Banking

MARKET WEIGHT
(Maintained)

4Q25 Results Preview: Expect Rate Bottoming And Post-Election Rally To Support Banking Share Price In 1H26

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Highlights

- We expect banks to report a combined net profit of Bt51.5b, down 1% yoy and 17% qoq.
- A post-election rally could be seen in 1H26.
- Maintain MARKET WEIGHT on the sector. Top pick is KTB.

Analysis

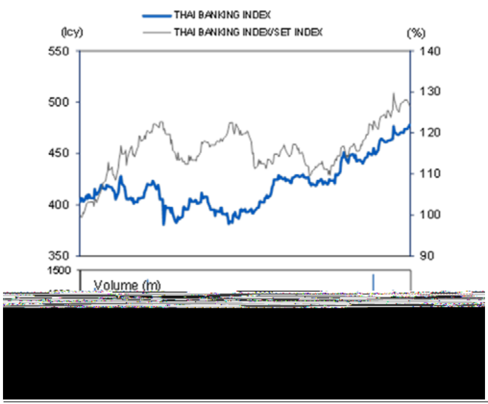
- **Expect 4Q25 earnings to drop yoy and qoq.** We expect banks under our coverage to post an aggregated net profit of around Bt51.5b in 4Q25, down 1% yoy and 17% qoq. Excluding provision expenses, we expect the banking sector's pre-provision operating profit to fall 10% yoy and 20% qoq.
- **Forecast a yoy loan contraction in 2025.** Although we forecast the loan portfolio to be flat qoq for the banking sector in 4Q25, we anticipate a 3% yoy loan contraction in 2025. This yoy loan reduction remains the same with our view in 1H25 where we expected to see a loan contraction for the banking sector because it prioritises well-controlled asset quality.
- **Anticipate credit cost softening qoq.** We expect the banking sector's credit cost to decrease by 33bp qoq to 117bp in 4Q25. We reiterate our view from 3Q25 that we project a significant qoq reduction in credit cost in 4Q25, underpinned by numerous government stimulus packages aimed at boosting economic growth despite seeing a house dissolution in late-25. We expect NPL ratio to decrease slightly qoq from 3.2% in 3Q25 to 3.1% in 4Q25.
- **Expect a post-election rally.** The Ex-Prime Minister, Anutin, announced the house dissolution on 12 Dec 25, with the general election scheduled for 8 Feb 26. We expect to see a rally after the election. Generally, investors will speculate ahead of the election by anticipating the new campaign and policies from various parties. Nevertheless, the market hopes to have a stable government to govern and disburse the budget continuously and seamlessly to stimulate the overall economy. Therefore, we are positive on the upcoming general election in Feb 26 and forecast the banking sector to perform well compared with the market after the election.
- **Market forecasts a policy rate of 1.00% in 1Q26.** The Bank of Thailand (BOT) cut policy rate by 25bp, resulting in a current policy rate of 1.25%. According to Bloomberg consensus, the market expects the policy rate to be lowered to 1.00% in 1Q26.

Sector Picks

Company	Ticker	Rec	Share Price 30 Dec 25	Target Price (Bt)
Krungthai Bank	KTB TB	BUY	28.25	32.00

Source: Bloomberg, UOB Kay Hian

Returns: Banking vs SET Index



Source: Bloomberg, UOB Kay Hian

Banking Performance in 2025 (30 Dec 25)

Source: Bloomberg, UOB Kay Hian

Peer Comparison

Company	Rec	Price 30 Dec 25 (Bt)	Target Price (Bt)	Upside Downside (%)	Market Cap (US$m)	Net Profit 2025F (Btm)	Net Profit 2026F (Bt m)	PE 2025F (x)	PE 2026F (x)	Net EPS Growth 2025F(%)	P/B 2025F (x)	Yield 2025F (%)	ROE 2025F (%)
BBL TB	HOLD	169.50	170.00	0.3	9,955	48,930	46,050	6.6	7.0	8.2	0.5	5.3	8.5
KBANK TB	HOLD (Prev BUY	194.50	200.00 200.00)	2.8	14,180	50,009	50,310	9.5	9.4	(0.4)	0.8	5.7	8.6
KKP TB	HOLD	68.00	68.00	-	1,772	5,404	5,597	10.4	10.1	9.8	0.9	6.2	8.4
KTB TB	BUY	28.25	32.00	13.3	12,148	49,424	46,062	8.0	8.6	9.9	0.8	7.5	10.9
SCB TB	HOLD	139.00	144.00	3.6	14,401	47,761	46,406	9.8	10.1	8.7	0.9	8.2	9.7
TISCO TB	HOLD	110.50	105.00	(5.0)	2,722	6,619	6,657	13.4	13.3	(4.0)	2.0	6.7	15.3
TTB TB	HOLD	2.02	2.04	1.0	6,064	20,280	21,161	9.6	9.2	(3.2)	0.8	6.5	8.5
Avg					61,242	228,426	222,241	8.7	9.0	5.8	0.9	6.7	9.6

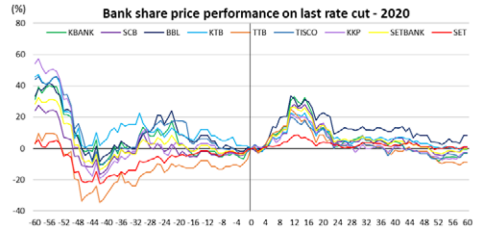
Source: UOB Kay Hian

4Q25 Earnings Preview

	4Q25F	3Q25	4Q24	qoq (%)	yoy (%)	2025F	2024	yoy (%)
Net profit (Btm)								
BBL	10,683	13,789	10,404	(22.5)	2.7	48,930	45,211	8.2
KBANK	10,722	13,007	10,768	(17.6)	(0.4)	50,009	48,872	2.3
KKP	1,263	1,670	1,406	(24.4)	(10.1)	5,404	4,985	8.4
KTB	11,968	14,620	10,990	(18.1)	8.9	49,424	44,968	9.9
SCB	10,416	12,056	11,707	(13.6)	(11.0)	47,761	43,943	8.7
TISCO	1,602	1,730	1,698	(7.4)	(5.6)	6,619	6,893	(4.0)
TTB	4,880	5,299	5,112	(7.9)	(4.5)	20,280	21,072	(3.8)
Total	51,535	62,172	52,085	(17.1)	(1.1)	228,426	215,946	5.8
Pre-provision operating profit (Btm)								
BBL	17,213	26,966	21,024	(36.2)	(18.1)	93,408	91,405	2.2
KBANK	25,130	28,280	26,411	(11.1)	(4.9)	110,257	111,570	(1.2)
KKP	2,574	2,987	2,693	(13.8)	(4.4)	10,735	10,232	4.9
KTB	19,051	26,496	21,493	(28.1)	(11.4)	92,738	91,437	1.4
SCB	22,407	26,106	25,127	(14.2)	(10.8)	100,490	99,397	1.1
TISCO	2,565	2,986	2,451	(14.1)	4.6	10,593	9,971	6.2
TTB	9,026	8,910	9,637	1.3	(6.3)	36,502	39,880	(8.5)
Total	97,965	122,731	108,837	(20.2)	(10.0)	454,723	453,892	0.2
Total loans (Btb)								
BBL	2,601	2,628	2,715	(1.0)	(4.2)	2,601	2,715	(4.2)
KBANK	2,440	2,435	2,500	0.2	(2.4)	2,440	2,500	(2.4)
KKP	353	355	376	(0.3)	(5.9)	353	376	(5.9)
KTB	2,633	2,615	2,723	0.7	(3.3)	2,633	2,723	(3.3)
SCB	2,346	2,380	2,429	(1.4)	(3.4)	2,346	2,429	(3.4)
TISCO	237	230	232	2.8	2.0	232	232	0.1
TTB	1,190	1,206	1,249	(1.3)	(4.7)	1,210	1,249	(3.1)
Total	11,800	11,849	12,225	(0.4)	(3.5)	11,816	12,225	(3.3)
NIM (%)								
BBL	2.6	2.7	3.1	-17bp	-52bp	2.8	3.0	-20bp
KBANK	3.3	3.4	3.7	-6bp	-34bp	3.4	3.7	-31bp
KKP	3.9	3.9	4.1	0bp	-23bp	3.9	4.2	-26bp
KTB	2.5	2.8	3.3	-29bp	-80bp	2.9	3.3	-44bp
SCB	3.5	3.6	4.0	-4bp	-51bp	3.7	4.0	-26bp
TISCO	5.1	5.0	5.0	11bp	10bp	4.9	4.8	10bp
TTB	3.0	3.0	3.3	2bp	-23bp	3.1	3.2	-19bp
Average	3.4	3.5	3.8	-6bp	-36bp	3.5	3.7	-22bp
Credit cost (bp)								
BBL	55	145	114	-90bp	-59bp	125	129	-4bp
KBANK	168	167	198	1bp	-30bp	163	189	-26bp
KKP	155	171	211	-16bp	-56bp	169	225	-56bp
KTB	49	108	101	-59bp	-52bp	100	117	-16bp
SCB	155	180	160	-25bp	-5bp	166	175	-9bp
TISCO	99	143	58	-44bp	40bp	101	59	42bp
TTB	137	132	149	6bp	-12bp	138	154	-15bp
Average	117	149	142	-33bp	-25bp	138	150	-12bp
NPL ratio (%)								
BBL	3.2	3.3	2.7	-7bp	53bp	3.2	2.7	53bp
KBANK	3.2	3.2	3.2	1bp	0bp	3.2	3.2	0bp
KKP	4.3	4.3	4.2	0bp	10bp	4.3	4.2	10bp
KTB	2.9	2.9	3.0	1bp	-10bp	2.9	3.0	-10bp
SCB	3.3	3.3	3.4	0bp	-8bp	3.3	3.4	-8bp
TISCO	2.3	2.3	2.4	-1bp	-5bp	2.3	2.4	-5bp
TTB	2.7	2.8	2.6	-6bp	16bp	2.7	2.6	16bp
Average	3.1	3.2	3.1	-2bp	8bp	3.1	3.1	8bp

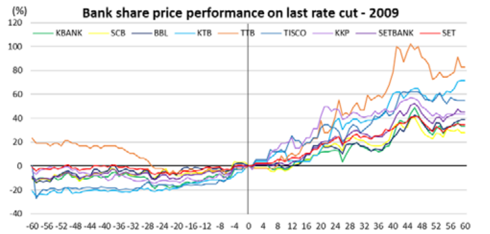
Source: Respective companies, UOB Kay Hian

Bank Performance – Rate Bottom in 2020



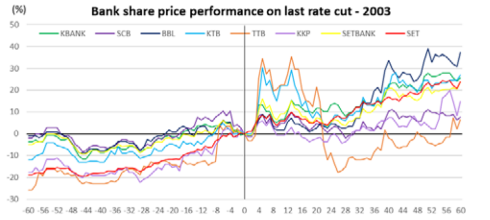
Source: Bloomberg, BOT, UOB Kay Hian

Bank Performance – Rate Bottom in 2009



Source: Bloomberg, BOT, UOB Kay Hian

Bank Performance – Rate Bottom in 2003

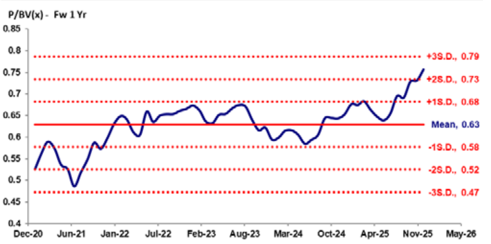


Source: Bloomberg, BOT, UOB Kay Hian

Sector PE Band

Source: UOB Kay Hian

Sector P/B Band



Source: UOB Kay Hian

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