

Thailand Bank Sector

Stable yields in NIM downcycle

Sector Valuation			Current price	Target price	Norm EPS grw		Norm PE		P/BV		Div yield	
Company	BBG Code	Rec.	(Bt)	(Bt)	2025F (%)	2026F (%)	2025F (x)	2026F (x)	2025F (x)	2026F (x)	2025F (%)	2026F (%)
Bangkok Bank	BBL TB	SELL	149.00	133.00	1.0	(7.0)	6.2	6.7	0.5	0.5	5.7	5.7
KASIKORNBANK	KBANK TB	BUY	167.50	190.00	0.4	(2.9)	8.1	8.4	0.7	0.6	7.2	7.2
Kiatnakin Bank	KKP TB	BUY	59.00	67.00	3.2	9.0	9.6	8.8	0.8	0.7	7.2	7.8
Krung Thai Bank	KTB TB	BUY	26.25	31.00	8.2	(10.9)	7.7	8.7	0.8	0.8	6.5	5.8
SCB X	SCB TB	HOLD	127.00	135.00	7.2	(4.2)	9.1	9.5	0.9	0.8	8.8	8.4
Tisco Fin. Group	TISCO TB	HOLD	99.50	102.00	(5.7)	0.1	12.2	12.2	1.8	1.8	7.8	7.8

Source: Thanachart estimates, note: based on 11 September 2025 closing prices

We maintain our **NEUTRAL** weighting on Thai banks, expecting dividend yields to be managed, through investment gains and payout boosts, at stable levels during this NIM downcycle. KTB is our top sector pick, followed by KBANK and then KKP.

Stable dividend yields; staying NEUTRAL

This report marks a transfer of coverage to a new banking analyst. We maintain our NEUTRAL sector weighting. **First**, we expect Thai banks to maintain attractive dividend yields of 6-9% in 2025-27F amid the falling NIM environment. **Second**, cushions against the NIM impact include investment gains from bond portfolios and Thai Airways International (THAI TB, SELL, Bt14.5) holdings, room to increase payout ratios, and further cost controls. **Third**, we view the sector's P/BV of 0.6x vs. an 8.3% ROE in 2026F as inexpensive.

3-18% earnings cushions before yields to be cut

We conduct a stress test to determine the maximum level of earnings drop for each bank before they must reduce their 2025 dividend payment below 2024 levels. The result (Exhibits 9, 13-14) indicates all banks can sustain their 2024 dividend payment levels in 2025-26F. We estimate KTB can withstand up to 18% potential downside to our earnings forecasts, BBL and SCB 13%, KBANK 10%, KKP 8%, and TISCO 3%.

Counterfactors to falling NIM

The policy rate has been cut four times from a peak of 2.50% in September 2024 to 1.50% in August 25. We expect two more cuts to 1.00% in 1Q26F. Without mitigating action, this could result in 13% downside risk to our sector earnings estimate for 2026F. However, we expect banks to manage the falling rate impact via three factors: 1) NIM cushions of loan-to-deposit ratio optimization, excess liquidity reduction, and term deposit rate cuts (KBANK has room here); 2) investment gains from bond and THAI holdings (KTB has room here); and 3) cost control (SCB has a proven track record). Therefore, we expect 2026F sector net profit to drop only 6% y-y.

KTB is our top sector pick

We like **KTB** the most in the sector for its ample room and mechanisms to manage high dividend yields. We upgrade **KBANK** to BUY (from Hold) due to its higher dividend payout policy and stable asset quality. **KKP** stands out among small banks for easing asset quality risks. We maintain our HOLD calls on **SCB** and **TISCO** due to high yields but elevated valuations. We downgrade **BBL** to SELL (from Buy) due to more pressure on NIM than peers and no plans to increase its payout ratio. See Exhibit 31 for our earnings revisions and Exhibit 30 for our new TPs, which are rolled over to 2026F.

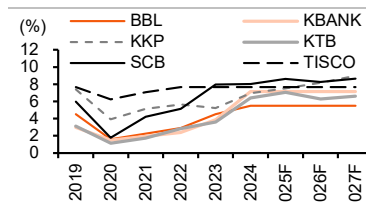


RAWISARA SUWANUMPHAI

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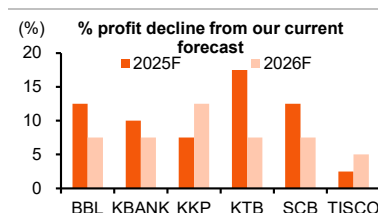
rawisara.suw@thanachartsec.co.th

Dividend Yields Remain Appealing



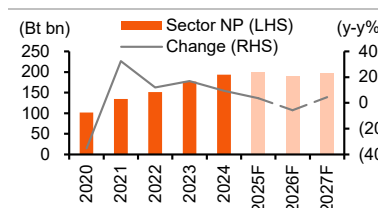
Sources: Company data, Thanachart estimates

Earnings Buffer Supports 2024 DPS



Sources: Company data, Thanachart estimates

Aggregate Net Profit Growth



Sources: Company data, Thanachart estimates

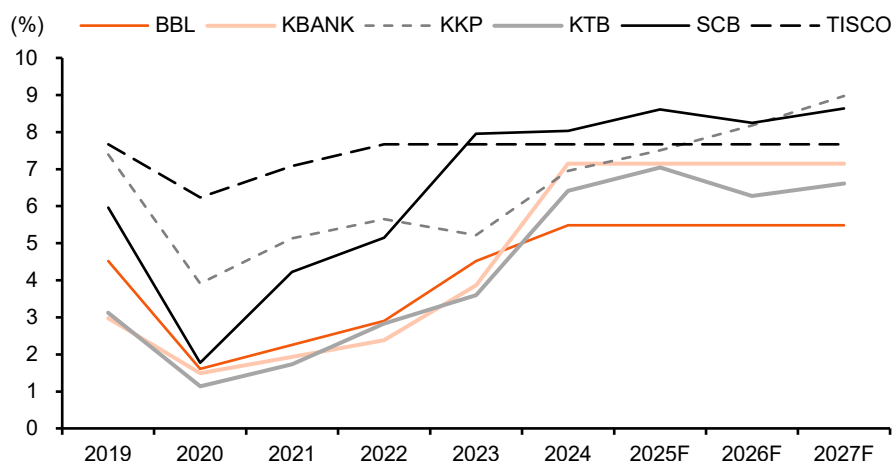
Sustainable dividend in a falling rate cycle

We maintain our NEUTRAL stance on the Thai banking sector, arguing that the sector's high dividend yield story will remain intact amid the falling interest rate trend. Our investment case is as follows:

Sustainable dividend yields of 6-9% p.a. in 2025-27F

First, despite a falling NIM environment, we expect Thai banks to deliver sustainable and attractive dividend yields in a range of 6-9% in 2025-27F. This is due to strong capital bases allowing for continued capital management policies, including room to increase payout ratios.

Ex 1: Dividend Yields Remain Appealing



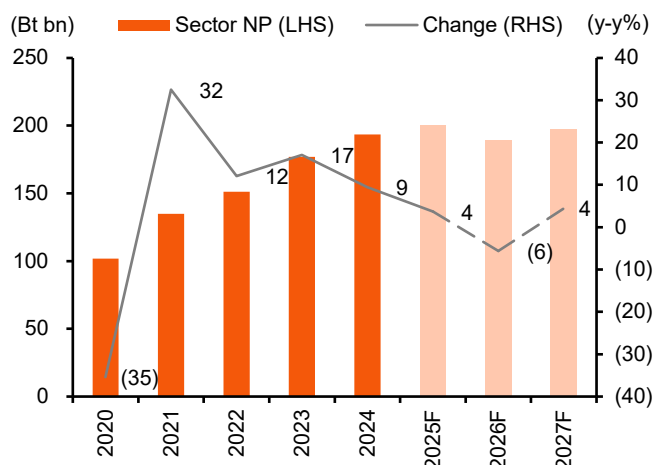
Sources: Company data, Thanachart estimates

Cushions exist to absorb falling interest rate impact

Second, there are cushions for Thai banks to absorb the impact from the falling interest rate trend, and we do not expect a sharp drop in earnings. The cushions are: 1) net interest margin (NIM) cushions from loan-to-deposit (LDR) optimization, excess liquidity reduction, and term deposit rate cuts, 2) investment gains, and 3) cost control.

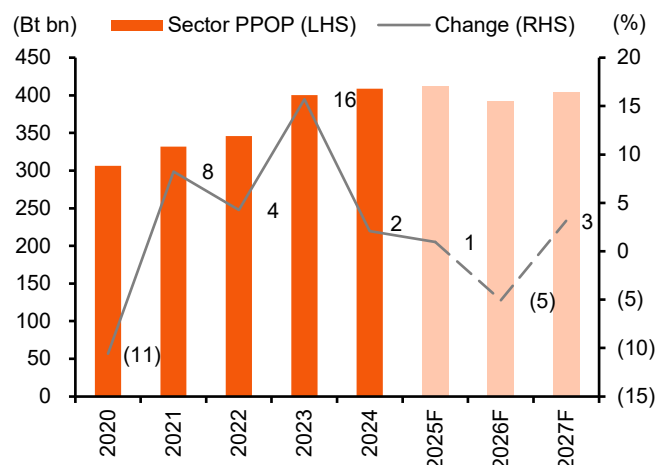
We estimate +4/-6/+4% sector earnings growth despite -30/-13/+4bps changes in NIM over 2025-27F. We expect the resumption of earnings growth in 2027F to be underpinned by stabilizing interest rates and efficiency cost control.

Ex 2: Aggregate Net Profit Growth



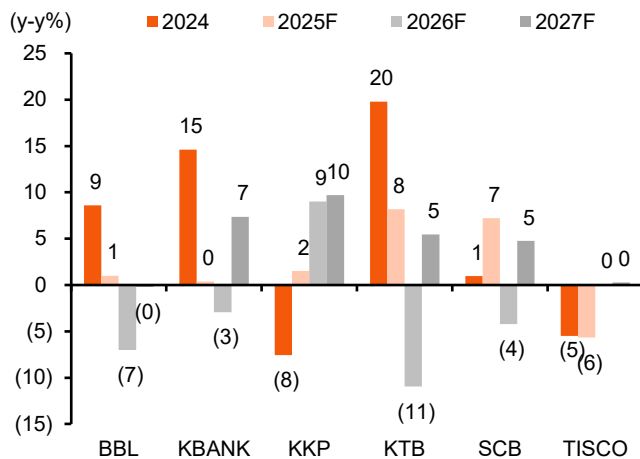
Sources: Company data, Thanachart estimates

Ex 3: Aggregate Pre-provisioning Profit Growth



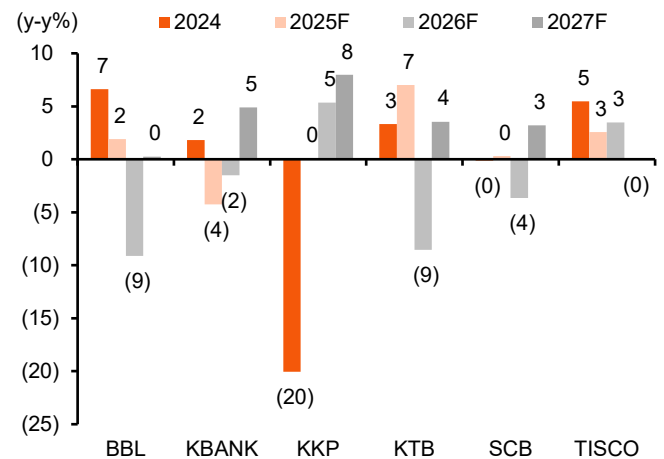
Sources: Company data, Thanachart estimates

Ex 4: Net Profit Growth



Sources: Company data, Thanachart estimates

Ex 5: Pre-provisioning Profit Growth

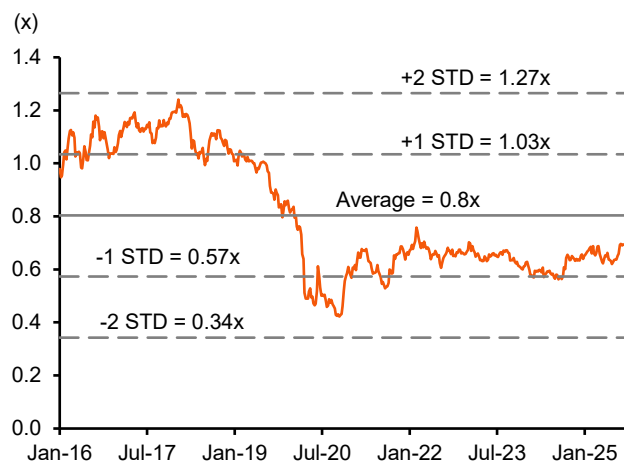


Sources: Company data, Thanachart estimates

Inexpensive valuation at 0.6x 2026F P/BV

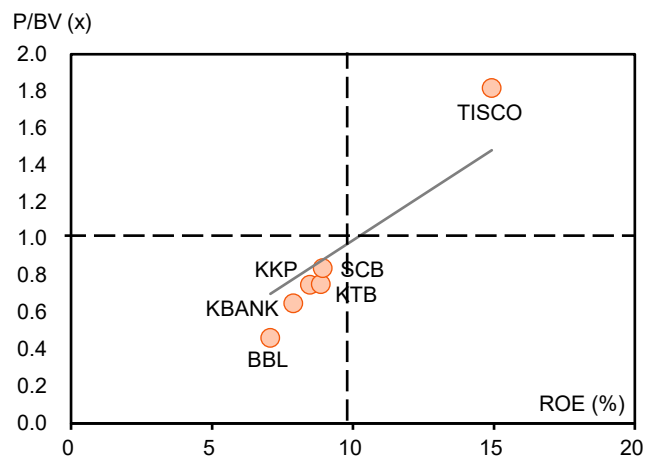
Third, the Thai bank sector is trading at an inexpensive valuation of 0.6x P/BV in our view, against an ROE of 8.3% in 2026F.

Ex 6: Sector's P/BV STD Band



Sources: Bloomberg, Thanachart estimates

Ex 7: Comparing P/BV Vs. ROE In 2026F

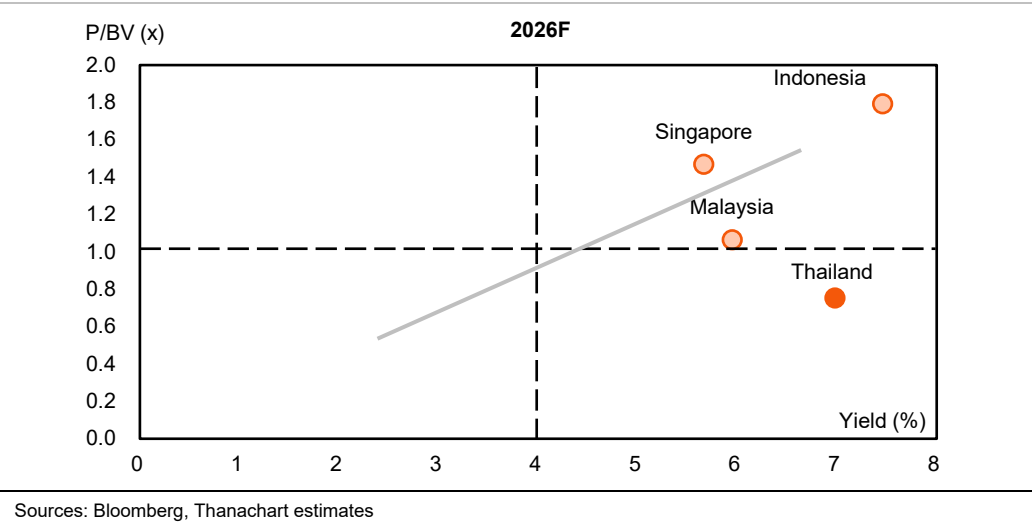


Source: Thanachart estimates

Lowest P/BV and second-highest yield among regional peers

Thai banks are also trading at the lowest P/BV among regional peers while offering the second-highest dividend yield. Banks in Indonesia, Malaysia, and Singapore trade at an average price-to-book value (P/BV) ratio of 1.0-1.9x. This is despite Thai banks' ROE having improved steadily through better cost control and efficient capital management.

Ex 8: Attractive Against Peers On P/BV And Yield

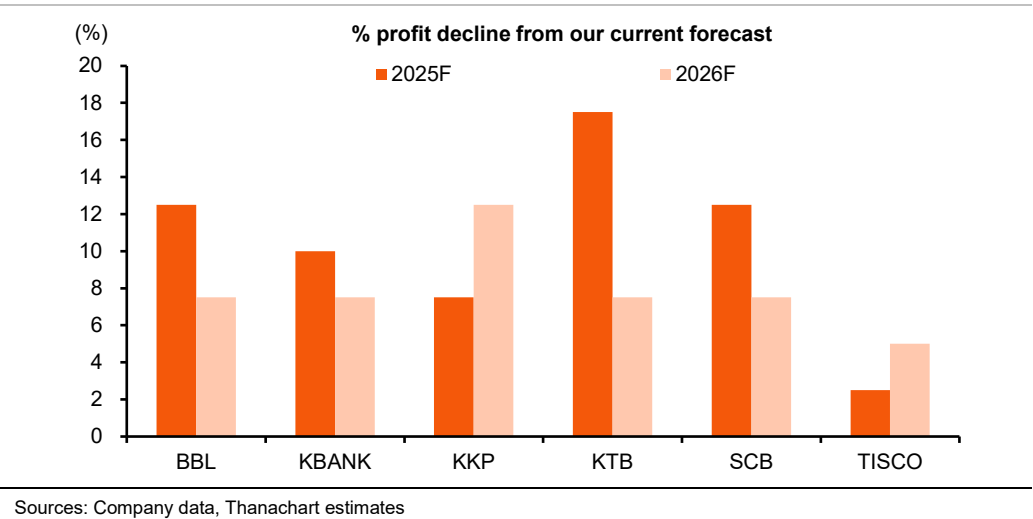


3-18% earnings cushions before yields to be cut

Earnings would have to fall 3-18% before DPS drops below 2024 levels

We expect Thai banks to be able to sustain their high dividend yields in the environment of falling interest rates. In this section of this report, we calculate the degree of earnings downside from our forecasts that banks can endure before they have to cut their dividend per share (DPS) below their 2024 levels, which range from 3% to 18%.

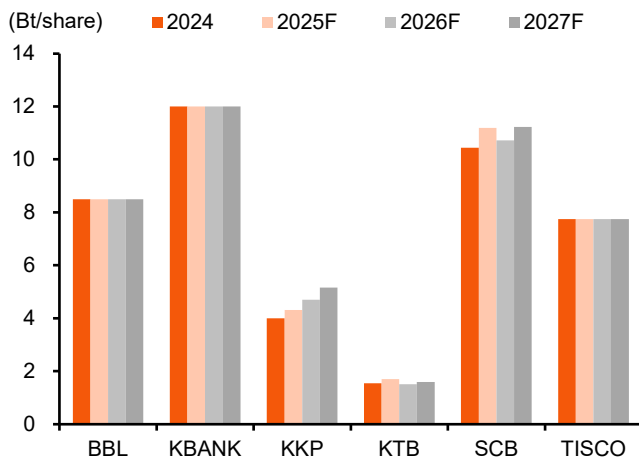
Ex 9: High Earnings Buffer To Sustain 2024 Dividend Per Share



Sustainable DPS at a high base

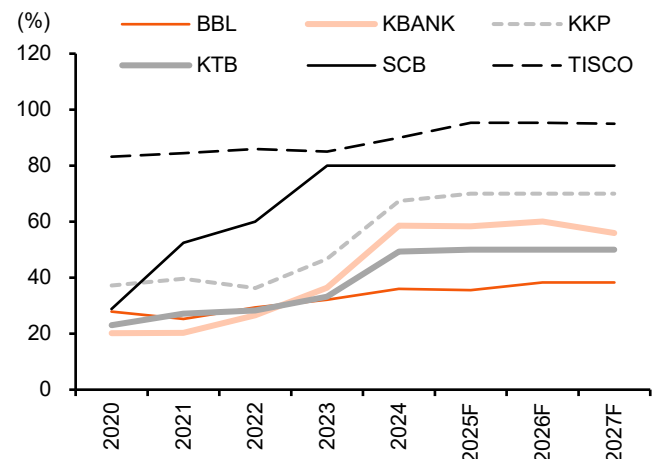
We expect Thai banks to be able to maintain DPS in 2025-26F at a level close to 2024 on average, amid the falling interest rate environment. We consider DPS in 2024 as a high base, as banks applied capital management strategies to boost their dividend payments.

Ex 10: Our DPS Forecasts



Sources: Company data, Thanachart estimates

Ex 11: Dividend Payout Ratio

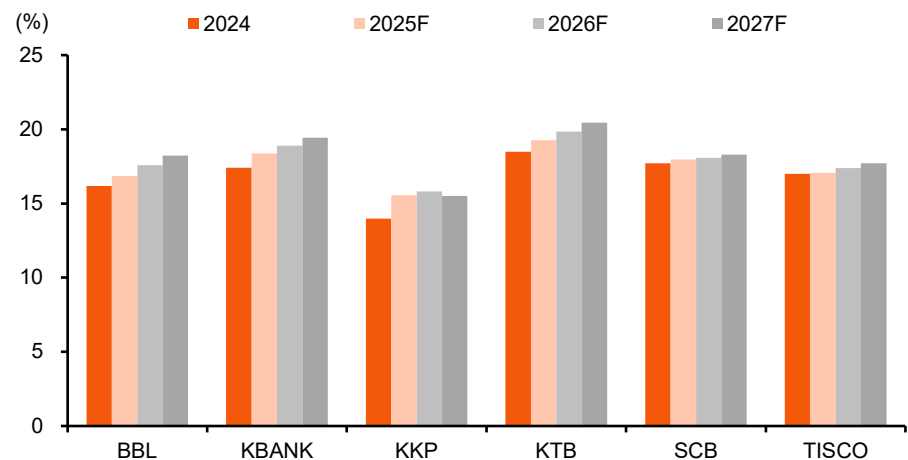


Sources: Company data, Thanachart estimates

Strong Tier 1 gives a cushion for higher payout ratios if necessary

The cushion to help banks maintain DPS despite our stress test of 3-18% earnings downside from our forecasts is their strong capital positions that allow room for them to increase payout ratios if necessary.

Ex 12: Strong Tier-1 Capital Implies Room For Higher Payout Ratios



Sources: Company data, Thanachart estimates

Most banks have decent cushions to sustain their DPS

Exhibits 13-14 show our analysis for each bank, indicating that they can sustain 2024 DPS without aggressive increases in their payout ratios.

From Exhibit 13, we can see that KTB has the strongest earnings buffer in 2025F, which can withstand an earnings drop of up to 18% from our forecast before its DPS is cut below the 2024 level. SCB and BBL follow with a 13% tolerance, while we believe KBANK can withstand up to 10%. KKP shows moderate resilience at 8%, and TISCO has the smallest cushion, tolerating only a 3% decline, based on our estimates.

As for 2026F, the buffer will likely be less, as we already estimate a 6% sector earnings drop from 2025F due to falling NIM. As seen in Exhibit 14, KKP emerges as the most resilient bank, able to absorb a 13% decline in profit from our current forecast. It is followed by KBANK, KTB, BBL, and SCB, each capable of withstanding up to 8%. Meanwhile, TISCO ranks last, with just a 5% tolerance.

Ex 13: Degree Of Earnings Downside In 2025F Before DPS Is Cut Below 2024's Level

	2024 DPS (Bt/share)	2024 payout (%)	Payout ratio at % downside to 2025F earnings forecast						
			-3%	-5%	-8%	-10%	-13%	-15%	-18%
BBL	8.50	36%	36%	37%	38%	39%	41%	42%	43%
KBANK	12.00	59%	60%	61%	63%	65%	67%	69%	71%
KKP	4.00	67%	68%	70%	72%	74%	76%	78%	80%
KTB	1.55	49%	47%	48%	49%	51%	52%	54%	55%
SCB*	10.44	80%	77%	79%	81%	83%	85%	88%	90%
TISCO	7.75	90%	98%	100%	103%	106%	109%	112%	116%

Sources: Company data, Thanachart estimates

Note: 1) Green = comfortable levels of payout increases; Yellow = levels of payouts that need caution; Red = unlikely to increase payout to those levels

2) SCB is unlikely to raise its payout ratio above 80%. In our scenario analysis, we assume its DPS declines by ≤5% from 2024. This translates into a modest reduction in dividend yield of ≤0.5%.

Ex 14: Degree Of Earnings Downside In 2026F Before DPS Is Cut Below 2024 Level

	2024 DPS (Bt/share)	2024 payout (%)	Payout ratio at % downside to 2026F earnings forecast						
			-3%	-5%	-8%	-10%	-13%	-15%	-18%
BBL	8.50	36%	39%	40%	41%	42%	44%	45%	46%
KBANK	12.00	59%	62%	63%	65%	67%	69%	71%	73%
KKP	4.00	67%	62%	64%	66%	68%	70%	72%	74%
KTB	1.55	49%	52%	54%	55%	57%	58%	60%	62%
SCB*	10.44	80%	80%	82%	84%	87%	89%	92%	94%
TISCO	7.75	90%	98%	100%	103%	106%	109%	112%	115%

Sources: Company data, Thanachart estimates

Note: 1) Green = comfortable levels of payout increases; Yellow = levels of payouts that need caution; Red = unlikely to increase payout to those levels

2) SCB is unlikely to raise its payout ratio above 80%. In our scenario analysis, we assume its DPS declines by ≤5% from 2024. This translates into a modest reduction in dividend yield of ≤0.5%.

Exhibit 15 compares our earnings forecasts to the Bloomberg consensus. On average, our estimates are 4% above the consensus in 2025F and 2% below in 2026-27F. We believe our higher estimate for 2025F is due to our factoring in higher mark-to-market gains and investment gains. Our lower estimates for 2026-27F are due to us having lower policy rate assumptions than the consensus. We expect two more policy rate cuts in 4Q25-1Q26F to 1.00% from the current level of 1.50%. However, the consensus projects the rate to fall to 1.25% in 4Q25.

Ex 15: Comparing TNS Vs. Bloomberg Banking Net Profit Forecasts

Net profit (Bt m)	TNS			Bloomberg			Diff		
	2025F	2026F	2027F	2025F	2026F	2027F	2025F	2026F	2027F
BBL	45,659	42,465	42,380	43,658	43,507	44,407	4.6	(2.4)	(4.6)
KBANK	48,774	47,347	50,836	47,758	48,045	51,185	2.1	(1.5)	(0.7)
KKP	5,107	5,566	6,107	4,955	5,095	5,307	3.1	9.3	15.1
KTB	47,444	42,254	44,562	44,735	43,935	46,203	6.1	(3.8)	(3.6)
SCB	47,116	45,126	47,272	45,560	45,617	48,257	3.4	(1.1)	(2.0)
TISCO	6,511	6,516	6,534	6,475	6,563	6,734	0.6	(0.7)	(3.0)
Coverage	200,610	189,275	197,692	193,141	192,763	202,092	3.9	(1.8)	(2.2)

Sources: Bloomberg, Thanachart estimates

Counterfactors to falling NIM

NIM can be managed via...

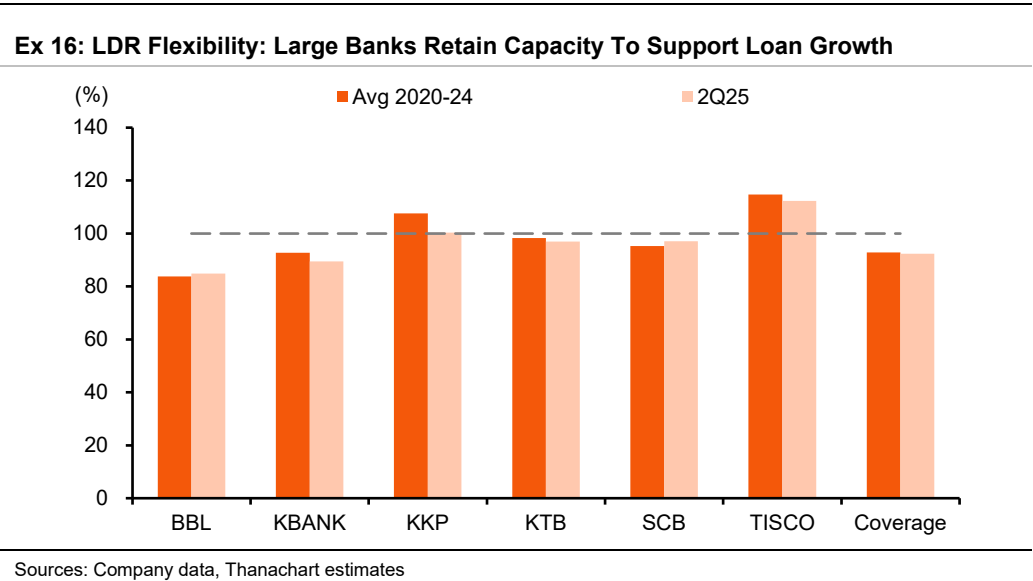
Thailand's policy rate has been cut four times from a peak of 2.50% in September 2024 to 1.50% in August 2025. We expect two more cuts to 1.00% in 1Q26F, bringing the rate to 1.00%. In an unmitigated scenario, we estimate this would translate into a 13% downside risk to the sector's earnings, mainly through narrower NIM as asset yields reset faster than funding costs. However, we see scope for the sector to offset much of the impact through NIM management, investment gains, and cost controls.

#1 NIM management – clearer benefits in 2027F

Banks can consider the following measures to defend NIMs, though we expect only partial effectiveness in 2026F, with more meaningful results in 2027F due to the lag in liability repricing.

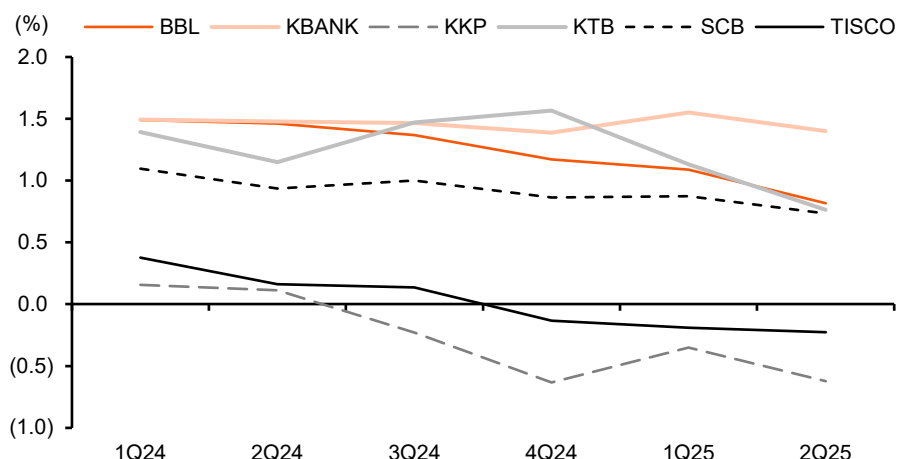
...high LDR ...

- 1) **LDR flexibility:** We believe a LDR in the high-90s remains acceptable for large banks, given their stronger ability to manage deposits compared to smaller peers. This suggests that KBANK, KTB, and SCB still have room to raise their LDRs, as current levels are below historical averages. Such a shift would allow loan growth to outpace deposit growth, supporting interest income. In contrast, TISCO and KKP appear to have limited flexibility, as their LDRs are already elevated. Meanwhile, BBL continues to adopt a more conservative approach and looks unlikely to aggressively ease its LDR, despite having the capacity to do so.



...liquidity management...

- 2) **Liquidity management:** We believe KBANK is best positioned to benefit from reallocating excess liquidity into higher-yielding interbank placements or investment assets, due to the wide spread between deposit costs and returns on interbank assets. Also, BBL, SCB, and KTB could pursue similar strategies, though with more modest benefits. Meanwhile, KKP and TISCO are less likely to benefit meaningfully, given higher funding costs and lower return spreads.

Ex 17: Spread Between Deposit Costs And Returns On Interbank Assets

Sources: Company data, Thanachart estimates

...and deposit rate cuts

- 3) More aggressive deposit rate reductions:** Our analysis of policy rate transmission since 2011 shows that Thai banks have historically passed through policy rate cuts to lending and deposit rates at varying degrees. During the current downward cycle (September 2024 to August 2025), the pass-through to lending rates has been partial, while deposit rate adjustments continue to lag behind lending rates. Looking ahead, we believe regulators may pressure banks to accelerate the pass-through of lending rates, but banks retain room to defend their margins by cutting term deposit rates more aggressively. This should mitigate NIM compression in the near term and improve profitability in 2027 as funding costs normalize.

Lending rate pass-through: Partial in this cycle

- September 2024 to August 2025: Banks passed through only 50% of policy rate cuts to MLR/MRR and 90% to MOR.
- In the most recent August 2025 cut, banks passed through 100% to all lending rates. However, the aggregate pass-through for this cycle remains below historical averages.
- Given this, we believe regulators may enforce stricter compliance with rate transmission in subsequent rounds to ensure monetary policy effectiveness.

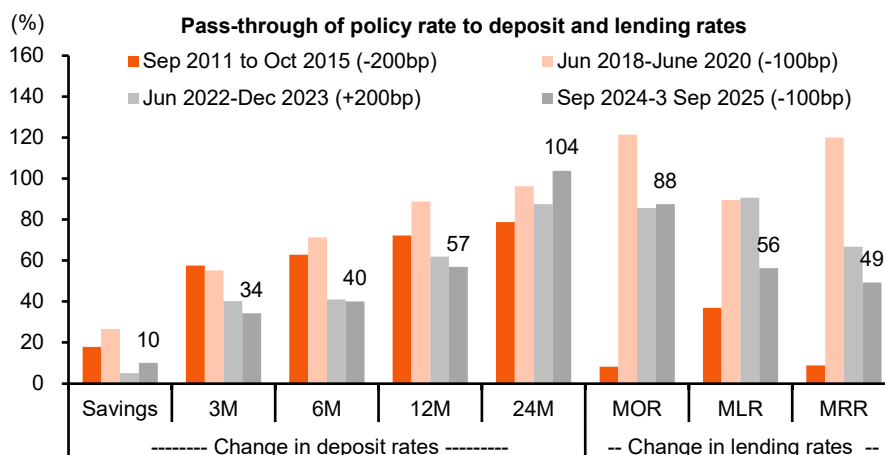
Deposit rate pass-through: Still-lagging lending rates

- September 2024 to August 2025: Banks have passed through smaller adjustments to deposit rates compared with lending rates, especially in the 3-12M fixed deposit segment. Also, most banks have maintained savings rates at 0.25%.
- If regulators enforce 100% pass-through of lending rate cuts, we expect banks to respond by reducing savings rates by 5-10bps and further trimming 3-12M fixed deposits to defend margins. We believe that slow loan growth and ample liquidity would allow banks to cut deposit rates.

Ex 18: Policy Rate Transmission In Thai Banks

	Change in	% Change in lending rates			% Change in deposit rates				
Period	policy rate (bps)	MOR	MLR	MRR	Savings	3M	6M	12M	24M
Sep 2011 to Oct 2015	-200								
BBL	From 3.5% to 1.5%	6%	38%	6%	16%	56%	63%	69%	69%
KBANK		12%	38%	12%	19%	56%	63%	75%	85%
KTB		6%	36%	6%	19%	60%	63%	69%	74%
SCB		9%	36%	12%	19%	58%	64%	76%	88%
KKP									
TISCO		-2%	25%	-6%	34%	76%	71%	73%	80%
Big 4		8%	37%	9%	18%	58%	63%	72%	79%
Total		6%	35%	6%	21%	61%	65%	72%	79%
Jun 2018-June 2020	-100								
BBL	From 1.5% to 0.5%	125%	100%	138%	31%	63%	75%	100%	100%
KBANK		128%	78%	115%	25%	53%	70%	85%	95%
KTB		130%	103%	90%	25%	53%	75%	80%	95%
SCB		103%	78%	138%	25%	53%	65%	90%	95%
KKP		125%	63%	125%	0%	30%	30%	30%	35%
TISCO		165%	140%	603%	13%	50%	55%	50%	45%
Big 4		121%	90%	120%	27%	55%	71%	89%	96%
Total		133%	89%	187%	21%	44%	52%	63%	66%
Jun 2022-Dec 2023	+200								
BBL	From 0.5% to 2.5%	84%	93%	68%	13%	41%	38%	55%	75%
KBANK		88%	90%	67%	3%	38%	41%	63%	88%
KTB		85%	90%	68%	3%	43%	43%	65%	98%
SCB		87%	90%	65%	3%	39%	43%	65%	90%
KKP		86%	83%	77%	0%	43%	48%	53%	55%
TISCO		83%	83%	71%	1%	66%	68%	65%	64%
Big 4		86%	91%	67%	5%	40%	41%	62%	88%
Total		85%	87%	70%	3%	43%	44%	59%	75%
Sep 2024-19 Aug 2025	-100								
BBL	From 2.5% to 1.5%	80%	60%	40%	25%	35%	35%	40%	50%
KBANK		90%	55%	52%	5%	25%	35%	48%	100%
KTB		90%	55%	53%	5%	32%	35%	50%	75%
SCB		90%	55%	52%	5%	25%	35%	50%	105%
KKP		58%	53%	60%	0%	30%	15%	40%	70%
TISCO		65%	55%	55%	2%	55%	55%	60%	63%
Big 4		88%	56%	49%	10%	29%	35%	47%	83%
Total		80%	56%	52%	6%	30%	31%	46%	73%

Sources: Company data, Bank of Thailand

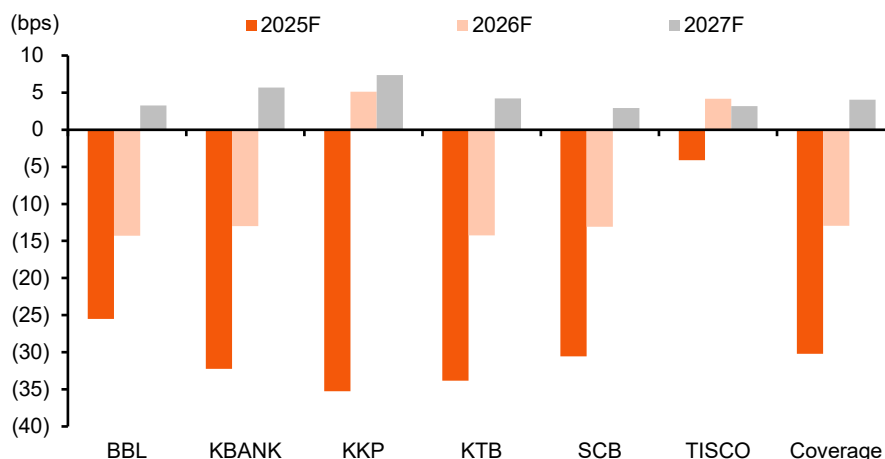
Ex 19: Policy Rate Transmission (Average For Big 4 Banks)

Sources: Company data, Thanachart estimates

**We estimate -30/-13/+4
NIM changes in 2025-27F**

All in all, we estimate Thai banks' aggregate NIM to decline by 30bps in 2025F to 3.15%, followed by a further 13bps drop in 2026F, before stabilizing with a +4bps recovery in 2027F.

Bank-level performance diverges. In 2026, TISCO and KKP are the banks where NIM would be able to expand, supported by a higher fixed-lending proportion and disciplined funding-cost management. In contrast, large banks face 13-14bps declines, with SCB and KBANK likely to outperform BBL and KTB, given their more balanced loan mix and lower exposure to floating-rate assets. Meanwhile, we expect the NIM of all banks in 2027 to increase slightly due to the benefit of lower funding costs perhaps starting to kick in.

Ex 20: Change In NIM (bps)

Sources: Company data, Thanachart estimates

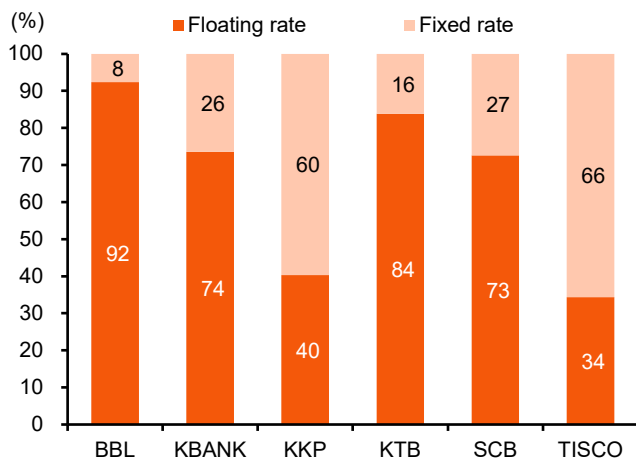
Policy rate sensitivity

In our current aggregate net profit estimate, we assume the Bank of Thailand (BoT) will lower the policy rate to 1.0% by 1Q26F. Nonetheless, we also provide an earnings sensitivity analysis in the event of further rate cuts beyond our forecast. On a full-year basis, every 25bps additional policy rate cut would have a 6.3% negative impact on aggregate net profit. BBL would be the hardest hit, with an estimated 8.5% potential downside to its bottom line. KTB would follow, with 7.7% potential downside.

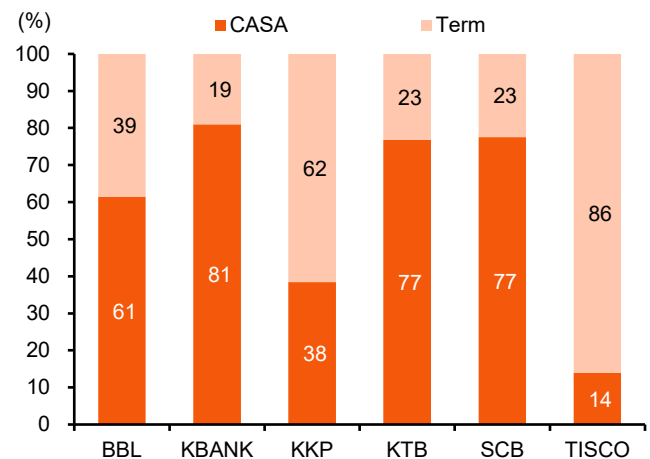
Ex 21: NIM And Earnings Sensitivity To Each 25bp Policy Rate Cut

	NIM (bps)	Net profit (%)
BBL	(10.5)	(8.5)
KBANK	(9.5)	(5.9)
KKP	2.2	1.6
KTB	(13.4)	(7.7)
SCB	(9.1)	(5.2)
TISCO	5.9	2.1

Source: Thanachart estimates

Ex 22: Floating Rate And Fixed Rate Loans Of Each Bank

Sources: Company data, Thanachart estimates

Ex 23: CASA And Term-Deposits Of Each Bank

Sources: Company data, Thanachart estimates

#2 Investment gains – trading gains and strategic investments**Gains from bond portfolios and THAI to support earnings**

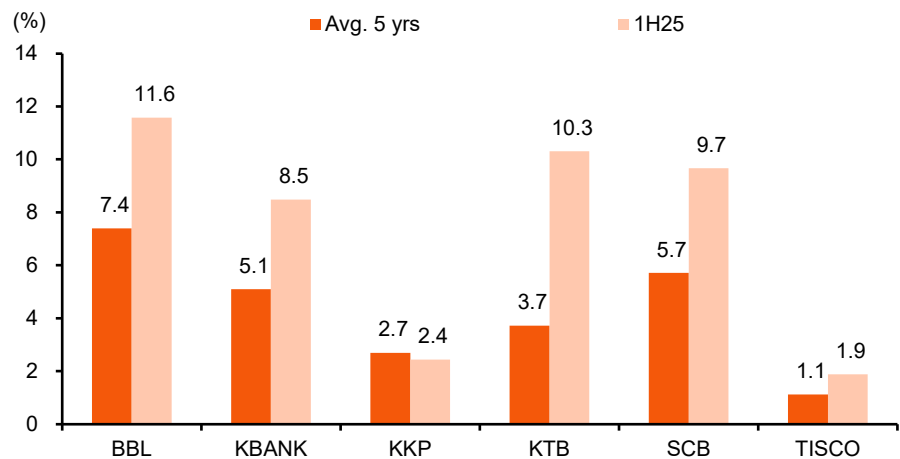
Investment gains have helped support 2025F earnings, and we see room for this to continue. *First*, banks have enjoyed the falling bond yield trend by booking investment gains from their fixed-income portfolios via both trading and mark-to-market gains. *Second*, some banks own stakes in Thai Airways International (THAI TB, SELL, Bt14.50), having obtained these via debt-to-equity conversions in the past. THAI has recently been re-listed, and banks can book investment gains given that their conversion or investment cost is only Bt2.5/share. THAI's current share price is Bt14.50/share, and our TP is Bt11.0. Most banks' holdings of THAI are still under lock-up, with silent periods from six months to 12 months.

We highlight KTB as a key beneficiary, with potential upside from both its government bond portfolio and its equity stake in THAI. Notably, KTB is the only bank among the three creditors that classifies its investment in THAI under its profit and loss statement (FVTPL). While this accounting treatment could lead to some quarterly mark-to-market volatility, we believe that over the full period, KTB should continue to benefit.

Ex 24: Sensitivity To Investment Gains From THAI

	Accounting standard	THAI's share price (Bt/share)				
		5.00	7.00	9.00	11.00	13.00
BBL	OCI	2.52	4.54	6.56	8.58	10.6
KTB	FVTPL	0.19	0.34	0.49	0.65	0.8
TTB	OCI	0.01	0.02	0.03	0.04	0.05

Source: Thanachart estimates

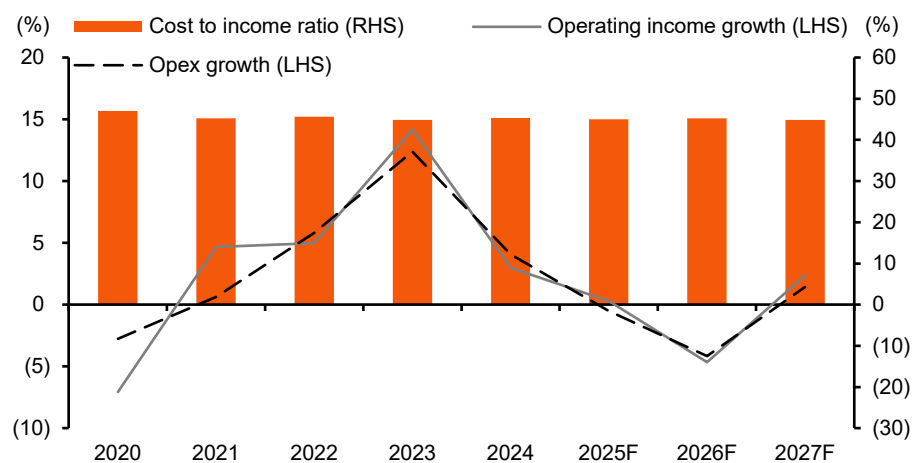
Ex 25: Investment Gains To Operating Income

Sources: Company data, Thanachart estimates

#3 Opex control – cost discipline

Thai banks' disciplined cost control has kept cost-to-income at ~45%

Opex continues to serve as an important buffer for Thai banks during challenging periods. Historically, opex growth has generally moved in line with revenue growth, reflecting disciplined cost management. Over the past five years, despite economic volatility, Thai banks have consistently maintained their cost-to-income ratio at around 45%. The only exception was in 2020, when the ratio temporarily rose to 47%, largely due to BBL's acquisition of Permata Bank, which significantly lifted its opex, while other banks were able to keep their expenses under control.

Ex 26: Parallel Growth In Operating Income And Opex

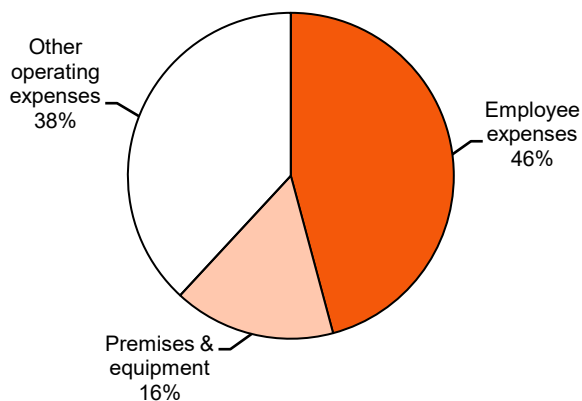
Sources: Company data, Thanachart estimates

We believe the effectiveness of Thai banks' cost management is underpinned by two key factors:

- 1) **Branch and staff rationalization** – Thai banks remain in the process of streamlining their physical networks and workforce, resulting in slower growth in employee expenses (46% of total expenses) and premises and equipment expenses (16% of total expenses).
- 2) **High proportion of variable costs** – Certain expense categories, such as marketing, are variable in nature and can be reduced during periods of revenue pressure, providing banks with additional flexibility to protect profitability.

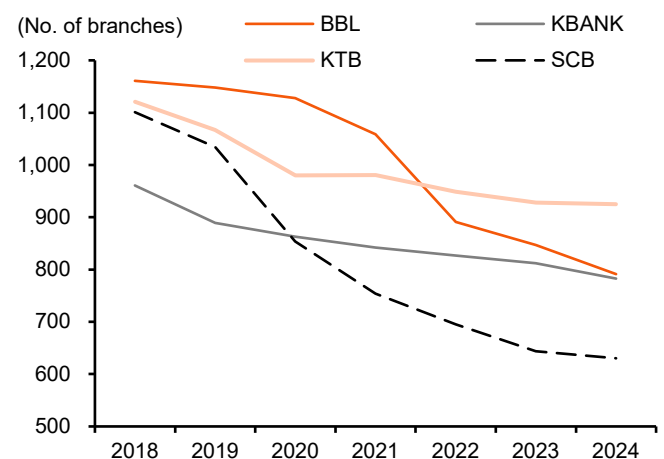
We view continued cost discipline as a structural strength of Thai banks, enabling them to sustain earnings resilience during downcycles and support profitability recovery once revenue growth improves.

Ex 27: Covered Banks' Opex Breakdown As Of 2024



Sources: Company data, Thanachart estimates

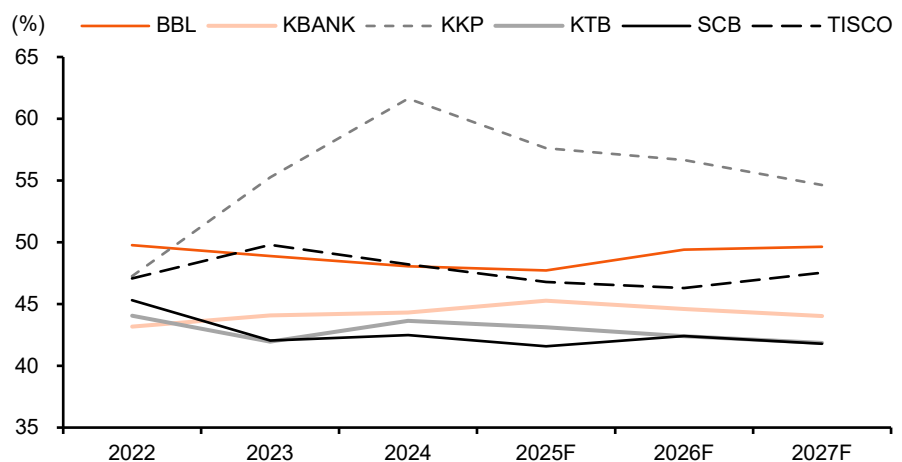
Ex 28: Branch Rationalization



Sources: Company data, Thanachart estimates

SCB: sector cost leader

In our view, SCB has consistently demonstrated strong cost discipline, maintaining the lowest cost-to-income ratio among peers for two consecutive years. This reflects its proven ability to manage operating expenses effectively. Looking ahead, we expect SCB to further strengthen its position as the sector's cost leader, supported by continued branch rationalization, accelerated digitalization, and disciplined expense control. In addition, in 2025, we expect SCB to save around Bt800m following the one-off divestment of Purple Ventures in 2024.

Ex 29: Cost-To-Income Ratios

Sources: Company data, Thanachart estimates

Reaffirming NEUTRAL stance; we prefer KTB

Banks with strong earnings cushions and attractive yields should prove most resilient

We reaffirm our NEUTRAL stance on the Thai banking sector. In a weak economic backdrop and amid a policy easing cycle, we believe stock selection is the key to outperformance. Banks with strong earnings cushions and high dividend yields, offering potential upside, should prove most resilient and attractive to investors.

Within the sector, **KTB** is our most preferred pick, underpinned by its high earnings buffer, strong capital position, and headroom for a dividend payout increase. We upgrade **KBANK** to BUY on its higher payout policy and stable asset quality. Its valuation remains reasonable in our view, with room for a re-rating. **KKP** stands out among small banks with easing asset quality risks. Meanwhile, we maintain our HOLD calls on **SCB** and **TISCO** due to high yields but elevated valuations. Conversely, we downgrade **BBL** to SELL due to greater NIM pressure vs. peers and no plans to lift its payout ratio.

Ex 30: : Earnings Growth, ROE, And TPs Of Six Banks Under Our Coverage

	Net profit growth	Average ROE	TP (Bt/share)		Recommendation	
	2025-27F CAGR (%)	2025-27F (%)	New	Old	New	Old
BBL	(2.1)	7.3	133.0	160.0	SELL	BUY
KBANK	1.5	8.2	190.0	153.0	BUY	HOLD
KKP	6.7	8.5	67.0	58.0	BUY	BUY
KTB	0.5	9.4	31.0	25.5	BUY	BUY
SCB	2.5	9.2	135.0	130.0	HOLD	HOLD
TISCO	(1.8)	14.9	102.0	100.0	HOLD	HOLD

Sources: Company data, Thanachart estimates

Earnings and valuation revisions

*Earnings hikes of 5-6%
p.a. in 2025-27F for the
sector*

We have revised up our net profit estimates for the sector by 5-6% p.a. over 2025-27F to mainly reflect higher gains on financial assets, and efficient cost control. We provide a detailed analysis in our individual company reports. Below is an executive summary of our earnings revisions and the roll-over of our DDM-based TP's valuation base year to 2026F.

We increase our 2025-27F net profit for **BBL** by 1-5% p.a., due largely to a higher gain on investment. However, we lower our net profit from 2028F onward by an average of 18% p.a. to reflect the low interest rate environment cycle and slow recovery in fee income. We revise down our DDM-based 12-month TP, which is rolled over to a 2026F base year, to Bt133 (from Bt160). We **downgrade** our recommendation to **SELL from Buy**.

As for **KBANK**, we revise up our 2025-27F net profit estimates by 2-15% p.a. to reflect higher gains from financial assets, lower opex, and higher NIM. We also increase our net profit projections from 2028F by an average of 13% due to better NIM management and higher fee income growth. We boost our DDM-based 12-month TP, which is rolled over to a 2026F base year to Bt190 (from Bt153) and **upgrade** our rating to **BUY from Hold**.

We increase our 2025-27F net profit estimates for **KKP** by 1-5%, mainly due to stronger fee income and a lower loss on sales. We also increase our net profit projections from 2028F by an average of 3%. Accordingly, we raise our DDM-based 12-month TP, rolled over to a 2026F base year, to Bt67 (from Bt58). **We reiterate our BUY** call on KKP.

We raise our 2025-27F net profit estimates for **KTB** by 1-10% p.a., mainly to reflect expected gains from THAI and continued discipline in operating expense control. We also roll over our DDM-based 12-month TP to a 2026F base year, raising it to Bt31 (from Bt25.50). **We maintain our BUY** rating and name it as **our sector top BUY**.

Regarding **SCB**, we increase our 2025-27F net profits by 7-8% p.a. due largely to a rise in gain on financial assets and effective cost control. We raise our DDM-based 12-month TTP, rolled over to a 2026F base year, to Bt135 from Bt130. We **reaffirm our HOLD** call.

For **TISCO**, we raise our 2025-27F net profit estimates by 1-2% p.a., mainly to reflect a mild fee income recovery. Accordingly, we lift our DDM-based 12-month TP, rolled over to a 2026F base year, to Bt102/share (from Bt100). We **maintain our HOLD** rating on TISCO.

Ex 31: Summary Of Sector Earnings Revisions

	2023	2024	2025F	2026F	2027F
Normalized profit (Bt bn)					
- New	176.92	193.54	200.61	189.28	197.69
- Old			189.47	179.89	186.64
- Change (%)			5.88	5.22	5.92
Loan growth (%)					
- New	0.54	0.75	0.57	1.21	1.34
- Old			(0.70)	(0.70)	1.95
- Change (ppt)			1.27	1.91	(0.62)
NIM (%)					
- New	3.43	3.45	3.15	3.02	3.06
- Old			3.23	3.12	3.12
- Change (ppt)			(0.08)	(0.10)	(0.06)
Non-NII (Bt bn)					
- New	173.04	182.71	225.13	202.48	206.84
- Old			174.84	177.58	184.90
- Change (%)			28.76	14.02	11.87
Fee income (Bt bn)					
- New	122.35	124.80	126.02	131.39	137.34
- Old			126.42	127.36	131.10
- Change (%)			(0.31)	3.16	4.77
Cost-to-income ratio (%)					
- New	44.87	45.35	44.99	45.22	44.81
- Old			45.36	46.46	46.31
- Change (ppt)			(0.37)	(1.23)	(1.50)
Credit cost (%)					
- New	1.60	1.49	1.43	1.36	1.35
- Old			1.45	1.45	1.40
- Change (ppt)			(0.02)	(0.09)	(0.04)
NPLs (Bt bn)					
- New	396.01	394.45	395.85	405.70	416.92
- Old			405.46	418.76	417.53
- Change (%)			(2.37)	(3.12)	(0.14)
NPL ratio (%)					
- New	3.67	3.63	3.62	3.66	3.72
- Old			3.70	3.85	3.77
- Change (ppt)			(0.08)	(0.19)	(0.06)

Sources: Company data, Thanachart estimates

Ex 32: Key Assumptions Comparison

		BBL	KBANK	KKP	KTB	SCB	TISCO	Industry
Rating		SELL	BUY	BUY	BUY	HOLD	HOLD	Neutral
Target price	(Bt)	133.00	190.00	67.00	31.00	135.00	102.00	
Upside	(%)	(10.7)	13.4	13.6	18.1	6.3	2.5	
Consensus TP	(Bt)	160.14	174.39	54.71	26.16	130.20	97.77	
Differ from consensus	(%)	(16.9)	9.0	22.5	18.5	3.7	4.3	
Market cap.	(US\$ m)	8,933	12,465	1,569	11,523	13,431	2,502	
Pre-provision profit (Bt m)	2024A	91,201	109,691	10,286	88,824	98,797	9,937	408,736
	2025F	92,931	105,023	10,294	95,066	99,088	10,194	412,596
	2026F	84,456	103,429	10,844	86,956	95,460	10,549	391,694
	2027F	84,653	108,501	11,709	90,043	98,531	10,544	403,981
Net profit (Bt m)	2024A	45,211	48,598	5,031	43,856	43,943	6,901	193,540
	2025F	45,659	48,774	5,107	47,444	47,116	6,511	200,610
	2026F	42,465	47,347	5,566	42,254	45,126	6,516	189,275
	2027F	42,380	50,836	6,107	44,562	47,272	6,534	197,692
Loan growth (y-y %)	2024A	0.8	(0.3)	(7.6)	4.7	(1.0)	(1.1)	0.7
	2025F	1.7	(1.5)	(7.3)	2.0	1.0	1.0	0.6
	2026F	1.0	1.0	1.0	2.0	1.0	(1.0)	1.2
	2027F	1.0	1.0	5.0	2.0	1.0	(1.0)	1.3
Deposit growth (y-y %)	2024A	(0.5)	0.7	0.1	3.2	1.3	(1.0)	1.0
	2025F	3.0	0.7	2.2	5.1	1.1	0.8	2.5
	2026F	0.7	0.7	0.2	1.0	0.7	0.7	0.8
	2027F	0.7	(0.5)	0.1	1.0	0.7	0.7	0.5
NIM (%)	2024A	2.96	3.63	4.06	3.29	3.85	4.77	3.45
	2025F	2.71	3.31	3.71	2.96	3.54	4.72	3.15
	2026F	2.57	3.18	3.76	2.81	3.41	4.77	3.02
	2027F	2.60	3.24	3.83	2.86	3.44	4.80	3.06
Fee income growth (%)	2024A	1.8	6.7	(1.5)	6.8	(4.8)	2.1	2.0
	2025F	(1.8)	1.0	7.8	2.9	0.4	4.1	1.0
	2026F	3.0	4.0	5.0	5.0	5.0	4.0	4.3
	2027F	3.0	5.0	5.0	5.0	5.0	4.0	4.5
Credit cost (bps)	2024A	130	190	104	118	176	59	149
	2025F	133	160	110	125	166	90	143
	2026F	115	165	113	115	160	105	136
	2027F	115	165	115	113	160	105	135
NPL ratio (%)	2024A	3.19	3.74	4.75	3.52	4.06	2.35	3.63
	2025F	3.23	3.70	5.02	3.45	4.07	2.43	3.62
	2026F	3.30	3.77	5.07	3.49	4.08	2.55	3.66
	2027F	3.37	3.83	4.93	3.52	4.14	2.68	3.72
ROE (%)	2024A	8.34	8.83	8.12	10.41	9.09	16.15	9.21
	2025F	8.00	8.42	8.00	10.46	9.52	15.06	9.09
	2026F	7.07	7.88	8.48	8.87	8.93	14.93	8.26
	2027F	6.74	8.15	9.02	8.94	9.19	14.82	8.32
LLC (%)	2024A	318	142	118	183	152	155	192
	2025F	321	146	121	187	152	141	195
	2026F	319	146	121	186	157	137	196
	2027F	316	148	121	184	160	134	196

Sources: Company data, Thanachart estimates, based on 11 September 2025 closing prices

Ex 33: Earnings Growth And Valuation Comparison

Sector Valuation			Current	Target	Norm EPS grw		— Norm PE —		— P/BV —		— Div yield —	
	BBG		price	price	2025F	2026F	2025F	2026F	2025F	2026F	2025F	2026F
Company	Code	Rec.	(Bt)	(Bt)	(%)	(%)	(x)	(x)	(x)	(x)	(%)	(%)
Bangkok Bank	BBL TB	SELL	149.00	133.00	1.0	(7.0)	6.2	6.7	0.5	0.5	5.7	5.7
KASIKORNBANK	KBANK TB	BUY	167.50	190.00	0.4	(2.9)	8.1	8.4	0.7	0.6	7.2	7.2
Kiatnakin Bank	KKP TB	BUY	59.00	67.00	3.2	9.0	9.6	8.8	0.8	0.7	7.2	7.8
Krung Thai Bank	KTB TB	BUY	26.25	31.00	8.2	(10.9)	7.7	8.7	0.8	0.8	6.5	5.8
SCB X	SCB TB	HOLD	127.00	135.00	7.2	(4.2)	9.1	9.5	0.9	0.8	8.8	8.4
Tisco Financial Group	TISCO TB	HOLD	99.50	102.00	(5.7)	0.1	12.2	12.2	1.8	1.8	7.8	7.8

Sources: Company data, Thanachart estimates
Based on 11 September 2025 closing prices

Valuation Comparison

Ex 34: Valuation Comparison With Regional Peers

Name	BBG Code	Country	EPS growth		— PE —		— P/BV —		— ROE —		— Div. Yield —	
			25F	26F	25F	26F	25F	26F	25F	26F	25F	26F
			(%)	(%)	(x)	(x)	(x)	(x)	(%)	(%)	(%)	(%)
BOC Hong Kong Holdings	2388 HK	Hong Kong	2.3	2.8	10.5	10.2	1.1	1.1	11.3	11.1	5.3	5.6
Bank of East Asia	23 HK	Hong Kong	2.5	10.1	7.9	7.2	0.3	0.3	3.9	4.0	5.8	6.4
China Citic Bank Corp	998 HK	Hong Kong	0.5	3.7	6.0	5.8	0.5	0.5	9.4	9.1	4.9	5.1
Hang Seng Bank	11 HK	Hong Kong	(26.6)	19.9	16.7	13.9	1.3	1.3	8.5	9.6	5.2	5.9
Industrial & Commercial Bk	1398 HK	Hong Kong	1.2	1.7	6.0	5.9	0.5	0.5	9.3	8.8	5.2	5.2
Axis Bank	AXSB IN	India	(7.1)	(1.0)	12.9	13.0	1.9	1.7	15.9	13.3	3.2	3.2
ICICI Bank	ICICIBC IN	India	(1.3)	3.1	19.6	19.0	3.3	4.1	na	na	0.8	0.8
State Bank of India	SBIN IN	India	(5.9)	1.5	10.1	9.9	1.6	1.4	18.0	15.2	1.8	1.9
Bank Central Asia	BBCA IJ	Indonesia	5.9	7.6	16.7	15.5	3.4	3.1	21.1	20.9	4.0	4.2
Bank Mandiri	BMRI IJ	Indonesia	(2.3)	5.7	7.7	7.3	1.4	1.3	18.7	18.6	9.1	8.9
Bank Rakyat	BBRI IJ	Indonesia	(5.7)	10.0	10.8	9.9	1.9	1.8	17.8	18.9	8.1	8.5
Bank Negara	BBNI IJ	Indonesia	(1.1)	9.7	7.8	7.1	1.0	0.9	12.9	13.3	7.9	8.3
CIMB Group Holdings	CIMB MK	Malaysia	2.3	4.7	9.8	9.4	1.1	1.0	11.1	11.1	6.0	6.3
Hong Leong Bank	HLBK MK	Malaysia	1.9	3.6	9.5	9.2	1.1	1.0	11.4	11.2	3.8	4.9
Malayan Banking	MAY MK	Malaysia	2.6	2.9	11.4	11.1	1.2	1.2	10.8	10.8	6.5	6.7
Public Bank	PBKF MK	Malaysia	1.0	5.1	na	na	na	na	12.3	12.2	na	na
Industrial Bank of Korea	024110 KS	S Korea	8.6	2.0	5.8	5.7	0.5	0.4	8.2	8.0	5.7	6.0
DBS Group Holdings	DBS SP	Singapore	(2.2)	3.1	13.5	13.1	2.2	2.1	16.3	16.1	5.7	6.1
Oversea-Chinese Banking	OCBC SP	Singapore	(4.8)	2.9	10.6	10.3	1.2	1.2	12.1	11.9	5.8	5.5
United Overseas Bank	UOB SP	Singapore	(4.7)	5.6	10.5	9.9	1.2	1.1	11.6	11.7	5.8	5.3
Bangkok Bank	BBL TB*	Thailand	1.0	(7.0)	6.2	6.7	0.5	0.5	8.0	7.1	5.7	5.7
KASIKORNBANK	KBANK TB*	Thailand	0.4	(2.9)	8.1	8.4	0.7	0.6	8.4	7.9	7.2	7.2
Kiatnakin Phatra Bank	KKP TB*	Thailand	3.2	9.0	9.6	8.8	0.8	0.7	8.0	8.5	7.2	7.8
Krung Thai Bank	KTB TB*	Thailand	8.2	(10.9)	7.7	8.7	0.8	0.8	10.5	8.9	6.5	5.8
SCB X	SCB TB*	Thailand	7.2	(4.2)	9.1	9.5	0.9	0.8	9.5	8.9	8.8	8.4
Tisco Financial Group	TISCO TB*	Thailand	(5.7)	0.1	12.2	12.2	1.8	1.8	15.1	14.9	7.8	7.8
Average			(0.7)	3.4	10.3	9.9	1.3	1.3	12.0	11.7	5.7	5.9

Source: Bloomberg

Note: * Thanachart estimates , using Thanachart normalized EPS

Based on 11 September 2025 closing prices

STOCK PERFORMANCE

	Absolute (%)				Rel SET (%)			
	1M	3M	12M	YTD	1M	3M	12M	YTD
SET Index	0.8	12.8	(9.0)	(8.0)	—	—	—	—
BANK Index	(0.4)	7.5	5.6	6.7	(1.2)	(5.3)	14.6	14.7
BBL	(3.9)	5.7	(3.2)	(1.3)	(4.7)	(7.2)	5.8	6.7
KBANK	(0.9)	7.4	7.4	7.7	(1.7)	(5.5)	16.4	15.7
KKP	2.2	31.1	20.4	12.4	1.3	18.3	29.4	20.4
KTB	7.6	17.2	30.0	25.0	6.8	4.4	39.0	33.0
SCB	(3.4)	5.4	12.9	8.1	(4.3)	(7.4)	21.9	16.1
TISCO	(2.5)	1.8	3.6	1.0	(3.3)	(11.0)	12.6	9.0

Source: Bloomberg

SECTOR - SWOT ANALYSIS

S — Strength

- Solid balance sheet
- Strong capital bases

O — Opportunity

- Fee-based income expansion
- Rising penetration in personal loans
- Overseas expansion

W — Weakness

- Shortage of high-caliber personnel
- Slow development of product innovations

T — Threat

- World economic recession
- New accounting standards and regulations

REGIONAL COMPARISON

Name	— EPS growth —		— PE —		— P/BV —		— ROE —		— Div. Yield —	
	25F (%)	26F (%)	25F (x)	26F (x)	25F (x)	26F (x)	25F (x)	26F (x)	25F (%)	26F (%)
Hong Kong	(4.0)	7.6	9.4	8.6	0.8	0.7	8.5	8.5	5.3	5.6
India	(4.8)	1.2	14.2	14.0	2.3	2.4	16.9	14.2	1.9	2.0
Indonesia	(0.8)	8.2	10.7	9.9	1.9	1.8	17.6	18.0	7.3	7.5
Malaysia	1.9	4.1	10.2	9.9	1.1	1.1	11.4	11.3	5.4	5.9
S. Korea	8.6	2.0	5.8	5.7	0.5	0.4	8.2	8.0	5.7	6.0
Singapore	(3.9)	3.8	11.5	11.1	1.5	1.5	13.3	13.2	5.8	5.7
Thailand	2.4	(2.7)	8.8	9.0	0.9	0.9	9.9	9.4	7.2	7.1
Average	(0.1)	3.5	10.1	9.8	1.3	1.3	12.3	11.8	5.5	5.7
BBL	1.0	(7.0)	6.2	6.7	0.5	0.5	8.0	7.1	5.7	5.7
KBANK	0.4	(2.9)	8.1	8.4	0.7	0.6	8.4	7.9	7.2	7.2
KKP	3.2	9.0	9.6	8.8	0.8	0.7	8.0	8.5	7.2	7.8
KTB	8.2	(10.9)	7.7	8.7	0.8	0.8	10.5	8.9	6.5	5.8
SCB	7.2	(4.2)	9.1	9.5	0.9	0.8	9.5	8.9	8.8	8.4
TISCO	(5.7)	0.1	12.2	12.2	1.8	1.8	15.1	14.9	7.8	7.8
Average*	2.4	(2.7)	8.8	9.0	0.9	0.9	9.9	9.4	7.2	7.1

Sources: Bloomberg Consensus

Note: * Thanachart estimate – using normalized EPS and simple average calculation
Based on 11 September 2025 closing prices

SELL (From: BUY)

Transfer of Coverage

TP: Bt 133.00 (From: Bt 160.00)

Downside : 10.7%
12 SEPTEMBER 2025

Bangkok Bank Pcl (BBL TB)

Value trap

We downgrade our rating on BBL to SELL from Buy. Its low valuation of 0.5x 2026F P/BV reflects it having the lowest dividend yield in the sector, the lowest ROE in the sector, and a greater impact on NIM from falling interest rates than peers.


RAWISARA SUWANUMPHAI

662-779-9119

rawisara.suw@thanachartsec.co.th

Unfavorable cycle; downgrade to SELL

This report, a part of *Bank sector – Stable yield in NIM downcycle*, dated 12 September 2025, marks a transfer of coverage to a new bank analyst. We downgrade BBL to SELL (from Buy). **First**, although we raise our 2025-27F net profit estimates by 1-5% p.a. due to a higher gain on investment, we cut our earnings by an average of 18% p.a. from 2028F, pressured by lower NIM assumptions. Despite rolling over to a 2026F base year, we lower our DDM-based 12-month TP to Bt133 (from Bt160). **Second**, BBL's yield is the lowest in the sector at 5-6% p.a., with the bank's conservative 30-40% dividend payout ratio. **Third**, with a high 92% floating-rate loan book, BBL is most exposed to NIM and earnings pressure from rate cuts. **Fourth**, BBL's slow digital progress and large branch network keep its cost-to-income ratio at the highest level among large banks. **Lastly**, we view BBL as a value trap with its low 0.5x 2026F P/BV reflecting its low ROE of 6.7% in 2027F, mediocre yield, and weak earnings outlook.

Lower yield than peers

BBL maintains its low dividend payout ratio at 30-40% despite its Common Equity Tier 1 ratio (CET1) having recovered to its comfort level of 17.5% in 2Q25, well above pre-Permata Bank acquisition levels. This is in contrast to peers, which have and are lifting payout ratios. We therefore expect BBL to maintain its DPS at Bt8.5 at least until 2027F, which implies dividend yields of only 5-6% compared to the 7-9% sector average. This conservative payout policy results in falling ROE during the years of weak earnings. We estimate its ROE to fall to 6.7% in 2027F from 8.3% in 2024, the lowest among Thai banks.

Profit most at risk in easing cycle

We expect BBL to be the most negatively affected by the potential easing cycle, given our house view of two additional policy rate cuts to 1.00% by 1Q26F. With 92% of its loan book tied to floating rates, BBL's lending yields will reprice almost immediately. We estimate every 25bps rate cut to erode 8.5% of net profit, vs. the sector average of 6.3%.

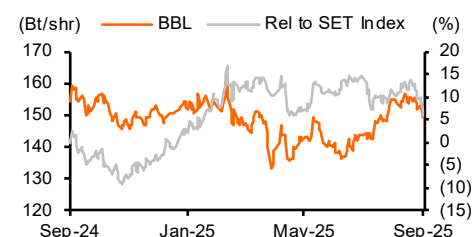
Barriers to cost base reduction

We expect BBL's cost-to-income ratio (50%) to remain higher than peers (45%). BBL has lagged peers in digital transformation, with smaller IT investments and limited progress in branch and staff rationalization. BBL has just 12% of retail loans but runs the country's second-largest branch network, a structural imbalance of its cost base. Given an unclear plan to structurally change this, BBL has limited room to cut costs.

COMPANY VALUATION

Y/E Dec (Bt m)	2024A	2025F	2026F	2027F
Pre Provision Profit	91,201	92,931	84,456	84,653
Net profit	45,211	45,659	42,465	42,380
Consensus NP	—	43,658	43,507	44,407
Diff frm cons (%)	—	4.6	(2.4)	(4.6)
Norm profit	45,211	45,659	42,465	42,380
Prev. Norm profit	—	43,495	41,175	41,856
Chg frm prev (%)	—	5.0	3.1	1.3
Norm EPS (Bt)	23.7	23.9	22.2	22.2
Norm EPS grw (%)	8.6	1.0	(7.0)	(0.2)
Norm PE (x)	6.3	6.2	6.7	6.7
P/BV (x)	0.5	0.5	0.5	0.4
Div yield (%)	5.7	5.7	5.7	5.7
ROE (%)	8.3	8.0	7.1	6.7
ROA (%)	1.0	1.0	0.9	0.9

PRICE PERFORMANCE



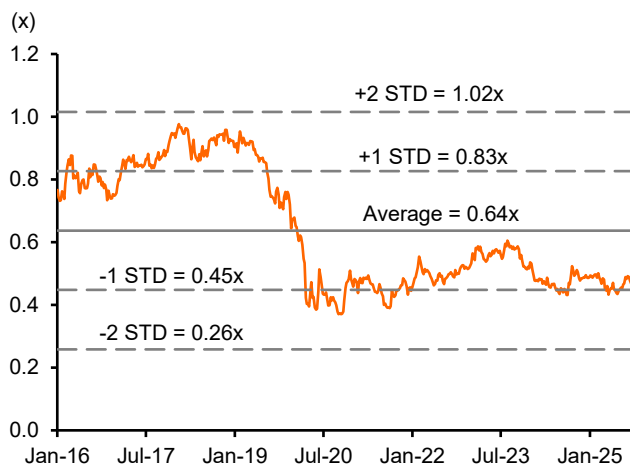
COMPANY INFORMATION

Price: as of 11-Sep-25 (Bt)	149.00
Market Cap (US\$ m)	8,933
Listed Shares (m shares)	1,908.8
Free Float (%)	98.6
Avg. Daily Turnover (US\$ m)	36.8
12M Price H/L (Bt)	161.50/133.00
Sector	BANK
Major Shareholder	Thai NVDR 22.95%

Sources: Bloomberg, Company data, Thanachart estimates

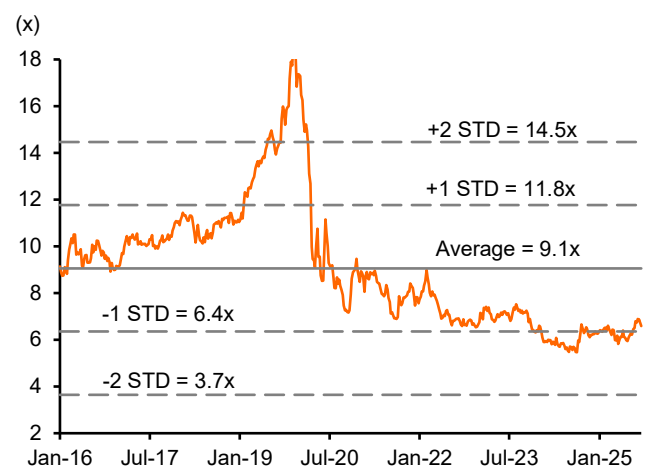
ESG Summary Report P25

Ex 1: BBL's P/BV STD



Sources: Bloomberg, Thanachart estimates

Ex 2: BBL's PE STD



Sources: Bloomberg, Thanachart estimates

Ex 3: Earnings Revisions And Assumption Changes

	2023	2024	2025F	2026F	2027F
Normalized profit (Bt bn)					
- New	41.64	45.21	45.66	42.46	42.38
- Old			43.50	41.18	41.86
- Change (%)			4.97	3.13	1.25
Normalized EPS (Bt/share)					
- New	21.81	23.68	23.92	22.24	22.20
- Old			22.78	21.57	21.93
- Change (%)			4.97	3.13	1.25
Loans growth (%)					
- New	(0.40)	0.80	1.70	1.00	1.00
- Old			(0.53)	(0.50)	2.53
- Change (ppt)			2.23	1.50	(1.53)
NIM (%)					
- New	2.98	2.96	2.71	2.57	2.60
- Old			3.06	3.01	3.02
- Change (ppt)			(0.35)	(0.44)	(0.42)
Non-NII (Bt bn)					
- New	36.44	41.71	52.56	45.59	43.89
- Old			38.49	38.45	38.42
- Change (%)			36.54	18.56	14.24
Opex (Bt bn)					
- New	81.78	84.41	84.86	82.49	83.47
- Old			84.33	85.43	86.72
- Change (%)			0.63	(3.44)	(3.75)

Sources: Company data, Thanachart estimates

Ex 3: Earnings Revisions And Assumption Changes (Con't)

	2023	2024	2025F	2026F	2027F
Cost-to-income ratio (%)					
- New	48.88	48.07	47.73	49.41	49.65
- Old			49.72	50.91	51.04
- Change (ppt)			(1.99)	(1.50)	(1.39)
Credit cost (%)					
- New	1.26	1.29	1.33	1.15	1.15
- Old			1.16	1.16	1.13
- Change (ppt)			0.17	(0.01)	0.02

Sources: Company data, Thanachart estimates

Ex 4: 12-month DDM-based TP Calculation Using A Base Year Of 2026F

(Bt m)	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	2035F	Terminal Value
Dividend of common shares	16,225	16,225	17,180	18,134	19,088	20,043	20,043	21,952	23,861	25,769	25,769
Dividend payment	16,225	16,225	17,180	18,134	19,088	20,043	20,043	21,952	23,861	25,769	340,300
PV of dividend	16,225	13,477	13,002	12,508	11,999	11,483	10,462	10,443	10,345	10,183	134,470
Risk-free rate (%)	2.5										
Market risk premium (%)	8.0										
Beta	0.9										
WACC (%)	9.7										
Cost of equity	9.7										
Terminal growth (%)	2.0										
Equity value	254,596										
No. of shares	1,909										
Equity value / share	133.00										

Sources: Company data, Thanachart estimates

COMPANY DESCRIPTION

Bangkok Bank Pcl (BBL) provides various banking and financial services, including commercial, consumer, credit card, and mortgage lending, international trade financing, investment banking, and securities services.

Source: Thanachart

COMPANY RATING



Rating Scale

Excellent	5
Good	4
Fair	3
Weak	2
Very Weak	1
None	0

Source: Thanachart; *CG Rating

THANACHART'S SWOT ANALYSIS

S — Strength

- Extensive banking network and large customer base
- Strong relationships with large corporates
- Very solid balance sheet

O — Opportunity

- Beefing up its overseas presence and expanding its footprint into many more countries
- Rising cross-selling activity

W — Weakness

- Its large business size makes it difficult for the bank to adjust itself to changes in the industry landscape
- Its conservatism has prevented the bank from running at its full potential in our view

T — Threat

- Global economic recession
- New accounting standards and regulations

CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	160.14	133.00	-17%
Net profit 25F (Bt m)	43,658	45,659	5%
Net profit 26F (Bt m)	43,507	42,465	-2%
Consensus REC	BUY: 14	HOLD: 8	SELL: 5

HOW ARE WE DIFFERENT FROM THE STREET?

- We believe our lower TP vs. the Bloomberg consensus stems from our more dovish policy rate assumptions and more conservative dividend payment assumptions.

Sources: Bloomberg consensus, Thanachart estimates

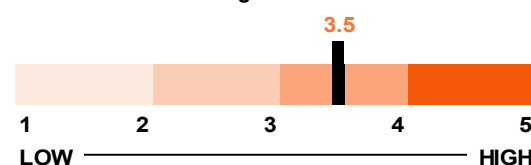
RISKS TO OUR INVESTMENT CASE

- Slower policy rate cuts than we presently forecast would lead to NIM upside.
- Higher-than-expected dividend payout ratios would result in upside risk to our TP.

Source: Thanachart

BBL signed the Statement of Commitment for Sustainable Thailand 2021. The bank's approach to sustainability is based on four key pillars: efficient and effective risk management, sound human resource management, good corporate governance, and creating sustainable value for society and the environment. We assign BBL an ESG score of 3.5.

Thanachart ESG Rating



	SET ESG Index	SET ESG (BBB-AAA)	DJSI Index	MSCI (CCC-AAA)	ESG Book (0-100)	Refinitiv (0-100)	S&P Global (0-100)	Moody's (0-100)	CG Rating (0-5)
BBL	YES	AAA	-	-	56.81	63.7	70.00	41.0	5.0

Sources: SETTRADE, SET ESG Index, SET ESG Rating, The Dow Jones Industrial Average (DJSI), MSCI ESG Research LLC, ESG Book, Refinitiv ESG Information, S&P Global Market Intelligence, Moody's ESG Solutions, Thai IOD (CG rating)

Note: Please see third party on "terms of use" toward the back of this report.

Factors

Our Comments

ENVIRONMENT

- Environmental Policies & Guidelines
- Energy Management
- Carbon Management
- Water Management
- Waste Management

- The bank has continuously supported many important sustainability projects, such as developing clean energy across Asia, electric vehicle production, and developing electric mass-transit systems. BBL has also underwritten the majority of private-sector green bonds and sustainability-linked bonds issued in Thailand.
- BBL established its environmental and energy conservation policy and set a medium-term target to reduce Scope 1 and 2 greenhouse gas (GHG) emissions from its own operations, which will be closely monitored. The bank reported a 55% decrease in Scope 1 emissions and a 0.9% fall in Scope 2 emissions compared to 2020 (base year) in 2022. The 2021-23 target is to achieve a 7.5% decrease in Scope 1 and Scope 2 GHG emissions compared to 2020 (base year)
- BBL has partnered with the Hydro-Informatics Institute (Public Organization) and the Utopakat Foundation under Royal Patronage to help disadvantaged people in rural areas obtain access to water and manage it, which will enable them to have a better quality of life and gain economic stability.

SOCIAL

- Human Rights
- Staff Management
- Health & Safety
- Product Safety & Quality
- Social Responsibility

- To continuously enhance human rights and build awareness among employees, the bank is conducting human rights due diligence, which it targets to review every three years.
- BBL has social commitments to support financial literacy and financial inclusion. It initiated the "Fin Lit for the Blind" project. The bank continues to support its branch managers and staff in being school partners and working with schools in the CONNEXT ED Foundation to improve the quality of education, provide essential financial knowledge, and promote a savings mindset among students.
- To encourage financial inclusion, BBL has expanded its digital services to make it more convenient for people to do their banking anywhere and anytime.

GOVERNANCE &
SUSTAINABILITY

- Board
- Ethics & Transparency
- Business Sustainability
- Risk Management
- Innovation

- BBL has 20 board of director members, of whom eight are independent
- BBL received an Excellent CG rating from the Corporate Governance Report of Thai Companies by the Thai Institute of Directors.
- The bank has prepared a written code of conduct and business ethics practices for directors, executives, and staff to follow. The board of directors approved it and posted it on BBL's website.
- BBL includes phishing awareness as part of its compulsory training courses for all employees.

Source: Company data, Thanachart

INCOME STATEMENT

2025F net profit to be cushioned by a gain on investment

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
Interest and Dividend Income	194,365	208,029	194,138	185,546	187,552
Interest Expenses	63,504	74,129	68,899	64,192	63,320
Net Interest Income	130,860	133,900	125,240	121,354	124,232
% of total income	78.2%	76.2%	70.4%	72.7%	73.9%
Gain on Investment	(482)	891	11,581	4,053	1,013
Fee Income	27,234	27,724	27,228	28,044	28,886
Gain on Exchange	5,544	8,966	9,414	8,943	9,211
Others	1,814	1,781	1,870	1,964	2,062
Non-interest Income	36,440	41,707	52,556	45,591	43,888
% of total income	21.8%	23.8%	29.6%	27.3%	26.1%
Total Income	167,300	175,606	177,795	166,945	168,119
Operating Expenses	81,775	84,405	84,865	82,489	83,466
Pre-provisioning Profit	85,525	91,201	92,931	84,456	84,653
Provisions	33,667	34,838	36,125	31,657	31,974
Pre-tax Profit	51,859	56,363	56,805	52,799	52,679
Income Tax	9,993	10,946	11,361	10,560	10,536
After Tax Profit	41,865	45,417	45,444	42,239	42,144
Equity Income	187	205	215	226	237
Minority Interest	(417)	(411)	0	0	0
Extraordinary Items	0	0	0	0	0
NET PROFIT	41,636	45,211	45,659	42,465	42,380
Normalized Profit	41,636	45,211	45,659	42,465	42,380
EPS (Bt)	21.8	23.7	23.9	22.2	22.2
Normalized EPS (Bt)	21.8	23.7	23.9	22.2	22.2

BALANCE SHEET

Loan expansion from corporate segment

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
ASSETS:					
Liquid Items	802,638	799,633	885,084	895,509	905,382
cash & cash equivalents	45,518	47,364	38,763	47,982	56,862
interbank & money market	757,120	752,269	846,321	847,527	848,520
Securities under resale agreeme	0	0	0	0	0
Investments	973,690	990,986	1,010,816	1,031,043	1,051,674
Net loans	2,425,661	2,428,321	2,462,819	2,483,530	2,504,449
Gross and accrued interest	2,684,327	2,701,059	2,747,030	2,774,501	2,802,246
Provisions for doubtful	258,666	272,738	284,212	290,970	297,797
Fixed assets - net	72,855	66,015	61,897	63,754	65,667
Other assets	239,641	266,424	171,770	176,924	182,231
Total assets	4,514,484	4,551,379	4,700,076	4,760,602	4,821,444
LIABILITIES:					
Liquid Items	3,527,658	3,523,714	3,629,426	3,654,832	3,680,416
Deposit	3,184,283	3,169,654	3,264,743	3,287,596	3,310,610
Interbank & money market	334,219	346,936	357,344	359,845	362,364
Liability payable on demand	9,156	7,125	7,339	7,390	7,442
Borrow ings	212,505	213,785	220,199	221,740	223,292
Other liabilities	243,491	257,006	262,147	267,389	272,737
Total liabilities	3,983,654	3,994,506	4,111,771	4,143,961	4,176,445
Minority interest	1,855	1,834	1,926	2,022	2,123
Shareholders' equity	528,975	555,039	586,379	614,619	642,875
Preferred capital	-	-	-	-	-
Paid-in capital	19,088	19,088	19,088	19,088	19,088
Share premium	56,346	56,346	56,346	56,346	56,346
Surplus/ Others	44,270	38,112	40,018	42,019	44,119
Retained earnings	409,270	441,493	470,926	497,166	523,321
Liabilities & equity	4,514,484	4,551,379	4,700,076	4,760,602	4,821,444

Sources: Company data, Thanachart estimates

VALUATION

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Normalized PE (x)	6.8	6.3	6.2	6.7	6.7
Normalized PE - at target price (x)	6.1	5.6	5.6	6.0	6.0
PE (x)	6.8	6.3	6.2	6.7	6.7
PE - at target price (x)	6.1	5.6	5.6	6.0	6.0
P/PPP (x)	3.3	3.1	3.1	3.4	3.4
P/PPP - at target price (x)	3.0	2.8	2.7	3.0	3.0
P/BV (x)	0.5	0.5	0.5	0.5	0.4
P/BV - at target price (x)	0.5	0.5	0.4	0.4	0.4
Dividend yield (%)	4.7	5.7	5.7	5.7	5.7
Market cap / net loans (x)	0.1	0.1	0.1	0.1	0.1
Market cap / deposit (x)	0.1	0.1	0.1	0.1	0.1
(Bt)					
Normalized EPS	21.8	23.7	23.9	22.2	22.2
EPS	21.8	23.7	23.9	22.2	22.2
DPS	7.0	8.5	8.5	8.5	8.5
PPP/Share	44.8	47.8	48.7	44.2	44.3
BV/Share	277.1	290.8	307.2	322.0	336.8

Cheap valuation at the expense of low dividend yield and profit growth

FINANCIAL RATIOS

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Growth Rate (%)					
Net interest income (NII)	28.0	2.3	(6.5)	(3.1)	2.4
Non-interest income (Non-II)	(0.1)	14.5	26.0	(13.3)	(3.7)
Operating expenses	18.5	3.2	0.5	(2.8)	1.2
Pre-provisioning profit (PPP)	22.7	6.6	1.9	(9.1)	0.2
Net profit	42.1	8.6	1.0	(7.0)	(0.2)
Normalized profit growth	42.1	8.6	1.0	(7.0)	(0.2)
EPS	42.1	8.6	1.0	(7.0)	(0.2)
Normalized EPS	42.1	8.6	1.0	(7.0)	(0.2)
Dividend payout ratio	32.1	35.9	35.5	38.2	38.3
Loan - gross	(0.4)	0.8	1.7	1.0	1.0
Loan - net	(1.0)	0.1	1.4	0.8	0.8
Deposit	(0.8)	(0.5)	3.0	0.7	0.7
NPLs	(11.6)	(0.1)	3.2	3.1	3.1
Total assets	2.1	0.8	3.3	1.3	1.3
Total equity	4.7	4.9	5.6	4.8	4.6
Operating Ratios (%)					
Net interest margin (NIM)	3.1	3.1	2.8	2.7	2.7
Net interest spread	4.6	4.6	4.3	4.2	4.2
Yield on earnings assets	4.4	4.6	4.2	3.9	3.9
Avg cost of fund	1.7	2.0	1.8	1.7	1.6
NII / operating income	78.2	76.2	70.4	72.7	73.9
Non-II / operating income	21.8	23.8	29.6	27.3	26.1
Fee income / operating income	16.3	15.8	15.3	16.8	17.2
Normalized net margin	24.9	25.7	25.7	25.4	25.2
Cost-to-income	48.9	48.1	47.7	49.4	49.6
Credit cost - provision exp / loans	1.3	1.3	1.3	1.1	1.1
PPP / total assets	1.9	2.0	2.0	1.8	1.8
PPP / total equity	16.5	16.8	16.3	14.1	13.5
ROA	0.9	1.0	1.0	0.9	0.9
ROE	8.1	8.3	8.0	7.1	6.7

NIM is pressured by the low-rate environment

Sources: Company data, Thanachart estimates

FINANCIAL RATIOS

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Liquidity and Quality Ratio (%)					
Loan-to-deposit	83.9	85.0	83.9	84.1	84.4
Loan-to-deposit & S-T borrow ing	83.9	85.0	83.9	84.1	84.4
Net loan / assets	53.7	53.4	52.4	52.2	51.9
Net loan / equity	458.6	437.5	420.0	404.1	389.6
Investment / assets	21.6	21.8	21.5	21.7	21.8
Deposit / liabilities	79.9	79.4	79.4	79.3	79.3
Liabilities / equity	753.1	719.7	701.2	674.2	649.7
Net interbank lender (Bt m)	422,900	405,334	488,978	487,681	486,156
Tier 1 CAR	16.1	17.0	17.6	18.3	19.0
Tier 2 CAR	3.4	3.4	3.3	3.3	3.3
Total CAR	19.6	20.4	21.0	21.6	22.2
NPLs (Bt m)	85,955	85,833	88,572	91,339	94,133
NPLs / Total loans (NPL Ratio)	3.2	3.2	3.2	3.3	3.4
Loan-Loss-Coverage	300.9	317.8	320.9	318.6	316.4

Sources: Company data, Thanachart estimates

Tier 1 ratio looks set to resume at pre-Permata level in 2025F

BUY (From: HOLD)

Transfer of Coverage

TP: Bt 190.00 (From: Bt 153.00)

Upside : 13.4%

12 SEPTEMBER 2025

KASIKORN BANK Pcl (KBANK TB)

Dividend upside

We upgrade KBANK to BUY from HOLD. With a clean balance sheet, the bank looks well placed to weather economic headwinds while seizing growth on the rebound. Strong capital and a firm shareholder focus underpin a minimum Bt12/share dividend (~7% yield).



RAWISARA SUWANUMPHAI

662-779-9119

rawisara.suw@thanachartsec.co.th

Upgrading to BUY

This report, a part of *Bank sector – Stable yield in NIM downcycle*, dated 12 September 2025, marks a transfer of coverage to a new bank analyst. We upgrade KBANK to BUY from Hold and raise our DDM-based 12-month TP to Bt190.0 (from Bt153.0) due to our base year rollover to 2026F and 2/6/15% earnings hikes in 2025-27F, given higher NIM and investment gains than expected earlier. **First**, we expect its DPS to be sustained at Bt12.0 in 2025-27F. There's potential upside if KBANK opts for an extra dividend from its excess capital. **Second**, having streamlined its SME portfolio and completed a major balance sheet clean-up, KBANK is well-placed to capture growth as the economy turns. We expect KBANK to lead the sector with 7% EPS growth in 2027F. **Lastly**, at 0.6x 2026F P/BV with ROE of 7.9%, KBANK looks inexpensive to us.

Possible upside to an already high yield

In our base-case numbers, we project KBANK's DPS at Bt12.0, implying a 7% p.a. in 2025-27F. However, if KBANK decides to be more aggressive in its capital management plan, there is room to do so. First, its payout ratio is still only at 56-60% over 2025-27F. Second, its Tier 1 ratio (CET1) is very strong at 17.7% in 1Q25 compared to its target of over 15% (after Basel III reform). This implies an extra buffer of 0.7%, which translates into Bt7.8/share, implying a maximum room for an additional dividend yield of 5%. Note that KBANK remains committed to achieving double-digit ROE vs. 8.4% in 2025F, which implies some possibility for an extra dividend or share buybacks.

Well-balanced portfolio positioned for growth

KBANK has reduced its exposure to SME loans while expanding its corporate, retail, and AEC countries' loan portfolios. From a peak of 39% of total loans in 2016, SME loans declined to 26% in 2Q25, while the remainder of the portfolio comprises 41% corporate, 29% retail, and 4% other loans, including overseas exposure. Additionally, KBANK completed a major balance sheet clean-up in 2024, further strengthening asset quality. With a well-diversified and balanced portfolio, we believe its loan portfolio is structurally well-positioned to capitalize on an economic recovery.

To lead the sector recovery

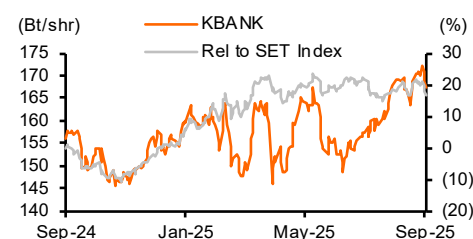
We expect sector-wide earnings pressure in 2026F as a full-year effect of the policy rate cut cycle. However, KBANK looks better positioned than other big banks for recovery, and we estimate 7% EPS growth in 2027F. That is, KBANK's lower LDR and high CASA base allow it to park excess funds in liquid assets to generate interest income to reduce NIM impact. We also expect moderate fee income growth, driven by payment-related fees from its market-leading K PLUS platform with 23.4m users.

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COMPANY VALUATION

Y/E Dec (Bt m)	2024A	2025F	2026F	2027F
Pre Provision Profit	109,691	105,023	103,429	108,501
Net profit	48,598	48,774	47,347	50,836
Consensus NP	—	47,758	48,045	51,185
Diff frm cons (%)	—	2.1	(1.5)	(0.7)
Norm profit	48,598	48,774	47,347	50,836
Prev. Norm profit	—	47,641	44,463	44,394
Chg frm prev (%)	—	2.4	6.5	14.5
Norm EPS (Bt)	20.5	20.6	20.0	21.5
Norm EPS grw (%)	14.6	0.4	(2.9)	7.4
Norm PE (x)	8.2	8.1	8.4	7.8
P/BV (x)	0.7	0.7	0.6	0.6
Div yield (%)	7.2	7.2	7.2	7.2
ROE (%)	8.8	8.4	7.9	8.2
ROA (%)	1.1	1.1	1.1	1.1

PRICE PERFORMANCE

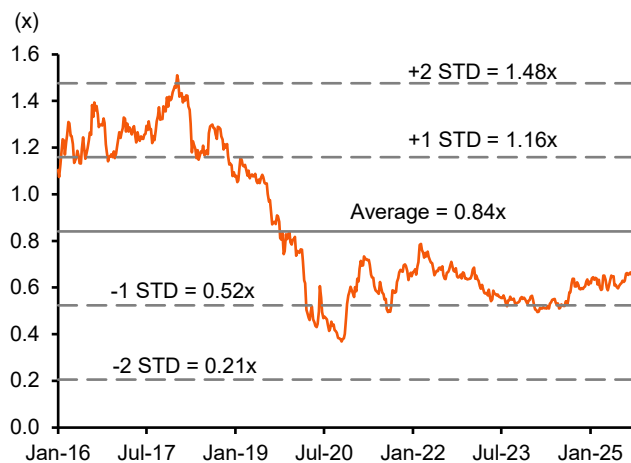


COMPANY INFORMATION

Price: as of 11-Sep-25 (Bt)	167.50
Market Cap (US\$ m)	12,465
Listed Shares (m shares)	2,369.3
Free Float (%)	82.5
Avg. Daily Turnover (US\$ m)	70.2
12M Price H/L (Bt)	172.00/145.50
Sector	BANK
Major Shareholder	Thai NVDR 13.86%

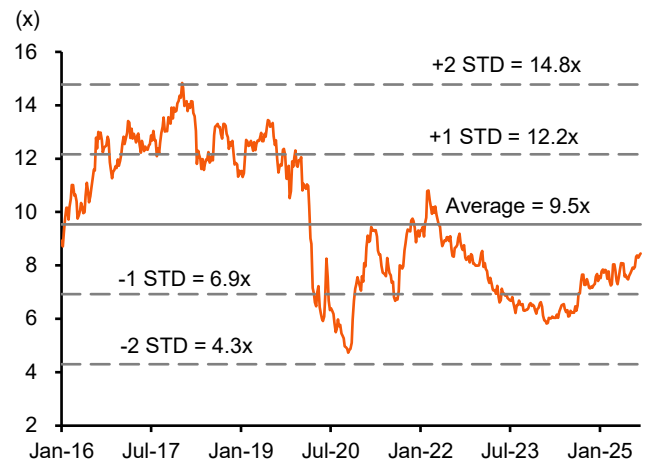
Sources: Bloomberg, Company data, Thanachart estimates

Ex 1: KBANK's P/BV STD



Sources: Bloomberg, Thanachart estimates

Ex 2: KBANK's PE STD



Sources: Bloomberg, Thanachart estimates

Ex 3: Earnings Revisions And Assumption Changes

	2023	2024	2025F	2026F	2027F
Normalized profit (Bt bn)					
- New	42.41	48.60	48.77	47.35	50.84
- Old			47.64	44.46	44.39
- Change (%)			2.38	6.49	14.51
Normalized EPS (Bt/share)					
- New	17.90	20.51	20.59	19.98	21.46
- Old			20.11	18.77	18.74
- Change (%)			2.38	6.49	14.51
Loans growth (%)					
- New	(0.19)	(0.27)	(1.50)	1.00	1.00
- Old			(2.64)	(2.31)	2.19
- Change (ppt)			1.14	3.31	(1.19)
NIM (%)					
- New	3.66	3.63	3.31	3.18	3.24
- Old			3.33	3.13	3.10
- Change (ppt)			(0.02)	0.06	0.14
Non-NII (Bt bn)					
- New	44.25	47.59	53.50	51.49	54.88
- Old			46.37	48.27	51.54
- Change (%)			15.38	6.67	6.48
Cost-to-income ratio (%)					
- New	44.10	44.31	45.28	44.60	44.02
- Old			45.94	47.83	48.07
- Change (ppt)			(0.65)	(3.23)	(4.04)
Credit cost (%)					
- New	2.08	1.90	1.60	1.65	1.65
- Old			1.70	1.60	1.60
- Change (ppt)			(0.10)	0.05	0.05

Sources: Company data, Thanachart estimates

Ex 4: 12-month DDM-based TP Calculation Using A Base Year Of 2026F

(Bt m)	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	2035F	Terminal Value
Dividend of common shares	28,432	28,432	28,432	33,171	33,171	42,648	42,648	47,387	47,387	52,125	52,125
Dividend payment	28,432	28,432	28,432	33,171	33,171	42,648	42,648	47,387	47,387	52,125	625,502
PV of dividend	28,432	23,285	21,067	22,243	20,129	23,421	21,190	21,307	19,282	19,195	230,340
Risk-free rate (%)	2.5										
Market risk premium (%)	8.0										
Beta	1.0										
WACC (%)	10.5										
Cost of equity	10.5										
Terminal growth (%)	2.0										
Equity value	449,890										
No. of shares (m)	2,369										
Equity value / share (Bt)	190.00										

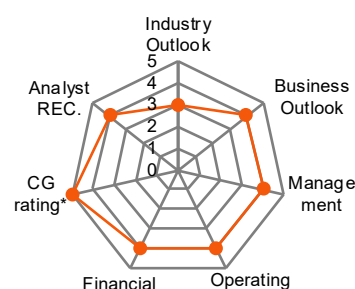
Sources: Company data, Thanachart estimates

COMPANY DESCRIPTION

KASIKORNBANK Pcl (KBANK) provides commercial banking services, including personal and commercial banking, international trade, and investment banking services, to its customers throughout Thailand. The bank has foreign branches in Los Angeles, Hong Kong, the Cayman Islands, and Shenzhen, as well as representative offices in Shanghai, Beijing, and Kunming.

Source: Thanachart

COMPANY RATING



Rating Scale

Excellent	5
Good	4
Fair	3
Weak	2
Very Weak	1
None	0

Source: Thanachart; *CG Rating

THANACHART'S SWOT ANALYSIS

S — Strength

- Leading main-bank status
- Highest CASA portion
- Healthy balance sheet

O — Opportunity

- Wealth management
- Regional expansions
- Digital ventures

W — Weakness

- Legacy high NPLs from SMEs and digital lending have reduced its risk-taking capacity.

Limited growth in loan related fees given declining exposures to SME and retail loans.

T — Threat

- Global economic recession
- Changes in accounting standards and regulations

CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	174.39	190.00	9%
Net profit 25F (Bt m)	47,758	48,774	2%
Net profit 26F (Bt m)	48,045	47,347	-1%
Consensus REC	BUY: 10	HOLD: 14	SELL: 2

HOW ARE WE DIFFERENT FROM THE STREET?

- We believe we are more aggressive than the Street regarding an earnings recovery phase from 2027F, resulting in a higher TP.

Sources: Bloomberg consensus, Thanachart estimates

RISKS TO OUR INVESTMENT CASE

- The weak economic backdrop might lead to higher provisions and slower loan growth.
- A lower DPS than Bt12/share would negatively impact our TP

Source: Thanachart

KASIKORNBANK conducts its business under the principles of a “Bank of Sustainability”, backed by good corporate governance values, as well as appropriate risk and cost management. In light of the bank’s solid ESG actions and measures, we assign a score of 3.84.

Thanachart ESG Rating



	SET ESG Index	SET ESG (BBB-AAA)	DJSI Index	MSCI (CCC-AAA)	ESG Book (0-100)	Refinitiv (0-100)	S&P Global (0-100)	Moody's (0-100)	CG Rating (0-5)
KBANK	YES	AAA	YES	AA	70.52	79.72	86.00	48.0	5.0

Sources: SETTRADE, SET ESG Index, SET ESG Rating, The Dow Jones Industrial Average (DJSI), MSCI ESG Research LLC, ESG Book, Refinitiv ESG Information, S&P Global Market Intelligence, Moody's ESG Solutions, Thai IOD (CG rating)

Note: Please see third party on “terms of use” toward the back of this report.

Factors	Our Comments
ENVIRONMENT <ul style="list-style-type: none"> Environmental Policies & Guidelines Energy Management Carbon Management Water Management Waste Management 	<ul style="list-style-type: none"> KBANK says it is committed to supporting Thailand and its clients in regional economies on their decarbonization journeys. The bank plans to contribute to the global effort to transition to net-zero emissions by 2050 and align with the Paris Agreement goals. The bank is committed to being the leading sustainable bank in Thailand, allocating at least Bt100bn-200bn in sustainable financing and investments by 2030 and pioneering green banking products. The bank has committed to becoming net zero in its own operations (Scope 1, 2) by 2030 and to achieve net zero in its financed portfolio in line with Thailand's aspirations, accelerating this journey where possible.
SOCIAL <ul style="list-style-type: none"> Human Rights Staff Management Health & Safety Product Safety & Quality Social Responsibility 	<ul style="list-style-type: none"> KBANK aims to boost financial inclusion and financial literacy. The bank extends credit support to new customers who have difficulty accessing financial services, with the number of customers targeted to grow by 3x from 2021 over the next five years. The bank has received no complaints about discriminatory labor treatment or violence leading to lawsuits. Sixty-one percent of female staff are in leadership positions. The bank undertakes human rights risk assessments in all of its business activities: 100% of KBANK and joint ventures.
GOVERNANCE & SUSTAINABILITY <ul style="list-style-type: none"> Board Ethics & Transparency Business Sustainability Risk Management Innovation 	<ul style="list-style-type: none"> KBANK has 15 board members. The director age limit is 72 years, and the term limit of the directorship for independent directors is no longer than nine consecutive years. KBANK is reviewing its practices under Thai IOD, ASEAN CG Scorecard, and Dow Jones Sustainability Indices (DJSI) criteria. It is implementing a strategic plan for CG activities to enhance compliance by directors, executives, and staff with CG principles, the code of conduct, and its anti-corruption policy. Employees and executives have had to sign to acknowledge compliance with the code of conduct via an electronic system and LINE KONNECT+, and the bank is reviewing its knowledge and understanding.

Sources: Company data, Thanachart

INCOME STATEMENT

2027F net profit should
recover at a faster pace
than other big banks

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
Interest and Dividend Income	183,608	189,440	174,489	167,897	169,823
Interest Expenses	35,164	40,064	36,051	32,710	30,863
Net Interest Income	148,444	149,376	138,438	135,188	138,959
% of total income	77.0%	75.8%	72.1%	72.4%	71.7%
Gain on Investment	(588)	45	726	145	154
Fee Income	31,181	33,279	33,609	34,953	36,701
Gain on Exchange	12,123	13,206	14,790	11,093	11,647
Others	(2,041)	(2,468)	676	1,412	2,296
Non-interest Income	44,245	47,588	53,503	51,490	54,879
% of total income	23.0%	24.2%	27.9%	27.6%	28.3%
Total Income	192,689	196,964	191,941	186,678	193,838
Operating Expenses	84,968	87,273	86,919	83,249	85,337
Pre-provisioning Profit	107,721	109,691	105,023	103,429	108,501
Provisions	51,840	47,251	39,441	40,568	40,974
Pre-tax Profit	55,880	62,440	65,582	62,861	67,528
Income Tax	10,778	12,402	13,116	12,572	13,506
After Tax Profit	45,102	50,038	52,465	50,288	54,022
Equity Income	(35)	981	1,030	1,082	1,136
Minority Interest	(2,662)	(2,421)	(4,722)	(4,023)	(4,322)
Extraordinary Items	0	0	0	0	0
NET PROFIT	42,405	48,598	48,774	47,347	50,836
Normalized Profit	42,405	48,598	48,774	47,347	50,836
EPS (Bt)	17.9	20.5	20.6	20.0	21.5
Normalized EPS (Bt)	17.9	20.5	20.6	20.0	21.5

BALANCE SHEET

Slow loan growth from
conservative lending

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
ASSETS:					
Liquid Items	617,698	568,750	570,276	575,904	555,750
cash & cash equivalents	48,690	46,021	36,693	35,791	38,830
interbank & money market	569,008	522,729	533,583	540,114	516,920
Securities under resale agreeme	0	0	0	0	0
Investments	974,585	1,073,691	1,180,145	1,203,883	1,228,099
Net loans	2,371,492	2,368,649	2,333,028	2,355,163	2,374,034
Gross and accrued interest	2,505,368	2,500,355	2,465,033	2,490,671	2,515,578
Provisions for doubtful	133,876	131,706	132,004	135,509	141,544
Fixed assets - net	114,698	114,151	61,214	63,051	64,942
Other assets	205,084	215,713	215,625	222,093	228,756
Total assets	4,283,556	4,340,954	4,422,293	4,483,338	4,516,091
LIABILITIES:					
Liquid Items	2,909,888	2,921,278	2,941,727	2,962,319	2,950,586
Deposit	2,699,562	2,718,675	2,737,706	2,756,870	2,743,904
Interbank & money market	179,207	172,144	173,349	174,563	175,610
Liability payable on demand	31,119	30,459	30,672	30,886	31,072
Borrow ings	81,572	67,334	67,805	68,280	68,690
Other liabilities	695,261	706,680	742,014	756,855	771,992
Total liabilities	3,686,721	3,695,292	3,751,546	3,787,453	3,791,267
Minority interest	64,551	76,937	80,784	84,823	89,064
Shareholders' equity	532,285	568,726	589,963	611,062	635,759
Preferred capital	-	-	-	-	-
Paid-in capital	23,693	23,693	23,693	23,693	23,693
Share premium	18,103	18,103	18,103	18,103	18,103
Surplus/ Others	33,115	41,597	43,677	45,861	48,154
Retained earnings	457,373	485,332	504,489	523,404	545,809
Liabilities & equity	4,283,556	4,340,954	4,422,293	4,483,338	4,516,091

Sources: Company data, Thanachart estimates

VALUATION

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Normalized PE (x)	9.4	8.2	8.1	8.4	7.8
Normalized PE - at target price (x)	10.6	9.3	9.2	9.5	8.9
PE (x)	9.4	8.2	8.1	8.4	7.8
PE - at target price (x)	10.6	9.3	9.2	9.5	8.9
P/PPP (x)	3.7	3.6	3.8	3.8	3.7
P/PPP - at target price (x)	4.2	4.1	4.3	4.4	4.1
P/BV (x)	0.7	0.7	0.7	0.6	0.6
P/BV - at target price (x)	0.8	0.8	0.8	0.7	0.7
Dividend yield (%)	3.9	7.2	7.2	7.2	7.2
Market cap / net loans (x)	0.2	0.2	0.2	0.2	0.2
Market cap / deposit (x)	0.1	0.1	0.1	0.1	0.1
(Bt)					
Normalized EPS	17.9	20.5	20.6	20.0	21.5
EPS	17.9	20.5	20.6	20.0	21.5
DPS	6.5	12.0	12.0	12.0	12.0
PPP/Share	45.5	46.3	44.3	43.7	45.8
BV/Share	224.7	240.0	249.0	257.9	268.3

*DPS should be sustained
at a minimum Bt12/share*

FINANCIAL RATIOS

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Growth Rate (%)					
Net interest income (NII)	11.6	0.6	(7.3)	(2.3)	2.8
Non-interest income (Non-II)	10.2	7.6	12.4	(3.8)	6.6
Operating expenses	13.7	2.7	(0.4)	(4.2)	2.5
Pre-provisioning profit (PPP)	9.5	1.8	(4.3)	(1.5)	4.9
Net profit	18.6	14.6	0.4	(2.9)	7.4
Normalized profit growth	18.6	14.6	0.4	(2.9)	7.4
EPS	18.6	14.6	0.4	(2.9)	7.4
Normalized EPS	18.6	14.6	0.4	(2.9)	7.4
Dividend payout ratio	36.3	58.5	58.3	60.0	55.9
Loan - gross	(0.2)	(0.3)	(1.5)	1.0	1.0
Loan - net	(0.3)	(0.1)	(1.5)	0.9	0.8
Deposit	(1.8)	0.7	0.7	0.7	(0.5)
NPLs	1.8	(1.3)	(2.6)	2.7	2.7
Total assets	0.9	1.3	1.9	1.4	0.7
Total equity	5.8	6.8	3.7	3.6	4.0
Operating Ratios (%)					
Net interest margin (NIM)	3.7	3.6	3.3	3.2	3.3
Net interest spread	5.4	5.2	4.7	4.7	4.7
Yield on earnings assets	4.5	4.6	4.2	4.0	4.0
Avg cost of fund	1.2	1.3	1.2	1.1	1.0
NII / operating income	77.0	75.8	72.1	72.4	71.7
Non-II / operating income	23.0	24.2	27.9	27.6	28.3
Fee income / operating income	16.2	16.9	17.5	18.7	18.9
Normalized net margin	22.0	24.7	25.4	25.4	26.2
Cost-to-income	44.1	44.3	45.3	44.6	44.0
Credit cost - provision exp / loans	2.1	1.9	1.6	1.6	1.6
PPP / total assets	2.5	2.5	2.4	2.3	2.4
PPP / total equity	20.8	19.9	18.1	17.2	17.4
ROA	1.0	1.1	1.1	1.1	1.1
ROE	8.2	8.8	8.4	7.9	8.2

*Opex discipline could
maintain cost-to-income
ratio in the mid-40s*

Sources: Company data, Thanachart estimates

FINANCIAL RATIOS

*Tier 1 ratio could
increase subsequently*

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Liquidity and Quality Ratio (%)					
Loan-to-deposit	92.3	91.4	89.4	89.6	91.0
Loan-to-deposit & S-T borrow ing	92.3	91.3	89.4	89.6	91.0
Net loan / assets	55.4	54.6	52.8	52.5	52.6
Net loan / equity	445.5	416.5	395.5	385.4	373.4
Investment / assets	22.8	24.7	26.7	26.9	27.2
Deposit / liabilities	73.2	73.6	73.0	72.8	72.4
Liabilities / equity	692.6	649.7	635.9	619.8	596.3
Net interbank lender (Bt m)	389,802	350,585	360,233	365,551	341,309
Tier 1 CAR	17.4	18.4	19.3	19.9	20.4
Tier 2 CAR	2.0	2.0	2.0	2.0	2.0
Total CAR	19.4	20.4	21.4	21.8	22.4
NPLs (Bt m)	94,241	93,009	90,563	93,033	95,529
NPLs / Total loans (NPL Ratio)	3.8	3.7	3.7	3.8	3.8
Loan-Loss-Coverage	142.1	141.6	145.8	145.7	148.2

Sources: Company data, Thanachart estimates

BUY (Unchanged)

Transfer of Coverage

TP: Bt 67.00

Upside : 13.6%

(From: Bt 58.00)

12 SEPTEMBER 2025

Small Cap Research

Kiatnakin Phatra Bank (KKP TB)

Early turnaround cycle

We reaffirm our BUY call on KKP as we believe it is in the early stages of its turnaround cycle. We estimate 9/10% EPS growth in 2026-27F, driven by falling credit costs, NIM expansion, and capital management. It is also a high-yield play with 7-9% p.a. dividend yields.



RAWISARA SUWANUMPHAI

662-779-9119

rawisara.suw@thanachartsec.co.th

Recovery phase; BUY

This report, a part of *Bank sector – Stable yield in NIM downcycle*, dated 12 September 2025, marks a transfer of coverage to a new bank analyst. We reaffirm our BUY call on KKP with a higher DDM-based 12-month TP (base year rolled over to 2026F) of Bt67.0 (from Bt58.0), due to our 1-4% EPS hikes in 2025-27F and a reduction in the number of shares due to its share buyback program. **First**, KKP's credit costs are falling due to its HP loan clean-up and a recovering used-car market. **Second**, KKP's wealth fee income is rising. **Third**, we expect KKP to be the only bank that can grow its earnings in 2026F by 9% due to NIM expansion and lower credit costs. **Fourth**, we estimate attractive dividend yields of 7-9% p.a. over 2025-27F. **Lastly**, KKP looks inexpensive to us, trading at 0.7x P/BV vs. an 8.5% ROE and 9% EPS growth in 2026F.

Credit costs enter a structural downtrend

KKP's total credit costs (defined as ECL plus loss on sales) fell to 1.9% in 1H25 from 2.5% in 1H24, driven by two factors. First, the 2022-23 HP problem loan legacy was cleaned up in 2H24, resulting in a drop of loss on sales to ~Bt650m per quarter from a 1Q24 peak of Bt1.4bn. Second, asset quality in other loan types has been stable, limiting additional provisioning. Looking ahead, an improving used-car market, with rising demand and fewer repossessions, should support prices and ease credit costs. We project credit costs at 1.8/1.8/1.6% in 2025-27F vs. 2.3% in 2024.

Growing fee income for steadier earnings

KKP is increasing efforts to diversify income by expanding wealth and asset management while reducing its reliance on the cyclical capital market and lending businesses. In 2Q25, KKP formed a strategic partnership with Goldman Sachs Asset Management (GSAM), gaining exclusive access to GSAM's multi-asset advisory services in Thailand. This should broaden global investment options for clients and strengthen KKP's wealth platform. Management expects the collaboration to lift non-NII to 35-40% of income medium term (vs. ~28% in 1H25). We expect a positive outlook for the wealth business, driven by rising demand for offshore products and GSAM's exclusive product offerings.

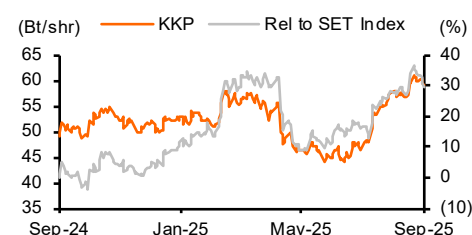
Attractive dividends and rising ROE

We expect KKP to pursue a conservative approach to loan expansion amid the weak economic backdrop. Management has reaffirmed its active capital management strategy to achieve an ROE of 9-10% vs. 7.8% in 1H25. We then expect its dividend payout ratio to rise slightly from 67% in 2024 to 70/70%/70% in 2025-27F. Our dividend yield estimates are 7-9% in 2025-27F, and we project ROE to rise to 8.5% in 2027F from 8.1% in 2024.

COMPANY VALUATION

Y/E Dec (Bt m)	2024A	2025F	2026F	2027F
Pre Provision Profit	10,286	10,294	10,844	11,709
Net profit	5,031	5,107	5,566	6,107
Consensus NP	—	4,955	5,095	5,307
Diff frm cons (%)	—	3.1	9.3	15.1
Norm profit	5,031	5,107	5,566	6,107
Prev. Norm profit	—	5,064	5,391	5,820
Chg frm prev (%)	—	0.8	3.3	4.9
Norm EPS (Bt)	6.0	6.2	6.7	7.4
Norm EPS grw (%)	(7.1)	3.2	9.0	9.7
Norm PE (x)	9.9	9.6	8.8	8.0
P/BV (x)	0.8	0.8	0.7	0.7
Div yield (%)	6.8	7.2	7.8	8.6
ROE (%)	8.1	8.0	8.5	9.0
ROA (%)	1.0	1.0	1.1	1.2

PRICE PERFORMANCE



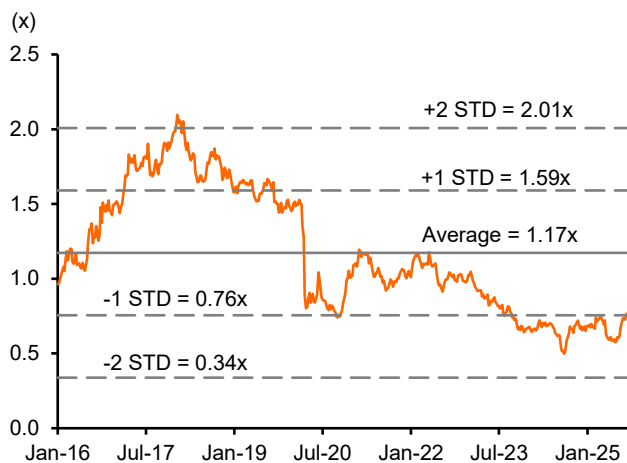
COMPANY INFORMATION

Price: as of 11-Sep-25 (Bt)	59.00
Market Cap (US\$ m)	1,569
Listed Shares (m shares)	846.8
Free Float (%)	80.1
Avg. Daily Turnover (US\$ m)	4.9
12M Price H/L (Bt)	61.00/44.00
Sector	BANK
Major Shareholder	Wattanavekin Family 6.39%

Sources: Bloomberg, Company data, Thanachart estimates

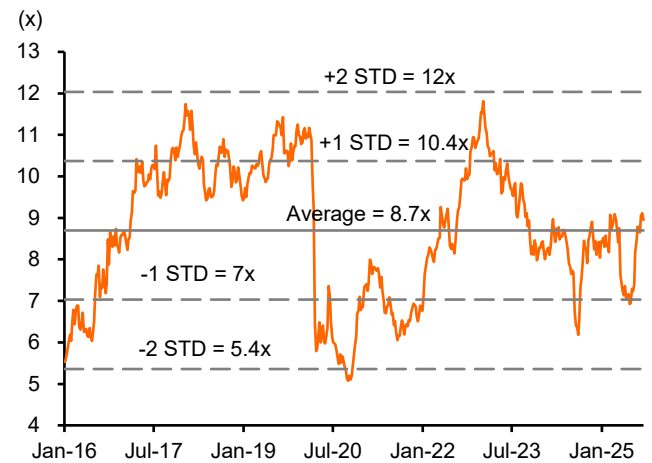
ESG Summary Report P41

Ex 1: KKP's P/BV STD



Sources: Bloomberg, Thanachart estimates

Ex 2: KKP's PE STD



Sources: Bloomberg, Thanachart estimates

Ex 3: Earnings Revisions And Assumption Changes

	2023	2024	2025F	2026F	2027F
Normalized profit (Bt bn)					
- New	5.44	5.03	5.11	5.57	6.11
- Old			5.06	5.39	5.82
- Change (%)			0.84	3.26	4.94
Normalized EPS (Bt/share)					
- New	6.43	5.94	6.17	6.72	7.37
- Old			6.10	6.54	7.10
- Change (%)			1.15	2.83	3.91
Loan growth (%)					
- New	6.58	(7.58)	(7.30)	1.00	5.00
- Old			(3.88)	(3.21)	1.98
- Change (ppt)			(3.42)	4.21	3.02
NIM (%)					
- New	4.66	4.21	3.71	3.76	3.83
- Old			4.19	4.23	4.24
- Change (ppt)			(0.48)	(0.47)	(0.40)
Fee income (Bt bn)					
- New	5.48	5.40	5.82	6.11	6.41
- Old			5.46	5.68	5.98
- Change (%)			6.46	7.57	7.24
Opex (Bt bn)					
- New	15.89	16.52	13.99	14.18	14.10
- Old			14.14	14.16	14.33
- Change (%)			(1.08)	0.10	(1.55)
Credit costs (%)					
- New	1.53	1.08	1.10	1.13	1.15
- Old			1.23	1.17	1.09
- Change (ppt)			(0.13)	(0.04)	0.06

Sources: Company data, Thanachart estimates

Ex 4: 12-month DDM-based TP Calculation Using A Base Year Of 2026F

(Bt m)	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	2035F	Terminal Value
Dividend of common shares	3,736	4,086	4,461	4,715	5,177	5,635	5,747	5,853	5,968	6,083	6,083
Dividend payment	3,736	4,086	4,461	4,715	5,177	5,635	5,747	5,853	5,968	6,083	71,650
PV of dividend	3,736	3,336	3,291	3,143	3,119	3,068	2,827	2,601	2,397	2,208	26,006
Risk-free rate (%)	2.5										
Market risk premium (%)	8.0										
Beta	1.0										
WACC (%)	10.7										
Cost of equity	10.7										
Terminal growth (%)	2.0										
Equity value	55,733										
No. of shares (m shares) *	828										
Equity value / share (Bt)	67.0										

Source: Thanachart estimates

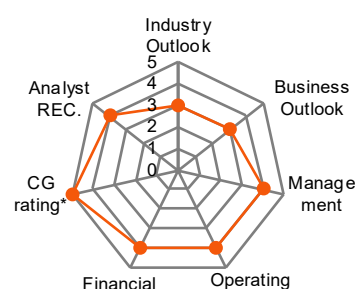
Note: * This includes the recent buyback program

COMPANY DESCRIPTION

Kiatnakin Phatra Bank Pcl (KKP) provides commercial banking services to its customers in Thailand, including commercial, developmental, consumer, hire-purchase, and mortgage financing. The bank also offers securities brokerage and investment advisory services.

Source: Thanachart

COMPANY RATING



Rating Scale

Excellent	5
Good	4
Fair	3
Weak	2
Very Weak	1
None	0

Source: Thanachart; *CG Rating

THANACHART'S SWOT ANALYSIS

S — Strength

- Strong footing in auto HP.
- Expertise in loan restructuring management.
- Leading in the capital markets business.

O — Opportunity

- Growth in non-auto HP retail lending.
- Capital market products outside Thailand.

W — Weakness

- Small branch network.
- Relatively weak deposit franchise.
- High concentration in a few lending segments.

T — Threat

- Global economic recession.
- New accounting standards and regulations.

CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	54.71	67.00	22%
Net profit 25F (Bt m)	4,955	5,107	3%
Net profit 26F (Bt m)	5,095	5,566	9%
Consensus REC	BUY: 6	HOLD: 13	SELL: 2

HOW ARE WE DIFFERENT FROM THE STREET?

- We believe our more aggressive net profit forecasts are due to higher fee income and healthier asset quality assumptions.
- Our higher TP is likely a result of our stronger net profit forecasts and higher dividend payout ratio assumptions.

Sources: Bloomberg consensus, Thanachart estimates

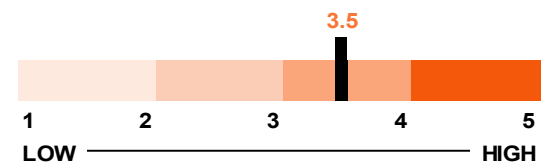
RISKS TO OUR INVESTMENT CASE

- Weaker economic momentum that drags down asset quality to a greater extent than we have currently factored in represents the key upside risk to our assumptions for KKP's credit costs, and hence, downside risk to our earnings forecasts and TP.
- A weaker capital market performance than we assume represents another downside risk to our earnings forecasts.
- Should KKP be able to find the right segment to expand loan volume, the bank would prefer to preserve capital, and this would lead to downside risk to our dividend payout ratio assumptions.

Source: Thanachart

Kiatnakin Phatra Financial Group (KKP) has embedded Environmental, Social, and Governance (ESG) principles into its business strategy, aiming to drive sustainable economic growth and create long-term value for all stakeholders. While its environmental targets remain less clearly defined – resulting in a lower E score compared to larger peers – its strong S score helps support a solid overall ESG score of 3.53.

Thanachart ESG Rating



	SET ESG Index	SET ESG (BBB-AAA)	DJSI Index	MSCI (CCC-AAA)	ESG Book (0-100)	Refinitiv (0-100)	S&P Global (0-100)	Moody's (0-100)	CG Rating (0-5)
KKP	YES	AA	-	BBB	51.95	72.22	30.00	-	5.0

Sources: SETTRADE, SET ESG Index, SET ESG Rating, The Dow Jones Industrial Average (DJSI), MSCI ESG Research LLC, ESG Book, Refinitiv ESG Information, S&P Global Market Intelligence, Moody's ESG Solutions, Thai IOD (CG rating)

Note: Please see third party on "terms of use" toward the back of this report.

Factors

Our Comments

ENVIRONMENT

- Environmental Policies & Guidelines
- Energy Management
- Carbon Management
- Water Management
- Waste Management

- We assign KKP an E score of 3.4, slightly below its peer average of 3.5. This reflects the bank's relatively less defined and measurable environmental targets, particularly when compared to larger institutions with more advanced ESG roadmaps.
- Nevertheless, KKP has made notable progress in supporting environmentally friendly businesses. In 2023, it expanded its green loan portfolio by 45%, focusing on mid-sized real estate developers to help facilitate its transition toward sustainability.
- The group is also renovating its headquarters, KKP Tower, to achieve LEED (Leadership in Energy and Environmental Design) certification. This initiative aims to improve energy efficiency and reduce resource consumption, in line with global green building practices.

SOCIAL

- Human Rights
- Staff Management
- Health & Safety
- Product Safety & Quality
- Social Responsibility

- We assign a high S score to KKP of 3.75 vs. the banking sector average of 3.8, reflecting its strong commitment to promoting financial literacy and empowering individuals to achieve sustainable livelihoods.
- KKP has developed digital platforms, such as the Dime! application, to expand access to financial and investment services, helping to improve financial literacy among the Thai population.
- The group conducts financial literacy programs and seminars, such as "KKP Shaping Tomorrow," to educate the public and promote sustainable practices across various sectors.

GOVERNANCE &
SUSTAINABILITY

- Board
- Ethics & Transparency
- Business Sustainability
- Risk Management
- Innovation

- KKP's Governance (G) score stands at 3.5, in line with the sector average of 3.51. The bank's product innovation helps offset concerns over its risk management, given the group's opportunistic growth strategy.
- The board structure demonstrates strong independence, with eight out of 12 board members classified as independent, exceeding the recommended two-thirds threshold.
- KKP maintains an Audit Committee, Remuneration Committee, and Risk Management Committee in accordance with standard corporate governance practices.
- The group also has a dedicated Sustainability Subcommittee, chaired by the CEO, which oversees the integration of ESG principles across the organization's activities.

Sources: Company data, Thanachart

INCOME STATEMENT

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
Interest and Dividend Income	30,717	30,515	26,816	26,447	27,077
Interest Expenses	8,424	10,667	9,470	8,712	8,915
Net Interest Income	22,294	19,848	17,347	17,735	18,162
% of total income	77.5%	74.1%	71.4%	70.9%	70.4%
Gain on Investment	(12)	23	27	29	31
Fee Income	5,476	5,396	5,816	6,107	6,412
Gain on Exchange	665	1,382	688	723	759
Others	340	153	246	258	271
Non-interest Income	6,469	6,954	6,938	7,286	7,650
% of total income	22.5%	25.9%	28.6%	29.1%	29.6%
Total Income	28,763	26,802	24,285	25,020	25,812
Operating Expenses	15,894	16,516	13,991	14,176	14,103
Pre-provisioning Profit	12,869	10,286	10,294	10,844	11,709
Provisions	6,082	3,974	3,899	3,872	4,060
Pre-tax Profit	6,787	6,312	6,396	6,972	7,649
Income Tax	1,331	1,264	1,279	1,394	1,530
After Tax Profit	5,456	5,048	5,117	5,578	6,119
Equity Income	0	0	0	0	0
Minority Interest	(13)	(18)	(10)	(11)	(12)
Extraordinary Items	0	0	0	0	0
NET PROFIT	5,443	5,031	5,107	5,566	6,107
Normalized Profit	5,443	5,031	5,107	5,566	6,107
EPS (Bt)	6.4	6.0	6.2	6.7	7.4
Normalized EPS (Bt)	6.4	6.0	6.2	6.7	7.4

The only bank where we expect 2026F EPS to increase

BALANCE SHEET

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
ASSETS:					
Liquid Items	63,411	40,232	71,574	69,338	52,752
cash & cash equivalents	1,382	1,248	1,718	1,444	1,842
interbank & money market	62,029	38,985	69,856	67,895	50,910
Securities under resale agreeme	0	0	0	0	0
Investments	36,262	34,540	35,231	35,936	36,654
Net loans	384,826	354,941	327,560	330,614	347,761
Gross and accrued interest	405,493	375,549	348,315	351,798	369,388
Provisions for doubtful	20,668	20,607	20,755	21,184	21,627
Fixed assets - net	14,677	14,071	7,299	7,518	7,744
Other assets	46,152	54,645	38,868	40,034	41,235
Total assets	545,327	498,429	504,903	508,299	511,502
LIABILITIES:					
Liquid Items	382,421	377,052	389,104	389,882	390,272
Deposit	358,903	359,306	367,106	367,840	368,208
Interbank & money market	23,035	17,399	21,474	21,517	21,539
Liability payable on demand	483	347	524	525	526
Borrow ings	68,900	27,350	19,341	19,380	19,399
Other liabilities	32,753	30,817	31,433	32,062	32,703
Total liabilities	484,074	435,219	439,879	441,324	442,375
Minority interest	286	301	316	332	348
Shareholders' equity	60,967	62,910	64,708	66,643	68,778
Preferred capital	-	-	-	-	-
Paid-in capital	8,468	8,468	8,468	8,468	8,468
Share premium	9,356	9,357	9,357	9,357	9,357
Surplus/ Others	1,981	2,327	2,443	2,565	2,693
Retained earnings	41,162	42,759	44,441	46,253	48,261
Liabilities & equity	545,327	498,429	504,903	508,299	511,502

Loan volume should slightly increase in 2026F after a two-year decline

Sources: Company data, Thanachart estimates

VALUATION

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Normalized PE (x)	9.2	9.9	9.6	8.8	8.0
Normalized PE - at target price (x)	10.4	11.2	10.9	10.0	9.1
PE (x)	9.2	9.9	9.6	8.8	8.0
PE - at target price (x)	10.4	11.2	10.9	10.0	9.1
P/PPP (x)	3.9	4.8	4.7	4.5	4.2
P/PPP - at target price (x)	4.4	5.5	5.4	5.1	4.7
P/BV (x)	0.8	0.8	0.8	0.7	0.7
P/BV - at target price (x)	0.9	0.9	0.9	0.9	0.8
Dividend yield (%)	5.1	6.8	7.2	7.8	8.6
Market cap / net loans (x)	0.1	0.1	0.2	0.2	0.1
Market cap / deposit (x)	0.1	0.1	0.1	0.1	0.1
(Bt)					
Normalized EPS	6.4	6.0	6.2	6.7	7.4
EPS	6.4	6.0	6.2	6.7	7.4
DPS	3.0	4.0	4.2	4.6	5.0
PPP/Share	15.2	12.2	12.4	13.1	14.1
BV/Share	72.0	74.3	76.4	78.7	81.2

Appealing dividend
yields of 7-8% p.a.

FINANCIAL RATIOS

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Growth Rate (%)					
Net interest income (NII)	16.8	(11.0)	(12.6)	2.2	2.4
Non-interest income (Non-II)	(23.5)	7.5	(0.2)	5.0	5.0
Operating expenses	22.1	3.9	(15.3)	1.3	(0.5)
Pre-provisioning profit (PPP)	(11.4)	(20.1)	0.1	5.3	8.0
Net profit	(28.4)	(7.6)	1.5	9.0	9.7
Normalized profit growth	(28.4)	(7.6)	1.5	9.0	9.7
EPS	(28.4)	(7.1)	3.2	9.0	9.7
Normalized EPS	(28.4)	(7.1)	3.2	9.0	9.7
Dividend payout ratio	46.7	67.3	70.0	70.0	70.0
Loan - gross	6.6	(7.6)	(7.3)	1.0	5.0
Loan - net	5.5	(7.8)	(7.7)	0.9	5.2
Deposit	8.3	0.1	2.2	0.2	0.1
NPLs	5.5	18.8	(2.0)	2.0	2.1
Total assets	7.4	(8.6)	1.3	0.7	0.6
Total equity	5.4	3.2	2.9	3.0	3.2
Operating Ratios (%)					
Net interest margin (NIM)	4.7	4.2	3.8	3.8	3.9
Net interest spread	5.7	5.2	4.9	5.3	5.2
Yield on earnings assets	6.3	6.3	5.8	5.6	5.7
Avg cost of fund	1.9	2.5	2.3	2.1	2.2
NII / operating income	77.5	74.1	71.4	70.9	70.4
Non-II / operating income	22.5	25.9	28.6	29.1	29.6
Fee income / operating income	19.0	20.1	23.9	24.4	24.8
Normalized net margin	18.9	18.8	21.0	22.2	23.7
Cost-to-income	55.3	61.6	57.6	56.7	54.6
Credit cost - provision exp / loans	1.5	1.1	1.1	1.1	1.1
PPP / total assets	2.4	2.0	2.1	2.1	2.3
PPP / total equity	21.7	16.6	16.1	16.5	17.3
ROA	1.0	1.0	1.0	1.1	1.2
ROE	9.2	8.1	8.0	8.5	9.0

Wealth-related fees should
boost support for a
resumption of fee income

Sources: Company data, Thanachart estimates

FINANCIAL RATIOS

Stable NPL ratio

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Liquidity and Quality Ratio (%)					
Loan-to-deposit	110.9	102.4	92.9	93.6	98.2
Loan-to-deposit & S-T borrow ing	110.9	102.4	92.9	93.6	98.2
Net loan / assets	70.6	71.2	64.9	65.0	68.0
Net loan / equity	631.2	564.2	506.2	496.1	505.6
Investment / assets	6.6	6.9	7.0	7.1	7.2
Deposit / liabilities	74.1	82.6	83.5	83.3	83.2
Liabilities / equity	794.0	691.8	679.8	662.2	643.2
Net interbank lender (Bt m)	38,994	21,585	48,382	46,377	29,371
Tier 1 CAR	13.3	14.0	15.5	15.8	15.5
Tier 2 CAR	3.3	3.4	3.6	3.6	3.4
Total CAR	16.6	17.4	19.2	19.4	18.9
NPLs (Bt m)	14,710	17,473	17,132	17,476	17,838
NPLs / Total loans (NPL Ratio)	3.7	4.8	5.0	5.1	4.9
Loan-Loss-Coverage	140.5	117.9	121.2	121.2	121.2

Sources: Company data, Thanachart estimates

BUY (Unchanged)

Transfer of Coverage

TP: Bt 31.00 (From: Bt 25.50)

Upside : 18.1%

12 SEPTEMBER 2025

Krung Thai Bank Pcl (KTB TB)

Undervalued dividend play

KTB is now our top BUY in the banking sector. We believe the THAI windfall is set to cushion NIM pressure and lift 2025-26F earnings. Strong capital and payout flexibility make it a leading dividend play, while an inexpensive valuation at 0.8x P/BV adds potential upside.



RAWISARA SUWANUMPHAI

662-779-9119

rawisara.suw@thanachartsec.co.th

Our sector top BUY

This report, a part of *Bank sector – Stable yield in NIM downcycle*, dated 12 September 2025, marks a transfer of coverage to a new bank analyst. We raise our DDM-based 12-month TP to Bt31.0 (from Bt25.5), reflecting 1-10% earnings hikes over 2025–27F and rolling over to a 2026F base year. We reaffirm our BUY call on KTB as our top sector pick. **First**, KTB offers the strongest earnings growth in the sector this year, backed by mark-to-market gains in Thai Airways (THAI TB, SELL, Bt14.5). **Second**, it offers attractive dividend yields of 7/6% in 2025-26F. **Third**, the bank's de-risking strategy has improved asset quality, with a sector-average NPL ratio and the second-highest coverage ratio in the sector. Its credit cost has normalized despite macro challenges. **Lastly**, trading at just 0.8x 2026F P/BV with an ROE of 8.9%, we view its valuation as inexpensive.

Windfall gain strengthens bottom line

KTB is the only bank that classifies Thai exposure as fair value through profit and loss (FVTPL). While earnings may face quarter-to-quarter volatility until settlement, we view the holding period impact as positive. Based on our TP for THAI of Bt11/share, KTB might record mark-to-market gains in 3Q25 (net of tax) of about Bt9bn or Bt0.7/share. Consistent with its conservative approach, we expect KTB to utilize this windfall to strengthen its balance sheet by setting aside special provisions and extra impairment losses for NPAs. This strategy should provide a cushion for its 2026F bottom line amid NIM headwinds.

High dividend yield with potential upside

KTB is enhancing its shareholder return strategy. Management targets dividend yields on par with peers under a flexible payout strategy, with buybacks still on the table. With strong profit growth in 2025F, we see yields hitting 7%, positioning KTB as a sector standout. Even in 2026F, when we forecast earnings pressure from narrowing NIM, a conservative 50% payout still delivers a solid 6% yield. Backed by a very sound balance sheet and excess capital, KTB has ample room to raise payouts further.

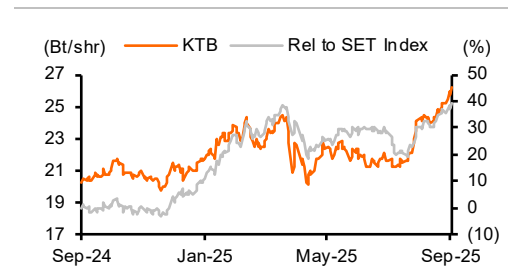
Stable credit cost outlook

Since launching its balance sheet de-risking strategy in 2020, KTB has reduced exposure to SMEs and strengthened its retail portfolio by increasing the share of secured and low-risk welfare loans. These measures, combined with proactive resolution of legacy NPLs and consistent provisioning, have lowered its NPL ratio to the sector average while maintaining its second-highest NPL coverage ratio at 176% in 2Q25. In 2026-27F. Even amid a challenging macroeconomic backdrop, we expect the bank to keep credit costs within a normalized range of 110–120bps.

COMPANY VALUATION

Y/E Dec (Bt m)	2024A	2025F	2026F	2027F
Pre Provision Profit	88,824	95,066	86,956	90,043
Net profit	43,856	47,444	42,254	44,562
Consensus NP	—	44,735	43,935	46,203
Diff frm cons (%)	—	6.1	(3.8)	(3.6)
Norm profit	43,856	47,444	42,254	44,562
Prev. Norm profit	—	43,267	40,291	44,119
Chg frm prev (%)	—	9.7	4.9	1.0
Norm EPS (Bt)	3.1	3.4	3.0	3.2
Norm EPS grw (%)	19.8	8.2	(10.9)	5.5
Norm PE (x)	8.4	7.7	8.7	8.2
P/BV (x)	0.8	0.8	0.8	0.7
Div yield (%)	5.9	6.5	5.8	6.1
ROE (%)	10.4	10.5	8.9	8.9
ROA (%)	1.2	1.3	1.1	1.1

PRICE PERFORMANCE



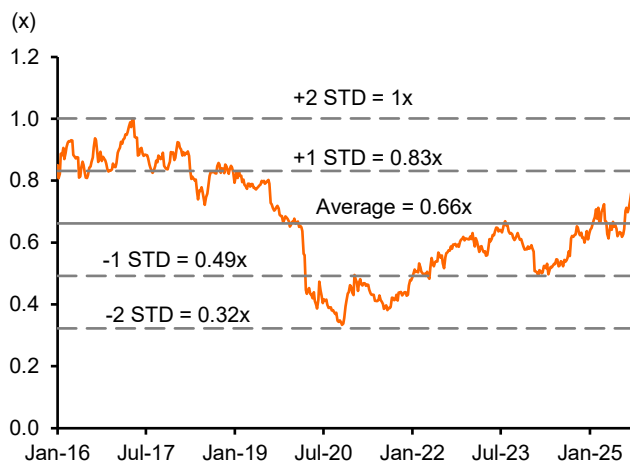
COMPANY INFORMATION

Price: as of 11-Sep-25 (Bt)	26.25
Market Cap (US\$ m)	11,523
Listed Shares (m shares)	13,976.1
Free Float (%)	44.9
Avg. Daily Turnover (US\$ m)	37.8
12M Price H/L (Bt)	26.00/19.80
Sector	BANK
Major Shareholder	FIDF 55.07%

Sources: Bloomberg, Company data, Thanachart estimates

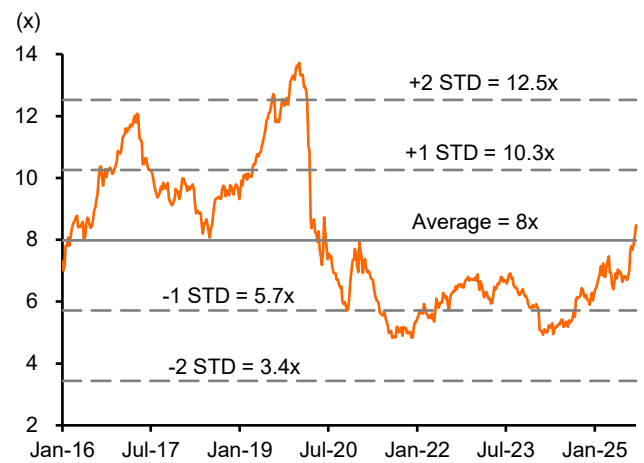
ESG Summary Report P49

Ex 1: KTB's P/BV STD



Sources: Bloomberg, Thanachart estimates

Ex 2: KTB's PE STD



Sources: Bloomberg, Thanachart estimates

Ex 3: Earnings Revisions And Assumption Changes

	2023	2024	2025F	2026F	2027F
Normalized profit (Bt bn)					
- New	36.62	43.86	47.44	42.25	44.56
- Old			43.27	40.29	44.12
- Change (%)			9.65	4.87	1.00
Normalized EPS (Bt/share)					
- New	2.62	3.14	3.39	3.02	3.19
- Old			3.10	2.88	3.16
- Change (%)			9.65	4.87	1.00
Loan growth (%)					
- New	(0.63)	4.74	2.00	2.00	2.00
- Old			2.79	2.01	2.97
- Change (ppt)			(0.79)	(0.01)	(0.97)
NIM (%)					
- New	3.22	3.29	2.96	2.81	2.86
- Old			3.19	3.04	3.02
- Change (ppt)			(0.23)	(0.22)	(0.16)
Non-NII (Bt bn)					
- New	34.69	38.49	58.32	45.69	46.38
- Old			35.53	35.64	37.48
- Change (%)			64.14	28.22	23.74
Opex (Bt bn)					
- New	62.16	68.78	72.10	64.02	64.84
- Old			65.79	67.35	68.22
- Change (%)			9.60	(4.94)	(4.96)
Credit cost (%)					
- New	1.44	1.15	1.25	1.15	1.13
- Old			1.01	1.01	0.97
- Change (ppt)			0.24	0.14	0.16

Sources: Company data, Thanachart estimates

Ex 4: 12-month DDM-based TP Calculation Using A Base Year Of 2026F

(Bt m)	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	2035F	Terminal Value
Dividend of common shares	22,424	21,704	22,932	24,086	28,944	33,982	35,360	39,654	44,095	45,805	45,805
Dividend payment	22,424	21,704	22,932	24,086	28,944	33,982	35,360	39,654	44,095	45,805	606,767
PV of dividend	22,424	18,035	17,366	16,628	18,215	19,494	18,486	18,898	19,156	18,140	240,290
Risk-free rate (%)	2.5										
Market risk premium (%)	8.0										
Beta	0.9										
WACC (%)	9.7										
Cost of equity	9.7										
Terminal growth (%)	2.0										
Equity value	427,133										
No. of shares (m shares)	13,976										
Equity value / share (Bt)	31.00										

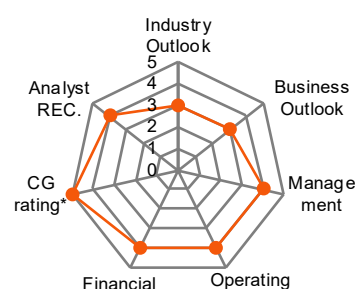
Sources: Company data, Thanachart estimates

COMPANY DESCRIPTION

Krung Thai Bank Pcl (KTB) is a state-owned commercial bank offering various banking and financial services, including commercial, consumer, credit card, and mortgage loans, as well as provident fund management, foreign exchange, and international trade financing services. The bank is majority-owned by the Financial Institutions Development Fund.

Source: Thanachart

COMPANY RATING



Rating Scale

Excellent	5
Good	4
Fair	3
Weak	2
Very Weak	1
None	0

Source: Thanachart; *CG Rating

THANACHART'S SWOT ANALYSIS

S — Strength

- Leading position in government-related and infrastructure loans.
- Large database as it operates "Pao Tang", which is the government's wallet application.

O — Opportunity

- Increasing its exposure to the retail-lending segment.
- Soliciting more fee-based income.
- Digitalization ventures.

W — Weakness

- Lower spread as it focuses on high-quality-low-yield loans.

T — Threat

- Global economic recession.
- New accounting standards and regulations.

CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	26.16	31.00	18%
Net profit 25F (Bt m)	44,735	47,444	6%
Net profit 26F (Bt m)	43,935	42,254	-4%
Consensus REC	BUY: 24	HOLD: 2	SELL: 0

HOW ARE WE DIFFERENT FROM THE STREET?

- We believe our higher TP is attributable to us having a more bullish view on its long-term dividend payout ratio

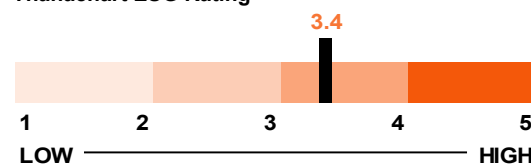
RISKS TO OUR INVESTMENT CASE

- Slower economic momentum than we currently anticipate would present the key downside risk to our earnings.
- A lower than 50% forecast dividend payout ratio is a secondary downside risk to our call.

Sources: Bloomberg consensus, Thanachart estimates

Source: Thanachart

KTB is Thailand's third-largest bank by assets. It recognizes the importance of good corporate governance and running its business while creating shared value (CSV) with society to ensure inclusive and sustainable development in all sectors based on ESG. We assign KTB an ESG score of 3.44.

Thanachart ESG Rating


	SET ESG Index	SET ESG (BBB-AAA)	DJSI Index	MSCI (CCC-AAA)	ESG Book (0-100)	Refinitiv (0-100)	S&P Global (0-100)	Moody's (0-100)	CG Rating (0-5)
KTB	YES	AAA	-	A	59.38	63.51	74.00	36.0	5.0

Sources: SETTRADE, SET ESG Index, SET ESG Rating, The Dow Jones Industrial Average (DJSI), MSCI ESG Research LLC, ESG Book, Refinitiv ESG Information, S&P Global Market Intelligence, Moody's ESG Solutions, Thai IOD (CG rating)
Note: Please see third party on "terms of use" toward the back of this report.

Factors
Our Comments
ENVIRONMENT

- Environmental Policies & Guidelines
- Energy Management
- Carbon Management
- Water Management
- Waste Management

- KTB says it is committed to addressing climate change in a way that aligns with Thailand's sustainable economic development goals, focusing on developing the Bio-Circular-Green (BCG) economy.
- To reduce the bank's greenhouse gas emissions, several measures are being implemented, such as optimizing resource use by replacing equipment, including light bulbs and air conditioners, with environmentally friendly alternatives and adding electric cars to the company's fleet. This is in addition to campaigns to encourage efficient resource use and waste reduction within its organization.
- All actions are being conducted to achieve the bank's zero-emissions goal.

SOCIAL

- Human Rights
- Staff Management
- Health & Safety
- Product Safety & Quality
- Social Responsibility

- The bank is the developer of the Pao Tang mobile application, which is also known as the Thailand open digital platform, and now has over 40m users. The app has played a crucial role in supporting the government's economic stimulus programs, including the "Khon La Khrueng" (Let's Go Halves) scheme phases 4 and 5, in which more than 24m Thais participated, generating over Bt90bn in domestic spending.
- As part of the "Krungthai Go Local, Grow Local" project, the bank developed two model communities in 2022, focusing on holistic development through sustainable value creation. This initiative has significantly changed the structure, policy, and mechanisms for working with communities. The bank aims to extend this project to other communities in the future.

**GOVERNANCE &
SUSTAINABILITY**

- Board
- Ethics & Transparency
- Business Sustainability
- Risk Management
- Innovation

- KTB has 12 board members. Six are independent.
- The bank has announced a zero-tolerance policy. It fosters its five core values — breakthrough, efficiency, integrity, teamwork, and social — through the "Foster, Prevent, Change" strategic principle, where KTB strives to operate transparently and in compliance with all rules and regulations.
- The bank has received numerous global awards and recognition, including the Most Sustainable Bank Thailand 2022 Award from *World Economics* magazine and the Best Sustainable & Business Solutions Bank Award from *The European* magazine.
- Besides international awards, the bank has been recognized locally. It won the Royal Thailand Corporate Excellence Awards 2022 in the categories of Product/Service Excellence, Leadership Excellence, and Marketing Excellence from the Thailand Management Association, as well as the Thailand Sustainability Investment 2022 award from the Stock Exchange of Thailand.

Sources: Company data, Thanachart

INCOME STATEMENT

Highest 2025F net profit growth among banks from THAI cushion

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
Interest and Dividend Income	152,369	165,105	148,389	142,215	146,019
Interest Expenses	38,949	45,990	39,541	36,936	37,520
Net Interest Income	113,419	119,115	108,848	105,279	108,499
% of total income	76.6%	75.6%	65.1%	69.7%	70.1%
Gain on Investment	195	891	5,345	2,405	1,684
Fee Income	20,872	22,282	22,926	24,072	25,276
Gain on Exchange	5,178	4,703	18,775	7,510	7,134
Others	8,127	10,227	10,738	11,275	11,839
Non-interest Income	34,692	38,487	58,322	45,693	46,385
% of total income	23.4%	24.4%	34.9%	30.3%	29.9%
Total Income	148,112	157,602	167,170	150,972	154,883
Operating Expenses	62,157	68,778	72,104	64,016	64,841
Pre-provisioning Profit	85,955	88,824	95,066	86,956	90,043
Provisions	37,085	31,070	34,070	31,971	32,044
Pre-tax Profit	48,870	57,755	60,996	54,985	57,999
Income Tax	9,902	11,576	12,199	10,997	11,600
After Tax Profit	38,968	46,179	48,797	43,988	46,399
Equity Income	1,353	1,500	2,551	1,785	1,875
Minority Interest	(3,705)	(3,823)	(3,904)	(3,519)	(3,712)
Extraordinary Items	0	0	0	0	0
NET PROFIT	36,616	43,856	47,444	42,254	44,562
Normalized Profit	36,616	43,856	47,444	42,254	44,562
EPS (Bt)	2.6	3.1	3.4	3.0	3.2
Normalized EPS (Bt)	2.6	3.1	3.4	3.0	3.2

BALANCE SHEET

De-risking balance sheet would lead to stable asset quality

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
ASSETS:					
Liquid Items	756,787	591,664	605,225	594,883	587,983
cash & cash equivalents	55,626	56,889	55,276	51,313	51,754
interbank & money market	701,162	534,775	549,949	543,569	536,229
Securities under resale agreeme	0	0	0	0	0
Investments	277,241	367,236	367,720	375,241	382,917
Net loans	2,426,095	2,549,075	2,599,411	2,651,057	2,704,304
Gross and accrued interest	2,599,418	2,722,954	2,777,081	2,832,623	2,889,275
Provisions for doubtful	173,323	173,879	177,671	181,565	184,971
Fixed assets - net	65,924	57,360	30,115	31,018	31,949
Other assets	125,692	123,791	156,471	161,165	166,000
Total assets	3,677,684	3,740,468	3,802,582	3,857,878	3,918,556
LIABILITIES:					
Liquid Items	2,933,991	2,992,333	3,084,938	3,115,788	3,146,946
Deposit	2,646,872	2,731,344	2,870,985	2,899,695	2,928,692
Interbank & money market	282,696	255,872	181,789	183,606	185,442
Liability payable on demand	4,423	5,116	32,165	32,487	32,811
Borrow ings	160,839	132,464	71,106	71,817	72,536
Other liabilities	162,008	155,001	158,101	161,263	164,488
Total liabilities	3,256,838	3,279,797	3,314,145	3,348,868	3,383,969
Minority interest	18,470	20,549	21,576	22,655	23,788
Shareholders' equity	402,376	440,122	466,861	486,355	510,800
Preferred capital	28.33	28.33	-	-	-
Paid-in capital	71,977	71,977	71,977	71,977	71,977
Share premium	20,834	20,233	20,834	20,834	20,834
Surplus/ Others	15,505	18,920	19,236	20,198	21,207
Retained earnings	294,032	328,964	354,815	373,347	396,782
Liabilities & equity	3,677,684	3,740,468	3,802,582	3,857,878	3,918,556

Sources: Company data, Thanachart estimates

VALUATION

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Normalized PE (x)	10.0	8.4	7.7	8.7	8.2
Normalized PE - at target price (x)	11.8	9.9	9.1	10.3	9.7
PE (x)	10.0	8.4	7.7	8.7	8.2
PE - at target price (x)	11.8	9.9	9.1	10.3	9.7
P/PPP (x)	4.3	4.1	3.9	4.2	4.1
P/PPP - at target price (x)	5.0	4.9	4.6	5.0	4.8
P/BV (x)	0.9	0.8	0.8	0.8	0.7
P/BV - at target price (x)	1.1	1.0	0.9	0.9	0.8
Dividend yield (%)	3.3	5.9	6.5	5.8	6.1
Market cap / net loans (x)	0.2	0.1	0.1	0.1	0.1
Market cap / deposit (x)	0.1	0.1	0.1	0.1	0.1
(Bt)					
Normalized EPS	2.6	3.1	3.4	3.0	3.2
EPS	2.6	3.1	3.4	3.0	3.2
DPS	0.9	1.5	1.7	1.5	1.6
PPP/Share	6.2	6.4	6.8	6.2	6.4
BV/Share	28.8	31.5	33.4	34.8	36.5

Upside to dividend yield
from firm shareholder
return focus

FINANCIAL RATIOS

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Growth Rate (%)					
Net interest income (NII)	25.5	5.0	(8.6)	(3.3)	3.1
Non-interest income (Non-II)	2.4	10.9	51.5	(21.7)	1.5
Operating expenses	13.5	10.7	4.8	(11.2)	1.3
Pre-provisioning profit (PPP)	23.6	3.3	7.0	(8.5)	3.5
Net profit	8.7	19.8	8.2	(10.9)	5.5
Normalized profit growth	8.7	19.8	8.2	(10.9)	5.5
EPS	8.7	19.8	8.2	(10.9)	5.5
Normalized EPS	8.7	19.8	8.2	(10.9)	5.5
Dividend payout ratio	33.1	49.2	50.0	50.0	50.0
Loan - gross	(0.6)	4.7	2.0	2.0	2.0
Loan - net	(0.7)	5.1	2.0	2.0	2.0
Deposit	2.2	3.2	5.1	1.0	1.0
NPLs	(2.0)	(4.0)	0.0	3.0	2.9
Total assets	2.4	1.7	1.7	1.5	1.6
Total equity	6.9	9.4	6.1	4.2	5.0
Operating Ratios (%)					
Net interest margin (NIM)	3.2	3.3	3.0	2.9	2.9
Net interest spread	4.6	4.6	4.1	4.0	4.0
Yield on earnings assets	4.3	4.6	4.0	3.8	3.8
Avg cost of fund	1.3	1.5	1.3	1.2	1.2
NII / operating income	76.6	75.6	65.1	69.7	70.1
Non-II / operating income	23.4	24.4	34.9	30.3	29.9
Fee income / operating income	14.1	14.1	13.7	15.9	16.3
Normalized net margin	24.7	27.8	28.4	28.0	28.8
Cost-to-income	42.0	43.6	43.1	42.4	41.9
Credit cost - provision exp / loans	1.4	1.2	1.2	1.1	1.1
PPP / total assets	2.4	2.4	2.5	2.3	2.3
PPP / total equity	22.1	21.1	21.0	18.2	18.1
ROA	1.0	1.2	1.3	1.1	1.1
ROE	9.4	10.4	10.5	8.9	8.9

Sources: Company data, Thanachart estimates

FINANCIAL RATIOS

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Liquidity and Quality Ratio (%)					
Loan-to-deposit	97.3	98.8	95.9	96.8	97.8
Loan-to-deposit & S-T borrow ing	97.3	98.8	95.9	96.8	97.8
Net loan / assets	66.0	68.1	68.4	68.7	69.0
Net loan / equity	602.9	579.2	556.8	545.1	529.4
Investment / assets	7.5	9.8	9.7	9.7	9.8
Deposit / liabilities	81.3	83.3	86.6	86.6	86.5
Liabilities / equity	809.4	745.2	709.9	688.6	662.5
Net interbank lender (Bt m)	418,465	278,903	368,161	359,963	350,786
Tier 1 CAR	17.6	19.5	20.2	20.8	21.4
Tier 2 CAR	3.1	2.0	1.9	1.9	1.9
Total CAR	20.7	21.4	22.1	22.7	23.2
NPLs (Bt m)	99,047	95,065	95,065	97,873	100,736
NPLs / Total loans (NPL Ratio)	3.8	3.5	3.5	3.5	3.5
Loan-Loss-Coverage	175.0	182.9	186.9	185.5	183.6

Sources: Company data, Thanachart estimates

*Second-highest NPL
coverage ratio in the
sector*

HOLD (Unchanged)

Transfer of Coverage

TP: Bt 135.00 (From: Bt 130.00)

Upside : 6.3%
12 SEPTEMBER 2025

SCB X Pcl (SCB TB)

Fairly priced

SCB's higher dividend yield compared to its peers is reflected in its P/BV premium, and we maintain our HOLD rating on the stock, considering its valuation as fair. Room to boost dividends further also appears to be more limited than peers.


RAWISARA SUWANUMPHAI

662-779-9119
rawisara.suw@thanachartsec.co.th

Limited potential upside; HOLD

This report, a part of *Bank sector – Stable yield in NIM downcycle*, dated 12 September 2025, marks a transfer of coverage to a new bank analyst. We maintain our HOLD rating on SCB with a higher DDM-based 12-month TP of Bt135 (from Bt130), reflecting 7-8% earnings hikes in 2025-27F and rolling over to a 2026F base year. We believe SCB is fairly priced as its high dividend yields of 8-9% in 2025-27F are already reflected in its valuations of 9.5x PE and 0.84x P/BV in 2026F. With its already high 80% payout ratio, we see limited potential upside to its yield story. Its recovering Gen 2 businesses and lowest cost-to-income ratio in the sector are offset by elevated credit costs.

Rising profit from Gen 2

SCBx's Gen 1 businesses continue to deliver stable net profits, while its Gen 2 companies, CardX and AutoX, are gaining traction through focused investments in sustainable growth and profitability. Gen 2 turned a profit in 3Q24 of Bt500m and has maintained quarterly earnings of Bt700m-800m. CardX has successfully lowered defaults and NPLs, and AutoX has reached critical scale, transitioning from volume-driven growth to prioritizing asset quality and returns. We expect the Gen 2 units to contribute Bt2bn-3bn annually over 2025-27F.

Sustaining cost leadership

SCB has consistently demonstrated strong cost discipline, maintaining the lowest cost-to-income ratio in the sector for four consecutive years at the low-40s level vs. the sector average of 45%. We expect the bank to further entrench its position as the sector's cost leader through ongoing branch rationalization, accelerated digitalization, and disciplined expense control. Additionally, in 2025, SCB should benefit from around Bt800m in savings following the one-off divestment of Purple Ventures, providing further support to its efficiency gains.

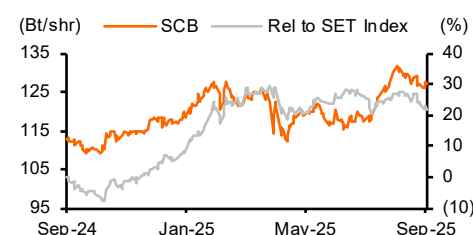
Elevated credit cost on high retail exposure

After a surge in Stage 2 loans in 3Q24, SCB's asset quality metrics have stabilized, with both Stage 2 and NPL formation showing signs of improvement. Nevertheless, risks remain. Some 43% of SCB's loan portfolio is still exposed to vulnerable retail segments, keeping credit risk elevated. In 1H25, SCB has maintained high credit costs of 164bps. Looking ahead, we expect credit costs to remain elevated at 160-166bps over 2025-27F, driven by the ongoing weak economic backdrop and the absence of a major balance sheet cleanup.

COMPANY VALUATION

Y/E Dec (Bt m)	2024A	2025F	2026F	2027F
Pre Provision Profit	98,797	99,088	95,460	98,531
Net profit	43,943	47,116	45,126	47,272
Consensus NP	—	45,560	45,617	48,257
Diff frm cons (%)	—	3.4	(1.1)	(2.0)
Norm profit	43,943	47,116	45,126	47,272
Prev. Norm profit	—	43,522	42,107	44,036
Chg frm prev (%)	—	8.3	7.2	7.3
Norm EPS (Bt)	13.1	14.0	13.4	14.0
Norm EPS grw (%)	1.0	7.2	(4.2)	4.8
Norm PE (x)	9.7	9.1	9.5	9.0
P/BV (x)	0.9	0.9	0.8	0.8
Div yield (%)	8.2	8.8	8.4	8.8
ROE (%)	9.1	9.5	8.9	9.2
ROA (%)	1.3	1.3	1.3	1.3

PRICE PERFORMANCE



COMPANY INFORMATION

Price: as of 11-Sep-25 (Bt)	127.00
Market Cap (US\$ m)	13,431
Listed Shares (m shares)	3,367.1
Free Float (%)	76.4
Avg. Daily Turnover (US\$ m)	37.4
12M Price H/L (Bt)	131.50/109.00
Sector	BANK
Major Shareholder	HM King Maha Vajiralongkorn Bodindradebayavarangkun 23.58%

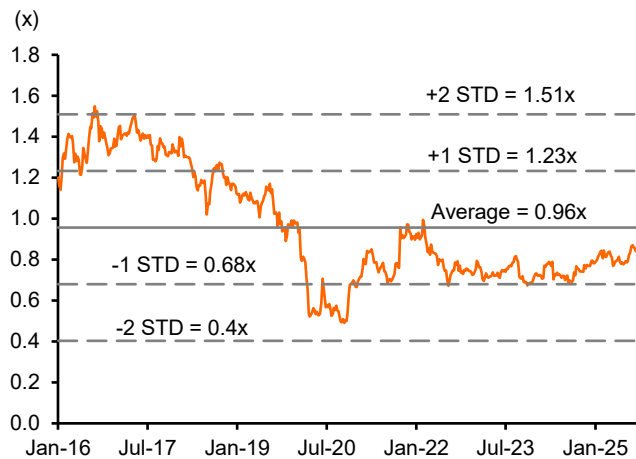
Sources: Bloomberg, Company data, Thanachart estimates

Ex 1: Gen 2's Performance

(Bt bn)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25
Loans	164	168	170	172	165	161
Total income	6.9	7.2	7.2	7.6	7.1	7.4
Cost-to-income ratio	48%	42%	41%	46%	43%	44%
Credit cost (bps)	960	1070	850	750	704	791
Net profit	(0.3)	(0.1)	0.5	0.7	0.8	0.7

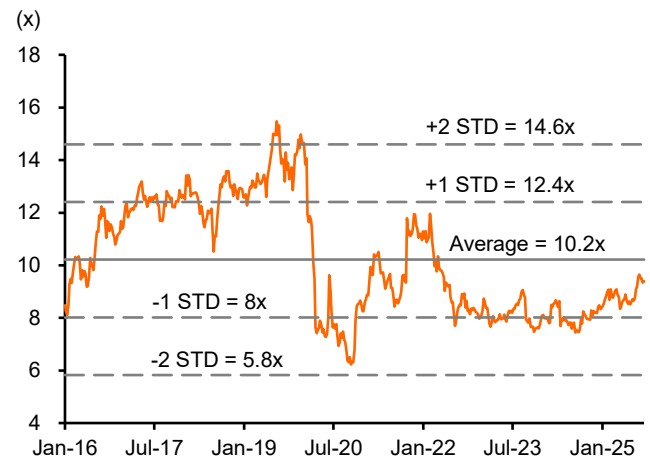
Sources: Company data

Ex 2: SCB's P/BV STD



Sources: Bloomberg, Thanachart estimates

Ex 3: SCB's PE STD



Sources: Bloomberg, Thanachart estimates

Ex 4: Earnings Revisions And Assumption Changes

	2023	2024	2025F	2026F	2027F
Normalized profit (Bt bn)					
- New	43.52	43.94	47.12	45.13	47.27
- Old			43.52	42.11	44.04
- Change (%)			8.26	7.17	7.35
Normalized EPS (Bt/share)					
- New	12.93	13.05	13.99	13.40	14.04
- Old			12.93	12.51	13.08
- Change (%)			8.26	7.17	7.35
Loan growth (%)					
- New	2.08	(0.96)	1.00	1.00	1.00
- Old			(1.11)	(1.04)	0.88
- Change (ppt)			2.11	2.04	0.12
NIM (%)					
- New	3.72	3.85	3.54	3.41	3.44
- Old			3.84	3.75	3.75
- Change (ppt)			(0.30)	(0.34)	(0.31)

Sources: Company data, Thanachart estimates

Ex 4: Earnings Revisions And Assumption Changes (Con't)

	2023	2024	2025F	2026F	2027F
Non-NII (Bt bn)					
- New	46.00	42.35	47.95	46.32	47.69
- Old			42.14	42.75	44.64
- Change (%)			13.78	8.36	6.82
Cost-to-income ratio (%)					
- New	42.05	42.48	41.60	42.43	41.78
- Old			42.41	42.84	42.80
- Change (ppt)			(0.82)	(0.41)	(1.02)
Credit cost (%)					
- New	1.82	1.76	1.66	1.60	1.60
- Old			1.78	1.80	1.78
- Change (ppt)			(0.12)	(0.20)	(0.18)
NPLs (Bt bn)					
- New	96.83	97.61	98.82	100.05	102.53
- Old			99.73	101.01	97.68
- Change (%)			(0.91)	(0.95)	4.96

Sources: Company data, Thanachart estimates

Ex 5: 12-month DDM-based TP Calculation Using A Base Year Of 2026F

(Bt m)	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	2035F	Terminal Value
Dividend of common shares	37,693	36,101	37,818	38,650	39,504	40,379	41,278	42,200	43,148	44,122	44,122
Dividend payment	37,693	36,101	37,818	38,650	39,504	40,379	41,278	42,200	43,148	44,122	550,171
PV of dividend	37,693	29,738	28,266	26,220	24,323	22,565	20,930	19,420	18,022	16,726	208,564
Risk-free rate (%)	2.5										
Market risk premium (%)	8.0										
Beta	1.0										
WACC (%)	10.2										
Cost of equity	10.2										
Terminal growth (%)	2.0										
Equity value	452,467										
No. of shares (m)	3,367										
Equity value / share (Bt)	135.0										

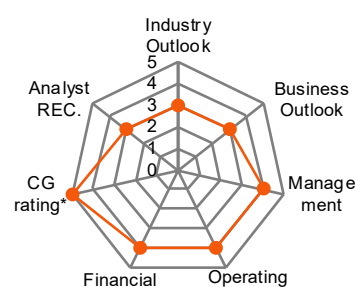
Sources: Company data, Thanachart estimates

COMPANY DESCRIPTION

Siam Commercial Bank (SCB) was Thailand's first home-grown bank, established in 1906 under Royal Charter and listed on the SET in 1976. The bank has undergone a major business reorganization plan to transform itself into SCBx, an investment holding company. The business transfer was completed in 4Q22. As a banking entity, it has divided its business operating platform into three generations. They are 1) Gen 1: SCB Bank; 2) Gen 2: Consumer and digital finance services; and 3) Gen 3: Platform and digital assets.

Source: Thanachart

COMPANY RATING



Rating Scale

Excellent	5
Good	4
Fair	3
Weak	2
Very Weak	1
None	0

Source: Thanachart; *CG Rating

THANACHART'S SWOT ANALYSIS

S — Strength

- Leading position in retail products.
- Strong deposit franchise.
- Healthy balance sheet.

O — Opportunity

- Successful penetration of unsecured, digital/machine lending.
- Wealth management
- Non-bank service fees.

W — Weakness

- New structure has increased its exposure to higher-risk segments.
- Increasing exposure to digital assets, for which the business outlook remains unsettled.

T — Threat

- Global economic recession.
- New accounting standards and regulations.

CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	130.20	135.00	4%
Net profit 25F (Bt m)	45,560	47,116	3%
Net profit 26F (Bt m)	45,617	45,126	-1%
Consensus REC	BUY: 13	HOLD: 12	SELL: 2

HOW ARE WE DIFFERENT FROM THE STREET?

- Our TP and earnings forecasts are largely in line with the Bloomberg consensus. We believe the market shares our view on an 80% dividend payout ratio.

RISKS TO OUR INVESTMENT CASE

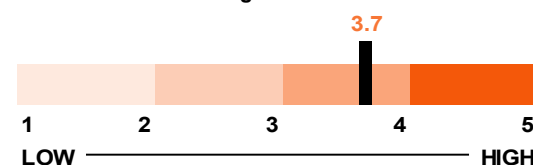
- If SCB can control asset quality well, this would be positive for our credit cost assumptions and net profit forecasts.
- If SCB lowers its dividend payout ratio to less than 80%, this would negatively impact for TP.

Sources: Bloomberg consensus, Thanachart estimates

Source: Thanachart

SCB conducts its business by considering environmental, social, and governance criteria, steered by three strategic pillars of sustainability: 1) sustainable finance, 2) creating social impacts, and 3) a better environmental future. We assign an ESG score of 3.66 to SCB.

Thanachart ESG Rating



	SET ESG Index	SET ESG (BBB-AAA)	DJSI Index	MSCI (CCC-AAA)	ESG Book (0-100)	Refinitiv (0-100)	S&P Global (0-100)	Moody's (0-100)	CG Rating (0-5)
SCB	YES	AA	YES	A	59.85	75.12	85.00	-	5.0

Sources: SETTRADE, SET ESG Index, SET ESG Rating, The Dow Jones Industrial Average (DJSI), MSCI ESG Research LLC, ESG Book, Refinitiv ESG Information, S&P Global Market Intelligence, Moody's ESG Solutions, Thai IOD (CG rating)
Note: Please see third party on "terms of use" toward the back of this report.

Factors

Our Comments

ENVIRONMENT

- Environmental Policies & Guidelines
- Energy Management
- Carbon Management
- Water Management
- Waste Management

- SCBx committed to becoming net zero within its operations by 2023 and for overall lending and investments by 2050.
- SCBx group, via SCB, assessed and considered ESG-related risks in 100% of project finance applications last year.
- The bank also integrates climate change considerations into its risk-management system, including climate scenario analysis in line with the TCFD's recommendations as one of its inputs for stress testing to set industry limits and inform business strategy.
- The bank has provided over Bt75.2bn in financing to help mitigate climate change impacts, reduce inequality, and promote well-being. The target is to provide Bt200bn of funding to support green/ESG finance by 2030.

SOCIAL

- Human Rights
- Staff Management
- Health & Safety
- Product Safety & Quality
- Social Responsibility

- SCBx Group, via SCB, is committed to providing educational opportunities for youths of all ages to help them develop skills for the 21st century. Young people form an important foundation for the country's development and need help keeping pace with future changes.
- SCB continues to support social initiatives, including its SCB Challenge, CONNEXT ED, scholarships, and financial literacy schemes.
- Some 6,000 youths and teachers and 700 schools participated in the projects. SCB offers 240 Science and Technology scholarships and 543 general scholarships.

GOVERNANCE &
SUSTAINABILITY

- Board
- Ethics & Transparency
- Business Sustainability
- Risk Management
- Innovation

- With an ambition to align its growth strategy with the sustainable development guidelines, in 2022, SCBx established the group-wide sustainability governance structure that operates under a strategic framework comprising four pillars: "Planting Digital Seeds, Enriching Lives, Growing Economic Resilience, and Achieving Climate Neutrality" – steered by its sustainability mission, "Opportunities for Everyone, Possibilities Everyday".
- This is SCBx's direction to foster an inclusive financial ecosystem while empowering all stakeholders to take part and accelerate their climate actions through the use of technology and innovation. In doing so, the SCBx sustainability framework not only complies with the ten principles of the United Nations Global Compact but also upholds the United Nations Sustainable Development Goals (SDGs) and the Paris Agreement.
- SCBx was selected as a member of the Dow Jones Sustainability Indices (DJSI) for the World Index and the Emerging Markets Index in the banking sector for the 5th consecutive year. SCBx also ranked among the top 5% for its S&P Global ESG Score in the banking sector, as reported in *The Sustainability Yearbook 2023*.

Sources: Company data, Thanachart

INCOME STATEMENT

*Good opex control
should lead to decent
2025F net profit growth*

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
Interest and Dividend Income	161,121	169,320	158,959	153,618	156,027
Interest Expenses	36,439	39,896	37,240	34,137	34,466
Net Interest Income	124,682	129,424	121,720	119,482	121,561
% of total income	73.0%	75.3%	71.7%	72.1%	71.8%
Gain on Investment	68	(264)	1,851	926	981
Fee Income	32,723	31,144	31,267	32,831	34,472
Gain on Exchange	8,828	8,904	12,020	9,616	9,135
Others	4,234	2,282	2,510	2,635	2,767
Non-interest Income	46,003	42,349	47,948	46,322	47,686
% of total income	27.0%	24.7%	28.3%	27.9%	28.2%
Total Income	170,686	171,773	169,667	165,803	169,247
Operating Expenses	71,781	72,977	70,579	70,344	70,716
Pre-provisioning Profit	98,905	98,797	99,088	95,460	98,531
Provisions	43,600	42,594	40,096	39,033	39,423
Pre-tax Profit	55,305	56,203	58,993	56,427	59,108
Income Tax	11,955	12,224	11,799	11,285	11,822
After Tax Profit	43,351	43,979	47,194	45,142	47,287
Equity Income	418	600	630	662	695
Minority Interest	(247)	(636)	(708)	(677)	(709)
Extraordinary Items	0	0	0	0	0
NET PROFIT	43,521	43,943	47,116	45,126	47,272
Normalized Profit	43,521	43,943	47,116	45,126	47,272
EPS (Bt)	12.9	13.1	14.0	13.4	14.0
Normalized EPS (Bt)	12.9	13.1	14.0	13.4	14.0

BALANCE SHEET

*Prudent loan expansion
looks set to continue*

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
ASSETS:					
Liquid Items	477,473	596,970	659,417	658,723	663,219
cash & cash equivalents	40,676	43,801	36,909	38,802	46,069
interbank & money market	436,797	553,169	622,508	619,921	617,150
Securities under resale agreeme	0	0	0	0	0
Investments	388,133	316,679	323,031	329,510	336,120
Net loans	2,301,044	2,280,603	2,305,521	2,322,913	2,340,480
Gross and accrued interest	2,450,030	2,428,245	2,455,327	2,479,880	2,504,679
Provisions for doubtful	147,995	148,549	149,806	156,967	164,199
Fixed assets - net	71,919	73,425	46,564	47,961	49,400
Other assets	15,085	(9,842)	136,708	140,810	145,034
Total assets	3,438,722	3,486,539	3,587,881	3,618,890	3,655,604
LIABILITIES:					
Liquid Items	2,677,324	2,712,691	2,785,120	2,804,616	2,824,248
Deposit	2,442,860	2,473,626	2,501,223	2,518,731	2,536,362
Interbank & money market	221,459	229,839	272,451	274,358	276,279
Liability payable on demand	13,005	9,227	11,446	11,526	11,607
Borrow ings	109,911	106,745	118,899	119,731	120,569
Other liabilities	167,754	172,266	175,712	179,226	182,810
Total liabilities	2,954,989	2,991,702	3,079,731	3,103,573	3,127,628
Minority interest	5,651	6,201	6,512	6,837	7,179
Shareholders' equity	478,082	488,636	501,639	508,480	520,798
Preferred capital	-	-	-	-	-
Paid-in capital	33,671	33,671	33,671	33,671	33,671
Share premium	11,019	11,019	11,019	11,019	11,019
Surplus/ Others	20,833	20,795	21,834	22,926	24,073
Retained earnings	412,559	423,151	435,114	440,864	452,035
Liabilities & equity	3,438,722	3,486,539	3,587,881	3,618,890	3,655,604

Sources: Company data, Thanachart estimates

VALUATION

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Normalized PE (x)	9.8	9.7	9.1	9.5	9.0
Normalized PE - at target price (x)	10.4	10.3	9.6	10.1	9.6
PE (x)	9.8	9.7	9.1	9.5	9.0
PE - at target price (x)	10.4	10.3	9.6	10.1	9.6
P/PPP (x)	4.3	4.3	4.3	4.5	4.3
P/PPP - at target price (x)	4.6	4.6	4.6	4.8	4.6
P/BV (x)	0.9	0.9	0.9	0.8	0.8
P/BV - at target price (x)	1.0	0.9	0.9	0.9	0.9
Dividend yield (%)	8.1	8.2	8.8	8.4	8.8
Market cap / net loans (x)	0.2	0.2	0.2	0.2	0.2
Market cap / deposit (x)	0.2	0.2	0.2	0.2	0.2
(Bt)					
Normalized EPS	12.9	13.1	14.0	13.4	14.0
EPS	12.9	13.1	14.0	13.4	14.0
DPS	10.3	10.4	11.2	10.7	11.2
PPP/Share	29.4	29.3	29.4	28.4	29.3
BV/Share	142.0	145.1	149.0	151.0	154.7

Maintaining an elevated dividend payout ratio at 80%

FINANCIAL RATIOS

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Growth Rate (%)					
Net interest income (NII)	15.6	3.8	(6.0)	(1.8)	1.7
Non-interest income (Non-II)	(0.6)	(7.9)	13.2	(3.4)	2.9
Operating expenses	2.7	1.7	(3.3)	(0.3)	0.5
Pre-provisioning profit (PPP)	17.4	(0.1)	0.3	(3.7)	3.2
Net profit	15.9	1.0	7.2	(4.2)	4.8
Normalized profit growth	15.9	1.0	7.2	(4.2)	4.8
EPS	15.9	1.0	7.2	(4.2)	4.8
Normalized EPS	15.9	1.0	7.2	(4.2)	4.8
Dividend payout ratio	80.0	80.0	80.0	80.0	80.0
Loan - gross	2.1	(1.0)	1.0	1.0	1.0
Loan - net	2.4	(0.9)	1.1	0.8	0.8
Deposit	(4.4)	1.3	1.1	0.7	0.7
NPLs	1.6	0.8	1.2	1.2	2.5
Total assets	(0.5)	1.4	2.9	0.9	1.0
Total equity	3.7	2.2	2.7	1.4	2.4
Operating Ratios (%)					
Net interest margin (NIM)	3.7	3.7	3.5	3.4	3.5
Net interest spread	5.3	5.4	5.1	5.0	5.0
Yield on earnings assets	4.8	5.0	4.6	4.4	4.4
Avg cost of fund	1.3	1.4	1.3	1.2	1.2
NII / operating income	73.0	75.3	71.7	72.1	71.8
Non-II / operating income	27.0	24.7	28.3	27.9	28.2
Fee income / operating income	19.2	18.1	18.4	19.8	20.4
Normalized net margin	25.5	25.6	27.8	27.2	27.9
Cost-to-income	42.1	42.5	41.6	42.4	41.8
Credit cost - provision exp / loans	1.8	1.8	1.7	1.6	1.6
PPP / total assets	2.9	2.9	2.8	2.6	2.7
PPP / total equity	21.1	20.4	20.0	18.9	19.1
ROA	1.3	1.3	1.3	1.3	1.3
ROE	9.3	9.1	9.5	8.9	9.2

Lowest cost-to-income ratio among banks could continue

Sources: Company data, Thanachart estimates

FINANCIAL RATIOS

An upward trend in Tier 1 ratio

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Liquidity and Quality Ratio (%)					
Loan-to-deposit	99.3	97.2	97.0	97.3	97.6
Loan-to-deposit & S-T borrow ing	99.3	97.2	97.0	97.3	97.6
Net loan / assets	66.9	65.4	64.3	64.2	64.0
Net loan / equity	481.3	466.7	459.6	456.8	449.4
Investment / assets	11.3	9.1	9.0	9.1	9.2
Deposit / liabilities	82.7	82.7	81.2	81.2	81.1
Liabilities / equity	618.1	612.3	613.9	610.4	600.5
Net interbank lender (Bt m)	215,338	323,330	350,057	345,563	340,871
Tier 1 CAR	17.7	17.8	18.1	18.2	18.4
Tier 2 CAR	1.1	1.1	1.1	1.1	1.1
Total CAR	18.8	18.9	19.2	19.2	19.5
NPLs (Bt m)	96,832	97,610	98,824	100,050	102,526
NPLs / Total loans (NPL Ratio)	4.0	4.1	4.1	4.1	4.1
Loan-Loss-Coverage	152.8	152.2	151.6	156.9	160.2

Sources: Company data, Thanachart estimates

HOLD (Unchanged)

Transfer of Coverage

TP: Bt 102.00

Upside : 2.5%

(From: Bt 100.00)

12 SEPTEMBER 2025

TISCO Financial Group (TISCO TB)

Peaked dividend

We maintain our HOLD call on TISCO for its high dividend yield of 7.8% p.a. in 2025-26F, which offers limited potential upside from its peaked DPS of Bt7.75. We expect a modest NIM recovery from falling interest rates to offset a loan contraction and rising credit costs.



RAWISARA SUWANUMPHAI

662-779-9119

rawisara.suw@thanachartsec.co.th

High yield at peaked DPS; HOLD

This report, a part of *Bank sector – Stable yield in NIM downcycle*, dated 12 September 2025, marks a transfer of coverage to a new bank analyst. We maintain our HOLD rating on TISCO. We like its high dividend yield of 7.8% p.a., which offers limited potential upside as we believe its DPS has peaked at Bt7.75. Meanwhile, its valuations already look on the high side in the sector at 12.2x PE and 1.8x P/BV in 2026F. TISCO is already running a disciplined, return-oriented strategy with a high DPS of Bt7.75. However, its weak earnings outlook with -5.7/+0.1/+0.3% EPS growth in 2025-27F limits upside to its DPS. This compares to the larger banks, which still have some room left to raise DPS. We fine-tune our 2025-27F earnings estimates by 1-2% p.a. After rolling over to a 2026F base year, we raise our DDM-based 12-month TP to Bt102.0 from Bt100.0.

Loan contraction persists

TISCO's loan portfolio remains constrained by structural challenges, with 42% still concentrated on auto hire-purchase (HP). The auto industry is experiencing a weak demand cycle due to the sluggish economy and banks' strict lending policies. TISCO has little appetite to expand in this segment. Meanwhile, title loans, which account for 18% of total loans, are growing at a slower pace than in the past due to heightened concerns about asset quality. Overall, we expect TISCO's loan book to contract by around 1% p.a. in 2026-27F.

Credit costs to inch up to normal level

After benefiting from abnormally low credit costs during 2022-24, supported by excess provisioning carried over from the COVID period, we expect TISCO's credit cost to normalize to 90/105/105 bps in 2025-27F. This reflects the absence of a further cushion from excess provisions and rising asset quality risks in the title loan portfolio, which together should drive credit costs back to a more sustainable long-term level.

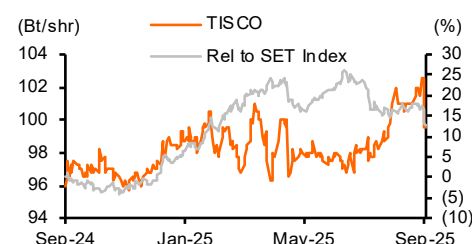
Earnings pressure despite NIM improvement

We estimate TISCO's NIM to improve due to the falling interest rate trend to 4.77/4.80% in 2026-27F from 4.72% in 2025F. However, this tailwind is unlikely to meaningfully lift its earnings due to the offsetting factors of a loan contraction and rising credit costs. Additionally, operating expense flexibility is more constrained compared to the past two years. Taken together, we estimate TISCO's net profit to decline by a 2% CAGR over 2025–27F, underscoring the challenges that the bank faces in sustaining growth and maintaining competitiveness in a sector where peers are delivering stronger recoveries and offering comparable dividend yields.

COMPANY VALUATION

Y/E Dec (Bt m)	2024A	2025F	2026F	2027F
Pre Provision Profit	9,937	10,194	10,549	10,544
Net profit	6,901	6,511	6,516	6,534
Consensus NP	—	6,475	6,563	6,734
Diff frm cons (%)	—	0.6	(0.7)	(3.0)
Norm profit	6,901	6,511	6,516	6,534
Prev. Norm profit	—	6,479	6,462	6,415
Chg frm prev (%)	—	0.5	0.8	1.9
Norm EPS (Bt)	8.6	8.1	8.1	8.2
Norm EPS grw (%)	(5.5)	(5.7)	0.1	0.3
Norm PE (x)	11.5	12.2	12.2	12.2
P/BV (x)	1.9	1.8	1.8	1.8
Div yield (%)	7.8	7.8	7.8	7.8
ROE (%)	16.1	15.1	14.9	14.8
ROA (%)	2.4	2.3	2.3	2.3

PRICE PERFORMANCE

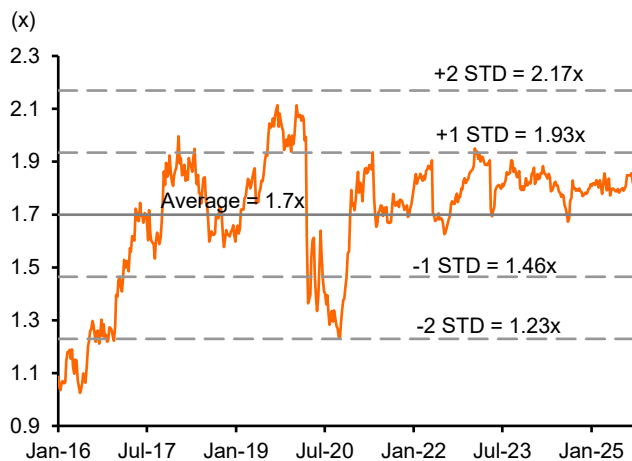


COMPANY INFORMATION

Price: as of 11-Sep-25 (Bt)	99.50
Market Cap (US\$ m)	2,502
Listed Shares (m shares)	800.6
Free Float (%)	89.6
Avg. Daily Turnover (US\$ m)	11.6
12M Price H/L (Bt)	102.50/95.75
Sector	BANK
Major Shareholder	CDIB & Partners Investment
	Holding 10%

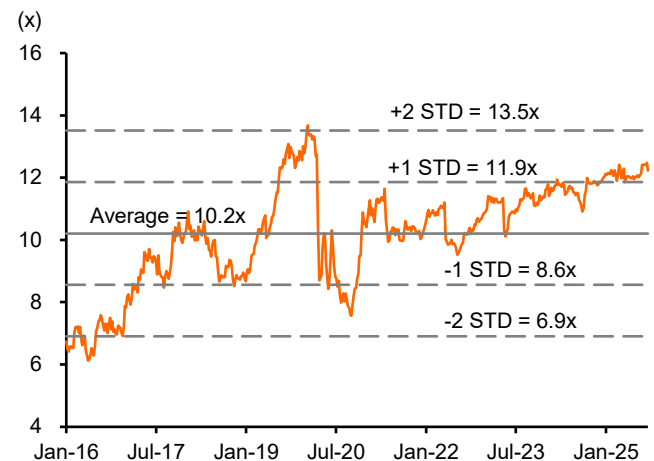
Sources: Bloomberg, Company data, Thanachart estimates

Ex 1: TISCO's P/BV STD



Sources: Bloomberg, Thanachart estimates

Ex 2: TISCO's PE STD



Sources: Bloomberg, Thanachart estimates

Ex 3: Earnings Revisions And Assumption Changes

	2023	2024	2025F	2026F	2027F
Normalized profit (Bt bn)					
- New	7.30	6.90	6.51	6.52	6.53
- Old			6.48	6.46	6.42
- Change (%)			0.49	0.85	1.85
Normalized EPS (Bt/share)					
- New	9.12	8.62	8.13	8.14	8.16
- Old			8.09	8.07	8.01
- Change (%)			0.49	0.85	1.85
Loan growth (%)					
- New	7.22	(1.11)	1.00	(1.00)	(1.00)
- Old			(1.11)	(0.77)	(0.51)
- Change (ppt)			2.11	(0.23)	(0.49)
NIM (%)					
- New	4.88	4.77	4.72	4.77	4.80
- Old			4.79	4.84	5.03
- Change (ppt)			(0.07)	(0.08)	(0.23)
Fee income (Bt bn)					
- New	4.87	4.97	5.18	5.38	5.60
- Old			4.80	4.83	4.98
- Change (%)			7.81	11.44	12.42
Cost-to-income ratio (%)					
- New	49.79	48.22	46.80	46.31	47.53
- Old			48.53	49.14	49.75
- Change (ppt)			(1.73)	(2.83)	(2.22)
Credit cost (%)					
- New	0.15	0.59	0.90	1.05	1.05
- Old			0.65	0.60	0.70
- Change (ppt)			0.25	0.45	0.35

Sources: Company data, Thanachart estimates

Ex 4: DDM-based 12-month TP Calculation Using A Base Year Of 2026F

(Bt m)	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	2035F	Terminal Value
Dividend of common shares	6,205	6,205	6,205	6,205	6,605	7,006	7,006	7,306	7,606	7,606	7,606
Dividend payment	6,205	6,205	6,205	6,205	6,605	7,006	7,006	7,306	7,606	7,606	91,274
PV of dividend	6,205	6,205	5,082	4,598	4,161	4,008	3,847	3,481	3,285	3,095	2,801
Risk-free rate (%)	2.5										
Market risk premium (%)	8.0										
Beta	1.0										
WACC (%)	10.5										
Cost of equity	10.5										
Terminal growth (%)	2.0										
Equity value	81,603										
No. of shares (m)	800.6										
Equity value / share (Bt)	102.0										

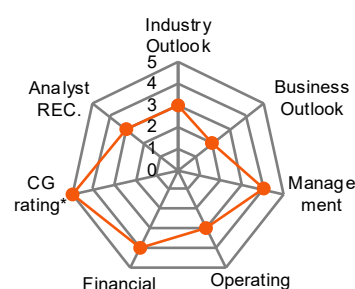
Sources: Company data, Thanachart estimates

COMPANY DESCRIPTION

TISCO Financial Group Pl (TISCO) was established by TISCO Group, a well-established Thai financial institution. Under the new shareholding structure, TISCO has become the parent of TISCO Group. Its subsidiaries comprise TISCO Bank Plc, TISCO Asset Management, TISCO Securities, Hi-Way, TISCO Information Technology, and TISCO Tokyo Leasing Co Ltd.

Source: Thanachart

COMPANY RATING



Rating Scale

Excellent	5
Good	4
Fair	3
Weak	2
Very Weak	1
None	0

Source: Thanachart; *CG Rating

THANACHART'S SWOT ANALYSIS

S — Strength

- Strong management execution.
- Low operating cost advantage.
- Agility and flexibility.

O — Opportunity

- Rising penetration of auto cash loans.
- Wealth management and financial advisory services.

W — Weakness

- As a retail-oriented bank, TISCO's business is more geared to the economic cycle than peers.
- Relatively low CASA portion.

T — Threat

- Global economic recession.
- New accounting standards and regulations.

CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	97.77	102.00	4%
Net profit 25F (Bt m)	6,475	6,511	1%
Net profit 26F (Bt m)	6,563	6,516	-1%
Consensus REC	BUY: 2	HOLD: 17	SELL: 4

HOW ARE WE DIFFERENT FROM THE STREET?

- Our TP and earnings forecasts are in line with other brokers' expectations. We believe we share the market's view that the NIM tailwind will likely be offset by higher credit costs.

RISKS TO OUR INVESTMENT CASE

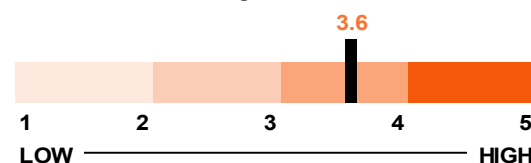
- A higher asset deterioration rate, especially in the title loan segment, would negatively impact our EPS forecasts.
- Should TISCO be able to lower funding costs to a greater extent than we presently assume, this would present upside risk to our earnings forecasts and TP.

Sources: Bloomberg consensus, Thanachart estimates

Source: Thanachart

TISCO Group is committed to delivering competitive, innovative financial solutions with a strong focus on customer satisfaction. While its environmental targets remain unclear – resulting in a lower E score compared to larger peers – its solid risk management underpins an ESG score of 3.56, which is on par with the sector average.

Thanachart ESG Rating



	SET ESG Index	SET ESG (BBB-AAA)	DJSI Index	MSCI (CCC-AAA)	ESG Book (0-100)	Refinitiv (0-100)	S&P Global (0-100)	Moody's (0-100)	CG Rating (0-5)
TISCO	YES	AAA	-	-	63.03	70.27	32.00	-	5.0

Sources: SETTRADE, SET ESG Index, SET ESG Rating, The Dow Jones Industrial Average (DJSI), MSCI ESG Research LLC, ESG Book, Refinitiv ESG Information, S&P Global Market Intelligence, Moody's ESG Solutions, Thai IOD (CG rating)

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Factors	Our Comments
ENVIRONMENT <ul style="list-style-type: none"> Environmental Policies & Guidelines Energy Management Carbon Management Water Management Waste Management 	<ul style="list-style-type: none"> We assign TISCO an E score of 3.2, below its peer average of 3.5. This reflects the bank's relatively less defined and measurable targets for reducing environmental impact, particularly when benchmarked against larger institutions with more advanced ESG roadmaps. Nevertheless, TISCO demonstrates its commitment to environmental responsibility through several initiatives. These include providing loans to support green energy businesses, promoting efficient resource utilization to reduce carbon emissions, implementing effective waste management practices, and actively participating in community-led environmental programs, such as reforestation projects to restore natural ecosystems and promote long-term environmental sustainability.
SOCIAL <ul style="list-style-type: none"> Human Rights Staff Management Health & Safety Product Safety & Quality Social Responsibility 	<ul style="list-style-type: none"> We assign a high S score to TISCO of 3.85 versus the banking sector average of 3.8, reflecting its strong commitment to promoting financial literacy and empowering individuals to achieve sustainable livelihoods. The bank emphasizes building economic resilience by supporting customers through sustainable debt restructuring programs and expanding financial inclusion. This includes growing the presence of "Somwang Ngern Sang Dai" branches to serve underserved communities, guided by responsible lending principles. TISCO also fosters a culture of well-being and adaptability through its "Organization of Happiness" policy. The bank prioritizes employee engagement, continuous upskilling, and adopting new tools and technologies to enhance workforce readiness and operational quality.
GOVERNANCE & SUSTAINABILITY <ul style="list-style-type: none"> Board Ethics & Transparency Business Sustainability Risk Management Innovation 	<ul style="list-style-type: none"> TISCO's Governance (G) score stands at 3.6, above the sector average of 3.51, supported by its strong risk management framework, which helps offset concerns about the sustainability of its business model. That said, the board structure has room for improvement, in our view. The board chair is not independent. However, the bank maintains strong independence, with nine out of 13 board members classified as independent, exceeding the recommended two-thirds ratio. TISCO maintains an Audit Committee, Remuneration Committee, and Risk Management Committee in line with standard corporate governance practices. To uphold the highest standards of good corporate governance, TISCO Group has established a "Business Code of Conduct" that demonstrates its determination to be a good corporate citizen in society. The group also holds an annual compulsory compliance and human resource policy test through the TISCO Intranet system.

Sources: Company data, Thanachart

INCOME STATEMENT

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
Interest and Dividend Income	17,781	19,014	18,068	17,767	17,804
Interest Expenses	4,208	5,444	4,767	4,221	4,058
Net Interest Income	13,573	13,570	13,301	13,547	13,745
% of total income	72.3%	70.7%	69.4%	68.9%	68.4%
Gain on Investment	5	3	4	4	4
Fee Income	4,867	4,971	5,175	5,382	5,597
Gain on Exchange	(29)	314	330	347	364
Others	90	100	246	258	271
Non-interest Income	5,188	5,623	5,859	6,101	6,352
% of total income	27.7%	29.3%	30.6%	31.1%	31.6%
Total Income	18,761	19,193	19,161	19,647	20,097
Operating Expenses	9,340	9,256	8,966	9,098	9,553
Pre-provisioning Profit	9,421	9,937	10,194	10,549	10,544
Provisions	359	1,376	2,100	2,450	2,426
Pre-tax Profit	9,061	8,562	8,094	8,099	8,118
Income Tax	1,788	1,694	1,619	1,620	1,624
After Tax Profit	7,273	6,868	6,475	6,479	6,495
Equity Income	29	34	36	37	39
Minority Interest	(0)	(0)	0	0	0
Extraordinary Items	0	0	0	0	0
NET PROFIT	7,301	6,901	6,511	6,516	6,534
Normalized Profit	7,301	6,901	6,511	6,516	6,534
EPS (Bt)	9.1	8.6	8.1	8.1	8.2
Normalized EPS (Bt)	9.1	8.6	8.1	8.1	8.2

Flattish EPS in 2025-27F,
NIM tailwind likely to be
dragged down by high
ECL

BALANCE SHEET

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
ASSETS:					
Liquid Items	49,408	40,684	41,433	45,810	50,191
cash & cash equivalents	918	910	913	1,007	841
interbank & money market	48,490	39,774	40,520	44,803	49,350
Securities under resale agreeme	0	0	0	0	0
Investments	4,205	5,409	5,527	5,646	5,769
Net loans	226,828	225,598	228,509	226,015	223,546
Gross and accrued interest	236,744	234,085	236,515	234,150	231,809
Provisions for doubtful	9,916	8,486	8,007	8,135	8,262
Fixed assets - net	3,205	3,161	3,239	3,336	3,436
Other assets	2,915	1,905	4,616	4,755	4,897
Total assets	290,724	281,877	285,933	288,225	290,556
LIABILITIES:					
Liquid Items	217,388	217,441	223,743	225,309	226,886
Deposit	208,645	206,537	208,225	209,683	211,150
Interbank & money market	8,506	10,665	13,185	13,277	13,370
Liability payable on demand	237	239	2,333	2,349	2,366
Borrow ings	17,286	8,076	5,157	5,193	5,230
Other liabilities	13,602	13,315	13,581	13,853	14,130
Total liabilities	248,276	238,832	242,481	244,355	246,246
Minority interest	3	3	3	3	3
Shareholders' equity	42,445	43,042	43,449	43,866	44,307
Preferred capital	-	-	-	-	-
Paid-in capital	8,007	8,007	8,006	8,006	8,006
Share premium	1,018	1,018	1,018	1,018	1,018
Surplus/ Others	2,021	2,025	2,126	2,233	2,344
Retained earnings	31,399	31,992	32,298	32,609	32,938
Liabilities & equity	290,724	281,877	285,933	288,225	290,556

Sources: Company data, Thanachart estimates

VALUATION

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Normalized PE (x)	10.9	11.5	12.2	12.2	12.2
Normalized PE - at target price (x)	11.2	11.8	12.5	12.5	12.5
PE (x)	10.9	11.5	12.2	12.2	12.2
PE - at target price (x)	11.2	11.8	12.5	12.5	12.5
P/PPP (x)	8.5	8.0	7.8	7.6	7.6
P/PPP - at target price (x)	8.7	8.2	8.0	7.7	7.7
P/BV (x)	1.9	1.9	1.8	1.8	1.8
P/BV - at target price (x)	1.9	1.9	1.9	1.9	1.8
Dividend yield (%)	7.8	7.8	7.8	7.8	7.8
Market cap / net loans (x)	0.4	0.4	0.3	0.4	0.4
Market cap / deposit (x)	0.4	0.4	0.4	0.4	0.4
(Bt)					
Normalized EPS	9.1	8.6	8.1	8.1	8.2
EPS	9.1	8.6	8.1	8.1	8.2
DPS	7.8	7.8	7.8	7.8	7.8
PPP/Share	11.8	12.4	12.7	13.2	13.2
BV/Share	53.0	53.8	54.3	54.8	55.3

DPS could peak at
Bt7.75/share

FINANCIAL RATIOS

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Growth Rate (%)					
Net interest income (NII)	6.6	(0.0)	(2.0)	1.8	1.5
Non-interest income (Non-II)	(5.9)	8.4	4.2	4.1	4.1
Operating expenses	8.7	(0.9)	(3.1)	1.5	5.0
Pre-provisioning profit (PPP)	(2.5)	5.5	2.6	3.5	(0.0)
Net profit	1.1	(5.5)	(5.7)	0.1	0.3
Normalized profit growth	1.1	(5.5)	(5.7)	0.1	0.3
EPS	1.1	(5.5)	(5.7)	0.1	0.3
Normalized EPS	1.1	(5.5)	(5.7)	0.1	0.3
Dividend payout ratio	85.0	89.9	95.3	95.2	95.0
Loan - gross	7.2	(1.1)	1.0	(1.0)	(1.0)
Loan - net	8.6	(0.5)	1.3	(1.1)	(1.1)
Deposit	10.8	(1.0)	0.8	0.7	0.7
NPLs	14.1	4.6	4.3	4.1	3.9
Total assets	9.5	(3.0)	1.4	0.8	0.8
Total equity	(0.8)	1.4	0.9	1.0	1.0
Operating Ratios (%)					
Net interest margin (NIM)	4.9	4.8	4.7	4.8	4.8
Net interest spread	6.0	5.7	5.6	5.8	6.0
Yield on earnings assets	6.4	6.7	6.4	6.3	6.2
Avg cost of fund	1.9	2.4	2.1	1.8	1.8
NII / operating income	72.3	70.7	69.4	68.9	68.4
Non-II / operating income	27.7	29.3	30.6	31.1	31.6
Fee income / operating income	25.9	25.9	27.0	27.4	27.9
Normalized net margin	38.9	36.0	34.0	33.2	32.5
Cost-to-income	49.8	48.2	46.8	46.3	47.5
Credit cost - provision exp / loans	0.2	0.6	0.9	1.1	1.1
PPP / total assets	3.4	3.5	3.6	3.7	3.6
PPP / total equity	22.1	23.2	23.6	24.2	23.9
ROA	2.6	2.4	2.3	2.3	2.3
ROE	17.1	16.1	15.1	14.9	14.8

ROE is on a downward
trend due to flattish EPD

Sources: Company data, Thanachart estimates

FINANCIAL RATIOS

	FY ending Dec	2023A	2024A	2025F	2026F	2027F
Liquidity and Quality Ratio (%)						
Loan-to-deposit		112.5	112.4	112.6	110.7	108.9
Loan-to-deposit & S-T borrowing		112.5	112.4	112.6	110.7	108.9
Net loan / assets		78.0	80.0	79.9	78.4	76.9
Net loan / equity		534.4	524.1	525.9	515.2	504.5
Investment / assets		1.4	1.9	1.9	2.0	2.0
Deposit / liabilities		84.0	86.5	85.9	85.8	85.7
Liabilities / equity		584.9	554.9	558.1	557.0	555.8
Net interbank lender (Bt m)		39,983	29,110	27,335	31,526	35,980
Tier 1 CAR		16.3	17.0	17.1	17.4	17.7
Tier 2 CAR		3.2	1.6	1.6	1.6	1.7
Total CAR		19.5	18.6	18.7	19.0	19.4
NPLs (Bt m)		5,223	5,464	5,698	5,930	6,160
NPLs / Total loans (NPL Ratio)		2.2	2.4	2.4	2.6	2.7
Loan-Loss-Coverage		189.9	155.3	140.5	137.2	134.1

Tier 1 ratio remains strong

Sources: Company data, Thanachart estimates

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Score range	Description
CCC - B	LAGGARD: A company lagging its industry based on its high exposure and failure to manage significant ESG risks
BB - BBB - A	AVERAGE : A company with a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers
AA - AAA	LEADER: A company leading its industry in managing the most significant ESG risks and opportunities

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ESG risk combines the concepts of management and exposure to arrive at an absolute assessment of ESG risk. We identify five categories of ESG risk severity that could impact a company's enterprise value

Moody's ESG Solutions

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Thanachart Securities Pcl.

Research Team

18 Floor, MBK Tower

444 Phayathai Road, Pathumwan Road, Bangkok 10330

Tel: 662 - 779-9119

Email: thanachart.res@thanachartsec.co.th

Pimpaka Nichgaroon, CFA

Head of Research, Strategy
pimpaka.nic@thanachartsec.co.th

Nuttapop Prasitsuksant

Telecom, Utilities
nuttapop.pra@thanachartsec.co.th

Rata Limsuthiwanpoom

Auto, Industrial Estate, Media, Prop. Fund
rata.lim@thanachartsec.co.th

Siriporn Arunothai

Small Cap, Healthcare, Hotel
siriporn.aru@thanachartsec.co.th

Sittichet Rungrassameephat

Analyst, Retail Market Strategy
sittichet.run@thanachartsec.co.th

Adisak Phupiphathirungul, CFA

Retail Market Strategy
adisak.phu@thanachartsec.co.th

Pattadol Bunnak

Electronics, Food & Beverage, Shipping
pattadol.bun@thanachartsec.co.th

Rawisara Suwanumphai

Bank, Finance
rawisara.suw@thanachartsec.co.th

Yupapan Polpornprasert

Energy, Petrochemical
yupapan.pol@thanachartsec.co.th

Thaloengsak Kucharoenpaisan

Analyst, Retail Market Strategy
thaloengsak.kuc@thanachartsec.co.th

Pattarawan Wangmingmat

Senior Technical Analyst
pattarawan.wan@thanachartsec.co.th

Phannarai Tiypittayarut

Property, Retail
phannarai.von@thanachartsec.co.th

Saksid Phadthanarak

Construction, Transportation
saksid.pha@thanachartsec.co.th

Witchanan Tambamroong

Technical Analyst
witchanan.tam@thanachartsec.co.th

Nariporn Klangpremchitt, CISA

Analyst, Retail Market Strategy
nariporn.kla@thanachartsec.co.th