

Bank Sector – Neutral**Results Comment**

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Robust non-NII offsetting weak core

- 2Q25 net profits growth of 3% y-y but declining 4% q-q
- Banks utilized investment gain windfalls to build provisions
- KKP's results were the strongest, we like KTB's quality
- SCB and KBANK beat our estimates, TTB missed by 5%

Ex 1: 2Q25 results summary

(Bt m)	BBL	KBANK	KKP	KTB	SCB	TISCO	TTB	Industry
Net interest income	31,706	34,655	4,312	26,897	30,404	3,328	12,742	144,045
Change (q-q%)	(0.6)	(2.2)	(3.0)	(3.4)	(2.1)	0.0	(3.6)	(2.2)
Change (y-y%)	(4.3)	(6.7)	(13.9)	(10.5)	(6.7)	(1.7)	(10.2)	(7.4)
Net fee income	6,078	8,216	1,458	5,569	7,410	1,191	2,252	32,173
Change (q-q%)	(20.0)	(2.6)	11.6	2.3	(2.9)	1.3	(4.1)	(5.2)
Change (y-y%)	(11.3)	1.2	24.5	5.5	(1.6)	(3.3)	1.9	(0.7)
OPEX	20,094	20,804	3,454	16,974	17,530	2,190	7,271	88,316
Change (q-q%)	(3.2)	3.7	(1.7)	4.2	2.3	(2.3)	2.4	1.5
Change (y-y%)	4.6	(1.7)	(9.3)	3.3	(5.6)	(7.0)	1.5	0.1
Pre-provision profit	24,288	27,578	2,735	21,993	26,029	2,596	9,050	114,269
Change (q-q%)	(2.3)	(4.5)	12.2	(4.5)	1.0	6.9	(3.6)	(2.1)
Change (y-y%)	(0.0)	(5.2)	(0.3)	(2.4)	6.0	0.8	(10.8)	(1.5)
Provision	10,740	10,050	973	8,239	10,112	559	4,294	44,967
Change (q-q%)	18.4	2.4	(11.9)	0.2	5.7	44.9	(6.2)	5.2
Change (y-y%)	3.0	(13.9)	(45.0)	2.9	(13.0)	39.5	(18.7)	(8.6)
Normalized profits	11,840	12,488	1,409	11,122	12,786	1,644	5,004	56,293
Change (q-q%)	(6.2)	(9.4)	32.8	(5.1)	2.3	0.0	(1.8)	(3.7)
Change (y-y%)	0.3	(3.2)	83.3	(5.7)	27.7	(6.2)	(7.2)	3.4
% of 2025F profits	56.2	55.2	48.8	52.8	58.1	50.7	44.8	54.1

Growth

Loan growth (q-q%)	(0.30)	0.03	(1.20)	0.36	(1.28)	1.87	(0.43)	(0.28)
Loan growth (ytd)	0.73	(2.00)	(2.61)	(0.95)	(0.39)	1.43	(2.85)	(0.88)
Loan growth (y-y)	(0.26)	(2.16)	4.37	(8.38)	(1.81)	0.88	(7.03)	(0.95)
Deposit growth (q-q%)	(0.91)	(0.08)	0.03	0.18	(0.25)	1.62	(0.72)	(0.30)
Deposit growth (ytd)	0.83	0.04	(0.54)	0.95	(0.34)	1.56	(2.98)	0.05
Loan to deposit ratio (%)	84.89	89.49	100.25	96.94	97.12	112.28	93.53	92.45
NIM (q-q%)	(0.04)	(0.08)	(0.12)	(0.13)	(0.08)	(0.03)	(0.08)	(0.08)
Non interest income growth (y-y%)	22.27	4.51	21.58	35.20	24.62	(5.57)	14.46	18.99
Non interest income growth (q-q%)	(7.44)	1.66	24.49	5.25	10.86	8.57	9.45	3.34
Cost-to-income ratio (%)	45.27	43.00	55.81	43.56	40.24	45.76	44.55	43.59
NPL in absolute (q-q%)	7.90	(0.34)	(2.07)	(0.38)	(2.44)	1.37	(0.92)	0.90
Credit costs (%)	1.58	1.65	1.09	1.23	1.69	0.95	1.42	1.50
Loan loss coverage ratio (%)	269.12	152.53	116.28	188.76	150.64	154.79	149.47	185.47
Loan loss coverage ratio (q-q%)	(15.87)	3.85	1.09	6.47	(0.03)	0.97	(0.10)	0.46

Source: Company data

Seven banks under our coverage posted aggregate net profit growth of 3.4% y-y, but earnings declined 3.7% q-q. Results were broadly in line: BBL, TISCO, KKP, and KTB met expectations, SCB and KBANK beat, while TTB missed by 5%.

- KTB stands out for earnings quality, underpinned by resilient loan and fee income growth and stable asset quality. KKP delivered the strongest y-y and q-q profit growth, driven by improving asset quality and higher wealth management fees. SCB led the pack for large banks, led by lower Gen 2 credit costs, investment gains, and excellent cost control.

- Profits y-y were supported by strong mark-to-market and investment gains, which helped offset NIM compression and elevated provisions. The q-q profit decline reflected higher provisioning and seasonal expense increases.
- These gains—mainly from debt securities amid lower bond yields—made up a larger share of total income both y-y and q-q, with BBL and KTB realizing sizable profits from debt sales.
- Banks used these windfalls to build management overlays, with provisions rising 5% q-q, though still down 9% y-y. Credit costs averaged 1.5%, slightly above normal (1.4% in 1Q25; 1.6% in 2Q24).
- Asset quality improved, aided by prudent underwriting, active resolution, and the You Fight, We Help (YFWH) program—especially at TTB, SCB, KKP, and TISCO.
- While NPLs rose 1% q-q and 5% y-y, NPL formation improved, and the coverage ratio remained strong at 185%.
- Loan growth remained negative y-y and q-q, reflecting a cautious approach to lending. Only KTB (+4%) and TISCO (+1%) showed y-y growth.
- NIM declined 30bps y-y and 8bps q-q, impacted by rate cuts, a rising share of low-yield assets, and YFWH waivers—despite some relief from deposit repricing.
- Net fee income fell 1% y-y and 5% q-q, led by BBL's weak bancassurance, but non-NII remained solid, supported by investment gains and FIDF rebates under YFWH.
- Operating expenses were well contained, flat y-y and up just 1.5% q-q due to ongoing IT spending. Cost-to-income averaged 44%, slightly above 43% in 1Q25.

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