

## Bank Sector – Overweight

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News update

### BoT to standardize banking fees

- **BoT to standardize 10–15 fees**
  - **Modestly negative for SME fees**
  - **Earnings impact likely manageable**
  - **Overweight; prefer KTB and KKP**
- **News:** According to Thansettakij (local news), the Bank of Thailand (BoT) is working with financial institutions to establish a centralized standard for 10–15 banking transaction fees that are currently considered excessive or vary significantly across banks. These are categorized into two groups:
- 1) **General fees:** Includes cross-region transfers and withdrawals, cross-region cheque collections, statement requests, and ATM card fees.
  - 2) **SME fees:** Covering loan application fees (front-end fees), which currently range widely from 0.5% to 5%, as well as prepayment fees.

The framework is expected to be finalized within the next two months.

- **Our view:** We view the BoT's initiative as **modestly negative for sector fee income**, particularly in the SME segment where fee dispersion is wide. At this stage, it is difficult to quantify the earnings impact, as the BoT has not provided detailed guidelines or clarified whether fee caps will be imposed. However, as these fees account for a small portion of total revenue, the aggregate earnings impact should be limited, in our view.

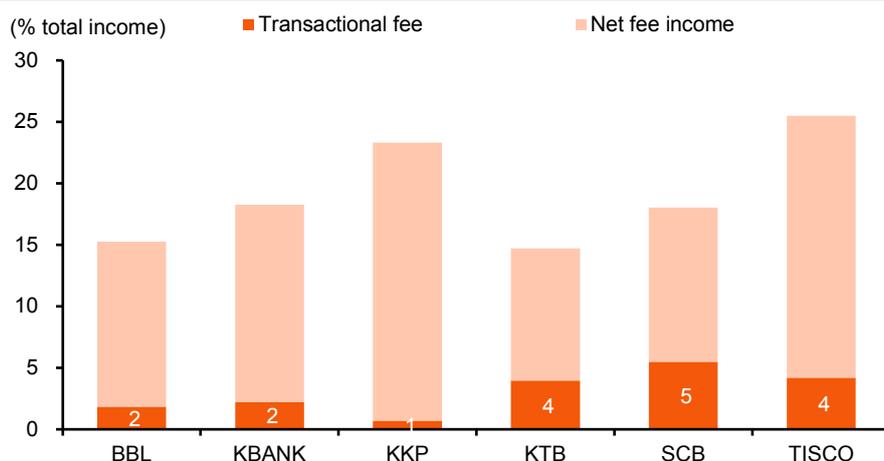
The focus is likely on SME and retail fees, implying *larger commercial banks face greater exposure than auto lenders*. General transaction fees are no longer key profit drivers, while SME front-end fees, though more meaningful, remain non-core relative to NII. **KBANK** may be relatively more sensitive given its strong SME franchise.

We reiterate our **Overweight** stance, underpinned by attractive dividend yields of c.6% p.a., with **KTB and KKP** as our top picks.

### Ex 1: Loan Breakdown

	BBL	KBANK	KKP	KTB	SCB	TISCO
Government	0%	0%	0%	21%	0%	0%
International	23%	0%	0%	0%	0%	0%
Corporate	49%	41%	15%	24%	36%	26%
SME	16%	24%	15%	10%	16%	6%
Retail	12%	31%	68%	46%	40%	68%
- Housing	11%	18%	17%	20%	33%	3%
- Unsecured	1%	5%	3%	23%	1%	0%
- Auto	0%	6%	44%	0%	5%	44%
- Other retail	0%	0%	4%	3%	1%	22%
Other loans	0%	4%	1%	0%	7%	0%

Sources: Company data, Thanachart estimates

**Ex 2: Transactional Fee To Total Income**

Sources: Company data, Thanachart estimates

Note: Our analysis is based on disclosed transactional fee income by each bank; however, varying definitions across institutions may affect comparability.

**Ex 3: Bank Sector Valuations**

Stocks	Rating	Current price (Bt)	Target price (Bt)	Norm EPS growth		Norm PE		P/BV		Yield	
				2026F (%)	2027F (%)	2026F (x)	2027F (x)	2026F (x)	2027F (x)	2026F (%)	2027F (%)
BBL	HOLD	174.50	162.00	(8.6)	5.0	7.9	7.5	0.6	0.5	4.9	5.2
KBANK	BUY	201.00	216.00	(7.4)	7.8	10.4	9.6	0.8	0.8	6.0	6.5
KKP	BUY	77.25	76.00	3.6	5.5	10.6	10.1	0.9	0.9	6.6	7.0
KTB	BUY	33.50	35.00	(4.3)	5.8	10.1	9.6	1.0	0.9	5.7	6.3
SCB	BUY	147.50	152.00	(1.5)	6.4	10.6	10.0	1.0	0.9	7.5	8.0
TISCO	HOLD	114.50	108.00	3.9	1.5	13.2	13.1	2.1	2.0	6.8	6.8

Sources: Company data, Thanachart estimates

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