

Kasikorn Bank (KBANK TB)

3Q26: Results In Line; Reiterate Achieving 2026 Credit Cost Target

Highlights

- KBANK reported a net profit of Bt12.7b in 3Q26 (-2% yoy, -4% qoq).
- NIM has almost stabilised qoq in 3Q26.
- Maintain BUY with a target price of Bt285.00.

3Q26 Results

Year to 31 Dec (Btm)	3Q26	2Q26	3Q25	qoq%	yoy%
Total gross loans	2,586,891	2,578,943	2,434,604	0.3	6.3
Net interest income	31,602	31,432	34,158	0.5	(7.5)
Non-interest income	16,039	18,291	15,087	(12.3)	6.3
Loan loss provision	(10,329)	(10,019)	(10,179)	3.1	1.5
Non-Interest Expenses	(19,892)	(20,750)	(20,965)	(4.1)	(5.1)
Pre-provision operating profit	27,749	28,973	28,280	(4.2)	(1.9)
Net income	12,720	13,247	13,007	(4.0)	(2.2)
EPS (Bt)	5.41	5.63	5.35	(4.0)	1.2
Ratio (%)					
NPL Ratio	3.2	3.2	3.2		
Loan loss coverage ratio (%)	178	174	166		
Reported NIM %	2.89	2.90	3.24		
Reported credit cost (bp)	161	160	168		
Cost to income (%)	42	42	43		
CET1 ratio (%)	15.9	16.1	17.8		

Source: Kasikorn Bank, UOB Kay Hian

Analysis

- 3Q26 results in line.** Kasikorn Bank (KBANK) posted a 3Q26 net profit of Bt12.7b (-2% yoy, -4% qoq). The actual results were in line with our and consensus estimates. KBANK's pre-provision operating profit declined 2% yoy and dropped 4% qoq in 3Q26. Net interest-income (NII) declined by 8% yoy but went up 1% qoq in 3Q26. NIM contracted from 2.90% in 2Q26 to 2.89% in 3Q26. Meanwhile, non-interest income (non-II) increased by 6% yoy but was down 12% qoq. The gain on financial instruments measured at FVPL was reported at Bt3.5b in 3Q26 (2Q26: 4.8b, 3Q25: Bt4b). Meanwhile, investment gain was at Bt627m in 3Q26 (2Q26: Bt379m, 3Q25: Bt713m).
- Neutral tone during analyst meeting.** Management maintains credit cost target for 2026 at 140-160bp, despite the credit cost being reported at the high end of the target range at 160bp. Management guided that the bank continues to maintain a prudent and cautious lending policy.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net interest income	149,029.2	137,151.6	127,352.0	133,669.8	136,044.7
Non-Interest Income	48,937.4	57,648.4	67,645.5	63,238.6	64,729.6
Net profit (rep./act.)	48,872.2	49,564.8	52,851.0	55,949.3	58,839.9
Net profit (adj.)	48,872.2	49,564.8	52,851.0	55,949.3	58,839.9
EPS (Bt)	20.6	21.0	22.5	23.8	25.0
PE (x)	11.3	11.2	10.4	9.8	9.4
P/B (x)	1.0	1.0	0.9	0.9	0.9
Dividend yield (%)	7.7	6.0	6.0	6.2	6.4
Net int margin (%)	3.7	3.3	3.0	3.2	3.2
Cost/income Ratio (%)	43.6	43.6	42.4	43.2	43.1
Loan loss cover (%)	153.3	162.8	182.7	181.6	183.8
Consensus net profit	n.a	n.a	48,352.7	50,607.5	54,004.4
UOBKH/Consensus (x)	n.a	n.a	1.1	1.1	1.1

Source: Kasikorn Bank, Bloomberg, UOB Kay Hian

Analyst(s)

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BUY (Maintained)

Share Price	Bt234.00
Target Price	Bt285.00
Upside	21.8%

Stock Data

Sector	Financials
Bloomberg ticker	KBANK TB
Shares issued (m)	2,351.0
Market cap (Btm)	552,491.2
Market cap (US\$m)	16,427.1
3-mth avg daily t'over (US\$m)	113.0

Price Performance (%)

52-week high/low			Bt238.0/Bt158.0	
1mth	3mth	6mth	1yr	YTD
13.5	28.1	25.8	48.1	22.2

Major Shareholders (%)

Thai NVDR	18.21
Gulf Development	9.99
State Street Europe Limited	6.13

Balance Sheet Metrics

FY26 NAV/Share (Bt)	253.6
FY26 Net Debt/Share (Bt)	n.a

Price Chart



Source: Bloomberg

Company Description

KBANK is the third largest commercial bank in Thailand according to loan outstanding. The bank focuses on SME lending which accounts for 28% of its loan book.

- **Maintain 2026 GDP forecast.** Kasikorn Research (KResearch) maintains 2026 GDP growth at 2.0% while revising private investment forecasts upward from 8.5% yoy to 9.0% yoy, supported by the continued FDI momentum in strategic sectors. KResearch expects the Thai economy to rebound in 3Q26, supported by fiscal measures, before slowing in 4Q26 as consumption, exports and private investment have eased following their earlier acceleration. Meanwhile, KResearch forecasts inflation to lower from 3.1% yoy to 1.8% yoy in 2026 and the policy rate to maintain at 1.0% throughout the year.
- **Confidence to achieve loan growth target in 2026.** KBANK reported loan growth of 3.6% in 9M26 (vs 2026 target of 0-2%). Although we might see a loan repayment in 4Q26, management guided that we should see loan growth in 2026 ending at the upper range or slightly higher than the target.
- **NIM has almost stabilised qoq in 3Q26.** Management guided in the previous quarter that we might see another NIM reduction of roughly 2-3bp qoq in 3Q26. We have seen a slight decline in NIM from 2.90% in 2Q26 to 2.89% in 3Q26, partly reflecting the strategic shift in loan mix to enhance asset quality.
- **High probability of achieving net fee income growth target in 2026.** Net fee and service income declined by 5% qoq, due to less favourable wealth management and capital market conditions and the impact from new standardised fee regulations. Excluding the impact from new standardised fee regulations, the bank said the net fee and service income will continue to decrease qoq. However, net fee income growth was at 16.3% yoy in 9M26, higher than the 2026 target of 10%. Management believe the bank can achieve this net fee income growth target in 2026.
- **No guidance on any change in dividend payment.** Management reiterated the dividend policy of a minimum 50% dividend payout ratio, and 50-60% for the medium term. Although the bank has not provided any guidance on changes in dividend payment, we think a higher dividend is likely. KBANK has done share buybacks of Bt3.48b out of an Bt8.8b budget in Jan 26, utilising 40% of its budget. Given that its P/B ratio is nearly 1.0x and taking into account the recent share price rally, we expect the bank to release capital by increasing its dividend payment or paying out a special dividend in the future.

Valuation/Recommendation

- **Maintain BUY with a target price of Bt285.00**, based on the Gordon Growth Model (cost of equity: 11%, long-term growth: 2%). We roll over target to 2027. This implies 1.1x 2027F P/B.

Earnings Revision/Risk

- We fine tune KBANK's 2026-28 earnings forecasts by +0.02%, -0.1%, and +0.7% respectively, to reflect the latest 3Q26 earnings release.

Share Price Catalyst

- Upgrade dividend payout ratio.

Environment, Social, Governance (ESG) Updates

CG Report: 5

SET ESG Rating: AAA

Environmental

- Committing to net zero emissions in its operations by 2030.
- Committing to reducing greenhouse gas emissions in the bank's portfolio.
- Being the leader in innovative "Green Finance" in Thailand

Social

- Safeguarding customer data security and privacy.
- Respect for human rights and diversity

Governance

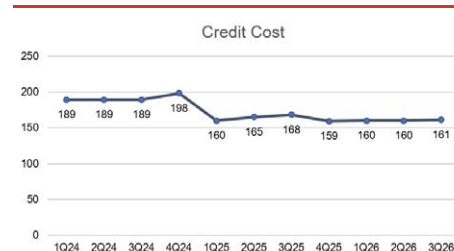
- Ensuring the business operates under good corporate governance practices.

2026 Financial Targets

	9M26 Actual	2026 Target
NIM	2.89%	2.75-2.95%
Loan Growth	3.63% YTD	0-2%
Net fee income	16.33% yoy	Mid to High-Single Digit
Cost to income	40.79%	Mid-40s
Credit cost	160 bps	140-160 bps
NPL ratio	3.18%	<3.25%

Source: KBANK, UOB Kay Hian

Credit Cost



Source: KBANK, UOB Kay Hian

PE Band



Source: KBANK, UOB Kay Hian

P/B Band



Source: KBANK, UOB Kay Hian

Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Interest income	173,625	161,134	166,319	171,631
Interest expense	(36,473)	(33,782)	(32,649)	(35,586)
Net interest income/(expense)	137,152	127,352	133,670	136,045
Fees & Commissions	35,389	39,995	40,282	41,080
Income From Insurance	(1,743)	(176)	(476)	(323)
Net Trading Income	19,725	20,454	18,509	18,817
Other Income	4,277	7,372	4,924	5,155
Non-Interest Income	57,648	67,645	63,239	64,730
Total Income	194,800	194,998	196,908	200,774
Staff Costs	(42,876)	(40,205)	(41,999)	(42,825)
Other Operating Expense	(41,973)	(42,500)	(43,126)	(43,717)
Pre-Provision Profit	109,952	112,292	111,784	114,232
Loan Loss Provision	(40,312)	(38,532)	(34,077)	(32,510)
Pre-tax profit	69,640	73,760	77,707	81,722
Tax	(13,871)	(14,492)	(15,541)	(16,344)
Minorities	(6,204)	(6,417)	(6,217)	(6,538)
Net profit	49,565	52,851	55,949	58,840
Net profit (adj.)	49,565	52,851	55,949	58,840

Operating Ratios

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Capital Adequacy				
Tier-1 CAR	18	17	17	18
Total CAR	20	19	19	20
Total Assets/Equity	8	8	7	7
Tangible Assets/Tangible Common Equity	8	8	8	8
Asset Quality				
NPL Ratio	3	3	3	3
Loan Loss Coverage	163	183	182	184
Loan Loss Reserve/Gross Loans	6	6	6	6
Increase in NPLs	1	(3)	3	(1)
Credit Cost (bp)	161	152	131	123
Liquidity				
Loan/Deposit Ratio	83	82	82	82
Liquid Assets/Short-Term Liabilities	60	54	53	54
Liquid Assets/Total Assets	41	38	38	38

Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Cash With Central Bank	54,049	51,557	52,148	53,410
Govt Treasury Bills & Securities	1,248,260	1,183,242	1,202,310	1,264,280
Interbank Loans	559,861	481,139	464,495	471,778
Customer Loans	2,352,770	2,423,119	2,449,531	2,511,623
Investment Securities	53,146	53,140	54,045	55,512
Derivative Receivables	59,450	63,718	64,514	66,024
Associates & JVs	15,001	15,561	15,561	15,561
Properties & Other Fixed Assets	117,412	117,004	116,478	117,073
Goodwill & Intangible Assets	31,514	31,453	31,453	31,453
Other Assets	67,154	88,135	91,332	93,512
Total assets	4,558,618	4,508,068	4,541,868	4,680,226
Interbank Deposits	207,482	209,945	211,174	216,005
Customer Deposits	2,850,387	2,953,636	2,981,555	3,051,702
Bills Payable	33,878	25,985	25,985	25,985
Derivative Payables	38,745	49,607	51,906	53,437
Subordinated Debts	64,478	(50,322)	(40,008)	25,224
Other Liabilities	133,891	140,932	142,655	145,138
Insurance Fund Liabilities	515,896	490,101	465,596	442,316
Total liabilities	3,844,756	3,819,884	3,838,861	3,959,806
Shareholders' funds	581,146	594,710	616,557	641,280
Minority interest	92,622	93,474	86,450	79,140
Total Equity & Liabilities	4,518,524	4,508,068	4,541,868	4,680,225

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Growth				
Net Interest Income, yoy Chg	(8)	(7)	5	2
Fees & Commissions, yoy Chg	6	13	1	2
Pre-Provision Profit, yoy Chg	(1)	2	0	2
Net Profit, yoy Chg	1	7	6	5
Customer Loans, yoy Chg	(1)	3	1	3
Profitability				
Net Interest Margin	3	3	3	3
Cost/Income Ratio	44	42	43	43
Adjusted ROA	1	1	1	1
Reported ROE	9	9	9	9
Adjusted ROE	9	9	9	9
Valuation				
P/BV	1	1	1	1
P/NTA	1	1	1	1
Adjusted P/E	11	10	10	9
Dividend Yield	6	6	6	6

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