

**Bank Sector – Neutral**

News update

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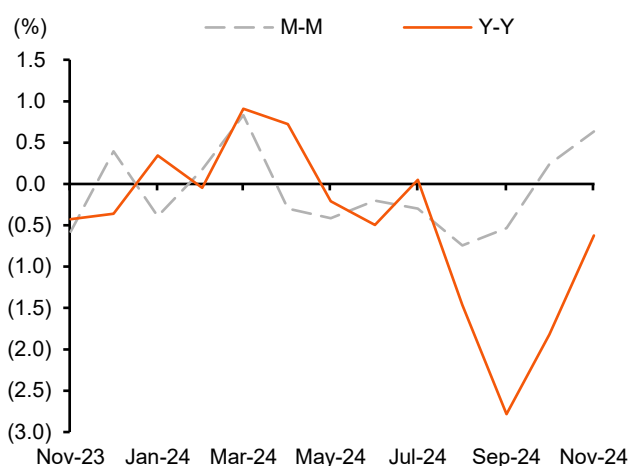
**Seasonally weak profits in 4Q24F**

- Expecting a 14% q-q decline in profits
- Key draggers were NIM and loan volume
- Healthy dividends are share price support
- NEUTRAL with TTB and KTB being top picks

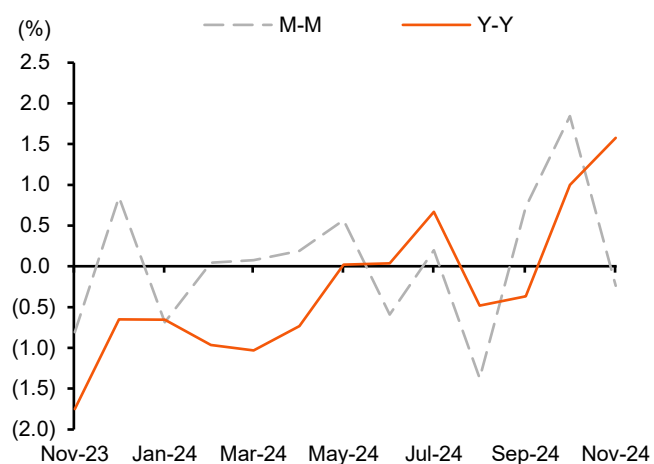
**Ex 1: C.B. 1.1 Thai Bank Sector Summary**

Nov-24	BBL	KBANK	KKP	KTB	SCB	TTB	TISCO	Sum
<b>Total loan</b>	<b>2,075,601</b>	<b>2,227,813</b>	<b>356,377</b>	<b>2,354,504</b>	<b>2,294,582</b>	<b>1,193,439</b>	<b>223,740</b>	<b>10,726,056</b>
ytd	0.4%	-0.8%	-7.8%	0.8%	-0.3%	-6.0%	-1.4%	-1.0%
m-m	1.4%	1.0%	-0.7%	1.2%	-0.4%	0.0%	0.1%	0.6%
y-y	0.0%	1.4%	-8.6%	1.0%	0.2%	-7.1%	-0.4%	-0.6%
<b>Total deposit</b>	<b>2,739,849</b>	<b>2,644,928</b>	<b>353,296</b>	<b>2,806,312</b>	<b>2,458,180</b>	<b>1,311,546</b>	<b>200,826</b>	<b>12,514,937</b>
ytd	1.5%	0.5%	-1.7%	5.7%	0.6%	-5.5%	-3.7%	0.7%
m-m	1.0%	0.5%	-0.8%	0.2%	-2.3%	-1.1%	-0.3%	-0.2%
y-y	1.2%	1.0%	-1.2%	6.8%	-0.7%	-1.4%	-1.1%	1.6%
<b>Total borrowing</b>	<b>216,112</b>	<b>57,869</b>	<b>27,084</b>	<b>91,930</b>	<b>107,202</b>	<b>31,762</b>	<b>6,831</b>	<b>611,361</b>
ytd	2.2%	1.6%	-59.5%	-19.5%	-2.5%	-39.7%	-60.5%	-13.3%
m-m	1.5%	1.6%	-5.6%	0.0%	1.3%	-14.6%	0.0%	-0.2%
y-y	0.7%	-23.0%	-60.2%	-19.8%	-5.2%	-40.1%	-55.3%	-14.7%
<b>LDR (%)</b>	<b>75.8%</b>	<b>84.2%</b>	<b>100.9%</b>	<b>83.9%</b>	<b>93.3%</b>	<b>91.0%</b>	<b>111.4%</b>	<b>85.7%</b>
<b>LDR incl. borrowing (%)</b>	<b>70.2%</b>	<b>82.4%</b>	<b>93.7%</b>	<b>81.2%</b>	<b>89.4%</b>	<b>88.8%</b>	<b>107.7%</b>	<b>81.7%</b>

Source: Company data

**Ex 2: Loan Growth**

Source: Company data

**Ex 3: Deposit Growth**

Source: Company data

- Driven by corporate and government segments, loan volumes recovered slightly by 0.6% m-m in November 2024. However, loans remain contracted by 1% YTD. High household debt levels and a structurally weak SME economy continue to compel banks to remain cautious, adhering to very strict underwriting criteria.
- We also conducted preliminary estimates for the sector's earnings in 4Q24. As illustrated in Exhibit 4 below, we expect bank earnings to expand 9.8% y-y but decline 14.4% q-q, primarily due to NIM contraction and high expenses.

**Ex 4: Earnings Preview**

Bt bn	4Q23	3Q24	4Q24F	Change (%)	
				y-y	q-q
BBL	8.86	12.48	10.27	15.90	(17.67)
KBANK	9.39	11.97	9.88	5.23	(17.44)
KTB	6.11	11.11	9.48	55.13	(14.65)
KKP	0.67	1.30	0.87	30.55	(32.98)
SCB	10.99	10.94	9.54	(13.23)	(12.80)
TISCO	1.78	1.71	1.70	(4.50)	(0.78)
TTB	4.87	5.23	5.13	5.36	(1.96)
<b>Total</b>	<b>42.67</b>	<b>54.74</b>	<b>46.87</b>	<b>9.84</b>	<b>(14.37)</b>

Sources: Company data; Thanachart estimates

**Ex 5: Estimated Final Dividends**

Bt bn	2023	2024F	Change (%)	DPS (Bt/share)		Div. yield (%)
				y-y	Interim 2H24F	
BBL	41.64	45.08	8.27	2.00	5.00	4.64
KBANK	42.41	47.98	13.15	1.50	6.00	4.82
KTB	36.62	42.86	17.06	-	1.25	5.95
KKP	5.44	4.45	(18.18)	1.25	2.50	7.14
SCB	43.52	41.78	(4.01)	2.00	8.00	8.51
TISCO	7.30	6.90	(5.50)	2.00	5.75	7.87
TTB	18.46	21.05	14.00	0.065	0.066	7.03
<b>Total</b>	<b>195.38</b>	<b>210.10</b>	<b>7.53</b>	<b>8.82</b>	<b>28.56</b>	

Sources: Company data; Thanachart estimates

- Within our coverage, KTB and KKP appear poised to deliver the strongest earnings growth y-y, largely due to the low base effect. On a q-q basis, TTB and TISCO are expected to be the most resilient in our view.
- Looking ahead, we anticipate a slowdown in banks' earnings growth, which is expected to settle into a single-digit range. While the contraction in NIM will likely be offset by lower provisions, the recovery in asset growth appears less promising due to the continued de-risking strategies adopted by banks.
- Nonetheless, we remain optimistic about the targeted debt relief measures aimed at supporting vulnerable retail and SME borrowers.
- Although these schemes may exert additional pressure on NIM, the resulting balance sheet cleanups could gradually incentivize banks to loosen their currently tightened underwriting criteria by 2026.
- We also foresee banks announcing robust final dividends to boost ROE, which could serve as effective catalysts for share price support.
- We maintain a "NEUTRAL" stance and reaffirm our top picks: TTB and KTB.

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