

1 Income Stock to BANK ON Now

One of the best ways to address risk is through diversity. With a strong balance sheet and solid earnings KB Financial (KB) provides a diverse option in the banking sector, with international exposure to mitigate some of the risk we've seen in U.S. banking this year.

Regional and small banks have been under a microscope recently after the March failures of Silicon Valley and Signature bank. But reckless management, and lax oversight, at a few banks should not turn investors off on solid income producers like **KB Financial Group** (KB).

Though KB trades on the New York Stock Exchange it is actually based in South Korea. The company operates in a number of segments, including retail and corporate banking, and is also active in the credit card and insurance business.

One of the things I like about KB is that it provides some exposure in South Korea, away from the banking issues that have plagued U.S. regional banks. While it is subject to U.S. regulations, it operates much of its business in a differentiated interest rate regime.

While KB is rated a B overall in our POWR Ratings, importantly for an income producing stock its best ranking is in the Stability component. The last thing I want in an income stock is risk to the dividend.

KB has a mix of mortgage, general obligation and small home and office loans (SOHO), but mortgages account for only about 27% of its overall portfolio. And, over the past four years the bank has essentially doubled assets under management.

From a valuation perspective, the stock trades at just 4.8x current earnings, and 3.8x projected earnings. As of 2Q 2023, KB's net interest increased 5.4% YoY, with net operating

profit increasing 40.4% YoY.

In its earnings release, CFO Scott YH Seo, said profit was pretty evenly spread over “growth of interest and commissions income and supported by cost control efforts”. I like to see a good balance in financial institution earnings, which helps alleviate a lumpy earnings picture over time.

The current dividend yield is 4.42% on most recently reported earnings of \$8.60 per share.

This year the stock has traded in a range from just over \$35 to just over \$48. It currently sits at \$40, and could be added to if it drifts back toward \$35 as we head into fall.

What To Do Next?

Above I featured just 1 of my favorite income stocks. My guess is that you'd like to discover even more attractive income stocks.

All you need to do is check out my POWR Income Insider portfolio.

This is backed by a proven quant strategy that has produced an average annual return of +24.3%. It even generated surprising gains in 2022 when the bear market came to town.

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KB shares were unchanged in after-hours trading Friday. Year-to-date, KB has gained 11.99%, versus a 16.81% rise in the benchmark S&P 500 index during the same period.

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More...

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