

KASIKORN BANK Pcl (KBANK TB) - HOLD

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Analyst Meeting**In Transition**

- **No surprises to financial targets for 2025**
 - **High commitments to normalizing its credit cost cycle**
 - **A resumption of loan growth is expected in 2026**
 - **We see upside to our dividend payout assumptions**
- KBANK has released its financial targets for 2025, with no major surprises. The bank remains committed to normalizing its credit cost cycle this year while maintaining its goal of delivering an ROE above 10% by 2026.
- The key drivers for achieving its 2026 ROE target, ranked in order of importance, are:
- 1) Lower credit costs driven by slower NPL inflows and reduced losses from resolution actions.
 - 2) Stronger fee income, particularly from payment services and wealth management.
 - 3) Resumption of positive loan growth in 2026, with a focus on retail and corporate lending.
 - 4) Enhanced HR and workforce productivity, should economic conditions remain weak.
- KBANK is expected to intensify capital management efforts. Although it remains comfortable with a lower Tier 1 range of 13-15%, the bank has no plans to raise its dividend payout ratio to 80% or initiate a share buyback program. Instead, a dividend payout ratio of 50-60% appears more likely. Notably, KBANK already increased its interim dividend to Bt1.5 per share in 1H24, up from Bt0.5 in prior years.
- Additionally, KBANK will continue its capital-light approach for regional expansion and does not foresee any M&A opportunities in the near term.
- We see upside potential to our current 40% dividend payout assumption. However, even with potential dividend hikes, KBANK's dividend yield remains lower than SCBx. Meanwhile, KTB boasts stronger operational framework. We reiterate our HOLD rating on KBANK.

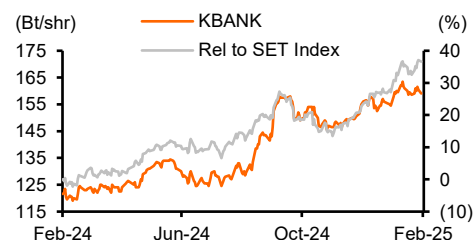
Key Valuations

Y/E Dec (Bt m)	2024A	2025F	2026F	2027F
Pre Prov. Profit	109,691	111,198	115,653	119,005
Net profit	48,598	53,808	58,629	62,493
Norm net profit	48,598	53,808	58,629	62,493
Norm EPS (Bt)	20.3	22.5	24.5	26.1
Norm EPS gr (%)	14.6	10.7	9.0	6.6
Norm PE (x)	7.8	7.1	6.5	6.1
P/BV (x)	0.7	0.6	0.6	0.6
Div. yield (%)	4.7	5.3	6.0	6.6
ROE (%)	8.9	9.2	9.4	9.5
ROA (%)	1.1	1.2	1.3	1.3

Source: Thanachart estimates

Stock Data

Closing price (Bt)	159.0
Target price (Bt)	163.0
Market cap (US\$ m)	11,076
Avg daily turnover (US\$ m)	47.5
12M H/L price (Bt)	163.5/119.0

Price Performance

Source: Bloomberg

Ex 1: KBANK's 2025 Financial Targets

Consolidated	2024	2024	2025	Notes (2025)
	Actual	Targets	Targets	
NIM	3.64%	Maintain	3.3–3.5%	NIM declines in line with interest rate trend and selective loan growth; NIM minus credit cost improve
Loan growth	0.57%	3–5%	Flat	Focus on growing quality loans in recovering sectors, secured loans, and selective regional expansion; continue revamping credit strategy to strengthen asset quality
Net fee income growth	6.73%	Mid to high– Single digit	Mid to high– Single digit	Improve net fee income growth driven by wealth management business, despite lower conventional transaction fees amid changing consumer behavior
Cost to income ratio	44.09%	Low to mid-40s	Low to mid-40s	Continuing cost management and productivity improvements as revenue slow down
Credit cost per year (bps)	189 bps	175–195 bps	140–160 bps	Continue prudent financial policy; credit cost reaches a normalized level; controlled NPL ratio amid uncertain economic recovery.
NPL ratio (Gross)	3.18%	< 3.25%	< 3.25%	
ROE	8.99%	NA	NA	
ROA	1.13%	NA	NA	
Dividend Policy	Not less than 25% ⁽¹⁾ dividend payout on consolidated net profit			⁽¹⁾ However, if facing an unforeseen circumstance, the bank may consider not to pay at the above-mentioned level of not less than 25 percent of dividend payout ratio by considering prudence and suitable return to shareholders.

Source: Company data

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