

## KASIKORN BANK PCL (KBANK TB) - BUY, Price Bt189, TP Bt222

Results Comment

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### Inline 4Q25 results: Mixed performance

- KBANK reported 4Q25 net profit of Bt10.3bn (-5% y-y, -21% q-q), in line with both our estimate and Bloomberg consensus. FY25 net profit reached Bt49.6bn (flat y-y), as NIM pressure was fully offset by stronger fee income, higher investment income, and lower ECL.
- Our view on the results is **slightly negative**. Positives include the resumption of loan growth, resilient fee income, disciplined cost control, and a return to positive net insurance premium income. These were, however, offset by a sharp NIM contraction and a slight deterioration in asset quality.
- 4Q25 Key highlights:
  - (+)** **Loan grew 2.5% q-q** (-0.3% y-y), mainly due to a rise in commercial loans, trade finance, and loans for working capital.
  - (+)** **Fee income up 10% y-y, 1% q-q**: by wealth management services through broader product offerings.

**(+)** **Net insurance premium turned positive** for the first time after 13 consecutive loss-making quarters.

**(-)** **NIM dropped 18bps** to 3.06% from policy rate cut and a gear toward lower risk segments.

- (-)** **Slightly weaker asset quality**: NPLs rose 3% q-q and Stage 2 loans increased 4% q-q, mainly due to stricter criteria for problem-loan outflows, while new bad-loan inflows remained stable. As a result, credit costs stayed elevated at 168bps.
- A meeting with the CEO to provide a business outlook will be held on 6<sup>th</sup> Feb-26.
- We maintain our **BUY** rating as KBANK offers an attractive dividend yield of c.7% and retains flexibility for higher payouts and potential share buybacks.

Income Statement (consolidated)					
Yr-end Dec (Bt m)	4Q24	1Q25	2Q25	3Q25	4Q25
Interest & dividend income	45,812	44,963	43,938	43,059	41,665
Interest expense	9,815	9,537	9,283	8,901	8,752
<b>Net interest income</b>	<b>35,998</b>	<b>35,425</b>	<b>34,655</b>	<b>34,158</b>	<b>32,913</b>
Non-interest income	12,439	13,502	13,726	14,821	14,777
Total income	48,437	48,927	48,381	48,979	47,690
Operating expense	22,295	20,052	20,804	20,965	23,028
<b>Pre-provisioning profit</b>	<b>26,142</b>	<b>28,875</b>	<b>27,578</b>	<b>28,014</b>	<b>24,662</b>
Provision for bad&doubtful debt	12,242	9,818	10,050	10,179	10,265
Profit before tax	13,900	19,057	17,528	17,835	14,398
Tax	2,753	3,977	3,482	3,603	2,809
Profit after tax	11,147	15,080	14,046	14,232	11,588
Equity income	269	176	218	266	162
Minority interests	(648)	(1,465)	(1,776)	(1,491)	(1,473)
Extra items	-	-	-	-	-
<b>Net profit</b>	<b>10,768</b>	<b>13,791</b>	<b>12,488</b>	<b>13,007</b>	<b>10,278</b>
<b>Normalized profit</b>	<b>10,768</b>	<b>13,791</b>	<b>12,488</b>	<b>13,007</b>	<b>10,278</b>
PPP/share (Bt)	11.0	12.2	11.6	11.8	10.4
EPS (Bt)	4.5	5.8	5.3	5.5	4.3
Norm EPS (Bt)	4.5	5.8	5.3	5.5	4.3
BV/share (Bt)	240.0	246.5	242.0	247.3	245.3

Income Statement (Bt m)						12M as		
	q-q%	y-y%	% 2025F	2025A	2026F			
Interest & dividend income	(3)	(9)	100	173,625	167,335			
Interest expense	(2)	(11)	99	36,473	33,381			
<b>Net interest income</b>	<b>(4)</b>	<b>(9)</b>	<b>100</b>	<b>137,152</b>	<b>133,955</b>			
Non-interest income	(0)	19	101	56,826	53,477			
Total income	(3)	(2)	100	193,978	187,431			
Operating expense	10	3	99	84,849	82,166			
<b>Pre-provisioning profit</b>	<b>(12)</b>	<b>(6)</b>	<b>101</b>	<b>109,129</b>	<b>105,265</b>			
Provision for bad&doubtful debt	1	(16)	99	40,312	40,568			
Profit before tax	(19)	4	103	68,818	64,697			
Tax	(22)	2	105	13,871	12,939			
Profit after tax	(19)	4	102	54,946	51,757			
Equity income	(39)	(40)	80	822	1,082			
Minority interests	neg	neg		(6,204)	(4,141)			
Extra items	neg	neg		-	-			
<b>Net profit</b>	<b>(21)</b>	<b>(5)</b>	<b>99</b>	<b>49,565</b>	<b>48,699</b>			
<b>Normalized profit</b>	<b>(21)</b>	<b>(5)</b>	<b>99</b>	<b>49,565</b>	<b>48,699</b>			
PPP/share (Bt)	(12)	(6)	101	46.1	44.4			
EPS (Bt)	(21)	(5)	99	20.9	20.6			
Norm EPS (Bt)	(21)	(5)	99	20.9	20.6			
BV/share (Bt)	(1)	2	245	245.3	257.9			

Balance Sheet (consolidated)					
Yr-end Dec (Bt m)	4Q24	1Q25	2Q25	3Q25	4Q25
Cash and Interbank	568,750	574,498	561,557	604,840	613,910
Other liquid items	114,205	107,983	105,560	99,204	112,596
Total liquid items	682,956	682,481	667,117	704,044	726,506
Gross loans and accrued interest	2,500,355	2,450,885	2,452,458	2,434,604	2,495,767
Provisions	131,706	135,656	138,691	141,404	142,997
Net loans	2,368,649	2,315,229	2,313,767	2,293,200	2,352,770
Fixed assets	114,151	117,208	117,776	118,129	117,412
Other assets	101,507	102,418	103,905	104,554	98,668
<b>Total assets</b>	<b>4,340,954</b>	<b>4,355,212</b>	<b>4,374,808</b>	<b>4,436,648</b>	<b>4,558,618</b>
Deposits	2,718,675	2,722,146	2,719,855	2,744,278	2,850,387
Interbank	172,144	186,073	180,102	186,253	207,482
Other liquid items	30,459	30,057	31,899	29,322	33,878
Total liquid items	2,921,278	2,938,276	2,931,856	2,959,853	3,091,746
Borrowings	67,334	68,306	66,227	66,763	64,478
Other liabilities	706,680	687,273	722,563	736,710	728,626
Minority interest	76,937	77,429	80,833	87,339	92,622
<b>Shareholders' equity</b>	<b>568,726</b>	<b>583,926</b>	<b>573,331</b>	<b>585,983</b>	<b>581,146</b>
<b>Total Liabilities &amp; Equity</b>	<b>4,340,954</b>	<b>4,355,212</b>	<b>4,374,808</b>	<b>4,436,648</b>	<b>4,558,618</b>

Financial Ratios (%)					
	4Q24	1Q25	2Q25	3Q25	4Q25
Gross loan growth (YTD)	(0.3)	(2.0)	(2.0)	(2.7)	(0.3)
Gross loan growth (q-q)	2.1	(2.0)	0.0	(0.8)	2.5
Deposit growth (YTD)	0.7	0.1	0.0	0.9	4.8
Deposit growth (q-q)	(1.9)	0.1	(0.1)	0.9	3.9
Non-interest income (y-y)	3.6	15.8	4.5	23.2	18.8
Non-interest income (q-q)	3.4	8.5	1.7	8.0	(0.3)
Fee income / Operating income	17.6	17.2	17.0	19.0	19.7
Cost-to-income	46.0	41.0	43.0	42.8	48.3
Net interest margin	3.48	3.41	3.32	3.24	3.06
Credit cost	1.99	1.60	1.65	1.68	1.68
ROE	7.7	9.6	8.6	9.0	7.0
Loan-to-deposit	91.4	89.4	89.5	88.0	86.9
Loan-to-deposit + S-T borrowing	91.4	89.4	89.5	88.0	86.9
NPLs (Bt m)	93,009	91,241	90,929	90,755	93,533
NPL increase	72	(1,768)	(312)	(174)	2,778
NPL ratio	3.74	3.75	3.74	3.76	3.78
Loan-loss-coverage ratio	141.6	148.7	152.5	155.8	152.9
CAR - total	20.4	20.5	20.7	21.6	20.4

Sources: Company data, Thanachart estimates

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