

KASIKORNBANK Pcl (KBANK TB) - BUY, Price Bt124, TP Bt150**Results Comment**

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Strong profits, beat expectation

- KBANK profits were Bt13.5bn, up 26% y-y and 44% q-q. Strong beat as 1Q was making 29% of our full-year forecast on lower opex and a nice rebound of fee income. The bank already went XD yesterday, paying final dividend of Bt6 a share.
- We see upsides to our earnings forecast and re-iterate BUY.
- Loans contracted q-q on the contractions of SME and retail. Corporate loans were about flat.
- NIM fell q-q and this was due to lower interbank and investment income. Funding costs held up well thanks its high CASA portion.
- Fee income also grew 2% y-y and 20% q-q from asset management, LG and credit card fees. The bank also believes transaction fee has reached the bottom last year.
- NPL fell q-q on higher write-off and sales. KBANK expects total NPL resolution of around Bt65bn, 30% down from 2023.
- Credit costs were at high-end of its guidance but were lower both y-y and q-q. KBANK expects to converge normalized credit costs level of 1.4-1.6% from 2025.
- Opex was under well control though partly was due to seasonality impact. Cost to income ratio was low at 41.5%.

Income Statement (consolidated)						Income Statement 3M as					
Yr-end Dec (Bt m)	1Q23	2Q23	3Q23	4Q23	1Q24	(Bt m)	q-q%	y-y%	% 2024F	2024F	2025F
Interest & dividend income	42,441	45,215	47,236	48,716	48,641	Interest & dividend income	(0)	15	26	189,849	189,703
Interest expense	7,566	8,514	9,217	9,867	10,113	Interest expense	2	34	25	39,686	39,143
Net interest income	34,875	36,701	38,019	38,849	38,528	Net interest income	(1)	10	26	150,164	150,560
Non-interest income	11,699	11,551	8,991	12,004	11,427	Non-interest income	(5)	(2)	24	47,096	50,988
Total income	46,574	48,252	47,010	50,853	49,955	Total income	(2)	7	25	197,259	201,548
Operating expense	19,793	20,847	19,821	24,508	20,713	Operating expense	(15)	5	23	88,183	91,158
Pre-provisioning profit	26,781	27,405	27,190	26,345	29,242	Pre-provisioning profit	11	9	27	109,077	110,390
Provision for bad&doubtful debt	12,692	12,784	12,793	13,572	11,684	Provision for bad&doubtful debt	(14)	(8)	25	47,190	39,499
Profit before tax	14,089	14,622	14,396	12,773	17,558	Profit before tax	37	25	28	61,887	70,892
Tax	2,562	2,760	2,838	2,617	3,403	Tax	30	33	29	11,759	13,469
Profit after tax	11,527	11,861	11,558	10,156	14,155	Profit after tax	39	23	28	50,129	57,422
Equity income	(0)	(182)	105	42	197	Equity income	369	neg	394	50	150
Minority interests	(786)	(685)	(381)	(810)	(867)	Minority interests	neg	neg	25	(3,461)	(4,027)
Extra items	-	-	-	-	-	Extra items	neg	neg	-	-	-
Net profit	10,741	10,994	11,282	9,388	13,486	Net profit	44	26	29	46,717	53,545
Normalized profit	10,741	10,994	11,282	9,388	13,486	Normalized profit	44	26	29	46,717	53,545
PPP/share (Bt)	11.3	11.6	11.5	11.1	12.3	PPP/share (Bt)	11	9	27	45.6	46.1
EPS (Bt)	4.5	4.6	4.8	4.0	5.7	EPS (Bt)	44	26	29	19.5	22.4
Norm EPS (Bt)	4.5	4.6	4.8	4.0	5.7	Norm EPS (Bt)	44	26	29	19.5	22.4
BV/share (Bt)	216.3	217.9	221.6	224.7	231.4	BV/share (Bt)	3	7	231	235.5	250.1

Balance Sheet (consolidated)						Financial Ratios (%)					
Yr-end Dec (Bt m)	1Q23	2Q23	3Q23	4Q23	1Q24		1Q23	2Q23	3Q23	4Q23	1Q24
Cash and Interbank	553,650	594,719	598,625	617,698	604,403	Gross loan growth (YTD)	(1.2)	(1.8)	(2.3)	(0.2)	(1.1)
Other liquid items	106,078	113,689	119,551	92,993	112,120	Gross loan growth (q-q)	(1.2)	(0.6)	(0.5)	2.1	(1.1)
Total liquid items	659,728	708,408	718,176	710,691	716,523	Deposit growth (YTD)	(1.3)	(1.4)	(2.5)	(1.8)	0.1
Gross loans and accrued interest	2,480,726	2,465,250	2,452,008	2,505,368	2,479,960	Deposit growth (q-q)	(1.3)	(0.1)	(1.1)	0.7	0.1
Provisions	128,091	128,160	129,765	133,876	130,058	Non-interest income (y-y)	31.3	23.6	3.5	(9.0)	(2.3)
Net loans	2,352,635	2,337,090	2,322,243	2,371,492	2,349,902	Non-interest income (q-q)	(11.4)	(1.3)	(22.2)	33.5	(4.8)
Fixed assets	111,482	111,351	113,654	114,698	115,088	Fee income / Operating income	17.4	16.0	16.6	14.8	16.6
Other assets	111,367	111,825	128,211	112,091	116,145	Cost-to-income	42.5	43.2	42.2	48.2	41.5
Total assets	4,238,084	4,268,100	4,266,004	4,283,556	4,318,809	Net interest margin	3.29	3.45	3.56	3.64	3.58
Deposits	2,713,372	2,709,500	2,680,655	2,699,562	2,702,266	Credit cost	2.06	2.09	2.10	2.18	1.90
Interbank	165,259	166,502	175,594	179,207	198,718	ROE	8.5	8.5	8.7	7.1	10.0
Other liquid items	25,607	22,620	22,977	31,119	21,904	Loan-to-deposit	90.8	90.4	90.9	92.3	91.2
Total liquid items	2,904,238	2,898,622	2,879,227	2,909,888	2,922,889	Loan-to-deposit + S-T borrowing	90.8	90.4	90.9	92.3	91.2
Borrowings	88,715	98,684	89,698	81,572	79,059	NPLs (Bt m)	87,640	92,864	89,459	94,241	93,273
Other liabilities	668,597	689,835	707,742	695,261	701,209	NPL increase	(4,896)	5,224	(3,405)	4,782	(968)
Minority interest	64,113	64,606	64,177	64,551	67,433	NPL ratio	3.04	3.20	3.11	3.19	3.19
Shareholders' equity	512,421	516,353	525,160	532,285	548,220	Loan-loss-coverage ratio	146.2	138.0	145.1	142.1	139.4
Total Liabilities & Equity	4,238,084	4,268,100	4,266,004	4,283,556	4,318,809	CAR - total	18.9	19.0	19.6	19.4	19.4

Sources: Company data, Thanachart estimates

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