

Kasikornbank (KBANK TB)

FUNDAMENTAL VIEW ¹

As of 24 Jul 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 24 Jul 2025

- We see a significant impact to the Thai economy from potential US tariffs, with ripple effects in the form of lower bank NIMs and higher credit costs than earlier guided for this year. Moody's also downgraded its rating outlook on the Thailand sovereign, and consequently the Thai banks including KBANK, to negative on 29 April 2025, citing increased risks to Thailand's economic and fiscal strength, partly due to the potential impact of new US tariffs.
- KBANK still has a higher retail/SME loan mix and sizable restructured loans portfolio (~8.3% of total loans) and so credit costs remain elevated compared to peers, with guidance now revised to 165-170 bp for 2025. Credit costs may rise again in 2026 if there is a bad outcome on tariffs. KBANK's higher NIM and low-40% cost-income ratio however should provide comfortable room for that to be absorbed. The focus on safer segments seems to be also helping to rein in credit costs.
- KBANK's switch to focus on safer segments however will weigh on the NIM, which is compounded by more rate cuts from the BOT to support growth. The NIM though currently remains higher than most of its peers.

CREDIT QUALITY SCORE (CQS) ²

As of 31 Oct 2025

CURRENT CQS

54

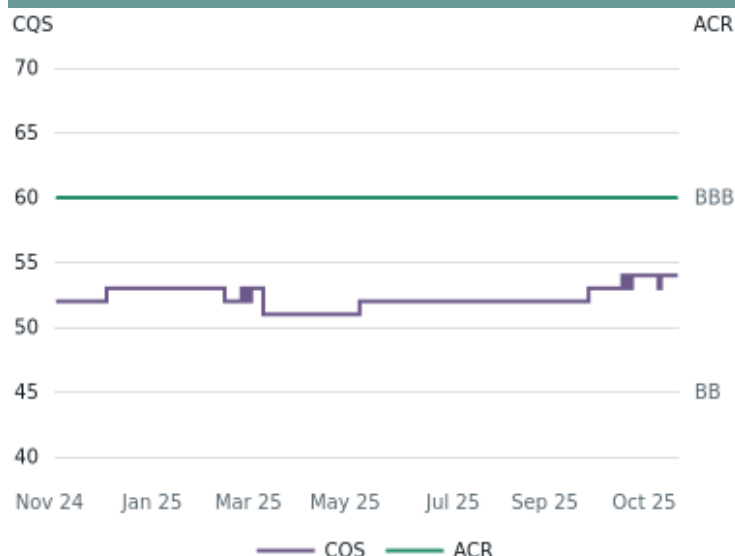
CQS OUTLOOK ³

NEGATIVE

STABLE

POSITIVE

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



KEY METRICS

As of 24 Jul 2025

THB MN	FY21	FY22	FY23	FY24	1H25
PPP ROA	2.38%	2.36%	2.52%	2.60%	2.61%
ROA	0.98%	0.86%	0.99%	1.14%	1.21%
ROAE	8.3%	7.3%	8.2%	8.9%	9.2%
Equity / Assets	13.1%	13.4%	13.9%	14.9%	15.0%
CET1 Ratio	15.5%	15.9%	16.5%	17.4%	17.7%
Gross NPL ratio	3.76%	3.19%	3.19%	3.20%	3.18%
Provisions / Loans	1.73%	2.11%	2.08%	1.90%	1.62%
Gross LDR	93%	91%	92%	91%	89%
Liquidity Coverage Ratio	174%	164%	195%	184%	n/m

BUSINESS DESCRIPTION

As of 24 Jul 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 March 2025, the bank's loan mix by segment consists of 41% corporate, 26% SME, 28% retail and 5% 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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