KASIKORNBANK Pcl (KBANK TB) - BUY, Price Bt140.5, TP Bt190

Results Comment

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Profits were in line

- KBANK reported 2Q22 profits of Bt10.8bn, up 21% y-y but down 4% q-q.
- 1H22 profits accounted for 51% of our forecast. We maintain projection and re-iterate BUY.
- Y-Y drivers were higher loans and lower provisions. Meanwhile, Q-Q drop was due mainly to rising provisions.
- Credit costs were up from 1Q22 to 1.58% along with higher NPLs.
- NPL ratio rose to 3.8% with loan loss coverage falling to 128%.
- Non-NII came down y-y on mark to market investment loss. It improved q-q due to increased net insurance premium earn.

Income Statement					(consolidated)
Yr-end Dec (Bt m)	**2Q21**	**3Q21**	**4Q21**	**1Q22**	**2Q22**
Interest & dividend income	33,605	34,828	35,010	35,924	36,367
Interest expense	3,888	4,087	4,210	4,174	4,355
Net interest income	**29,717**	**30,741**	**30,800**	**31,751**	**32,012**
Non-interest income	11,228	9,368	12,038	8,913	9,347
Total income	40,945	40,109	42,838	40,664	41,359
Operating expense	17,069	16,965	20,478	17,391	18,070
Pre-provisioning profit	**23,876**	**23,143**	**22,360**	**23,273**	**23,289**
Provision for bad&doubtful debt	10,807	11,296	9,580	9,336	9,852
Profit before tax	13,070	11,848	12,780	13,937	13,437
Tax	2,548	2,026	2,120	2,700	2,454
Profit after tax	10,522	9,821	10,661	11,237	10,984
Equity income	(90)	(166)	(315)	(50)	151
Minority interests	(1,537)	(1,025)	(445)	24	(341)
Extra items	-	-	-	-	-
Net profit	**8,894**	**8,631**	**9,901**	**11,211**	**10,794**
Normalized profit	**8,894**	**8,631**	**9,901**	**11,211**	**10,794**
PPP/share (Bt)	10.1	9.8	9.4	9.8	9.8
EPS (Bt)	3.8	3.6	4.2	4.7	4.6
Norm EPS (Bt)	3.8	3.6	4.2	4.7	4.6
BV/share (Bt)	192.8	196.0	201.2	206.0	206.4

Income Statement			6M as		
(Bt m)	**q-q%**	**y-y%**	**% 2022F**	**2022F**	**2023F**
Interest & dividend income	1	8	50	145,453	157,399
Interest expense	4	12	48	17,681	23,552
Net interest income	**1**	**8**	**50**	**127,772**	**133,847**
Non-interest income	5	(17)	40	45,291	47,367
Total income	2	1	47	173,063	181,213
Operating expense	4	6	48	73,875	76,590
Pre-provisioning profit	**0**	**(2)**	**47**	**99,188**	**104,623**
Provision for bad&doubtful debt	6	(9)	46	41,271	41,019
Profit before tax	(4)	3	47	57,917	63,604
Tax	(9)	(4)	48	10,773	11,767
Profit after tax	(2)	4	47	47,145	51,837
Equity income	neg	neg	(42)	(238)	78
Minority interests	neg	neg	9	(3,564)	(3,386)
Extra items	neg	neg		-	-
Net profit	**(4)**	**21**	**51**	**43,342**	**48,529**
Normalized profit	**(4)**	**21**	**51**	**43,342**	**48,529**
PPP/share (Bt)	0	(2)	47	41.4	43.7
EPS (Bt)	(4)	21	51	18.1	20.3
Norm EPS (Bt)	(4)	21	51	18.1	20.3
BV/share (Bt)	0	7	206	214.2	230.8

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	**2Q21**	**3Q21**	**4Q21**	**1Q22**	**2Q22**
Cash and Interbank	463,725	444,519	480,466	495,450	494,990
Other liquid items	116,480	129,129	101,557	95,417	97,532
Total liquid items	580,205	573,648	582,022	590,867	592,522
Gross loans and accrued interest	2,397,562	2,460,735	2,438,412	2,475,941	2,505,549
Provisions	145,923	146,518	144,772	148,332	140,891
Net loans	2,251,639	2,314,217	2,293,640	2,327,610	2,364,658
Fixed assets	83,944	88,285	97,185	99,546	100,283
Other assets	92,022	106,659	96,179	96,845	120,106
Total assets	**3,886,863**	**4,029,831**	**4,103,399**	**4,133,248**	**4,187,779**
Deposits	2,480,781	2,531,290	2,598,630	2,634,409	2,671,536
Interbank	150,158	181,890	186,449	195,047	202,070
Other liquid items	26,598	25,999	25,350	25,711	24,091
Total liquid items	2,657,537	2,739,179	2,810,429	2,855,168	2,897,697
Borrowings	74,328	100,362	103,886	78,102	66,807
Other liabilities	641,458	668,254	652,409	652,595	678,310
Minority interest	56,712	57,669	59,961	59,191	56,002
Shareholders' equity	**456,829**	**464,367**	**476,714**	**488,192**	**488,963**
Total Liabilities & Equity	**3,886,863**	**4,029,831**	**4,103,399**	**4,133,248**	**4,187,779**

Financial Ratios					
(%)	**2Q21**	**3Q21**	**4Q21**	**1Q22**	**2Q22**
Gross loan growth (YTD)	6.2	8.9	7.9	1.5	2.8
Gross loan growth (q-q)	3.5	2.5	(0.9)	1.5	1.3
Deposit growth (YTD)	5.8	7.9	10.8	1.4	2.8
Deposit growth (q-q)	3.3	2.0	2.7	1.4	1.4
Non-interest income (y-y)	(20.3)	(1.5)	(3.8)	(25.8)	(16.8)
Non-interest income (q-q)	(6.6)	(16.6)	28.5	(26.0)	4.9
Fee income / Operating income	20.9	21.3	20.4	21.7	19.7
Cost-to-income	41.7	42.3	47.8	42.8	43.7
Net interest margin	3.11	3.11	3.03	3.08	3.08
Credit cost	1.81	1.85	1.58	1.52	1.58
ROE	7.8	7.5	8.4	9.3	8.8
Loan-to-deposit	96.1	96.6	93.2	93.3	93.2
Loan-to-deposit + S-T borrowing	96.1	96.6	93.2	93.3	93.2
NPLs (Bt m)	106,920	105,930	104,036	106,482	109,972
NPL increase	4,604	(990)	(1,894)	2,446	3,490
NPL ratio	3.95	3.85	3.76	3.78	3.80
Loan-loss-coverage ratio	136.5	138.3	139.2	139.3	128.1
CAR - total	18.2	18.8	18.8	18.3	18.4

Sources: Company data, Thanachart estimates

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