

Bank Sector – Neutral**Results Comment**

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Decent profits in 1Q25

- 1Q25 profits grew 5% y-y and 13% q-q.
- Key drivers were investment gains and well-managed costs.
- NPLs increased on relapse and slower resolution activity.
- Given tariff uncertainties, maintain preference for KTB,TTB.

Ex 1: 1Q25 results summary

(Bt m)	BBL	KBANK	KKP	KTB	SCB	TISCO	TTB	Industry
Net interest income	31,908	35,425	4,446	27,843	31,047	3,328	13,219	147,217
Change (q-q%)	(6.1)	(1.6)	(4.4)	(6.0)	(4.3)	(2.1)	(4.3)	(4.3)
Change (y-y%)	(4.5)	(7.2)	(15.4)	(5.8)	(2.2)	(2.0)	(8.2)	(5.6)
Net fee income	7,592	8,433	1,307	5,442	7,627	1,176	2,348	33,925
Change (q-q%)	8.3	(0.9)	(19.3)	(6.3)	(4.4)	(10.3)	(4.8)	(2.3)
Change (y-y%)	9.6	1.1	16.4	(2.4)	(3.4)	0.7	(4.3)	1.3
OPEX	20,752	20,052	3,515	16,292	17,140	2,242	7,097	87,090
Change (q-q%)	(12.7)	(10.1)	(13.5)	(6.5)	(8.4)	(4.4)	(5.9)	(9.1)
Change (y-y%)	5.8	0.0	(18.6)	(8.1)	(5.3)	(0.9)	(5.6)	(2.0)
Pre-provision profit	24,852	28,875	2,438	23,019	25,774	2,429	9,391	116,778
Change (q-q%)	18.5	10.5	(11.3)	11.2	3.4	(0.6)	(1.4)	8.7
Change (y-y%)	12.9	(3.1)	(3.1)	2.0	4.2	(0.1)	(6.8)	2.3
Provision	9,067	9,818	1,104	8,223	9,570	386	4,580	42,748
Change (q-q%)	18.8	(19.8)	20.7	22.3	(2.3)	14.4	(2.4)	1.0
Change (y-y%)	5.7	(16.0)	81.3	2.4	(6.2)	38.2	(10.5)	(3.9)
Normalized profits	12,618	13,791	1,062	11,714	12,502	1,643	5,096	58,426
Change (q-q%)	21.3	28.1	(26.9)	11.8	6.8	(3.4)	0.5	13.3
Change (y-y%)	19.9	1.1	(29.5)	0.3	10.8	(5.2)	(5.2)	4.8
% of 2025F profits	29.0	28.9	19.6	27.1	28.7	24.7	22.6	27.9

Growth

Loan growth (q-q%)	1.03	(2.03)	(1.40)	(1.31)	0.90	(0.43)	(2.43)	(0.60)
Loan growth (ytd)	1.03	(2.03)	(1.40)	(1.31)	0.90	(0.43)	(2.43)	(0.60)
Deposit growth (q-q%)	1.75	0.13	(0.57)	0.76	(0.09)	(0.06)	(2.28)	0.35
Deposit growth (ytd)	1.75	0.13	(0.57)	0.76	(0.09)	(0.06)	(2.28)	0.35
Loan to deposit ratio (%)	84.37	89.39	101.52	96.77	98.13	112.00	93.26	92.44
NIM (q-q%)	(0.23)	(0.05)	(0.05)	(0.23)	(0.19)	(0.14)	(0.11)	(0.16)
Non interest income growth (y-y%)	66.84	15.84	(4.56)	6.82	7.04	3.43	2.07	18.60
Non interest income growth (q-q%)	27.31	8.54	(30.32)	34.78	6.12	(3.21)	0.21	13.98
Cost-to-income ratio (%)	45.50	40.98	59.04	41.44	39.94	48.00	43.04	42.72
NPL in absolute (q-q%)	13.93	(1.90)	2.31	(0.05)	0.93	2.34	1.42	2.80
Credit costs (%)	1.33	1.61	1.22	1.24	1.58	0.67	1.51	1.42
Loan loss coverage ratio (%)	285.43	148.68	115.09	182.29	150.67	153.81	149.58	185.10
Loan loss coverage ratio (q-q%)	(32.32)	7.07	(2.85)	(0.61)	(0.59)	(1.51)	(1.82)	(2.72)

Source: Company data

Thanks to mark-to-market investment gains and disciplined cost control, the seven banks under our coverage delivered decent 1Q25 net profit growth of 5% y-y and 13% q-q. NPLs rose due to relapse and slower resolutions, but asset quality remained manageable, thanks to prior balance sheet clean-ups and subdued loan growth. However, earnings have yet to reflect the drag from ongoing tariff war uncertainties on an already sluggish economy. We see rising risks to balance sheet quality and dividend sustainability. KTB remains our top pick for its limited exposure to tariff-related risks, while TTB's downside is cushioned by its ongoing share buyback program.

- Loan growth remained soft, dragged by retail, SME, and corporate repayments. Only BBL and SCBx reported positive q-q loan growth.
- NIM contracted, primarily due to policy rate cuts, while deposit repricing—especially for smaller banks—lagged expectations.
- The "You Fight, We Help" debt relief program had a visible impact on lending yields, especially for TISCO, where most enrolled loans were title and auto HP loans. TTB and SCBx also saw modest effects. As of March 2025, adoption rates were 1.1% for TISCO, 1.6% for TTB, and 1.6–2% for SCBx. BBL and KBANK did not disclose loan amounts but indicated adoption rates were below 2%. Provisioning benefits from the program remain limited this quarter, with banks expecting more material impact in 2026.
- NPLs rose on relapse and slower resolutions, though asset quality stayed manageable due to earlier clean-ups and subdued loan growth. Credit costs declined for KBANK, SCBx, and KKP, while BBL, KTB, and TTB added extra provisions.
- Non-interest income rose, mainly from mark-to-market gains on debt securities and digital assets (SCB10x). Fee income growth was slow at just 1% y-y, though wealth management fees improved for KBANK and SCBx.
- Opex was well managed, and banks continue to identify cost-saving opportunities, providing a buffer against ongoing macro uncertainties.
- Capital management remains a key focus, though commitments to higher dividend payouts appear less firm than last year.

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