

## Banking

**BANK**

NEUTRAL

**22 May 2025**

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### Flash Points

Net loans of the eight banks under coverage in April 2025 fell 0.6%mom, 2.0%yoy, and 1.1%ytd, mainly a drop in government loans and retail loans (leasing, housing, auto title) due to stricter loan policy. Only TISCO showed loan growth of 0.6%mom. Based on BOT database, NPL formation in 1Q25 stayed low for three quarters straight.

### Impact Insight

Loans weakened due to economic slowdown, uncertainty about U.S. trade policy, and stricter loan policy. 2Q25 loans are expected to stay weak, and 2025 loans are expected to stay close to 2024, while 4Q25 loans may grow thanks to high season.

Loans are expected to drop, while big-cap banks already cut M-rates (lending rates), so net interest income is expected to fall. Although NPL formation may slow down (improve), they are unlikely to make lower ECL provision than 1Q25 since macroeconomic risk is rising. 2Q25 profit is expected to stay flat qoq.

1Q25 net profit made up 27% of net profit forecast of B240bn (unchanged yoy), while 2Q-4Q25 profit is expected to drop, so we maintain 2025 forecast.

### Execution

Bank stocks have inexpensive valuation with PBV below 1x and dividend yields around 6%p.a. They are expected to rise thanks to dividend payment. We favor bank stocks with higher ROE like KTB and TISCO; they have high dividend yield of 7-8%p.a.



### Key Recommendation

Rec.	5/21/2025				2025F				2025F				SET ESG Ratings
	Close (B)	FV (B)	Upside	Div Yield	Total Return	EPS (B)	PER (X)	PBV (X)	Earning Yield	ROE			
BAY	-	21.80	27.00	23.3%	3.9%	27.2%	4.1	5.3	0.39	18.9%	8%	AAA	
BBL	Outperform	148.00	170.00	14.9%	5.7%	20.6%	23.7	6.2	0.48	16.0%	8%	AAA	
KBANK	Neutral	164.50	165.00	0.3%	6.4%	6.7%	20.7	7.9	0.68	12.6%	9%	AAA	
KKP	Neutral	47.75	51.00	6.8%	8.4%	15.2%	5.3	9.0	0.63	11.1%	7%	AA	
KTB	Outperform	22.40	25.25	12.7%	7.0%	19.7%	3.2	7.0	0.68	14.3%	10%	AAA	
SCB	Neutral	121.00	125.00	3.3%	8.6%	11.9%	13.0	9.3	0.82	10.7%	9%	AA	
TISCO	Outperform	98.25	102.00	3.8%	7.9%	11.7%	8.6	11.4	1.79	8.8%	16%	AAA	
TTB	Neutral	1.94	2.04	5.0%	6.7%	11.7%	0.2	9.6	0.77	10.4%	8%	AAA	

### BANK Stock Returns (May 21, 2025)

SET	-0.8%	-3.0%	4.0%	-5.3%	-18.1%	-13.9%	-15.7%
SETBANK	-1.2%	0.6%	6.0%	-3.3%	3.6%	9.9%	1.7%
BAY	-1.8%	-2.2%	0.0%	-6.8%	-13.3%	-15.8%	-10.6%
BBL	-0.7%	3.5%	3.1%	-4.8%	-1.0%	6.5%	-2.0%
KBANK	-1.8%	0.3%	12.5%	5.1%	12.1%	24.7%	7.4%
KKP	0.5%	2.7%	-4.5%	-16.2%	-7.7%	-9.0%	-9.0%
KTB	-0.4%	0.0%	10.9%	-6.7%	9.8%	30.2%	6.7%
SCB	-1.2%	0.8%	7.6%	-4.0%	5.7%	12.6%	3.0%
TISCO	-0.5%	0.3%	-1.8%	-1.3%	1.6%	0.0%	-0.3%
TTB	-1.0%	1.6%	6.6%	-1.0%	8.4%	9.6%	4.3%

Source: Bloomberg