

Bank Sector – Neutral

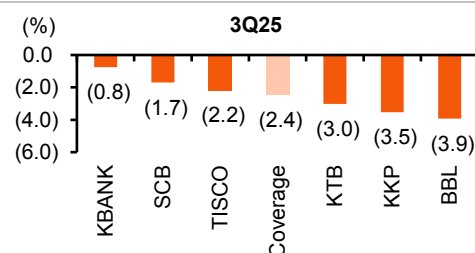
Rawisara Suwanumphai | Email: rawisara.suw@thanachartsec.co.th

Results Comment

Beat 3Q25: Strong non-NII offset weak NIM

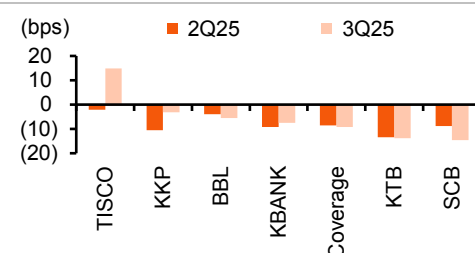
- **Robust non-NII totally offset...**
 - **... loan contraction and NIM decline**
 - **Asset quality remained under control**
 - **Maintain Neutral view to the sector, with KTB as top buy**
- The six covered banks delivered a combined **3Q25 net profit of Bt57bn (+13% y-y, +11% q-q)**, **beating our estimate by 8%** on the back of stronger FVTPL and fee income. The solid performance was driven by 1) a rise in FVTPL, gains on investment, and fee income following a more favorable capital market conditions; 2) an efficient opex control; and 3) a healthy asset quality, resulting in lower credit cost. These factors were able to offset a weak NII from lower NIM and a loan contraction.
- **KTB led the sector** with the strongest earnings growth, boosted by mark-to-market (MTM) gains and solid asset quality improvement.
- 1) **Loan contraction persists:** The aggregate loan volume fell 2.4% q-q, 1.2% y-y, dragged down by contractions across all segments as banks maintain a conservative lending. All banks reported negative q-q loan growth, with BBL seeing the steepest drop at -3.9%.
 - 2) **NIM pressure continues:** Sector NIM contracted by 9bps q-q to 3.06%, pressured by the BoT policy rate cut. While funding costs gradually declined, it was not able to fully offset lower asset yields. SCB saw the sharpest NIM drop (-15bps q-q), while TISCO was the only bank to record an improvement (+15bps q-q).
 - 3) **Robust non-NII:** Non-NII surged materially 38% y-y, 19% q-q, supported by two factors. First, banks continued to record strong gains on investment from bond portfolios, MTM gains on equity investments amid a more favorable environment, and MTM gains on Thai Airways (THAI TB, SELL, Bt9.8) at KTB and TISCO. Second, fee income +1% y-y, +10% q-q, from the recovery in the Thai stock market.
 - 4) **Good cost control:** Amid weak NII, banks tighten cost controls. The aggregate opex decreased by 3% y-y.
 - 5) **Healthy asset quality:** Sector NPLs declined 1.8% q-q, with all banks maintaining stable asset quality. Credit costs fell slightly to 149bps (vs. 150bps in 2Q25) as banks used strong non-NII gains to top up management overlays. Consequently, the sector coverage ratio improved to 200% (from 189% in 2Q25), reinforcing balance sheet resilience.

Ex 1: Loan Growth q-q



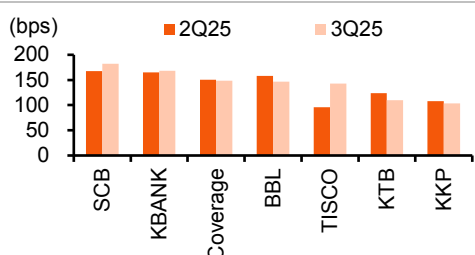
Source: Company data

Ex 2: Change In NIM q-q



Source: Company data

Ex 3: Credit Costs



Source: Company data

Ex 4: Summary 3Q25 Net Profit

	Net profit			Change	
	3Q24	2Q25	3Q25	y-y %	q-q %
BBL	12,583	11,915	13,893	10.4	16.6
KBANK	12,295	12,488	13,007	5.8	4.2
KKP	1,305	1,409	1,670	28.0	18.5
KTB	11,690	11,122	14,620	25.1	31.5
SCB	10,941	12,786	12,056	10.2	(5.7)
TISCO	1,713	1,644	1,730	1.0	5.3
Coverage	50,527	51,364	56,976	12.8	10.9

Source: Company data

Ex 5: 3Q25 Key Financial Highlight

(Bt m)	BBL	KBANK	KKP	KTB	SCB	TISCO	Coverage
Net interest income	30,750	34,158	4,233	25,871	29,413	3,428	127,853
Change q-q%	-3.0%	-1.4%	-1.8%	-3.8%	-3.3%	3.0%	-2.6%
Change y-y%	-7.8%	-6.9%	-14.3%	-13.4%	-9.9%	1.3%	-9.3%
Net fee income	6,549	9,328	1,547	5,826	8,296	1,287	32,833
Change q-q%	7.8%	13.5%	6.1%	4.6%	12.0%	8.1%	9.7%
Change y-y%	-5.6%	10.2%	4.3%	3.7%	7.2%	2.0%	4.2%
Non-interest income	16,869	14,821	2,496	15,191	14,161	1,836	65,375
Change q-q%	33.1%	8.0%	33.0%	25.9%	7.6%	26.0%	18.9%
Change y-y%	36.1%	23.2%	49.7%	47.3%	48.7%	31.6%	38.1%
OPEX	20,697	20,965	3,742	16,031	17,575	2,286	81,297
Change q-q%	3.0%	0.8%	8.3%	-5.6%	0.3%	4.4%	0.3%
Change y-y%	-5.2%	1.1%	-13.5%	-6.8%	-0.2%	-0.3%	-3.2%
Pre-provision profit	26,922	28,014	2,987	25,031	25,999	2,977	111,931
Change q-q%	10.8%	1.6%	9.2%	13.8%	-0.1%	14.7%	6.4%
Change y-y%	12.6%	0.1%	31.1%	8.8%	5.9%	19.7%	7.4%
ECL	9,742	10,179	909	7,202	10,823	830	39,685
Change q-q%	-9.3%	1.3%	-6.6%	-12.6%	7.0%	48.6%	-2.4%
Change y-y%	18.8%	-12.6%	33.3%	-13.4%	-1.3%	131.5%	-1.2%
Net profit	13,893	13,007	1,670	14,620	12,056	1,730	56,976
Change q-q%	16.6%	4.2%	18.5%	31.5%	-5.7%	5.3%	10.9%
Change y-y%	10.4%	5.8%	28.0%	25.1%	10.2%	1.0%	12.8%
Gross loans	2,606,661	2,415,594	345,727	2,592,394	2,353,470	230,409	10,544,255
Change q-q%	-3.9%	-0.8%	-3.5%	-3.0%	-1.7%	-2.2%	-2.4%
Change y-y%	-1.2%	-0.7%	-7.2%	1.1%	-3.3%	0.2%	-1.2%
Deposits	3,174,287	2,744,278	350,446	2,767,196	2,496,604	207,235	11,740,046
Change q-q%	-0.7%	0.9%	-1.9%	0.4%	1.3%	-1.2%	0.3%
Change y-y%	2.1%	-0.9%	1.8%	4.6%	2.6%	1.2%	2.0%
NPLs	103,404	90,755	16,961	91,154	95,252	5,333	402,859
Change q-q%	-2.0%	-0.2%	-3.1%	-3.7%	-0.9%	-5.9%	-1.8%
Change y-y%	-0.6%	-2.3%	-2.6%	-7.3%	0.7%	-5.1%	-2.4%
Key ratios (%)							
LDR	82.1%	88.0%	94.1%	93.7%	94.3%	111.2%	89.8%
NIM	2.68%	3.24%	3.73%	2.76%	3.44%	4.88%	3.06%
Cost to income	43.5%	42.8%	55.6%	39.0%	40.3%	43.4%	42.1%
Credit cost (bp)	147	168	103	109	182	143	149
NPL ratio	4.0%	3.8%	4.9%	3.5%	4.0%	2.3%	3.8%
ROE	9.6%	9.0%	10.5%	12.9%	10.0%	16.6%	10.4%

Sources: Company data, Thanachart estimates

Ex 6: Bank Sector Valuations

Stocks	Rating	Current	Target	Norm EPS growth		Norm PE		P/BV		Yield	
		price (Bt)	price (Bt)	2025F (%)	2026F (%)	2025F (x)	2026F (x)	2025F (x)	2026F (x)	2025F (%)	2026F (%)
BBL	SELL	155.50	133.00	1.0	(7.0)	6.5	7.0	0.5	0.5	5.5	5.5
KBANK	BUY	177.50	190.00	0.4	(2.9)	8.6	8.9	0.7	0.7	6.8	6.8
KKP	BUY	66.25	67.00	3.2	9.0	10.7	9.9	0.9	0.8	6.4	6.9
KTB	BUY	25.75	31.00	8.2	(10.9)	7.6	8.5	0.8	0.7	6.6	5.9
SCB	HOLD	134.00	135.00	7.2	(4.2)	9.6	10.0	0.9	0.9	8.4	8.0
TISCO	HOLD	108.00	102.00	(5.7)	0.1	13.3	13.3	2.0	2.0	7.2	7.2

Sources: Company data, Thanachart estimates

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