

Kasikornbank (KBANK TB)

FUNDAMENTAL VIEW ¹

As of 01 Apr 2025

- Kasikornbank (KBANK) is a historically sound and profitable bank.
- Capitalisation is strong and the bank has among the highest CASA ratios in the banking sector. Asset quality took a surprise turn for the worse in 4Q22 due to its larger SME exposure and the bank has since focused on de-risking its portfolio. Credit costs are improving but remain elevated.
- Margins are high compared to most other Thai banks we cover as a result of its strong SME franchise, but the shift in growth focus to the safer but lower yielding segments has diminished its margin lead.

RISKS & CATALYSTS

As of 01 Apr 2025

- Loan growth has been middling across the Thai banks due to a focus on quality amid the current backdrop. A pickup in economic momentum is hoped for in 2025, but we remain cautious of another year of disappointing growth and uneven recovery, particularly with risks from potential US tariffs.
- We expect NIMs at the Thai banks to see a further decline this year on the back of policy rate cuts. KBANK's switch to focus on safer segments is also weighing on the NIM, though it currently remains higher compared to most of its peers.
- Credit costs remain elevated compared to peers due to the soft macroeconomic backdrop and challenged SMEs, given KBANK's larger SME and restructured book. KBANK's higher NIM and low-40% cost-income ratio however provide comfortable room to absorb its higher credit costs and maintain a similar level of returns as peers, and the focus on safer segments seems is also helping to stabilize credit costs. Its prolonged balance sheet cleanup has concluded at YE24 and management guided for credit costs to return to a normalized 140-160 bp range this year.

CREDIT QUALITY SCORE (CQS) ²

As of 03 Jun 2025

CURRENT CQS

52

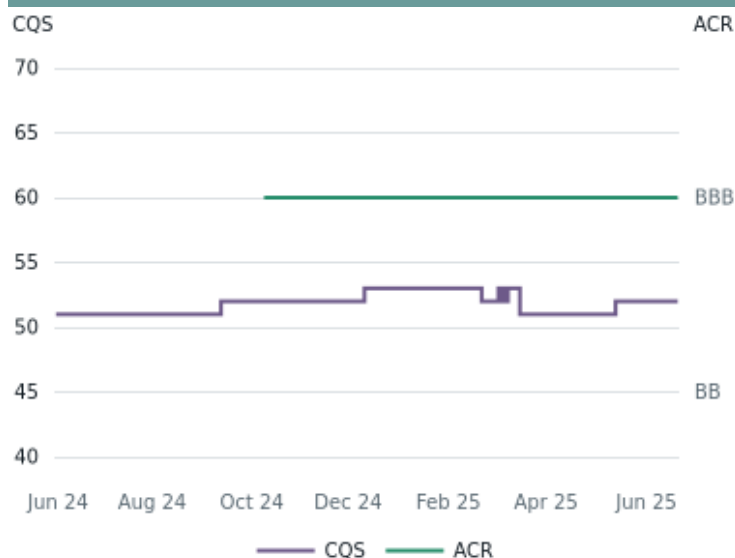
CQS OUTLOOK ³

NEGATIVE

STABLE

POSITIVE

HISTORICAL RATINGS: AVERAGE AGENCY RATING (ACR) ⁴ VS CQS



KEY METRICS

As of 01 Apr 2025

THB MN	FY20	FY21	FY22	FY23	FY24
PPP ROA	2.44%	2.38%	2.36%	2.52%	2.57%
ROA	0.85%	0.98%	0.86%	0.99%	1.13%
ROAE	7.0%	8.3%	7.3%	8.2%	8.9%
Equity / Assets	13.4%	13.1%	13.4%	13.9%	14.6%
CET1 Ratio	15.5%	15.5%	15.9%	16.5%	17.3%
Gross NPL ratio	3.93%	3.76%	3.19%	3.19%	3.18%
Provisions / Loans	2.05%	1.73%	2.11%	2.08%	1.89%
Gross LDR	96%	93%	91%	92%	92%
Liquidity Coverage Ratio	161%	174%	164%	195%	n/m

BUSINESS DESCRIPTION

As of 01 Apr 2025

- KBank is currently the second largest bank in Thailand. It briefly was the largest from 2018 until mid-2020, upon which Bangkok Bank completed its acquisition of Indonesia's Bank Permata and took its place.
- KBANK's history can be traced back to 1945 when it was first established as Thai Farmers Bank. It was listed on the Stock Exchange of Thailand in 1976 and changed its name to Kasikornbank in 2003.
- As of end-December 2024, the bank's loan mix by segment consists of 40% corporate, 26% SME, 28% retail and 6% others.
- KBANK is known for its strong SME franchise. Its focus industries in SME are construction, construction materials, food & beverage, and hardware.
- It partially owns a life insurance company, Muang Thai Life.

GLOSSARY

¹ The **Fundamental View** is our current assessment of credit quality and our expectation of how credit quality will trend over the next year or longer.

² The **Credit Quality Score (CQS)** is a number between 5 and 100. It is a medium-term credit score for corporates and financial institutions that utilizes a combination of sector fundamental scores and equity market signals. Values of CQS above 50 generally indicate investment grade credit quality.

³ The **Credit Quality Score (CQS) Outlook** is the near-term (3 month) outlook for the CQS, based on its trend, volatility and distance from the adjacent CQS risk bucket.

⁴ The **Agency Composite Rating (ACR)** is the average senior unsecured rating from one or more major rating agencies.

Quantitative scores provided by CreditSights Analytics, LLC. Scores are shown are for the lesser of (1) 2 years and (2) date of CreditSights inception of quantitative coverage.

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