

**KASIKORNBANK Pcl (KBANK TB) - HOLD, Price Bt148.5, TP Bt153****Results Comment**

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**Stronger-than-expected profits in 1Q25**

- KBANK's 1Q25 profits came in very strong at Bt13.8bn, up 1% y-y and 28% q-q. 1Q25 profits were 29% of our full year forecast.
- Earnings beat was driven by higher-than-expected investment gains and a sharp drop in credit costs, which declined to 1.6% from around 2% last year.
- Lower credit costs were justified by reduced NPL formation, following aggressive clean-up efforts over the past two years. However, we note a continued rise in Stage 2 loans, up Bt30bn y-y and Bt2.6bn q-q, mainly from SME and housing segments.
- The bank indicated its financial targets were set prior to the GDP downgrade to 1.4% from 2.4%, and it does not expect 1Q25 performance to set the tone for the rest of the year.
- We believe 1Q25 marks the peak of KBANK's quarterly earnings for 2025, with 1.6% credit cost likely the trough. Additional provisioning buffers may be considered ahead.
- Still, the bank remains focused on ROE enhancement through capital management, and the upcoming special dividend supports the share price. Maintain HOLD.

Income Statement (consolidated)						Income Statement 3M as					
Yr-end Dec (Bt m)	1Q24	2Q24	3Q24	4Q24	1Q25	(Bt m)	q-q%	y-y%	% 2025F	2025F	2026F
Interest & dividend income	48,299	47,766	46,874	45,812	44,963	Interest & dividend income	(2)	(7)	25	180,670	170,305
Interest expense	10,113	10,298	9,838	9,815	9,537	Interest expense	(3)	(6)	26	36,977	35,647
<b>Net interest income</b>	<b>38,186</b>	<b>37,468</b>	<b>37,036</b>	<b>35,998</b>	<b>35,425</b>	<b>Net interest income</b>	<b>(2)</b>	<b>(7)</b>	<b>25</b>	<b>143,693</b>	<b>134,659</b>
Non-interest income	11,656	12,734	11,356	12,439	13,502	Non-interest income	9	16	29	46,371	48,271
Total income	49,842	50,202	48,391	48,437	48,927	Total income	1	(2)	26	190,065	182,930
Operating expense	20,051	21,888	21,501	22,295	20,052	Operating expense	(10)	0	23	87,312	87,490
<b>Pre-provisioning profit</b>	<b>29,791</b>	<b>28,314</b>	<b>26,891</b>	<b>26,142</b>	<b>28,875</b>	<b>Pre-provisioning profit</b>	<b>10</b>	<b>(3)</b>	<b>28</b>	<b>102,753</b>	<b>95,440</b>
Provision for bad&doubtful debt	11,684	11,672	11,652	12,242	9,818	Provision for bad&doubtful debt	(20)	(16)	24	41,452	38,111
Profit before tax	18,106	16,642	15,239	13,900	19,057	Profit before tax	37	5	31	61,301	57,329
Tax	3,537	3,224	3,203	2,753	3,977	Tax	44	12	32	12,260	11,466
Profit after tax	14,569	13,417	12,035	11,147	15,080	Profit after tax	35	4	31	49,041	45,863
Equity income	197	227	288	269	176	Equity income	(35)	(11)	20	900	1,000
Minority interests	(1,122)	(991)	(358)	(648)	(1,465)	Minority interests	neg	neg	64	(2,300)	(2,400)
Extra items	-	-	-	-	-	Extra items	neg	neg	-	-	-
<b>Net profit</b>	<b>13,644</b>	<b>12,653</b>	<b>11,965</b>	<b>10,768</b>	<b>13,791</b>	<b>Net profit</b>	<b>28</b>	<b>1</b>	<b>29</b>	<b>47,641</b>	<b>44,463</b>
<b>Normalized profit</b>	<b>13,644</b>	<b>12,653</b>	<b>11,965</b>	<b>10,768</b>	<b>13,791</b>	<b>Normalized profit</b>	<b>28</b>	<b>1</b>	<b>29</b>	<b>47,641</b>	<b>44,463</b>
PPP/share (Bt)	12.6	12.0	11.3	11.0	12.2	PPP/share (Bt)	10	(3)	28	43.4	40.3
EPS (Bt)	5.8	5.3	5.1	4.5	5.8	EPS (Bt)	28	1	29	20.1	18.8
Norm EPS (Bt)	5.8	5.3	5.1	4.5	5.8	Norm EPS (Bt)	28	1	29	20.1	18.8
BV/share (Bt)	231.4	229.8	232.6	240.0	246.5	BV/share (Bt)	3	7	246	245.9	254.6

  

Balance Sheet (consolidated)						Financial Ratios					
Yr-end Dec (Bt m)	1Q24	2Q24	3Q24	4Q24	1Q25	(%)	1Q24	2Q24	3Q24	4Q24	1Q25
Cash and Interbank	604,403	536,657	696,772	568,750	574,498	Gross loan grow th (YTD)	(1.1)	(0.1)	(2.3)	(0.3)	(2.0)
Other liquid items	112,120	102,771	144,440	114,647	107,983	Gross loan grow th (q-q)	(1.1)	1.0	(2.2)	2.1	(2.0)
Total liquid items	716,523	639,428	841,212	683,397	682,481	Deposit grow th (YTD)	0.1	(1.3)	2.6	0.7	0.1
Gross loans and accrued interest	2,479,960	2,504,828	2,451,094	2,500,355	2,450,885	Deposit grow th (q-q)	0.1	(1.4)	4.0	(1.9)	0.1
Provisions	130,058	129,923	129,563	131,706	135,656	Non-interest income (y-y)	(0.4)	10.2	26.3	3.6	15.8
Net loans	2,349,902	2,374,905	2,321,532	2,368,649	2,315,229	Non-interest income (q-q)	(2.9)	9.3	(10.8)	9.5	8.5
Fixed assets	115,088	115,869	114,421	114,151	117,208	Fee income / Operating income	16.7	16.1	17.4	17.6	17.2
Other assets	116,145	113,493	115,512	101,066	102,418	Cost-to-income	40.2	43.6	44.4	46.0	41.0
<b>Total assets</b>	<b>4,318,809</b>	<b>4,247,540</b>	<b>4,367,025</b>	<b>4,340,954</b>	<b>4,355,212</b>	Net interest margin	3.55	3.50	3.44	3.31	3.26
Deposits	2,702,266	2,664,259	2,770,120	2,718,675	2,722,146	Credit cost	1.90	1.88	1.92	1.97	1.61
Interbank	198,718	182,558	147,697	172,144	186,073	ROE	10.1	9.3	8.7	7.7	9.6
Other liquid items	21,904	25,612	32,317	30,459	30,057	Loan-to-deposit	91.2	93.4	87.9	91.4	89.4
Total liquid items	2,922,889	2,872,429	2,950,134	2,921,278	2,938,276	Loan-to-deposit + S-T borrow ing	91.2	93.4	87.9	91.4	89.4
Borrow ings	79,059	70,632	65,726	67,334	68,306	NPLs (Bt m)	93,273	92,447	92,937	93,009	91,241
Other liabilities	701,209	693,221	732,432	706,680	687,273	NPL increase	(968)	(826)	490	72	(1,768)
Minority interest	67,433	66,787	67,614	76,937	77,429	NPL ratio	3.21	3.20	3.22	3.20	3.19
<b>Shareholders' equity</b>	<b>548,220</b>	<b>544,471</b>	<b>551,119</b>	<b>568,726</b>	<b>583,926</b>	Loan-loss-coverage ratio	139.4	140.5	139.4	141.6	148.7
<b>Total Liabilities &amp; Equity</b>	<b>4,318,809</b>	<b>4,247,540</b>	<b>4,367,025</b>	<b>4,340,954</b>	<b>4,355,212</b>	CAR - total	19.5	19.5	20.6	20.4	20.5

Sources: Company data, Thanachart estimates

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