



THAILAND

Sector Weighting

Sector Note

Overweight (From: Neutral)

18 DECEMBER 2025

Thailand Bank Sector

2026F: More ammunition for resiliency

Sector Valuation		Current price		Target price	Norm 2025F	EPS grw 2026F	— Norm PE 2025F	— Norm PE 2026F	— P/BV —		— Div yield —	
Company	BBG Code	Rec.	(Bt)	(Bt)	(%)	(%)	(x)	(x)	(x)	(x)	2025F (%)	2026F (%)
Bangkok Bank	BBL TB	HOLD	165.50	164.00	9.0	(5.3)	6.4	6.8	0.5	0.5	5.1	5.1
KASIKORN BANK	KBANK TB	BUY	190.50	222.00	2.6	(2.3)	9.1	9.3	0.8	0.7	6.8	6.8
Kiatnakin Bank	KKP TB	BUY	66.00	76.00	14.0	6.9	9.7	9.1	0.8	0.8	7.2	7.7
Krung Thai Bank	KTB TB	BUY	28.50	35.00	9.8	(4.1)	8.3	8.6	0.9	0.8	6.6	6.7
SCB X	SCB TB	BUY	134.00	152.00	10.2	(3.4)	9.3	9.6	0.9	0.9	8.6	8.3
Tisco Fin. Group	TISCO TB	HOLD	108.00	108.00	(1.9)	2.2	12.8	12.5	2.0	1.9	7.2	7.2

Source: Thanachart estimates, note: based on 17 December 2025 closing prices

We expect Thai banks' strength to carry into 2026F, prompting us to upgrade the sector to **OVERWEIGHT**. With extra income in 2025 going to front-load expenses, the 2026F earnings base is lifted along with dividend yields. KTB and KBANK remain our top **BUYS**.



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Another year of resiliency; **OVERWEIGHT**

Despite falling interest rates, we upgrade the sector to **OVERWEIGHT** (from Neutral), expecting profits and dividends to remain strong through 2026F. **First**, exceptionally high extra income allows banks to front-load significant expenses and lift their 2025F earnings base, resulting in additional room for further cost cuts in 2026F. **Second**, record-high 2025F earnings and sizable provisions strengthen balance sheets, with sector CET1 at 18.4% and its coverage ratio at 206% in 2025F. **Third**, these factors lead to earnings hikes of 2–6% p.a. in 2025–27F, supporting high dividend yields of 5–9%. **Finally**, with yields still elevated, the sector's 0.7x P/BV vs. 8.7% 2026F ROE looks inexpensive.

Resiliency factors

We see four key drivers supporting the bank sector in 2026F. 1) We project only a 3% earnings drop in 2026F despite weak loan growth and NIM pressure as credit costs and opex decline following large 2025 investment gains used to boost provisions and opex. 2) There's more room for investment gain from a possible bond yield decline and potential Thai Airways Int'l (THAI TB, SELL, Bt9.00) divestments. 3) Wealth-related fees keep trending up. 4) Our earnings hikes and room to lift payout ratios mean elevated dividend yields. We also estimate 6% y-y sector EPS growth in 2027F, driven by deposit repricing and fee growth.

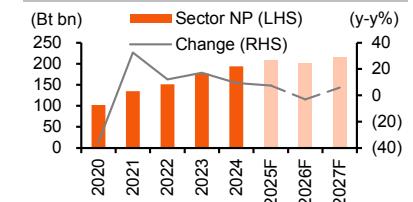
Higher dividend per share

Structural conditions look set for banks to step up capital management in 2026, with a record-high sector CET1 of 18.4% in 2025F, a clearer commitment to shareholder returns seen in 2H25, and new regulations enabling buyback flexibility. Our higher EPS forecasts automatically lift our DPS forecasts, and we also raise payout ratios for KBANK and KTB. The chart on the right shows our upward DPS revisions.

KTB and KBANK remain our top **BUYS**

KTB delivers peer-level NP growth with less risk, comparable yields on a leaner payout ratio, and the strongest ROE among large banks. **KBANK** is our #2 pick on ample flexibility for capital management, and better long-term growth from stable asset quality and a strong wealth platform. **SCB** is a **BUY** (from Hold) on its sector-highest dividend yield and better asset quality. **KKP** is a **BUY** on its highest 2026F EPS growth with active share buybacks. **BBL** is upgraded to **HOLD** on better NIM management. **TISCO** remains a **HOLD** for its high yield, but elevated valuation.

Resilient Sector Net Profit Growth



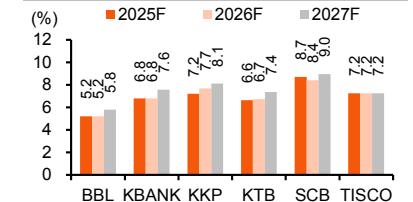
Sources: Company data, Thanachart estimates

Changes In 2025 DPS Assumptions

Stocks	— DPS (Bt) —		
	New	Old	Chg (%)
BBL	8.50	8.50	—
KBANK	13.00	12.00	8
KKP	4.77	4.77	—
KTB	1.89	1.70	12
SCB	11.50	11.19	3
TISCO	7.75	7.75	—

Sources: Company data, Thanachart estimates

Attractive Dividend Returns



Sources: Company data, Thanachart estimates

Executive summary

Resilient earnings, high yields, and cheap valuations

Sector View: **OVERWEIGHT** (upgraded from Neutral). Our **top picks** are **KTB** and **KBANK**.

We believe Thai banks are entering 2026F from a position of strength. While earnings are normalizing after a record 2025F, high capital buffers, disciplined cost control, and strong provision coverage should cushion headwinds from lower NIMs and muted loan growth. Profitability remains resilient, and attractive dividend returns continue to underpin our investment case.

Key Themes

- 1) **Earnings resilience:** We raise our sector earnings estimates for 2025–27F by 2–6% per year, driven by stronger-than-expected gains on financial assets, resilient fee income, tight cost discipline, and lower credit costs in 2026–27F.

We expect sector net profit to rise 8% y-y in 2025F, supported by investment income and cost control.

In 2026F, we expect only a mild earnings pause, with sector EPS down just 3%, supported by cost optimization, wealth-related fee growth, and lower credit costs, as banks front-loaded provisions amid unusually strong investment income in 2025F. We expect KKP to post sector-leading +14% y-y profit growth, followed by TISCO at 2% y-y. Meanwhile, we foresee the big four banks' earnings declining y-y.

Earnings momentum should recover in 2027F, with sector EPS growth of 6%, driven by deposit repricing and sustained fee income.

- 2) **Capital strength & shareholder returns:** We believe structural conditions are aligning for 2026F to be a stronger year for shareholder returns, supported by a record-high sector CET1 ratio of 18.4% in 2025F, clearer management commitment to capital returns, and regulatory changes that enable continuous share buybacks. We selectively revise dividend assumptions, with sector dividend yields remaining attractive at 5–9%.

- **KTB:** We raise our payout ratio assumptions to 55–60% for 2025–27F from 50% previously. Thus, we expect KTB's dividend yields to be 6.6–7.4% in 2025–27F.
- **KBANK:** We introduce special dividends of Bt1/share in 2025–26F and Bt2.5/share in 2027F alongside the regular payout of Bt12/share. We estimate KBANK to deliver 2025–27F dividend yields of 6.8–7.6%.
- **SCB:** Payout ratio remains unchanged at 80%, but higher earnings lift our DPS forecasts by 3–5%. We expect SCB to deliver the highest 2025–27F yields of 8–9%.
- **BBL:** 2025–26F DPS is unchanged at Bt8.5, while we raise 2027F DPS to Bt9.5, and our longer-term DPS assumptions are increased as earnings visibility improves. We project BBL's yields to be the lowest at 5–6% over 2025–27F.
- **KKP:** Our payout assumptions are unchanged at 70% in 2025–27F, reflecting dividend yields of 7.2–8.1%
- **TISCO:** Our DPS assumptions are unchanged at Bt7.75 in 2025–27F. TISCO offers a 7.2% p.a. dividend yield over 2025–27F.

- 3) **Valuation & risk-reward:** Thai banks trade at just 0.7x P/BV, despite delivering a 2026F ROE of around 8.7%. We see a favorable risk-reward profile, with downside well protected by capital buffers and dividends, and upside driven by shareholder-return enhancement.

2025F banking summary: Another year of strong earnings

Record 2025F profit (+8% y-y) on solid investment gains and opex discipline

We expect 2025F to be another strong year for Thai banks, particularly for the large banks, with sector earnings continuing to set new records. Our forecast calls for **aggregate net profit to grow 8% y-y** to Bt208bn, supported by strong investment-related income and disciplined operating cost management, which more than offset cyclical pressure on core banking revenues.

KKP looks set to deliver the **strongest net profit** growth in the sector at 12% y-y, supported primarily by a sharp recovery in asset quality and normalization of credit costs. Among the big four banks, we expect **KTB and SCB** to post the highest earnings growth at **10% y-y**, driven by exceptional non-NII gains and strong cost discipline.

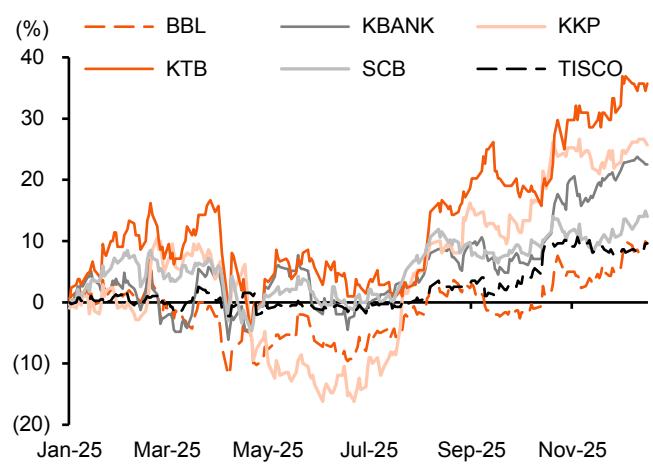
Given this combination of stronger-than-expected earnings, improved capital strength, and rising commitment to shareholder returns, Thai bank share prices have outperformed the SET Index in 2025.

Ex 1: Net Profit Growth By Bank In 2024-25F



Sources: Company data, Thanachart estimates

Ex 2: Share Price Performances



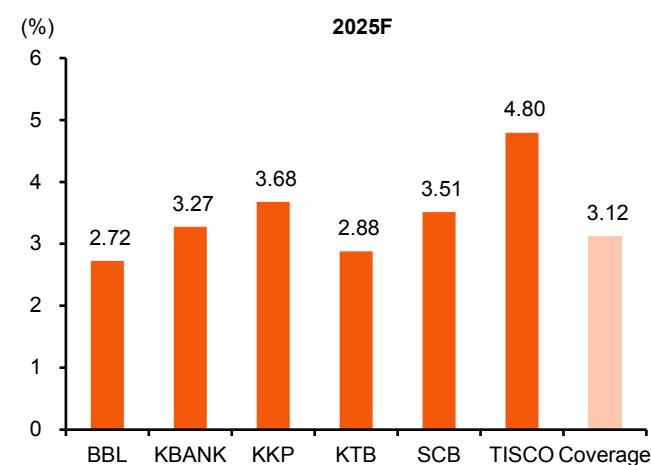
Source: Bloomberg

#1 Core revenue headwinds

Declining NIM

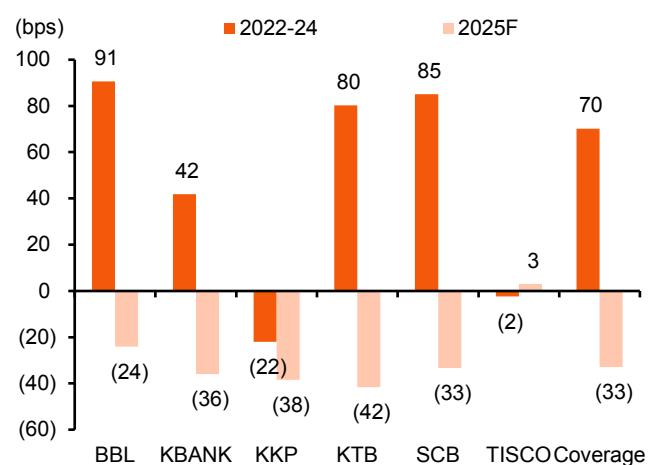
Thai banks have continued to face several structural and cyclical pressures in 2025. First, the shift to a lower-interest-rate environment has unwound the NIM expansion of the past three years. We expect **aggregate NIM to contract by 33bps y-y to 3.21%** as asset yields soften. KTB's NIM looks likely to be hit the hardest, given its high proportion of floating-rate assets and the gradual shift in its loan mix toward lower-yielding government exposures. Meanwhile, TISCO is the only bank whose NIM could slightly expand, supported by its high contribution from fixed-rate loans and efficient management of funding costs.

Ex 3: NIM of Each Bank



Source: Thanachart estimates

Ex 4: Comparing Changes In NIM By Bank



Sources: Company data, Thanachart estimates

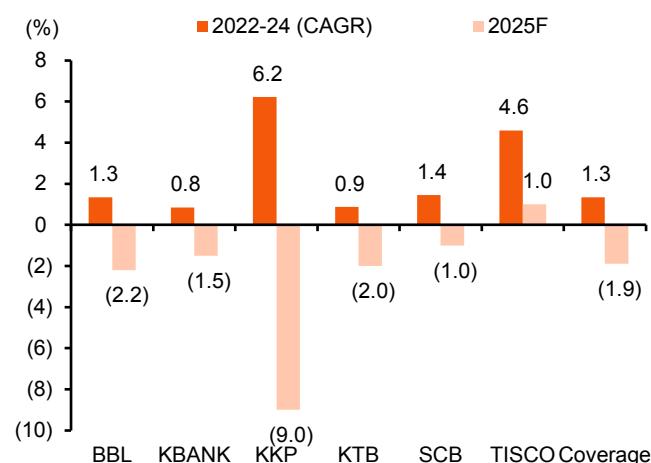
Drop in loan volume

Second, loan growth is likely to remain subdued as banks prioritize asset-quality preservation over volume expansion amid an economy growing below potential. We forecast a **2% decline in the sector loan balances**, driven by cautious SME and retail lending alongside slower corporate credit demand. KKP should post the highest drop in loan volume due to its balance sheet clean-up.

Soft fee income growth

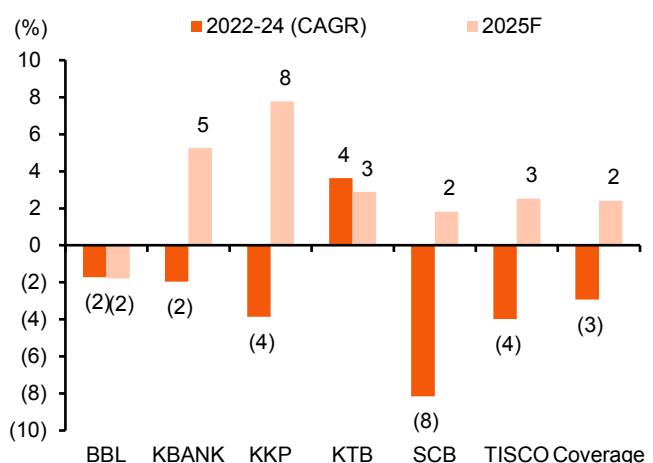
Third, we expect fee income to stay muted, with only **2% y-y growth**. Weak capital market activity, sluggish transactional flows, and softer economic conditions across retail and SME customers continue to limit momentum in fee-based businesses.

Ex 5: Loan Growth By Bank



Sources: Company data, Thanachart estimates

Ex 6: Fee Income Growth By Bank



Sources: Company data, Thanachart estimates

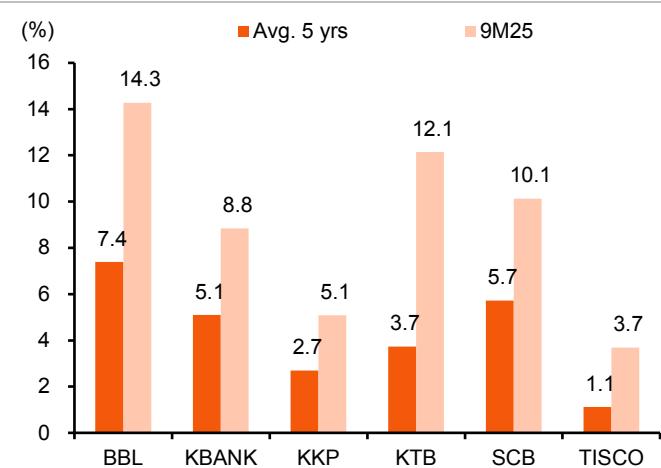
#2 Investment income emerges as the key earnings driver

Record-high investment income

Despite soft core revenue trends, Thai banks have demonstrated strong capability in managing their investment portfolios, allowing investment-related income to play an outsized role in 2025 earnings. The decline in bond yields has provided a valuation uplift to banks' fixed-income holdings, while several banks have also booked meaningful mark-to-market gains on selected equity positions.

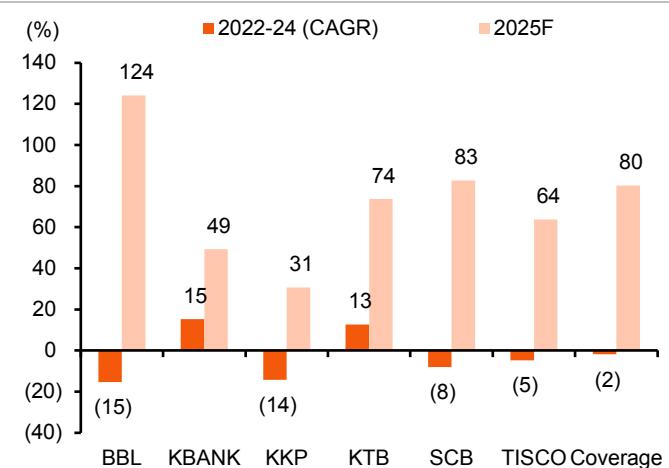
As a result, we expect **non-NII (excluding fees)** to surge 80% y-y, becoming a major contributor to this year's record sector profit. Although investment income is not part of banks' traditional core operations, it meaningfully supports the bottom line and, importantly, gives banks the flexibility to reinforce their provision buffers further. We believe BBL's non-NII should increase the most by 124% y-y due to its largest investment portfolio.

Ex 7: % Investment Gains To Operating Income



Sources: Company data, Thanachart estimates

Ex 8: Non-NII (Excluding Fees) Growth By Bank



Sources: Company data, Thanachart estimates

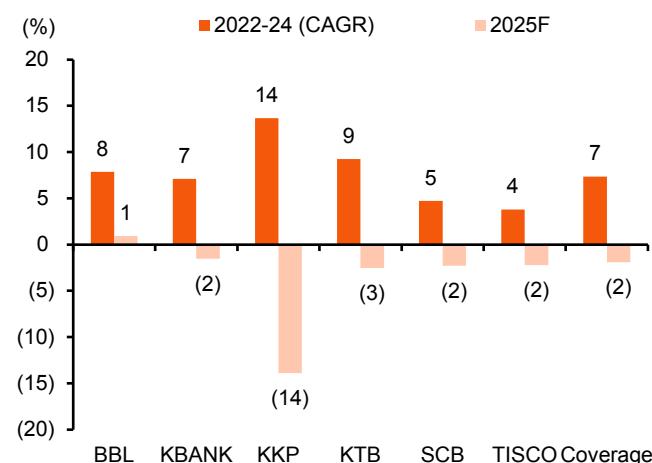
#3 Cost discipline remains a structural strength

Despite front-loaded expenses, opex looks set to decline

Supported by strong investment income, some banks have front-loaded special expenses to reduce their cost base in future periods. At the same time, banks have maintained tight control over recurring operating expenses, underscoring disciplined cost management across the sector. We forecast **sector opex to decline 2% y-y**, driving the cost to income ratio down to 44% from 45% in 2024. This improvement reflects ongoing digitalization initiatives, branch rationalization, and prudent headcount management.

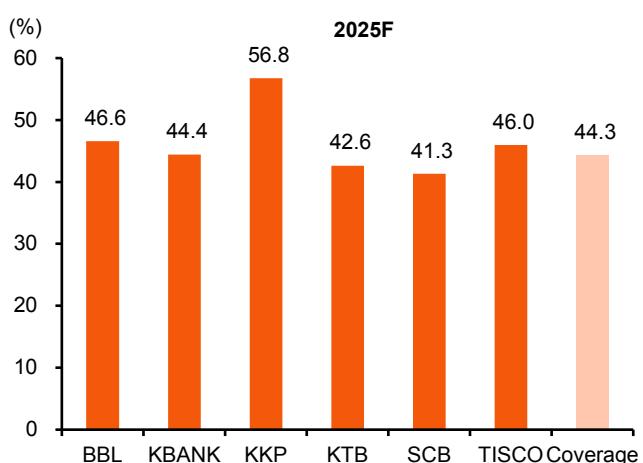
We expect SCB to continue to outperform peers in cost control, with its cost-to-income ratio projected at 41%, the lowest in the sector.

Ex 9: Opex Growth By Bank



Sources: Company data, Thanachart estimates

Ex 10: Cost-To-Income Ratio (2025F)



Source: Thanachart estimates

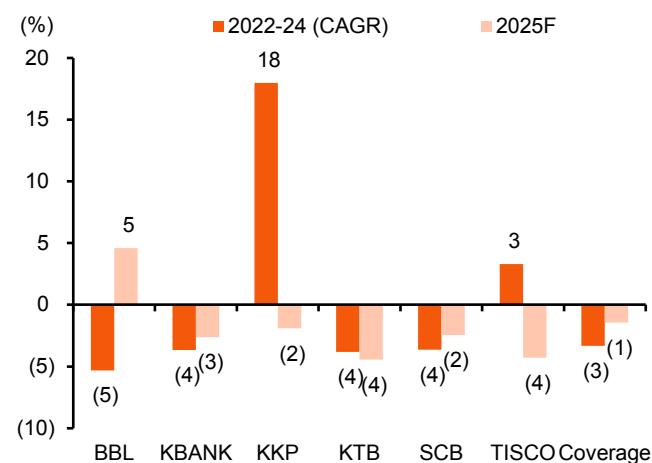
#4 Resilient asset quality

Stable NPLs with record-high coverage ratios

Asset quality across the Thai banking sector remains resilient despite a sluggish economic environment. Over the past three years, banks have proactively cleaned up their balance sheets, significantly reducing legacy problem loans. At the same time, new loan vintages have improved in quality as underwriting standards remain conservative. In addition, Thai Airways International's (THAI TB, SELL, Bt9.0) exit from rehabilitation has allowed banks to reclassify related exposures back to performing status. These factors should contribute to a **1% y-y decline in sector NPLs**.

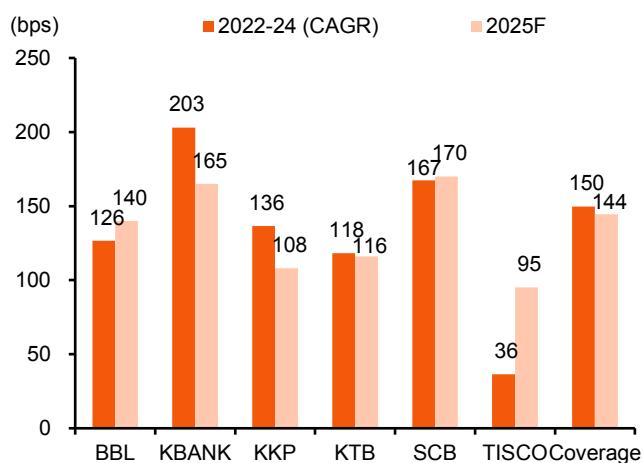
Supported by sizable investment income, banks are well-positioned to sustain elevated provisioning levels. We expect sector **credit cost at 144bps**, slightly lower than the 149bps in 2024. We estimate the sector **coverage ratio to rise to a record 206%**, up from **192% in 2024**, with improvements expected across all banks, further reinforcing balance-sheet strength and supporting long-term credit-cost stability.

Ex 11: NPL Growth By Bank



Sources: Company data, Thanachart estimates

Ex 12: Credit Costs By Bank



Sources: Company data, Thanachart estimates

2026F macro outlook: Below-potential growth

2.1% GDP growth with a 1.0% policy rate in 2026F

We expect Thailand's economy to grow **2.1% in 2026F**, slightly below its long-term potential, reflecting soft domestic demand and cautious business investment. Private consumption remains subdued, constrained by high household debt and moderate wage growth, while government stimulus is likely to focus on short-term populist measures rather than structural reforms. We expect corporate investment to remain selective, with companies maintaining conservative leverage and prioritizing essential capex over expansionary projects.

The low-interest-rate environment will likely continue to shape banking sector dynamics. After the recent 25bps cut in December, we expect the Bank of Thailand (BoT) to lower the policy rate by a further 25bps to 1.0%. This should support borrower affordability and limit credit stress, but it will also pressure NIM, particularly for banks with a heavier reliance on traditional deposit-and-loan income. Inflation is projected by Thanachart Securities to remain benign at around 1.0%.

Ex 13: Economic Data

% growth	2022 (%)	2023 (%)	2024 (%)	2025F (%)	2026F (%)	2027F (%)
Real GDP growth	2.6	2.0	2.5	2.1	2.1	2.6
Private consumption	6.2	6.9	4.4	2.5	2.0	2.5
Private investment	4.6	3.1	(1.6)	4.4	4.4	4.7
Government investment	(3.9)	(4.2)	4.8	1.0	3.1	2.3
Exports (nominal US\$ growth)	5.4	(1.5)	5.7	5.5	(4.2)	2.7
Imports (nominal US\$ growth)	14.0	(3.8)	6.6	4.2	(2.6)	3.4
Export of services (nominal baht growth)	68.5	43.9	28.8	1.0	2.7	2.0
Import of services (nominal baht growth)	18.7	3.7	13.6	(0.9)	1.5	1.5
Current account (% of GDP)	(3.2)	1.4	2.1	3.4	2.7	3.0
Headline CPI	6.1	1.2	0.4	0.3	1.0	1.5
Bt/US\$ – average	35.1	34.8	35.3	33.1	33	33.5
Policy rate	1.25	2.5	2.25	1.25	1.00	1.00

Sources: NESDC, Bank of Thailand, Ministry of Commerce, Bloomberg, Thanachart estimates

2026F banking outlook: Manageable soft earnings

Sector profit -3% y-y, NIM headwinds partially offset by lower credit cost, opex control, and fee recovery

Although we expect Thai banks to continue facing several headwinds in 2026F – including the gradual normalization of investment-related income, continued NIM pressure, and muted loan growth – we believe the sector enters the year with stronger buffers and improved earnings resilience.

Banks utilized exceptionally strong non-NII performances in 2025 to build provisions, strengthen capital, and manage costs more effectively. These factors, together with a mild recovery in fee income, should partially offset the challenging revenue backdrop.

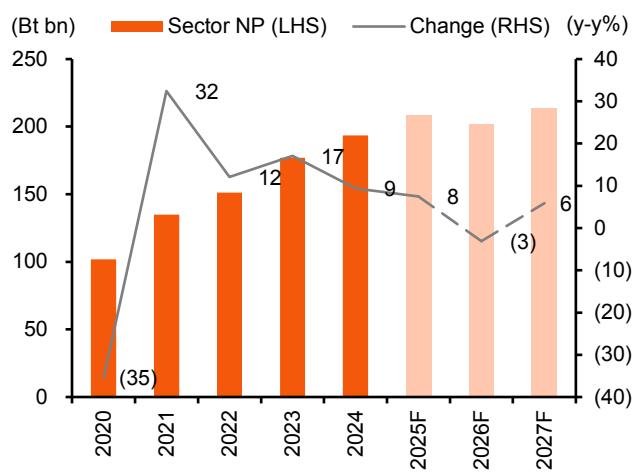
Accordingly, we estimate sector net profit to decline **only 3% y-y to Bt202bn in 2026F**, a relatively modest contraction considering the sharp drop in non-core investment gains and the ongoing NIM downcycle.

We expect KKP to deliver the strongest earnings performance in 2026F, with net profit rising **14% y-y**. This is mainly driven by an improvement in NIM – benefiting from policy rate cuts – and stronger fee income momentum, particularly from its wealth management

franchise. **TISCO** should also show resilience, with net profit rising **2% y-y**, supported by NIM expansion as funding costs adjust downward more quickly than lending yields.

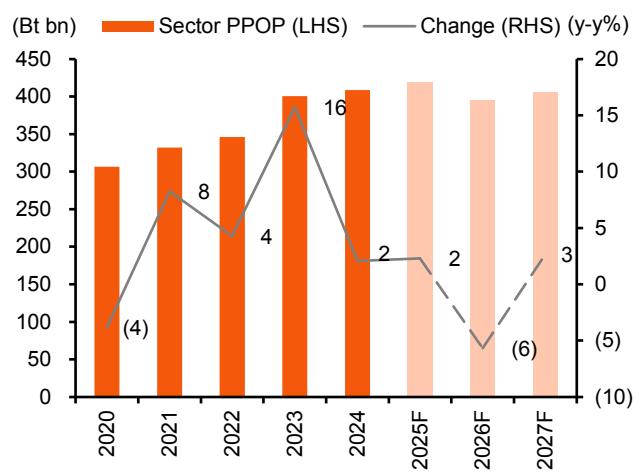
For the big four banks, we expect net profit to decline y-y. While they should benefit from a stronger fee income recovery and lower credit costs, this is unlikely to fully offset the earnings drag from weaker NIM and lower investment income.

Ex 14: Sector Net Profit Growth



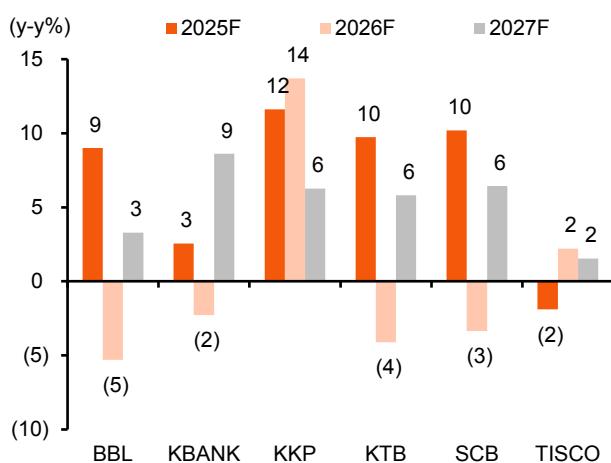
Sources: Company data, Thanachart estimates

Ex 15: Sector PPOP Growth



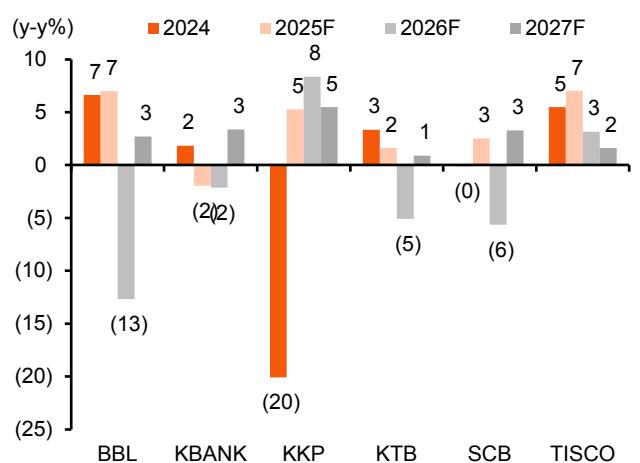
Sources: Company data, Thanachart estimates

Ex 16: Net Profit Growth By Bank



Sources: Company data, Thanachart estimates

Ex 17: PPOP Growth By Bank



Sources: Company data, Thanachart estimates

#1 Prolonged muted loan growth

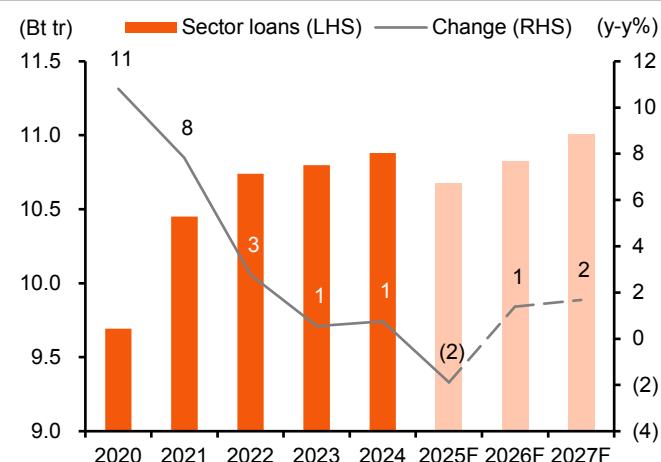
Continued selective lending

We estimate sector **2026F loan growth of just 1% y-y**, led primarily by corporate lending. All banks should post relatively similar growth of around 1-2% y-y. Although balance sheet risks have eased, we maintain our view that Thai banks will remain selective on new credit origination with only a modest improvement in lending appetite.

We foresee three structural constraints on loan growth:

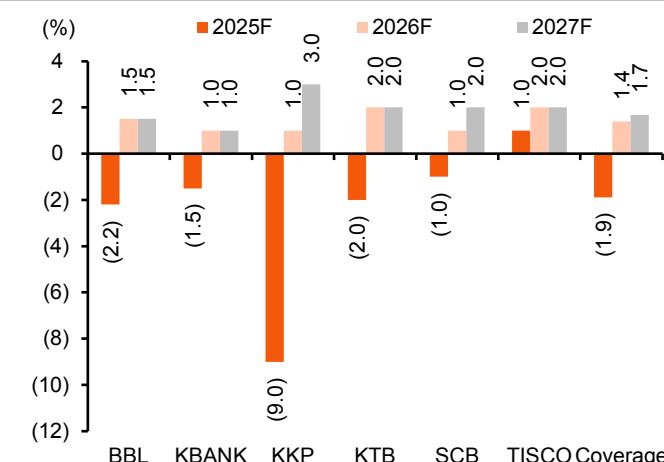
- Elevated household leverage and limited macro visibility:** Despite materially cleaner balance sheets, banks continue to operate in an environment of high household debt and below-trend GDP growth. This backdrop necessitates conservative underwriting standards and proactive asset-quality management, constraining appetite for incremental risk-taking and limiting loan growth.
- Fragile economic recovery:** Economic growth remains largely supported by cyclical fiscal and monetary measures rather than durable structural drivers. Persistent challenges – such as low productivity, incomplete tourism normalization, and subdued private investment – continue to cap underlying credit demand and income-generation capacity.
- Strategic shift toward balance-sheet optimization:** In the absence of compelling growth opportunities, banks are increasingly prioritizing capital efficiency over asset expansion. Higher dividend payouts and potential share buybacks are becoming key strategic levers to support ROE, reducing the incentive for aggressive balance-sheet growth.

Ex 18: Sector Loan Growth



Sources: Company data, Thanachart estimates

Ex 19: Loan Growth By Bank (2025-27F)



Source: Thanachart estimates

#2 NIM: Downward trend continues but at a slower pace

Lower NIM, but with better momentum

We expect NIM pressure to persist into 2026F as the rate-cut cycle continues. Under our base-case assumption that the BoT cuts the policy rate by 25bps in April 2026F, the policy rate would decline to 1.0%, thereby extending the downcycle in interest margins.

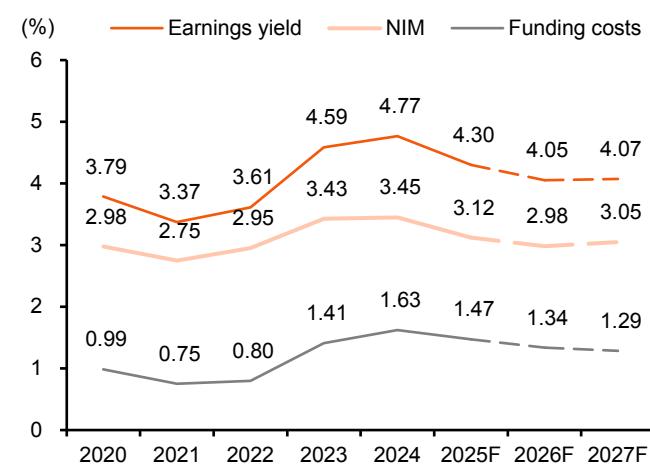
Earnings-asset yields are therefore set to remain under pressure. We estimate the sector's aggregate earnings-asset yield to fall by 25bps y-y to 4.05% in 2026F. This represents a slower pace of decline than the sharp 47bps contraction in 2025F, reflecting a more gradual and less aggressive easing cycle.

On the liability side, funding costs should continue to ease at a similar pace to last year. With around 20–30% of deposits sitting in fixed-term buckets, ongoing repricing should further reduce funding costs. We estimate the sector's cost of funds will decline by around 13bps in 2026F, broadly in line with the reduction seen in 2025F.

As a result, we expect NIM compression to moderate. We estimate sector **NIM to decline by 14bps to 2.98%** in 2026F, remaining on a downward trajectory but with the pace of contraction far less severe than the 33bps y-y decline we expect in 2025F.

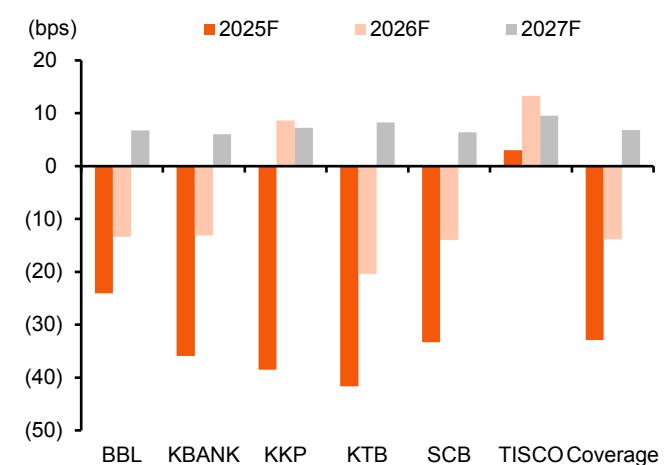
We expect TISCO and KKP's NIM to increase y-y, supported by a higher proportion of fixed-rate loans and efficient funding-cost management. In contrast, all major banks are likely to see NIM decline y-y, reflecting continued sensitivity to lower policy rates. KTB looks likely to experience the largest NIM contraction, given its high exposure to floating-rate assets and strong sensitivity to policy rate movements.

Ex 20: Sector's Yield, Funding Costs, And NIM



Sources: Company data, Thanachart estimates

Ex 21: Change In NIM (2025-27F)



Source: Thanachart estimates

#3 Stronger fee income growth

Wealth business to drive fee income

We expect fee income growth to improve to **4% y-y in 2026F**, up from 2% y-y in 2025F, supported by two key drivers:

- 1) **Stronger loan growth**, which should lift loan-related fees; and
- 2) **Further expansion in wealth management businesses**, where banks continue to deepen their product offerings.

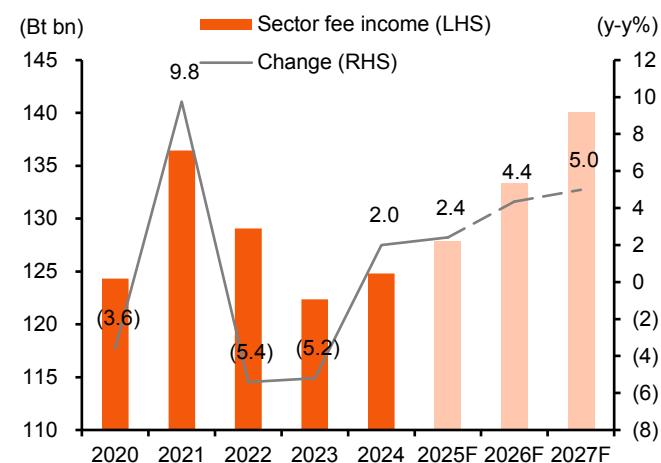
In recent years, banks have focused heavily on tax-incentive mutual funds, but with government tax schemes becoming more limited, banks are diversifying into offshore mutual funds to capture rising demand for global investments. At the same time, banks are increasingly targeting affluent, high-net-worth, and ultra-high-net-worth clients with more comprehensive wealth solutions.

To upgrade their capabilities, major banks have formed partnerships with leading global private banks. KBANK works with Lombard Odier and J.P. Morgan; SCBx partners with Julius Baer; BBL has a longstanding collaboration with Pictet; and in June 2025, KKP announced a partnership with Goldman Sachs Asset Management (GSAM) to expand global investment access and advisory capabilities.

These alliances provide Thai banks with world-class investment expertise, enabling them to offer more sophisticated and diversified wealth products, including offshore mutual funds, private funds, and multi-asset portfolios. As a result, fee income from wealth management should remain a key structural growth.

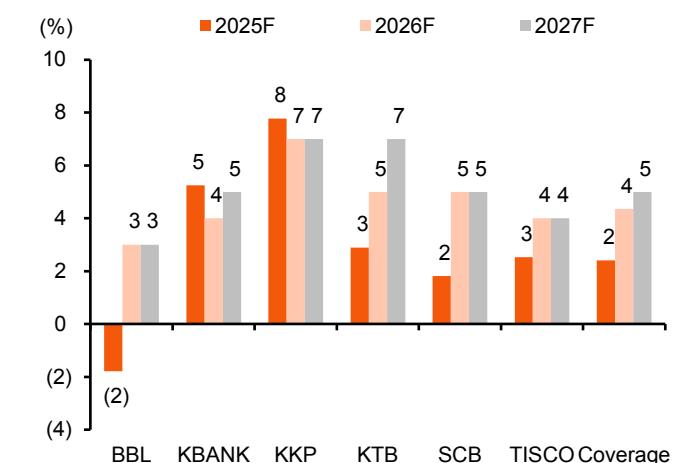
We expect all banks to deliver stronger fee income in 2026F. KKP is likely to post the highest growth, benefiting from its partnership with GSAM, which is starting to deliver noticeable results and drive fee momentum.

Ex 22: Sector Fee Income Growth



Sources: Company data, Thanachart estimates

Ex 23: Fee Income Growth By Bank (2025-27F)



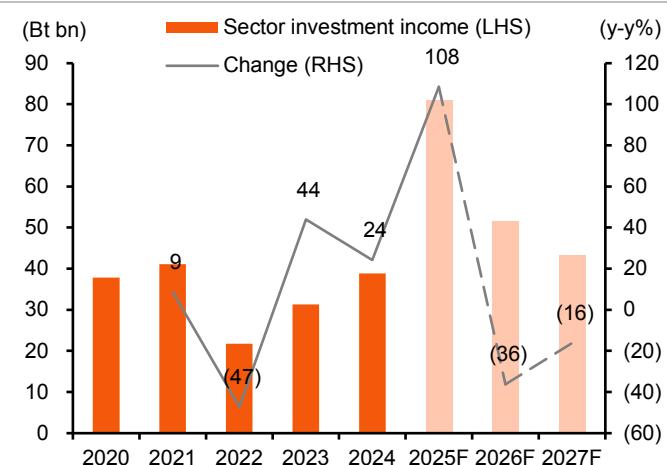
Sources: Company data, Thanachart estimates

#4 More normalized investment-related income

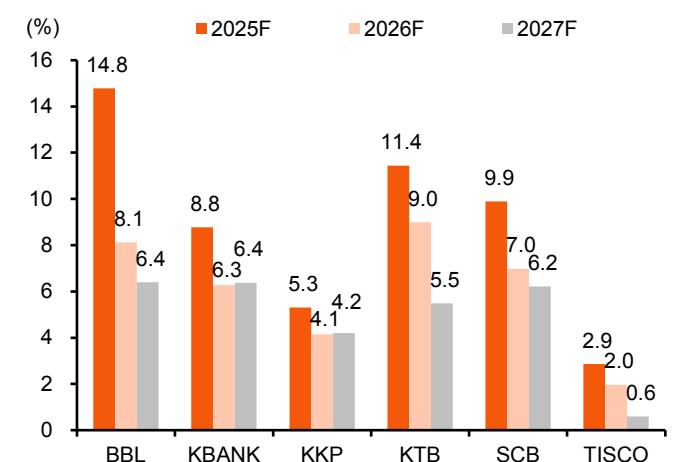
Lower investment income, but still higher than in a normal year

We expect investment-related income to decline sharply by around 36% y-y in 2026F, following an exceptionally strong 2025F. The main reason is a smaller contribution from bond gains, as four policy rate cuts were implemented in 2025, but only one is anticipated in 2026.

Even so, investment income should remain above historical averages, supported by ongoing gains from bond portfolios. Additionally, KTB and TISCO may realize profits from the sale of their THAI holdings. While banks have already marked these shares to market since 3Q25, most recognized gains conservatively, well below prevailing market prices, due to lock-up restrictions. Once these stakes are sold, realized gains are likely to exceed previously booked P&L gains, providing an additional upside buffer to investment income in 2026F.

Ex 24: Sector Investment Income Growth

Sources: Company data, Thanachart estimates

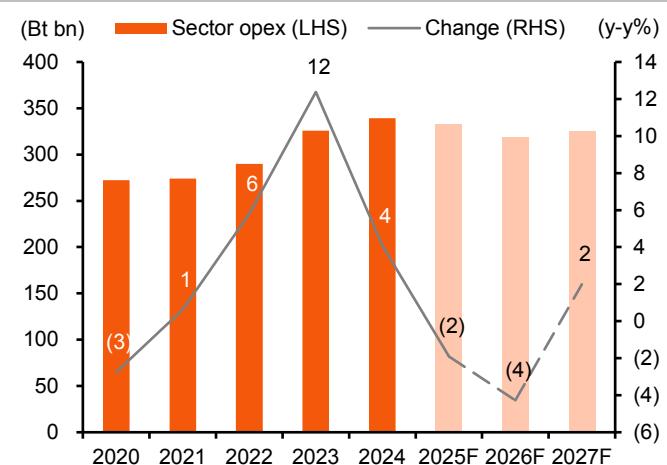
Ex 25: % Investment Gain To Operating Income (2025-27F)

Source: Thanachart estimates

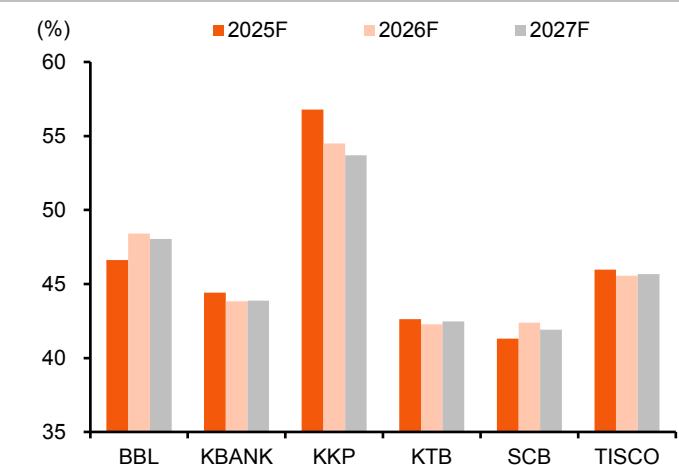
#5 Well-controlled operating costs**Continued decline in opex**

We expect aggregate **opex to decline by 4% y-y in 2026F**, supported by two key factors. *First*, banks used unusually strong non-NII in 2025 to pre-book accrued expenses, reducing the need for additional cost recognition in 2026. *Second*, strict cost discipline across the sector remains firmly in place. As a result, we estimate the aggregate cost-to-income ratio at 45% in 2026F, slightly higher than the expected 44% in 2025F.

Cost control continues to be underpinned by structural efficiency drivers. Banks are steadily rationalizing branches and headcount, helping to contain employee expenses (46% of total opex) as well as premises and equipment costs (16% of opex). This shift toward digital channels supports sustainable, long-term efficiency gains. In addition, banks maintain a high proportion of variable costs, particularly in marketing and promotional spending, which can be scaled back quickly during periods of revenue pressure. This flexibility provides an important buffer to protect profitability as topline growth moderates.

Ex 26: Sector Opex Growth

Sources: Company data, Thanachart estimates

Ex 27: Cost To Income Ratio By Bank (2025-27F)

Sources: Company data, Thanachart estimates

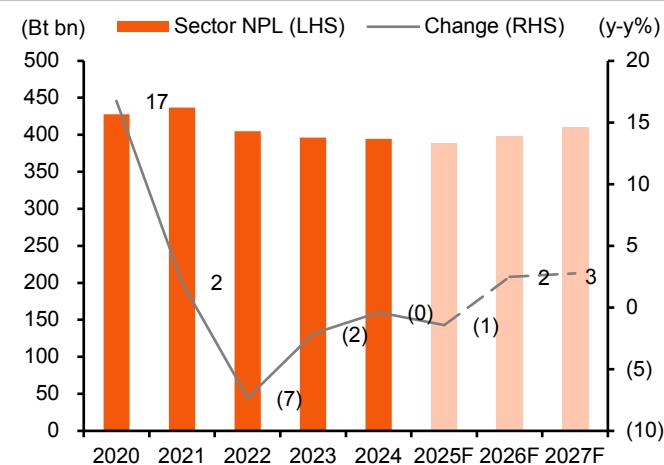
#6 Asset quality remains manageable

Lower credit costs thanks to front-loaded provisions

We expect **sector NPLs** to **increase** by 2% y-y in **2026F**, driven primarily by weaker repayment trends in the retail and SME segments. The macro backdrop remains soft, with GDP projected by Thanachart Securities to grow only 2.1%, limiting borrowers' income recovery. In addition, the expiration of the "You Fight, We Help" debt-restructuring scheme in September 2025 will likely put pressure on vulnerable borrowers. Monthly installments under the program will step up from 50% in year one to 70% in year two, potentially weakening debt-servicing capacity and leading to higher missed payments – especially among SMEs and lower-income retail borrowers.

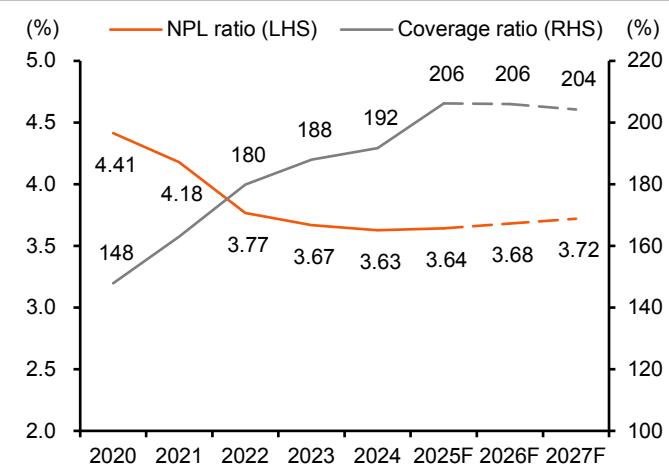
That said, banks have proactively built substantial management overlays over the last few years. Many further strengthened provisions in 2025, using the unusually strong non-NII to set aside additional buffers. As a result, we expect **credit costs to decline to 129bps in 2026F**, down from 144bps in 2025F. Coverage ratios should remain high at 206% providing ample protection against downside risks.

Ex 28: Sector NPL Growth



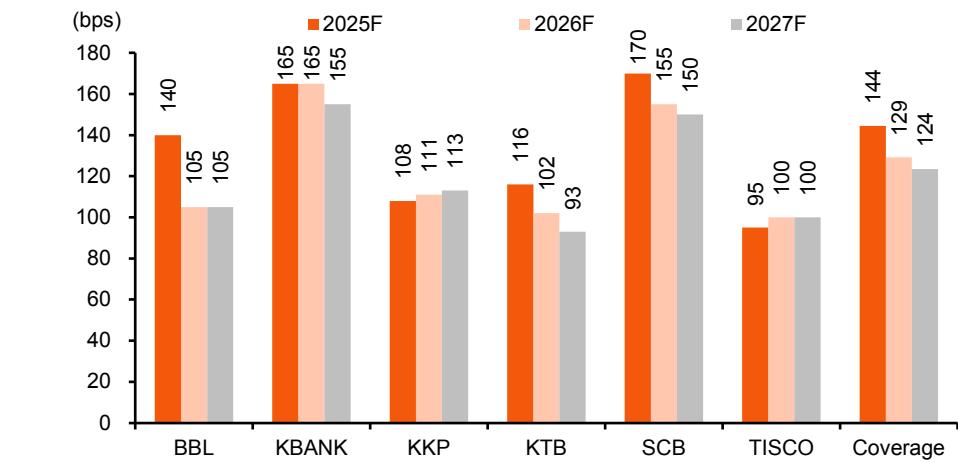
Sources: Company data, Thanachart estimates

Ex 29: Sector NPL Ratio And Coverage Ratio



Sources: Company data, Thanachart estimates

Ex 30: Credit Costs By Bank (2025-27F)



Source: Thanachart estimates

Higher dividend per share

A year of capital management

We see capital management as a major bullish catalyst for Thai banks in 2026F, particularly in 1Q26F – the dividend season. Improvements in shareholder-return practices, which began in 2022 with SCB raising its payout ratio to 60% and TTB to 50%, have continued through 2023–24. However, we believe this trend is far from fully played out. Structural conditions are now aligning for 2026F to be a stronger year for shareholder-return enhancement across the sector, supported by:

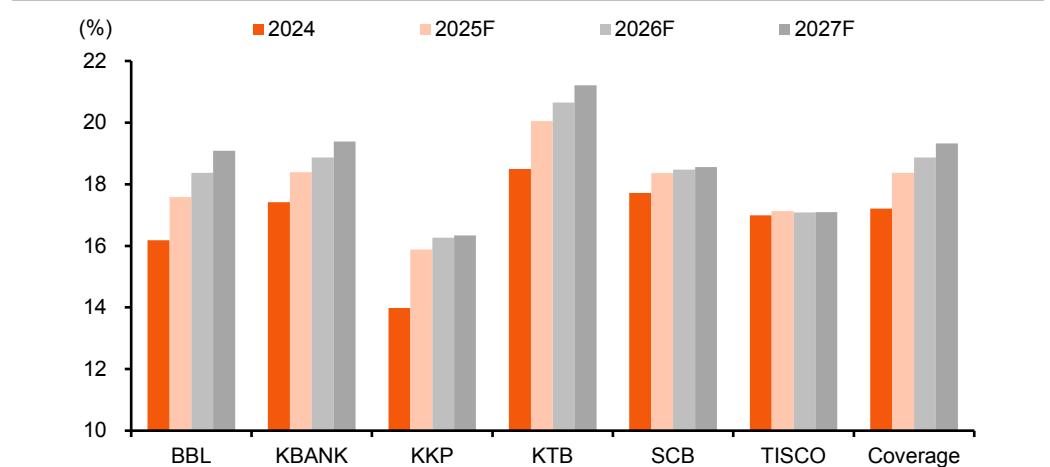
1) Stronger capital positions

Record-high CET1 ratio

Capital accumulation has accelerated meaningfully, with aggregate CET1 rising 5% YTD to Bt1.2tn as of 3Q25. At the same time, sector loan growth has contracted by 3% YTD, lowering risk-weighted assets and mechanically lifting capital ratios. As a result, the sector CET1 ratio stands at around 18%, one of the highest in ASEAN, and is led by KTB.

We expect the sector CET1 ratio to reach 18.4% by end-2025F, supported by strong profit generation and muted credit expansion. With loan growth likely to remain slow in 2026F and credit costs normalizing downward, banks will likely continue to build up capital even after paying baseline dividends.

Ex 31: CET1 By Bank



Sources: Company data, Thanachart estimates

2) Explicit management commitment to enhancing shareholder returns

Clear management intention to enhance shareholder returns

Bank management teams have repeatedly emphasized their intention to boost ROE and deliver higher returns to shareholders – but the shift became unmistakably visible in 2H25, with concrete actions across the sector.

- **KKP** launched its second share buyback program (Bt1bn), which it completed ahead of schedule, signaling discipline and strong conviction in enhancing capital efficiency.
- **KTB** surprised the market with its first-ever interim dividend of Bt0.43/share on 29 October 2025 – a strong signal of confidence and a clear pivot toward more active returns.
- **KBANK** approved a Bt8.8bn buyback program, covering up to 2% of paid-up capital, already executing Bt2.3bn as of 15 December 2025.

Ex 32: KKP's Share Repurchases

Transaction date	No. of shares (shares)	Lowest price (Bt/share)	Highest price (Bt/share)	Total value (Bt)
17/11/2025 - 17/11/2025	77,500	63.50	63.75	4,941,669
14/11/2025 - 14/11/2025	2,021,700	63.50	64.75	129,655,013
13/11/2025 - 13/11/2025	1,750,000	64.25	65.00	113,600,787
12/11/2025 - 12/11/2025	150,000	65.00	65.00	9,765,649
07/11/2025 - 07/11/2025	440,500	65.00	65.00	28,678,455
05/11/2025 - 05/11/2025	75,000	64.75	65.00	4,876,564
03/11/2025 - 03/11/2025	400,000	65.00	65.00	26,041,730
30/10/2025 - 30/10/2025	450,400	64.75	65.00	29,321,611
29/10/2025 - 29/10/2025	2,189,600	64.50	65.00	142,264,619
28/10/2025 - 28/10/2025	2,312,900	64.00	65.00	150,090,785
27/10/2025 - 27/10/2025	200,000	65.00	65.00	13,020,865
24/10/2025 - 24/10/2025	328,000	65.00	65.00	21,354,219
21/10/2025 - 21/10/2025	181,900	65.00	65.00	11,842,477
12/09/2025 - 12/09/2025	300,000	59.00	59.00	17,728,409
11/09/2025 - 11/09/2025	1,246,500	59.00	59.00	73,661,537
10/09/2025 - 10/09/2025	1,823,500	58.25	59.00	107,282,788
09/09/2025 - 09/09/2025	1,065,400	59.75	60.00	63,963,998
08/09/2025 - 08/09/2025	350,000	59.75	60.00	21,008,665
05/09/2025 - 05/09/2025	513,900	59.75	60.00	30,867,488
Total	15,876,800			999,967,326

Source: SETSMART

Ex 33: KBANK's Share Repurchases

Transaction Date	No. of shares (as reporting)	Lowest price (Bt/share)	Highest price (Bt/share)	Total value (Bt)
15/12/2025 - 15/12/2025	2,000,000	191.0	191.5	382,175,000
12/12/2025 - 12/12/2025	830,000	190.5	191.5	158,695,000
11/12/2025 - 11/12/2025	1,939,000	191.5	191.5	371,318,500
09/12/2025 - 09/12/2025	3,000,000	190.5	191.5	573,062,000
08/12/2025 - 08/12/2025	972,000	189.5	191.0	185,412,000
03/12/2025 - 03/12/2025	305,200	189.0	189.5	57,785,400
01/12/2025 - 01/12/2025	3,046,200	188.0	189.0	573,135,600
Total	12,092,400			2,301,583,500

Source: SETSMART

These actions mark a structural shift. Thai banks are no longer just protecting capital – we believe they are deploying it strategically to reward shareholders. Management commentary across banks consistently highlights shareholder returns as a top priority, a tone that is far more proactive than in previous cycles. This shift reflects growing confidence in asset quality, provisioning buffers, and earnings visibility.

Removing the six-month cooling-off period for buybacks

3) New buyback regulations

In November 2025, the regulator implemented a key change to share buyback regulations, most notably removing the six-month cooling-off period that prevented banks from starting a new program once the previous program concluded. This allows banks to execute continuous buyback cycles.

The new framework enables banks to respond more quickly to market dislocations, manage capital buffers more dynamically, and deliver a more consistent total-return profile for shareholders. As a result, this regulatory shift significantly increases the likelihood that buybacks become a recurring element of capital management rather than an occasional one.

Ex 34: Change in DPS Assumptions

Stocks	— Current DPS (Bt) —			— Previous DPS (Bt) —			— Change (%) —		
	2025F	2026F	2027F	2025F	2026F	2027F	2025F	2026F	2027F
BBL	8.50	8.50	9.50	8.50	8.50	8.50	—	—	12
KBANK	13.00	13.00	14.50	12.00	12.00	12.00	8	8	21
KKP	4.77	5.09	5.37	4.77	5.09	5.37	—	—	—
KTB	1.89	1.92	2.10	1.70	1.51	1.59	12	27	32
SCB	11.50	11.12	11.83	11.19	10.72	11.23	3	4	5
TISCO	7.75	7.75	7.75	7.75	7.75	7.75	—	—	—

Source: Thanachart estimates

Ex 35: Change in Dividend Payout Ratio Assumptions

Stocks	Current payout ratio (%)			Previous payout ratio (%)			— Change (ppt) —		
	2025F	2026F	2027F	2025F	2026F	2027F	2025F	2026F	2027F
BBL	33	35	38	33	36	36	—	(1)	2
KBANK	62	63	65	58	60	56	4	3	9
KKP	70	70	70	70	70	70	—	—	—
KTB	55	58	60	50	50	50	5	8	10
SCB	80	80	80	80	80	80	—	—	—
TISCO	92	90	88	95	95	95	(4)	(6)	(7)

Source: Thanachart estimates

We therefore revise our dividend assumptions across the sector. For **KTB**, we raise our 2025–27F payout ratios to 55–60% from 50%, supported by its exceptionally strong CET1 ratio of 19% as of 3Q25 and solid asset quality, with a coverage ratio above 200%. We believe management is increasingly confident in lifting payouts while maintaining ample capital buffers.

For **KBANK**, we incorporate special dividends of Bt1 per share in 2025–26F and Bt2.5 per share in 2027F, on top of the Bt12 per share regular dividend, lifting our total DPS expectations accordingly. With CET1 at 17% in 3Q25 and management's reiterated ambition to deliver double-digit ROE – despite the absence of a formal timeline – we see a high likelihood that excess capital will be returned through additional payouts.

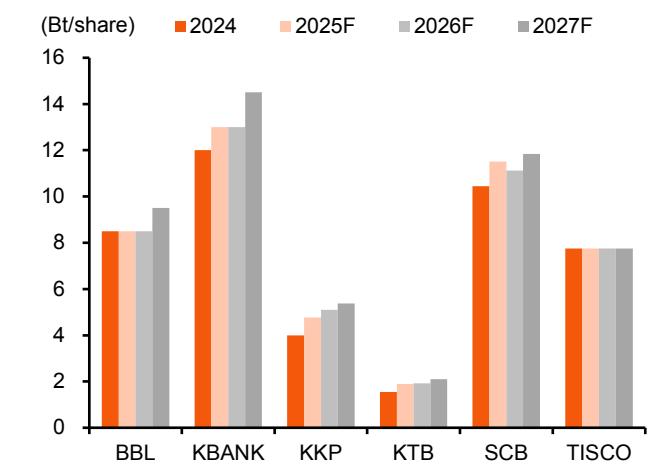
Regarding **SCB**, we maintain our payout ratio assumption at 80%, already the highest among large banks. However, following our earnings increases, our 2025–27F DPS estimates increase by 3–5%.

For **BBL**, we keep our near-term 2025–26F DPS at Bt8.5, as we expect the bank to remain conservative amid a still-sluggish macro backdrop. That said, with upward revisions to both near- and long-term earnings, we lift our 2027F DPS to Bt9.5 and our long-term DPS

assumption to Bt14 per share from Bt12, reflecting BBL's substantial capacity to raise payouts once external conditions improve.

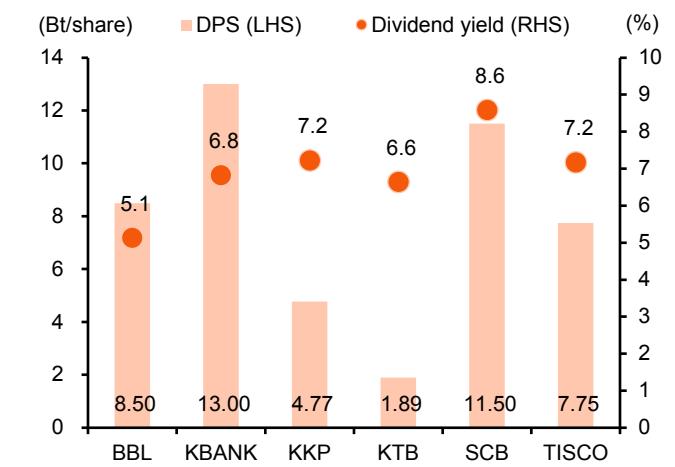
Lastly, we maintain our dividend assumptions for **KKP** and **TISCO**. KKP's payout ratio is held at 70% over 2025–27F, while we expect TISCO, with an already high payout exceeding 90%, to deliver a stable DPS of Bt7.75 over 2025–27F.

Ex 36: Our DPS Forecasts



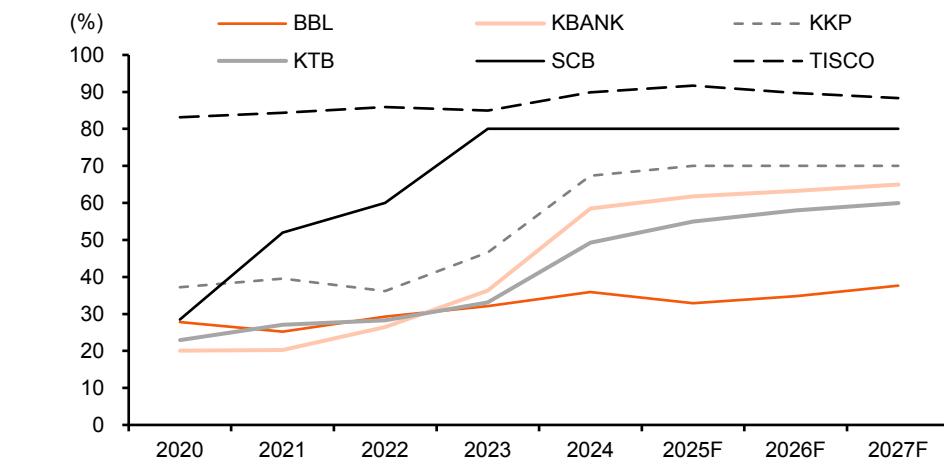
Sources: Company data, Thanachart estimates

Ex 37: 2025F Dividend Return Of Each Bank



Source: Thanachart estimates

Ex 38: Payout Ratio (%)



Sources: Company data, Thanachart estimates

Playbook: KTB and KBANK remain our top buys

Upgrade sector view to Overweight, with KTB and KBANK are top Buys.

We turn constructive on Thai banks heading into 2026F and upgrade our sector stance to **OVERWEIGHT** from Neutral. Despite our expectation for a soft patch in earnings – largely driven by muted loan growth and continued NIM pressure – we argue that 2026F will be a year of manageable softness with improving underlying quality, rather than a deterioration.

Importantly, the market does not appear to have fully priced in the sector's transition toward stronger capital management and more visible shareholder returns. Following a record-high earnings year in 2025F and substantial overlays built in the past few years, banks now possess meaningful flexibility to optimize their capital structures. We expect this to translate into higher cash dividends and more active buybacks. With valuations still undemanding in our view, at 0.7x P/BV and dividend yields in the 5–9% range, we believe the risk-reward remains attractive. Our conviction top picks remain KTB and KBANK.

Ex 39: : Earnings Growth, ROE, And TPs Of The Six Banks Under Our Coverage

	Net profit growth 2025-27F CAGR (%)	Average ROE 2025-27F (%)	TP (Bt/share)		Recommendation	
			New	Old	New	Old
BBL	2.2	7.9	164.0	141.0	HOLD	SELL
KBANK	2.9	8.4	222.0	190.0	BUY	BUY
KKP	10.5	9.1	76.0	76.0	BUY	BUY
KTB	3.6	10.0	35.0	31.0	BUY	BUY
SCB	4.3	9.5	152.0	135.0	BUY	HOLD
TISCO	0.6	15.6	108.0	102.0	HOLD	HOLD

Sources: Company data, Thanachart estimates

We believe **KTB** continues to stand out as **the sector's leading BUY**, offering the best risk-return profile among big banks. *First*, its earnings growth is in line with peers, but we think it comes with lower risk, supported by a conservative loan portfolio, the second-highest coverage ratio in the sector, and an NPL ratio below the sector average. *Second*, KTB delivers comparable dividend yields (6-7%) at a much lower payout ratio, providing upside potential. *Third*, it remains the most profitable large bank, with a 9.7% ROE in 2026F. *Lastly*, there's earnings support from THAI divestments next year.

KBANK remains our **second top pick**. *First*, EPS is set to dip 2% y-y in 2026F (in line with the sector), before rebounding 9% y-y in 2027F, outpacing the sector's 6%. *Second*, asset quality has strengthened, giving us confidence that credit costs will normalize from 2027F. *Third*, its leading wealth franchise – with the largest mutual fund AUM – and a robust payment platform should continue to fuel fee income growth. *Lastly*, KBANK also offers a compelling 6.8% dividend yield on a 62% payout in 2025F, rising to 7.6% on a 65% payout by 2027F.

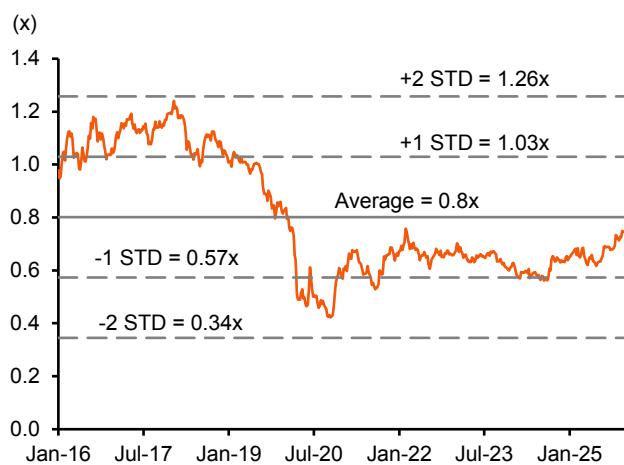
We upgrade **SCB** to **BUY** for three reasons. *First*, concerns over SCB's asset quality have eased. NPLs and Stage 2 loans declined q-q while the coverage ratio increased in 3Q25, reflecting a tighter underwriting standard over the past two years. *Second*, we raise our earnings estimates by 3-5% p.a. in 2025-27F and an average 4% p.a. from 2028F to reflect higher fee income, opex discipline, and lower credit costs. *Third*, SCB remains committed to a high 80% payout ratio, and we expect it to deliver the highest dividend yields in the sector of 8.6%/8.3%/8.8% in 2025–27F.

KKP remains a **BUY**, supported by the strongest EPS growth outlook in the sector, continued expansion of high-quality fee income from capital markets, active buybacks, and 7–8% dividend yields. With ROE looking set to trend toward 9.3% in 2026F, we believe KKP offers a rare blend of both yield and growth.

We upgrade **BBL** to **HOLD**. We are more constructive on its earnings outlook, raising our 2026–27F net profit estimates by 4–6%, with an average 8% p.a. uplift from 2028F onward, driven by improving NIM and lower credit costs. We also assume a higher dividend payout ratio from 2027F onward. However, we expect BBL's DPS to remain at Bt8.5 over 2025–26F, implying a yield of only 5.2%, compared with the sector average of 7.0%. In addition, BBL remains the most conservative in capital management, reflected in a lower ROE of 7.7% in 2026F vs. the 8.7% sector average.

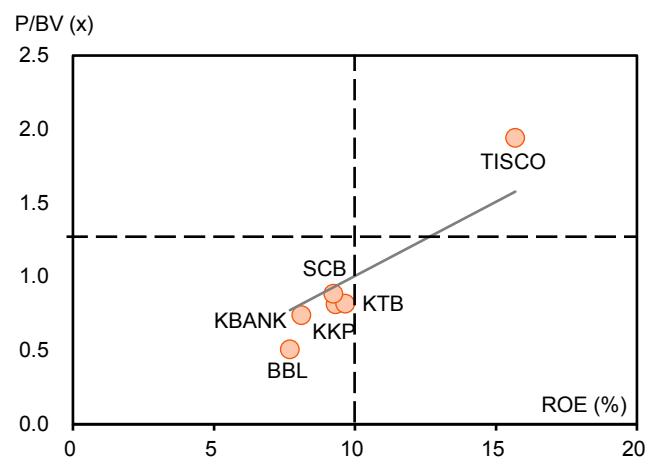
Finally, we maintain our **HOLD call on TISCO**, acknowledging its attractive dividend yield but limited catalysts for growth or further payout expansion, and what we regard as the most demanding valuation.

Ex 40: Sector's P/BV STD Band



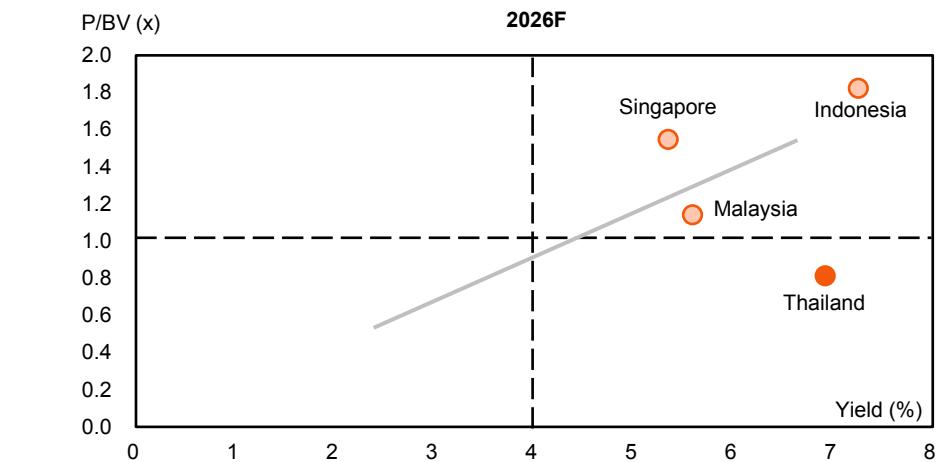
Sources: Bloomberg, Thanachart estimates

Ex 41: Comparing P/BV Vs. ROE In 2026F



Source: Thanachart estimates

Ex 42: Looks Attractive Against Regional Peers Based On P/BV And Yield



Sources: Company data, Thanachart estimates

Earnings and valuation upward revisions

2025-27F sector EPS raised 2-6% on stronger gains, fees, costs, and provisions

We **revise up** our sector earnings estimates for 2025–27F by **2–6% per year**, driven primarily by stronger-than-expected gains on financial assets, higher fee income, tighter cost discipline across Thai banks, and lower credit cost in 2026-27F, supported by banks using unusually strong 2025F investment gains to front-load provisions. We provide a detailed analysis in our individual company reports. Below is a summary of our key revisions and updated 12-month DDM-based TPs (using a 2026F base year).

Ex 43: Summary Of Earnings Revisions

	— Current (Bt m) —			— Previous (Bt m) —			— Change (%) —			Earnings revision
	2025F	2026F	2027F	2025F	2026F	2027F	2025F	2026F	2027F	
BBL	49,283	46,668	48,200	49,283	44,869	45,628	-	4.0	5.6	We raise our 2026–27F net profit estimates by 4–6%, with an average 8% uplift from 2028F onward due to higher NIM and reduced credit costs.
KBANK	49,839	48,699	52,890	48,774	47,347	50,836	2.2	2.9	4.0	We revise up our 2025–27F earnings by 2–4% annually and apply an additional 7% average uplift to net profits from 2028F onward to reflect sustained fee income momentum and lower credit costs.
KKP	5,616	6,386	6,786	5,616	6,386	6,786	-	-	-	We maintain our 2025–27F earnings estimates and keep our TP at Bt76, which already reflects the 2026 warrant conversion. Refer to our earlier report, Re-rating catalysts align (4 November 2025).
KTB	48,128	46,149	48,833	47,444	42,254	44,562	1.4	9.2	9.6	We increase our 2025–27F earnings estimates by 1–10%, driven by lower credit costs and stronger opex discipline.
SCB	48,421	46,792	49,803	47,116	45,126	47,272	2.8	3.7	5.4	We boost our 2025–27F earnings by 3–5% per year, with a further 4% annual uplift from 2028F to capture stronger fee income, tight cost controls, and a lower credit cost trajectory.
TISCO	6,770	6,919	7,025	6,511	6,516	6,534	4.0	6.2	7.5	We lift our 2025–27F earnings estimates by 4–8%, driven by stronger-than-expected NIM management and higher loan growth.

Sources: Company data, Thanachart estimates

Ex 44: Summary Of Sector Earnings Revisions

	2023	2024	2025F	2026F	2027F
Normalized profit (Bt bn)					
- New	176.92	193.54	208.06	201.61	213.54
- Old			204.74	192.50	201.62
- <i>Change (%)</i>			1.62	4.73	5.91
Loan growth (%)					
- New	0.54	0.75	(1.89)	1.39	1.68
- Old			(0.45)	1.33	1.40
- <i>Change (ppt)</i>			(1.43)	0.06	0.28
NIM (%)					
- New	3.43	3.45	3.12	2.98	3.05
- Old	3.43	3.45	3.15	3.02	3.07
- <i>Change (ppt)</i>			(0.03)	(0.04)	(0.01)
Non-NII (Bt bn)					
- New	173.04	182.71	232.23	209.90	209.35
- Old			232.04	203.93	208.59
- <i>Change (%)</i>			0.08	2.93	0.36
Fee income (Bt bn)					
- New	122.35	124.80	127.80	133.36	140.02
- Old			126.02	131.51	137.59
- <i>Change (%)</i>			1.41	1.41	1.77
Cost-to-income ratio (%)					
- New	44.87	45.35	44.31	44.67	44.51
- Old			44.72	44.92	44.49
- <i>Change (ppt)</i>			(0.41)	(0.25)	0.02
Credit cost (%)					
- New	1.60	1.49	1.44	1.29	1.24
- Old			1.44	1.35	1.34
- <i>Change (ppt)</i>			(0.00)	(0.06)	(0.11)
NPLs (Bt bn)					
- New	396.01	394.45	388.78	398.40	409.40
- Old			397.07	406.82	417.95
- <i>Change (%)</i>			(2.09)	(2.07)	(2.04)
NPL ratio (%)					
- New	3.67	3.63	3.64	3.68	3.72
- Old			3.67	3.71	3.76
- <i>Change (ppt)</i>			(0.02)	(0.03)	(0.04)

Sources: Company data, Thanachart estimates

Ex 45: Key Assumptions Comparison

		BBL	KBANK	KKP	KTB	SCB	TISCO	Industry
Rating		HOLD	BUY	BUY	BUY	BUY	HOLD	Overweight
Target price	(Bt)	164.00	222.00	76.00	35.00	152.00	108.00	
Upside	(%)	(0.9)	16.5	15.2	22.8	13.4	0.0	
Consensus TP	(Bt)	168.33	191.13	67.55	29.84	140.24	101.98	
Differ from consensus	(%)	(2.6)	16.2	12.5	17.3	8.4	5.9	
Market cap.	(US\$ m)	9,314	13,676	1,707	11,725	13,631	2,650	
Pre-provision profit (Bt m)	2024A	91,201	109,691	10,286	88,824	98,797	9,937	408,736
	2025F	97,571	107,552	10,827	90,267	101,301	10,635	418,153
	2026F	85,202	105,265	11,732	85,666	95,605	10,971	394,440
	2027F	87,496	108,809	12,377	86,429	98,727	11,148	404,986
Net profit (Bt m)	2024A	45,211	48,598	5,031	43,856	43,943	6,901	193,540
	2025F	49,283	49,839	5,616	48,128	48,421	6,770	208,056
	2026F	46,668	48,699	6,386	46,149	46,792	6,919	201,612
	2027F	48,200	52,890	6,786	48,833	49,803	7,025	213,536
Loan growth (y-y %)	2024A	0.80	(0.27)	(7.58)	4.74	(0.96)	(1.11)	0.75
	2025F	(2.20)	(1.50)	(9.00)	(2.00)	(1.00)	1.00	(1.89)
	2026F	1.50	1.00	1.00	2.00	1.00	2.00	1.39
	2027F	1.50	1.00	3.00	2.00	2.00	2.00	1.68
Deposit growth (y-y %)	2024A	(0.46)	0.71	0.11	3.19	1.26	(1.01)	1.02
	2025F	0.90	1.00	1.97	0.53	0.62	1.02	0.81
	2026F	(0.80)	0.70	(0.80)	1.00	0.70	1.00	0.32
	2027F	0.60	(0.47)	0.00	1.00	0.70	0.50	0.44
NIM (%)	2024A	2.96	3.63	4.06	3.29	3.85	4.77	3.45
	2025F	2.72	3.27	3.68	2.88	3.51	4.80	3.12
	2026F	2.59	3.14	3.76	2.67	3.37	4.93	2.98
	2027F	2.66	3.20	3.83	2.76	3.44	5.02	3.05
Fee income growth (%)	2024A	1.80	6.73	(1.46)	6.76	(4.83)	2.14	2.00
	2025F	(1.79)	5.25	7.77	2.89	1.81	2.53	2.41
	2026F	3.00	4.00	7.00	5.00	5.00	4.00	4.35
	2027F	3.00	5.00	7.00	7.00	5.00	4.00	4.99
Credit cost (bps)	2024A	130	190	104	118	176	59	149
	2025F	140	165	108	116	170	95	144
	2026F	105	165	111	102	155	100	129
	2027F	105	155	113	93	150	100	124
NPL ratio (%)	2024A	3.19	3.74	4.75	3.52	4.06	2.35	3.63
	2025F	3.41	3.70	5.12	3.43	4.00	2.23	3.64
	2026F	3.46	3.77	5.17	3.47	4.01	2.29	3.68
	2027F	3.51	3.83	5.12	3.50	4.03	2.34	3.72
ROE (%)	2024A	8.34	8.83	8.12	10.41	9.09	16.15	9.21
	2025F	8.61	8.59	8.77	10.60	9.77	15.61	9.42
	2026F	7.70	8.10	9.32	9.66	9.24	15.68	8.75
	2027F	7.54	8.49	9.29	9.77	9.63	15.61	8.91
LLC (%)	2024A	318	142	118	183	152	155	192
	2025F	325	161	121	207	154	169	206
	2026F	319	160	121	208	158	161	206
	2027F	314	160	120	205	159	154	204

Sources: Company data, Thanachart estimates, based on 17 December 2025 closing prices

Valuation Comparison

Ex 46: Valuation Comparison With Regional Peers

Name	BBG Code	Country	EPS growth		— PE —		— P/BV —		— ROE —		— Div. Yield —	
			25F (%)	26F (%)	25F (x)	26F (x)	25F (x)	26F (x)	25F (%)	26F (%)	25F (%)	26F (%)
BOC Hong Kong Holdings	2388 HK	Hong Kong	2.8	2.0	10.2	10.0	1.1	1.1	11.3	10.9	5.4	5.6
Bank of East Asia	23 HK	Hong Kong	(5.1)	10.7	9.1	8.2	0.3	0.3	3.7	3.9	5.2	5.7
China Citic Bank Corp	998 HK	Hong Kong	(0.6)	2.0	5.7	5.6	0.5	0.5	9.3	8.8	5.1	5.2
Hang Seng Bank	11 HK	Hong Kong	(25.4)	20.4	21.2	17.6	1.8	1.7	8.6	9.8	4.0	4.6
Industrial & Commercial Bk	1398 HK	Hong Kong	1.3	1.3	6.1	6.0	0.6	0.5	9.3	8.9	5.1	5.2
Axis Bank	AXSB IN	India	(7.2)	(1.7)	14.5	14.8	2.1	1.8	15.9	13.2	2.6	2.7
ICICI Bank	ICICIBC IN	India	(1.3)	3.9	18.9	18.2	3.2	2.7	na	na	0.8	0.9
State Bank of India	SBIN IN	India	(5.9)	6.7	11.9	11.2	2.0	1.7	18.0	15.0	1.5	1.7
Bank Central Asia	BBCA IJ	Indonesia	5.3	7.6	17.1	15.9	3.5	3.2	21.0	21.0	3.9	4.2
Bank Mandiri	BMRI IJ	Indonesia	(8.9)	8.5	9.2	8.5	1.6	1.5	17.6	17.9	8.2	7.5
Bank Rakyat	BBRI IJ	Indonesia	(6.2)	8.8	10.0	9.2	1.7	1.7	17.7	18.5	8.7	9.1
Bank Negara	BBNI IJ	Indonesia	(5.2)	10.4	8.0	7.2	1.0	0.9	12.3	12.8	8.0	8.2
CIMB Group Holdings	CIMB MK	Malaysia	1.6	4.8	10.8	10.3	1.2	1.1	11.1	11.2	6.0	6.1
Hong Leong Bank	HLBK MK	Malaysia	1.9	2.3	10.2	9.9	1.1	1.1	11.4	11.2	3.5	4.4
Malayan Banking	MAY MK	Malaysia	3.7	3.1	11.9	11.5	1.3	1.2	10.9	10.9	6.1	6.3
Public Bank	PBKF MK	Malaysia	0.4	5.1	na	na	na	na	12.2	12.2	na	na
Industrial Bank of Korea	024110 KS	S Korea	9.3	2.0	6.2	6.0	0.5	0.5	8.2	7.9	5.3	5.6
DBS Group Holdings	DBS SP	Singapore	(0.2)	1.2	13.9	13.8	2.2	2.2	16.5	16.2	5.5	6.0
Oversea-Chinese Banking	OCBC SP	Singapore	(1.9)	1.5	11.9	11.7	1.4	1.4	12.4	12.0	5.1	5.0
United Overseas Bank	UOB SP	Singapore	(20.7)	21.7	12.3	10.1	1.2	1.1	9.9	11.3	5.4	5.1
Bangkok Bank	BBL TB*	Thailand	9.0	(5.3)	6.4	6.8	0.5	0.5	8.6	7.7	5.1	5.1
KASIKORN BANK	KBANK TB*	Thailand	2.6	(2.3)	9.1	9.3	0.8	0.7	8.6	8.1	6.8	6.8
Kiatnakin Phatra Bank	KKP TB*	Thailand	14.0	6.9	9.7	9.1	0.8	0.8	8.8	9.3	7.2	7.7
Krung Thai Bank	KTB TB*	Thailand	9.8	(4.1)	8.3	8.6	0.9	0.8	10.6	9.7	6.6	6.7
SCB X	SCB TB*	Thailand	10.2	(3.4)	9.3	9.6	0.9	0.9	9.8	9.2	8.6	8.3
Tisco Financial Group	TISCO TB*	Thailand	(1.9)	2.2	12.8	12.5	2.0	1.9	15.6	15.7	7.2	7.2
Average			(0.7)	4.5	11.0	10.5	1.4	1.3	12.0	11.7	5.5	5.6

Source: Bloomberg

Note: * Thanachart estimates , using Thanachart normalized EPS

Based on 17 December 2025 closing prices

STOCK PERFORMANCE

	Absolute (%)				Rel SET (%)			
	1M	3M	12M	YTD	1M	3M	12M	YTD
SET Index	(1.8)	(3.8)	(9.9)	(10.2)	—	—	—	—
BANK Index	4.0	10.2	17.4	15.9	5.8	14.0	27.3	26.2
BBL	4.7	11.8	12.2	9.6	6.6	15.6	22.1	19.8
KBANK	2.7	16.5	24.1	22.5	4.5	20.3	34.0	32.7
KKP	3.5	12.3	32.0	25.7	5.3	16.2	41.9	36.0
KTB	4.6	11.8	36.4	35.7	6.4	15.6	46.3	46.0
SCB	3.9	6.3	15.5	14.0	5.7	10.2	25.5	24.3
TISCO	0.9	8.3	11.1	9.6	2.7	12.1	21.0	19.9

Source: Bloomberg

SECTOR - SWOT ANALYSIS

S — Strength

- Solid balance sheet
- Strong capital bases

W — Weakness

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

O — Opportunity

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

T — Threat

- World economic recession
- New accounting standards and regulations

REGIONAL COMPARISON

Name	— EPS growth —		— PE —		— P/BV —		— ROE —		— Div. Yield —			
	25F	26F	(%)	(%)	25F	26F	(x)	(x)	25F	26F	(%)	(%)
Hong Kong	(5.4)	7.3	10.5	9.5	0.9	0.8	8.5	8.5	5.0	5.3		
India	(4.8)	3.0	15.1	14.7	2.4	2.1	16.9	14.1	1.6	1.7		
Indonesia	(3.8)	8.8	11.1	10.2	1.9	1.8	17.2	17.6	7.2	7.2		
Malaysia	1.9	3.8	10.9	10.6	1.2	1.1	11.4	11.4	5.2	5.6		
S. Korea	9.3	2.0	6.2	6.0	0.5	0.5	8.2	7.9	5.3	5.6		
Singapore	(7.6)	8.1	12.7	11.9	1.6	1.5	12.9	13.2	5.4	5.3		
Thailand	7.3	(1.0)	9.3	9.3	1.0	0.9	10.3	9.9	6.9	7.0		
Average	(0.4)	4.6	10.8	10.3	1.4	1.3	12.2	11.8	5.2	5.4		
BBL	9.0	(5.3)	6.4	6.8	0.5	0.5	8.6	7.7	5.1	5.1		
KBANK	2.6	(2.3)	9.1	9.3	0.8	0.7	8.6	8.1	6.8	6.8		
KKP	14.0	6.9	9.7	9.1	0.8	0.8	8.8	9.3	7.2	7.7		
KTB	9.8	(4.1)	8.3	8.6	0.9	0.8	10.6	9.7	6.6	6.7		
SCB	10.2	(3.4)	9.3	9.6	0.9	0.9	9.8	9.2	8.6	8.3		
TISCO	(1.9)	2.2	12.8	12.5	2.0	1.9	15.6	15.7	7.2	7.2		
Average*	7.3	(1.0)	9.3	9.3	1.0	0.9	10.3	9.9	6.9	7.0		

Sources: Bloomberg Consensus

Note: * Thanachart estimate – using normalized EPS and simple average calculation
Based on 17 December 2025 closing prices



HOLD (From: SELL)
Change in Recommendation

TP: Bt 164.00 (From: Bt 141.00)
Downside : 0.9%

18 DECEMBER 2025

Bangkok Bank Pcl (BBL TB)

Low yield and ROE profile

We upgrade BBL to HOLD, following 4–6% p.a. earnings hikes in 2026–27F. But we still expect BBL to post the weakest EPS growth, offer the lowest dividend yield, and lag the sector in ROE over 2025–27F. Within the sector, we continue to prefer KTB and KBANK.



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Upgrading only to HOLD

This report is a part of *Bank sector – 2026: More ammunition for resiliency*, dated 18 December 2025. We raise our DDM-based 12-month TP (2026F base year) to Bt164 (from Bt141) and upgrade our call on BBL to HOLD (from Sell). We are more bullish on its earnings outlook, raising our 2026–27F net profits by 4–6%, with an average 8% p.a. lift from 2028F onward, driven by improving NIM and lower credit costs. We also assume a higher dividend payout ratio from 2027F onward. However, we expect BBL's DPS to remain at Bt8.5 over 2025–26F, implying a yield of only 5.1%, vs. the sector average of 7.0%. In addition, BBL remains the most conservative in capital management, reflected in a lower ROE of 7.7% in 2026F, vs. the 8.7% sector average.

Raising our earnings

We raise our earnings by 4–6% p.a. in 2026–27F and an average 8% p.a. from 2028F. One reason for this is that we have lifted our NIM assumptions to reflect a slower global rate-cutting cycle than previously anticipated. BBL is exposed to global interest rates via its 24% international loan portfolio. Another reason is that we have trimmed our credit cost assumptions by 5bps to 105bps p.a. in 2026–27F, backed by continued asset-quality improvement following successful restructuring efforts. After the increases, we estimate +9%/-5%/+3% EPS growth in 2025–27F.

Dividend outlook

We estimate DPS at Bt8.5, implying a 5.1% yield in 2025–26F and a 33/35% payout ratios. As the economic outlook remains weak, we do not expect BBL to lift its payout ratio given its historical practice of keeping dividends steady until earnings visibility materially improves. However, as we expect earnings growth to resume in 2027F, with NIM stabilizing after the end of the rate-cut cycle, we expect BBL to feel more comfortable raising its payout ratio. We estimate a 38% payout ratio and a 5.7% yield in 2027F.

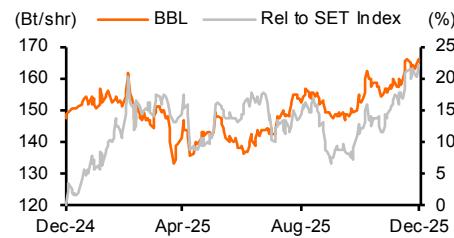
ROE still lags peer average

We estimate BBL's ROE to decline from 8.6% in 2025F to 7.7%/7.5% in 2026–27F, lagging the sector average of 9.4%/8.7%/8.9%. BBL remains more conservative than peers in its capital-management approach, despite its capital base having recovered to 18% CET1 in 3Q25 – above the 17% level prior to the Permata acquisition in 2019 – alongside a 294% coverage ratio and an improving asset-quality trend in 3Q25.

COMPANY VALUATION

Y/E Dec (Bt m)	2024A	2025F	2026F	2027F
Pre Provision Profit	91,201	97,571	85,202	87,496
Net profit	45,211	49,283	46,668	48,200
Consensus NP	—	47,407	44,467	45,554
Diff frm cons (%)	—	4.0	5.0	5.8
Norm profit	45,211	49,283	46,668	48,200
Prev. Norm profit	—	49,283	44,869	45,628
Chg frm prev (%)	—	0.0	4.0	5.6
Norm EPS (Bt)	23.7	25.8	24.4	25.2
Norm EPS grw (%)	8.6	9.0	(5.3)	3.3
Norm PE (x)	7.0	6.4	6.8	6.6
P/BV (x)	0.6	0.5	0.5	0.5
Div yield (%)	5.1	5.1	5.1	5.7
ROE (%)	8.3	8.6	7.7	7.5
ROA (%)	1.0	1.1	1.0	1.0

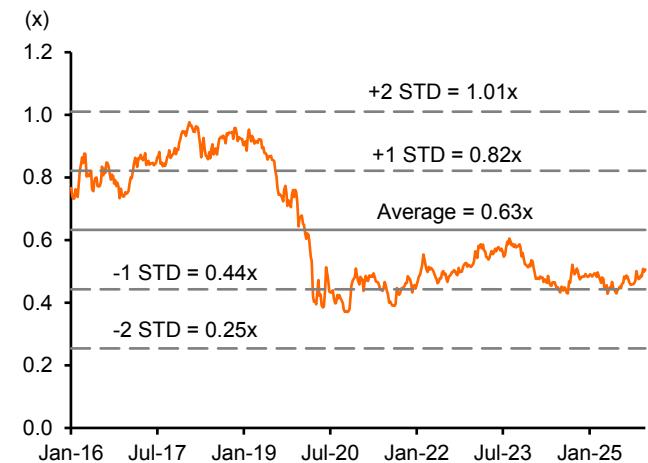
PRICE PERFORMANCE



COMPANY INFORMATION

Price: as of 17-Dec-25 (Bt)	165.50
Market Cap (US\$ m)	10,029
Listed Shares (m shares)	1,908.8
Free Float (%)	98.6
Avg. Daily Turnover (US\$ m)	35.6
12M Price H/L (Bt)	166.00/133.00
Sector	BANK
Major Shareholder	Thai NVDR 22.95%

Sources: Bloomberg, Company data, Thanachart estimates

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	49.28	46.67	48.20
- Old			49.28	44.87	45.63
- Change (%)		0.00	4.01	5.64	
Normalized EPS (Bt/share)					
- New	21.81	23.68	25.82	24.45	25.25
- Old			25.82	23.50	23.90
- Change (%)		0.00	4.01	5.64	
Loan growth (%)					
- New	(0.40)	0.80	(2.20)	1.50	1.50
- Old			(2.20)	1.50	1.50
- Change (ppt)		0.00	0.00	0.00	
NIM (%)					
- New	2.98	2.96	2.72	2.59	2.66
- Old			2.72	2.55	2.61
- Change (ppt)		0.00	0.04	0.05	
Non-NII (Bt bn)					
- New	36.44	41.71	58.56	46.01	44.44
- Old			58.56	46.29	44.73
- Change (%)		0.00	(0.60)	(0.64)	
Cost-to-income ratio (%)					
- New	48.88	48.07	46.61	48.41	48.04
- Old			46.61	48.48	48.37
- Change (ppt)		0.00	(0.07)	(0.33)	
Credit cost (%)					
- New	1.26	1.29	1.40	1.05	1.05
- Old			1.40	1.10	1.10
- Change (ppt)		0.00	(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	16,226	17,181	19,090	20,044	23,862	27,680	27,680	29,112	30,544	32,453	32,453
Dividend payment	16,226	17,181	19,090	20,044	23,862	27,680	27,680	29,112	30,544	32,453	428,555
PV of dividend	16,226	14,270	14,447	13,825	15,000	15,858	14,449	13,850	13,243	12,824	169,344
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	313,336										
No. of shares	1,909										
Equity value / share	164.00										

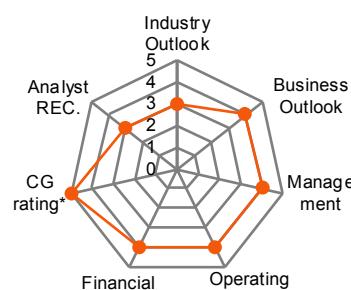
Sources: Company data, Thanachart estimates

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)	168.33	164.00	-3%
Net profit 25F (Bt m)	47,407	49,283	4%
Net profit 26F (Bt m)	44,467	46,668	5%
Consensus REC	BUY: 10	HOLD: 11	SELL: 5

HOW ARE WE DIFFERENT FROM THE STREET?

- We believe our above-consensus net profit estimates for 2025–26F are driven by our higher NIM assumptions.
- However, our lower TP likely reflects more conservative DPS assumptions.

RISKS TO OUR INVESTMENT CASE

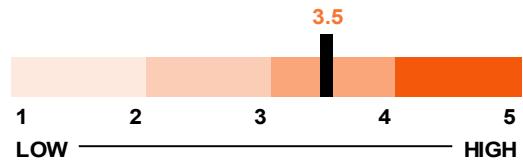
- Slower/faster policy rate cuts than we presently forecast would lead to NIM upside/downside.
- Higher- or lower-than-expected dividend payout ratios would result in upside/downside risk to our TP.

Sources: Bloomberg consensus, Thanachart estimates

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 resources management, sound corporate governance, and the creation of 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	-	-	56.14	64.05	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	<ul style="list-style-type: none"> 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 Utokapat 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> BBL has 20 board of directors 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

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
Interest and Dividend Income	194,365	208,029	191,219	181,651	184,250
Interest Expenses	63,505	74,129	67,030	62,519	60,301
Net Interest Income	130,860	133,900	124,188	119,132	123,950
% of total income	78.2%	76.2%	68.0%	72.1%	73.6%
Gain on Investment	(482)	891	13,000	3,900	975
Fee Income	27,234	27,724	27,228	28,044	28,886
Gain on Exchange	5,544	8,966	14,000	9,520	9,806
Others	1,814	1,781	1,870	1,964	2,062
Non-interest Income	36,440	41,707	58,560	46,014	44,443
% of total income	21.8%	23.8%	32.0%	27.9%	26.4%
Total Income	167,300	175,606	182,749	165,146	168,393
Operating Expenses	81,775	84,405	85,177	79,944	80,897
Pre-provisioning Profit	85,525	91,201	97,571	85,202	87,496
Provisions	33,667	34,838	37,291	27,865	28,283
Pre-tax Profit	51,858	56,363	60,280	57,337	59,213
Income Tax	9,993	10,946	11,212	10,894	11,251
After Tax Profit	41,865	45,417	49,068	46,443	47,963
Equity Income	187	205	215	226	237
Minority Interest	(417)	(411)	0	0	0
Extraordinary Items	0	0	0	0	0
NET PROFIT	41,635	45,211	49,283	46,668	48,200
Normalized Profit	41,635	45,211	49,283	46,668	48,200
EPS (Bt)	21.8	23.7	25.8	24.4	25.2
Normalized EPS (Bt)	21.8	23.7	25.8	24.4	25.2

BALANCE SHEET

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
ASSETS:					
Liquid Items					
Liquid Items	802,638	799,633	873,679	868,757	863,568
cash & cash equivalents	45,518	47,364	50,143	60,482	36,437
interbank & money market	757,120	752,269	823,536	808,275	827,131
Securities under resale agreement	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	2,350,096	2,385,918	2,422,278
Gross and accrued interest	2,684,327	2,701,059	2,641,687	2,681,312	2,721,532
Provisions for doubtful	258,666	272,738	291,591	295,394	299,254
Fixed assets - net	72,855	66,015	61,897	63,754	65,667
Other assets	239,641	266,424	158,429	163,182	168,077
Total assets	4,514,484	4,551,379	4,562,607	4,622,497	4,683,304
LIABILITIES:					
Liquid Items					
Liquid Items	3,527,658	3,523,714	3,506,096	3,527,132	3,548,295
Deposit	3,184,283	3,169,654	3,198,178	3,172,728	3,191,765
Interbank & money market	334,219	346,936	300,828	347,272	349,356
Liability payable on demand	9,156	7,125	7,089	7,132	7,175
Borrowings	212,505	213,785	212,716	213,993	215,277
Other liabilities	243,491	257,006	251,866	256,904	262,042
Total liabilities	3,983,654	3,994,506	3,970,678	3,998,029	4,025,613
Minority interest	1,855	1,834	1,926	2,022	2,123
Shareholders' equity	528,975	555,039	590,003	622,447	655,568
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	474,550	504,993	536,014
Liabilities & equity	4,514,484	4,551,379	4,562,607	4,622,497	4,683,304

Sources: Company data, Thanachart estimates

Large investment portfolio, leading to high investment income

VALUATION

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Normalized PE (x)	7.6	7.0	6.4	6.8	6.6
Normalized PE - at target price (x)	7.5	6.9	6.4	6.7	6.5
PE (x)	7.6	7.0	6.4	6.8	6.6
PE - at target price (x)	7.5	6.9	6.4	6.7	6.5
P/PPP (x)	3.7	3.5	3.2	3.7	3.6
P/PPP - at target price (x)	3.7	3.4	3.2	3.7	3.6
P/BV (x)	0.6	0.6	0.5	0.5	0.5
P/BV - at target price (x)	0.6	0.6	0.5	0.5	0.5
Dividend yield (%)	4.2	5.1	5.1	5.1	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
Cheapest P/BV among peers due to lowest ROE					
(Bt)					
Normalized EPS	21.8	23.7	25.8	24.4	25.2
EPS	21.8	23.7	25.8	24.4	25.2
DPS	7.0	8.5	8.5	8.5	9.5
PPP/Share	44.8	47.8	51.1	44.6	45.8
BV/Share	277.1	290.8	309.1	326.1	343.4

FINANCIAL RATIOS

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Growth Rate (%)					
Net interest income (NII)	28.0	2.3	(7.3)	(4.1)	4.0
Non-interest income (Non-II)	(0.1)	14.5	40.4	(21.4)	(3.4)
Operating expenses	18.5	3.2	0.9	(6.1)	1.2
Pre-provisioning profit (PPP)	22.7	6.6	7.0	(12.7)	2.7
Net profit	42.1	8.6	9.0	(5.3)	3.3
Normalized profit growth	42.1	8.6	9.0	(5.3)	3.3
EPS	42.1	8.6	9.0	(5.3)	3.3
Normalized EPS	42.1	8.6	9.0	(5.3)	3.3
Dividend payout ratio	32.1	35.9	32.9	34.8	37.6
Loan - gross	(0.4)	0.8	(2.2)	1.5	1.5
Loan - net	(1.0)	0.1	(3.2)	1.5	1.5
Deposit	(0.8)	(0.5)	0.9	(0.8)	0.6
NPLs	(11.6)	(0.1)	4.6	3.0	2.9
Total assets	2.1	0.8	0.2	1.3	1.3
Total equity	4.7	4.9	6.3	5.5	5.3
Operating Ratios (%)					
Net interest margin (NIM)	3.1	3.1	2.9	2.7	2.8
Net interest spread	4.6	4.6	4.3	4.2	4.3
Yield on earnings assets	4.4	4.6	4.2	3.9	4.0
Avg cost of fund	1.7	2.0	1.8	1.7	1.6
NII / operating income	78.2	76.2	68.0	72.1	73.6
Non-II / operating income	21.8	23.8	32.0	27.9	26.4
Fee income / operating income	16.3	15.8	14.9	17.0	17.2
Normalized net margin	24.9	25.7	27.0	28.3	28.6
Cost-to-income	48.9	48.1	46.6	48.4	48.0
Credit cost - provision exp / loans	1.3	1.3	1.4	1.0	1.0
PPP / total assets	1.9	2.0	2.1	1.9	1.9
PPP / total equity	16.5	16.8	17.0	14.1	13.7
ROA	0.9	1.0	1.1	1.0	1.0
ROE	8.1	8.3	8.6	7.7	7.5

Sources: Company data, Thanachart estimates

NIM to dip in 2026F before recovering in 2027F

Tier 1 is currently higher than pre-Permata acquisition in 2019

FINANCIAL RATIOS

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Liquidity and Quality Ratio (%)					
Loan-to-deposit	83.9	85.0	82.4	84.3	85.0
Loan-to-deposit & S-T borrowing	83.9	85.0	82.4	84.3	85.0
Net loan / assets	53.7	53.4	51.5	51.6	51.7
Net loan / equity	458.6	437.5	398.3	383.3	369.5
Investment / assets	21.6	21.8	22.2	22.3	22.5
Deposit / liabilities	79.9	79.4	80.5	79.4	79.3
Liabilities / equity	753.1	719.7	673.0	642.3	614.1
Net interbank lender (Bt m)	422,900	405,334	522,708	461,003	477,775
Tier 1 CAR	16.1	17.0	18.4	19.2	19.9
Tier 2 CAR	3.4	3.4	3.5	3.4	3.4
Total CAR	19.6	20.4	21.8	22.6	23.2
NPLs (Bt m)	85,955	85,833	89,784	92,458	95,171
NPLs / Total loans (NPL Ratio)	3.2	3.2	3.4	3.5	3.5
Loan-Loss-Coverage	300.9	317.8	324.8	319.5	314.4

Sources: Company data, Thanachart estimates



BUY (Unchanged)

Change in Numbers

TP: Bt 222.00

(From: Bt 190.00)

Upside : 16.5%

18 DECEMBER 2025

KASIKORN BANK Pcl (KBANK TB)

Good growth profile

KBANK is our second top BUY in the bank sector due to its better longer-term growth profile via room for credit cost normalization, and strong wealth platform. It also offers high flexibility for capital management, both from payout increases and share buybacks.



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Good long-term growth profile; BUY

This report is a part of *Bank sector – 2026: More ammunition for resiliency*, dated 18 December 2025. KBANK is our second top BUY in the sector. **First**, EPS is set to dip 2% y-y in 2026F (in line with the sector), before rebounding 9% y-y in 2027F, outpacing the sector's 6%. **Second**, asset quality has strengthened, giving us confidence that credit costs will normalize from 2027F. **Third**, its leading wealth franchise – with the largest mutual fund AUM – and a robust payment platform should continue to fuel fee income growth. **Lastly**, KBANK also offers a compelling 6.8% dividend yield on a 62% payout in 2025F, rising to 7.6% on a 65% payout by 2027F. We raise our DDM-based 12-month TP (2026F base year) to Bt222 (from Bt190), driven by 2–4% earnings hikes for 2025–27F and an average 7% increase in net profit from 2028F onward, reflecting higher fee income and lower credit costs.

Credit costs have room to fall

KBANK has markedly improved its asset quality. Its SME exposure declined to 25% of total loans in 3Q25, from a peak of 39% in 2016. The bank also completed a major balance-sheet clean-up through NPL write-offs and sales totaling Bt276bn in 2022–24, compared with only Bt89bn in 2019–21, while maintaining a strict lending policy over the past three years. As a result, NPL formation fell to 1.0% in 9M25, vs 2.1% in 9M24. Given the weak economic backdrop, KBANK has deferred its credit-cost normalization plan, and we expect credit costs to remain elevated at 1.65% in 2025–26F. We project credit costs to moderate further to a normalized level of 1.55% in 2027F.

Poised to lead a recovery in 2027F

We expect KBANK's EPS to recover strongly by +9% y-y in 2027F, driven by room to cut credit costs and fee income growth from both wealth and payment-related fees. KBANK has a strong wealth platform, with the key vehicle being KAsset, the #1 mutual fund management firm by AUM, and Muang Thai Life, the #2 bancassurance provider in new-life premiums. In digital financial services, it retains a 30% share of payment transactions and continues to expand its market-leading K PLUS platform, which has reached 23.8m users.

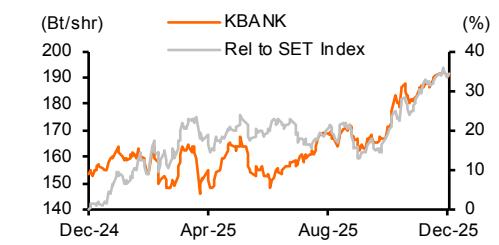
Dividend upgrade

KBANK is committed to achieving a double-digit ROE vs. 8.6% in 2025F. It announced a share buyback program in October. Given its stronger capital base (CET1 of 18.4% and a high coverage ratio of 166% in 2025F), we expect it to increase the payout ratio to 62% in 2025F, up from 59% in 2024. That implies a DPS of Bt13.0 (Bt12 normal and Bt1 special dividend) or a 6.8% yield. We expect the payout to rise to 63%/65% in 2026–27F, implying 6.8%/7.6% yields.

COMPANY VALUATION

Y/E Dec (Bt m)	2024A	2025F	2026F	2027F
Pre Provision Profit	109,691	107,552	105,265	108,809
Net profit	48,598	49,839	48,699	52,890
Consensus NP	—	48,990	48,338	51,519
Diff frm cons (%)	—	1.7	0.7	2.7
Norm profit	48,598	49,839	48,699	52,890
Prev. Norm profit	—	48,774	47,347	50,836
Chg frm prev (%)	—	2.2	2.9	4.0
Norm EPS (Bt)	20.5	21.0	20.6	22.3
Norm EPS grw (%)	14.6	2.6	(2.3)	8.6
Norm PE (x)	9.3	9.1	9.3	8.5
P/BV (x)	0.8	0.8	0.7	0.7
Div yield (%)	6.3	6.8	6.8	7.6
ROE (%)	8.8	8.6	8.1	8.5
ROA (%)	1.1	1.1	1.1	1.2

PRICE PERFORMANCE

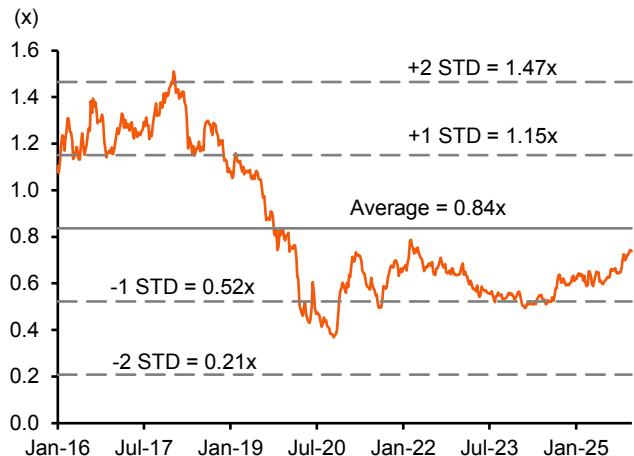


COMPANY INFORMATION

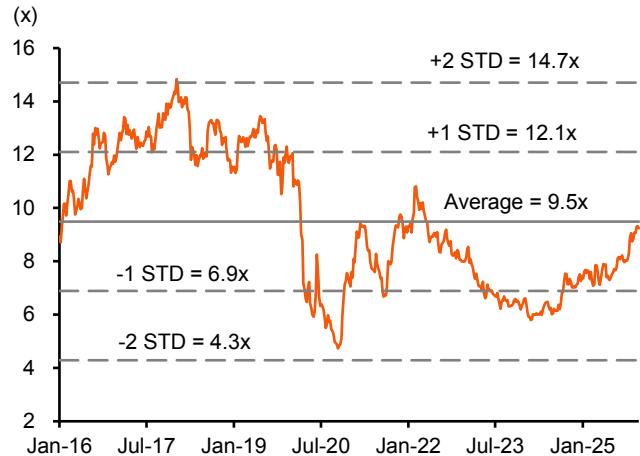
Price: as of 17-Dec-25 (Bt)	190.50
Market Cap (US\$ m)	14,329
Listed Shares (m shares)	2,369.3
Free Float (%)	82.5
Avg. Daily Turnover (US\$ m)	62.3
12M Price H/L (Bt)	192.50/146.00
Sector	BANK
Major Shareholder	Thai NVDR 13.86%

Sources: Bloomberg, Company data, Thanachart estimates

ESG Summary Report P37

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	49.84	48.70	52.89
- Old			48.77	47.35	50.84
- Change (%)		2.18	2.85	4.04	
Normalized EPS (Bt/share)					
- New	17.90	20.51	21.04	20.55	22.32
- Old			20.59	19.98	21.46
- Change (%)		2.18	2.85	4.04	
Loan growth (%)					
- New	(0.19)	(0.27)	(1.50)	1.00	1.00
- Old			(1.50)	1.00	1.00
- Change (ppt)		0.00	0.00	0.00	
NIM (%)					
- New	3.66	3.63	3.27	3.14	3.20
- Old			3.31	3.18	3.24
- Change (ppt)		(0.04)	(0.04)	(0.04)	
Non-NII (Bt bn)					
- New	44.25	47.59	56.39	53.48	56.07
- Old			53.50	51.49	54.88
- Change (%)		5.40	3.86	2.18	
Cost-to-income ratio (%)					
- New	44.10	44.31	44.41	43.84	43.88
- Old			45.28	44.60	44.02
- Change (ppt)		(0.87)	(0.76)	(0.14)	
Credit cost (%)					
- New	2.08	1.90	1.65	1.65	1.55
- Old			1.60	1.65	1.65
- Change (ppt)		0.05	0.00	(0.10)	

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	30,801	30,801	34,355	33,171	33,171	47,387	47,387	52,125	52,125	63,972	63,972
Dividend payment	30,801	30,801	34,355	33,171	33,171	47,387	47,387	52,125	52,125	63,972	767,662
PV of dividend	30,801	25,226	25,456	22,243	20,129	26,023	23,544	23,438	21,210	23,557	282,690
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	524,317										
No. of shares (m)	2,369										
Equity value / share (Bt)	222.00										

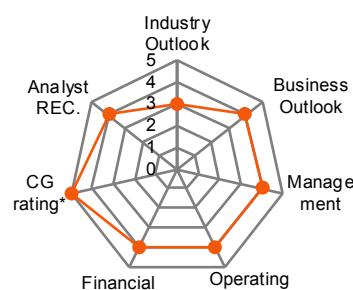
Sources: Company data, Thanachart estimates

COMPANY DESCRIPTION

KASIKORN BANK 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)	191.13	222.00	16%
Net profit 25F (Bt m)	48,990	49,839	2%
Net profit 26F (Bt m)	48,338	48,699	1%
Consensus REC	BUY: 15	HOLD: 8	SELL: 2

HOW ARE WE DIFFERENT FROM THE STREET?

- Our 2025–26F net profit estimates are in line with the Bloomberg consensus, while our higher TP likely reflects us having more aggressive DPS assumptions.

RISKS TO OUR INVESTMENT CASE

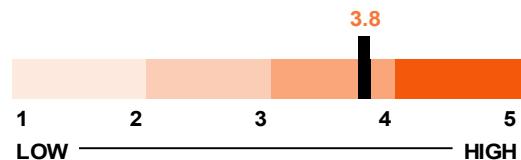
- The weak economic backdrop might lead to higher provisions and slower loan growth.
- A lower DPS than Bt12/share would negatively impact our TP.

Sources: Bloomberg consensus, Thanachart estimates

Source: Thanachart

KASIKORN BANK 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	69.92	76.94	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"> 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"> 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"> 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					
FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
Strong 2027F EPS <i>rebound driven by lower credit costs</i>	Interest and Dividend Income	183,608	189,440	173,826	167,335
	Interest Expenses	35,164	40,064	36,728	33,381
	Net Interest Income	148,444	149,376	137,097	133,955
	% of total income	77.0%	75.8%	70.9%	71.5%
	Gain on Investment	(588)	45	1,800	360
	Fee Income	31,181	33,279	35,026	36,427
	Gain on Exchange	12,123	13,206	15,187	11,390
	Others	(2,041)	(2,468)	676	1,412
	Non-interest Income	44,245	47,588	56,391	53,477
	% of total income	23.0%	24.2%	29.1%	28.5%
	Total Income	192,689	196,964	193,489	187,431
	Operating Expenses	84,968	87,273	85,937	82,166
	Pre-provisioning Profit	107,721	109,691	107,552	105,265
	Provisions	51,840	47,251	40,674	40,568
	Pre-tax Profit	55,880	62,440	66,878	64,697
	Income Tax	10,778	12,402	13,242	12,939
	After Tax Profit	45,102	50,038	53,636	51,757
	Equity Income	(35)	981	1,030	1,082
	Minority Interest	(2,662)	(2,421)	(4,827)	(4,141)
	Extraordinary Items	0	0	0	0
	NET PROFIT	42,405	48,598	49,839	48,699
	Normalized Profit	42,405	48,598	49,839	48,699
	EPS (Bt)	17.9	20.5	21.0	20.6
	Normalized EPS (Bt)	17.9	20.5	21.0	20.6
BALANCE SHEET					
FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
ASSETS:					
Liquid Items	617,698	568,750	593,038	598,445	575,458
cash & cash equivalents	48,690	46,021	46,724	44,867	47,557
interbank & money market	569,008	522,729	546,313	553,578	527,901
Securities under resale agreeeme	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	2,320,298	2,341,698	2,363,053
Gross and accrued interest	2,505,368	2,500,355	2,465,766	2,490,671	2,515,578
Provisions for doubtful	133,876	131,706	145,469	148,973	152,525
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	4,283,557	4,340,954	4,432,324	4,492,414	4,524,818
LIABILITIES:					
Liquid Items	2,909,888	2,921,278	2,950,491	2,971,144	2,959,376
Deposit	2,699,562	2,718,675	2,745,862	2,765,083	2,752,079
Interbank & money market	179,207	172,144	173,866	175,083	176,133
Liability payable on demand	31,119	30,459	30,763	30,978	31,164
Borrow ings	81,572	67,334	68,007	68,483	68,894
Other liabilities	695,261	706,680	742,014	756,855	771,992
Total liabilities	3,686,721	3,695,292	3,760,512	3,796,482	3,800,262
Minority interest	64,551	76,937	80,784	84,823	89,064
Shareholders' equity	532,285	568,726	591,028	611,110	635,492
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	505,554	523,452	545,541
Liabilities & equity	4,283,556	4,340,954	4,432,324	4,492,414	4,524,818

Sources: Company data, Thanachart estimates

VALUATION		2023A	2024A	2025F	2026F	2027F
FY ending Dec						
Normalized PE (x)	10.6	9.3	9.1	9.3	8.5	
Normalized PE - at target price (x)	12.4	10.8	10.6	10.8	9.9	
PE (x)	10.6	9.3	9.1	9.3	8.5	
PE - at target price (x)	12.4	10.8	10.6	10.8	9.9	
P/PPP (x)	4.2	4.1	4.2	4.3	4.1	
P/PPP - at target price (x)	4.9	4.8	4.9	5.0	4.8	
P/BV (x)	0.8	0.8	0.8	0.7	0.7	
P/BV - at target price (x)	1.0	0.9	0.9	0.9	0.8	
Dividend yield (%)	3.4	6.3	6.8	6.8	7.6	
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	
Rising DPS from strong capital/management's commitment to shareholder returns		(Bt)				
Normalized EPS	17.9	20.5	21.0	20.6	22.3	
EPS	17.9	20.5	21.0	20.6	22.3	
DPS	6.5	12.0	13.0	13.0	14.5	
PPP/Share	45.5	46.3	45.4	44.4	45.9	
BV/Share	224.7	240.0	249.4	257.9	268.2	
FINANCIAL RATIOS						
FY ending Dec		2023A	2024A	2025F	2026F	2027F
Growth Rate (%)						
Net interest income (NII)	11.6	0.6	(8.2)	(2.3)	2.9	
Non-interest income (Non-II)	10.2	7.6	18.5	(5.2)	4.9	
Operating expenses	13.7	2.7	(1.5)	(4.4)	3.6	
Pre-provisioning profit (PPP)	9.5	1.8	(2.0)	(2.1)	3.4	
Net profit	18.6	14.6	2.6	(2.3)	8.6	
Normalized profit growth	18.6	14.6	2.6	(2.3)	8.6	
EPS	18.6	14.6	2.6	(2.3)	8.6	
Normalized EPS	18.6	14.6	2.6	(2.3)	8.6	
Dividend payout ratio	36.3	58.5	61.8	63.2	65.0	
Loan - gross	(0.2)	(0.3)	(1.5)	1.0	1.0	
Loan - net	(0.3)	(0.1)	(2.0)	0.9	0.9	
Deposit	(1.8)	0.7	1.0	0.7	(0.5)	
NPLs	1.8	(1.3)	(2.6)	2.7	2.7	
Total assets	0.9	1.3	2.1	1.4	0.7	
Total equity	5.8	6.8	3.9	3.4	4.0	
Operating Ratios (%)						
Net interest margin (NIM)	3.7	3.6	3.3	3.2	3.2	
Net interest spread	5.4	5.2	4.7	4.6	4.7	
Yield on earnings assets	4.5	4.6	4.2	3.9	3.9	
Avg cost of fund	1.2	1.3	1.2	1.1	1.1	
NII / operating income	77.0	75.8	70.9	71.5	71.1	
Non-II / operating income	23.0	24.2	29.1	28.5	28.9	
Fee income / operating income	16.2	16.9	18.1	19.4	19.7	
Normalized net margin	22.0	24.7	25.8	26.0	27.3	
Cost-to-income	44.1	44.3	44.4	43.8	43.9	
Credit cost - provision exp / loans	2.1	1.9	1.7	1.6	1.5	
PPP / total assets	2.5	2.5	2.5	2.4	2.4	
PPP / total equity	20.8	19.9	18.5	17.5	17.5	
ROA	1.0	1.1	1.1	1.1	1.2	
ROE	8.2	8.8	8.6	8.1	8.5	

Sources: Company data, Thanachart estimates

We expect credit costs to get to back to a normal level in 2027F

FINANCIAL RATIOS

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Liquidity and Quality Ratio (%)					
Loan-to-deposit	92.3	91.4	89.1	89.4	90.7
Loan-to-deposit & S-T borrowing	92.3	91.3	89.1	89.4	90.7
Net loan / assets	55.4	54.6	52.3	52.1	52.2
Net loan / equity	445.5	416.5	392.6	383.2	371.8
Investment / assets	22.8	24.7	26.6	26.8	27.1
Deposit / liabilities	73.2	73.6	73.0	72.8	72.4
Liabilities / equity	692.6	649.7	636.3	621.2	598.0
Net interbank lender (Bt m)	389,802	350,585	372,448	378,495	351,768
Tier 1 CAR	17.4	18.3	19.4	19.8	20.3
Tier 2 CAR	2.0	2.0	2.0	2.0	2.0
Total CAR	19.4	20.3	21.4	21.8	22.3
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	160.6	160.1	159.7

Sources: Company data, Thanachart estimates



BUY

(Unchanged)

TP: Bt 35.00

(From: Bt 31.00)

18 DECEMBER 2025

Change in Numbers

Upside : 22.8%

Krung Thai Bank Pcl (KTB TB)

Best risk-return profile

KTB remains our top pick in the banking sector because it offers comparable earnings growth with a lower risk profile, a similar dividend yield at a far lower payout ratio than peers, and the highest ROE among the big banks.



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Best choice on risk-return profile; BUY

This report is a part of *Bank sector – 2026: More ammunition for resiliency*, dated 18 December 2025. KTB remains our top sector BUY. We see it offering the sector's best risk-return profile. **First**, KTB's earnings growth profile is similar to the big-bank average, but it comes with less risk due to its lower-risk loan portfolio, second-highest coverage ratio in the sector, and below-sector-average NPL ratio. **Second**, KTB offers a dividend yield similar to peers at a much lower payout ratio, implying higher upside potential. **Third**, KTB is the most profitable among the big banks with a 9.7% ROE in 2026F. **Lastly**, there's earnings support from Thai Airways Int'l (THAI TB, SELL, Bt9.00) divestments next year. We raise our DDM-based 12-month TP (2026F base year) to Bt35.0 (from Bt31.0) to reflect our 1-10% earnings hikes over 2025-27F from lower opex and credit costs, and dividend payout ratio rising from 50% in 2024 to 55-60% over 2025-27F.

Low earnings risk profile

We estimate earnings growth at +10%/-4%/+6% y-y in 2025-27F. This aligns with the sector average of +8%/-3%/+6% but we see KTB having a lower risk profile via its strong balance sheet and coverage ratio. As of 3Q25, its NPL ratio was 3.52% vs. the 3.82% sector average, and its NPL coverage ratio was 202%, the second-highest in the sector. Its loan mix also has a lower risk profile than peers, with 50% of total loans in government and state-employee categories. We thus expect credit costs to fall to 95-100bp p.a. from 2026F from 116bps in 2025F.

High yield at a low payout ratio

KTB remains committed to delivering competitive shareholder returns. The bank announced its first-ever interim dividend of Bt0.43/share for its 1H25 performance, underscoring confidence in its capital position and earnings outlook. With clear earnings visibility, a record-high CET1 ratio of 20.1%, and a coverage ratio of 207% in 2025F, we project dividend yields of 6.6%/6.7%/7.4% for 2025-27F, which are broadly in line with the average of the four major Thai banks. Despite the competitive yield profile, KTB's payout ratios remain moderate at 55%/58%/60% over 2025-27F. This suggests upside should the bank opt to raise its payout ratio. There is also room for share buybacks.

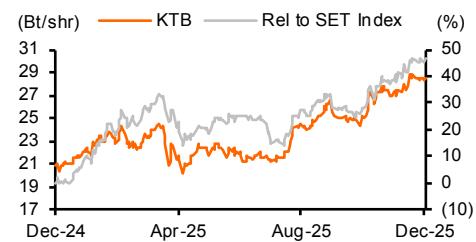
THAI can provide an earnings cushion

KTB owns 1,327m THAI shares and booked mark-to-market gains in 3Q25 based on its own undisclosed fair value estimate at a price far below market. We assume KTB sells all its THAI holdings after the lock-up periods end in 2026. Assuming our THAI fair value is Bt7.7 (vs. the Bt9.0 current price), we project Bt6.8bn in investment income from THAI for KTB in 2026F.

COMPANY VALUATION

Y/E Dec (Bt m)	2024A	2025F	2026F	2027F
Pre Provision Profit	88,824	90,267	85,666	86,429
Net profit	43,856	48,128	46,149	48,833
Consensus NP	—	47,511	45,164	46,591
Diff frm cons (%)	—	1.3	2.2	4.8
Norm profit	43,856	48,128	46,149	48,833
Prev. Norm profit	—	47,444	42,254	44,562
Chg frm prev (%)	—	1.4	9.2	9.6
Norm EPS (Bt)	3.1	3.4	3.3	3.5
Norm EPS grw (%)	19.8	9.8	(4.1)	5.8
Norm PE (x)	9.1	8.3	8.6	8.2
P/BV (x)	0.9	0.9	0.8	0.8
Div yield (%)	5.4	6.6	6.7	7.4
ROE (%)	10.4	10.6	9.7	9.8
ROA (%)	1.2	1.3	1.2	1.2

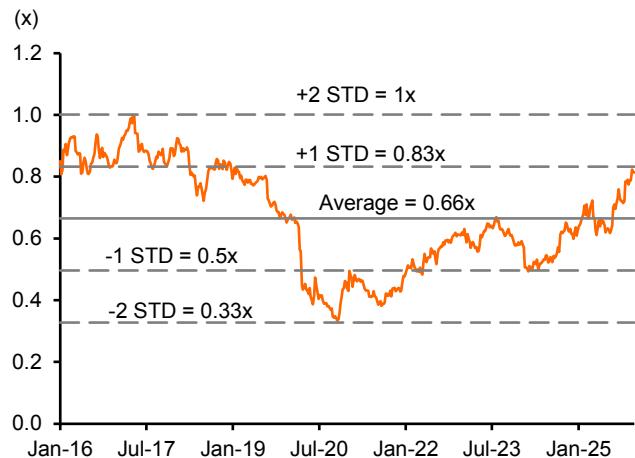
PRICE PERFORMANCE



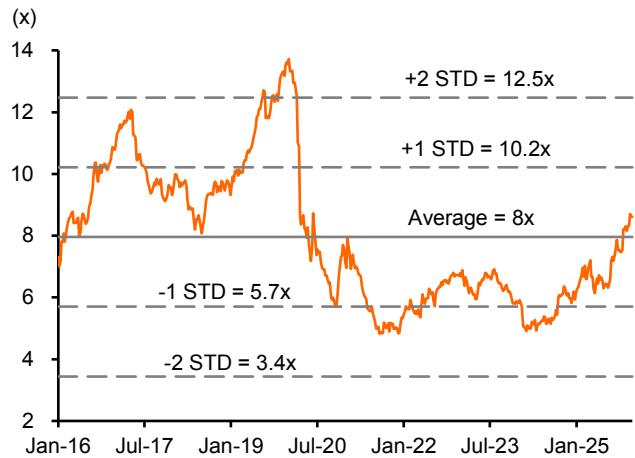
COMPANY INFORMATION

Price: as of 17-Dec-25 (Bt)	28.50
Market Cap (US\$ m)	12,645
Listed Shares (m shares)	13,976.1
Free Float (%)	44.9
Avg. Daily Turnover (US\$ m)	36.2
12M Price H/L (Bt)	28.75/20.10
Sector	BANK
Major Shareholder	FIDF 55.07%

Sources: Bloomberg, Company data, Thanachart estimates

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	48.13	46.15	48.83
- Old			47.44	42.25	44.56
- Change (%)		1.44		9.22	9.59
Normalized EPS (Bt/share)					
- New	2.62	3.14	3.44	3.30	3.49
- Old			3.39	3.02	3.19
- Change (%)		1.44		9.22	9.59
Loan growth (%)					
- New	(0.63)	4.74	(2.00)	2.00	2.00
- Old			2.00	2.00	2.00
- Change (ppt)			(4.00)	0.00	0.00
NIM (%)					
- New	3.22	3.29	2.88	2.67	2.76
- Old			2.96	2.81	2.86
- Change (ppt)			(0.08)	(0.14)	(0.10)
Non-NII (Bt bn)					
- New	34.69	38.49	51.08	47.85	44.96
- Old			58.32	45.69	46.38
- Change (%)			(12.41)	4.72	(3.07)
Opex (Bt bn)					
- New	62.16	68.78	67.05	62.77	63.84
- Old			72.10	64.02	64.84
- Change (%)			(7.01)	(1.95)	(1.55)
Credit cost (%)					
- New	1.44	1.15	1.16	1.02	0.93
- Old			1.25	1.15	1.13
- Change (ppt)			(0.09)	(0.13)	(0.20)

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	26,618	28,033	27,966	27,182	30,920	34,787	36,165	43,467	51,031	52,932	52,932
Dividend payment	26,618	28,033	27,966	27,182	30,920	34,787	36,165	43,467	51,031	52,932	701,177
PV of dividend	26,618	23,295	21,178	18,765	19,458	19,956	18,907	20,715	22,169	20,962	277,678
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	489,701										
No. of shares (m shares)	13,976										
Equity value / share (Bt)	35.00										

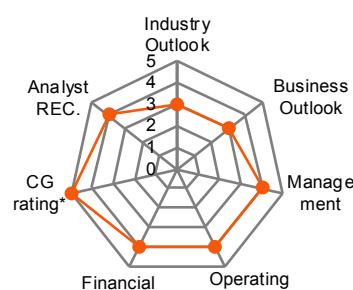
Sources: Company data, Thanachart estimates

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)	29.84	35.00	17%
Net profit 25F (Bt m)	47,511	48,128	1%
Net profit 26F (Bt m)	45,164	46,149	2%
Consensus REC	BUY: 22	HOLD: 3	SELL: 0

HOW ARE WE DIFFERENT FROM THE STREET?

- Our 2025–26F net profit forecasts are in line with the Bloomberg consensus numbers, while our higher TP likely reflects us having more aggressive DPS assumptions.

RISKS TO OUR INVESTMENT CASE

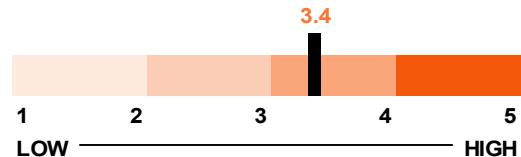
- Slower economic momentum than we currently anticipate would present the key downside risk to our earnings.
- A lower than 50% forecast dividend payout ratio is a secondary downside risk to our call.

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	58.71	63.57	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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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 <i>World Economics</i> magazine and the Best Sustainable & Business Solutions Bank Award from <i>The European</i> 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					
FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
<i>Potential THAI divestment and healthy asset quality likely to cushion 2026F earnings</i>					
Interest and Dividend Income	152,369	165,105	147,560	139,249	142,289
Interest Expenses	38,950	45,990	41,330	38,666	36,982
Net Interest Income	113,419	119,115	106,230	100,584	105,307
% of total income	76.6%	75.6%	67.5%	67.8%	70.1%
Gain on Investment	195	891	6,236	8,055	3,222
Fee Income	20,872	22,282	22,926	24,072	25,757
Gain on Exchange	5,178	4,703	11,757	5,291	5,026
Others	8,127	10,227	9,204	9,664	10,148
Non-interest Income	34,692	38,487	51,084	47,851	44,960
% of total income	23.4%	24.4%	32.5%	32.2%	29.9%
Total Income	148,111	157,602	157,315	148,434	150,267
Operating Expenses	62,157	68,778	67,048	62,768	63,837
Pre-provisioning Profit	85,955	88,824	90,267	85,666	86,429
Provisions	37,085	31,070	30,991	27,245	25,338
Pre-tax Profit	48,869	57,755	59,276	58,421	61,091
Income Tax	9,902	11,576	11,855	11,684	11,607
After Tax Profit	38,967	46,179	47,421	46,737	49,484
Equity Income	1,353	1,500	4,501	3,151	3,308
Minority Interest	(3,705)	(3,823)	(3,794)	(3,739)	(3,959)
Extraordinary Items	0	0	0	0	0
NET PROFIT	36,615	43,856	48,128	46,149	48,833
Normalized Profit	36,615	43,856	48,128	46,149	48,833
EPS (Bt)	2.6	3.1	3.4	3.3	3.5
Normalized EPS (Bt)	2.6	3.1	3.4	3.3	3.5
BALANCE SHEET					
FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
ASSETS:					
Liquid Items	756,787	591,664	735,133	729,969	723,925
cash & cash equivalents	55,626	56,889	58,243	55,402	54,448
interbank & money market	701,162	534,775	676,890	674,566	669,478
Securities under resale agreeeme	0	0	0	0	0
Investments	277,241	367,236	367,720	375,241	382,917
Net loans	2,426,095	2,549,075	2,479,703	2,527,402	2,578,506
Gross and accrued interest	2,599,418	2,722,954	2,668,176	2,721,540	2,775,970
Provisions for doubtful	173,323	173,879	188,473	194,138	197,464
Fixed assets - net	65,924	57,360	30,115	31,018	31,949
Other assets	151,637	175,133	167,105	172,118	177,282
Total assets	3,677,685	3,740,468	3,823,417	3,880,261	3,939,983
LIABILITIES:					
Liquid Items	2,933,991	2,992,333	3,020,335	3,050,538	3,081,043
Deposit	2,646,872	2,731,344	2,745,759	2,773,216	2,800,949
Interbank & money market	282,696	255,872	268,264	270,946	273,656
Liability payable on demand	4,423	5,116	6,312	6,375	6,439
Borrow ings	160,839	132,464	135,710	137,067	138,438
Other liabilities	162,008	155,001	178,251	181,816	185,452
Total liabilities	3,256,838	3,279,797	3,334,295	3,369,421	3,404,933
Minority interest	18,470	20,549	21,576	22,655	23,788
Shareholders' equity	402,376	440,122	467,545	488,185	511,262
Preferred capital	28.33	28.33	-	-	-
Paid-in capital	71,977	71,977	71,977	71,977	71,977
Share premium	20,168	20,233	20,834	20,834	20,834
Surplus/ Others	16,171	18,920	19,236	20,198	21,207
Retained earnings	294,032	328,964	355,499	375,177	397,244
Liabilities & equity	3,677,684	3,740,468	3,823,417	3,880,261	3,939,983

Sources: Company data, Thanachart estimates

Higher dividend yields driven by rising payout ratios

VALUATION		2023A	2024A	2025F	2026F	2027F
FY ending Dec						
Normalized PE (x)	10.9	9.1	8.3	8.6	8.2	
Normalized PE - at target price (x)	13.4	11.2	10.2	10.6	10.0	
PE (x)	10.9	9.1	8.3	8.6	8.2	
PE - at target price (x)	13.4	11.2	10.2	10.6	10.0	
P/PPP (x)	4.6	4.5	4.4	4.6	4.6	
P/PPP - at target price (x)	5.7	5.5	5.4	5.7	5.7	
P/BV (x)	1.0	0.9	0.9	0.8	0.8	
P/BV - at target price (x)	1.2	1.1	1.0	1.0	1.0	
Dividend yield (%)	3.0	5.4	6.6	6.7	7.4	
Market cap / net loans (x)	0.2	0.2	0.2	0.2	0.2	
Market cap / deposit (x)	0.2	0.1	0.1	0.1	0.1	
(Bt)						
Normalized EPS	2.6	3.1	3.4	3.3	3.5	
EPS	2.6	3.1	3.4	3.3	3.5	
DPS	0.9	1.5	1.9	1.9	2.1	
PPP/Share	6.2	6.4	6.5	6.1	6.2	
BV/Share	28.8	31.5	33.5	34.9	36.6	

FINANCIAL RATIOS

Highest ROE among big-four banks

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Growth Rate (%)					
Net interest income (NII)	25.5	5.0	(10.8)	(5.3)	4.7
Non-interest income (Non-II)	2.4	10.9	32.7	(6.3)	(6.0)
Operating expenses	13.5	10.7	(2.5)	(6.4)	1.7
Pre-provisioning profit (PPP)	23.6	3.3	1.6	(5.1)	0.9
Net profit	8.7	19.8	9.7	(4.1)	5.8
Normalized profit growth	8.7	19.8	9.7	(4.1)	5.8
EPS	8.7	19.8	9.8	(4.1)	5.8
Normalized EPS	8.7	19.8	9.8	(4.1)	5.8
Dividend payout ratio	33.1	49.2	55.0	58.0	60.0
Loan - gross	(0.6)	4.7	(2.0)	2.0	2.0
Loan - net	(0.7)	5.1	(2.7)	1.9	2.0
Deposit	2.2	3.2	0.5	1.0	1.0
NPLs	(2.0)	(4.0)	(4.5)	3.0	2.9
Total assets	2.4	1.7	2.2	1.5	1.5
Total equity	6.9	9.4	6.2	4.4	4.7
Operating Ratios (%)					
Net interest margin (NIM)	3.3	3.4	2.9	2.7	2.8
Net interest spread	4.6	4.6	4.1	3.9	4.1
Yield on earnings assets	4.3	4.6	4.0	3.7	3.7
Avg cost of fund	1.3	1.5	1.3	1.2	1.2
NII / operating income	76.6	75.6	67.5	67.8	70.1
Non-II / operating income	23.4	24.4	32.5	32.2	29.9
Fee income / operating income	14.1	14.1	14.6	16.2	17.1
Normalized net margin	24.7	27.8	30.6	31.1	32.5
Cost-to-income	42.0	43.6	42.6	42.3	42.5
Credit cost - provision exp / loans	1.4	1.2	1.2	1.0	0.9
PPP / total assets	2.4	2.4	2.4	2.2	2.2
PPP / total equity	22.1	21.1	19.9	17.9	17.3
ROA	1.0	1.2	1.3	1.2	1.2
ROE	9.4	10.4	10.6	9.7	9.8

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	96.3	97.3	98.2
Loan-to-deposit & S-T borrowing	97.3	98.8	96.3	97.3	98.2
Net loan / assets	66.0	68.1	64.9	65.1	65.4
Net loan / equity	602.9	579.2	530.4	517.7	504.3
Investment / assets	7.5	9.8	9.6	9.7	9.7
Deposit / liabilities	81.3	83.3	82.3	82.3	82.3
Liabilities / equity	809.4	745.2	713.1	690.2	666.0
Net interbank lender (Bt m)	418,465	278,903	408,626	403,620	395,822
Tier 1 CAR	17.6	19.5	21.0	21.6	22.2
Tier 2 CAR	3.1	2.0	2.0	2.0	1.9
Total CAR	20.7	21.4	23.0	23.6	24.1
<i>Strongest capital ratio among covered banks</i>					
NPLs (Bt m)	99,047	95,065	90,834	93,531	96,283
NPLs / Total loans (NPL Ratio)	3.8	3.5	3.4	3.5	3.5
Loan-Loss-Coverage	175.0	182.9	207.5	207.6	205.1

Sources: Company data, Thanachart estimates



BUY (From: HOLD)
Change in Recommendation

TP: Bt 152.00 (From: Bt 135.00)
Upside : 13.4%

18 DECEMBER 2025

SCB X Pcl (SCB TB)

Easing asset quality concerns

We upgrade SCB to BUY, reflecting clearer asset-quality improvement in 3Q25. Additionally, it continues to offer the highest dividend yields in the sector at 8–9%. SCB is also the most efficient bank, maintaining a low cost-to-income ratio despite continued IT spending.



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Upgrading to BUY

This report is a part of *Bank sector – 2026: More ammunition for resiliency*, dated 18 December 2025. We upgrade our rating on SCB to BUY from Hold. **First**, concerns over SCB's asset quality have eased. NPLs and Stage 2 loans declined q-q, while the coverage ratio increased in 3Q25, reflecting the tighter underwriting standards over the past two years. **Second**, we raise our earnings by 3-5% p.a. in 2025-27F and an average 4% p.a. from 2028F to reflect higher fee income, opex discipline, and lower credit costs. We lift our DDM-based 12-month TP (2026F base year) to Bt152 from Bt135. **Third**, SCB is committed to a high 80% payout ratio, and we expect it to deliver the highest dividend yields in the sector at 8.6%/8.3%/8.8% in 2025–27F.

Concerns about asset quality have eased

SCB's asset quality has long been a key investor concern due to its sizable retail lending exposure of 40% of total loans. However, its asset quality metrics stabilized in 1Q25 and improved further in 3Q25. NPLs declined 1% q-q at the consolidated level and 6% q-q at Gen 2 subsidiaries in 3Q25. Older loan vintages – including unsecured, auto, and title loans – saw notable drops in NPLs. In parallel, SCB's coverage ratio rebounded to 153% in 3Q25 after three consecutive quarters of decline since 4Q24, supported by Bt3.2bn in special provisions booked in 9M25. These provisions were funded by unusually strong investment-related gains during the period. As a result, we expect credit costs to decline from 170bps in 2025F to 155/150bps in 2026–27F.

Highly efficient

SCB is the sector's leader in operational efficiency, as reflected in its low cost-to-income ratio in the low 40s, compared with the 45% sector average over the past four years. In 9M25, SCB's opex declined further by 4% y-y vs. the sector's 2% y-y fall. We expect SCB to further entrench its cost-leadership position through continued branch rationalization, accelerated digital initiatives, and disciplined expense control. We estimate SCB to maintain its cost-to-income ratio at 42% in 2026–27F, comfortably below the sector average of 45%.

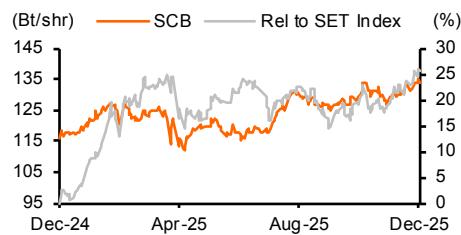
Still offering the highest dividend yields

SCB's dividend payout ratio is the highest in the sector at 80%. While we see limited room for a higher payout over the next few years, we still expect its earnings to grow +10%/-3%/+6% y-y in 2025-27F, resulting in DPS rising to Bt11.5/11.1/11.8 (from Bt10.4 in 2024), or 8.6%/8.3%/8.8% yields. With improving asset quality, which implies lower earnings risk, we see high visibility for these high levels of yield.

COMPANY VALUATION

Y/E Dec (Bt m)	2024A	2025F	2026F	2027F
Pre Provision Profit	98,797	101,301	95,605	98,727
Net profit	43,943	48,421	46,792	49,803
Consensus NP	—	46,413	45,790	48,717
Diff frm cons (%)	—	4.3	2.2	2.2
Norm profit	43,943	48,421	46,792	49,803
Prev. Norm profit	—	47,116	45,126	47,272
Chg frm prev (%)	—	2.8	3.7	5.4
Norm EPS (Bt)	13.1	14.4	13.9	14.8
Norm EPS grw (%)	1.0	10.2	(3.4)	6.4
Norm PE (x)	10.3	9.3	9.6	9.1
P/BV (x)	0.9	0.9	0.9	0.9
Div yield (%)	7.8	8.6	8.3	8.8
ROE (%)	9.1	9.8	9.2	9.6
ROA (%)	1.3	1.4	1.3	1.4

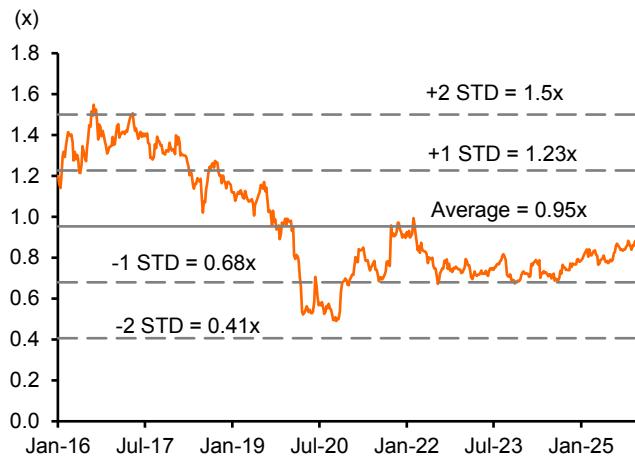
PRICE PERFORMANCE



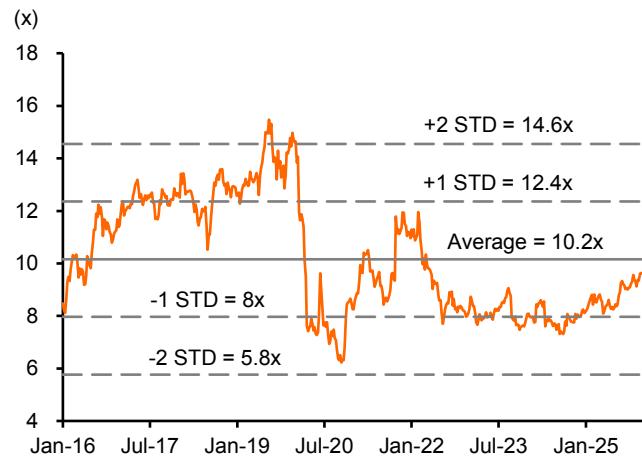
COMPANY INFORMATION

Price: as of 17-Dec-25 (Bt)	134.00
Market Cap (US\$ m)	14,324
Listed Shares (m shares)	3,367.1
Free Float (%)	76.4
Avg. Daily Turnover (US\$ m)	38.1
12M Price H/L (Bt)	135.00/112.00
Sector	BANK
Major Shareholder	HM King Maha Vajiralongkorn Bodindradebayavarangkun 23.58%

Sources: Bloomberg, Company data, Thanachart estimates

Ex 1: SCB's P/BV STD

Sources: Bloomberg, Thanachart estimates

Ex 2: SCB's PE STD

Sources: Bloomberg, Thanachart estimates

Ex 3: Earnings Revisions And Assumption Changes

	2023	2024	2025F	2026F	2027F
Normalized profit (Bt bn)					
- New	43.52	43.94	48.42	46.79	49.80
- Old			47.12	45.13	47.27
- Change (%)		2.77	3.69	5.35	
Normalized EPS (Bt/share)					
- New	12.93	13.05	14.38	13.90	14.79
- Old			13.99	13.40	14.04
- Change (%)		2.77	3.69	5.35	
Loan growth (%)					
- New	2.08	(0.96)	(1.00)	1.00	2.00
- Old			1.00	1.00	1.00
- Change (ppt)			(2.00)	0.00	1.00
NIM (%)					
- New	3.72	3.85	3.51	3.37	3.44
- Old			3.54	3.41	3.44
- Change (ppt)			(0.03)	(0.04)	(0.00)
Non-NII (Bt bn)					
- New	46.00	42.35	52.18	48.44	49.27
- Old			47.95	46.32	47.69
- Change (%)			8.82	4.57	3.33
Cost-to-income ratio (%)					
- New	42.05	42.48	41.31	42.39	41.92
- Old			41.60	42.43	41.78
- Change (ppt)			(0.29)	(0.04)	0.14
Credit cost (%)					
- New	1.82	1.76	1.70	1.55	1.50
- Old			1.66	1.60	1.60
- Change (ppt)			0.04	(0.05)	(0.10)

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	38,737	37,433	39,842	40,020	41,014	41,881	42,772	43,688	44,631	54,152	54,152
Dividend payment	38,737	37,433	39,842	40,020	41,014	41,881	42,772	43,688	44,631	54,152	675,250
PV of dividend	38,737	30,836	29,780	27,149	25,253	23,404	21,687	20,105	18,642	20,529	255,980
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	512,100										
No. of shares (m)	3,367										
Equity value / share (Bt)	152.0										

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)	140.24	152.00	8%
Net profit 25F (Bt m)	46,413	48,421	4%
Net profit 26F (Bt m)	45,790	46,792	2%
Consensus REC	BUY: 12	HOLD: 13	SELL: 1

RISKS TO OUR INVESTMENT CASE

- If SCB cannot control asset quality well, this would be negative for our credit cost assumptions and net profit forecasts.
- If SCB lowers its dividend payout ratio to less than 80%, this would negatively impact our TP.

HOW ARE WE DIFFERENT FROM THE STREET?

- Our 2025–26F net profit forecasts are largely in line with the Bloomberg consensus numbers, while our higher TP likely reflects us having more aggressive DPS assumptions.

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 impact, 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	59.03	70.45	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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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 <i>The Sustainability Yearbook 2023</i>.

Sources: Company data, Thanachart

INCOME STATEMENT

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
Interest and Dividend Income	161,122	169,320	157,475	150,980	154,144
Interest Expenses	36,439	39,896	37,059	33,470	33,433
Net Interest Income	124,683	129,424	120,416	117,510	120,711
% of total income	73.0%	75.3%	69.8%	70.8%	71.0%
Gain on Investment	68	(264)	1,851	926	981
Fee Income	32,723	31,144	31,708	33,293	34,958
Gain on Exchange	8,828	8,904	15,226	10,658	9,592
Others	4,234	2,282	3,194	3,354	3,522
Non-interest Income	46,003	42,349	52,178	48,440	49,273
% of total income	27.0%	24.7%	30.2%	29.2%	29.0%
Total Income	170,686	171,773	172,594	165,950	169,983
Operating Expenses	71,781	72,977	71,293	70,345	71,256
Pre-provisioning Profit	98,906	98,797	101,301	95,605	98,727
Provisions	43,600	42,594	40,653	37,064	36,408
Pre-tax Profit	55,306	56,203	60,648	58,541	62,320
Income Tax	11,955	12,224	12,130	11,708	12,464
After Tax Profit	43,351	43,979	48,518	46,833	49,856
Equity Income	418	600	630	662	695
Minority Interest	(247)	(636)	(728)	(702)	(748)
Extraordinary Items	0	0	0	0	0
NET PROFIT	43,522	43,943	48,421	46,792	49,803
Normalized Profit	43,522	43,943	48,421	46,792	49,803
EPS (Bt)	12.9	13.1	14.4	13.9	14.8
Normalized EPS (Bt)	12.9	13.1	14.4	13.9	14.8

BALANCE SHEET

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
ASSETS:					
Liquid Items	477,473	596,970	682,664	681,460	660,360
cash & cash equivalents	40,676	43,801	40,945	43,480	51,964
interbank & money market	436,797	553,169	641,720	637,980	608,396
Securities under resale agreeeme	0	0	0	0	0
Investments	388,132	316,679	323,031	329,510	336,120
Net loans	2,301,045	2,280,602	2,260,333	2,278,576	2,322,650
Gross and accrued interest	2,450,030	2,428,245	2,406,707	2,430,774	2,479,389
Provisions for doubtful	148,985	148,549	146,374	152,197	156,739
Fixed assets - net	71,919	73,425	46,564	47,961	49,400
Other assets	107,619	104,511	136,708	140,810	145,034
Total assets	3,438,722	3,486,539	3,575,088	3,606,621	3,644,434
LIABILITIES:					
Liquid Items	2,677,324	2,712,691	2,771,600	2,791,001	2,810,538
Deposit	2,442,860	2,473,626	2,489,081	2,506,504	2,524,050
Interbank & money market	221,459	229,839	271,129	273,027	274,938
Liability payable on demand	13,005	9,227	11,391	11,470	11,551
Borrow ings	109,911	106,745	118,322	119,150	119,984
Other liabilities	167,754	172,266	175,712	179,226	182,810
Total liabilities	2,954,989	2,991,702	3,065,633	3,089,377	3,113,333
Minority interest	5,651	6,201	6,512	6,837	7,179
Shareholders' equity	478,082	488,636	502,943	510,407	523,922
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	436,419	442,790	455,159
Liabilities & equity	3,438,722	3,486,539	3,575,088	3,606,621	3,644,434

Sources: Company data, Thanachart estimates

Continued cautious lending

VALUATION

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Normalized PE (x)	10.4	10.3	9.3	9.6	9.1
Normalized PE - at target price (x)	11.8	11.6	10.6	10.9	10.3
PE (x)	10.4	10.3	9.3	9.6	9.1
PE - at target price (x)	11.8	11.6	10.6	10.9	10.3
P/PPP (x)	4.6	4.6	4.5	4.7	4.6
P/PPP - at target price (x)	5.2	5.2	5.1	5.4	5.2
P/BV (x)	0.9	0.9	0.9	0.9	0.9
P/BV - at target price (x)	1.1	1.0	1.0	1.0	1.0
Dividend yield (%)	7.7	7.8	8.6	8.3	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
Highest dividend yield among peers					
(Bt)					
Normalized EPS	12.9	13.1	14.4	13.9	14.8
EPS	12.9	13.1	14.4	13.9	14.8
DPS	10.3	10.4	11.5	11.1	11.8
PPP/Share	29.4	29.3	30.1	28.4	29.3
BV/Share	142.0	145.1	149.4	151.6	155.6

FINANCIAL RATIOS

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Growth Rate (%)					
Net interest income (NII)	15.6	3.8	(7.0)	(2.4)	2.7
Non-interest income (Non-II)	(0.6)	(7.9)	23.2	(7.2)	1.7
Operating expenses	2.7	1.7	(2.3)	(1.3)	1.3
Pre-provisioning profit (PPP)	17.4	(0.1)	2.5	(5.6)	3.3
Net profit	15.9	1.0	10.2	(3.4)	6.4
Normalized profit growth	15.9	1.0	10.2	(3.4)	6.4
EPS	15.9	1.0	10.2	(3.4)	6.4
Normalized EPS	15.9	1.0	10.2	(3.4)	6.4
Dividend payout ratio	80.0	80.0	80.0	80.0	80.0
Loan - gross	2.1	(1.0)	(1.0)	1.0	2.0
Loan - net	2.4	(0.9)	(0.9)	0.8	1.9
Deposit	(4.4)	1.3	0.6	0.7	0.7
NPLs	1.6	0.8	(2.4)	1.3	2.5
Total assets	(0.5)	1.4	2.5	0.9	1.0
Total equity	3.7	2.2	2.9	1.5	2.6
Operating Ratios (%)					
Net interest margin (NIM)	3.7	3.9	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	4.3	4.4
Avg cost of fund	1.3	1.4	1.3	1.2	1.1
NII / operating income	73.0	75.3	69.8	70.8	71.0
Non-II / operating income	27.0	24.7	30.2	29.2	29.0
Fee income / operating income	19.2	18.1	18.4	20.1	20.6
Normalized net margin	25.5	25.6	28.1	28.2	29.3
Cost-to-income	42.1	42.5	41.3	42.4	41.9
Credit cost - provision exp / loans	1.8	1.8	1.7	1.5	1.5
PPP / total assets	2.9	2.9	2.9	2.7	2.7
PPP / total equity	21.1	20.4	20.4	18.9	19.1
ROA	1.3	1.3	1.4	1.3	1.4
ROE	9.3	9.1	9.8	9.2	9.6

Sources: Company data, Thanachart estimates

Most efficient cost control

FINANCIAL RATIOS

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Liquidity and Quality Ratio (%)					
Loan-to-deposit	99.3	97.2	95.6	95.9	97.1
Loan-to-deposit & S-T borrowing	99.3	97.2	95.6	95.9	97.1
Net loan / assets	66.9	65.4	63.2	63.2	63.7
Net loan / equity	481.3	466.7	449.4	446.4	443.3
Investment / assets	11.3	9.1	9.0	9.1	9.2
Deposit / liabilities	82.7	82.7	81.2	81.1	81.1
Liabilities / equity	618.1	612.3	609.5	605.3	594.2
Net interbank lender (Bt m)	215,338	323,330	370,591	364,954	333,459
Tier 1 CAR	17.7	17.8	18.5	18.6	18.7
Tier 2 CAR	1.1	1.1	1.1	1.1	1.1
Total CAR	18.8	18.9	19.6	19.7	19.7
NPLs (Bt m)	96,832	97,610	95,231	96,432	98,883
NPLs / Total loans (NPL Ratio)	4.0	4.1	4.0	4.0	4.0
Loan-Loss-Coverage	153.9	152.2	153.7	157.8	158.5

Sources: Company data, Thanachart estimates


HOLD (Unchanged)

Change in Numbers

TP: Bt 108.00

Downside : 0.0%

(From: Bt 102.00)

18 DECEMBER 2025

TISCO Financial Group (TISCO TB)

Dividends capped

TISCO combines low earnings growth, limited scope for DPS upside from the current Bt7.75 level (7.2% yield), and premium valuations, leading us to view its current risk-reward profile as balanced. We therefore reaffirm our HOLD recommendation.



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Solid dividends but limited upside; HOLD

This report is a part of *Bank sector – 2026: More ammunition for resiliency*, dated 18 December 2025. We raise our 12-month DDM-based TP (2026F base year) to Bt108 from Bt102, reflecting increases to our 2025–27F earnings of 4-8% p.a., driven primarily by higher NIM assumptions and slightly stronger loan growth. Despite these upgrades, we maintain our HOLD call on TISCO. While TISCO should continue to offer an attractive DPS of Bt7.75 (7.2% yield) over 2025–27F, its weak earnings trajectory – at -1.9%, +2.2%, and +1.5% EPS growth in 2025–27F – limits further dividend upside. In contrast, large banks still retain ample capital buffers to raise payouts. Moreover, TISCO's valuation already looks expensive relative to peers, trading at 12.5x PE and 1.9x P/BV on 2026F, leaving limited room for a re-rating.

Profit momentum remains subdued

TISCO's NIM returned to an uptrend in 3Q25, earlier and stronger than we'd expected. As a result, we raise our 2025–27F NIM assumptions by 7–23bps to 4.80%/4.93%/5.02%. However, this NIM tailwind is unlikely to lift earnings meaningfully, given offsetting pressures from rising credit costs and reduced flexibility in operating expenses compared with the past two years. Overall, we expect TISCO to deliver the slowest earnings growth among our covered banks at just 1% p.a. over 2025–27F, vs. the sector average of 3% p.a.

Provision cycle moving up again

Although TISCO has used gains from marking its Thai Airways International (THAI TB, SELL, Bt9.0) holdings to market to build special provisions, lifting its coverage ratio to 171% in 3Q25 from 155% in 2Q25, we believe credit costs will continue trending higher toward more normalized levels. As the bank gradually resumes loan growth on the back of lower funding costs in a declining-rate environment, asset-quality risks may re-emerge, especially given the still-weak medium- to long-term outlook for Thailand's auto industry, its core lending segment. We therefore forecast credit costs to rise to 90/100/100bps in 2025–27F, up from 59bps in 2024.

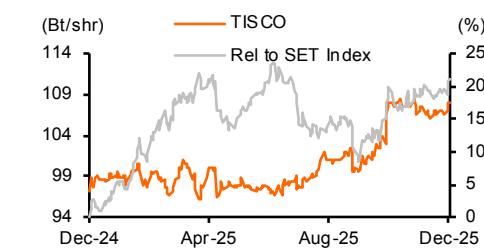
Gradual loan growth returns

Since the COVID period, TISCO maintained a conservative stance, with a loan contraction averaging 1% per year over 2020–24 amid a weak auto market and a high-interest-rate environment. However, with funding costs set to decline as the rate cycle turns lower, the economics of hire-purchase lending should improve, lifting portfolio ROE. As conditions gradually turn more favorable, we expect TISCO to cautiously resume balance-sheet expansion. We estimate loan growth of 1%/2%/2% in 2025–27F, led primarily by hire-purchase loans.

COMPANY VALUATION

Y/E Dec (Bt m)	2024A	2025F	2026F	2027F
Pre Provision Profit	9,937	10,635	10,971	11,148
Net profit	6,901	6,770	6,919	7,025
Consensus NP	—	6,617	6,724	6,972
Diff frm cons (%)	—	2.3	2.9	0.8
Norm profit	6,901	6,770	6,919	7,025
Prev. Norm profit	—	6,511	6,516	6,534
Chg frm prev (%)	—	4.0	6.2	7.5
Norm EPS (Bt)	8.6	8.5	8.6	8.8
Norm EPS grw (%)	(5.5)	(1.9)	2.2	1.5
Norm PE (x)	12.5	12.8	12.5	12.3
P/BV (x)	2.0	2.0	1.9	1.9
Div yield (%)	7.2	7.2	7.2	7.2
ROE (%)	16.1	15.6	15.7	15.6
ROA (%)	2.4	2.4	2.4	2.4

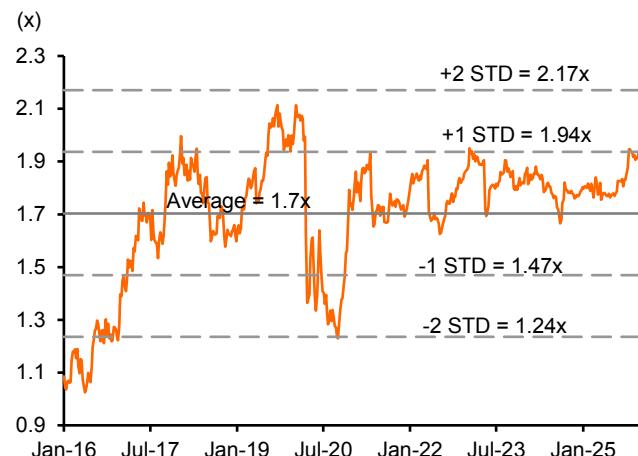
PRICE PERFORMANCE



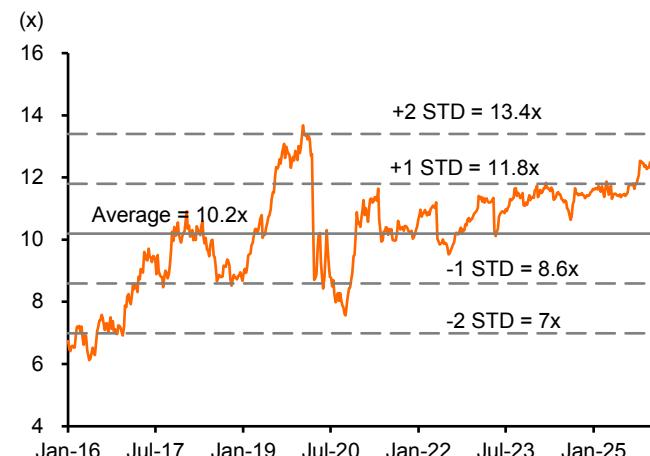
COMPANY INFORMATION

Price: as of 17-Dec-25 (Bt)	108.00
Market Cap (US\$ m)	2,745
Listed Shares (m shares)	800.6
Free Float (%)	89.6
Avg. Daily Turnover (US\$ m)	11.2
12M Price H/L (Bt)	109.00/96.25
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	6.77	6.92	7.02
- Old			6.51	6.52	6.53
- Change (%)		3.98	6.18	7.51	
Normalized EPS (Bt/share)					
- New	9.12	8.62	8.46	8.64	8.77
- Old			8.13	8.14	8.16
- Change (%)		3.98	6.18	7.51	
Loan growth (%)					
- New	7.22	(1.11)	1.00	2.00	2.00
- Old			1.00	(1.00)	(1.00)
- Change (ppt)		0.00	3.00	3.00	
NIM (%)					
- New	4.88	4.77	4.80	4.93	5.02
- Old			4.72	4.77	4.80
- Change (ppt)		0.07	0.16	0.23	
Fee income (Bt bn)					
- New	4.87	4.97	5.10	5.30	5.51
- Old			5.18	5.38	5.60
- Change (%)		(1.50)	(1.50)	(1.50)	
Cost-to-income ratio (%)					
- New	49.79	48.22	45.97	45.57	45.66
- Old			46.80	46.31	47.53
- Change (ppt)		(0.82)	(0.74)	(1.88)	
Credit cost (%)					
- New	0.15	0.59	0.95	1.00	1.00
- Old			0.90	1.05	1.05
- Change (ppt)		0.05	(0.05)	(0.05)	

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	6,705	7,406	7,606	7,806	8,006	8,206	8,206
Dividend payment	6,205	6,205	6,205	6,205	6,705	7,406	7,606	7,806	8,006	8,206	98,476
PV of dividend	6,205	5,082	4,598	4,161	4,069	4,067	3,779	3,510	3,258	3,022	44,279
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	86,028										
No. of shares (m)	800.6										
Equity value / share (Bt)	108.0										

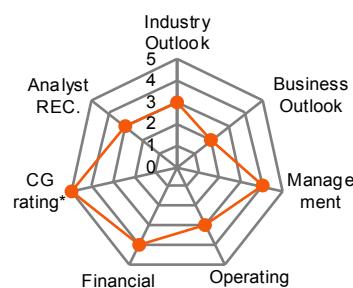
Sources: Company data, Thanachart estimates

COMPANY DESCRIPTION

TISCO Financial Group Plc (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)	101.98	108.00	6%
Net profit 25F (Bt m)	6,617	6,770	2%
Net profit 26F (Bt m)	6,724	6,919	3%
Consensus REC	BUY: 4	HOLD: 16	SELL: 3

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 an upside risk to our earnings forecasts and TP.

HOW ARE WE DIFFERENT FROM THE STREET?

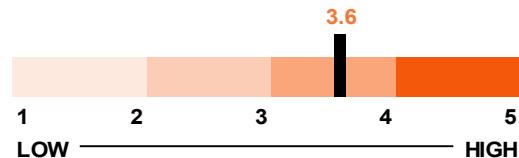
- Our slightly higher net profit forecasts and TP than the Bloomberg consensus numbers likely arise from us having better NIM assumptions.

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	-	-	63.21	69.59	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)

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"> 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"> 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"> 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	18,373	18,387	18,722
Interest Expenses	4,208	5,444	4,852	4,318	4,250
Net Interest Income	13,573	13,570	13,521	14,069	14,471
% of total income	72.3%	70.7%	68.7%	69.8%	70.5%
Gain on Investment	5	3	4	4	4
Fee Income	4,867	4,971	5,097	5,301	5,513
Gain on Exchange	(29)	314	560	392	118
Others	90	100	398	279	293
Non-interest Income	5,188	5,623	6,164	6,086	6,043
% of total income	27.7%	29.3%	31.3%	30.2%	29.5%
Total Income	18,761	19,193	19,685	20,155	20,515
Operating Expenses	9,340	9,256	9,050	9,184	9,367
Pre-provisioning Profit	9,421	9,937	10,635	10,971	11,148
Provisions	359	1,376	2,217	2,369	2,416
Pre-tax Profit	9,061	8,562	8,418	8,602	8,732
Income Tax	1,788	1,694	1,684	1,720	1,746
After Tax Profit	7,273	6,868	6,734	6,882	6,985
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	6,770	6,919	7,025
Normalized Profit	7,301	6,901	6,770	6,919	7,025
EPS (Bt)	9.1	8.6	8.5	8.6	8.8
Normalized EPS (Bt)	9.1	8.6	8.5	8.6	8.8

BALANCE SHEET

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
ASSETS:					
Liquid Items	49,408	40,684	40,042	38,204	35,241
cash & cash equivalents	918	910	1,309	1,383	1,234
interbank & money market	48,490	39,774	38,733	36,821	34,007
Securities under resale agreeeme	0	0	0	0	0
Investments	4,205	5,409	8,134	8,306	8,482
Net loans	226,828	225,598	227,688	232,442	237,291
Gross and accrued interest	236,744	234,085	236,515	241,246	246,071
Provisions for doubtful	9,916	8,486	8,827	8,804	8,780
Fixed assets - net	3,205	3,161	3,239	3,336	3,436
Other assets	7,079	7,024	7,540	7,741	7,946
Total assets	290,724	281,877	286,643	290,029	292,395
LIABILITIES:					
Liquid Items	217,388	217,441	224,183	226,425	227,557
Deposit	208,645	206,537	208,635	210,722	211,775
Interbank & money market	8,506	10,665	13,211	13,343	13,409
Liability payable on demand	237	239	2,337	2,361	2,373
Borrow ings	17,286	8,076	5,167	5,219	5,245
Other liabilities	13,602	13,315	13,581	13,853	14,130
Total liabilities	248,276	238,832	242,932	245,497	246,933
Minority interest	3	3	3	3	3
Shareholders' equity	42,445	43,042	43,708	44,528	45,459
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	32,557	33,271	34,090
Liabilities & equity	290,724	281,877	286,643	290,029	292,395

Sources: Company data, Thanachart estimates

**Easing rates increase
willingness to originate
new HP loans**

VALUATION

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Normalized PE (x)	11.8	12.5	12.8	12.5	12.3
Normalized PE - at target price (x)	11.8	12.5	12.8	12.5	12.3
PE (x)	11.8	12.5	12.8	12.5	12.3
PE - at target price (x)	11.8	12.5	12.8	12.5	12.3
P/PPP (x)	9.2	8.7	8.1	7.9	7.8
P/PPP - at target price (x)	9.2	8.7	8.1	7.9	7.8
P/BV (x)	2.0	2.0	2.0	1.9	1.9
P/BV - at target price (x)	2.0	2.0	2.0	1.9	1.9
Dividend yield (%)	7.2	7.2	7.2	7.2	7.2
Market cap / net loans (x)	0.4	0.4	0.4	0.4	0.4
Market cap / deposit (x)	0.4	0.4	0.4	0.4	0.4
DPS is maintained at Bt7.75					
(Bt)					
Normalized EPS	9.1	8.6	8.5	8.6	8.8
EPS	9.1	8.6	8.5	8.6	8.8
DPS	7.8	7.8	7.8	7.8	7.8
PPP/Share	11.8	12.4	13.3	13.7	13.9
BV/Share	53.0	53.8	54.6	55.6	56.8

FINANCIAL RATIOS

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Growth Rate (%)					
Net interest income (NII)	6.6	(0.0)	(0.4)	4.1	2.9
Non-interest income (Non-II)	(5.9)	8.4	9.6	(1.3)	(0.7)
Operating expenses	8.7	(0.9)	(2.2)	1.5	2.0
Pre-provisioning profit (PPP)	(2.5)	5.5	7.0	3.2	1.6
Net profit	1.1	(5.5)	(1.9)	2.2	1.5
Normalized profit growth	1.1	(5.5)	(1.9)	2.2	1.5
EPS	1.1	(5.5)	(1.9)	2.2	1.5
Normalized EPS	1.1	(5.5)	(1.9)	2.2	1.5
Dividend payout ratio	85.0	89.9	91.7	89.7	88.3
Loan - gross	7.2	(1.1)	1.0	2.0	2.0
Loan - net	8.6	(0.5)	0.9	2.1	2.1
Deposit	10.8	(1.0)	1.0	1.0	0.5
NPLs	14.1	4.6	(4.3)	4.6	4.5
Total assets	9.5	(3.0)	1.7	1.2	0.8
Total equity	(0.8)	1.4	1.5	1.9	2.1
Operating Ratios (%)					
Net interest margin (NIM)	5.0	4.9	4.9	5.0	5.1
Net interest spread	6.0	5.7	5.7	5.9	6.0
Yield on earnings assets	6.4	6.7	6.5	6.4	6.5
Avg cost of fund	1.9	2.4	2.1	1.9	1.8
NII / operating income	72.3	70.7	68.7	69.8	70.5
Non-II / operating income	27.7	29.3	31.3	30.2	29.5
Fee income / operating income	25.9	25.9	25.9	26.3	26.9
Normalized net margin	38.9	36.0	34.4	34.3	34.2
Cost-to-income	49.8	48.2	46.0	45.6	45.7
Credit cost - provision exp / loans	0.2	0.6	0.9	1.0	1.0
PPP / total assets	3.4	3.5	3.7	3.8	3.8
PPP / total equity	22.1	23.2	24.5	24.9	24.8
ROA	2.6	2.4	2.4	2.4	2.4
ROE	17.1	16.1	15.6	15.7	15.6

Sources: Company data, Thanachart estimates

Highest ROE among our covered banks

FINANCIAL RATIOS

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Liquidity and Quality Ratio (%)					
Loan-to-deposit	112.5	112.4	112.4	113.5	115.2
Loan-to-deposit & S-T borrowing	112.5	112.4	112.4	113.5	115.2
Net loan / assets	78.0	80.0	79.4	80.1	81.2
Net loan / equity	534.4	524.1	520.9	522.0	522.0
Investment / assets	1.4	1.9	2.8	2.9	2.9
Deposit / liabilities	84.0	86.5	85.9	85.8	85.8
Liabilities / equity	584.9	554.9	555.8	551.3	543.2
Net interbank lender (Bt m)	39,983	29,110	25,522	23,479	20,597
Tier 1 CAR	16.3	17.0	17.1	17.1	17.1
Tier 2 CAR	3.2	1.6	1.6	1.6	1.6
Total CAR	19.5	18.6	18.7	18.7	18.7
NPLs (Bt m)	5,223	5,464	5,229	5,468	5,712
NPLs / Total loans (NPL Ratio)	2.2	2.4	2.2	2.3	2.3
Loan-Loss-Coverage	189.9	155.3	168.8	161.0	153.7

Sources: Company data, Thanachart estimates

Kiatnakin Bank**INCOME STATEMENT**

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
Interest and Dividend Income	30,718	30,515	26,650	25,553	25,744
Interest Expenses	8,424	10,667	9,451	7,804	7,575
Net Interest Income	22,294	19,848	17,199	17,749	18,169
% of total income	77.5%	74.1%	68.7%	68.8%	68.0%
Gain on Investment	(12)	23	27	29	31
Fee Income	5,476	5,396	5,816	6,223	6,658
Gain on Exchange	665	1,382	1,300	1,040	1,092
Others	340	153	516	541	569
Non-interest Income	6,469	6,954	7,850	8,034	8,561
% of total income	22.5%	25.9%	31.3%	31.2%	32.0%
Total Income	28,763	26,802	25,049	25,783	26,730
Operating Expenses	15,894	16,516	14,221	14,051	14,353
Pre-provisioning Profit	12,869	10,286	10,827	11,732	12,377
Provisions	6,082	3,974	3,794	3,734	3,878
Pre-tax Profit	6,787	6,312	7,033	7,998	8,499
Income Tax	1,331	1,264	1,407	1,600	1,700
After Tax Profit	5,456	5,048	5,627	6,398	6,799
Equity Income	0	0	0	0	0
Minority Interest	(13)	(18)	(11)	(13)	(14)
Extraordinary Items	0	0	0	0	0
NET PROFIT	5,444	5,031	5,616	6,386	6,786
Normalized Profit	5,444	5,031	5,616	6,386	6,786
EPS (Bt)	6.4	6.0	6.8	7.3	7.7
Normalized EPS (Bt)	6.4	6.0	6.8	7.3	7.7

BALANCE SHEET

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
ASSETS:					
Liquid Items	63,411	40,232	77,559	76,046	66,433
cash & cash equivalents	1,382	1,248	1,351	1,810	2,001
interbank & money market	62,029	38,985	76,208	74,235	64,432
Securities under resale agreeeme	0	0	0	0	0
Investments	36,262	34,540	35,231	35,936	36,654
Net loans	384,826	354,941	321,208	324,274	334,239
Gross and accrued interest	405,493	375,549	341,927	345,346	355,707
Provisions for doubtful	20,668	20,607	20,719	21,073	21,468
Fixed assets - net	14,677	14,071	7,299	7,518	7,744
Other assets	46,152	54,640	38,868	40,034	41,235
Total assets	545,327	498,424	504,536	508,666	511,661
LIABILITIES:					
Liquid Items	382,421	377,052	388,334	385,227	385,227
Deposit	358,903	359,306	366,379	363,448	363,448
Interbank & money market	23,035	17,399	21,432	21,260	21,260
Liability payable on demand	483	347	523	519	519
Borrow ings	68,900	27,350	19,303	19,149	19,149
Other liabilities	32,753	30,858	31,433	32,062	32,703
Total liabilities	484,074	435,259	439,070	436,438	437,079
Minority interest	286	301	316	332	348
Shareholders' equity	60,967	62,864	65,150	71,896	74,234
Preferred capital	-	-	-	-	-
Paid-in capital	8,468	8,468	8,468	8,538	8,538
Share premium	9,356	9,357	9,357	13,590	13,590
Surplus/ Others	1,981	2,327	2,443	2,565	2,693
Retained earnings	41,162	42,713	44,883	47,203	49,413
Liabilities & equity	545,327	498,424	504,536	508,666	511,661

Sources: Company data, Thanachart estimates

Kiatnakin Bank**VALUATION**

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Normalized PE (x)	10.3	11.0	9.7	9.1	8.6
Normalized PE - at target price (x)	11.8	12.7	11.2	10.4	9.9
PE (x)	10.3	11.0	9.7	9.1	8.6
PE - at target price (x)	11.8	12.7	11.2	10.4	9.9
P/PPP (x)	4.3	5.4	5.0	4.9	4.7
P/PPP - at target price (x)	5.0	6.2	5.8	5.7	5.4
P/BV (x)	0.9	0.9	0.8	0.8	0.8
P/BV - at target price (x)	1.1	1.0	0.9	0.9	0.9
Dividend yield (%)	4.5	6.1	7.2	7.7	8.1
Market cap / net loans (x)	0.1	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	6.4	6.0	6.8	7.3	7.7
EPS	6.4	6.0	6.8	7.3	7.7
DPS	3.0	4.0	4.8	5.1	5.4
PPP/Share	15.2	12.2	13.1	13.4	14.0
BV/Share	72.0	74.7	80.1	81.4	84.0

FINANCIAL RATIOS

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Growth Rate (%)					
Net interest income (NII)	16.8	(11.0)	(13.3)	3.2	2.4
Non-interest income (Non-II)	(23.5)	7.5	12.9	2.3	6.6
Operating expenses	22.1	3.9	(13.9)	(1.2)	2.1
Pre-provisioning profit (PPP)	(11.4)	(20.1)	5.3	8.4	5.5
Net profit	(28.4)	(7.6)	11.6	13.7	6.3
Normalized profit growth	(28.4)	(7.6)	11.6	13.7	6.3
EPS	(28.4)	(7.1)	14.0	6.9	5.5
Normalized EPS	(28.4)	(7.1)	14.0	6.9	5.5
Dividend payout ratio	46.7	67.0	70.0	70.0	70.0
Loan - gross	6.6	(7.6)	(9.0)	1.0	3.0
Loan - net	5.5	(7.8)	(9.5)	1.0	3.1
Deposit	8.3	0.1	2.0	(0.8)	0.0
NPLs	5.5	18.8	(1.9)	2.0	2.0
Total assets	7.4	(8.6)	1.2	0.8	0.6
Total equity	5.4	3.1	3.6	10.4	3.3
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	5.3
Yield on earnings assets	6.3	6.3	5.8	5.4	5.4
Avg cost of fund	1.9	2.5	2.3	1.9	1.9
NII / operating income	77.5	74.1	68.7	68.8	68.0
Non-II / operating income	22.5	25.9	31.3	31.2	32.0
Fee income / operating income	19.0	20.1	23.2	24.1	24.9
Normalized net margin	18.9	18.8	22.4	24.8	25.4
Cost-to-income	55.3	61.6	56.8	54.5	53.7
Credit cost - provision exp / loans	1.5	1.1	1.1	1.1	1.1
PPP / total assets	2.4	2.0	2.2	2.3	2.4
PPP / total equity	21.7	16.6	16.9	17.1	16.9
ROA	1.0	1.0	1.1	1.3	1.3
ROE	9.2	8.1	8.8	9.3	9.3

Sources: Company data, Thanachart estimates

Kiatnakin Bank**FINANCIAL RATIOS**

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Liquidity and Quality Ratio (%)					
Loan-to-deposit	110.9	102.4	91.4	93.0	95.8
Loan-to-deposit & S-T borrowing	110.9	102.4	91.4	93.0	95.8
Net loan / assets	70.6	71.2	63.7	63.7	65.3
Net loan / equity	631.2	564.6	493.0	451.0	450.3
Investment / assets	6.6	6.9	7.0	7.1	7.2
Deposit / liabilities	74.1	82.5	83.4	83.3	83.2
Liabilities / equity	794.0	692.4	673.9	607.0	588.8
Net interbank lender (Bt m)	38,994	21,585	54,776	52,975	43,172
Tier 1 CAR	13.3	14.0	15.9	16.3	16.3
Tier 2 CAR	3.3	3.4	3.7	3.7	3.6
Total CAR	16.6	17.4	19.6	19.9	19.9
NPLs (Bt m)	14,710	17,473	17,138	17,476	17,824
NPLs / Total loans (NPL Ratio)	3.7	4.8	5.1	5.2	5.1
Loan-Loss-Coverage	140.5	117.9	120.9	120.6	120.4

Sources: Company data, Thanachart estimates

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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

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