

**KASIKORNBANK Pcl (KBANK TB) - BUY, Price Bt153.5, TP Bt178****Results Comment**

Sarachada Sornsong | Email: sarachada.sor@thanachartsec.co.th

**Hit by extra provisions**

- KBANK adopted a prudent approach and put aside heavy provisions of Bt22.7bn in the quarter. This has brought average credit costs to over 2% versus an average of 1.57% in 9M22.
- The move is to raise some buffers as NPL rose only 6% q-q given smaller write-off of Bt7.9bn versus Bt29.4bn in 3Q22.
- With larger than expected provisions, 4Q22 profits were weaker than expected at Bt3.2bn, down 68% y-y and 70% q-q.
- 2022's profits were Bt35.8bn, down 6% y-y. We are waiting for the bank's guidance for 2023.
- PPOP was slightly better than expected, driven by margin expansion and investment gains.
- Reflecting its balance sheet clean-up, loans grew only 3% YTD.
- Riding rising interest rate and manageable funding costs, NIM widened nicely to 3.4%.
- Net fee income was down 6% y-y in 2022 in light of weak capital market condition. Together with weak insurance business, non-interest income was down 10% y-y.

Income Statement (consolidated)						Income Statement 12M as					
Yr-end Dec (Bt m)	4Q21	1Q22	2Q22	3Q22	4Q22	(Bt m)	q-q%	y-y%	% 2022F	2022A	2023F
Interest & dividend income	35,010	35,924	36,367	37,620	41,421	Interest & dividend income	10	18	103	151,333	163,178
Interest expense	4,210	4,174	4,355	4,532	5,274	Interest expense	16	25	103	18,334	29,344
<b>Net interest income</b>	<b>30,800</b>	<b>31,751</b>	<b>32,012</b>	<b>33,088</b>	<b>36,148</b>	<b>Net interest income</b>	<b>9</b>	<b>17</b>	<b>103</b>	<b>132,998</b>	<b>133,834</b>
Non-interest income	12,038	8,913	9,347	8,687	13,197	Non-interest income	52	10	101	40,145	41,909
Total income	42,838	40,664	41,359	41,775	49,345	Total income	18	15	103	173,143	175,743
Operating expense	20,478	17,391	18,070	18,251	21,042	Operating expense	15	3	102	74,753	76,985
<b>Pre-provisioning profit</b>	<b>22,360</b>	<b>23,273</b>	<b>23,289</b>	<b>23,524</b>	<b>28,303</b>	<b>Pre-provisioning profit</b>	<b>20</b>	<b>27</b>	<b>103</b>	<b>98,390</b>	<b>98,758</b>
Provision for bad&doubtful debt	9,580	9,336	9,852	9,948	22,784	Provision for bad&doubtful debt	129	138	127	51,919	38,367
Profit before tax	12,780	13,937	13,437	13,576	5,519	Profit before tax	(59)	(57)	85	46,470	60,391
Tax	2,120	2,700	2,454	2,546	933	Tax	(63)	(56)	85	8,633	11,172
Profit after tax	10,661	11,237	10,984	11,030	4,587	Profit after tax	(58)	(57)	85	37,838	49,219
Equity income	(315)	(50)	151	(41)	54	Equity income	neg	neg	71	115	478
Minority interests	(445)	24	(341)	(416)	(1,450)	Minority interests	neg	neg	146	(2,183)	(1,425)
Extra items	-	-	-	-	-	Extra items	neg	neg	-	-	-
<b>Net profit</b>	<b>9,901</b>	<b>11,211</b>	<b>10,794</b>	<b>10,574</b>	<b>3,191</b>	<b>Net profit</b>	<b>(70)</b>	<b>(68)</b>	<b>83</b>	<b>35,769</b>	<b>48,272</b>
<b>Normalized profit</b>	<b>9,901</b>	<b>11,211</b>	<b>10,794</b>	<b>10,574</b>	<b>3,191</b>	<b>Normalized profit</b>	<b>(70)</b>	<b>(68)</b>	<b>83</b>	<b>35,769</b>	<b>48,272</b>
PPP/share (Bt)	9.4	9.8	9.8	9.9	11.9	PPP/share (Bt)	20	27	104	41.1	41.3
EPS (Bt)	4.2	4.7	4.6	4.5	1.3	EPS (Bt)	(70)	(68)	84	14.9	20.2
Norm EPS (Bt)	4.2	4.7	4.6	4.5	1.3	Norm EPS (Bt)	(70)	(68)	84	14.9	20.2
BV/share (Bt)	201.2	206.0	206.4	211.1	212.4	BV/share (Bt)	1	6	212	210.3	230.7

  

Balance Sheet (consolidated)						Financial Ratios (%)					
Yr-end Dec (Bt m)	4Q21	1Q22	2Q22	3Q22	4Q22		4Q21	1Q22	2Q22	3Q22	4Q22
Cash and Interbank	480,466	495,450	494,990	493,613	559,651	Gross loan grow th (YTD)	7.9	1.5	2.8	1.8	3.0
Other liquid items	101,557	95,417	97,532	128,961	112,296	Gross loan grow th (q-q)	(0.9)	1.5	1.3	(1.0)	1.2
Total liquid items	582,022	590,867	592,522	622,574	671,947	Deposit grow th (YTD)	10.8	1.4	2.8	2.4	5.8
Gross loans and accrued interest	2,438,412	2,475,941	2,505,549	2,480,246	2,511,303	Deposit grow th (q-q)	2.7	1.4	1.4	(0.4)	3.3
Provisions	144,772	148,332	140,891	121,164	133,529	Non-interest income (y-y)	(3.8)	(25.8)	(16.8)	(7.3)	9.6
Net loans	2,293,640	2,327,610	2,364,658	2,359,082	2,377,774	Non-interest income (q-q)	28.5	(26.0)	4.9	(7.1)	51.9
Fixed assets	97,185	99,546	100,283	101,658	111,105	Fee income / Operating income	20.4	21.7	19.7	19.4	15.8
Other assets	96,179	96,845	120,106	138,546	103,366	Cost-to-income	47.8	42.8	43.7	43.7	42.6
<b>Total assets</b>	<b>4,103,399</b>	<b>4,133,248</b>	<b>4,187,779</b>	<b>4,229,795</b>	<b>4,246,369</b>	Net interest margin	3.03	3.08	3.08	3.14	3.41
Deposits	2,598,630	2,634,409	2,671,536	2,659,896	2,748,685	Credit cost	1.58	1.52	1.58	1.61	3.65
Interbank	186,449	195,047	202,070	203,755	155,240	ROE	8.4	9.3	8.8	8.6	2.5
Other liquid items	25,350	25,711	24,091	23,008	24,887	Loan-to-deposit	93.2	93.3	93.2	92.6	90.8
Total liquid items	2,810,429	2,855,168	2,897,697	2,886,659	2,928,812	Loan-to-deposit + S-T borrow ing	93.2	93.3	93.2	92.6	90.8
Borrow ings	103,886	78,102	66,807	68,661	67,897	NPLs (Bt m)	104,036	106,482	109,972	87,682	92,536
Other liabilities	652,409	652,595	678,310	716,866	682,581	NPL increase	(1,894)	2,446	3,490	(22,290)	4,854
Minority interest	59,961	59,191	56,002	57,361	63,810	NPL ratio	3.76	3.78	3.80	3.07	3.19
<b>Shareholders' equity</b>	<b>476,714</b>	<b>488,192</b>	<b>488,963</b>	<b>500,248</b>	<b>503,270</b>	Loan-loss-coverage ratio	139.2	139.3	128.1	138.2	144.3
<b>Total Liabilities &amp; Equity</b>	<b>4,103,399</b>	<b>4,133,248</b>	<b>4,187,779</b>	<b>4,229,795</b>	<b>4,246,369</b>	CAR - total	18.8	18.3	18.4	19.2	18.8

Sources: Company data, Thanachart estimates

### General Disclaimers And Disclosures:

This report is prepared and issued by Thanachart Securities Public Company Limited (TNS) as a resource only for clients of TNS, Thanachart Capital Public Company Limited (TCAP) and its group companies. Copyright © Thanachart Securities Public Company Limited. All rights reserved. The report may not be reproduced in whole or in part or delivered to other persons without our written consent.

This report is prepared by analysts who are employed by the research department of TNS. While the information is from sources believed to be reliable, neither the information nor the forecasts shall be taken as a representation or warranty for which TNS or TCAP or its group companies or any of their employees incur any responsibility. This report is provided to you for informational purposes only and it is not, and is not to be construed as, an offer or an invitation to make an offer to sell or buy any securities. Neither TNS, TCAP nor its group companies accept any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents.

The information and opinions contained herein have been compiled or arrived at from sources believed reliable. However, TNS, TCAP and its group companies make no representation or warranty, express or implied, as to their accuracy or completeness. Expressions of opinion herein are subject to change without notice. The use of any information, forecasts and opinions contained in this report shall be at the sole discretion and risk of the user.

TNS, TCAP and its group companies perform and seek to perform business with companies covered in this report. TNS, TCAP, its group companies, their employees and directors may have positions and financial interest in securities mentioned in this report. TNS, TCAP or its group companies may from time to time perform investment banking or other services for, or solicit investment banking or other business from, any entity mentioned in this report. Therefore, investors should be aware of conflict of interest that may affect the objectivity of this report.

Note: Thanachart Securities Public Company Limited act as a Market Maker and Derivative Warrants Issuer. At present, TNS has issued 60 Derivative Warrants which are ADVANC16C2301A, ADVANC16C2302A, AOT16C2305A, AOT16C2302A, BANPU16C2303A, BANPU16C2302A, BBL16C2305A, BGRIM16C2301A, BGRIM16C2302A, BH16C2304A, BH16C2303A, BLA16C2302A, BTS16C2301A, CBG16C2301A, CBG16C2301B, CBG16C2302A, COM716C2302A, CPN16C2303A, CPN16C2301A, CRC16C2303A, DELTA16C2305A, DOHOME16C2301A, DOHOME16C2303A, EA16C2303A, ESSO16C2303A, ESSO16C2302A, GPSC16C2301A, GPSC16C2302A, GULF16C2301A, GULF16C2302A, GULF16C2302B, GUNKUL16C2301A, GUNKUL16C2302A, HANA16C2301A, HANA16C2303A, IVL16C2301A, JMART16C2303A, JMT16C2302A, KBANK16C2304A, KBANK16C2301A, KBANK16C2302A, KCE16C2305A, KCE16C2303A, KCE16C2301A, KCE16C2301B, KCE16C2302A, KTB16C2303A, MINT16C2301A, MINT16C2302A, MTC16C2301A, PTTEP16C2303A, RCL16C2303A, SAWAD16C2305A, SAWAD16C2302A, SCB16C2301A, SCGP16C2303A, SET5016P2303B, SET5016P2303A, SET5016C2303A, VGI16C2301A (underlying securities are (ADVANC, AOT, BANPU, BBL, BGRIM, BH, BLA, BTS, CBG, COM7, CPN, CRC, DELTA, DOHOME, EA, ESSO, GPSC, GULF, GUNKUL, HANA, IVL, JMART, JMT, KBANK, KCE, KTB, MINT, MTC, PTTEP, RCL, SAWAD, SCB, SCGP, SET50, VGI). before making investment decisions.

**Note:** Our major shareholder TCAP (Thanachart Capital Pcl) which holding 89.96% of Thanachart Securities and also TCAP holding 100% of Thanachart SPV1 Co. Ltd. TCAP and Thanachart SPV1 Co. Ltd has stake in THANI for 60% and being the major shareholder of THANI.

**Note:** Thanachart Capital Public Company Limited (TCAP), TMBThanachart Bank Public Company Limited (TTB), are related companies to Thanachart Securities Public Company Limited (TNS). Thanachart Securities Pcl is a subsidiary of Thanachart Capital Pcl (TCAP) which holds 24.33% of the shareholding in TMBThanachart Bank Pcl.

**Note:** Thanachart Capital Public Company Limited (TCAP), Ratchthani Leasing Public Company Limited (THANI), MBK PUBLIC COMPANY LIMITED (MBK) and PATUM RICE MILL AND GRANARY PUBLIC COMPANY LIMITED (PRG ) are related companies to Thanachart Securities Public Company Limited (TNS) . Since TNS covers those securities in research report, consequently TNS incurs conflicts of interest.

#### Disclosure of Interest of Thanachart Securities

##### Investment Banking Relationship

Within the preceding 12 months, Thanachart Securities has lead-managed public offerings and/or secondary offerings (excluding straight bonds) of the securities of the following companies: The One Enterprise Pcl. (ONEE TB)