

Company Update

Tuesday, April 22, 2025



I V Global Securities Public Company Limited

Kasikornbank Plc (KBANK)

Rating: BUY

Fair price: Bt175.0

Close price: Bt148.5

Company Information

Ticker:	KBANK TB
Sector:	Financials
Shares outstanding (m):	2,369.33
Market capitalization (Btm):	351,845.15
Trading vol/day (Btm):	1,939.57
Free float (%):	81.45
Beta:	0.71

Major Shareholders

Thai NVDR	14.15%
State Street Bank Europe Limited	7.52%
South-East Asia UK	4.99%

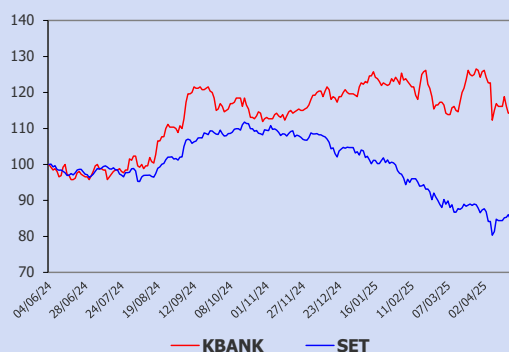
Consensus Bloomberg

2025F EPS (Bt):	21.23
Target price (Bt):	176.06

Price Performance

52 Wk high/low: 165.0 / 121.5

	1M	3M	1Y	YTD
Absolute (%)	-9.5	-6.3	19.8	-4.5
Relative (%)	-5.1	9.8	34.6	14.5



1Q25 net profit rises YoY and QoQ

- KBANK posted a net profit of Bt13.8bn for 1Q25 (+1.1% YoY and +28.1% QoQ). The performance QoQ was largely driven by declining operating expenses and expected credit losses (ECL). 1Q25 earnings came in higher than the Bloomberg consensus estimate of Bt12.7bn. Net-interest income declined YoY and QoQ. Non-interest income rose YoY and QoQ. Pre-provision operating profit (PPOP) was down by 3.1% YoY but rose 10% QoQ. ECL came to Bt9.82bn (-16% YoY and -20% QoQ). 1Q25 net profit accounted for 27% of our full-year estimate.
- 2024 special DPS of Bt2.5 offers a strong yield of 1.7%. The XD date is 15 May for payment on 6 June. The full year pay-out ratio was 58.5% (or Bt12.0).
- Asset quality.** Gross NPLs fell 1.9% QoQ to Bt91.2bn. The NPL ratio was stable QoQ at 3.19% of loans at end-March 2025. The bank wrote off Bt3.1bn during 1Q25 versus Bt2.5bn in 4Q24. ECL fell 16% YoY and 20% QoQ to Bt9.8bn, suggesting credit costs at 160bps of loans in 1Q25 versus a target of 140-160bps. The loan-loss-coverage ratio improved from 152.3% at end-4Q24 to 159.5% at end-1Q25.
- Loan growth.** Net loans fell by 2% YTD as of the end of March 2025 due to a focus on growing quality loans in recovering sectors, secured loans, and selective regional expansion.
- NIM** fell by 7bps QoQ to 3.41% in 1Q25. The average yield on earning assets fell 26bps QoQ to 4.32%, while the average cost of funds fell 7bps QoQ to 1.27%.
- Non-interest income.** Net fee income grew 1.1% YoY but fell 0.9% QoQ due to payment services and increases in fees from fund management. The bank has adopted the new accounting policy (TFRS-17) regarding the insurance contracts impacting the recognition and classification of items in P&L. The adoption has an immaterial impact to the consolidated financial statements. The mark-to-market gain on financial instruments helped boosting non-interest income.
- Cost-to-income ratio** was 40.8% in 1Q25, compared with 40.1% in 1Q24 and 45.8% in 4Q24. The absolute operating expenses came in flat YoY and declined 10% QoQ on declining marketing expenses.
- Capital adequacy.** Total CAR was at 20.5%, with Tier-1 capital of 18.6%.
- Maintain BUY.** We fine-tune our 2025-26F earnings estimates down by 3% p.a. to reflect lower net-interest income. We reiterate our BUY rating with a price target of Bt175, based on 0.7x book at end-2025F. We now assume a higher dividend pay-out of 60% for 2025F, suggesting a DPS of Bt12.48 or an 8.4% yield. The shares are trading at a 2025F P/E multiple of 7.1x. There's a possibility that the bank will raise its dividend payout ratio. The downside risk to our earnings forecasts depends on whether the economic recovery is slower than we currently expect.

Investment summary

FY Dec 31	2022	2023	2024	2025F	2026F	2027F
Net profit (Btm)	35,769	42,405	48,598	49,289	52,003	54,072
Change (%)	-6.0	18.6	14.6	1.4	5.5	4.0
PPOP (Btm)	98,505	107,685	110,673	105,303	107,286	111,231
Change (%)	6.7	9.3	2.8	-4.9	1.9	3.7
EPS (Bt)	15.10	17.90	20.51	20.80	21.95	22.82
Change (%)	-6.0	18.6	14.6	1.4	5.5	4.0
P/E (x)	9.8	8.3	7.2	7.1	6.8	6.5
DPS (Bt)	4.00	6.50	12.00	12.48	13.17	13.69
Yield (%)	2.7	4.4	8.1	8.4	8.9	9.2
BVPS (Bt)	212.41	224.66	240.04	248.84	258.31	267.96
P/BV (x)	0.7	0.7	0.6	0.6	0.6	0.6
ROAA (%)	0.9	1.0	1.1	1.1	1.2	1.2
ROAE (%)	7.3	8.2	8.8	8.5	8.7	8.7

Source: Company and IVG estimates

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Rating	CGR	Thai CAC	SET ESG
KBANK		Certified	AAA

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Results

Btm	1Q25	1Q24	% YoY	4Q24	% QoQ	2024	2023	% YoY
Net-interest income	35,425	38,186	(7.2)	35,998	(1.6)	149,376	148,444	0.6
Non-interest income								
Fee income	8,433	8,340	1.1	8,510	(0.9)	33,279	31,181	6.7
Net insurance premium	-839	-1,532	(45.2)	-551	52.2	-5,420	-5,098	6.3
Others	6,083	5,045	20.6	4,750	28.1	20,710	18,127	14.2
Total	13,677	11,853	15.4	12,709	7.6	48,569	44,210	9.9
Non-interest expense	20,052	20,051	0.0	22,295	(10.1)	87,273	84,968	2.7
PPOP	29,051	29,988	(3.1)	26,411	10.0	110,673	107,685	2.8
ECL	9,818	11,684	(16.0)	12,242	(19.8)	47,251	51,840	(8.9)
Net profit	13,791	13,644	1.1	10,768	28.1	48,598	42,405	14.6
EPS (Bt)	5.82	5.76	1.1	4.54	28.1	20.51	17.90	14.6

Source: Company and IVG estimates

Key ratios

(%)	1Q24	2Q24	3Q24	4Q24	1Q25
Net loan growth YTD	(1.9)	(0.9)	(3.1)	(0.3)	(2.0)
Net loan growth YoY	(0.9)	0.7	(1.0)	(0.3)	(0.4)
NIM	3.73	3.67	3.61	3.48	3.41
Fee income, YoY	2.8	4.7	8.1	12.7	1.1
Non-interest income YoY	1.3	14.0	28.0	5.5	15.4
Cost to income	40.1	43.4	44.2	45.8	40.8
Loan-to-deposit	90.4	92.6	87.1	91.4	89.4
Credit cost	189.5	190.2	191.0	200.0	159.7
NPL	3.21	3.20	3.22	3.20	3.19
LLR/NPL	150.4	151.9	150.7	152.3	159.5
Tier I	17.5	17.5	18.6	18.4	18.6
Total CAR	19.5	19.5	20.6	20.4	20.5

Source: Company and IVG estimates

Quarterly performance

Btm	1Q24	2Q24	3Q24	4Q24	1Q25
Net-interest income (Btm)	38,186	37,468	37,036	35,998	35,425
Non-interest income (Btm)					
Fee income	8,340	8,078	8,432	8,510	8,433
Net insurance premium	-1,532	-535	-2,282	-551	-839
Others	5,045	5,419	5,493	4,750	6,083
Total	11,853	12,961	11,644	12,709	13,677
Non-interest expense (Btm)	20,051	21,888	21,501	22,295	20,052
PPOP	29,988	28,541	27,179	26,411	29,051
ECL	11,684	11,672	11,652	12,242	9,818
Net profit (Btm)	13,644	12,653	11,965	10,768	13,791
EPS (Bt)	5.76	5.34	5.05	4.54	5.82

Source: Company

Key ratios

(%)	2021	2022	2023	2024
Net loan growth, YTD	8.1	3.0	(0.6)	(0.3)
Net loan growth, YoY	8.1	3.0	(0.6)	(0.3)
NIM	3.21	3.33	3.66	3.48
Fee income, YoY	7.0	(6.9)	(5.2)	12.7
Non-int income, YoY	(4.2)	(8.4)	9.8	5.5
Cost to income	43.5	43.1	44.1	45.8
Loan-to-deposit	93.2	90.8	91.9	91.4
Credit cost (bps)	173.0	211.0	208.0	200.0
NPL	3.76	3.19	3.19	3.20
LLR/NPL	159.1	154.3	152.2	152.3
Tier I	16.5	16.8	17.4	18.4
Total CAR	18.8	18.8	19.4	20.4

Source: Company and IVG estimates

KBANK

E: Environmental

KBANK has realized its duty and responsibility to raise the awareness of all stakeholders about climate change risks so that they can prepare themselves and seek new opportunities arising from climate change. KBANK has drawn up a Transition Plan to Net Zero under its commitment and goals.

S: Social

KBANK offers financial literacy to the public to enable them to plan their finances in various aspects, such as savings and investment, in accordance with their risk appetite and lifestyle while having sufficient financial stability. KBANK has formulated guidelines for creating financial literacy as follows:

- Providing knowledge and improving service processes to ensure that customers and stakeholders understand finance and do not incur debt beyond their repayment ability.
- Developing channels for communications and financial literacy that are convenient and accessible for all stakeholders.
- Enhancing employees' skills in communicating with customers or related stakeholders, refraining from inappropriate sales of financial products or sales practices that do not respect customers/consumers.

G: Governance

KBANK's Board of Directors is responsible for managing KBANK's business operations. The board's decisions are independent, taking into account the highest benefit of KBANK, shareholders, and all stakeholders. Every year, the board approves the vision, purpose, core values, and operational strategies covering sustainable development. The board also approves the strategic directions and policies of KASIKORNBANK FINANCIAL CONGLOMERATE, ensuring robust internal control and risk management processes while working with management to achieve a strong operating performance and sustainable growth.

Comment

KBANK has been awarded a SET ESG rating of AAA, indicating a solid commitment to environmental, social, and governance (ESG) practices and clear long-term objectives in this regard. Furthermore, the company demonstrates the ability to execute short-term goals effectively.

Source: Company and IVG estimates

I V Global Investment Research – Recommendation Definitions

Sector Recommendations

OVERWEIGHT: The industry, as defined by the analyst's coverage universe, is expected to outperform the relevant primary market index by at least 10% over the next 12 months.

NEUTRAL: The industry, as defined by the analyst's coverage universe, is expected to perform in line with the relevant primary market index over the next 12 months.

UNDERWEIGHT: The industry, as defined by the analyst's coverage universe, is expected to underperform the relevant primary market index by 10% over the next 12 months.

Stock Recommendations

BUY: Expecting positive total returns of 15% or more over the next 12 months.




HOLD: Expecting total returns of not more than -10% to +10% over the next 3 months.

SELL: Expecting negative total returns of 15% or more over the next 12 months

Anti-corruption Progress Indicator Definitions

Level 5 Extended	Extension of the anti-corruption policy to business partners in the supply chain, and disclosure of any current investigations, prosecutions or closed cases
Level 4 Certified	Audit engagement by audit committee or auditors approved by the office of SEC, and receiving certification or assurance by independent external assurance providers (CAC etc.)
Level 3 Established	Carrying out preventive measures, risk assessment, communication and training for all employees, including consistent monitoring and review processes. (3A: Established by Declaration of Intent, 3B: Established by Internal Commitment and Policy)
Level 2 Declared	Public declaration statement to participate in Thailand's private sector Collective Action Coalition Against Corruption (CAC) or equivalent initiatives
Level 1 Committed	Organization's statement or board's resolution to work against corruption and to be in compliance with all relevant laws
Partially progress	Insufficient or not clearly defined policy
No progress	Data not available / no policy

Corporate Governance Report (CGR)

	Excellent
	Very good
	Good

Disclaimers

The disclosure of the survey result of corporate governance, which is surveyed by the Thai Institute of Directors Association ("IOD"), and the Anti-Corruption Progress Indicators, which is assessed by Thaipat Institute, are the disclosure of the survey or assessment result based on the information received from the listed company that was stipulated in the form for Annual Corporate Governance Report of Thai Listed Companies (CGR) and the form for the assessment of Anti-corruption that refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2) or other relevant documents or reports of such listed company (as the case may be). The survey or assessment result is based on the information of the listed company, which is disclosed to the public and can be accessed by all investors and is made in order to comply with the policy of the Office of the Stock Exchange of Thailand.

Nevertheless, the survey or assessment result is made from the perspective of the IOD or Thaipat Institute that are the third party only. It is not an assessment of operation of the listed company and is not based on any inside information."

Since this survey or assessment result is only the survey or assessment result as of the date appearing in the survey or assessment result only, it may be changed after that date or when there is any change to the relevant information. Nevertheless, I V Global Securities Plc. (IVG) does not confirm, verify, or certify the accuracy and completeness of the survey or assessment result.



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