- KBANK increased provisions by 8% y-y but lowered them by 3% q-q. Credit costs of 1.52% was below our full-year assumption of 1.6%.

Income Statement					(consolidated)
Yr-end Dec (Bt m)	**1Q21**	**2Q21**	**3Q21**	**4Q21**	**1Q22**
Interest & dividend income	31,972	33,605	34,828	35,010	35,924
Interest expense	3,840	3,888	4,087	4,210	4,174
Net interest income	**28,133**	**29,717**	**30,741**	**30,800**	**31,751**
Non-interest income	12,019	11,228	9,368	12,038	8,913
Total income	40,151	40,945	40,109	42,838	40,664
Operating expense	16,531	17,069	16,965	20,478	17,391
Pre-provisioning profit	**23,620**	**23,876**	**23,143**	**22,360**	**23,273**
Provision for bad&doubtful debt	8,650	10,807	11,296	9,580	9,336
Profit before tax	14,970	13,070	11,848	12,780	13,937
Tax	3,035	2,548	2,026	2,120	2,700
Profit after tax	11,935	10,522	9,821	10,661	11,237
Equity income	(124)	(90)	(166)	(315)	(50)
Minority interests	(1,184)	(1,537)	(1,025)	(445)	24
Extra items	-	-	-	-	-
Net profit	**10,627**	**8,894**	**8,631**	**9,901**	**11,211**
Normalized profit	**10,627**	**8,894**	**8,631**	**9,901**	**11,211**
PPP/share (Bt)	10.0	10.1	9.8	9.4	9.8
EPS (Bt)	4.5	3.8	3.6	4.2	4.7
Norm EPS (Bt)	4.5	3.8	3.6	4.2	4.7
BV/share (Bt)	190.8	192.8	196.0	201.2	206.0

Income Statement			3M as		
(Bt m)	**q-q%**	**y-y%**	**% 2022F**	**2022F**	**2023F**
Interest & dividend income	3	12	25	145,453	157,399
Interest expense	(1)	9	24	17,681	23,552
Net interest income	**3**	**13**	**25**	**127,772**	**133,847**
Non-interest income	(26)	(26)	20	45,291	47,367
Total income	(5)	1	23	173,063	181,213
Operating expense	(15)	5	24	73,875	76,590
Pre-provisioning profit	**4**	**(1)**	23	**99,188**	**104,623**
Provision for bad&doubtful debt	(3)	8	23	41,271	41,019
Profit before tax	9	(7)	24	57,917	63,604
Tax	27	(11)	25	10,773	11,767
Profit after tax	5	(6)	24	47,145	51,837
Equity income	neg	neg	21	(238)	78
Minority interests	neg	neg	(1)	(3,564)	(3,386)
Extra items	neg	neg		-	-
Net profit	**13**	**5**	**26**	**43,342**	**48,529**
Normalized profit	**13**	**5**	**26**	**43,342**	**48,529**
PPP/share (Bt)	4	(1)	24	41.4	43.7
EPS (Bt)	13	5	26	18.1	20.3
Norm EPS (Bt)	13	5	26	18.1	20.3
BV/share (Bt)	2	8	206	214.2	230.8

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	**1Q21**	**2Q21**	**3Q21**	**4Q21**	**1Q22**
Cash and Interbank	441,288	463,725	444,519	480,466	495,450
Other liquid items	-	-	-	-	-
Total liquid items	441,288	463,725	444,519	480,466	495,450
Gross loans and accrued interest	2,315,236	2,397,562	2,460,735	2,438,412	2,475,941
Provisions	139,688	145,923	146,518	144,772	148,332
Net loans	2,175,549	2,251,639	2,314,217	2,293,640	2,327,610
Fixed assets	85,332	83,944	88,285	97,185	99,546
Other assets	188,147	208,502	235,788	197,736	192,262
Total assets	**3,767,115**	**3,886,863**	**4,029,831**	**4,103,399**	**4,133,248**
Deposits	2,400,615	2,480,781	2,531,290	2,598,630	2,634,409
Interbank	137,649	150,158	181,890	186,449	195,047
Other liquid items	22,842	26,598	25,999	25,350	25,711
Total liquid items	2,561,106	2,657,537	2,739,179	2,810,429	2,855,168
Borrowings	69,254	74,328	100,362	103,886	78,102
Other liabilities	629,789	641,458	668,254	652,409	652,595
Minority interest	54,937	56,712	57,669	59,961	59,191
Shareholders' equity	**452,029**	**456,829**	**464,367**	**476,714**	**488,192**
Total Liabilities & Equity	**3,767,115**	**3,886,863**	**4,029,831**	**4,103,399**	**4,133,248**

Financial Ratios					
(%)	**1Q21**	**2Q21**	**3Q21**	**4Q21**	**1Q22**
Gross loan growth (YTD)	2.6	6.2	8.9	7.9	1.5
Gross loan growth (q-q)	2.6	3.5	2.5	(0.9)	1.5
Deposit growth (YTD)	2.4	5.8	7.9	10.8	1.4
Deposit growth (q-q)	2.4	3.3	2.0	2.7	1.4
Non-interest income (y-y)	20.7	(20.3)	(1.5)	(3.8)	(25.8)
Non-interest income (q-q)	(3.9)	(6.6)	(16.6)	28.5	(26.0)
Fee income / Operating income	23.5	20.9	21.3	20.4	21.7
Cost-to-income	41.2	41.7	42.3	47.8	42.8
Net interest margin	3.03	3.11	3.11	3.03	3.08
Credit cost	1.50	1.81	1.85	1.58	1.52
ROE	9.5	7.8	7.5	8.4	9.3
Loan-to-deposit	95.9	96.1	96.6	93.2	93.3
Loan-to-deposit + S-T borrowing	95.9	96.1	96.6	93.2	93.3
NPLs (Bt m)	102,316	106,920	105,930	104,036	106,482
NPL increase	1,309	4,604	(990)	(1,894)	2,446
NPL ratio	3.93	3.95	3.85	3.76	3.78
Loan-loss-coverage ratio	136.5	136.5	138.3	139.2	139.3
CAR - total	18.4	18.2	18.8	18.8	18.3

Sources: Company data, Thanachart estimates

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