4 AUGUST 2026

THAILAND	**Sector Note**
Sector Weighting	**Overweight**

Thailand Bank Sector

Re-emerging growth

Sector Valuation Company	BBG Code	Rec.	Current price (Bt)	Target price (Bt)	Norm EPS grw 2026F (%)	Norm EPS grw 2027F (%)	Norm PE 2026F (x)	Norm PE 2027F (x)	P/BV 2026F (x)	P/BV 2027F (x)	Div yield 2026F (%)	Div yield 2027F (%)
Bangkok Bank	BBL TB	BUY	191.50	240.00	(10.8)	9.7	8.9	8.1	0.6	0.6	5.2	5.5
KASIKORNBANK	KBANK TB	BUY	244.00	304.00	(3.5)	12.4	12.1	10.8	1.0	0.9	6.1	6.6
Kiatnakin Bank	KK TB	BUY	113.00	152.00	32.0	11.8	11.9	10.7	1.4	1.3	7.2	8.0
Krung Thai Bank	KTB TB	BUY	44.25	55.00	(0.5)	11.9	12.9	11.5	1.3	1.3	5.8	6.5
SCB X	SCB TB	BUY	153.50	180.00	(11.1)	8.5	12.2	11.3	1.0	1.0	6.5	7.1
Tisco Financial Group	TISCO TB	HOLD	129.00	131.00	3.3	7.1	15.0	14.0	2.3	2.3	6.0	6.0

Source: Thanachart estimates, based on 3 August 2026 closing prices

We see banking as the key sector to ride along with our long-term buy-and-hold strategy on the direction of the SET. The sector's key driver is moving beyond capital management to a re-emerging earnings growth cycle. We maintain our OVERWEIGHT sector stance with KTB and KKP as our top two picks.

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Re-emerging growth cycle

We maintain our OVERWEIGHT stance on Thai banks, expecting it to be a key sector to ride our long-term buy-and-hold strategy on the direction of the SET. ***First***, we expect the sector to enter a new earnings growth cycle, with an 11% net profit CAGR in 2027-28F. ***Second***, multiple tailwinds are moving together — fee income growth, re-emerging loans, falling credit cost, and cost discipline. ***Third***, with loan growth still modest and liquidity excess persisting, capital management is intact, supporting an attractive 6/7% sector dividend yield range in 2026-27F. ***Lastly***, ROE continues its rising trend with earnings growth and high dividend payouts, and we expect a further re-rating from the sector average of 1.0x P/BV to 1.3x vs. a 9% ROE in 2027F.

A full set of drivers from 2027F

We expect the sector to re-enter an earnings growth cycle, with net profit rising at an 11% CAGR in 2027–28F after a 4% decline in 2026F. We expect a full set of drivers as follows: 1) re-emerging loan growth of 3% p.a.; 2) a NIM reversal to 2.81/2.91% from 2.73% in 2026F; 3) fee income growth of 8% p.a., driven by wealth management; 4) credit costs falling from 132bps in 2026F to 115bps by 2028F; and 5) cost-to-income ratio declining from 44.1% in 2026F to 42.7% in 2028F.

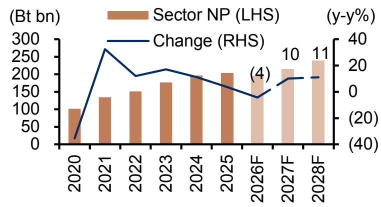
The easy part of the dividend cycle

Amid the weak growth cycle over the past two years, banks extensively used capital management policies of payout increases and share buybacks. The policies improved ROE and dividend yield, and share prices were re-rated. Now that earnings growth is re-emerging, dividend and ROE can rise along with earnings growth. Also, earnings growth is driven more by fee income, which requires less of an equity base than loan-based income, and we still see room for a payout ratio increase to 70% p.a. in 2026-27F from 68% in 2025. We estimate average sector yields of 6/7% in 2026-27F.

KTB and KKP are our top sector picks

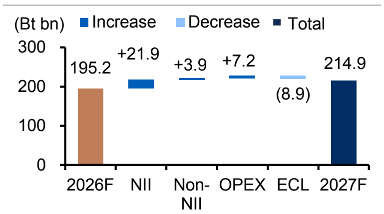
KTB is our top pick. It has the highest profitability at 11% ROE in 2027F among big banks, with 12% 2027F EPS growth and 6% yield. We view it as a quality play on re-emerging loan growth with high exposure to the infrastructure cycle and government loans. KKP is another top BUY with the sector's strongest earnings growth of 20% CAGR in 2026-28F alongside the highest dividend yield. KBANK ranks third due to cleaner asset quality and a strong wealth franchise. We upgrade BBL to BUY (from Hold) as the rate-cut cycle ends and corporate lending recovers. SCB stays as a BUY due to its high dividend yield, but it remains our least preferred large bank because of asset quality concerns. TISCO remains a HOLD as we view its valuation as rich.

Sector Net Profit Growth



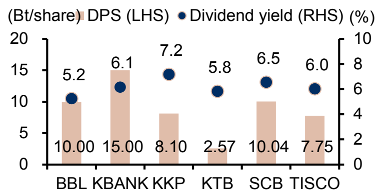
Sources: Company data; ttb wealth estimates

2026-27F Sector Earnings Bridge



Sources: Company data; ttb wealth estimates

2026F Dividend Returns



Sources: Company data; ttb wealth estimates

A full set of drivers from 2027F

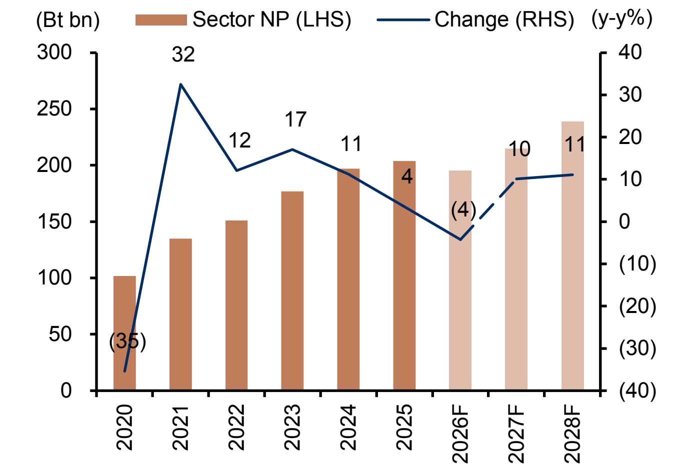
We estimate sector net profit growth of +10/+11% in 2027-28F

We believe 2026F will mark the trough for Thai banks' earnings, with 2027F becoming the first year of a broad-based recovery. We estimate aggregate net profit for the six banks we cover to decline 4% y-y to Bt195bn in 2026F, reflecting the full-year impact of the 2025-26 policy rate cuts on NIM, together with a high base of investment-related gains in 2025.

From there, earnings should recover meaningfully. We estimate aggregate net profit to increase to **Bt215bn in 2027F (+10% y-y) and Bt239bn in 2028F (+11% y-y)**, supported by **improving margins, recovering loan growth, stronger fee income, disciplined cost control, and lower credit costs**.

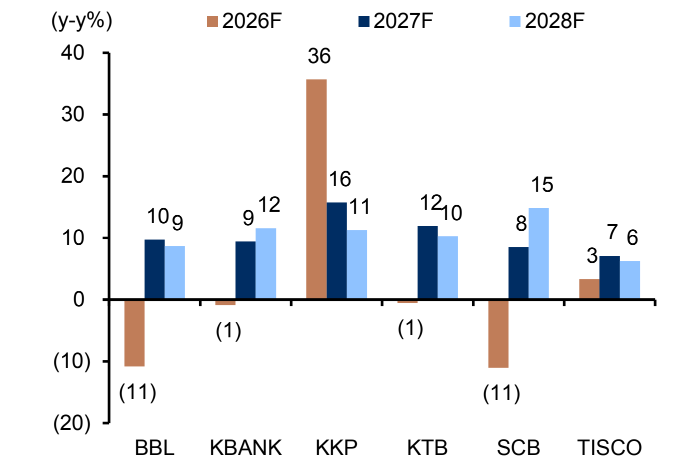
Following our latest review, we raise our 2026-28F sector earnings estimates by 1-11% p.a., mainly reflecting stronger loan growth and better fee income than we had previously assumed. We believe the sector has now moved beyond the earnings headwinds of the past two years and that it is entering a more sustainable earnings recovery.

Ex 1: Sector Net Profit Growth



Sources: Company data, ttb wealth estimates

Ex 2: Net Profit Growth By Bank



Sources: Company data, ttb wealth estimates

Ex 3: Summary Of Sector Earnings Revisions

(Bt m)	New			Old			Change (%)		
	2026F	2027F	2028F	2026F	2027F	2028F	2026F	2027F	2028F
NII									
BBL	111,375	117,202	124,337	115,544	120,600	122,758	(4)	(3)	1
KBANK	127,822	133,053	140,010	126,590	130,758	135,678	1	2	3
KKP	17,049	17,685	18,468	17,076	17,658	18,288	(0)	0	1
KTB	93,815	98,904	105,369	96,522	101,299	106,216	(3)	(2)	(1)
SCB	107,057	111,862	117,683	111,790	115,214	117,192	(4)	(3)	0
TISCO	14,204	14,527	14,928	14,067	14,441	14,743	1	1	1
Coverage	**471,322**	**493,233**	**520,795**	**481,589**	**499,970**	**514,875**	**(2)**	**(1)**	**1**
Net fee income									
BBL	28,489	29,914	31,410	27,824	28,658	30,091	2	4	4
KBANK	40,307	44,337	48,328	37,355	38,849	40,791	8	14	18
KKP	7,482	8,978	10,325	6,524	6,916	7,331	15	30	41
KTB	25,598	27,901	30,413	23,427	24,599	26,075	9	13	17
SCB	34,179	36,571	38,766	32,470	34,093	35,798	5	7	8
TISCO	5,516	6,067	6,674	5,215	5,424	5,664	6	12	18
Coverage	**141,570**	**153,769**	**165,914**	**132,815**	**138,539**	**145,750**	**7**	**11**	**14**

Sources: Company data, ttb wealth estimates

Ex 3: Summary Of Sector Earnings Revisions (Con't)

(Bt m)	New			Old			Change (%)		
	2026F	2027F	2028F	2026F	2027F	2028F	2026F	2027F	2028F
Net Non-II									
BBL	48,940	47,586	48,403	44,475	43,383	45,348	10	10	7
KBANK	61,389	64,768	69,988	55,729	58,304	61,213	10	11	14
KKP	9,852	11,041	12,365	8,591	8,766	9,147	15	26	35
KTB	52,254	52,050	54,335	44,078	45,426	46,805	19	15	16
SCB	51,110	51,713	53,238	48,998	49,763	50,736	4	4	5
TISCO	6,336	6,634	7,269	6,035	5,990	6,259	5	11	16
Coverage	**229,881**	**233,792**	**245,599**	**207,905**	**211,632**	**219,509**	**11**	**10**	**12**
PPOP									
BBL	81,674	84,753	89,867	79,698	82,718	85,274	2	2	5
KBANK	106,734	113,433	121,848	101,205	104,380	109,177	5	9	12
KKP	13,968	15,439	16,879	12,201	12,498	13,028	14	24	30
KTB	87,399	90,168	97,180	79,431	84,280	88,652	10	7	10
SCB	91,239	95,608	101,364	92,940	96,067	97,345	(2)	(0)	4
TISCO	11,394	11,685	12,311	10,956	11,045	11,347	4	6	8
Coverage	**392,406**	**411,086**	**439,449**	**376,430**	**390,987**	**404,822**	**4**	**5**	**9**
Provisions for ECL									
BBL	31,162	29,307	29,627	27,592	28,006	28,356	13	5	4
KBANK	40,023	38,366	38,015	39,824	38,402	38,654	0	(0)	(2)
KKP	3,730	3,591	3,698	3,633	3,715	3,827	3	(3)	(3)
KTB	27,586	22,785	23,469	21,906	23,182	23,704	26	(2)	(1)
SCB	38,211	38,033	35,211	35,942	35,282	35,810	6	8	(2)
TISCO	2,844	2,525	2,576	2,572	2,550	2,601	11	(1)	(1)
Coverage	**143,555**	**134,608**	**132,596**	**131,471**	**131,138**	**132,953**	**9**	**3**	**(0)**
Net profit									
BBL	41,020	45,020	48,905	42,051	44,154	45,372	(2)	2	8
KBANK	49,117	53,753	59,971	45,819	49,466	52,856	7	9	13
KKP	8,022	9,284	10,328	6,750	6,963	7,258	19	33	42
KTB	47,971	53,685	59,178	47,004	50,430	53,543	2	6	11
SCB	42,238	45,827	52,609	45,367	48,357	48,971	(7)	(5)	7
TISCO	6,879	7,368	7,831	6,746	6,836	7,040	2	8	11
Coverage	**195,247**	**214,937**	**238,822**	**193,738**	**206,206**	**215,040**	**1**	**4**	**11**

Sources: Company data, ttb wealth estimates

Ex 4: Summary Of Sector Key Ratio Revisions

(%)	New			Old			Change (bp)		
	2026F	2027F	2028F	2026F	2027F	2028F	2026F	2027F	2028F
NIM									
BBL	2.40	2.49	2.61	2.49	2.57	2.59	(9.3)	(8.0)	2.3
KBANK	2.90	2.96	3.06	2.88	2.92	3.00	2.8	4.0	5.9
KKP	3.76	3.84	3.96	3.77	3.86	3.97	(1.4)	(2.1)	(0.9)
KTB	2.41	2.48	2.59	2.48	2.54	2.62	(6.8)	(6.3)	(3.4)
SCB	3.01	3.08	3.16	3.13	3.18	3.21	(11.9)	(9.9)	(4.6)
TISCO	4.89	4.91	4.97	4.84	4.90	4.95	4.5	1.2	2.1
Coverage	**2.73**	**2.81**	**2.91**	**2.79**	**2.85**	**2.90**	**(5.8)**	**(4.6)**	**0.5**

Sources: Company data, ttb wealth estimates

Ex 4: Summary Of Sector Key Ratio Revisions (Con't)

(%)	New			Old			Change (bp)		
	2026F	2027F	2028F	2026F	2027F	2028F	2026F	2027F	2028F
Cost to income							(%)	(%)	(%)
BBL	49.1	48.6	48.0	50.2	49.6	49.3	(1.1)	(1.0)	(1.3)
KBANK	43.6	42.7	42.0	44.5	44.8	44.5	(0.9)	(2.1)	(2.6)
KKP	48.1	46.3	45.3	52.5	52.7	52.5	(4.4)	(6.4)	(7.3)
KTB	40.2	40.3	39.2	43.5	42.6	42.1	(3.3)	(2.3)	(2.9)
SCB	42.5	41.7	40.7	42.2	41.8	42.0	0.3	(0.0)	(1.3)
TISCO	44.5	44.8	44.5	45.5	45.9	46.0	(1.0)	(1.2)	(1.4)
Coverage	**44.1**	**43.5**	**42.7**	**45.4**	**45.1**	**44.9**	**(1.3)**	**(1.6)**	**(2.2)**
Credit costs (bps)									
BBL	118	108	106	105	105	105	13	3	1
KBANK	160	150	145	160	152	150	(0)	(2)	(5)
KKP	107	100	100	105	105	105	2	(5)	(5)
KTB	100	80	80	80	83	83	20	(3)	(3)
SCB	160	155	140	152	147	147	8	8	(7)
TISCO	120	105	105	108	105	105	12	0	0
Coverage	**132**	**120**	**115**	**122**	**119**	**119**	**10**	**1**	**(3)**
Loan growth y-y							(%)	(%)	(%)
BBL	2.5	3.0	3.0	1.5	1.5	1.0	1.0	1.5	2.0
KBANK	2.0	2.5	2.5	1.0	2.0	2.0	1.0	0.5	0.5
KKP	3.0	3.0	3.0	1.5	3.0	3.0	1.5	0.0	0.0
KTB	3.5	3.0	3.0	2.0	2.0	2.5	1.5	1.0	0.5
SCB	3.0	2.5	2.5	1.0	2.0	1.0	2.0	0.5	1.5
TISCO	1.0	2.0	2.0	2.0	2.0	2.0	(1.0)	0.0	0.0
Coverage	**2.7**	**2.8**	**2.8**	**1.4**	**1.9**	**1.7**	**1.3**	**0.8**	**1.1**
Net fee income growth y-y							(%)	(%)	(%)
BBL	4.8	5.0	5.0	2.3	3.0	5.0	2.4	2.0	0.0
KBANK	13.9	10.0	9.0	5.6	4.0	5.0	8.3	6.0	4.0
KKP	26.1	20.0	15.0	9.9	6.0	6.0	16.1	14.0	9.0
KTB	11.5	9.0	9.0	2.0	5.0	6.0	9.5	4.0	3.0
SCB	12.8	7.0	6.0	5.2	5.0	5.0	7.6	2.0	1.0
TISCO	10.3	10.0	10.0	4.3	4.0	4.4	6.0	6.0	5.6
Coverage	**11.7**	**8.6**	**7.9**	**4.3**	**4.3**	**5.2**	**7.4**	**4.3**	**2.7**

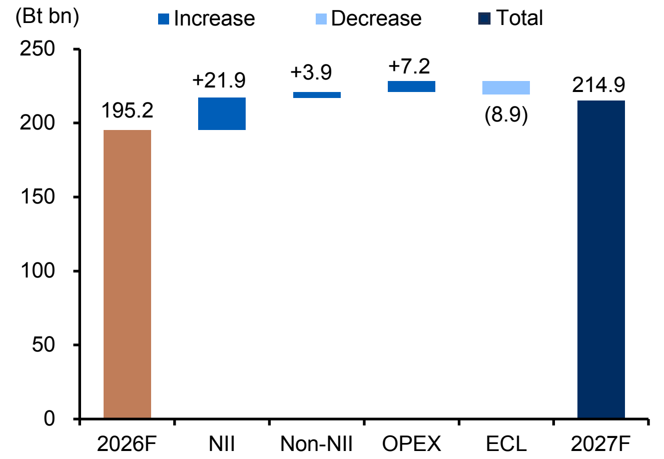
Sources: Company data, ttb wealth estimates

KKP, followed by KTB – strongest net profit growth

At the stock level, we expect **KKP** to deliver the strongest earnings growth among the banks under our coverage. We estimate net profit to increase by **36% y-y in 2026F**, supported by continued strength in fee income and a sharp improvement in asset quality. KKP should also remain the sector's fastest earnings grower in **2027F**, with net profit rising another **16% y-y**, driven primarily by sustained momentum in its wealth management businesses.

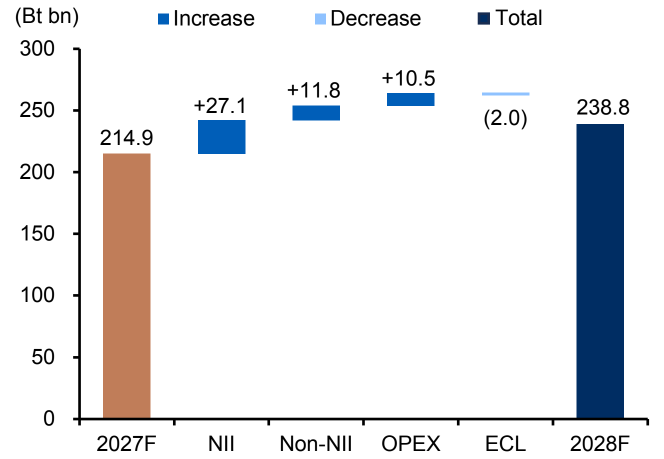
Among the large banks, we believe **KTB** stands out. We expect earnings to remain broadly **flat in 2026F**, outperforming peers despite sector-wide margin pressure, before accelerating to **12% y-y growth in 2027F**. The recovery should be supported by lower credit costs, and continued strength in wealth-related fee income.

Ex 5: 2026-27F Sector Earnings Bridge



Sources: Company data, ttb wealth estimates

Ex 6: 2027-28F Sector Earnings Bridge



Sources: Company data, ttb wealth estimates

Broad-based earnings recovery in 2027F

The earnings recovery also appears well balanced across all major profit drivers. Of the expected Bt20bn increase in sector earnings in 2027F, stronger net interest income contributes around Bt22bn, driven by recovering loan growth and a modest improvement in NIM. Lower provisions add a further Bt9bn, reflecting a 12bp decline in sector credit costs, while non-interest income contributes another Bt4bn, as continued strength in wealth management and capital-market-related fees more than offsets lower investment-related income. These positives comfortably absorb an expected Bt7bn increase in operating expenses, while still allowing the sector's cost-to-income ratio to improve further.

The bridge reinforces our view that the 2027F recovery will be broad-based rather than dependent on a single earnings driver.

Ex 7: ttbwealth Vs. Bloomberg Banking Net Profit Forecasts

Net profit	TNS			Bloomberg			Diff		
(Bt m)	2026F	2027F	2028F	2026F	2027F	2026F	2026F	2027F	2026F
BBL	41,020	45,020	48,905	41,427	43,616	47,146	(1.0)	3.2	3.7
KBANK	49,117	53,753	59,971	49,957	52,760	56,485	(1.7)	1.9	6.2
KKP	8,022	9,284	10,328	7,556	7,744	7,554	6.2	19.9	36.7
KTB	47,971	53,685	59,178	47,928	49,809	51,703	0.1	7.8	14.5
SCB	42,238	45,827	52,609	41,776	45,632	49,324	1.1	0.4	6.7
TISCO	6,879	7,368	7,831	6,943	7,180	7,355	(0.9)	2.6	6.5
Coverage	**195,247**	**214,937**	**238,822**	**195,586**	**206,740**	**219,568**	**(0.2)**	**4.0**	**8.8**

Sources: Company data, ttb wealth estimates

#1 NIM reduction is over

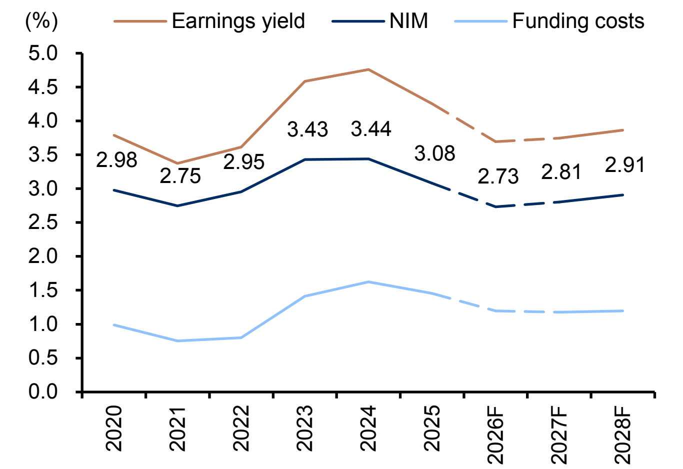
2027F sector NIM to recover to 2.81% from 2.73% in 2026F

Margin compression was one of the largest drivers of the sector's earnings downcycle in 2025-26. Sector NIM declined from a peak of 3.44% in 2024 to an estimated 2.73% in 2026F, following the Bank of Thailand's (BoT) policy rate cuts from 2.50% to 1.00%. We believe the worst has now passed, with 2Q26 marking the trough.

We expect aggregate **NIM across our covered banks to stabilize in 3Q–4Q26F before gradually recovering from 1Q27F**, supported by three factors: (1) a stable policy rate of 1.00% through 2027F, (2) the continued repricing of high-cost fixed deposits, and (3) higher reinvestment yields as bond yields recover. We estimate sector **NIM to improve to 2.81% in 2027F and 2.91% in 2028F.**

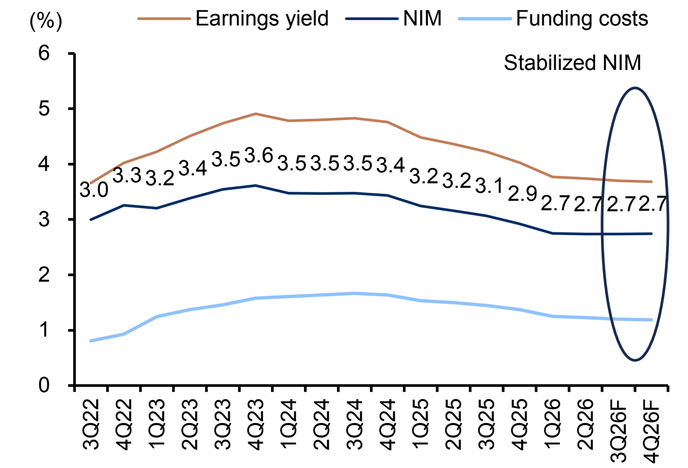
We expect all of the banks we cover to benefit from this recovery. **BBL will likely outperform peers**, benefiting from its relatively high proportion of fixed deposits, which provides greater scope for funding cost repricing.

Ex 8: Covered Banks' Loan Yield, Cost Of Funds And NIM



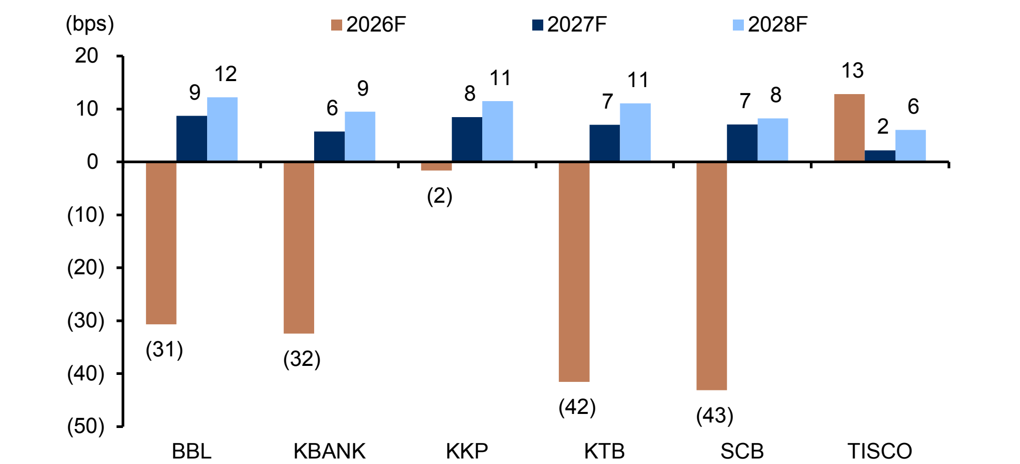
Sources: Company data, ttb wealth estimates

Ex 9: Covered Banks' Quarterly NIM



Sources: Company data, ttb wealth estimates

Ex 10: Change In NIM By Bank



Sources: Company data, ttb wealth estimates

That drag is now ending, for three reasons, in our view.

- **The rate floor is in**. With GDP tracking above 2%, inflation back inside the target band and the last cut delivered in 1Q26, we expect the Monetary Policy Committee (MPC) to hold at 1.00% through 2027F, with the risk skewed to hikes rather than cuts.

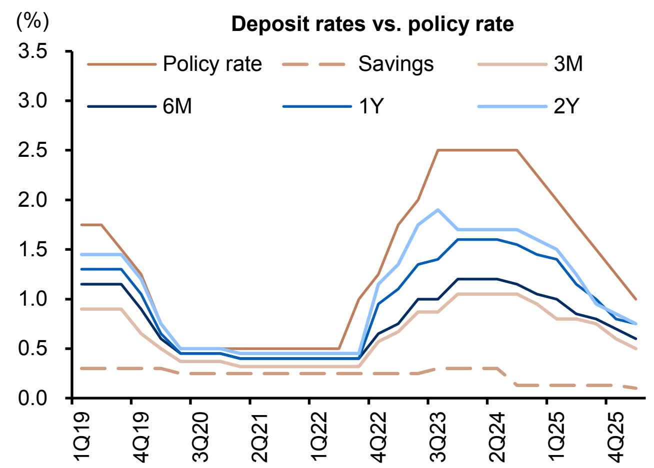
Ex 11: Policy Rate And GDP Growth Forecasts

% growth	2023 (%)	2024 (%)	2025 (%)	2026F (%)	2027F (%)	2028F (%)
Real GDP growth	**2.2**	**2.9**	**2.4**	**2.0**	**2.8**	**3.1**
Private consumption	6.7	4.4	2.7	2.8	1.7	2.2
Private investment	3.1	(1.9)	3.5	8.7	5.5	5.5
Government investment	(4.2)	4.5	8.9	3.6	2.3	2.5
Exports (nominal US$ growth)	(1.5)	5.9	12.7	11.1	(1.6)	3.0
Imports (nominal US$ growth)	(3.8)	5.6	13.0	16.9	(2.4)	2.9
Export of services (nominal baht growth)	47.3	26.1	(1.3)	1.9	1.4	2.0
Import of services (nominal baht growth)	3.7	14.1	(2.8)	4.0	(0.8)	2.0
Current account (% of GDP)	1.4	2.5	3.3	1.1	2.1	2.4
Headline CPI	1.3	0.4	(0.1)	2.5	0.5	1.3
Bt/US$ – average	34.8	35.3	32.9	32.0	32.0	32.0
Policy rate	**2.50**	**2.25**	**1.25**	**1.00**	**1.00**	**1.25**

Sources: Company data, ttb wealth estimates

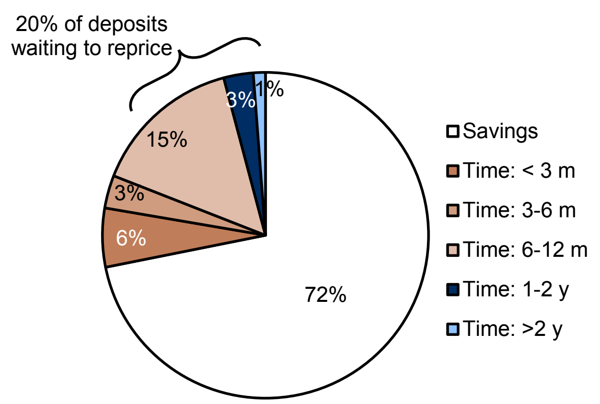
- **Funding costs are still falling**. Asset yields reprice within a quarter of a cut; term deposits reprice on maturity. The deposit book continues rolling onto lower rates through 2H26, delivering a funding tailwind after the last asset-side cut has washed through. We see the NIM trough in 2Q26F and a modest recovery in 1Q27F.

Ex 12: Deposit Rates



Sources: BoT, ttb wealth estimates

Ex 13: 20% of Deposits Still Waiting to Reprice

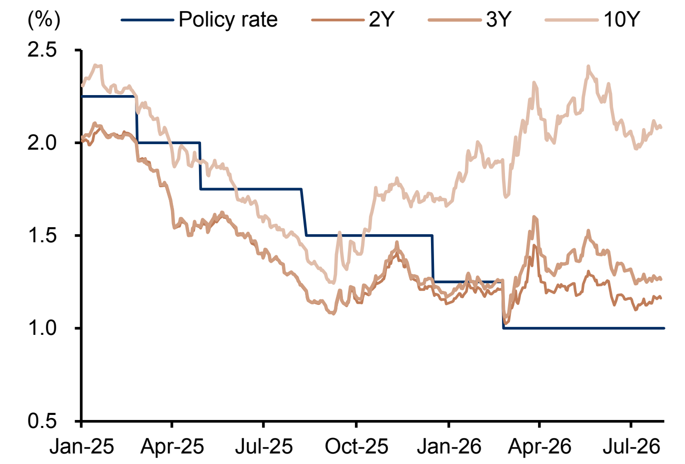


Sources: BoT, ttb wealth estimates

- **<u>Bond yields are rising.</u>** As loan growth slowed over the past few years, banks gradually shifted more of their excess liquidity into investment portfolios, which consist mainly of Thai government bonds. As a result, investment income has become a more important earnings contributor, accounting for 11% of total interest income in 2025, up from 8% in 2020. Among our covered banks, KBANK has the highest exposure, with investment income representing 19% of total interest income in 2025, followed by BBL at 14%.

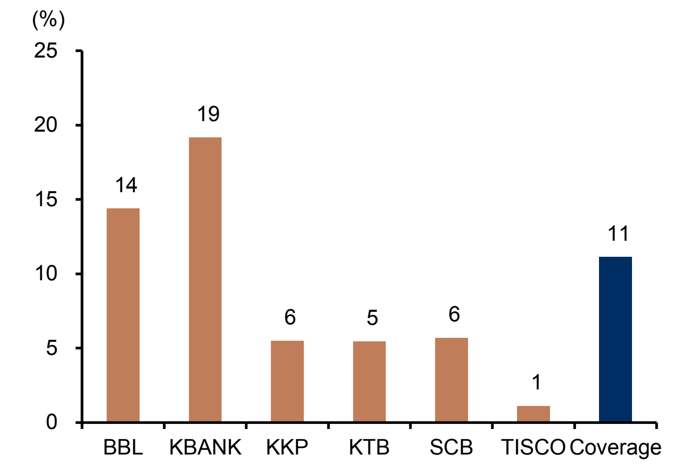
  Looking ahead, we see room for further support. Thailand's 10-year government bond yield has rebounded by around 40bps YTD, improving reinvestment yields as banks deploy maturing funds into higher-yielding securities. While investment income is not the primary earnings driver, we expect it to provide a modest tailwind for net interest income over the next few years, particularly for banks with larger investment portfolios.

Ex 14: Thailand 10-Year Bond Yield



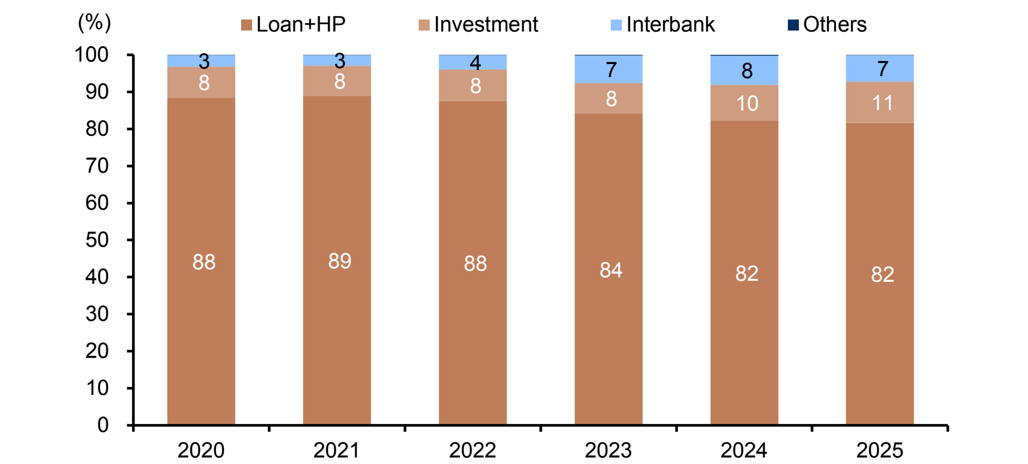
Sources: Bloomberg, ttb wealth estimates

Ex 15: Investment Income To Total Interest Income



Sources: Company data, ttb wealth estimates

Ex 16: Aggregate Investment Income To Total Interest Income Of Covered Banks



Sources: Company data, ttb wealth estimates

Sensitivity to rate hikes

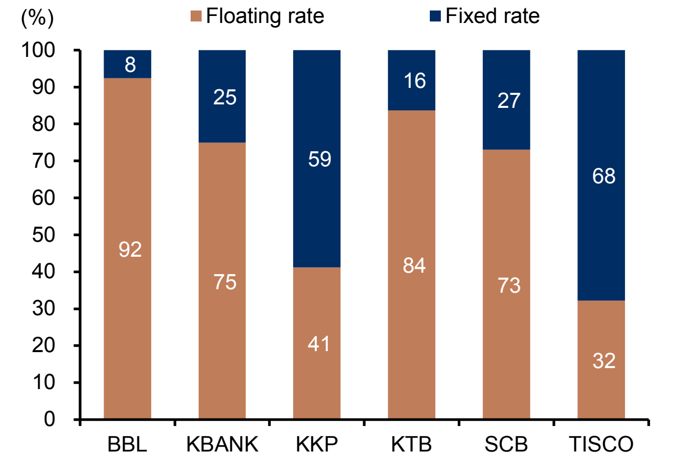
Note that our forecasts embed zero rate hikes, so any tightening in late 2027 represents pure upside, and the biggest beneficiaries would be the floating-rate, CASA-rich large banks – BBL, KTB, KBANK and SCB.

Ex 17: NIM And Earnings Sensitivity To Each 25bp Policy Rate Hike

	NIM (bps)	Net profit (%)
BBL	10.5	8.5
KBANK	9.5	5.9
KKP	(1.8)	(0.9)
KTB	13.4	7.7
SCB	9.1	5.2
TISCO	(5.2)	(1.6)

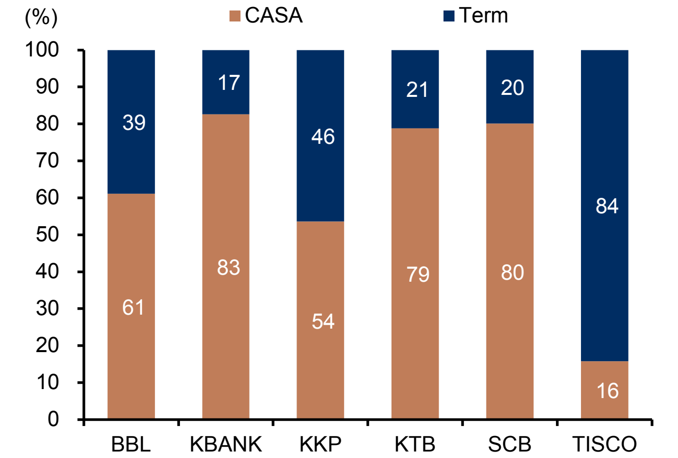
Source: Thanachart estimates

Ex 18: Floating Rate And Fixed-Rate Loans Of Each Bank



Sources: Company data, ttb wealth estimates

Ex 19: CASA And Term Deposits Of Each Bank



Sources: Company data, ttb wealth estimates

#2 Loan growth is turning the corner

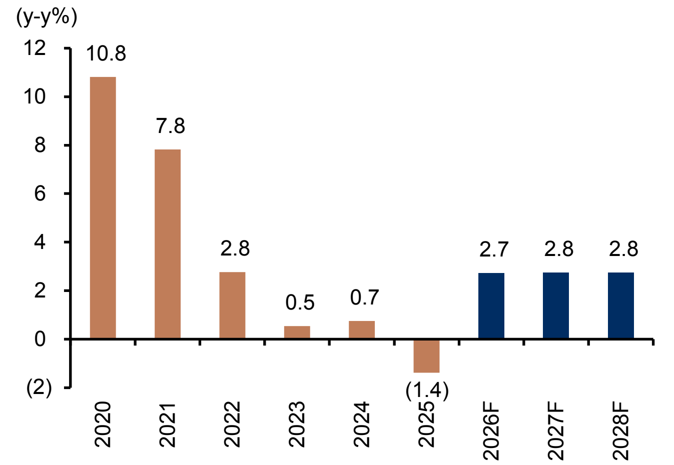
2026-28F sector loan growth set to recover by +2.7/+2.8/+2.8% y-y

Thai banks have just been through one of their weakest lending cycles in years. The combined loan book of our six covered banks shrank at a 0.04% CAGR over 2023-25, vs. the industry-wide contraction of 0.69%.

We believe this weakness was driven by two factors. First and foremost, banks became more cautious as asset quality concerns increased, leading to tighter lending standards, particularly in SME, hire-purchase, and lower-priced mortgage segments. Second, corporate loan demand remained subdued as companies delayed investment decisions amid political uncertainty and weak external demand.

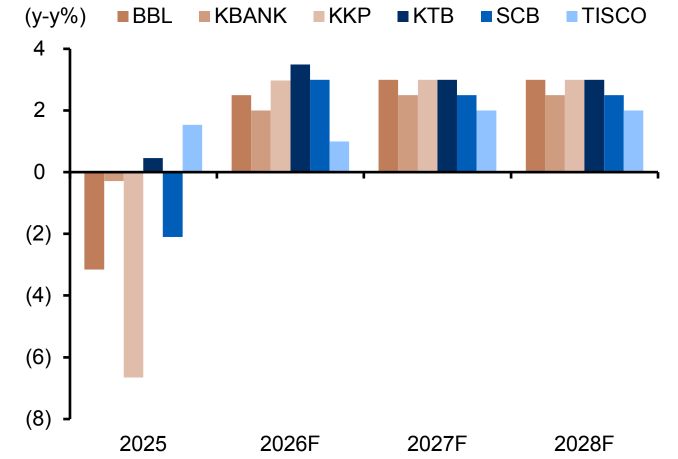
We believe this cycle is now turning. We estimate sector loan growth to recover from -1.4% in 2025 to **+2.7/+2.8/+2.8% y-y in 2026-28F, supported by a strengthening economy and the start of a new investment cycle.**

Ex 20: Our Six Covered Banks' Loan Growth



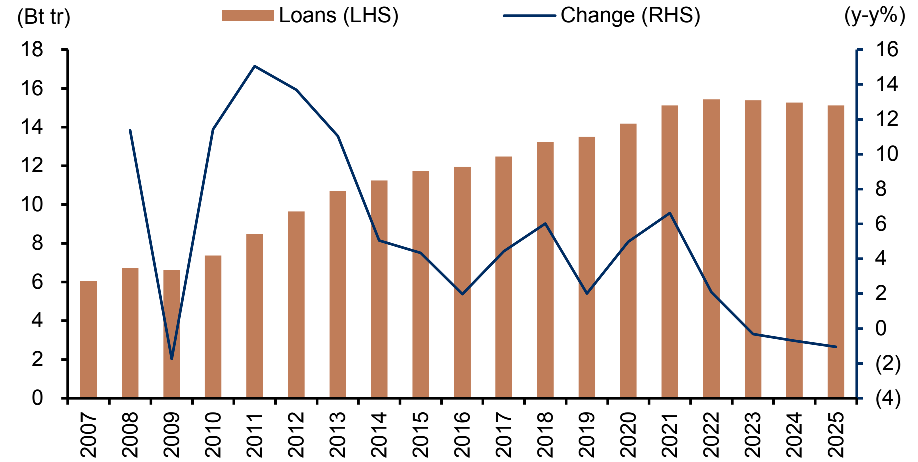
Sources: Company data, ttb wealth estimates

Ex 21: Loan Growth Comparison



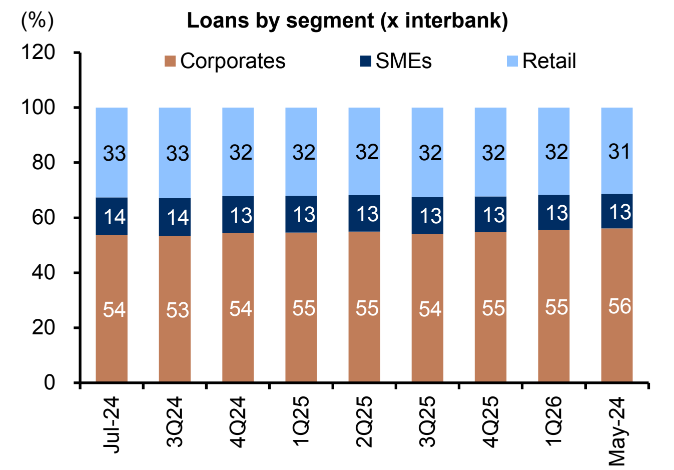
Sources: Company data, ttb wealth estimates

Ex 22: Banking System Loan Growth



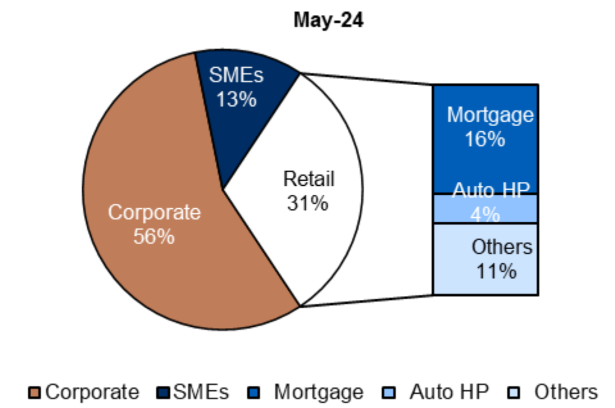
Sources: Company data, ttb wealth estimates

Ex 23: System Loan Breakdown By Client



Sources: Company data, ttb wealth estimates

Ex 24: Retail Loan Breakdown



Sources: Company data, ttb wealth estimates

The inflection appears to be underway

Two things convince us that the worst is over: **Thailand's GDP growth looks to have passed its low point**, and the country is **entering a multi-year investment upcycle**.

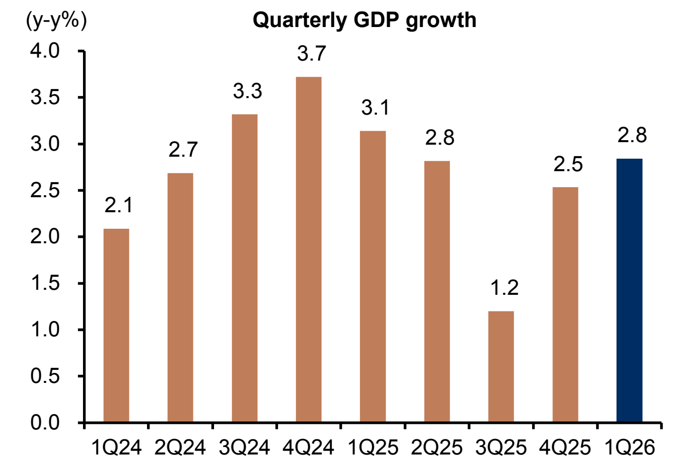
Stronger GPD growth

Thailand's economic recovery is becoming more visible. 1Q26 GDP grew 2.8% y-y, well above market expectations of around 1.0%, despite disruption from the Middle East war in March. More importantly, the composition of growth has improved.

Investment expanded by around 10% y-y, with both private and public investment growing strongly. This is a much healthier driver of economic growth than temporary stimulus or consumption because investment creates demand across many sectors, including construction, manufacturing, logistics and services, while also supporting future employment and business expansion.

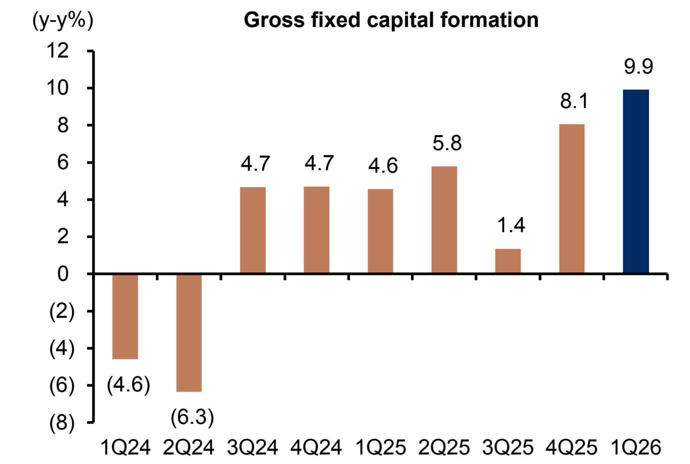
Consumption also remained resilient, rising 3.2% y-y, even without a large government stimulus program. Together with 2.5% GDP growth in 4Q25, we believe the latest data confirms that Thailand has moved beyond the weakest part of the economic cycle.

Ex 25: Quarterly GDP Growth



Source: NESDC

Ex 26: Investment Growth



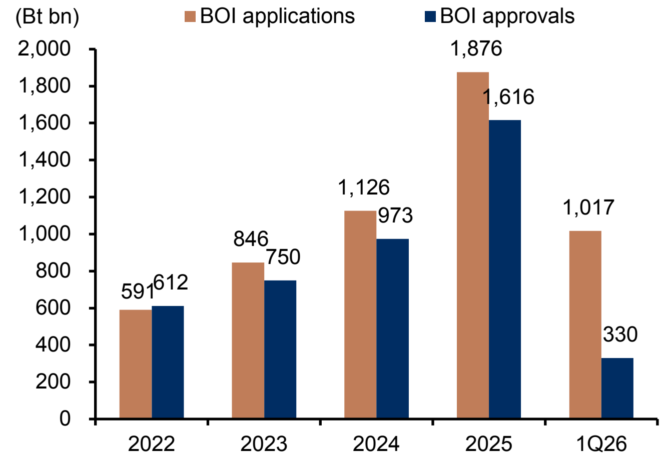
Source: NESDC

Investment cycle is back

The investment pipeline is strengthening at the same time. Board of Investment (BOI)-approved investment hit a record Bt1.82tr in 2025, and FDI inflows remain robust. These approved projects typically take 12–24 months to turn into real construction, equipment purchases, and bank borrowing, and we believe that conversion process has now begun.

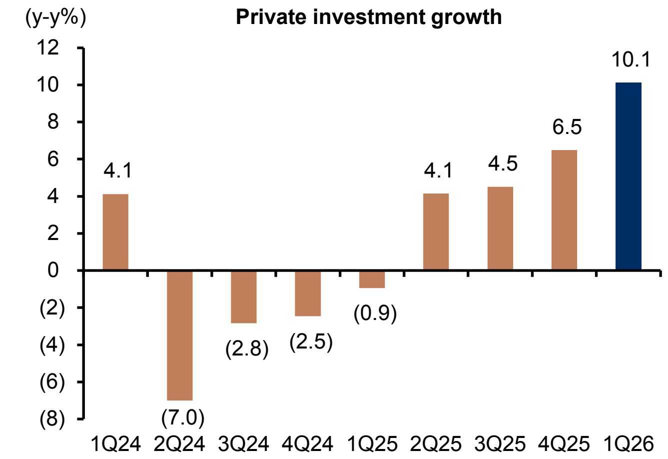
On top of this, we estimate the government's new Power Development Plan (PDP-2026) will drive Bt1.5tr of power plant investment over the next decade. That figure doesn't even include the accompanying grid infrastructure that the government must build alongside it (see our report: *Utilities Sector – PDP-2026 opportunities*, dated 15 July 2026).

Ex 27: BOI Applications And Approvals…



Source: Board of Investment

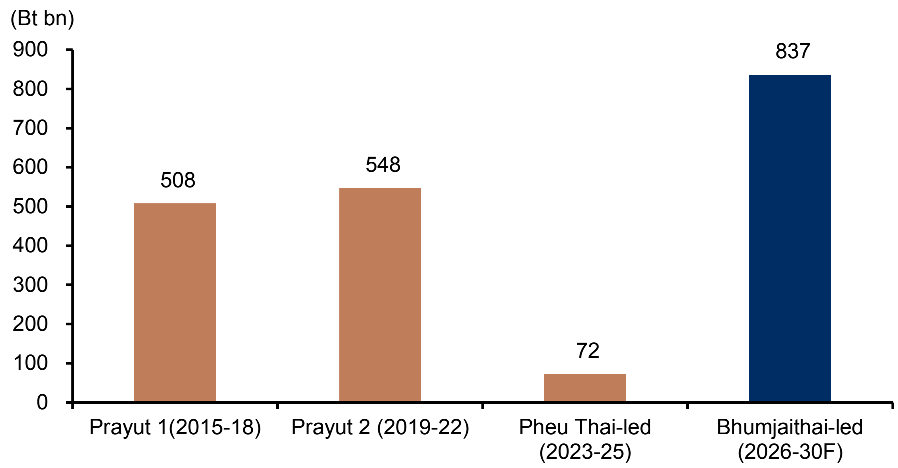
Ex 28: …Start To Feed To Real Investment



Source: NESDC

Public investment is also becoming more supportive. The draft FY27 budget rises modestly to Bt3.79tr, but the more important change is the mix of spending. The government is expected to allocate less to short-term populist measures and more to infrastructure and other investment-led projects. According to the Transport Minister, the government plans around Bt230bn of investment in 2027 and a further Bt593bn during 2028-30.

Ex 29: Mega-Infrastructure Project Bidding Value



Sources: Thai government, ttb wealth estimates

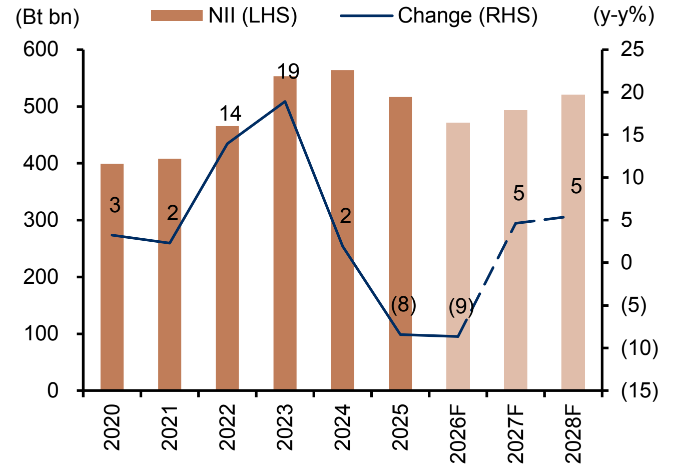
What this means for bank loan growth

Corporate segment should lead a loan recovery

We estimate sector loan growth to recover from -1.4% in 2025 to +2.7% in 2026F, 2.8% in 2027F, and +2.8% in 2028F. We are not expecting loan growth to return to the pre-pandemic 5-7% range. Instead, we believe a moderate recovery is enough. Combined with stabilizing NIMs after the end of the rate-cutting cycle, this should support a recovery in banks' net interest income from 2027F onward.

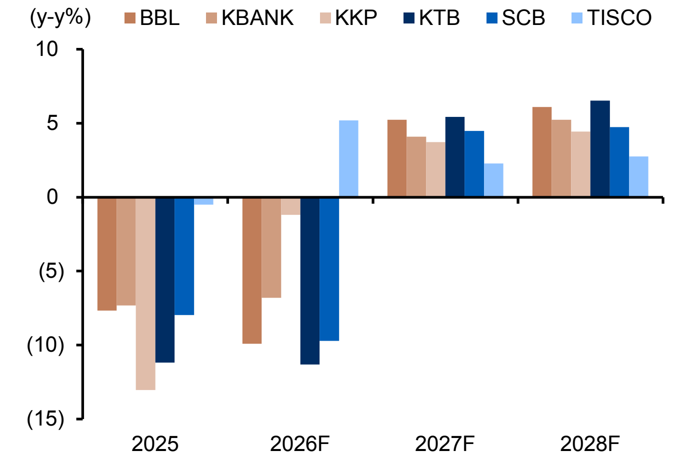
We also expect the recovery to happen in stages. **Corporate loans should recover** first as companies start investing again. As economic growth becomes more broad-based and asset quality remains stable, banks should gradually become more comfortable **expanding lending to retail customers and SMEs, respectively.** This should create a broader and more sustainable credit cycle over the next few years.

Ex 30: Aggregate Covered Banks' NII Growth



Sources: Company data, ttb wealth estimates

Ex 31: NII Growth Comparison



Sources: Company data, ttb wealth estimates

#Corporate loans: The first driver of recovery

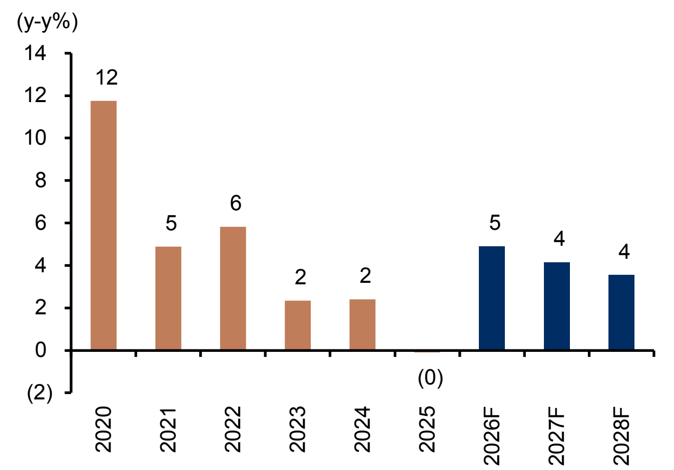
Corporate loans look set to increase by 5/4/4% y-y in 2026-28F

Corporate lending has been the most resilient part of loan portfolios during the past three years. While overall industry lending has been weak, our six covered banks still delivered a 1.5% CAGR in corporate loans over 2023–25, reflecting banks' greater confidence in lending to larger companies with stronger balance sheets.

We expect corporate loans to remain the main growth driver, **increasing by 5% in 2026F, 4% in 2027F and 4% in 2028F.**

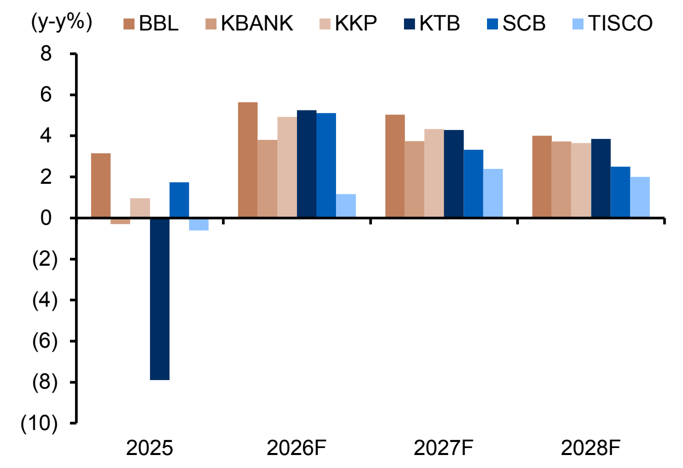
Several structural drivers support our positive view. The surge in BOI approvals and FDI commitments should increasingly translate into project financing as investment projects move into the construction phase. Government infrastructure spending is also picking up, while Thailand's transition towards digitalization, data centers, renewable energy and green industries is creating new financing opportunities. We expect the strongest loan demand to come from **sectors linked to technology, digital infrastructure, manufacturing, energy and construction.**

Ex 32: Growth In Covered Banks' Corporate Lending



Sources: Company data, ttb wealth estimates

Ex 33: Growth Of Each Bank



Sources: Company data, ttb wealth estimates

#SME loans: Recovery will likely take longer

Selective lending to SMEs, with expected -1/-1/+1% y-y growth in 2026-28F

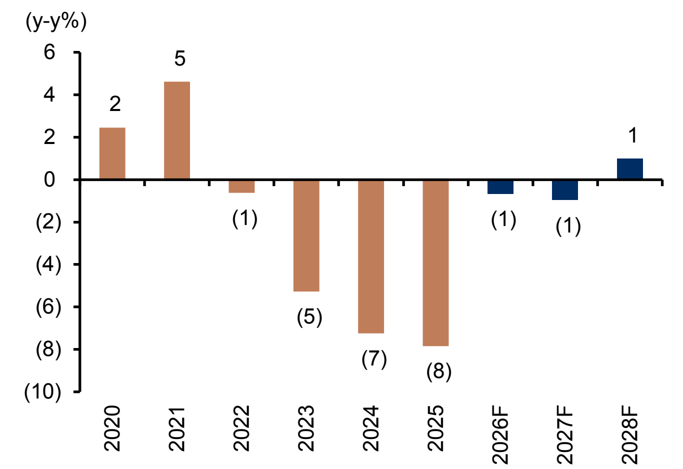
SMEs account for around 35-40% of Thailand's GDP and employ more than 70% of the workforce, making them an important part of the economy. However, this segment continues to face structural challenges.

Many SMEs continue to struggle with low productivity, limited technology adoption, and intense competition from larger businesses. More recently, they have also faced pressure from digital disruption, rising labor and energy costs, and increased imports from China. As profitability has weakened, many SMEs have experienced tighter liquidity and reduced access to financing.

As a result, banks have steadily reduced their exposure to the sector. SME loans accounted for 23% of total loans at our covered banks in 2019, falling to 16% in 2025.

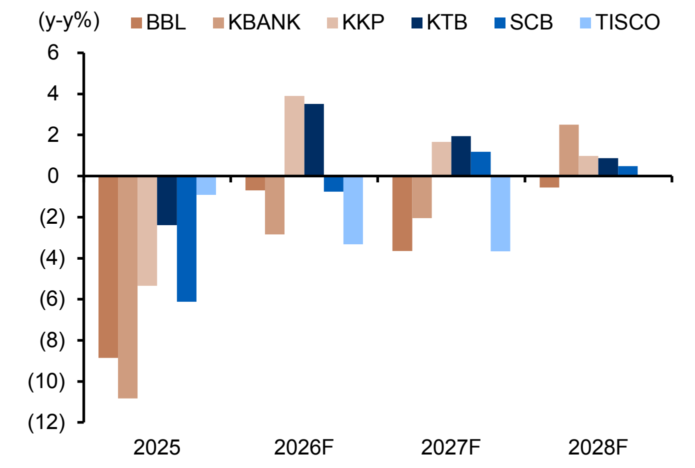
We expect banks to **remain selective**, focusing on existing customers with stronger collateral and better repayment records rather than pursuing aggressive volume growth. We estimate SME loans to decline by **-1% in 2026F and -1% in 2027F, before returning to +1% growth in 2028F**.

Ex 34: Growth In Covered Banks' SME Lending



Sources: Company data, ttb wealth estimates

Ex 35: Growth Of Each Bank



Sources: Company data, ttb wealth estimates

Retail loans: A gradual recovery

We expect gradual retail lending growth of +4/+3/+3% y-y in 2026-28F

Retail loans account for around 35% of total loans across our six covered banks and include mortgages, auto loans, personal loans and credit cards.

Growth has remained weak over the past three years due to high household debt, slower economic growth and tighter lending standards. We expect retail loan growth to gradually improve to **4% in 2026F, 3% in 2027F and 3% in 2028F, led mainly by secured lending.**

Unsecured lending remains cautious

Although credit card and personal loan demand improved during 2025 after the weakness in 2023–24, we expect banks to continue growing this segment cautiously. High household debt and asset quality concerns remain key constraints, meaning banks are likely to prioritize profitability and credit quality over loan growth.

Mortgages are improving gradually

Mortgage and auto loans should recover, while unsecured lending will likely be sluggish

Mortgage lending has already started to recover after a difficult period in 2023-24. Previously, weakness was concentrated in lower-priced housing and condominiums, where banks tightened approval standards significantly.

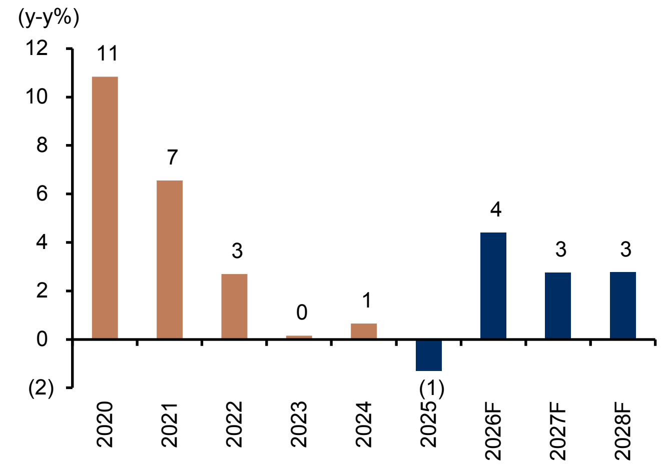
More recently, banks have shifted their focus towards higher-quality borrowers purchasing homes above Bt5m, where the credit risk is lower. Looking ahead, we expect mortgage growth to improve gradually as property demand recovers from a low base, GDP growth strengthens, and banks become more confident in extending new housing loans.

Auto loans have likely bottomed

We also believe the worst is over for auto lending. New vehicle sales appear to have passed the bottom after falling to a 15-year low of 572,000 units in 2024. Sales recovered by 8% in 2025 and have continued to improve, rising 14% y-y in 5M26. At the same time, used-car prices have started to stabilize, reducing pressure on collateral values.

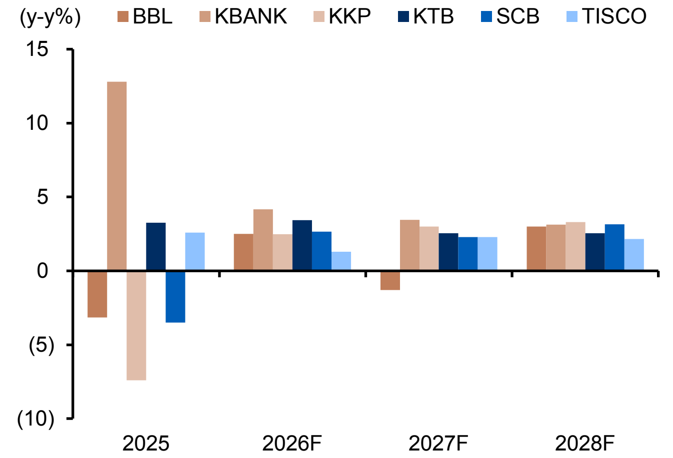
These trends suggest that asset quality risks are easing and loan demand is gradually returning. While we do not expect a sharp rebound, we believe auto lending has entered a recovery phase that should support moderate loan growth over the coming years.

Ex 36: Growth In Covered Banks' Retail Lending



Sources: Company data, ttb wealth estimates

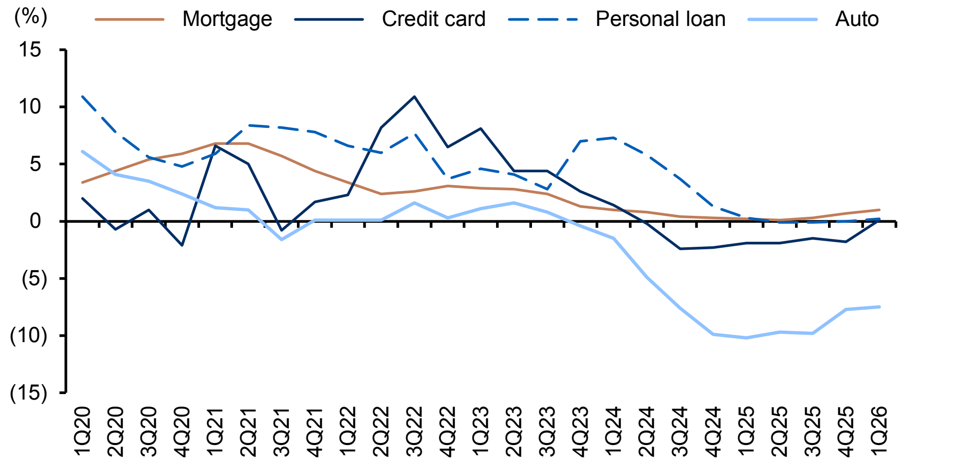
Ex 37: Growth Of Each Bank



Sources: Company data, ttb wealth estimates

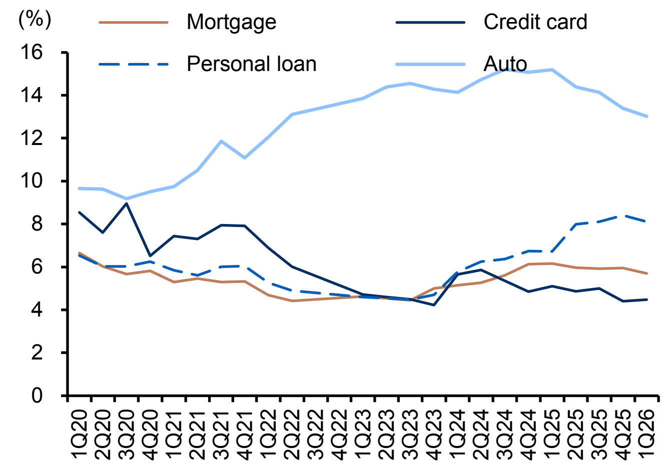
We provide a detailed analysis of each retail lending segment based on aggregate consumer loan data from the BoT, as shown in Exhibits 38-40 below.

Ex 38: Consumer Loan Growth



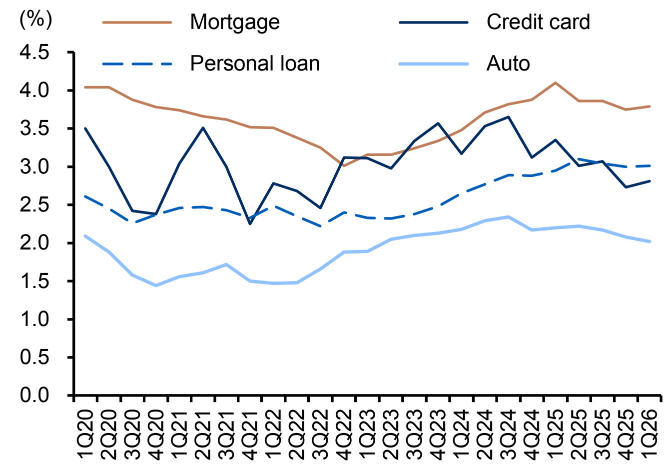
Source: Bank of Thailand

Ex 39: Stage 2 By Segment



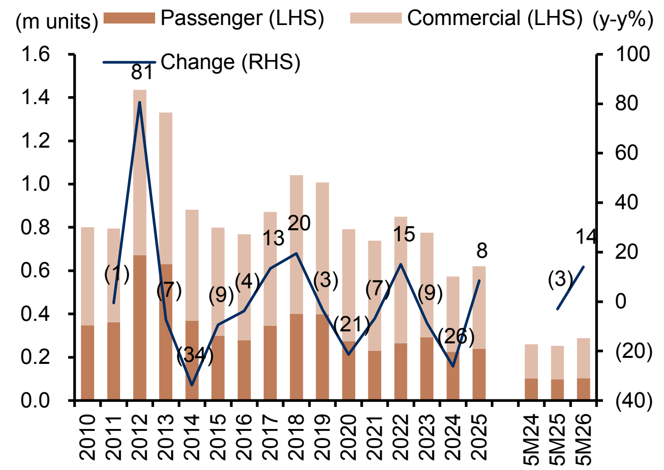
Source: BoT

Ex 40: NPLs By Segment



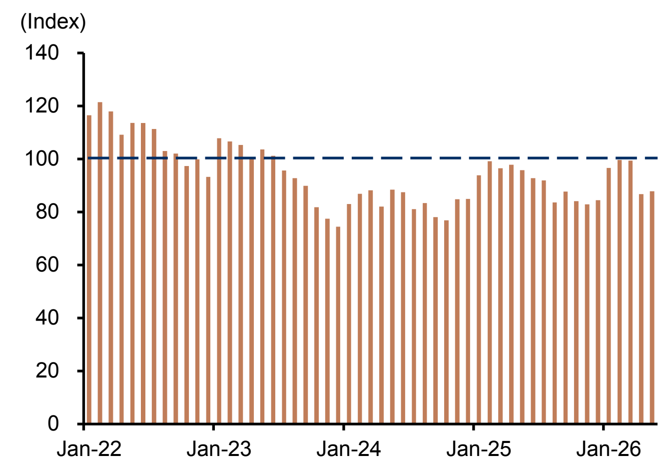
Source: BoT

Ex 41: Worst-ever Domestic Car Sales



Sources: The Federation of Thai Industries, ttb wealth estimates

Ex 42: Used Car Price Index



Source: Bank of Thailand

#3 Wealth management is the fee income engine

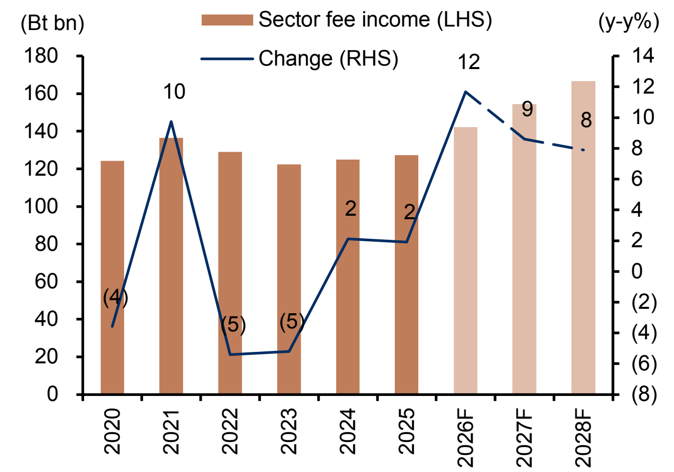
Wealth management business leading a fee income recovery

After declining in 2022–23, fee income has started to recover. Aggregate fee income for our six covered banks grew at a **2% CAGR in 2024–25**, and we believe the recovery is still in its early stages. Looking ahead, we estimate total fee income to grow by **12% in 2026F, 9% in 2027F, and 8% in 2028F**, driven mainly by wealth management and a gradual recovery in loan-related fees.

KKP should post the strongest fee income growth

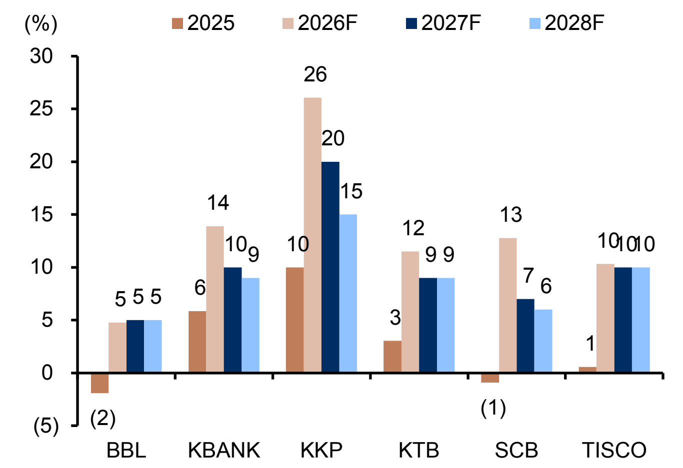
Among the group, KKP is ahead of the pack. We expect KKP's fee income to grow at a 20% CAGR over 2026–28F, driven by wealth businesses and the gradual recovery of loan-related fees. The bank has a long-established presence in the ultra-high-net-worth segment and is now expanding its wealth platform to serve clients across all wealth categories. Its broad product offering looks well-positioned to meet evolving client demand, while its partnership with Goldman Sachs further strengthens its investment solutions and advisory capabilities. Dime is another important growth driver.

Ex 43: Covered Banks' Fee Income Growth



Sources: Company data, ttb wealth estimates

Ex 44: Fee Income Growth By Bank



Sources: Company data, ttb wealth estimates

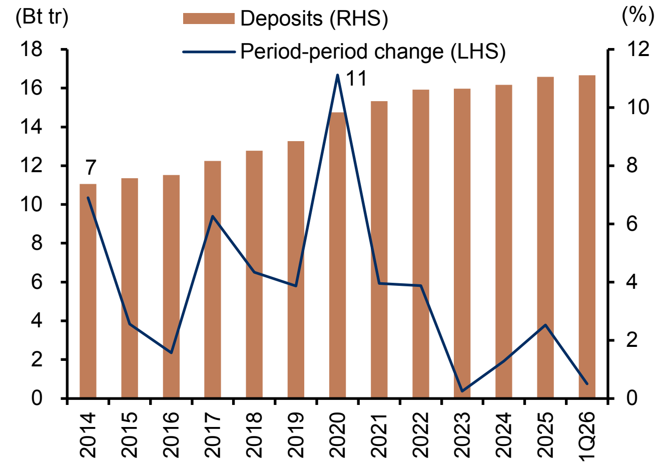
Why are banks focusing more on wealth management?

We believe banks are accelerating their wealth management strategy for three reasons:

Large deposit-to-wealth opportunity

First, the market opportunity is large. Thai households still keep a significant portion of their savings in low-yield deposits. This creates a long runway for banks to help customers shift into investment products. For banks, this is attractive because deposits are a funding cost, while investment products generate recurring fee income.

Ex 45: Commercial Banks' Deposits Keep Growing



Source: Bank of Thailand

Ex 46: ~80% of Deposits >Bt1m

Deposit by size	1Q26 (Bt m)	% of total
<= 50,000 baht	483,839	3%
> 50,000-100,000 baht	314,479	2%
> 100,000-200,000 baht	487,516	3%
> 200,000-500,000 baht	1,028,612	6%
> 500,000-1,000,000 baht	1,165,666	7%
> 1-10 million baht	4,563,450	27%
> 10-25 million baht	1,656,288	10%
> 25-50 million baht	1,198,449	7%
> 50-100 million baht	1,074,494	6%
> 100-200 million baht	958,718	6%
> 200-500 million baht	1,139,119	7%
> 500 million baht	2,590,906	16%
Total	**16,661,535**	**100%**

Source: Bank of Thailand

Wealth replaces transaction fee income

Second, banks need new sources of fee income. Since the BoT launched PromptPay in 2018, transaction fees have largely disappeared. While we expect the latest fee cuts, effective 1 July 2026, to have only a limited financial impact, they reinforce the structural pressure on fee income. As a result, banks can no longer rely on basic payment services for fee generation and are increasingly shifting their focus toward non-regulated, higher-value businesses such as asset management, brokerage, bancassurance, and investment advisory services.

Ex 47: BoT Fee Standardization Summary

No.	Category	Fee item	Standardized fee (cap)	Customer group	Effective date
1. Deposit accounts					
1		Statement request fee — up to 12 months of historical data (paper)	Max Bt100 / account / request (actual delivery costs may be charged)	Individuals, SMEs	1 Jul 2026
		Statement request fee — electronic (e-statement)	**Free**	Individuals, SMEs	1 Jul 2026
2		Bank confirmation / financial status certification fee	Max Bt100 / set / request (actual delivery costs may be charged)	Individuals, SMEs	1 Jul 2026
3		Dormant (inactive) account maintenance fee	**Free (exception: accounts with balance ≤ Bt2,000 that have been inactive for more than 1 year may be charged max Bt20 / month)**	Individuals	1 Jul 2026
2. Electronic cards					
4		Entrance + annual fee — basic ATM card	Combined max Bt150 / year	Individuals	1 Sep 2026
5		Entrance + annual fee — basic debit card	Combined max Bt200 / year	Individuals	1 Sep 2026
6		Credit card cash advance fee	Max 2.5% of amount withdrawn	Individuals, SMEs, corporates	1 Jul 2026

Sources: BoT, ttb wealth estimates

Ex 47: BoT Fee Standardization Summary (Con't)

No.	Category	Fee item	Standardized fee (cap)	Customer group	Effective date
3. Payment transactions					
7		Cross-zone / trunk-line fees — deposit / withdrawal / transfer at ATM, CDM, CRM	**Free**	Individuals, SMEs, corporates	1 Sep 2026
8		Cross-zone / trunk-line fees — deposit / withdrawal / transfer at branch	**Free (exception: cross-zone cash deposit/withdrawal at branch may be charged max 0.05% of transaction value)**	Individuals, SMEs, corporates	1 Jul 2026
9		Cross-zone / trunk-line fees — funds transfer via BAHTNET	**Free**	Individuals, SMEs, corporates	1 Jul 2026
10		Cross-zone / trunk-line fees — cheque deposit	**Free**	Individuals, SMEs, corporates	1 Jul 2026
11		Cross-zone / trunk-line fees — bill payment (goods & services)	**Free**	Individuals, SMEs, corporates	1 Sep 2026
12		Same-day bulk payment transfer fee	Max Bt20 / transaction	Individuals, SMEs, corporates	1 Sep 2026
13		BAHTNET transfer fee (electronic channels)	Max Bt100 / transaction	Individuals, SMEs	1 Oct 2026
14		Commission in lieu of exchange (CIL)* — rate	Max 0.125% of the amount, all currencies	Individuals, SMEs, corporates	1 Jul 2026
		Commission in lieu of exchange* — minimum / maximum (individuals & SMEs)	Minimum charge max Bt300; maximum charge max Bt2,000	Individuals, SMEs	1 Oct 2026
		Commission in lieu of exchange* — transfers between accounts within the same bank	**Prohibited (no charge allowed)**	Individuals, SMEs, corporates	1 Jul 2026
4. SME lending					
15		Front-end fee (credit facility utilization fee)	Max 2.5% of credit line (for lines below Bt15m, charge must not exceed Bt250,000)	SMEs	1 Sep 2026
16		Fee for extending the drawdown period of a term loan facility	**Free (exception: if the customer receives an increased credit line, the item-15 fee may be charged on the incremental line only)**	SMEs	1 Sep 2026
17		Fee for renewing a revolving loan facility	**Free (exception: if the customer receives an increased credit line, the item-15 fee may be charged on the incremental line only)**	SMEs	1 Sep 2026
18		Prepayment fee — term loans	Max 3% of outstanding principal (free if principal repaid exceeds half of the amount actually drawn AND repayment period served exceeds half of the loan tenor, counted from drawdown date)	SMEs	1 Sep 2026
19		Credit line cancellation fee	**Free where (a) a commitment fee / line-reservation charge has already been collected, or (b) the borrower has already drawn down the line, in part or in full**	SMEs	1 Sep 2026

Sources: BoT, ttb wealth estimates

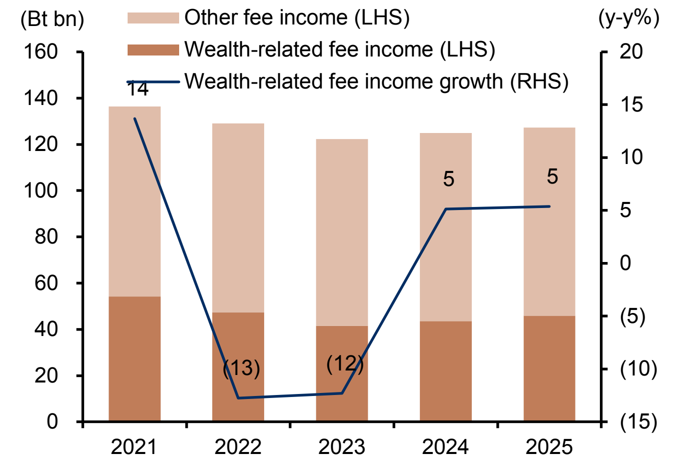
Shift toward fee-driven growth from NII

Third, slower loan growth and lower interest rates have increased the importance of non-interest income. As NII came under pressure during 2025-26, fee income has become an increasingly important earnings driver.

The shift from deposits to investments has already begun

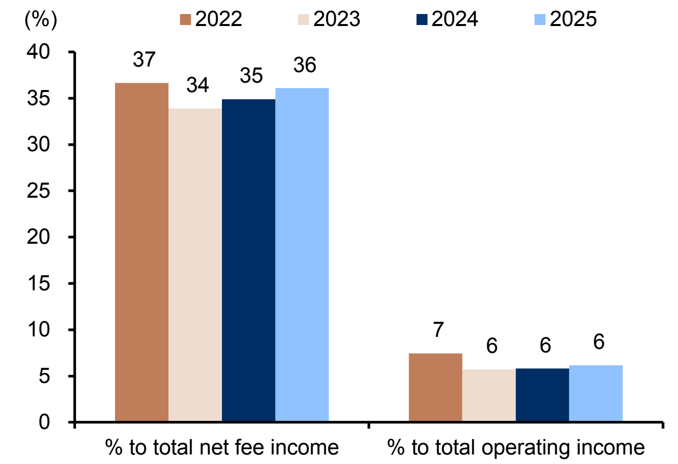
The strategy is starting to deliver results. Our covered banks' wealth management fee income grew at a **5% CAGR during 2024–25**, while its contribution to total fee income increased from **34% in 2023** to **36% in 2025**.

Ex 48: Wealth-Related Fee Income Growth



Sources: Company data, ttb wealth estimates

Ex 49: % Of Wealth-Related Fee Income



Sources: Company data, ttb wealth estimates

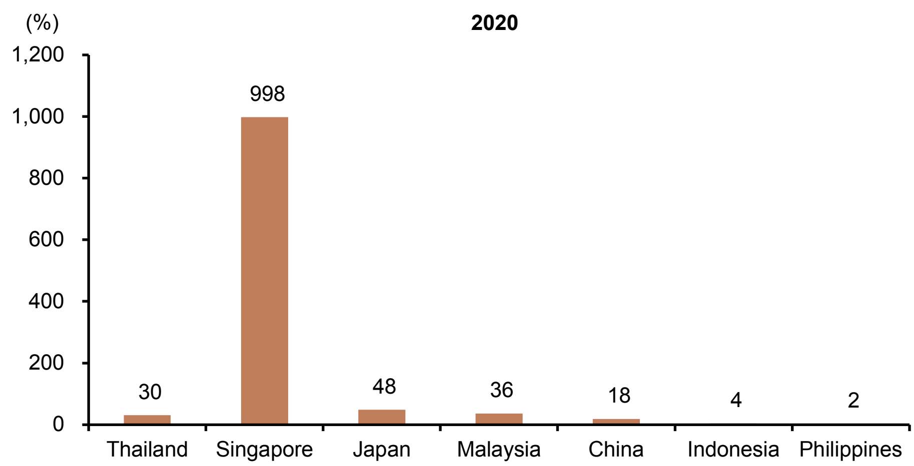
Growing wealth adoption, significant upside ahead

Banks have expanded their investment product offerings, including offshore funds, depositary receipts (DRs) and other investment solutions, while investing more in financial advice and client education. As a result, more customers are gradually moving their savings from deposits into investment products.

Industry data shows the same trend. Mutual fund assets under management reached **Bt6.46tr in 2025**, up **9% y-y** and **25% over the past two years**, while fixed deposits declined **9%** over the same period.

We also believe Thailand still has significant room to grow. In 2020, mutual fund assets account for only around **30% of GDP**, compared with **48% in Japan**, **38% in Korea**, and **36% in Malaysia**.

Ex 50: Mutual Funds To GDP As Of 2020



Sources: Company data, ttb wealth estimates

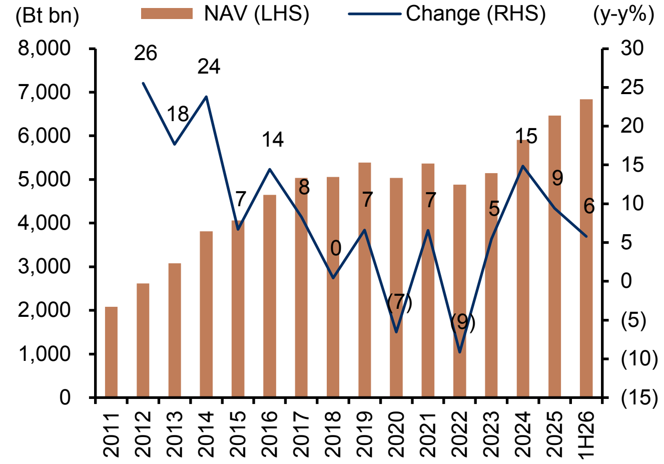
KKP and KBANK are leading the wealth race

KKP dominates wealth, BBL lags

Among our covered banks, **KKP** has built the strongest wealth franchise. Its mutual fund AUM reached **88% of deposits**, the highest in our coverage, while AUM grew at a **43% CAGR during 2023–25**.

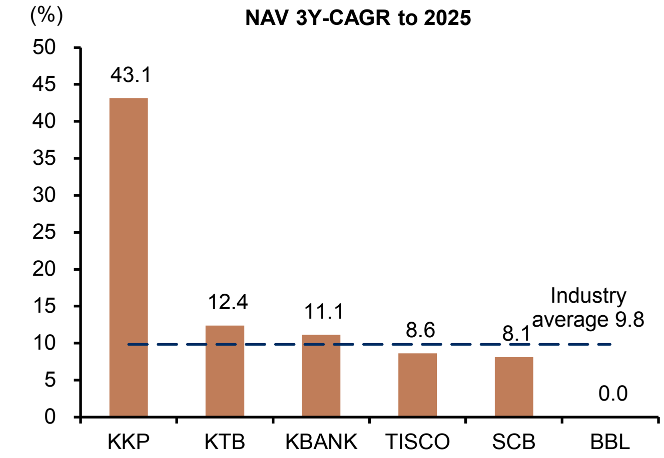
Among the large banks, KBANK stands out with the highest AUM-to-deposit ratio at 53% and an 11% AUM CAGR. It is followed by SCB, KTB and TISCO. BBL remains the weakest player, with an AUM-to-deposit ratio of 24% and broadly flat AUM. We view this as a potential opportunity if the bank decides to place greater strategic focus on wealth management.

Ex 51: Total Thailand Mutual Fund NAV Growth



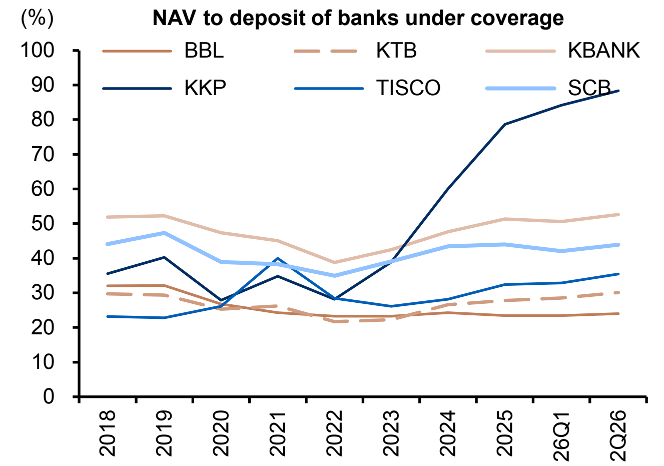
Sources: AIMC, ttb wealth estimates

Ex 52: Mutual Fund NAV Growth By Bank



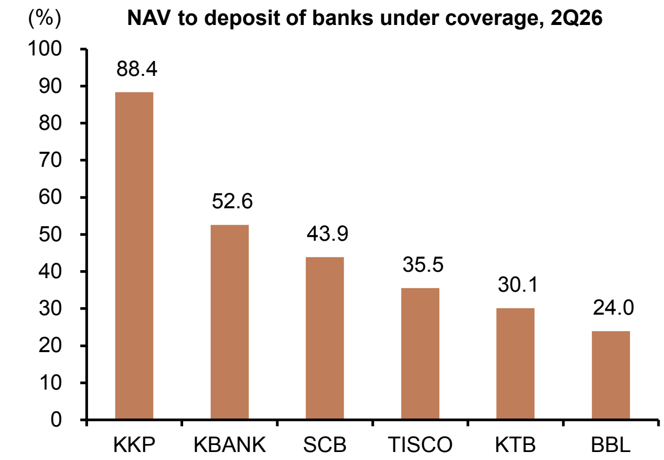
Sources: AIMC, ttb wealth estimates

Ex 53: Mutual Fund NAV to Deposits By Bank



Sources: AIMC, Company data, ttb wealth estimates

Ex 54: Mutual Fund NAV to Deposits By Bank



Sources: AIMC, Company data, ttb wealth estimates

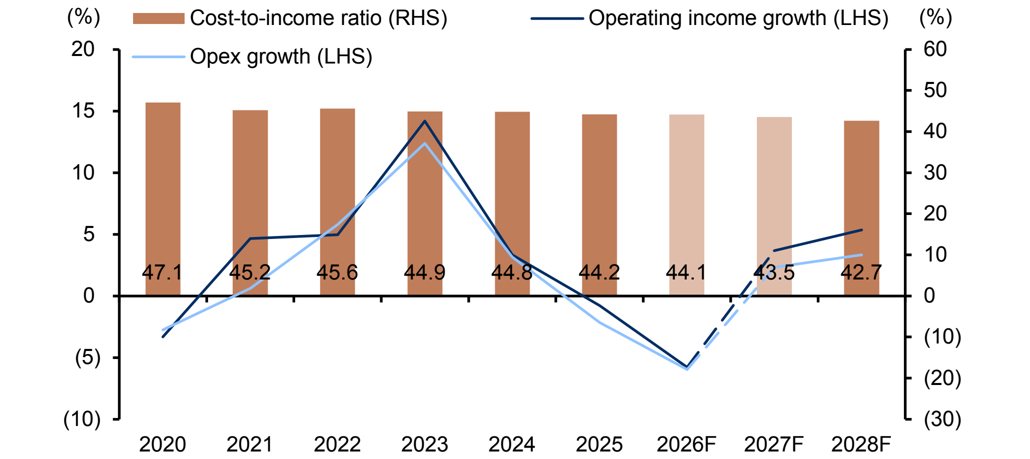
#4 Cost discipline remains a structural earnings buffer

Cost discipline protects earnings through downturns

One of the key reasons why Thai banks have consistently outperformed earnings expectations during downturns is their ability to control costs. Unlike revenue, which is affected by interest rates and economic conditions, operating expenses are largely within management's control. This has made cost discipline an important earnings buffer whenever revenue growth slows.

The track record has been strong. Over the past five years, despite COVID-19, high inflation, and a prolonged period of weak loan growth, Thai banks have kept their aggregate cost-to-income ratio around 45%. The only exception was in 2020, when the ratio temporarily increased to 47%, mainly due to BBL's acquisition of Permata Bank rather than a broad deterioration in cost efficiency.

Ex 55: Parallel Growth In Operating Income And Opex

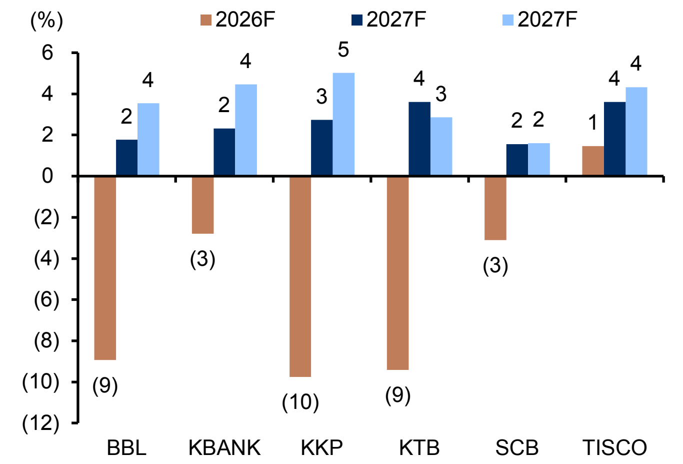


Sources: Company data, Thanachart estimates

Sector's cost-to-income ratio to keep improving to 42.7% in 2028F

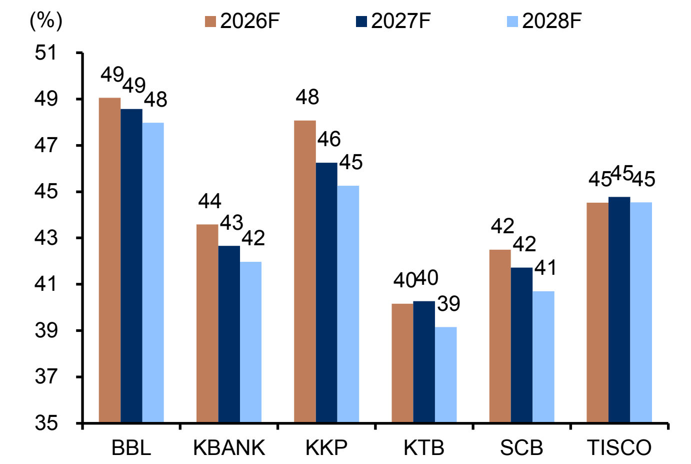
We expect this discipline to continue. Aggregate operating expenses declined **2% y-y in 2025**, and we estimate a further **6% decline in 2026F**, despite continued investment in digital platforms and technology. As revenue begins to recover, we expect banks to keep cost growth well below income growth, with aggregate opex increasing by only around **3% p.a.** in 2027-28F. As a result, we project the sector's cost-to-income ratio to improve from **44.1% in 2026F** to **42.7% in 2028F**.

Ex 56: Opex Growth By Bank



Sources: Company data, ttb wealth estimates

Ex 57: Cost-To-Income Ratio By Bank



Sources: Company data, ttb wealth estimates

We believe this structural improvement is supported by two long-term trends:

Digitalization driving structural cost savings

First, banks continue to simplify their operating models. Digital banking has reduced the need for physical branches and manual processes. Over the past five years, banks have steadily reduced both branch networks and employee numbers while maintaining customer service through digital channels. Staff costs account for around 46% of total operating expenses, making workforce optimization one of the most effective ways to improve efficiency.

The pace of restructuring has accelerated recently. During 2025, **KBANK, SCB and KKP** reduced headcount by **9.2%, 7.8%, and 6.4% y-y**, respectively. We believe this reflects the broader adoption of automation and artificial intelligence across both customer-facing operations and back-office functions. This trend is still in its early stages and looks set to continue over the next several years.

Ex 58: Headcount

(people)	2020	2021	2022	2023	2024	2025	2024/25 y-y	5Y-CAGR
BBL	24,359	22,692	21,294	20,917	21,135	21,157	0.1%	-2.8%
KBANK	19,862	19,153	18,840	18,899	18,948	17,200	-9.2%	-2.8%
KKP	4,268	4,323	4,614	4,815	4,786	4,480	-6.4%	1.0%
KTB	20,262	18,937	17,157	16,421	16,447	16,467	0.1%	-4.1%
SCB	27,261	26,929	29,354	31,932	32,303	29,796	-7.8%	1.8%
TISCO	5,013	4,879	5,090	5,496	5,790	5,610	-3.1%	2.3%
TTB	17,009	15,102	15,556	15,320	14,529	13,621	-6.2%	-4.3%
Total	**118,034**	**112,015**	**111,905**	**113,800**	**113,938**	**108,331**	**-4.9%**	**-1.7%**

Sources: Company data, ttb wealth estimates

Ex 59: No. Of Branches

(branches)	2020	2021	2022	2023	2024	2025	2024/25 y-y	5Y-CAGR
BBL	1,128	1,059	891	847	791	722	-8.7%	-8.5%
KBANK	863	842	827	812	783	734	-6.3%	-3.2%
KKP	65	65	62	62	62	55	-11.3%	-3.3%
KTB	980	981	949	928	925	924	-0.1%	-1.2%
SCB	854	754	695	644	630	600	-4.8%	-6.8%
TISCO	58	55	53	51	50	51	2.0%	-2.5%
TTB	457	636	569	532	472	432	-8.5%	-1.1%
Total	**4,405**	**4,392**	**4,046**	**3,876**	**3,713**	**3,518**	**-5.3%**	-4.4%

Sources: Company data, ttb wealth estimates

High proportion of variable expenses

Second, a meaningful portion of banks' cost base is variable rather than fixed. Marketing, business promotion, and certain administrative expenses can be adjusted quickly when revenue slows. This gives management flexibility to protect profitability without affecting long-term franchise value. We have seen this repeatedly over the past few years, with banks consistently reducing discretionary spending whenever operating income weakened.

SCB and KTB lead cost efficiency

Among our covered banks, **SCB remains one of the sector leaders in cost efficiency**, having reported the lowest cost-to-income ratio for the past two years. We expect SCB to maintain this position through continued branch optimization, digitalization, and disciplined expense management.

We are also increasingly positive on **KTB's** cost outlook. Following proactive provisioning for non-performing assets during 2023-24, together with ongoing branch and workforce rationalization, we expect KTB's cost-to-income ratio to continue improving, making it the **most efficient bank in our coverage by 2028F**.

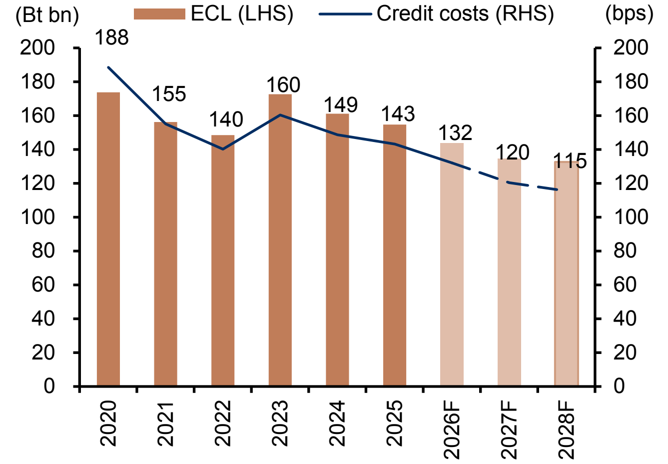
#5 Credit costs remain on a downward trend

Credit cost cycle turning favorable, with TISCO and KTB the best placed

We believe credit costs will continue to normalize over the next few years, becoming another important earnings tailwind for Thai banks. After peaking at **188bps in 2020** during the COVID period, aggregate credit costs for our six covered banks have steadily declined to **143bps in 2025**. We estimate a further decline to **132bps in 2026F**, followed by **120bps in 2027F** and **115bps in 2028F**.

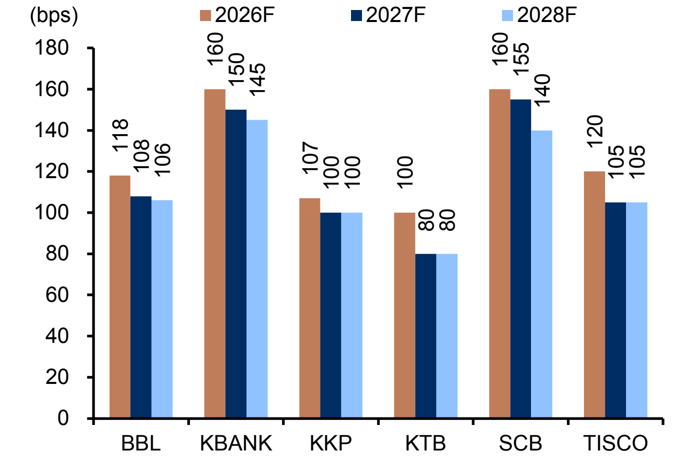
Among our covered banks, we expect KTB and TISCO to deliver the largest decline in credit costs over our forecast period. Both banks benefit from resilient asset quality, conservative underwriting standards and strong provision coverage, providing greater room for earnings improvement as credit costs continue to normalize.

Ex 60: Covered Banks' Credit Costs And ECL



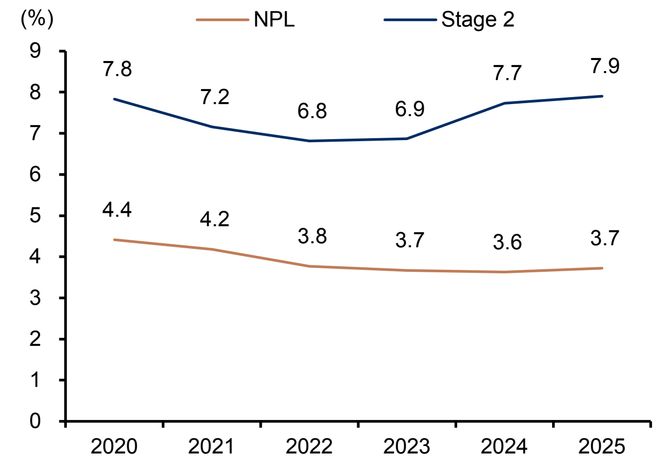
Sources: Company data, ttb wealth estimates

Ex 61: Credit Costs By Bank



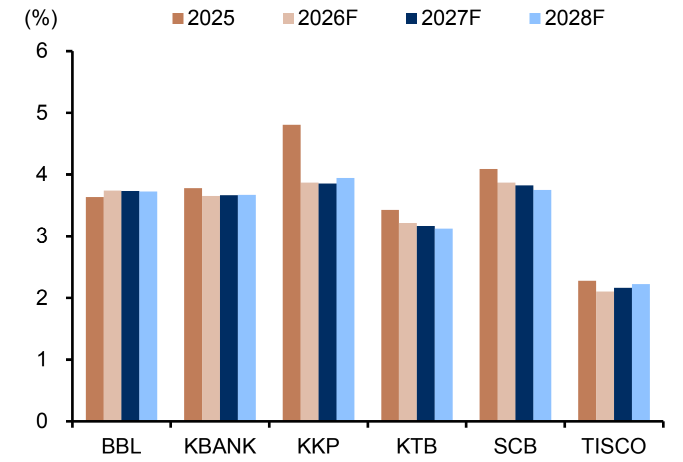
Sources: Company data, ttb wealth estimates

Ex 62: Covered Banks' NPL And Stage 2 Ratios



Sources: Company data, ttb wealth estimates

Ex 63: NPL Ratio By Bank



Sources: Company data, ttb wealth estimates

Our confidence is based on three factors: stable asset quality, the completion of banks' balance sheet clean-up, and ample provision buffers accumulated over the past several years.

1) Asset quality remains healthier than expected

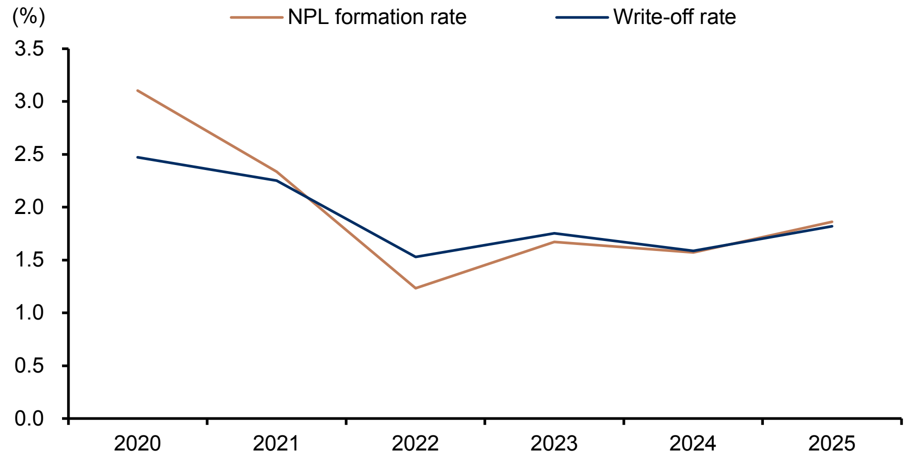
No broad asset quality deterioration despite a challenging operating environment

Despite a challenging operating environment, including weak domestic demand, high household debt, and the Middle East conflict, we have yet to see any broad deterioration in asset quality.

New problem loan formation has remained remarkably stable. Across our six covered banks, the NPL formation rate has stayed within 1.5-2.0% over the past two years, well below the 3.1% recorded in 2020 and 2.3% in 2021 during the pandemic. This is consistent with the BoT's system-wide data, which also shows a continued improvement in NPL inflows.

The latest earnings season further supports our positive outlook. Despite concerns surrounding the Middle East conflict, none of our covered banks have reported any material deterioration in asset quality. Credit quality remained broadly stable across the sector. The only exception has been SCB, where higher NPL formation has largely been driven by bank-specific factors, including the reclassification of certain corporate borrowers and the extension of AutoX's write-off policy from 180 days to 365 days, rather than a broad deterioration in borrower quality.

Ex 64: NPL Inflows And NPL Outflows



Sources: Company data, ttb wealth estimates

2) Balance sheet clean-ups are largely complete

Less balance sheet repair activity supports lower credit costs

Equally important, banks no longer need to clean up their balance sheets as aggressively as they did during 2022-24.

Following the pandemic, Thai banks accelerated NPL sales, write-offs and debt restructuring to remove legacy problem loans. As a result, **NPL outflows have gradually normalized**, indicating that most legacy problem assets have already been addressed.

This should also reduce future provisioning needs. Aggressive write-offs and NPL sales typically require banks to set aside additional provisions before disposing of problem assets. As these balance sheet clean-up activities become less necessary, banks should naturally require lower provisions going forward.

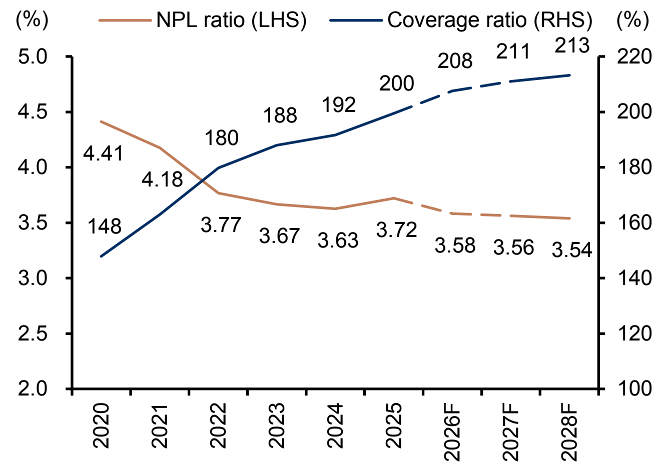
3) Strong provision buffers provide further support

High coverage ratios reduce provisioning needs

Another reason we are comfortable forecasting lower credit costs is that Thai banks have already built up substantial reserve buffers.

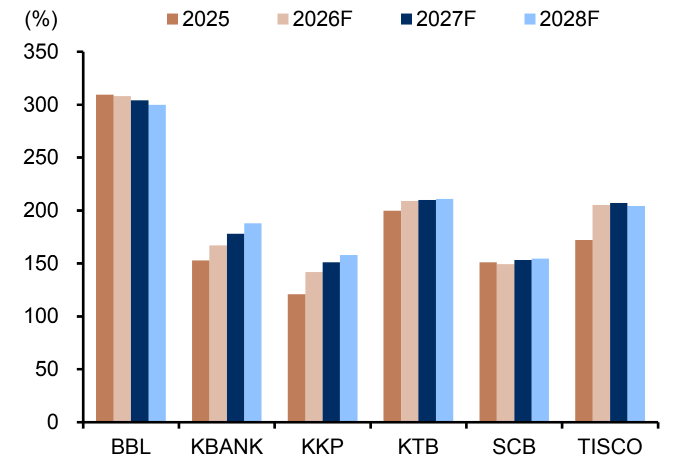
Since COVID, banks have maintained conservative provisioning policies and accumulated sizeable management overlays. As a result, the average **NPL coverage ratio** of our covered banks has increased from **148% in 2020** to around **200% in 2025**, among the highest levels in many years. These buffers provide ample protection against potential macro uncertainty and reduce the need for elevated provisioning going forward.

Ex 65: Covered Banks' NPL Ratio And Coverage Ratio



Sources: Company data, ttb wealth estimates

Ex 66: Coverage Ratio By Bank



Sources: Company data, ttb wealth estimates

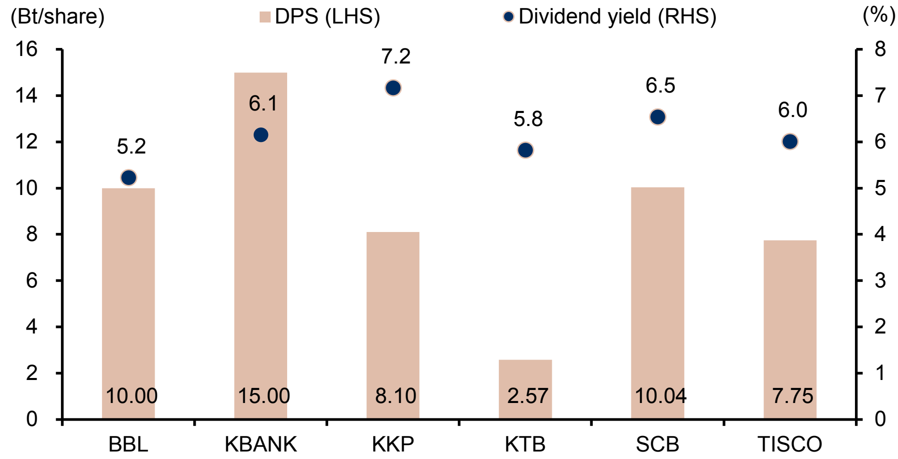
The easy part of the dividend cycle

Banking sector still offers attractive dividend yields of 6-7% p.a.

Some investors believe the capital return story is largely over after the recent wave of higher payout ratios and share buyback announcements. We take a different view.

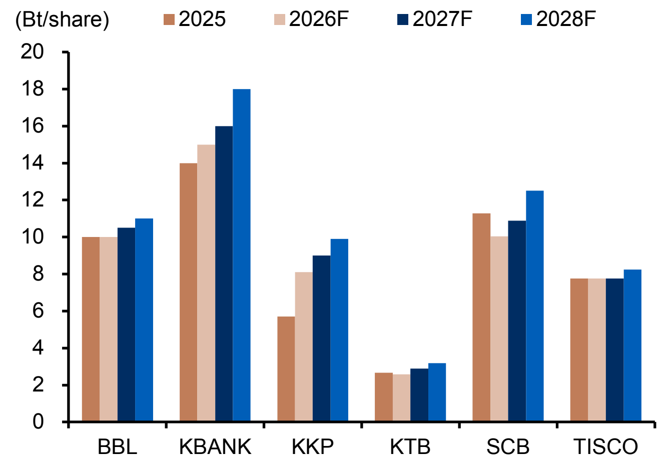
We believe the story is evolving rather than ending. In the past two years, dividend growth was driven mainly by higher payout ratios and buybacks. Going forward, we expect dividend growth to be increasingly supported by earnings growth, while payout ratios remain high. We continue to project **attractive sector dividend yields of 6-7% p.a. in 2026-27F**, despite the recent share price rallies. Our higher earnings forecasts and higher payout assumptions support further DPS growth, with **KKP offering the highest prospective yield of around 7% and BBL the lowest at around 5%.**

Ex 67: 2026F Dividend Return Of Each Bank



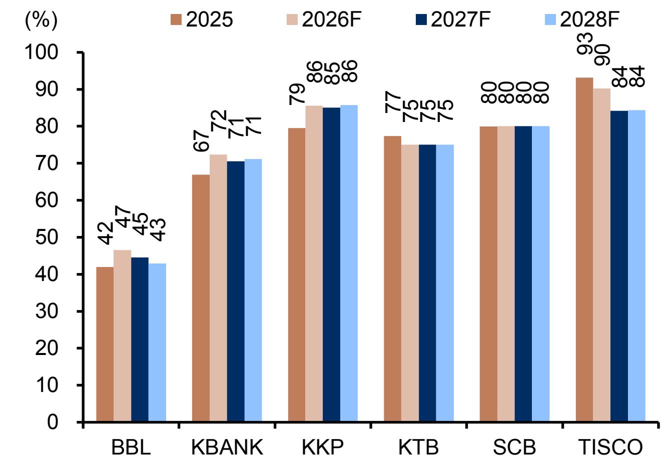
Sources: Company data, ttb wealth estimates

Ex 68: DPS Forecasts By Bank



Sources: Company data, ttb wealth estimates

Ex 69: Dividend Payout Ratios By Bank



Sources: Company data, ttb wealth estimates

Earnings growth leads to higher DPS

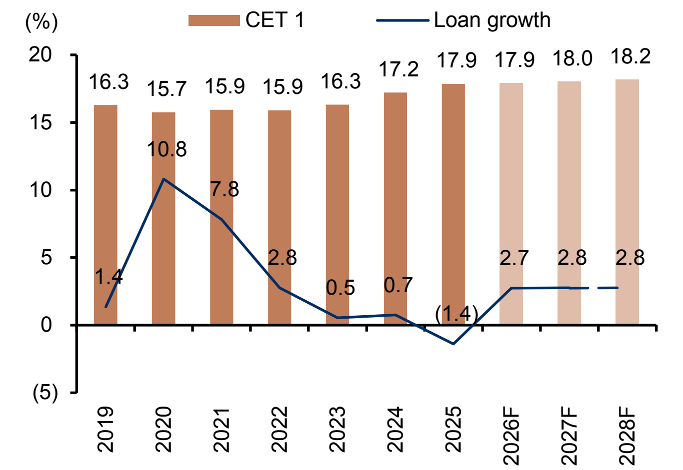
Earnings growth becoming the new dividend driver

For many years, Thai banks accumulated capital faster than they could deploy it. Management kept large capital buffers because loan growth was strong and asset quality remained uncertain. That backdrop has changed.

Loan growth is recovering but should remain moderate, below historical levels, meaning banks do not need to retain as much capital as in previous cycles. At the same time, several years of conservative underwriting, balance-sheet clean-ups, and elevated provisioning have produced healthier balance sheets and some of the strongest capital ratios in the sector's history.

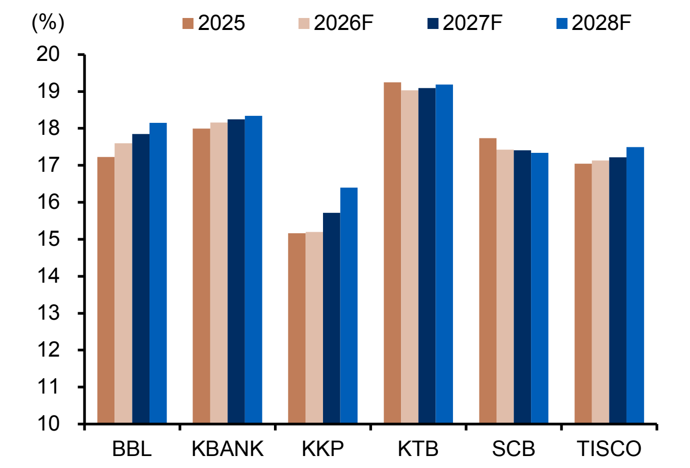
As earnings enter a new growth cycle, banks can increase dividends without relying solely on further payout expansion. We expect earnings growth and capital management to work together to support sustainable shareholder returns.

Ex 70: Sector Loan Growth Vs. CET 1



Sources: Company data, ttb wealth estimates

Ex 71: CET 1 By Bank



Sources: Company data, ttb wealth estimates

Better capital management reflects confidence

We also believe higher payouts send a much stronger message than simply returning excess capital.

Banks are unlikely to commit to structurally higher payout ratios unless they are confident that earnings, capital generation and asset quality are sustainable. In our view, the willingness to distribute more capital reflects management's confidence that today's balance sheets are strong enough to support future growth while maintaining comfortable capital buffers.

This represents an important change from the past, when excess capital often remained idle on balance sheets and diluted shareholder returns.

We mostly raise our dividend forecasts

Dividend forecasts mostly revised higher across the sector

Reflecting both stronger earnings forecasts and higher payout assumptions, we revise our dividend forecasts across the sector.

- **KKP:** Following stronger capital from Warrant 6 and ESOP proceeds, we therefore increase our payout ratio assumptions to 86% p.a. in 2026–28F (from 75%), resulting in a 34–52% increase in our DPS forecasts.

- **KTB:** we raise our 2026–27F payout ratio assumptions to 75% from 65%. We believe the bank has ample capacity to distribute more capital, supported by its exceptionally strong 19% CET1 ratio (2Q26), healthy asset quality, and a 202% NPL coverage ratio. Together with our higher earnings forecasts, this lifts our DPS estimates by 18-23% in 2026–28F.

- **KBANK:** We raise our 2026–28F DPS forecasts to Bt15.0/16.0/18.0 from Bt13.0/14.0/14.0, reflecting our higher earnings forecasts.

- **BBL:** We keep our near-term 2026F DPS at Bt10.0, as we expect the bank to remain conservative amid a still-sluggish macro backdrop. That said, with upward revisions to both 2027-28E, we lift our 2027-28F DPS to Bt10.5/11.0, reflecting BBL's substantial capacity to raise payouts once external conditions improve.

- **TISCO:** We leave our DPS forecasts unchanged. With an already high payout ratio of over 90%, we expect it to maintain a stable DPS of Bt7.75 over 2025–27F.

- **SCB:** We leave our payout ratio assumption unchanged at 80%, the highest among the large banks. However, our lower earnings forecasts reduce our 2026–27F DPS estimates by 5–7%.

Ex 72: Change in DPS Assumptions

	Current DPS (Bt)			Previous DPS (Bt)			Change (%)		
	2026F	2027F	2028F	2026F	2027F	2028F	2026F	2027F	2028F
BBL	10.00	10.50	11.00	10.00	10.00	10.00	-	5	10
KBANK	15.00	16.00	18.00	13.00	14.00	14.00	15	14	29
KKP	8.10	9.00	9.90	6.06	6.26	6.52	34	44	52
KTB	2.57	2.88	3.18	2.19	2.35	2.68	18	23	18
SCB	10.04	10.89	12.50	10.78	11.49	11.64	(7)	(5)	7
TISCO	7.75	7.75	8.25	7.75	7.75	7.75	—	—	6

Source: ttb wealth estimates

Ex 73: Change in Dividend Payout Ratio Assumptions

	Current payout ratio (%)			Previous payout ratio (%)			Change (ppt)		
	2026F	2027F	2028F	2026F	2027F	2028F	2026F	2027F	2028F
BBL	47	45	43	45	43	42	1	1	1
KBANK	72	71	71	67	67	63	5	3	8
KKP	86	86	86	75	75	75	11	11	11
KTB	75	75	75	65	65	70	10	10	5
SCB	80	80	80	80	80	80	—	—	—
TISCO	90	84	84	92	91	88	(2)	(7)	(4)

Source: ttb wealth estimates

What this means for 2026F interim dividends

Thai banks pay dividends semi-annually: interim dividends are announced around August and paid in September–October; final dividends are announced around February and paid in April–May. Interim payments are typically modest — only 10–20% of the full-year total, translating to 1–2% yields. Given the strength of 1H26 results, we expect KKP and KTB specifically to raise their interim DPS this year, with other banks likely to hold interim payments roughly in line with last year's levels as they wait for full-year visibility before committing to a higher final payout.

Ex 74: Interim Dividend Summary

(Bt/share)	2023	2024	2025	2026F	2026F yield	Expected announcement
BBL	2.00	2.00	2.00	2.00	1.0%	Last week of August
KBANK	0.50	1.50	2.00	2.00	0.8%	Last week of August
KKP	1.25	1.25	1.50	2.00	1.7%	Last week of August
KTB	n/a	n/a	0.43	0.51	1.2%	Last week of August
SCB	2.50	2.00	2.00	2.00	1.3%	Last week of August
TISCO	2.00	2.00	2.00	2.00	1.5%	Last week of September

Sources: Company data, ttb wealth estimates

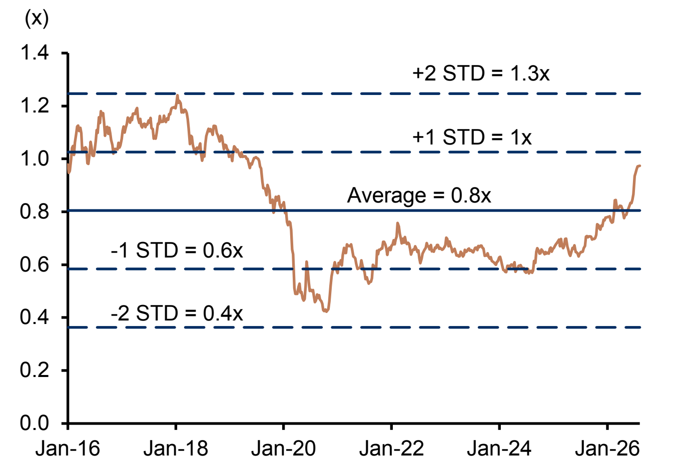
Why Thai banks deserve a higher valuation

Valuation depends on earnings quality, not just ROE

One of the most common questions we receive from investors is whether Thai banks' valuations have already become too expensive after their recent share price rallies. Historically, investors have relied on a simple rule of thumb: a bank generating a 10% ROE should trade at around 1.0x P/BV, while a 12% ROE justifies around 1.2x P/BV. We believe this framework is becoming increasingly outdated.

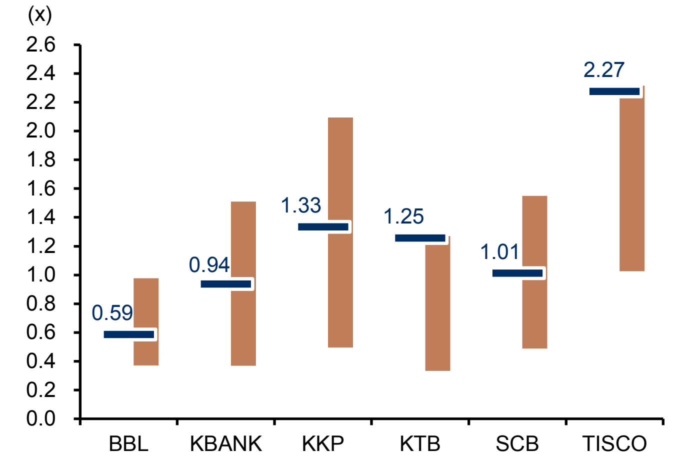
Valuation is determined not only by the level of ROE, but also by the quality, sustainability, and risk of those earnings. A bank generating a stable 10% ROE with a clean balance sheet, recurring fee income, and a high dividend payout deserves to trade at a premium to another bank generating the same ROE through more cyclical lending and higher credit risk. We believe Thai banks are undergoing exactly this structural transformation.

Ex 75: Sector's P/BV STD Band



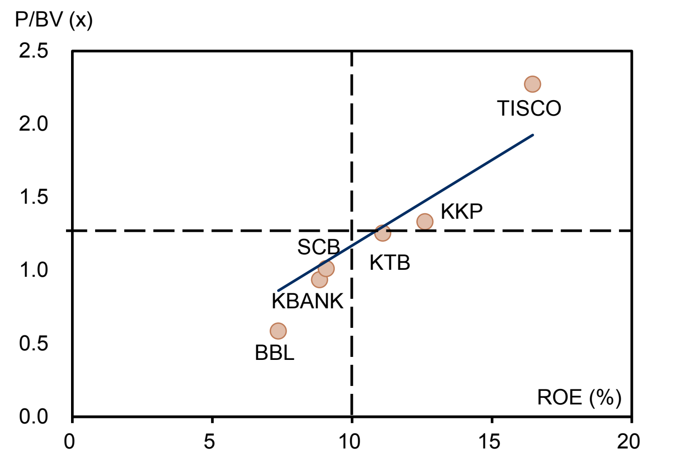
Sources: Bloomberg, ttb wealth estimates

Ex 76: P/BV Current Vs. 10-yr Average Of Each Bank



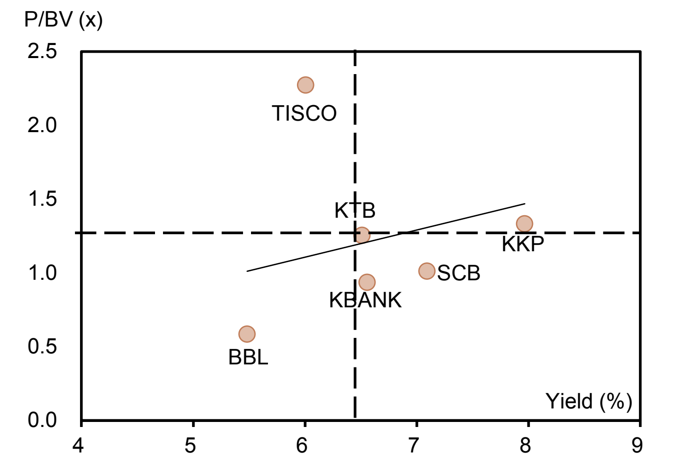
Sources: Bloomberg, ttb wealth estimates

Ex 77: 2027F P/BV And ROE



Sources: Bloomberg, ttb wealth estimates

Ex 78: 2027F P/BV And Yield



Sources: Bloomberg, ttb wealth estimates

TISCO provides the blueprint

TISCO shows what deserves a premium

TISCO has consistently traded at the highest valuation multiple among Thai banks for many years. While its superior ROE has certainly been a factor, we do not believe ROE alone explains the premium. Instead, TISCO's re-rating since around 2016 was driven by three structural changes.

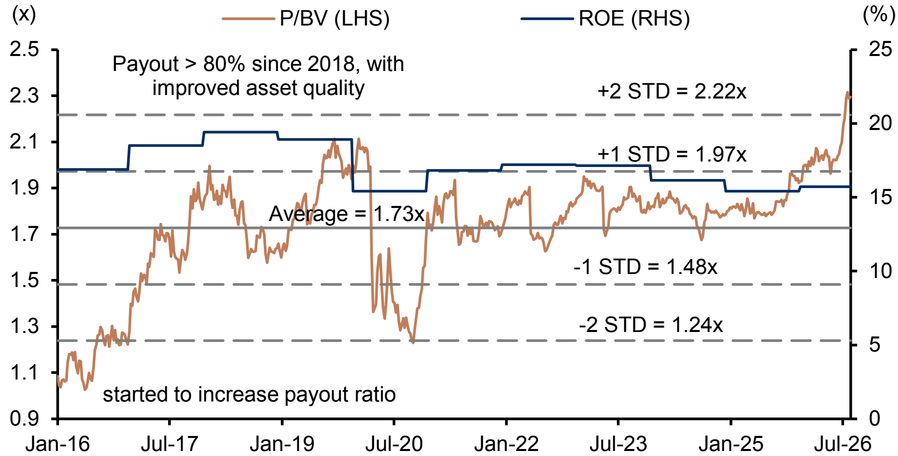
First, management fundamentally changed its capital allocation strategy. As loan growth slowed following the First Car Scheme, TISCO shifted from retaining excess capital to returning it to shareholders. The payout ratio increased from around 35% before 2016 to 56% in 2016, 65% in 2017 and more than 80% since 2018. Investors gradually became confident that TISCO could deliver high and sustainable dividends throughout the cycle.

Second, earnings became more capital-light. Wealth management, brokerage and asset management became increasingly important earnings drivers, reducing reliance on traditional lending. Even after PromptPay permanently reduced transaction fees across the industry in 2018, TISCO continued to grow fee income through higher-quality businesses.

Third, the balance sheet became structurally stronger. Following the asset quality problems after the First Car Scheme, management adopted a much more conservative underwriting approach and aggressively cleaned up the loan portfolio. Credit costs became more predictable, asset quality remained healthy, and the stronger balance sheet reinforced confidence in sustainable dividend payments.

Importantly, the market rewarded these structural improvements, not simply a higher ROE.

Ex 79: TISCO's P/BV And ROE



Sources: Bloomberg, ttb wealth estimates

We believe the rest of the sector is entering the same phase

In our view, Thai banks today resemble where TISCO was in around 2016. Three structural changes are now occurring across the sector.

1) Capital management is becoming much more shareholder-friendly

All banks shifting toward shareholder-friendly capital allocation

For many years, Thai banks accumulated excess capital while loan growth remained weak. That approach made sense when banks faced elevated credit risks and uncertain economic conditions. Today, however, loan growth is likely to remain moderate, capital ratios remain well above regulatory requirements, and balance sheets are substantially stronger.

As a result, banks have started managing capital much more efficiently through higher payout ratios and, more recently, share buybacks. We believe this is not a one-off event. Rather, it reflects a structural change in capital allocation. We believe higher payout ratios today should be viewed as the beginning – and not the end – of the capital return story.

2) Earnings are becoming more capital-light

Wealth management improves earnings quality

Another important change is the increasing contribution from wealth management and capital market businesses.

PromptPay permanently reduced transaction fee income several years ago, forcing banks to develop new fee businesses. Since then, banks have successfully expanded wealth management, brokerage, bancassurance and investment advisory services.

These businesses require very little capital while generating recurring fee income. As wealth-related revenue becomes a larger share of earnings, overall earnings quality improves and becomes less dependent on loan growth.

3) Today's book value is worth more than it was five years ago

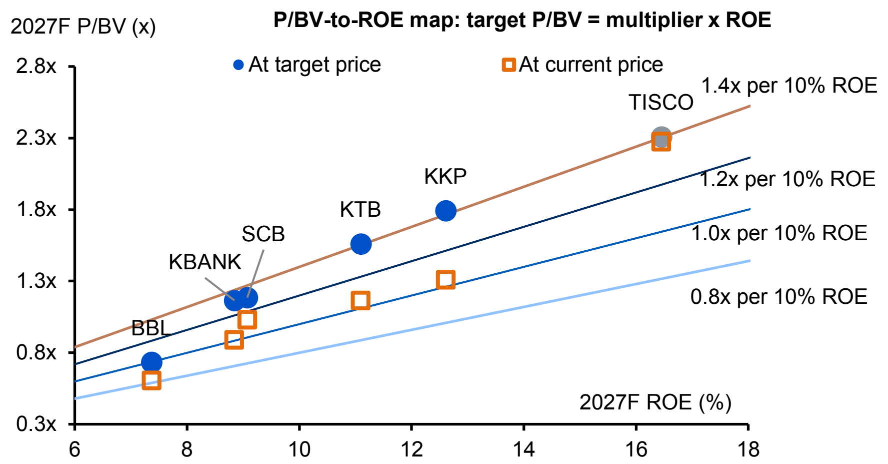
Balance sheet quality supports valuation premiums

Perhaps the most overlooked change is the significant improvement in balance-sheet quality.

Over the past four years, Thai banks have aggressively cleaned up their balance sheets through write-offs, NPL sales, restructuring, and much tighter underwriting standards. As a result, NPL formation has normalized, coverage ratios are near historical highs, and credit costs continue to trend lower.

We believe investors should be willing to pay a higher multiple for a stronger balance sheet, even if reported book value is unchanged.

Ex 80: P/BV-to-ROE Map



Sources: Company data, ttb wealth estimates

Our valuation preferences

TISCO should continue to command the highest valuation in the sector. Our 2027F TP of Bt131 implies 2.3x P/BV, supported by its sector-leading 16–17% ROE, resilient earnings profile and sustainable high dividend return.

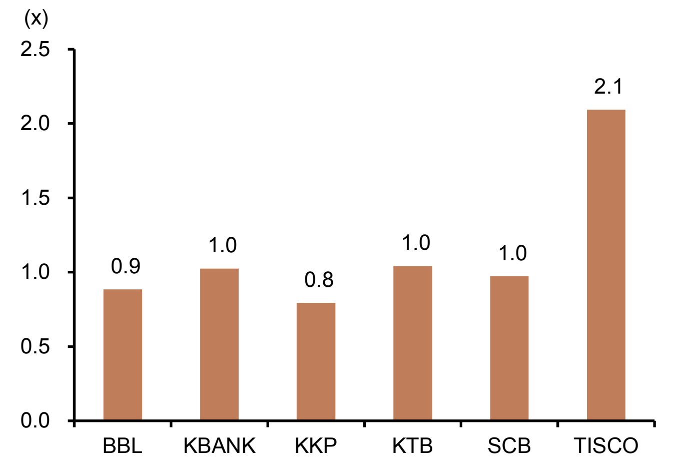
KKP ranks second in our valuation preferences. Our 2027F TP of Bt152 implies 1.7x P/BV. We expect KKP to benefit from the fastest fee income growth in the sector, led by wealth management, brokerage and Dime, while ROE should improve materially from 9.3% in 2025 to 13.2% by 2028F. It also offers the highest prospective dividend yield under our coverage.

Among the large banks, we believe **KTB** deserves the highest valuation. Our TP of Bt55 implies 1.6x P/BV, supported by ROE rising from 10% in 2026F to 12% in 2028F, one of the strongest balance sheets in the sector, continued improvements in capital returns, and meaningful upside from Thailand's investment cycle.

SCB and **KBANK** rank fourth in our valuation framework, with both trading at around 1.2x implied 2027F P/BV based on our TPs of Bt180 and Bt304, respectively. For SCB, its second-highest dividend yield among the large banks should provide valuation support despite a more challenging asset quality outlook. For KBANK, we believe it deserves this valuation given its cleaner balance sheet, the strongest wealth franchise among the large banks, and potential upside to shareholder returns.

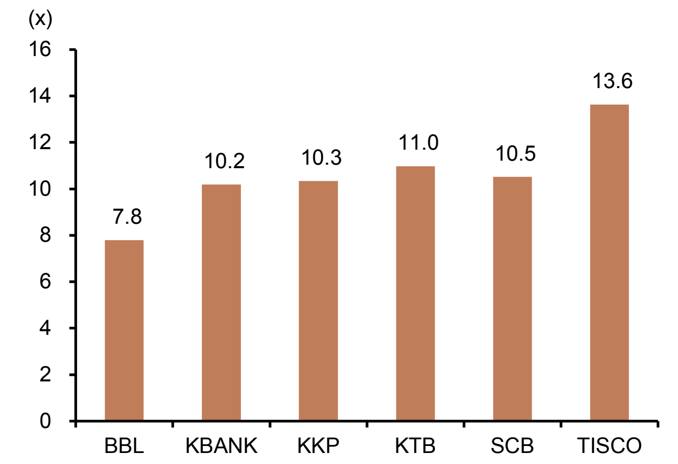
BBL should continue to trade at the lowest P/BV multiple in the sector, reflecting its lower ROE and more conservative capital return policy. Nevertheless, we believe its valuation band should gradually move higher over time. Our TP of Bt240 implies 0.7x P/BV, supported by its strong balance sheet and significant leverage to Thailand's medium-term corporate investment cycle through BOI- and FDI-related lending.

Ex 81: Comparing PEG (x)



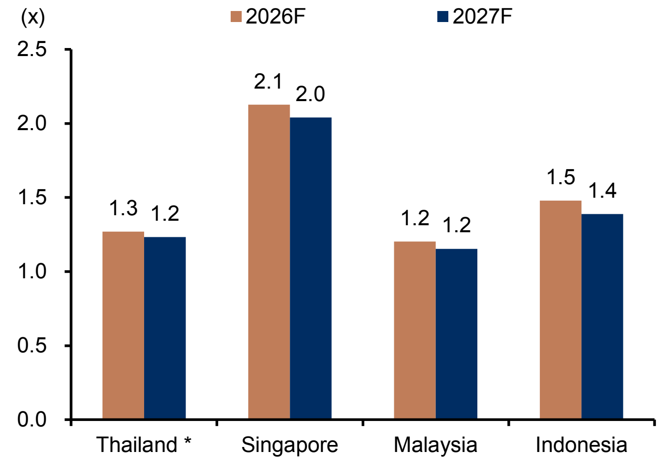
Source: ttb wealth estimates

Ex 82: Comparing P/BV to ROE



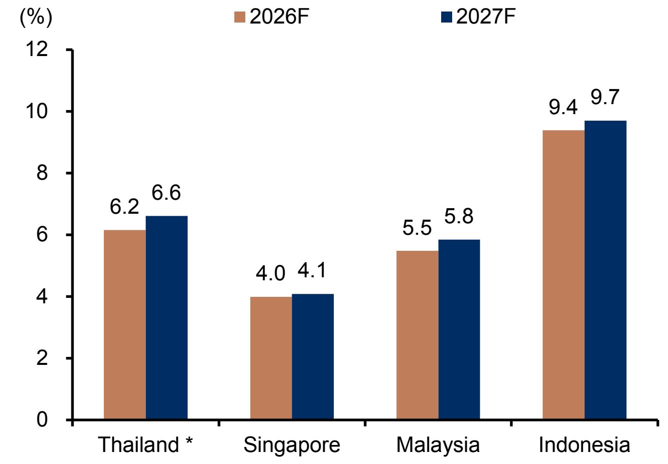
Source: ttb wealth estimates

Ex 83: P/BV Comparison With ASEAN Banks



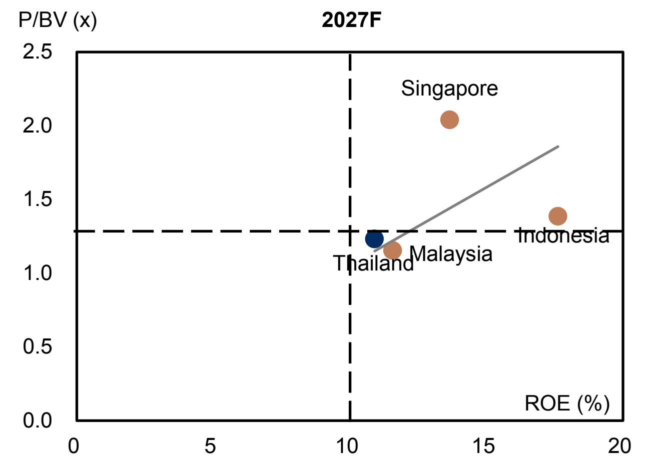
Sources: Bloomberg, ttb wealth estimates

Ex 84: Dividend Yield Comparison With ASEAN Banks



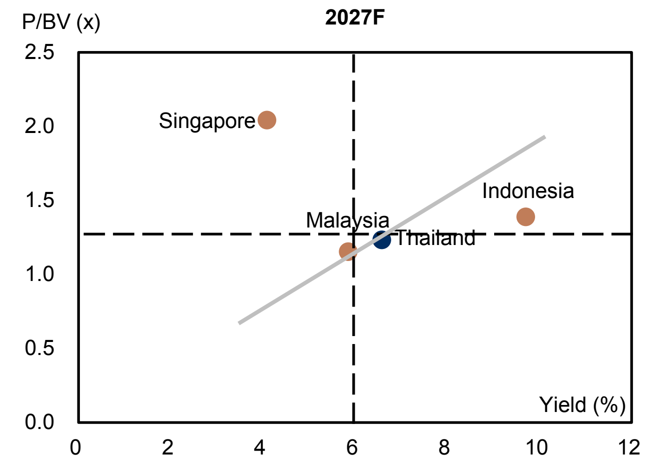
Sources: Bloomberg, ttb wealth estimates

Ex 85: 2027F P/BV And ROE



Sources: Bloomberg, ttb wealth estimates

Ex 86: 2027F P/BV And Yield



Sources: Bloomberg, ttb wealth estimates

Playbook: KTB and KKP remain our top BUYs

OVERWEIGT stance maintained

We maintain our OVERWEIGHT stance on the Thai banking sector and continue to see it as a key long-term buy-and-hold opportunity within the SET.

With earnings growth re-emerging at an +11% CAGR in 2027-28F from -4% y-y in 2026F, ROE continuing to improve from 8.6% in 2026F to 10.0% in 2028F, and dividend yields remaining attractive at 6-7%, we believe Thai banks deserve to trade at higher valuation multiples than in previous years. We therefore continue to expect a further sector re-rating.

Our top picks

KTB (TP Bt55) remains our top pick. We believe it stands out as the best way to play Thailand's investment cycle. Stronger loan growth, the best asset quality in the sector, and rising wealth fees should lift KTB to the highest ROE among large banks, from 10% in 2026F to 12% in 2028F, alongside an attractive dividend yield.

KKP (TP Bt152) remains another top pick. It offers a rare combination — the sector's highest dividend yields, at 7–9%, alongside the strongest net profit growth, at 20% p.a. in 2026–28F. Earnings quality is also improving, driven by a rising share of fee income and a healthier loan portfolio.

KBANK (TP Bt304) ranks third in our preference. We view it as a good proxy pick for the sector's new cycle. KBANK is exposed to re-emerging loan growth, a NIM recovery, and the mega-trend of a growing wealth industry. We estimate an 11% EPS CAGR over 2027–28F and yields of 6.1/6.6% in 2026–27F.

We upgrade **BBL** (TP Bt240) to BUY from Hold as two long-standing headwinds finally turn into tailwinds. The rate-cut cycle has ended, corporate loan demand is recovering, and we believe its valuation remains compelling at just 0.6x 2027F P/BV.

We maintain our BUY call on **SCB** (TP Bt180), supported by its industry-leading cost efficiency and attractive 7-8% 2026-28F dividend yields. However, near-term earnings will remain constrained by the ongoing balance sheet clean-up, making it the least preferred name among our BUY-rated banks.

We keep **TISCO** (TP Bt131) as a HOLD. TISCO remains the most profitable bank in the sector, on our estimates, with a selective business strategy that also results in strong asset quality. It also has wealth business to support its resilient earnings. However, its valuations look fairly priced to us.

Ex 87: Earnings Growth, ROE, And TPs Of The Six Banks Under Our Coverage

	Net profit growth 2027-28F CAGR (%)	Average ROE 2027-28F (%)	TP (Bt/share)		Recommendation	
			New	Old	New	Old
BBL	9.2	7.5	240	162	BUY	HOLD
KBANK	10.5	9.2	304	216	BUY	BUY
KKP	13.5	12.9	152	92	BUY	BUY
KTB	11.1	11.4	55	41	BUY	BUY
SCB	12.2	9.5	180	152	BUY	BUY
TISCO	6.7	16.7	131	108	HOLD	HOLD

Source: ttb wealth estimates

Ex 88: Key Assumptions Comparison

		BBL	KBANK	KKP	KTB	SCB	TISCO	Industry
Rating		**BUY**	**BUY**	**BUY**	**BUY**	**BUY**	**HOLD**	**Overweight**
Target price	**(Bt)**	**240.00**	**304.00**	**152.00**	**55.00**	**180.00**	**131.00**	
Upside	(%)	*25.3*	*24.6*	*34.5*	*24.3*	*17.3*	*1.6*	
Consensus TP	**(Bt)**	**201.90**	**254.49**	**120.00**	**44.94**	**156.64**	**118.14**	
Differ from consensus	(%)	*18.9*	*19.5*	*26.7*	*22.4*	*14.9*	*10.9*	
Market cap.	**(US$ m)**	**10,959**	**17,332**	**3,033**	**18,541**	**15,495**	**3,096**	
Pre-provision profit (Bt m)	2025A	91,961	109,129	11,143	91,417	101,598	10,605	415,854
	2026F	81,674	106,734	13,968	87,399	91,239	11,394	392,406
	2027F	84,753	113,433	15,439	90,168	95,608	11,685	411,086
	2028F	89,867	121,848	16,879	97,180	101,364	12,311	439,449
Net profit (Bt m)	2025A	46,007	49,565	5,913	48,229	47,488	6,659	203,860
	2026F	41,020	49,117	8,022	47,971	42,238	6,879	195,247
	2027F	45,020	53,753	9,284	53,685	45,827	7,368	214,937
	2028F	48,905	59,971	10,328	59,178	52,609	7,831	238,822
Loan growth (y-y %)	2025A	(3.16)	(0.28)	(6.63)	0.47	(2.10)	1.54	(1.39)
	2026F	2.50	2.00	3.00	3.50	3.00	1.00	2.73
	2027F	3.00	2.50	3.00	3.00	2.50	2.00	2.75
	2028F	3.00	2.50	3.00	3.00	2.50	2.00	2.75
Deposit growth (y-y %)	2025A	0.84	4.84	(3.06)	4.86	3.63	2.32	3.21
	2026F	1.01	1.74	(1.77)	2.44	2.46	2.83	1.78
	2027F	1.00	0.42	0.00	2.00	2.00	1.00	1.29
	2028F	1.00	2.59	1.00	2.00	2.00	1.50	1.84
NIM (%)	2025A	2.71	3.23	3.77	2.82	3.44	4.76	3.08
	2026F	2.40	2.90	3.76	2.41	3.01	4.89	2.73
	2027F	2.49	2.96	3.84	2.48	3.08	4.91	2.81
	2028F	2.61	3.06	3.96	2.59	3.16	4.97	2.91
Fee income growth (%)	2025A	(1.92)	5.85	9.99	3.03	(0.92)	0.57	1.90
	2026F	4.77	13.90	26.06	11.50	12.78	10.32	11.67
	2027F	5.00	10.00	20.00	9.00	7.00	10.00	8.61
	2028F	5.00	9.00	15.00	9.00	6.00	10.00	7.89
Credit cost (bps)	2025A	136	163	104	114	174	100	143
	2026F	118	160	107	100	160	120	132
	2027F	108	150	100	80	155	105	120
	2028F	106	145	100	80	140	105	115
NPL ratio (%)	2025A	3.63	3.78	4.81	3.43	4.09	2.28	3.72
	2026F	3.74	3.65	3.87	3.21	3.87	2.11	3.58
	2027F	3.73	3.66	3.86	3.17	3.82	2.16	3.56
	2028F	3.72	3.67	3.94	3.13	3.75	2.22	3.54
ROE (%)	2025A	8.15	8.62	9.26	10.67	9.65	15.41	9.31
	2026F	7.01	8.11	11.78	10.22	8.50	15.72	8.61
	2027F	7.37	8.84	12.61	11.10	9.07	16.45	9.24
	2028F	7.64	9.54	13.17	11.78	10.15	16.92	9.89
LLC (%)	2025A	310	153	121	200	151	172	200
	2026F	308	167	142	209	149	205	208
	2027F	304	178	151	210	153	207	211
	2028F	300	188	158	211	155	204	213

Sources: Company data, ttb wealth estimates, based on 3 August 2026 closing prices

Valuation Comparison

Ex 89: Valuation Comparison With Regional Peers

Name	BBG Code	Country	EPS growth 26F (%)	EPS growth 27F (%)	PE 26F (x)	PE 27F (x)	P/BV 26F (x)	P/BV 27F (x)	ROE 26F (%)	ROE 27F (%)	Div. Yield 26F (%)	Div. Yield 27F (%)
BOC Hong Kong Holdings	2388 HK	Hong Kong	5.8	7.6	12.9	12.0	1.4	1.4	11.6	11.7	4.7	4.9
Bank of East Asia	23 HK	Hong Kong	35.2	22.0	9.6	7.9	0.4	0.4	4.5	5.3	4.9	5.9
China Citic Bank Corp	998 HK	Hong Kong	3.3	4.8	6.2	6.0	0.6	0.5	9.2	9.3	5.1	5.3
Hang Seng Bank	11 HK	Hong Kong	na	na	na	na	na	na	na	na	na	na
Industrial & Commercial Bk	1398 HK	Hong Kong	2.6	4.8	7.3	7.0	0.6	0.6	9.1	8.7	4.3	4.4
Axis Bank	AXSB IN	India	(5.1)	23.9	15.8	12.7	1.8	1.7	na	13.5	3.3	3.2
ICICI Bank	ICICIBC IN	India	1.1	16.1	19.0	16.4	2.9	2.5	na	na	0.8	0.9
State Bank of India	SBIN IN	India	0.1	0.3	11.5	11.4	1.8	1.6	16.7	14.9	1.6	1.7
Bank Central Asia	BBCA IJ	Indonesia	4.7	9.0	12.9	11.8	2.6	2.4	20.6	20.8	5.4	5.8
Bank Mandiri	BMRI IJ	Indonesia	2.2	6.1	6.8	6.4	1.3	1.2	18.8	18.8	10.5	10.6
Bank Rakyat	BBRI IJ	Indonesia	3.7	6.9	7.7	7.3	1.4	1.3	17.9	18.4	11.1	11.4
Bank Negara	BBNI IJ	Indonesia	6.1	8.2	6.2	5.7	0.7	0.7	12.1	12.5	10.5	11.0
CIMB Group Holdings	CIMB MK	Malaysia	3.2	6.4	10.6	10.0	1.2	1.1	11.2	11.4	6.0	6.4
Hong Leong Bank	HLBK MK	Malaysia	3.3	6.5	10.3	9.6	1.1	1.0	11.1	11.2	4.6	5.0
Malayan Banking	MAY MK	Malaysia	1.3	5.6	12.3	11.6	1.3	1.3	11.1	11.3	5.8	6.2
Public Bank	PBKF MK	Malaysia	2.9	5.7	na	na	na	na	12.1	12.3	na	na
Industrial Bank of Korea	024110 KS	S Korea	9.2	5.7	5.8	5.5	0.5	0.4	7.7	7.7	5.6	6.0
DBS Group Holdings	DBS SP	Singapore	3.9	7.6	18.7	17.4	3.0	2.9	16.3	17.0	4.4	4.7
Oversea-Chinese Banking	OCBC SP	Singapore	5.3	7.5	16.8	15.7	2.0	1.9	12.4	12.6	3.5	3.3
United Overseas Bank	UOB SP	Singapore	23.9	8.2	12.6	11.6	1.4	1.3	11.1	11.4	4.0	4.3
Bangkok Bank	BBL TB*	Thailand	(10.8)	9.7	8.9	8.1	0.6	0.6	7.0	7.4	5.2	5.5
KASIKORNBANK	KBANK TB*	Thailand	(3.5)	12.4	12.1	10.8	1.0	0.9	8.1	8.8	6.1	6.6
Kiatnakin Phatra Bank	KKP TB*	Thailand	32.0	11.8	11.9	10.7	1.4	1.3	11.8	12.6	7.2	8.0
Krung Thai Bank	KTB TB*	Thailand	(0.5)	11.9	12.9	11.5	1.3	1.3	10.2	11.1	5.8	6.5
SCB X	SCB TB*	Thailand	(11.1)	8.5	12.2	11.3	1.0	1.0	8.5	9.1	6.5	7.1
Tisco Financial Group	TISCO TB*	Thailand	3.3	7.1	15.0	14.0	2.3	2.3	15.7	16.5	6.0	6.0
Average			**4.9**	**9.0**	**11.5**	**10.5**	**1.4**	**1.3**	**11.9**	**12.3**	**5.5**	**5.9**

Source: Bloomberg

Note: * ttb wealth estimates , using ttb wealth normalized EPS

Based on 3 August 2026 closing prices

STOCK PERFORMANCE

	Absolute (%)				Rel SET (%)			
	1M	3M	12M	YTD	1M	3M	12M	YTD
SET Index	**2.0**	**8.7**	**30.7**	**28.9**	—	—	—	—
BANK Index	**10.1**	**27.3**	**52.7**	**31.9**	**8.1**	**18.6**	**22.0**	**3.0**
BBL	6.7	17.8	29.4	13.0	4.6	9.1	(1.3)	(15.9)
KBANK	11.9	25.8	50.6	25.4	9.9	17.1	19.9	(3.4)
KKP	10.4	40.5	100.9	63.2	8.4	31.8	70.2	34.3
KTB	16.4	34.1	101.1	56.6	14.4	25.4	70.4	27.7
SCB	3.4	16.8	20.9	10.1	1.3	8.1	(9.7)	(18.8)
TISCO	8.9	17.4	29.5	16.3	6.9	8.7	(1.2)	(12.6)

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	
	26F	27F	26F	27F	26F	27F	26F	27F	26F	27F
	(%)	(%)	(x)	(x)	(x)	(x)	(x)	(x)	(%)	(%)
Hong Kong	11.7	9.8	9.0	8.2	0.8	0.7	8.6	8.8	4.7	5.2
India	(1.3)	13.4	15.4	13.5	2.2	1.9	16.7	14.2	1.9	1.9
Indonesia	4.1	7.5	8.4	7.8	1.5	1.4	17.3	17.6	9.4	9.7
Malaysia	2.7	6.0	11.1	10.4	1.2	1.2	11.4	11.6	5.5	5.8
S. Korea	9.2	5.7	5.8	5.5	0.5	0.4	7.7	7.7	5.6	6.0
Singapore	11.0	7.7	16.0	14.9	2.1	2.0	13.2	13.7	4.0	4.1
Thailand	1.6	10.2	12.2	11.1	1.3	1.2	10.2	10.9	6.2	6.6
Average	**5.6**	**8.6**	**11.1**	**10.2**	**1.4**	**1.3**	**12.2**	**12.1**	**5.3**	**5.6**
BBL	(10.8)	9.7	8.9	8.1	0.6	0.6	7.0	7.4	5.2	5.5
KBANK	(3.5)	12.4	12.1	10.8	1.0	0.9	8.1	8.8	6.1	6.6
KKP	32.0	11.8	11.9	10.7	1.4	1.3	11.8	12.6	7.2	8.0
KTB	(0.5)	11.9	12.9	11.5	1.3	1.3	10.2	11.1	5.8	6.5
SCB	(11.1)	8.5	12.2	11.3	1.0	1.0	8.5	9.1	6.5	7.1
TISCO	3.3	7.1	15.0	14.0	2.3	2.3	15.7	16.5	6.0	6.0
Average*	**1.6**	**10.2**	**12.2**	**11.1**	**1.3**	**1.2**	**10.2**	**10.9**	**6.2**	**6.6**

Sources: Bloomberg Consensus
Note: * ttb wealth estimate – using normalized EPS and simple average calculation
Based on 3 August 2026 closing prices

BUY (From: HOLD)

Change in Recommendation

TP: Bt 240.00 (From: Bt 162.00)

Upside : 25.3%

Bangkok Bank Pcl (BBL TB)

Fitting the new cycle better

We upgrade our call on BBL to BUY, as it stands to benefit more from the sector's new earnings growth cycle than it did from the previous capital management cycle. This comes through two channels: re-emerging loan growth and the end of the rate-cut cycle.

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Ready for the next cycle; upgrading to BUY

This report is a part of *Thailand Banks – Re-emerging growth,* dated 4 August 2026. We upgrade BBL to BUY (from Hold) as we see it benefiting more from the sector's new cycle of earnings growth than the previous cycle of capital management. ***First***, BBL has the largest exposure to corporate loans in the sector, making it a prime beneficiary of re-emerging loan growth — which, at this early stage, is being driven mainly by corporate demand. ***Second***, we expect BBL to enjoy the strongest NIM recovery in the sector, driven by its highest proportion of fixed deposits still waiting to reprice, and the end of the rate-cut cycle. ***Third***, with earnings now entering a new growth cycle, which we estimate at 10/9% in 2027-28F, and a decent 5% dividend yield in 2026F, BBL looks mispriced to us, trading at the sector's lowest P/BV of 0.6x in 2027F. Due to our -3/2/10% earnings changes in 2026-28F and rolling over to a 2027F base year, our DDM-based 12-month TP rises to Bt240 (from Bt162).

NIM recovery begins

We expect BBL to enjoy the biggest NIM recovery in the sector to 2.49/2.61% in 2027-28F from 2.40% in 2026F. We foresee the recovery to begin as soon as 3Q26F. Two drivers support earnings asset yield. First, Thailand's rate-cut cycle has ended after the February cut to 1.0%, with us expecting a 25bp hike in 2028F. Second, BBL would benefit from its loan-to-deposit ratio at just 83% — leaving ample room to lend without competing for deposits. For the funding side, BBL also looks best placed to gain from falling funding costs. Fixed deposits make up 39% of its total deposits, vs. 15-20% for peers, giving it the most room to reprice deposits.

Best positioned for corporate loan recovery

BBL has the highest corporate loan exposure in the sector at 50% of its total loan portfolio in 2Q26. Commercial banks' loan growth is starting to re-emerge in Thailand after three years of muted expansion. The first segment of the turnaround is corporate loans, driven by a new investment cycle from both FDI and infrastructure spending. We expect BBL to capture this new investment cycle first. We estimate BBL's loan growth at 3% p.a. in 2026-28F from -1% p.a. in 2023-25.

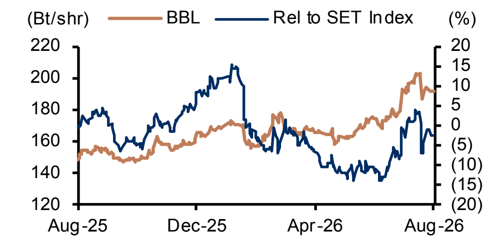
Dividend offers room to surprise

We expect BBL's payout ratio to be at the sector's lowest at 42-47% in 2026–28F, implying the lowest yields in the sector of 5.2/5.5/5.7%. However, it is a good sign that management has raised the payout to 41% in 2025 from 36% in 2024. With a strong 16.9% CET1 ratio, a nearly 300% coverage ratio, and a 3.9% NPL ratio as of 2Q26, there is room to lift the payout ratio, especially when the economy is turning around.

COMPANY VALUATION

Y/E Dec (Bt m)	2025A	2026F	2027F	2028F
Pre Provision Profit	91,961	81,674	84,753	89,867
Net profit	46,007	41,020	45,020	48,905
Consensus NP	—	41,427	43,616	47,146
Diff frm cons (%)	—	*(1.0)*	*3.2*	*3.7*
Norm profit	46,007	41,020	45,020	48,905
Prev. Norm profit	—	42,051	44,154	45,372
Chg frm prev (%)	—	*(2.5)*	*2.0*	*7.8*
Norm EPS (Bt)	24.10	21.49	23.58	25.62
Norm EPS grw (%)	1.8	(10.8)	9.7	8.6
Norm PE (x)	7.9	8.9	8.1	7.5
P/BV (x)	0.6	0.6	0.6	0.6
Div yield (%)	4.4	5.2	5.5	5.7
ROE (%)	8.2	7.0	7.4	7.6
ROA (%)	1.0	0.9	1.0	1.0

PRICE PERFORMANCE



COMPANY INFORMATION

Price *as of* 3-Aug-26 (Bt)	191.50
Market Cap (US$ m)	10,959
Listed Shares (m shares)	1,908.8
Free Float (%)	98.6
Avg. Daily Turnover (US$ m)	69.8
12M Price H/L (Bt)	203.00/147.00
Sector	BANK
Major Shareholder	Thai NVDR 23.38%

Sources: Bloomberg, Company data, ttb wealth estimates

ESG Summary Report ……………………….. P45

Ex 1: Earnings Revisions And Assumption Changes

	2024	2025	2026F	2027F	2028F
Net profit (Bt bn)					
- New	45.21	46.01	41.02	45.02	48.90
- Old			42.05	44.15	45.37
- Change (%)			*(2.45)*	*1.96*	*7.79*
Net EPS (Bt/share)					
- New	23.68	24.10	21.49	23.58	25.62
- Old			22.03	23.13	23.77
- Change (%)			*(2.45)*	*1.96*	*7.79*
Loan growth (%)					
- New	0.80	(3.16)	2.50	3.00	3.00
- Old			1.50	1.50	1.00
- Change (ppt)			*1.00*	*1.50*	*2.00*
NIM (%)					
- New	2.99	2.71	2.40	2.49	2.61
- Old			2.49	2.57	2.59
- Change (ppt)			*(0.09)*	*(0.08)*	*0.02*
Non-NII (Bt bn)					
- New	41.71	54.69	48.94	47.59	48.40
- Old			44.47	43.38	45.35
- Change (%)			*10.04*	*9.69*	*6.74*
Opex (Bt bn)					
- New	48.07	48.43	49.05	48.57	47.98
- Old			50.19	49.56	49.27
- Change (%)			*(1.14)*	*(0.99)*	*(1.30)*
Credit costs (%)					
- New	1.30	1.36	1.18	1.08	1.06
- Old			1.05	1.05	1.05
- Change (ppt)			*0.13*	*0.03*	*0.01*
NPLs (Bt bn)					
- New	85.83	94.66	100.01	102.76	105.60
- Old			97.31	100.00	102.71
- Change (%)			*2.77*	*2.77*	*2.81*

Sources: Company data, ttb wealth estimates

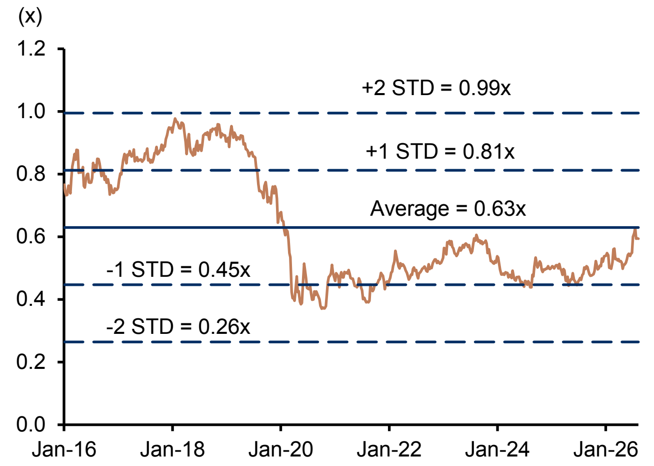
Ex 2: 12-month DDM-based Valuation Using A Base Year Of 2027F

(Bt m)	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	2035F	2036F	Terminal value
Dividend of common shares	19,567	20,521	21,476	23,385	25,294	26,248	32,930	41,043	44,861	46,768	46,768
Dividend payment	19,567	20,521	21,476	23,385	25,294	26,248	32,930	41,043	44,861	46,768	617,602
PV of dividend	19,567	18,698	17,834	17,698	17,446	16,496	18,861	21,424	21,342	20,272	267,709

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	457,347
No. of shares (m)	1,909
Equity value / share (Bt)	**240**

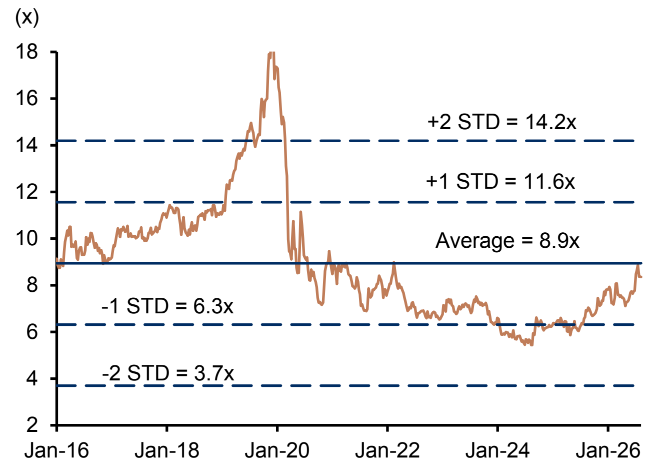
Sources: Company data, ttb wealth estimates

Ex 3: P/BV STD



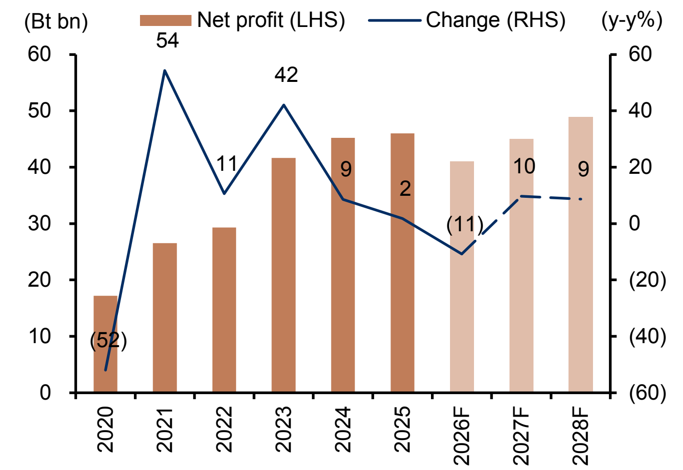
Sources: Bloomberg, ttb wealth estimates

Ex 4: PE STD



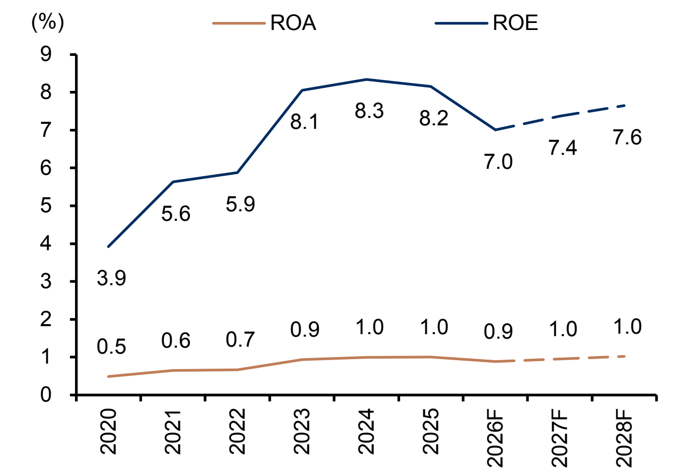
Sources: Bloomberg, ttb wealth estimates

Ex 5: Net Profit Growth



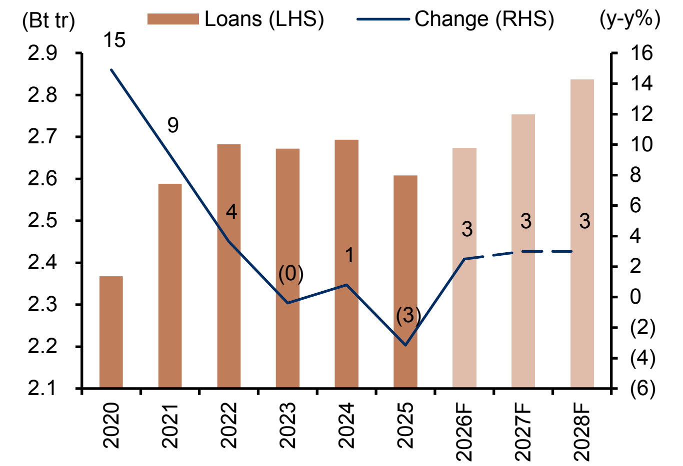
Sources: Company data, ttb wealth estimates

Ex 6: ROE And ROA



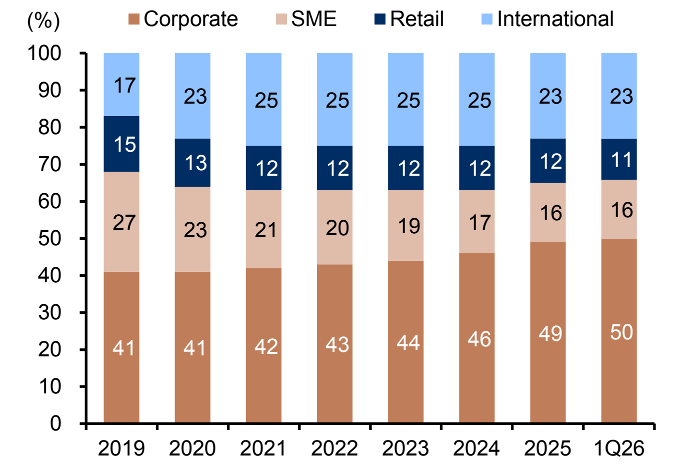
Sources: Company data, ttb wealth estimates

Ex 7: Loan Growth



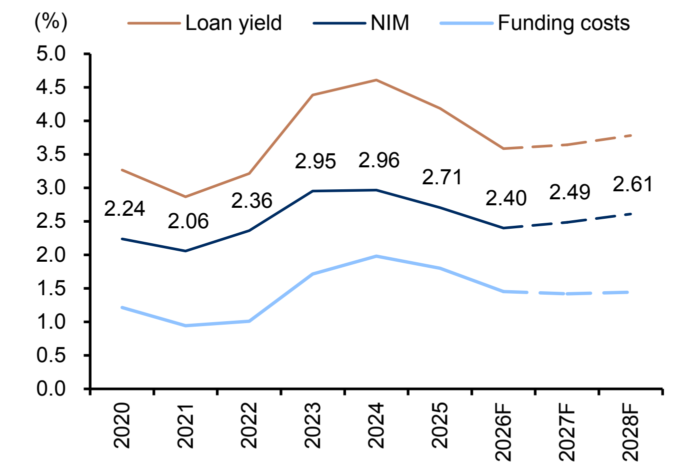
Sources: Company data, ttb wealth estimates

Ex 8: Loan Breakdown



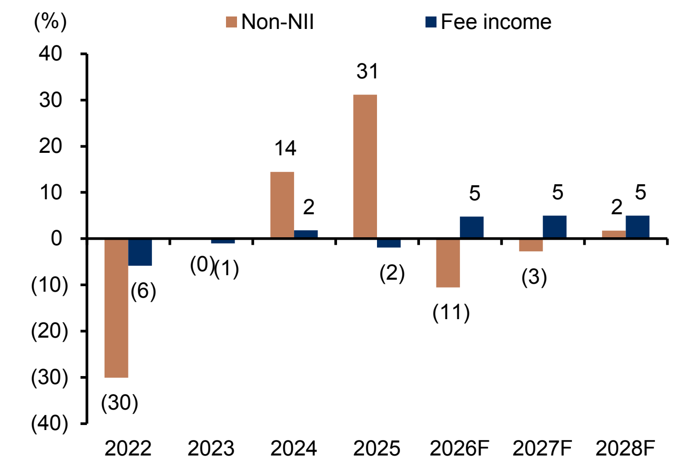
Source: Company data

Ex 9: Loan Yield, NIM, And Funding Costs



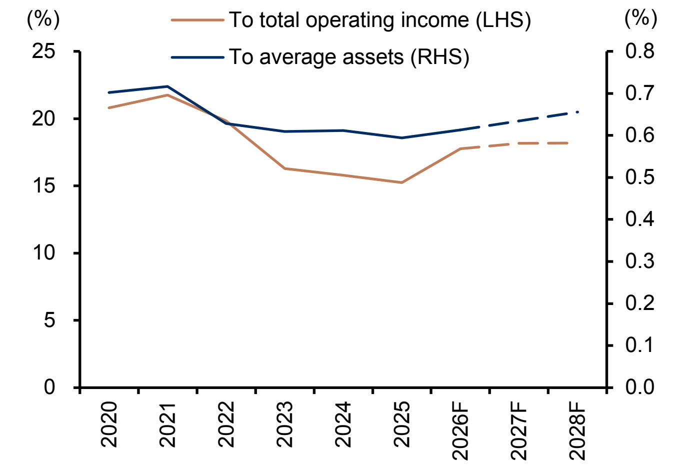
Sources: Company data, ttb wealth estimates

Ex 10: Fee Income And Non-NII Growth



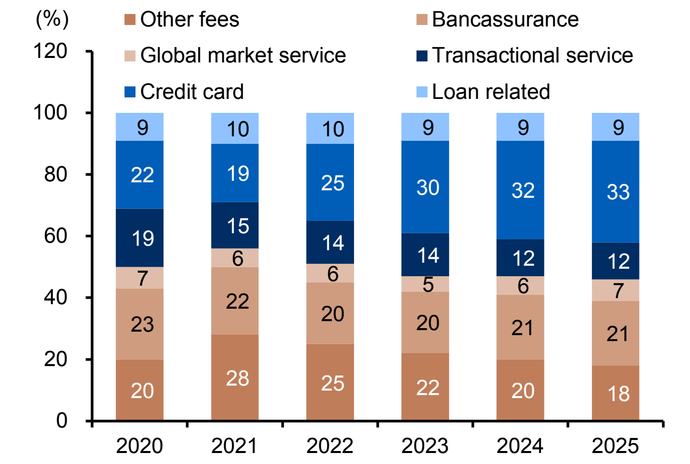
Sources: Company data, ttb wealth estimates

Ex 11: % Fee Income



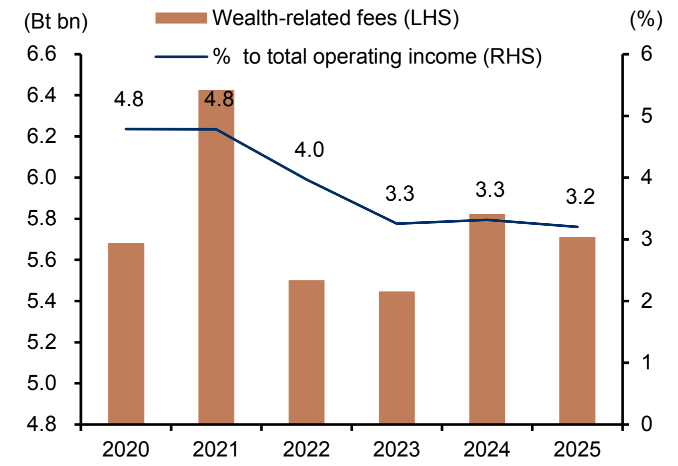
Sources: Company data, ttb wealth estimates

Ex 12: Fee Income Breakdown



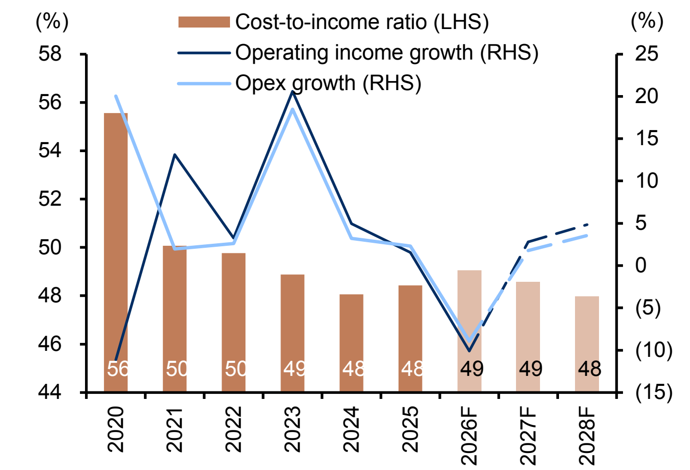
Sources: Company data, ttb wealth estimates

Ex 13: % Wealth-Related Fees



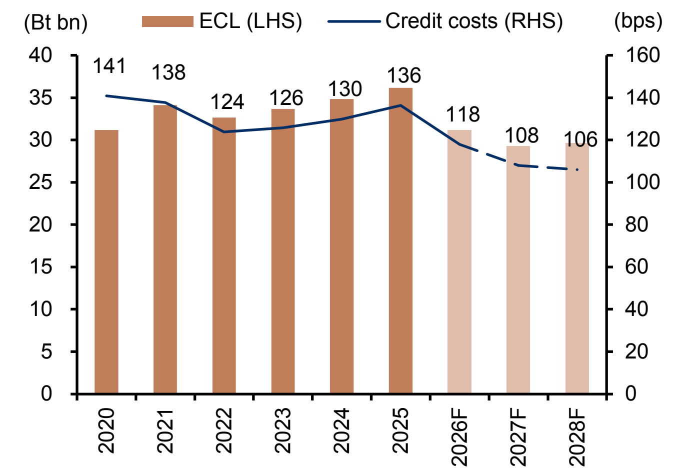
Sources: Company data, ttb wealth estimates

Ex 14: Opex And Operating Income Growth Vs. CIR



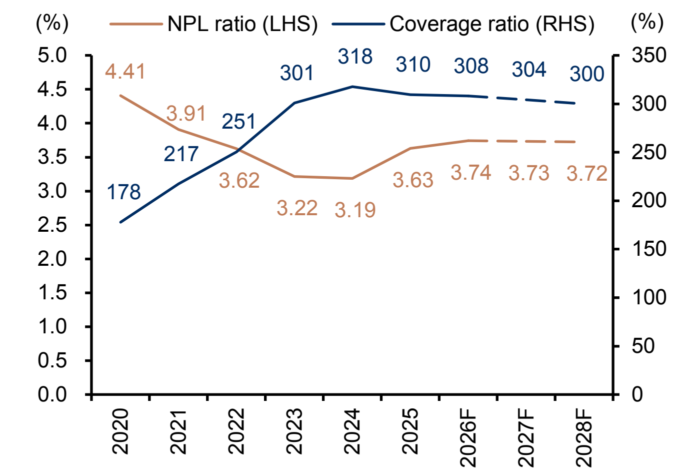
Sources: Company data, ttb wealth estimates

Ex 15: Credit Costs And ECL



Sources: Company data, ttb wealth estimates

Ex 16: NPL Ratio And Coverage Ratio



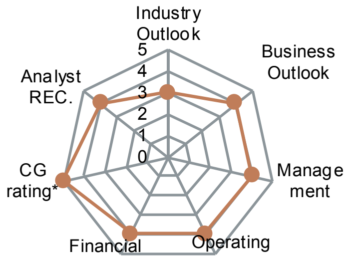
Sources: Company data, ttb wealth estimates

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: ttb wealth

COMPANY RATING



Rating Scale	
Excellent	**5**
Good	**4**
Fair	**3**
Weak	**2**
Very Wea	**1**
None	**0**

Source: ttb wealth; *CG Rating

TTB WEALTH'S SWOT ANALYSIS

S — Strength

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

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

O — Opportunity

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

T — Threat

- Global economic recession
- New accounting standards and regulations

CONSENSUS COMPARISON

	Consensus	ttb wealth	Diff
Target price (Bt)	201.90	240.00	19%
Net profit 26F (Bt m)	41,427	41,020	-1%
Net profit 27F (Bt m)	43,616	45,020	3%
Consensus REC	**BUY: 14**	**HOLD: 9**	**SELL: 4**

HOW ARE WE DIFFERENT FROM THE STREET?

- Our 2027F earnings are higher than the Bloomberg consensus estimate, likely reflecting our more positive view on NIM.
- Our TP is significantly above the Street's, likely reflecting both our assumptions of stronger earnings growth and a higher medium-term dividend payout ratio.

Sources: Bloomberg consensus, ttb wealth estimates

RISKS TO OUR INVESTMENT CASE

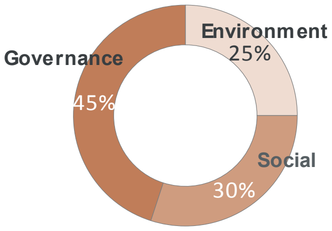
- Faster policy rate cuts than we presently forecast would lead to NIM downside.
- Lower-than-expected dividend payout ratios would also result in downside risk to our TP.

Source: ttb wealth

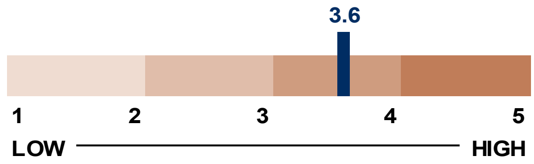
Bangkok Bank Pcl

Sector: Financials | Banking

ESG Weighting



ESG Rating



	SET ESG Index	SET ESG (BBB-AAA)	DJSI Index	ttb wealth ESG Rating (1.0-5.0)	MSCI (CCC-AAA)	ESG Book (0-100)	CG Rating (0-5)
BBL	YES	AAA	-	3.60	0	61.34	5.0

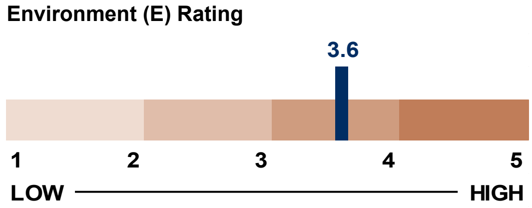
Sources: SETTRADE, SET ESG Index, SET ESG Rating, The Dow Jones Industrial Average (DJSI)
MSCI ESG Research LLC, ESG Book, Thai IOD (CG rating)
Note: Please see third party on “terms of use” toward the back of this report.

ESG Summary

- BBL was Thailand’s largest bank by asset size and fourth largest by profit in 2025. Its loan breakdown in 2025 was 49% large corporate, 23% international, 16% SME, and 12% retail. Long known as Thailand's corporate powerhouse, BBL has the highest exposure to the commercial and manufacturing sectors and has aggressively expanded into Southeast Asia through its 2019 acquisition of Permata in Indonesia.
- We assign BBL a good ESG score of 3.6, in line with the sector average. Its Environment (E), Social (S), and Governance (G) scores all track closely with peers. The bank performs consistently across all pillars, though its approach remains relatively traditional and less innovative than that of some competitors.
- BBL’s 3.6 E score is in line with its peer average. The bank demonstrates a clear commitment to environmental sustainability, particularly through its green financing and internal efficiency initiatives. However, its reliance on carbon offsets, limited Scope 3 (financed emissions) disclosure, and the incomplete bank-wide implementation of some environmental initiatives weigh on the score. To improve, BBL should set clearer climate targets and reduce dependence on carbon offsets.
- We assign BBL a good S score of 3.9, which is in line with the sector average, reflecting its solid commitment to creating value for people and society through financial inclusion, human capital development, customer responsibility, and community engagement.
- We assign BBL a G score of 3.5, in line with peers. The bank shows strong risk management, solid business ethics, and robust compliance. However, the large board size and low proportion of independent directors (33%) limit overall effectiveness.

Sector: Financials | Banking

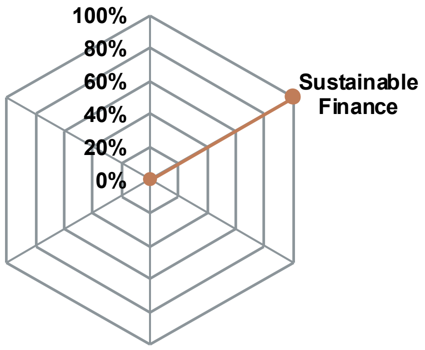
We assign BBL a good Environmental score of 3.6, in line with the sector average, reflecting meaningful progress in sustainable finance and internal environmental management, but with gaps in portfolio-level decarbonization and reliance on carbon offsets compared with leading peers.



ENVIRONMENT	Our Comments

- **Sustainable Finance**

SCALE WEIGHTING

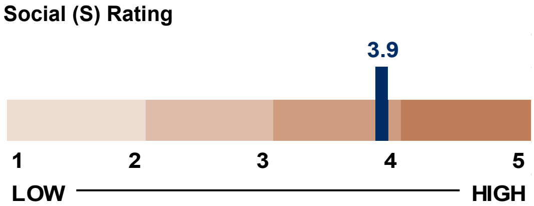


- We assign BBL an Environmental score of 3.6. We view its key strength as sustainable finance, and we also recognize meaningful progress in its internal environmental management, although there remains room for further improvement. We note that disclosure on financed emissions is still limited.
- **Solid sustainable finance:** Its "Bualuang Green Financing for Transition to Environmental Sustainability" loan highlights its commitment to helping businesses reduce emissions, adapt to climate change, and manage pollution. The bank also supports a range of green projects, including renewable energy, EV battery production, and green real estate across several countries. BBL's role as a leading underwriter of ESG bonds further strengthens its environmental profile. By supporting both government and private-sector green and sustainability-linked bonds, the bank contributes to the development of sustainable capital markets, placing it in a competitive position within transition finance.
- **Progress in internal environmental management:** BBL has set 2024–26 targets to reduce Scope 1 and 2 emissions in line with the Paris Agreement. In 2024, its Silom Head Office achieved carbon neutrality mainly through carbon credits, but reliance on offsets is seen as less robust than direct emissions cuts, making BBL slightly weaker than some peers. BBL also has improved operational efficiency through energy-saving equipment, electric vehicles, and digitalization, and set a "Zero Waste to Landfill" target for its Rama 3 building. However, as these initiatives are not fully rolled out bank-wide, their overall impact remains limited.
- **Limited disclosure on financed emissions (Scope 3):** A material constraint on BBL's Environmental score is the absence of clear disclosure or targets related to Scope 3 (financed) emissions, which typically represent the largest climate impact for banks. Leading peers increasingly measure, report, and set reduction pathways for financed emissions across key sectors such as power, transport, and real estate. BBL's current framework appears more focused on operational emissions and green product offerings, rather than portfolio-level decarbonization.

Sources: ttb wealth, Company data

Sector: Financials | Banking

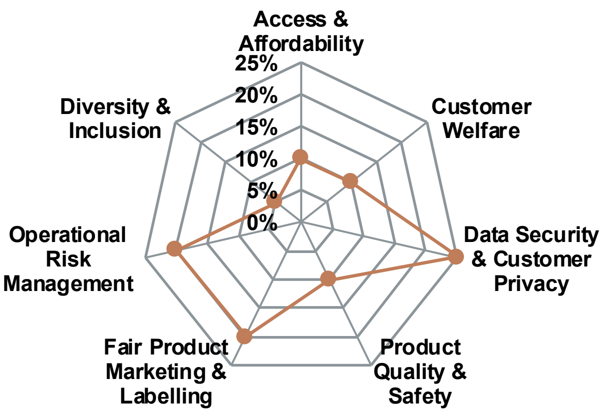
We assign BBL a good Social score of 3.9, in line with peers. The bank performs well in financial inclusion, employee development, customer protection, and community engagement. We believe further upside lies in expanding financial literacy and outreach to underserved groups.



SOCIAL

- Access & Affordability
- Customer Welfare
- Data Security & Customer Privacy
- Product Quality & Safety
- Fair Product Marketing & Labelling
- Operational Risk Management
- Diversity & Inclusion

SCALE WEIGHTING



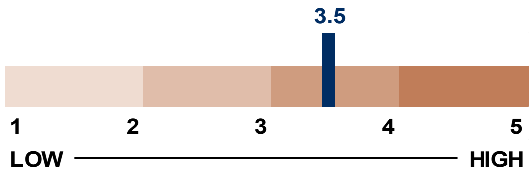
Our Comments

- We assign BBL a Social score of 3.9. The bank demonstrates a clear commitment to creating value for people and society, with strong initiatives in financial inclusion, human capital development, customer responsibility, and community engagement.
- **Financial inclusion & accessibility:** BBL has expanded access to banking services through over 200,000 agent points nationwide and improved mobile banking features. Special products target vulnerable groups, including state welfare cardholders and visually impaired customers. The bank also supports debt sustainability through programs such as "You Fight, We Help" for retail and SME borrowers.
- **Human capital & diversity:** Employees receive an average of 45 hours of training, focusing on digital skills and sustainability. With 55% of executive positions and 48% of STEM roles held by women, BBL significantly outpaces global financial averages. This indicates a meritocratic culture that effectively utilizes its entire talent pool. Policies on non-discrimination and anti-harassment, along with welfare support, highlight the bank's commitment to employee well-being.
- **Customer responsibility & community engagement:** BBL maintains strong cybersecurity, winning the Thailand Cybersecurity Excellence Award 2024, and enforces fair market conduct practices. Community initiatives include the "8 Million cc for 80 Years" blood donation campaign and mobile medical units serving remote areas.
- **Room for improvement:** While BBL's social practices are strong and comprehensive, there is further opportunity to expand financial literacy programs and deepen engagement with underserved populations to strengthen its Social rating.

Sources: ttb wealth, Company data

BBL's 3.5 Government score is decent and in line with its peer average. The bank demonstrates solid corporate governance with clear structures, strong risk management, and well-embedded ethics and compliance practices, though board independence remains a constraint.

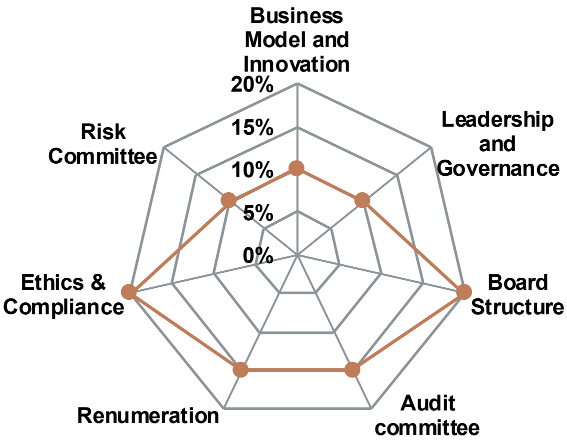
Governance (G) Rating



GOVERNANCE & SUSTAINABILITY

- **Business Model and Innovation**
- **Leadership and Governance**
- **Board Structure**
- **Audit committee**
- **Renumeration**
- **Ethics & Compliance**
- **Risk Committee**

SCALE WEIGHTING



Our Comments

- We assign BBL a Governance score of 3.5. The bank exhibits strong risk management, solid business ethics, and robust compliance. It also has specialized board committees. However, the large board size and relatively low proportion of independent directors limit its overall score.
- **Board structure & oversight:** BBL maintains a clear separation between the roles of chairman and president, and the board is supported by specialized committees (audit, risk oversight, nomination & remuneration, and corporate governance), which enhance oversight effectiveness. However, we view the board size of 21 members as relatively large compared with the ASEAN corporate average of 9–12. In addition, only 33% of directors are independent, which remains below best-practice standard of two-thirds.
- **Risk management:** BBL operates under a comprehensive risk management framework covering traditional risks (credit, market, liquidity) as well as emerging risks such as geopolitics, climate change, and AI. The three lines of defense model — business units, risk/compliance functions, and internal audit — strengthen accountability and internal controls.
- **Business ethics & compliance:** BBL maintains a strict zero-tolerance anti-corruption policy and is certified under the Thai Private Sector Collective Action Against Corruption (CAC). It provides secure whistleblowing channels with protections for reporters, and 100% of employees have completed mandatory training on the Code of Conduct, Anti-Corruption, and Market Conduct.
- **Business sustainability & innovations:** BBL has invested less than big bank peers in IT. Although that might be due to its lower proportion of retail exposure than peers, we still believe IT is key for firm-based efficiency. On the positive side, BBL has expanded horizontally to overseas markets, including overseas loans and its Permata investment, to expand room for growth and for business diversification.
- **Room for improvement:** While governance practices are strong overall, increasing the proportion of independent directors would further strengthen board effectiveness and elevate BBL's Governance score.

Sources: ttb wealth, Company data

Net profit to resume growth in 2027-28F

Loan growth should recover in 2026-28F, driven by the corporate segment

INCOME STATEMENT

FY ending Dec (Bt m)	2024A	2025A	2026F	2027F	2028F
Interest and Dividend Income	208,029	191,082	166,403	171,529	180,181
Interest Expenses	74,129	67,452	55,028	54,327	55,843
Net Interest Income	**133,900**	**123,630**	**111,375**	**117,202**	**124,337**
% of total income	76.2%	69.3%	69.5%	71.1%	72.0%
Gain on Investment	891	10,737	3,221	1,288	1,327
Fee Income	27,724	27,192	28,489	29,914	31,410
Gain on Exchange	8,966	12,647	11,382	10,244	9,219
Others	1,781	1,774	1,863	1,956	2,054
Non-interest Income	**41,707**	**54,694**	**48,940**	**47,586**	**48,403**
% of total income	23.8%	30.7%	30.5%	28.9%	28.0%
Total Income	**175,606**	**178,324**	**160,316**	**164,788**	**172,741**
Operating Expenses	84,405	86,363	78,642	80,035	82,874
Pre-provisioning Profit	**91,201**	**91,961**	**81,674**	**84,753**	**89,867**
Provisions	34,838	36,148	31,162	29,307	29,627
Pre-tax Profit	**56,363**	**55,814**	**50,511**	**55,446**	**60,240**
Income Tax	10,946	9,622	9,345	10,258	11,144
After Tax Profit	45,417	46,191	41,167	45,189	49,096
Equity Income	205	174	183	192	202
Minority Interest	(411)	(359)	(329)	(362)	(393)
Extraordinary Items	0	0	0	0	0
NET PROFIT	**45,211**	**46,007**	**41,020**	**45,020**	**48,905**
Normalized Profit	**45,211**	**46,007**	**41,020**	**45,020**	**48,905**
EPS (Bt)	23.68	24.10	21.49	23.58	25.62
Normalized EPS (Bt)	23.68	24.10	21.49	23.58	25.62

BALANCE SHEET

FY ending Dec (Bt m)	2024A	2025A	2026F	2027F	2028F
ASSETS:					
Liquid Items	**799,633**	**818,754**	**810,383**	**772,964**	**735,478**
cash & cash equivalents	47,364	47,560	33,287	52,605	65,889
interbank & money market	752,269	771,194	777,096	720,359	669,589
Securities under resale agreeme	0	0	0	0	0
Investments	990,986	1,109,150	1,131,343	1,153,981	1,177,071
Net loans	**2,428,321**	**2,320,306**	**2,370,706**	**2,446,547**	**2,525,223**
Gross and accrued interest	2,701,059	2,613,319	2,678,840	2,759,205	2,841,982
Provisions for doubtful	272,738	293,013	308,135	312,658	316,758
Fixed assets - net	66,015	77,066	73,646	75,856	78,131
Other assets	266,424	281,066	187,130	192,744	198,527
Total assets	**4,551,379**	**4,606,342**	**4,680,259**	**4,751,283**	**4,825,805**
LIABILITIES:					
Liquid Items	**3,523,714**	**3,517,734**	**3,589,129**	**3,625,021**	**3,661,271**
Deposit	3,169,654	3,196,284	3,228,496	3,260,781	3,293,389
Interbank & money market	346,936	314,644	353,376	356,910	360,479
Liability payable on demand	7,125	6,805	7,257	7,330	7,403
Borrow ings	213,785	244,009	217,754	219,932	222,131
Other liabilities	257,006	268,916	274,294	279,780	285,376
Total liabilities	**3,994,506**	**4,030,659**	**4,081,178**	**4,124,733**	**4,168,778**
Minority interest	1,834	1,761	1,849	1,942	2,039
Shareholders' equity	**555,039**	**573,923**	**597,232**	**624,608**	**654,989**
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	38,112	27,541	28,918	30,364	31,882
Retained earnings	441,493	470,947	492,879	518,810	547,672
Liabilities & equity	**4,551,379**	**4,606,342**	**4,680,259**	**4,751,283**	**4,825,805**

Sources: Company data, ttb wealth estimates

Cheapest P/BV among peers

VALUATION

FY ending Dec	2024A	2025A	2026F	2027F	2028F
Normlized PE (x)	8.1	7.9	8.9	8.1	7.5
Normalized PE - at target price (x)	10.1	10.0	11.2	10.2	9.4
PE (x)	8.1	7.9	8.9	8.1	7.5
PE - at target price (x)	10.1	10.0	11.2	10.2	9.4
P/PPP (x)	4.0	4.0	4.5	4.3	4.1
P/PPP - at target price (x)	5.0	5.0	5.6	5.4	5.1
P/BV (x)	0.7	0.6	0.6	0.6	0.6
P/BV - at target price (x)	0.8	0.8	0.8	0.7	0.7
Dividend yield (%)	4.4	4.4	5.2	5.5	5.7
Market cap / net loans (x)	0.2	0.2	0.2	0.1	0.1
Market cap / deposit (x)	0.1	0.1	0.1	0.1	0.1
(Bt)					
Normalized EPS	23.68	24.10	21.49	23.58	25.62
EPS	23.68	24.10	21.49	23.58	25.62
DPS	8.50	8.50	10.00	10.50	11.00
PPP/Share	47.77	48.17	42.78	44.40	47.08
BV/Share	290.75	300.64	312.86	327.20	343.11

Strongest NIM recovery in 2027-28F

FINANCIAL RATIOS

FY ending Dec	2024A	2025A	2026F	2027F	2028F
Growth Rate (%)					
Net interest income (NII)	2.3	(7.7)	(9.9)	5.2	6.1
Non-interest income (Non-II)	14.5	31.1	(10.5)	(2.8)	1.7
Operating expenses	3.2	2.3	(8.9)	1.8	3.5
Pre-provisioning profit (PPP)	6.6	0.8	(11.2)	3.8	6.0
Net profit	8.6	1.8	(10.8)	9.7	8.6
Normalized profit growth	8.6	1.8	(10.8)	9.7	8.6
EPS	8.6	1.8	(10.8)	9.7	8.6
Normalized EPS	8.6	1.8	(10.8)	9.7	8.6
Dividend payout ratio	35.9	35.3	46.5	44.5	42.9
Loan - gross	0.8	(3.2)	2.5	3.0	3.0
Loan - net	0.1	(4.4)	2.2	3.2	3.2
Deposit	(0.5)	0.8	1.0	1.0	1.0
NPLs	(0.1)	10.3	5.6	2.8	2.8
Total assets	0.8	1.2	1.6	1.5	1.6
Total equity	4.9	3.4	4.1	4.6	4.9
Operating Ratios (%)					
Net interest margin (NIM)	3.1	2.9	2.5	2.6	2.7
Net interest spread	4.6	4.4	4.0	4.1	4.2
Yield on earnings assets	4.7	4.2	3.6	3.6	3.8
Avg cost of fund	2.0	1.8	1.5	1.4	1.4
NII / operating income	76.2	69.3	69.5	71.1	72.0
Non-II / operating income	23.8	30.7	30.5	28.9	28.0
Fee income / operating income	15.8	15.2	17.8	18.2	18.2
Normalized net margin	25.7	25.8	25.6	27.3	28.3
Cost-to-income	48.1	48.4	49.1	48.6	48.0
Credit cost - provision exp / loans	1.3	1.4	1.2	1.1	1.0
PPP / total assets	2.0	2.0	1.8	1.8	1.9
PPP / total equity	16.8	16.3	13.9	13.9	14.0
ROA	1.0	1.0	0.9	1.0	1.0
ROE	8.3	8.2	7.0	7.4	7.6

Sources: Company data, ttb wealth estimates

Solid NPL coverage ratio

FINANCIAL RATIOS

FY ending Dec	2024A	2025A	2026F	2027F	2028F
Liquidity and Quality Ratio (%)					
Loan-to-deposit	85.0	81.6	82.8	84.4	86.1
Loan-to-deposit & S-T borrow ing	85.0	81.6	82.8	84.4	86.1
Net loan / assets	53.4	50.4	50.7	51.5	52.3
Net loan / equity	437.5	404.3	396.9	391.7	385.5
Investment / assets	21.8	24.1	24.2	24.3	24.4
Deposit / liabilities	79.4	79.3	79.1	79.1	79.0
Liabilities / equity	719.7	702.3	683.3	660.4	636.5
Net interbank lender (Bt m)	405,334	456,550	423,719	363,449	309,110
Tier 1 CAR	17.0	17.2	17.6	17.9	18.2
Tier 2 CAR	3.4	4.6	4.5	4.3	4.2
Total CAR	20.4	21.8	22.1	22.2	22.4
NPLs (Bt m)	85,833	94,664	100,011	102,765	105,601
NPLs / Total loans (NPL Ratio)	3.2	3.6	3.7	3.7	3.7
Loan-Loss-Coverage	317.8	309.5	308.1	304.2	300.0

Sources: Company data, ttb wealth estimates

BUY (Unchanged)

Change in Numbers

TP: Bt 304.00 (From: Bt 216.00)

Upside : 24.6%

KASIKORNBANK Pcl (KBANK TB)

One size fits all

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We reiterate our BUY on KBANK, viewing it as a good proxy pick for the sector's new cycle. It is exposed to re-emerging loan growth, a NIM recovery, and the mega-trend of a growing wealth industry. We project an 11% EPS CAGR over 2027-28F and yields of 6.5/6.9% in 2026-27F.

A good proxy pick; reiterating BUY

This report is a part of *Thailand Banks – Re-emerging growth,* dated 4 August 2026. We raise our earnings estimates by 7-14% in 2026-28F due to stronger-than-expected fee income and NIM. Also, after rolling over to a 2027F base year, our DDM-based 12-month TP rises to Bt304 (from Bt216). We reiterate our BUY call on KBANK, seeing it as a good proxy pick in the banking sector's new growth cycle. ***First***, KBANK has the strongest wealth franchise among big banks, and wealth management is the sector's key mega-trend driver. ***Second***, following a cleaner balance sheet, we expect KBANK to capture the sector's re-emerging loan growth, and we estimate overall loan growth of 2.3% p.a. in 2026-28F. ***Third***, asset quality continues to improve, with the SME loan mix falling to 24% in 1Q26 from a peak of 39% in 2016, and we project credit costs to keep trending down into 2028F. ***Lastly***, KBANK offers attractive dividend yields of 6.1/6.6% in 2026-27F.

Strong wealth franchise

KBANK's fee income grew 7% p.a. vs. the sector's 2% p.a. in 2024–25. We expect its wealth business to accelerate its fee income growth to 11% p.a. in 2026–28F. We see wealth-based fee income rising to 38% of total fee income in 2028F from 30% in 2025. KBANK has a strong wealth franchise. Its fund management arm KAsset is Thailand's largest mutual fund by AUM. KAsset partnered with JP Morgan Asset Management in 2024, which has helped expand product offerings. KBANK's large base of 24.5m K PLUS application users offers ample growth for its wealth business. Its bancassurance business is also growing faster than the industry, due to data-driven cross-selling and a broad product suite spanning protection, health, savings, and investment-linked solutions.

Improving asset quality

Due to its high SME exposure in the past, KBANK's credit cost averaged a high 190bp over the past five years. Owing to a lower SME loan mix from a major balance sheet clean-up during 2022-24 and tighter underwriting standards across segments, we project its credit costs to decline to 150/145bps in 2027–28F. New NPL formation was just 1% in 1H26 amid the Iran war. NPL ratio hit a 10-year low of 3.58% with 163% coverage.

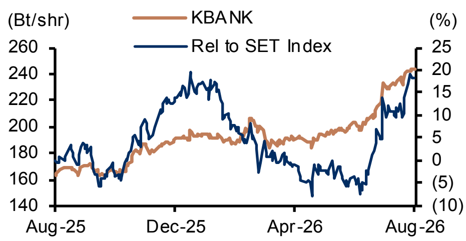
Rising dividends

Like peers, KBANK has pursued higher dividend payouts and a share buyback program in 2025. Its payout ratio rose from 36% in 2023 to 57/67% in 2024-25. We do not expect further buybacks, given that the stock now trades near 1x P/BV. Instead, we expect it to keep raising DPS to Bt15/16/18 in 2026–28F from Bt14 in 2025, supported by a strong CET1 ratio of 17.4% as of 2Q26. This implies payout ratios of 72/71/71% and dividend yields of 6.1/6.6/7.4% in 2026–28F.

COMPANY VALUATION

Y/E Dec (Bt m)	2025A	2026F	2027F	2028F
Pre Provision Profit	109,129	106,734	113,433	121,848
Net profit	49,565	49,117	53,753	59,971
Consensus NP	—	49,957	52,760	56,485
Diff frm cons (%)	—	*(1.7)*	*1.9*	*6.2*
Norm profit	49,565	47,828	53,753	59,971
Prev. Norm profit	—	45,894	49,466	52,856
Chg frm prev (%)	—	*4.2*	*8.7*	*13.5*
Norm EPS (Bt)	20.92	20.19	22.69	25.31
Norm EPS grw (%)	(0.1)	(3.5)	12.4	11.6
Norm PE (x)	11.7	12.1	10.8	9.6
P/BV (x)	1.0	1.0	0.9	0.9
Div yield (%)	4.9	6.1	6.6	7.4
ROE (%)	8.6	8.1	8.8	9.5
ROA (%)	1.1	1.0	1.2	1.3

PRICE PERFORMANCE



COMPANY INFORMATION

Price *as of* 3-Aug-26 (Bt)	244.00
Market Cap (US$ m)	17,332
Listed Shares (m shares)	2,369.3
Free Float (%)	74.4
Avg. Daily Turnover (US$ m)	117.1
12M Price H/L (Bt)	244.00/162.50
Sector	BANK
Major Shareholder	Thai NVDR 12.76%

Sources: Bloomberg, Company data, ttb wealth estimates

ESG Summary Report P58

Ex 1: Earnings Revisions And Assumption Changes

	2024	2025	2026F	2027F	2028F
Net profit (Bt bn)					
- New	49.60	49.56	49.12	53.75	59.97
- Old			45.89	49.47	52.86
- Change (%)			*7.02*	*8.67*	*13.46*
Net EPS (Bt/share)					
- New	20.94	20.92	20.73	22.69	25.31
- Old			19.37	20.88	22.31
- Change (%)			*7.02*	*8.67*	*13.46*
Loan growth (%)					
- New	(0.27)	(0.28)	2.00	2.50	2.50
- Old			1.00	2.00	2.00
- Change (ppt)			*1.00*	*0.50*	*0.50*
NIM (%)					
- New	3.60	3.23	2.90	2.96	3.06
- Old			2.88	2.92	3.00
- Change (ppt)			*0.03*	*0.04*	*0.06*
Non-NII (Bt bn)					
- New	49.26	56.83	61.39	64.77	69.99
- Old			55.73	58.30	61.21
- Change (%)			*10.16*	*11.09*	*14.34*
Cost-to-income ratio (%)					
- New	42.71	43.74	43.59	42.66	41.98
- Old			44.49	44.79	44.55
- Change (ppt)			*(0.90)*	*(2.13)*	*(2.57)*
Credit costs (%)					
- New	1.90	1.63	1.60	1.50	1.45
- Old			1.60	1.52	1.50
- Change (ppt)			*0.00*	*(0.02)*	*(0.05)*
NPLs (Bt bn)					
- New	93.01	93.53	92.27	94.86	92.21
- Old			94.78	96.06	97.36
- Change (%)			*(2.65)*	*(1.25)*	*(5.30)*

Sources: Company data, ttb wealth estimates

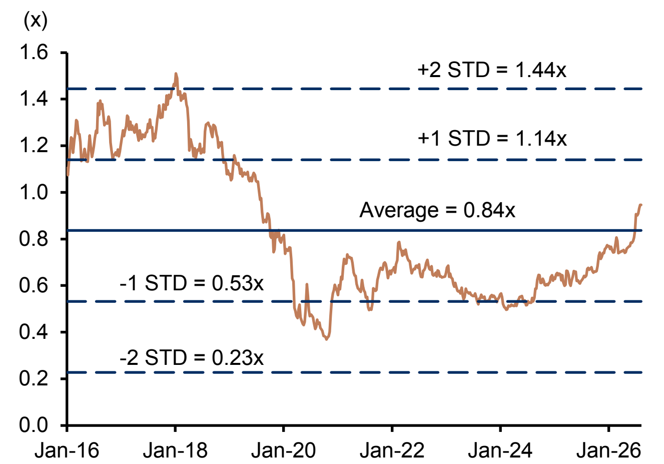
Ex 2: 12-month DDM-based TP Calculation Using A Base Year Of 2027F

(Bt m)	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	2035F	2036F	Terminal Value
Dividend of common shares	28,432	35,540	37,909	42,648	47,387	48,571	56,864	59,233	68,710	74,634	78,188	78,188
Dividend payment	28,432	35,540	37,909	42,648	47,387	48,571	56,864	59,233	68,710	74,634	78,188	938,254
PV of dividend	35,540	34,298	34,918	35,112	32,569	34,497	32,520	34,139	33,558	31,807	381,683	35,540

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	720,642
No. of shares	2,369
Equity value / share	**304.00**

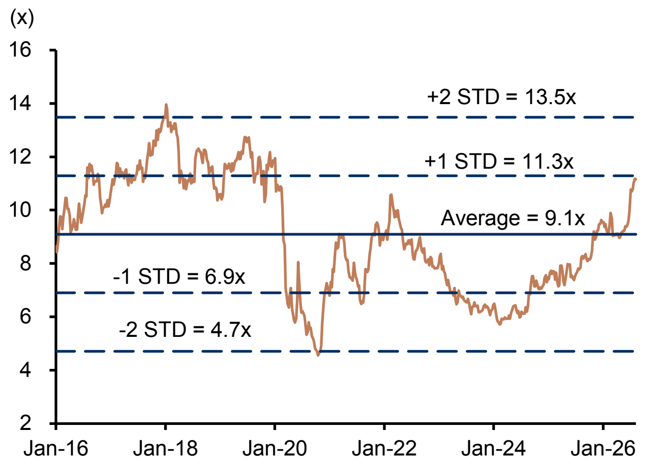
Sources: Company data, Thanachart estimates

Ex 3: P/BV STD



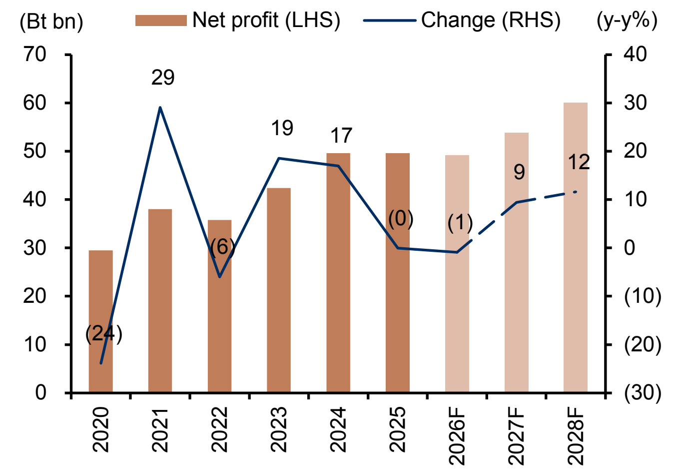
Sources: Bloomberg, ttb wealth estimates

Ex 4: PE STD



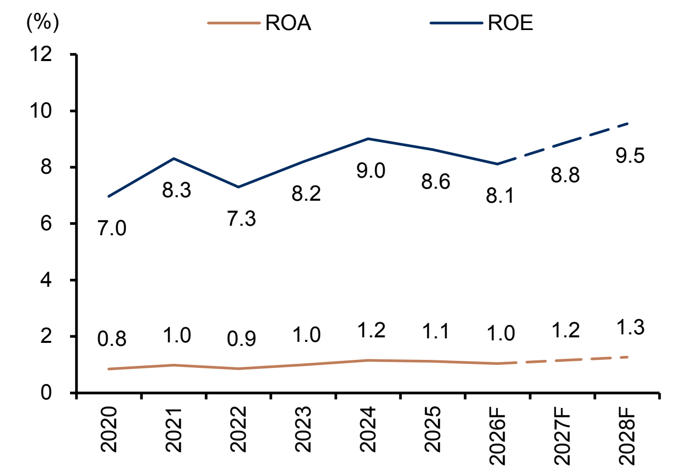
Sources: Bloomberg, ttb wealth estimates

Ex 5: Net Profit Growth



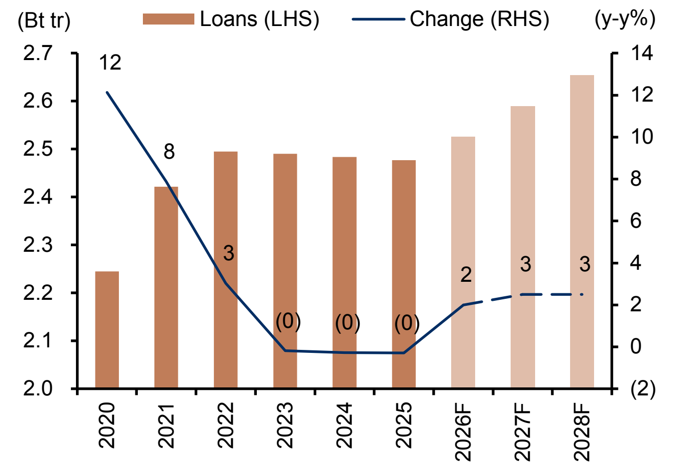
Sources: Company data, ttb wealth estimates

Ex 6: ROE And ROA



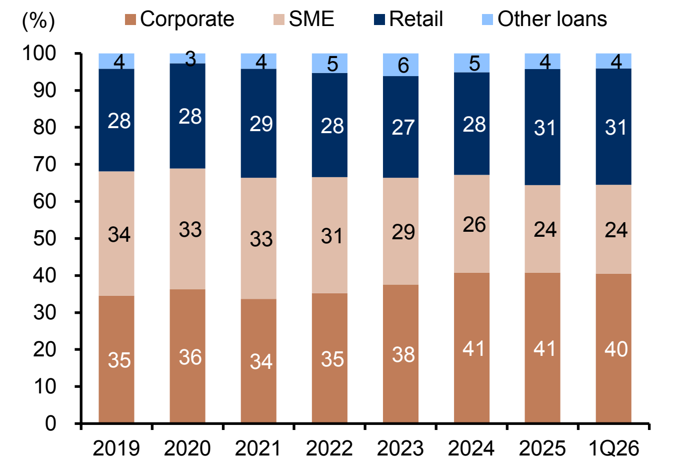
Sources: Company data, ttb wealth estimates

Ex 7: Loan Growth



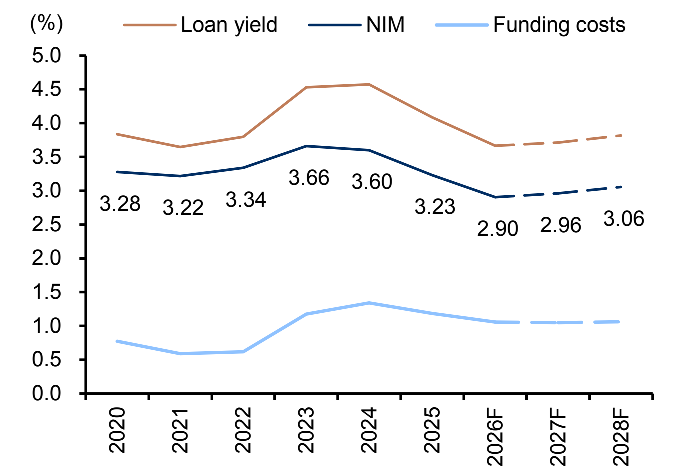
Sources: Company data, ttb wealth estimates

Ex 8: Loan Breakdown



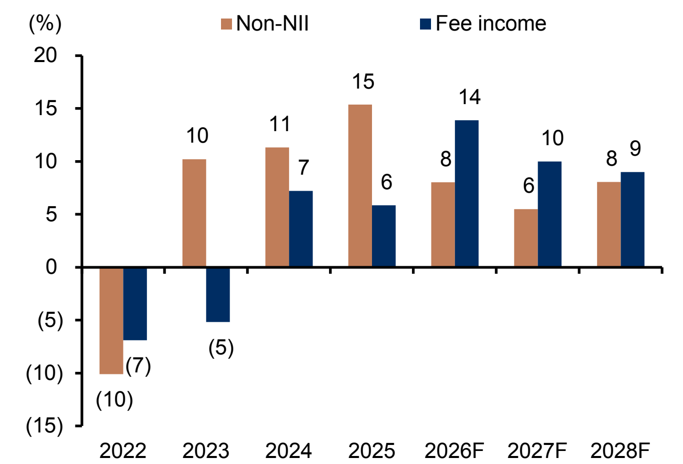
Source: Company data

Ex 9: Loan Yield, NIM, And Funding Costs



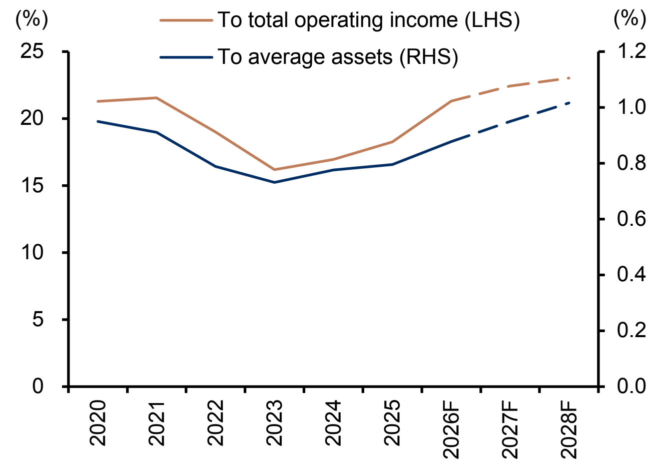
Sources: Company data, ttb wealth estimates

Ex 10: Fee Income And Non-NII Growth



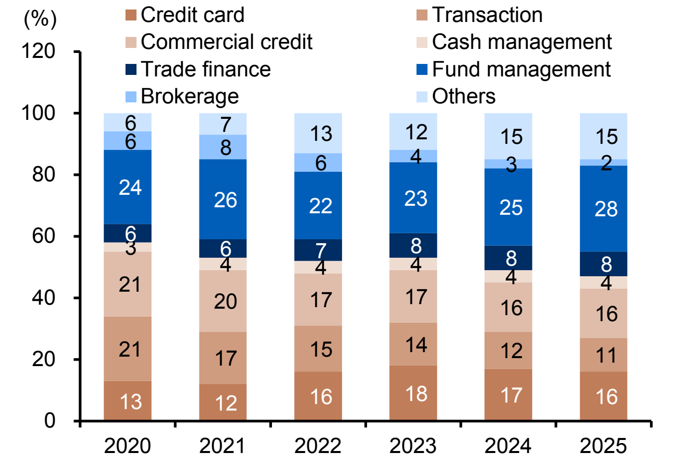
Sources: Company data, ttb wealth estimates

Ex 11: % Fee Income



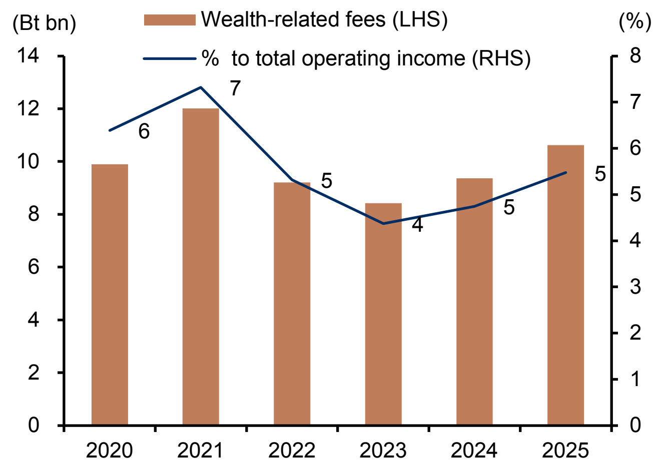
Sources: Company data, ttb wealth estimates

Ex 12: Fee Income Breakdown



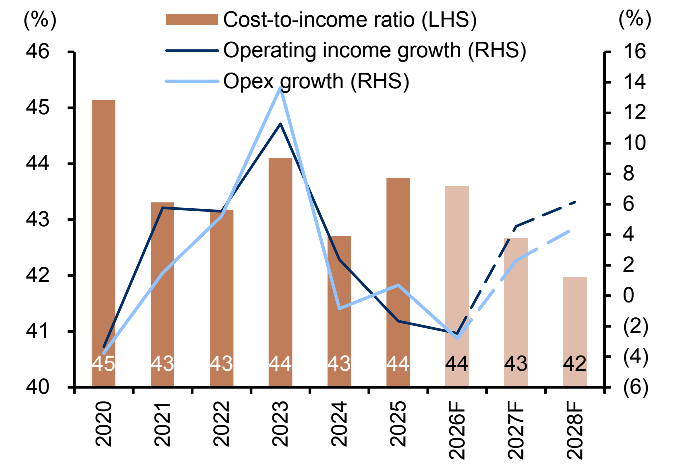
Sources: Company data, ttb wealth estimates

Ex 13: % Wealth-Related Fees



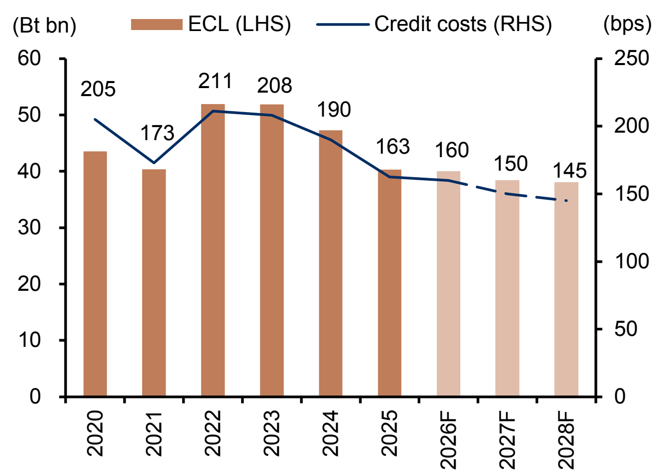
Sources: Company data, ttb wealth estimates

Ex 14: Opex And Operating Income Growth Vs CIR



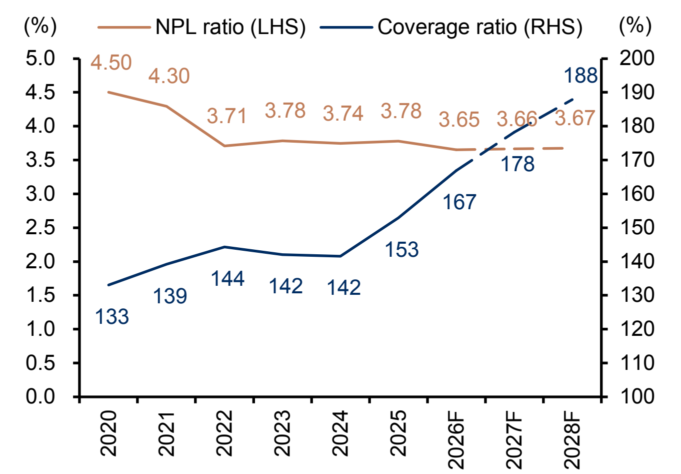
Sources: Company data, ttb wealth estimates

Ex 15: Credit Costs And ECL



Sources: Company data, ttb wealth estimates

Ex 16: NPL Ratio And Coverage Ratio



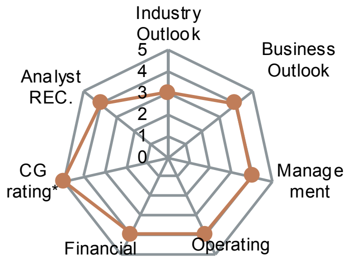
Sources: Company data, ttb wealth estimates

COMPANY DESCRIPTION

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

Source: ttb wealth

COMPANY RATING



Rating Scale	
Excellent	**5**
Good	**4**
Fair	**3**
Weak	**2**
Very Wea	**1**
None	**0**

Source: ttb wealth; *CG Rating

TTB WEALTH'S SWOT ANALYSIS

S — Strength

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

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.

O — Opportunity

- Wealth management
- Regional expansions
- Digital ventures

T — Threat

- Global economic recession
- Changes in accounting standards and regulations

CONSENSUS COMPARISON

	Consensus	ttb wealth	Diff
Target price (Bt)	254.49	304.00	19%
Net profit 26F (Bt m)	49,957	49,117	-2%
Net profit 27F (Bt m)	52,760	53,753	2%
Consensus REC	**BUY: 22**	**HOLD: 3**	**SELL: 1**

HOW ARE WE DIFFERENT FROM THE STREET?

- Our earnings forecasts are in line with the Bloomberg consensus numbers.
- Our TP is significantly above the street, likely reflecting our assumption of a higher dividend payout ratio.

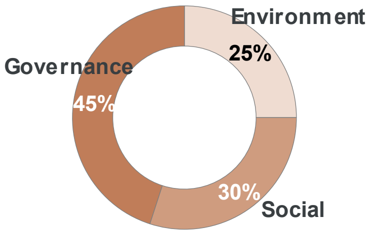
Sources: Bloomberg consensus, ttb wealth estimates

RISKS TO OUR INVESTMENT CASE

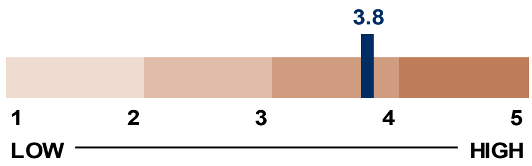
- The weak economic backdrop might lead to higher provisions and slower loan growth.
- Slow growth in fee income would negatively impact our earnings forecasts.
- A lower DPS than we presently assume would negatively impact our TP.

Source: ttb wealth

ESG Weighting



ESG Rating



	SET ESG Index	SET ESG (BBB-AAA)	DJSI Index	ttb wealth ESG Rating (1.0-5.0)	MSCI (CCC-AAA)	ESG Book (0-100)	CG Rating (0-5)
KBANK	YES	AAA	YES	3.77	AAA	69.83	5.0

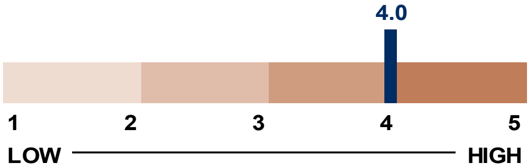
Sources: SETTRADE, SET ESG Index, SET ESG Rating, The Dow Jones Industrial Average (DJSI)
MSCI ESG Research LLC, ESG Book, Thai IOD (CG rating)
Note: Please see third party on "terms of use" toward the back of this report.

ESG Summary

- KBANK is Thailand's second-largest bank by asset size and largest by profit. Its 2025 loan breakdown was 41% corporate, 24% SME, 31% retail, and 4% others. It has been known as a leader in SME lending, but due to the prolonged weak economy, KBANK has reduced its SME loans from a peak of 39% of total loans in 2016. KBANK has a dominant market share in mobile banking through its K PLUS platform.
- We assign KBANK a high ESG score of 3.8 vs. the 3.6 sector average. The strong score is across the Environment (E), Social (S), and Governance (G) pillars. The bank integrates ESG directly into its operations, which results in lower business risk.
- KBANK has a good "E" score of 4.0, reflecting its credible climate targets and execution. It is also scaling up sustainable finance by increasing exposure of its lending to sustainable businesses and implementing sector-specific glidepaths to reduce financed emissions.
- We assign KBANK a good 3.9 Social score, reflecting its strong brand, high customer satisfaction, decent financial reach, and good digital inclusion. That said, its social profile looks "peer-like" on employee and community metrics. To break into a higher tier, KBANK must show a harder, measurable impact, e.g., lending that delivers proven poverty reduction in underserved rural segments.
- KBANK's 3.6 "G" score is in line with peers. We view its governance positively, reflecting disciplined ethical standards, a resilient and sustainable business model, and strong product and digital innovation. Governance is also well integrated into its day-to-day risk management and lending decisions. However, while we see improvements in board structure, we do not yet consider it fully optimal, as the proportion of independent directors remains below two-thirds — and even below 50%.

We assign KBANK a high Environmental score of 4.0, reflecting its leadership in sustainable banking. The bank has clear climate targets and is actively scaling sustainable financing and implementing sector-specific glidepaths to manage financed emissions.

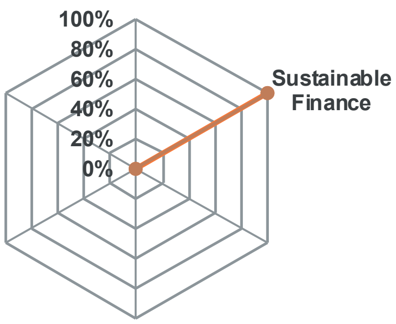
Environment (E) Rating



ENVIRONMENT	Our Comments

- **Sustainable Finance**

SCALE WEIGHTING



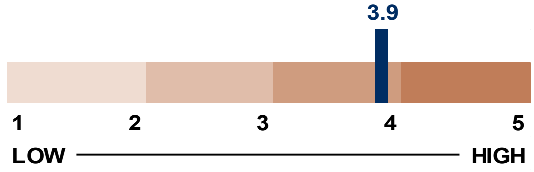
- We assign a high E score of 4.0 to KBANK, which is above the industry average of 3.6. KBANK has positioned itself as a "Bank of Sustainability", with clear climate commitments and measurable progress, supported by both operational decarbonization and sustainable finance initiatives.
- **Clear long-term targets:** KBANK has set ambitious and time-bound goals, including Net Zero for its own operations (Scope 1 & 2) by 2030, and Net Zero in its financed portfolio (Scope 3) aligned with Thailand's 2065 target, and a full coal phase-out by 2030 — providing a strong strategic anchor for its transition pathway.
- **Operational decarbonization:** KBANK delivered a 17.0% reduction in Scope 1 & 2 emissions vs. the 2020 baseline in 2024, reflecting real operational progress through efficiency upgrades, EV fleet transition, and solar installations across branches and offices.
- **Sustainable finance:** KBANK allocated Bt48.5bn in cumulative sustainable financing and investment (2022–24) and has begun implementing sector-specific glidepaths (e.g., automotive, power, oil & gas, coal, cement, and aluminum) to actively manage financed emissions — supporting credibility in Scope 3 execution over time.
- **Risk management framework:** The bank embeds climate risk considerations into its broader risk framework, addressing both physical risks (floods, droughts) and transition risks (regulation, carbon costs), which strengthens resilience across its loan book and client base.
- **Strong external validation reinforces credibility:** KBANK's track record is supported by global recognition, including seven consecutive years of Carbon Neutral Certification and an A List (Leadership Level) Carbon Disclosure Project rating, signaling above-peer transparency and execution quality in climate management.

Sources: ttb wealth, Company data

Sector: Financials | Banking

KBANK's good Social score of 3.9 is in line with peers. It leads in customer satisfaction and digital access, which supports financial inclusion. Yet its employee and community outcomes remain broadly in line with other top Thai banks.

Social (S) Rating



SOCIAL

- **Access & Affordability**
- **Customer Welfare**
- **Data Security & Customer Privacy**
- **Product Quality & Safety**
- **Fair Product Marketing & Labelling**
- **Operational Risk Management**
- **Diversity & Inclusion**

SCALE WEIGHTING

Our Comments

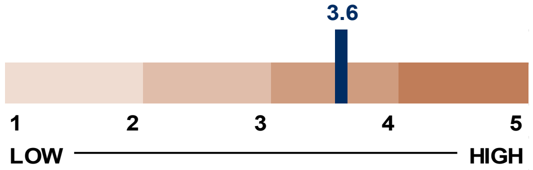
- We assign a good Social (S) score of 3.9 to KBANK, which is in line with the industry average. The bank emphasizes creating a sustainable society by fostering strong relationships with employees, customers, and communities, while promoting human rights, diversity, and financial inclusion. To achieve a score of 4.0 or higher, KBANK would likely need to demonstrate more aggressive social value creation, such as industry-leading executive-level diversity targets or measurable poverty-reduction outcomes through its lending.
- **Customer-centricity and financial inclusion:** KBANK aims to be the most customer-centric bank, achieving a Net Promoter Score (NPS) of 85 in 2024, the highest in the Thai banking industry. With 22.8m K PLUS users, KBANK manages approximately 30% of Thailand's mobile banking transactions. This digital infrastructure is the bank's most effective tool for financial inclusion, reaching the underserved retail and SME segments.
- **Employee engagement and development:** The bank invests in building a future-ready workforce through the "Best Place to Work, Learn and Lead" initiative, fostering a culture of agility and collaboration (K-Culture), with an Employee Engagement Score of 78% in 2024. Diversity, equity, inclusion, and well-being are central to its employee management strategy.
- **Community impact and human rights:** KBANK supports community development and volunteer programs, such as "Tham Di Tham Dai", and ensures that all suppliers comply with international labor and human rights standards through its Supplier Code of Conduct. In 2024, KBANK reported zero human rights violations within its operations, a vital stat for maintaining its "Leadership Level" status in global ESG indices.
- **Robust governance of social risks:** The bank integrates social considerations into its broader operational and strategic framework, including data privacy, cybersecurity, and responsible lending, to maintain trust with stakeholders and protect vulnerable groups.

Sources: ttb wealth, Company data

Sector: Financials | Banking

We assign KBANK a Governance score of 3.6, in line with peers. This reflects an improved board structure, strong ethics policies, and the practice of building governance into daily decision-making, especially in risk control and lending.

Governance (G) Rating



GOVERNANCE & SUSTAINABILITY

- **Business Model and Innovation**
- **Leadership and Governance**
- **Board Structure**
- **Audit committee**
- **Renumeration**
- **Ethics & Compliance**
- **Risk Committee**

SCALE WEIGHTING

Our Comments

- KBANK's good G score of 3.6 is in line with peers. The bank demonstrates strong governance across most dimensions, underpinned by disciplined ethical standards, robust risk management, and the integration of ESG considerations into lending decisions. To further strengthen its governance profile, we see room to improve the board structure, particularly by increasing the proportion of independent directors.
- **Improved board structure:** KBANK has 13 board members: six independent directors, two executive directors, and five non-executive directors. Although this is not yet ideal as its independent director ratio is still below two-thirds or even 50%, it is an improvement from the past. In 2024–25, KBANK reduced its board size from 18 to improve agility and changed its board chair from being a founding family member to a non-executive director.
- **Geopolitical & macro stability:** KBANK is one of the few Thai banks to explicitly incorporate geopolitical risks into its Risk Oversight Committee's mandate. This proactive monitoring of trade barriers and regional tensions provides a governance premium for investors.
- **ESG integration:** KBANK's governance is distinguished by its 100% ESG integration in commercial lending. By subjecting 100% of project finance and medium-to-large enterprise loans to ESG assessments, KBANK mitigates "Governance Risk" at the client level, which directly protects the bank's asset quality.
- **Supplier governance:** The bank extends its governance standards to its supply chain, ensuring that suppliers operate ethically and transparently.
- **Strong third-party validation reinforces credibility:** KBANK's governance quality is supported by consistent external recognition, including Dow Jones Sustainability Indices (DJSI) World & Emerging Markets membership (9 consecutive years), MSCI ESG at "AA", SET ESG at "AAA" (two consecutive years), and a Thai Institute of Directors (IOD) "Excellence" rating, highlighting above-peer transparency and governance standards.

Sources: ttb wealth, Company data

Expecting solid fee-income growth from wealth-related businesses

Loan growth should recover in 2026-28F, driven by the corporate segment

INCOME STATEMENT

FY ending Dec (Bt m)	2024A	2025A	2026F	2027F	2028F
Interest and Dividend Income	188,068	173,625	161,307	166,721	174,693
Interest Expenses	40,064	36,473	33,486	33,668	34,683
Net Interest Income	**148,004**	**137,152**	**127,822**	**133,053**	**140,010**
% of total income	75.0%	70.7%	67.6%	67.3%	66.7%
Gain on Investment	45	1,352	1,555	700	742
Fee Income	33,434	35,389	40,307	44,337	48,328
Gain on Exchange	13,201	14,987	11,990	11,870	12,463
Others	(947)	1,712	3,813	3,950	4,349
Non-interest Income	**49,258**	**56,826**	**61,389**	**64,768**	**69,988**
% of total income	25.0%	29.3%	32.4%	32.7%	33.3%
Total Income	**197,263**	**193,978**	**189,211**	**197,821**	**209,998**
Operating Expenses	84,250	84,849	82,478	84,388	88,150
Pre-provisioning Profit	**113,012**	**109,129**	**106,734**	**113,433**	**121,848**
Provisions	47,251	40,312	40,023	38,366	38,015
Pre-tax Profit	**65,761**	**68,818**	**66,711**	**75,066**	**83,834**
Income Tax	13,095	13,871	13,342	15,013	16,767
After Tax Profit	52,667	54,946	53,369	60,053	67,067
Equity Income	981	822	863	906	952
Minority Interest	(4,045)	(6,204)	(6,404)	(7,206)	(8,048)
Extraordinary Items	0	0	1,289	0	0
NET PROFIT	**49,604**	**49,565**	**49,117**	**53,753**	**59,971**
Normalized Profit	**49,604**	**49,565**	**47,828**	**53,753**	**59,971**
EPS (Bt)	20.94	20.92	20.73	22.69	25.31
Normalized EPS (Bt)	20.94	20.92	20.19	22.69	25.31

BALANCE SHEET

FY ending Dec (Bt m)	2024A	2025A	2026F	2027F	2028F
ASSETS:					
Liquid Items	**568,750**	**613,910**	**609,051**	**614,893**	**620,355**
cash & cash equivalents	46,021	54,049	30,883	38,804	48,160
interbank & money market	522,729	559,861	578,168	576,089	572,194
Securities under resale agreeme	0	0	0	0	0
Investments	1,073,691	1,263,262	1,288,677	1,314,605	1,341,056
Net loans	**2,368,649**	**2,352,770**	**2,392,421**	**2,441,018**	**2,492,141**
Gross and accrued interest	2,500,355	2,495,767	2,546,389	2,610,049	2,675,300
Provisions for doubtful	131,706	142,997	153,969	169,031	183,159
Fixed assets - net	114,151	117,412	61,012	62,842	64,727
Other assets	215,713	211,264	220,621	225,034	229,534
Total assets	**4,340,954**	**4,558,618**	**4,625,991**	**4,713,686**	**4,804,213**
LIABILITIES:					
Liquid Items	**2,921,278**	**3,091,746**	**3,115,965**	**3,162,704**	**3,210,145**
Deposit	2,718,675	2,850,387	2,899,860	2,912,043	2,987,508
Interbank & money market	172,144	207,482	183,617	217,686	189,167
Liability payable on demand	30,459	33,878	32,488	32,976	33,470
Borrow ings	67,334	64,478	71,821	72,899	73,992
Other liabilities	706,680	728,626	743,198	758,062	773,224
Total liabilities	**3,695,292**	**3,884,850**	**3,930,985**	**3,993,666**	**4,057,361**
Minority interest	76,937	92,622	97,253	102,116	107,221
Shareholders' equity	**568,726**	**581,146**	**597,754**	**617,905**	**639,631**
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	41,597	36,909	38,754	40,692	42,727
Retained earnings	485,332	502,441	517,203	535,416	555,108
Liabilities & equity	**4,340,954**	**4,558,618**	**4,625,991**	**4,713,686**	**4,804,213**

Sources: Company data, ttb wealth estimates

Increasing DPS

Declining credit costs

VALUATION

FY ending Dec	2024A	2025A	2026F	2027F	2028F
Normlized PE (x)	11.7	11.7	12.1	10.8	9.6
Normalized PE - at target price (x)	14.5	14.5	15.1	13.4	12.0
PE (x)	11.7	11.7	11.8	10.8	9.6
PE - at target price (x)	14.5	14.5	14.7	13.4	12.0
P/PPP (x)	5.1	5.3	5.4	5.1	4.7
P/PPP - at target price (x)	6.4	6.6	6.7	6.3	5.9
P/BV (x)	1.0	1.0	1.0	0.9	0.9
P/BV - at target price (x)	1.3	1.2	1.2	1.2	1.1
Dividend yield (%)	4.9	4.9	6.1	6.6	7.4
Market cap / net loans (x)	0.2	0.2	0.2	0.2	0.2
Market cap / deposit (x)	0.2	0.2	0.2	0.2	0.2
(Bt)					
Normalized EPS	20.94	20.92	20.19	22.69	25.31
EPS	20.94	20.92	20.73	22.69	25.31
DPS	12.00	12.00	15.00	16.00	18.00
PPP/Share	47.70	46.06	45.05	47.88	51.43
BV/Share	240.04	245.28	252.29	260.79	269.96

FINANCIAL RATIOS

FY ending Dec	2024A	2025A	2026F	2027F	2028F
Growth Rate (%)					
Net interest income (NII)	(0.3)	(7.3)	(6.8)	4.1	5.2
Non-interest income (Non-II)	9.0	15.4	8.0	5.5	8.1
Operating expenses	(0.8)	0.7	(2.8)	2.3	4.5
Pre-provisioning profit (PPP)	4.0	(3.4)	(2.2)	6.3	7.4
Net profit	14.5	(0.1)	(0.9)	9.4	11.6
Normalized profit growth	14.5	(0.1)	(3.5)	12.4	11.6
EPS	14.5	(0.1)	(0.9)	9.4	11.6
Normalized EPS	14.5	(0.1)	(3.5)	12.4	11.6
Dividend payout ratio	57.3	57.4	72.4	70.5	71.1
Loan - gross	(0.3)	(0.3)	2.0	2.5	2.5
Loan - net	(0.1)	(0.7)	1.7	2.0	2.1
Deposit	0.7	4.8	1.7	0.4	2.6
NPLs	(1.3)	0.6	(1.4)	2.8	2.8
Total assets	1.3	5.0	1.5	1.9	1.9
Total equity	6.8	2.2	2.9	3.4	3.5
Operating Ratios (%)					
Net interest margin (NIM)	3.6	3.2	2.9	3.0	3.1
Net interest spread	5.2	4.6	4.3	4.4	4.5
Yield on earnings assets	4.6	4.1	3.7	3.7	3.8
Avg cost of fund	1.3	1.2	1.1	1.0	1.1
NII / operating income	75.0	70.7	67.6	67.3	66.7
Non-II / operating income	25.0	29.3	32.4	32.7	33.3
Fee income / operating income	16.9	18.2	21.3	22.4	23.0
Normalized net margin	25.1	25.6	25.3	27.2	28.6
Cost-to-income	42.7	43.7	43.6	42.7	42.0
Credit cost - provision exp / loans	1.9	1.6	1.6	1.5	1.4
PPP / total assets	2.6	2.5	2.3	2.4	2.6
PPP / total equity	20.5	19.0	18.1	18.7	19.4
ROA	1.2	1.1	1.0	1.2	1.3
ROE	9.0	8.6	8.1	8.8	9.5

Sources: Company data, ttb wealth estimates

Despite its higher dividend payout ratio, Tier 1 ratio to stay strong in 2026-28F

FINANCIAL RATIOS

FY ending Dec	2024A	2025A	2026F	2027F	2028F
Liquidity and Quality Ratio (%)					
Loan-to-deposit	91.4	86.9	87.1	88.9	88.8
Loan-to-deposit & S-T borrowing	91.3	86.9	87.1	88.9	88.8
Net loan / assets	54.6	51.6	51.7	51.8	51.9
Net loan / equity	416.5	404.8	400.2	395.0	389.6
Investment / assets	24.7	27.7	27.9	27.9	27.9
Deposit / liabilities	73.6	73.4	73.8	72.9	73.6
Liabilities / equity	649.7	668.5	657.6	646.3	634.3
Net interbank lender (Bt m)	350,585	352,379	394,552	358,403	383,028
Tier 1 CAR	18.3	18.4	18.5	18.6	18.7
Tier 2 CAR	2.0	2.0	1.9	1.9	1.8
Total CAR	20.3	20.4	20.5	20.5	20.5
NPLs (Bt m)	93,009	93,533	92,270	94,859	97,513
NPLs / Total loans (NPL Ratio)	3.7	3.8	3.7	3.7	3.7
Loan-Loss-Coverage	141.6	152.9	166.9	178.2	187.8

Sources: Company data, ttb wealth estimates

BUY (Unchanged)

Change in Numbers

TP: Bt 152.00 (From: Bt 92.00)

Upside : 34.5%

Kiatnakin Phatra Bank Pcl (KKP TB)

A full package

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KKP is our one of our best BUY in the sector, offering a full package of the strongest earnings growth of 20% p.a. in 2026-28F and the best valuation metrics: the lowest sector PEG of 0.79x, the P/BV-to-ROE of 10x, and the highest dividend yields of 7-9% p.a. in 2026-28F.

Best growth and valuation metrics; BUY

This report is a part of *Thailand Bank – Re-emerging growth,* dated 4 August 2026. We reiterate BUY on KKP as one of top sector pick due to its most attractive growth outlook and valuation metrics. ***First***, we project the highest earnings growth in the sector of 16/11% in 2027-28F after a strong 36% in 2026F. ***Second***, KKP is trading at the low end of sector valuations at 0.79x PEG and 10x P/BV-to-ROE on 2027-28F numbers. ***Third***, we estimate KKP to offer the highest dividend yield of 7.2/8.0/8.8% in 2026-28F. ***Lastly***, we expect KKP to enjoy the strongest rise in ROE in the sector to 13.2% in 2028F from 9.3% in 2025. Note that in this report we raise our earnings estimates by 19/33/42% in 2026-28F to reflect its solid earnings beat in 1H26. Together with rolling over to a 2027F base year, our DDM-based 12-month TP rises to Bt152 (from Bt92).

Also a full package of earnings drivers

KKP is bucking the sector's falling earnings trend this year with 36% net profit growth, while we expect another 16/11% growth in 2027-28F. Key drivers are: 1) fee-based income growth of 20/15% y-y underpinned by wealth management business; 2) combined credit costs and losses from repossessed cars falling to 136/135bps from 144bps in 2026F, backed by its cleaner loan portfolio after a big cleanup during 2023-24 and an improving industry backdrop of tighter used-car supply and stabilizing prices, 3) NIM rising to 3.96% in 2028F from 3.76% in 2026F supported by a rising CASA and loan recovery, and 4) loan growth of 3.0/3.0%, driven by corporate lending and auto hire-purchase recovering from a low base.

Outstanding wealth business

Wealth fee income doesn't use equity and is a good ROE-driving factor. KKP, despite being a small bank, is the industry leader in this area in our view. KKP's fee income accounted for 26% of total income in 1H26. Wealth-based income accounted for 90% of fee income, which was the highest in the sector. We project fee income growth of 26/20/15% and wealth income growth of 35/23/18% in 2026–28F. KKP has partnered with Goldman Sachs Asset Management since 2025 to broaden its global wealth products. Dime, the global securities trading platform, is growing fast, and we estimate Bt891m in profit in 2026F from Bt287m in 2025. We project Dime to contribute 11–14% of KKP's profit in 2026–28F.

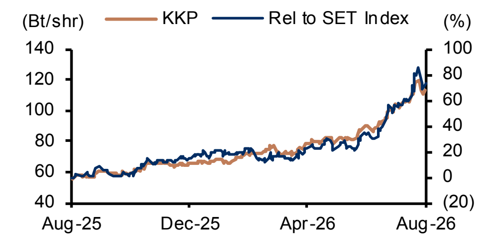
More generous dividend

As KKP is a more fee-driven bank, it raised its payout ratio and did share buybacks over the past two years. Backed by a strong 14.4% CET1 and extra cash from ESOP exercises (Bt4.3bn potential by June 2027), management has signaled room for a more generous payout. We raise our payout assumption to 85%, implying dividend yields of 7.2/8.0/8.8% in 2026–28F. Its payout ratios were 67/80% in 2024-25.

COMPANY VALUATION

Y/E Dec (Bt m)	2025A	2026F	2027F	2028F
Pre Provision Profit	11,143	13,968	15,439	16,879
Net profit	5,913	8,022	9,284	10,328
Consensus NP	—	7,556	7,744	7,554
Diff frm cons (%)	—	*6.2*	*19.9*	*36.7*
Norm profit	5,913	8,022	9,284	10,328
Prev. Norm profit	—	6,750	6,963	7,258
Chg frm prev (%)	—	*18.8*	*33.3*	*42.3*
Norm EPS (Bt)	7.17	9.46	10.58	11.54
Norm EPS grw (%)	20.0	32.0	11.8	9.1
Norm PE (x)	15.8	11.9	10.7	9.8
P/BV (x)	1.4	1.4	1.3	1.2
Div yield (%)	5.0	7.2	8.0	8.8
ROE (%)	9.3	11.8	12.6	13.2
ROA (%)	1.2	1.6	1.8	2.0

PRICE PERFORMANCE



COMPANY INFORMATION

Price *as of* 3-Aug-26 (Bt)	113.00
Market Cap (US$ m)	3,033
Listed Shares (m shares)	895.4
Free Float (%)	73.6
Avg. Daily Turnover (US$ m)	18.5
12M Price H/L (Bt)	120.00/55.25
Sector	BANK
Major Shareholder	Thai NVDR 14.63%

Sources: Bloomberg, Company data, ttb wealth estimates

ESG Summary Report P72

Ex 1: Earnings Revisions And Assumption Changes

	2024	2025	2026F	2027F	2028F
Net profit (Bt bn)					
- New	5.03	5.91	8.02	9.28	10.33
- Old			6.75	6.96	7.26
- Change (%)			*18.84*	*33.33*	*42.30*
Net EPS (Bt/share)					
- New	5.97	7.17	9.46	10.58	11.77
- Old			8.09	8.34	8.69
- Change (%)			*17.04*	*26.82*	*35.35*
Loan growth (%)					
- New	(7.58)	(6.63)	3.00	3.00	3.00
- Old			1.50	3.00	3.00
- Change (ppt)			*1.50*	*0.00*	*0.00*
NIM (%)					
- New	4.06	3.77	3.76	3.84	3.96
- Old			3.77	3.86	3.97
- Change (ppt)			*(0.01)*	*(0.02)*	*(0.01)*
Fee income (Bt bn)					
- New	5.40	5.94	7.48	8.98	10.32
- Old			6.52	6.92	7.33
- Change (%)			*14.67*	*29.82*	*40.84*
Opex (Bt bn)					
- New	16.52	14.33	12.93	13.29	13.95
- Old			13.47	13.93	14.41
- Change (%)			*(3.96)*	*(4.59)*	*(3.15)*
Losses on repossessed cars (Bt bn)					
- New	4.83	2.40	1.30	1.30	1.30
- Old			1.50	1.60	1.60
- Change (%)			*(13.33)*	*(18.75)*	*(18.75)*
Credit costs (%)					
- New	1.04	1.04	1.07	1.00	1.00
- Old			1.05	1.05	1.05
- Change (ppt)			*0.02*	*(0.05)*	*(0.05)*
NPLs (Bt bn)					
- New	17.47	16.52	13.69	14.05	14.80
- Old			16.86	17.22	17.59
- Change (%)			*(18.85)*	*(18.42)*	*(15.87)*

Sources: Company data, ttb wealth estimates

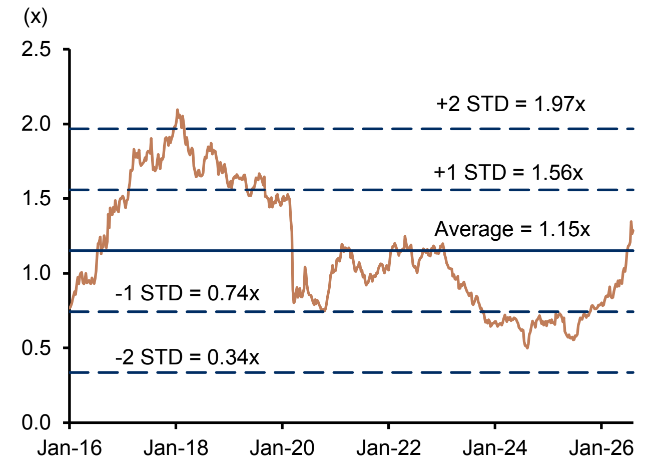
Ex 2: 12-month DDM-based Valuation Using A Base Year Of 2027F

(Bt m)	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	2035F	2036F	Terminal value
Dividend of common shares	7,383	8,382	8,908	9,216	9,742	10,269	10,751	11,190	12,419	13,736	13,736
Dividend payment	7,383	8,382	8,908	9,216	9,742	10,269	10,751	11,190	12,419	13,736	161,781
PV of dividend	7,383	7,572	7,273	6,799	6,495	6,185	5,852	5,504	5,520	5,515	71,905

Risk-free rate (%)	2.5
Market risk premium (%)	8.0
Beta	1.0
WACC (%)	10.7
Cost of equity	10.7
Terminal growth (%)	2.0
Equity value	136,002
No. of shares (m)	895
Equity value / share (Bt)	**152**

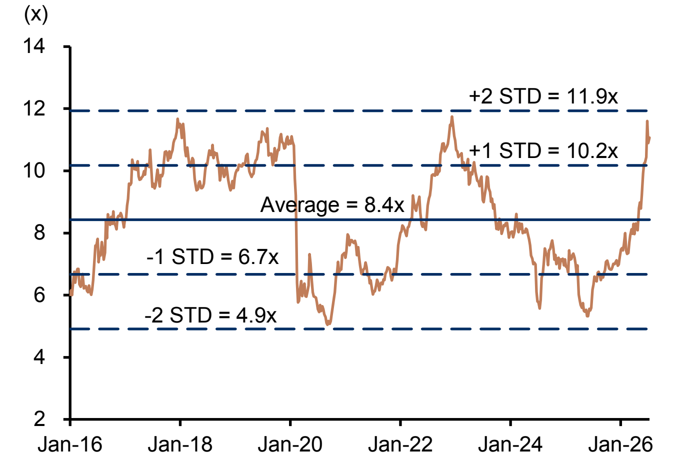
Sources: Company data, ttb wealth estimates

Ex 3: P/BV STD



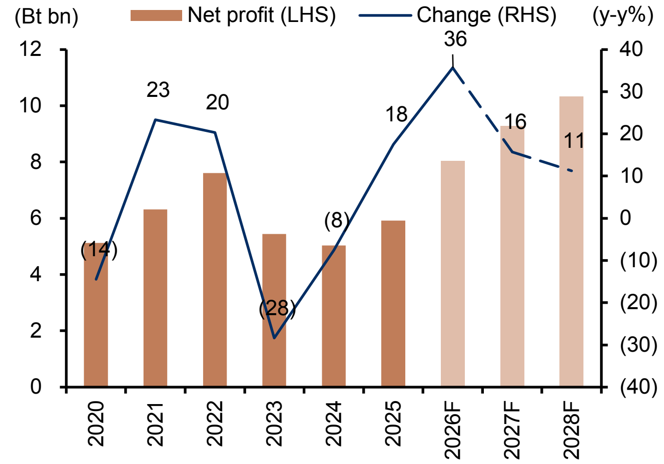
Sources: Bloomberg, ttb wealth estimates

Ex 4: PE STD



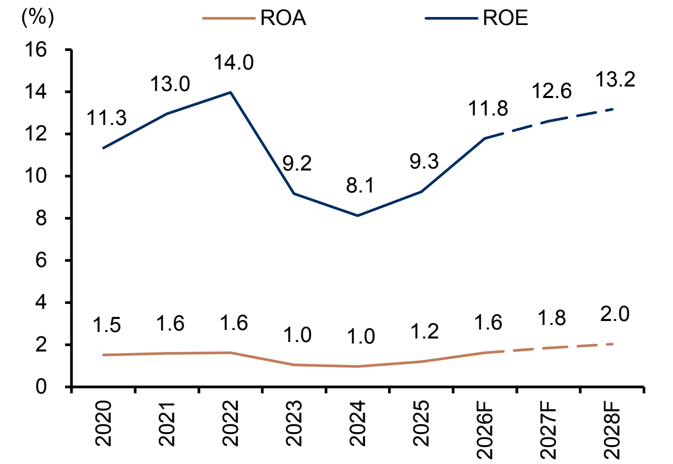
Sources: Bloomberg, ttb wealth estimates

Ex 5: Net Profit Growth



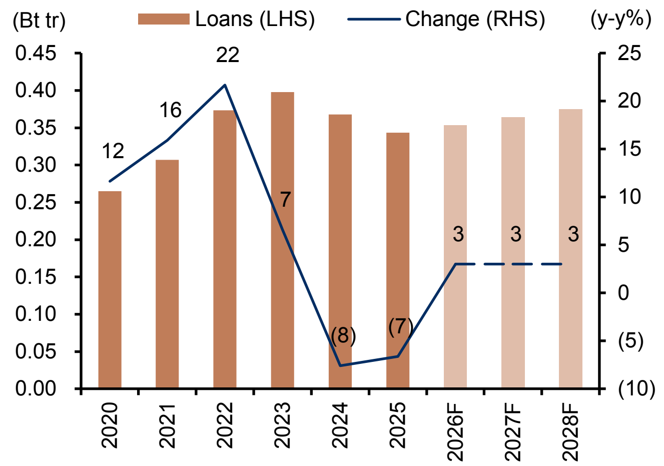
Sources: Company data, ttb wealth estimates

Ex 6: ROE And ROA



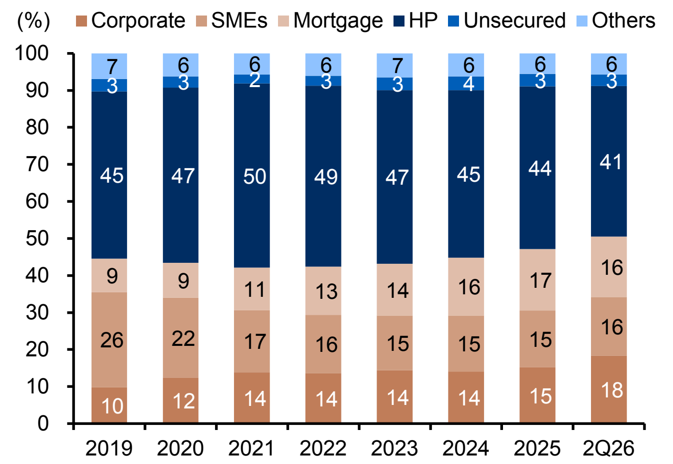
Sources: Company data, ttb wealth estimates

Ex 7: Loan Growth



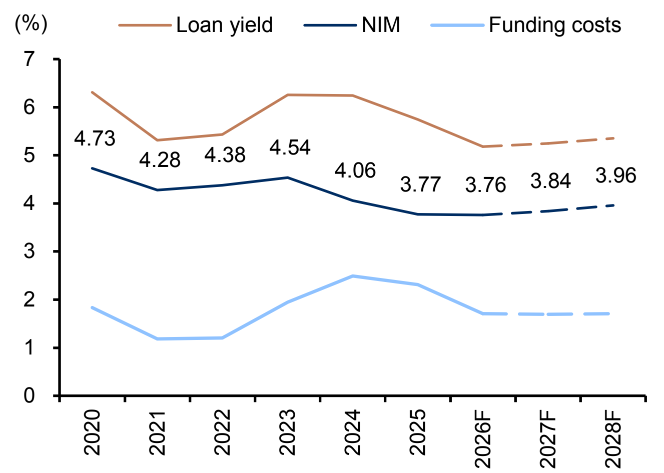
Sources: Company data, ttb wealth estimates

Ex 8: Loan Breakdown



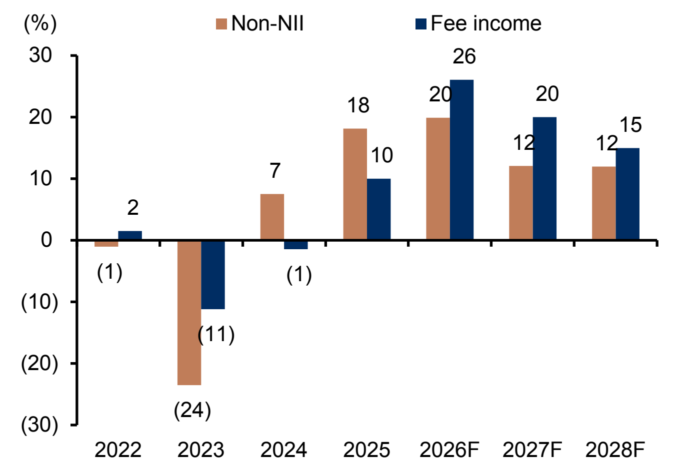
Source: Company data,

Ex 9: Loan Yield, NIM, And Funding Costs



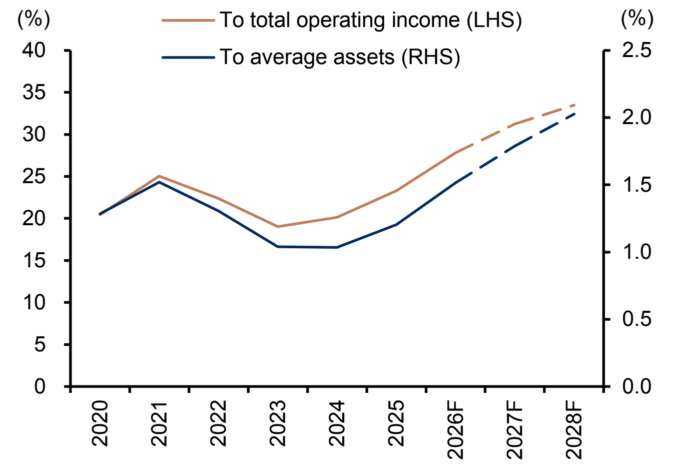
Sources: Company data, ttb wealth estimates

Ex 10: Fee Income And Non-NII Growth



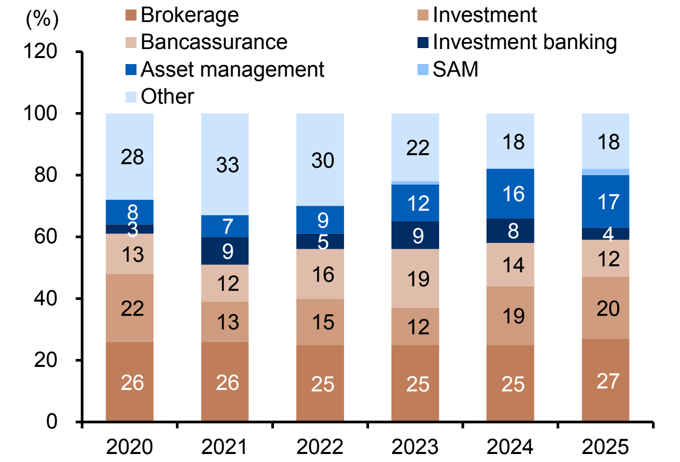
Sources: Company data, ttb wealth estimates

Ex 11: % Fee Income



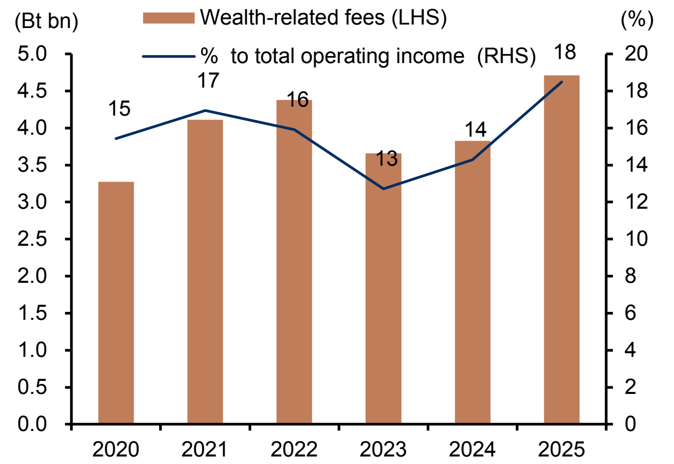
Sources: Company data, ttb wealth estimates

Ex 12: Fee Income Breakdown



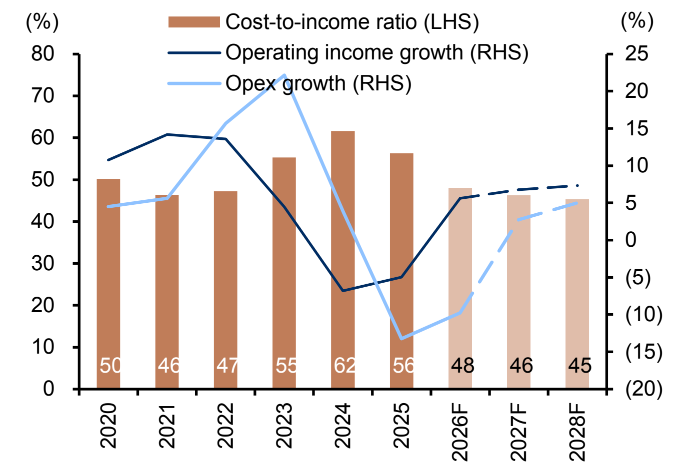
Sources: Company data, ttb wealth estimates

Ex 13: % Wealth-Related Fees



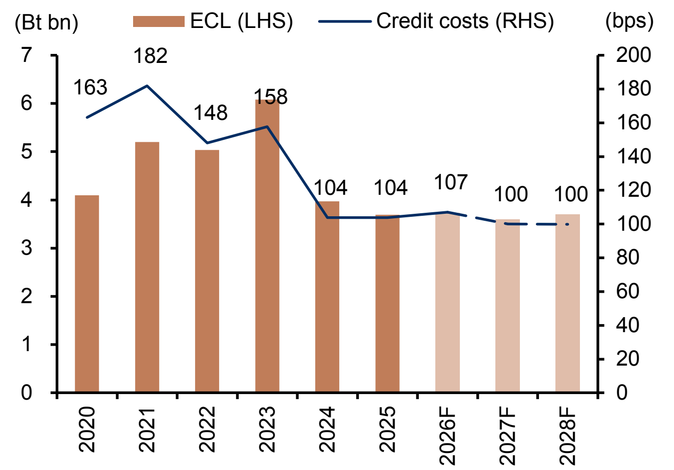
Sources: Company data, ttb wealth estimates

Ex 14: Opex And Operating Income Growth Vs CIR



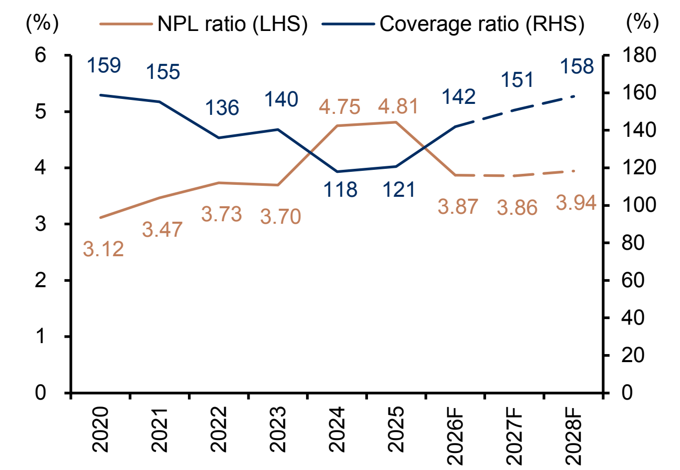
Sources: Company data, ttb wealth estimates

Ex 15: Credit Costs And ECL



Sources: Company data, ttb wealth estimates

Ex 16: NPL Ratio And Coverage Ratio



Sources: Company data, ttb wealth estimates

Ex 17: Our Dime Forecasts

	2022	2023	2024	2025	2026F	2027F	2028F
Total revenue (Bt m)	**2**	**34**	**234**	**802**	**1,930**	**2,635**	**2,975**
% y-y		1538%	593%	243%	141%	37%	13%
Opex (Bt m)	**214**	**217**	**319**	**457**	**816**	**1,053**	**1,241**
% y-y		1%	47%	43%	79%	29%	18%
% SG&A to sale		642%	137%	57%	42%	40%	42%
Net profit	**(170)**	**(166)**	**(86)**	**287**	**891**	**1,266**	**1,387**
% y-y					211%	42%	10%
% Net margin				36%	46%	48%	47%
% Dime's profit to KKP				**5%**	**11%**	**14%**	**13%**

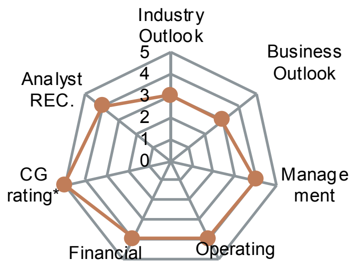
Sources: Company data, ttb wealth estimates

COMPANY DESCRIPTION

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

Source: ttb wealth

COMPANY RATING



Rating Scale	
Excellent	**5**
Good	**4**
Fair	**3**
Weak	**2**
Very Wea	**1**
None	**0**

Source: ttb wealth; *CG Rating

TTB WEALTH'S SWOT ANALYSIS

S — Strength

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

W — Weakness

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

O — Opportunity

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

T — Threat

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

CONSENSUS COMPARISON

	Consensus	ttb wealth	Diff
Target price (Bt)	120.00	152.00	27%
Net profit 26F (Bt m)	7,556	8,022	6%
Net profit 27F (Bt m)	7,744	9,284	20%
Consensus REC	**BUY: 17**	**HOLD: 2**	**SELL: 2**

HOW ARE WE DIFFERENT FROM THE STREET?

- Our earnings forecasts are above the Bloomberg consensus numbers, likely reflecting our more positive view on fee income growth.
- Our TP is also significantly above the Street, likely reflecting our assumptions of both stronger earnings growth and a higher dividend payout ratio.

Sources: Bloomberg consensus, ttb wealth estimates

RISKS TO OUR INVESTMENT CASE

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

Source: ttb wealth

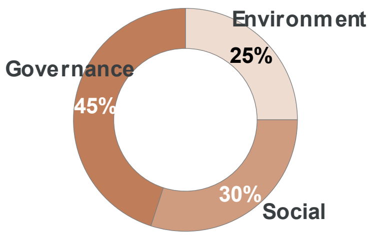
KKP

Kiatnakin Bank Pcl

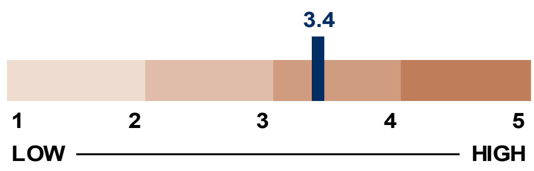
Sector: Financials | Banking

ESG & Sustainability Report

ESG Weighting



ESG Rating



	SET ESG Index	SET ESG (BBB-AAA)	DJSI Index	ttb wealth ESG Rating (1.0-5.0)	MSCI (CCC-AAA)	ESG Book (0-100)	CG Rating (0-5)
KKP	YES	AAA	-	3.41	0	58.99	5.0

Sources: SETTRADE, SET ESG Index, SET ESG Rating, The Dow Jones Industrial Average (DJSI)
MSCI ESG Research LLC, ESG Book, Thai IOD (CG rating)
Note: Please see third party on “terms of use” toward the back of this report.

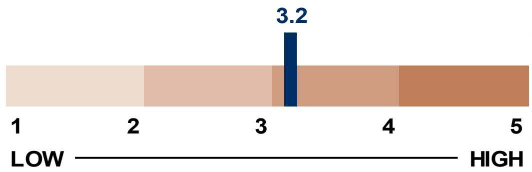
ESG Summary

- KKP is a mid-sized Thai bank, with a total loan portfolio of Bt368bn as of 2025. It focuses on niche lending segments, including hire-purchase auto loans (45% of total loans), housing (16%), SME lending (15%), and corporates (14%). KKP has a differentiated business model compared to its peers. That is, while being a mid-sized bank, KKP has the largest capital markets arm in Thailand, through its securities brokerage subsidiary.
- We assign KKP a decent ESG score of 3.4 vs. the sector average of 3.6. The score is below its peer average across both the Environment (E) and Governance (G) pillars, with only the Social (S) pillar performing in line with the sector. While KKP appears to have the right frameworks in place, the bank needs to improve execution depth, near-term target-setting, and board structure, in our view.
- KKP's decent E score of 3.4 vs. 3.6 for the sector reflects a credible but less ambitious environmental strategy. The bank has a net-zero target by 2065 and is growing its green product offerings, but trails peers in timeline ambition and the scale of its sustainable finance.
- We assign KKP a good S score of 3.9, in line with peers, supported by strong frameworks in human rights, employee well-being, and financial inclusion.
- KKP's G score of 3.3 is below the sector average of 3.5. The bank has a solid governance infrastructure, including strong anti-corruption standards, a robust cybersecurity framework, and effective stakeholder protection mechanisms. However, the key drag is board structure, with only four out of 13 directors being independent (31%), falling short of the required one-third threshold and the two-thirds best practice. Its board chairman is also a major shareholder.

Sector: Financials | Banking

We assign KKP a decent Environmental (E) score of 3.2, slightly below the industry average of 3.6. While KKP demonstrates a clear commitment to environmental sustainability, its execution and scale of impact remain less advanced than those of its leading peers.

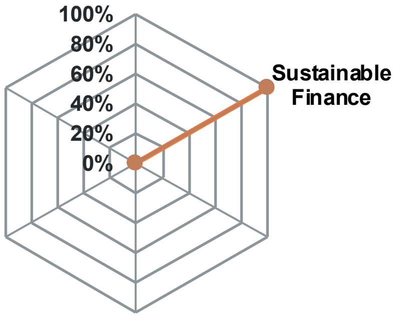
Environment (E) Rating



ENVIRONMENT	Our Comments

- **Sustainable Finance**

SCALE WEIGHTING



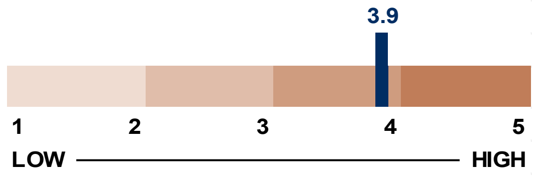
- We assign an E score of 3.2 to KKP, which is below the industry average of 3.6. KKP has established a solid environmental foundation, with a clear net-zero commitment and a growing range of green financial products. However, the bank trails peers in the speed of its decarbonization, the depth of emissions data it publicly discloses, and the specificity of its transition plans.
- **Clear but longer-dated climate targets:** KKP has committed to achieving net-zero GHG emissions by 2065, in line with Thailand's national climate goal, covering both its own operations (Scope 1 & 2) and emissions from its loans and investments (Scope 3). While the direction is right, the 2065 end date is one of the furthest out in the sector.
- **Sustainable finance initiatives expanding gradually:** The bank offers green products such as solar rooftop loans and ESG funds and participates in green bond issuance. However, the scale and depth of sustainable financing remain relatively modest compared to larger peers.
- **Environmental risk management integrated into lending:** KKP screens loans and investments for climate-related risks, distinguishing between transition risks (such as new carbon regulations or shifts away from fossil fuels) and physical risks (such as floods and storms). It also helps clients plan for the energy transition.
- **Operational improvements in environmental footprint:** KKP has taken practical steps to cut its own environmental impact – most notably through digital tools like its e-signature system, which reduced paper use by around 2m sheets, equivalent to saving roughly 400 trees. The bank also promotes energy and water efficiency across its operations.
- To bridge the E score gap to the sector average, KKP needs to set faster deadlines for its GHG emissions, expand green financing products, and win more global awards for green work, in our view.

Sources: ttb wealth, Company data

Sector: Financials | Banking

We assign a good Social (S) score of 3.9 to KKP, in line with the industry average. The bank demonstrates a balanced and comprehensive approach to social responsibility, supported by robust frameworks for human rights, employee well-being, and financial inclusion.

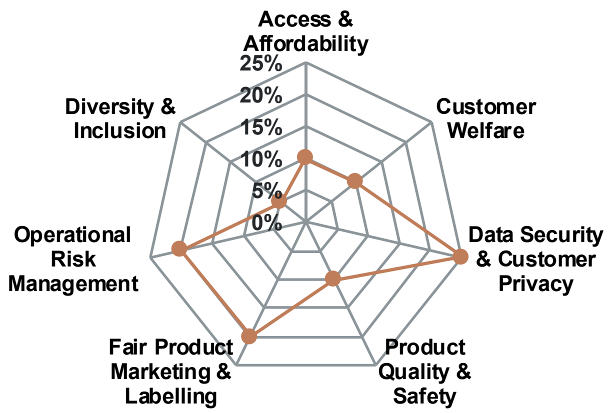
Social (S) Rating



SOCIAL	Our Comments

- **Access & Affordability**
- **Customer Welfare**
- **Data Security & Customer Privacy**
- **Product Quality & Safety**
- **Fair Product Marketing & Labeling**
- **Operational Risk Management**
- **Diversity & Inclusion**

SCALE WEIGHTING



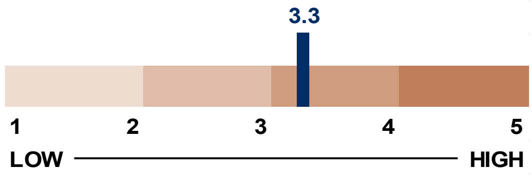
- We assign an S score of 3.9 to KKP, which is in line with the industry average. KKP demonstrates a well-rounded social agenda, with genuine strengths in employee well-being, human rights governance, and financial inclusion. The bank's social programs are broad and thoughtfully structured.
- **Focus on financial inclusion and literacy:** KKP actively serves SMEs and underserved borrower segments, with a focus on expanding financial access rather than just serving established clients. The bank runs financial literacy programs on debt management and financial planning to help Thais avoid over-indebtedness, a particularly relevant initiative given household debt levels in Thailand. KKP has also participated in the Bank of Thailand's household debt-relief program, directly supporting vulnerable retail borrowers during periods of economic stress.
- **Employee well-being and development prioritized:** The bank positions itself as a "Great Place to Work", offering competitive compensation, comprehensive benefits, and flexible working arrangements. Its KKP Academy supports continuous upskilling, particularly in wealth, risk, and digital capabilities, enhancing long-term workforce quality.
- **Strong human rights framework:** KKP operates under a formal Human Rights Due Diligence (HRDD) framework aligned with the UN Guiding Principles, covering both its own operations and its supply chain. It enforces a clear zero-tolerance policy on discrimination across all protected characteristics. A standout initiative is its active hiring of persons with disabilities (47 individuals in 2025) in partnership with the Thai Red Cross Society and the Thailand Association of the Blind. This goes beyond policy and reflects a genuine commitment to inclusive employment.
- **Active community engagement:** Through structured CSR programs and employee volunteer initiatives (e.g., Asa Sang Okat), KKP contributes to community development, cultural preservation, and social resilience.

Sources: ttb wealth, Company data

Sector: Financials | Banking

G is KKP's weakest area among its ESG pillars. We assign KKP a G score of 3.3, below the industry average of 3.5. While the bank has established robust governance frameworks and risk controls, we believe its board structure remains a key weakness, limiting overall governance strength.

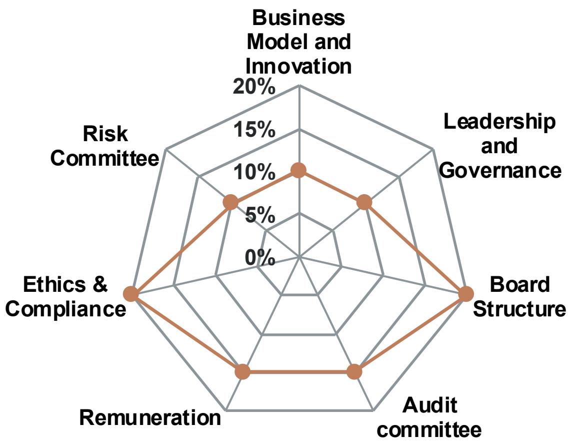
Governance (G) Rating



GOVERNANCE & SUSTAINABILITY

- Business Model and Innovation
- Leadership and Governance
- Board Structure
- Audit committee
- Remuneration
- Ethics & Compliance
- Risk Committee

SCALE WEIGHTING



Our Comments

- We assign a G score of 3.3 to KKP, which is below the industry average of 3.5. KKP has built a solid governance framework covering ethics, risk management, and stakeholder protection. However, the score is held back by notable weaknesses in board structure, specifically an insufficient independent director representation and a chairman who is also a major shareholder.
- **Board independence is the main weakness:** KKP has 13 board members, but only four are independent (about 31%). This is slightly below the 33% (1/3) ratio required by standard practices and far below the best-practice ratio of two-thirds. Additionally, the chairman of the board is a major shareholder.
- **Governance infrastructure is well-structured:** Beyond the board-level concerns, KKP's governance framework is thoughtfully built. The board oversees the overall ESG strategy, supported by a dedicated Sustainability Sub-Committee and a newly established Sustainability Office set up in 2025 to embed ESG issues into day-to-day business processes. KKP also operates a "Three Lines of Defense" model, clearly separating front-office risk owners from independent oversight and internal audit.
- **Ethics and anti-corruption standards are robust:** KKP maintains a clear code of conduct and takes a zero-tolerance approach to fraud and corruption. It is a certified full member of the Thai Private Sector Collective Action against Corruption (CAC). Practical controls are in place, including a strict no-gift policy, a ban on facilitation payments to government officials, and detailed guidelines on conflicts of interest and insider trading.
- **Solid risk management and cybersecurity framework:** KKP demonstrates solid capabilities in managing financial and operational risks, with oversight from the risk committee. Investments in cybersecurity infrastructure and the introduction of an AI risk policy reflect proactive governance in emerging risk areas.
- **Good transparency and stakeholder protection:** The bank emphasizes fair treatment and disclosure, supported by market conduct policies and robust whistleblowing channels with protection mechanisms, reinforcing stakeholder trust.

Sources: ttb wealth, Company data

Expecting solid fee-income growth from wealth-related businesses

Loan growth should recover in 2026-28F, driven by the corporate segment

INCOME STATEMENT

FY ending Dec (Bt m)	2024A	2025A	2026F	2027F	2028F
Interest and Dividend Income	30,515	26,289	23,510	24,143	25,002
Interest Expenses	10,667	9,032	6,462	6,458	6,534
Net Interest Income	**19,848**	**17,257**	**17,049**	**17,685**	**18,468**
% of total income	74.1%	67.7%	63.4%	61.6%	59.9%
Gain on Investment	23	2	2	2	2
Fee Income	5,396	5,935	7,482	8,978	10,325
Gain on Exchange	1,382	2,046	1,152	1,209	1,270
Others	153	234	515	361	252
Non-interest Income	**6,954**	**8,217**	**9,852**	**11,041**	**12,365**
% of total income	25.9%	32.3%	36.6%	38.4%	40.1%
Total Income	**26,802**	**25,473**	**26,900**	**28,726**	**30,833**
Operating Expenses	16,516	14,330	12,933	13,287	13,954
Pre-provisioning Profit	**10,286**	**11,143**	**13,968**	**15,439**	**16,879**
Provisions	3,974	3,693	3,730	3,591	3,698
Pre-tax Profit	**6,312**	**7,450**	**10,238**	**11,848**	**13,181**
Income Tax	1,264	1,481	2,027	2,346	2,610
After Tax Profit	5,048	5,969	8,211	9,502	10,571
Equity Income	0	0	0	0	0
Minority Interest	(18)	(56)	(189)	(219)	(243)
Extraordinary Items	0	0	0	0	0
NET PROFIT	**5,031**	**5,913**	**8,022**	**9,284**	**10,328**
Normalized Profit	**5,031**	**5,913**	**8,022**	**9,284**	**10,328**
EPS (Bt)	5.97	7.17	9.46	10.58	11.54
Normalized EPS (Bt)	5.97	7.17	9.46	10.58	11.54

BALANCE SHEET

FY ending Dec (Bt m)	2024A	2025A	2026F	2027F	2028F
ASSETS:					
Liquid Items	**40,232**	**40,447**	**38,217**	**31,663**	**29,682**
cash & cash equivalents	1,248	1,209	1,728	2,925	4,563
interbank & money market	38,985	39,238	36,489	28,738	25,119
Securities under resale agreeme	0	0	0	0	0
Investments	34,540	42,851	43,708	44,582	45,474
Net loans	**354,941**	**331,200**	**341,935**	**351,007**	**359,975**
Gross and accrued interest	375,549	351,138	361,357	372,198	383,364
Provisions for doubtful	20,607	19,937	19,422	21,191	23,388
Fixed assets - net	14,071	13,198	6,975	7,185	7,400
Other assets	54,640	60,399	44,484	45,818	47,193
Total assets	**498,424**	**488,095**	**499,428**	**504,846**	**514,808**
LIABILITIES:					
Liquid Items	**377,052**	**361,817**	**362,648**	**362,648**	**366,275**
Deposit	359,306	348,300	342,145	342,145	345,567
Interbank & money market	17,399	13,078	20,014	20,014	20,214
Liability payable on demand	347	439	488	488	493
Borrow ings	27,350	15,088	18,026	18,026	18,207
Other liabilities	30,858	45,983	46,903	47,841	48,798
Total liabilities	**435,259**	**422,889**	**427,578**	**428,516**	**433,279**
Minority interest	301	434	456	478	502
Shareholders' equity	**62,864**	**64,772**	**71,395**	**75,852**	**81,026**
Preferred capital	-	-	-	-	-
Paid-in capital	8,468	8,468	8,491	8,491	8,491
Share premium	9,357	9,357	12,966	12,966	12,966
Surplus/ Others	2,327	3,065	3,218	3,379	3,548
Retained earnings	42,713	43,883	46,720	51,017	56,022
Liabilities & equity	**498,424**	**488,095**	**499,428**	**504,846**	**514,808**

Sources: Company data, ttb wealth estimates

Highest dividend yields among Thai banks

Lower cost-to-income ratio and stable credit costs due to healthier asset quality

VALUATION

FY ending Dec	2024A	2025A	2026F	2027F	2028F
Normlized PE (x)	18.9	15.8	11.9	10.7	9.8
Normalized PE - at target price (x)	25.4	21.2	16.1	14.4	13.2
PE (x)	18.9	15.8	11.9	10.7	9.8
PE - at target price (x)	25.4	21.2	16.1	14.4	13.2
P/PPP (x)	9.3	8.4	6.9	6.4	6.0
P/PPP - at target price (x)	12.4	11.2	9.2	8.6	8.1
P/BV (x)	1.5	1.4	1.4	1.3	1.2
P/BV - at target price (x)	2.0	1.9	1.8	1.8	1.7
Dividend yield (%)	3.5	5.0	7.2	8.0	8.8
Market cap / net loans (x)	0.3	0.3	0.3	0.3	0.3
Market cap / deposit (x)	0.3	0.3	0.3	0.3	0.3
(Bt)					
Normalized EPS	5.97	7.17	9.46	10.58	11.54
EPS	5.97	7.17	9.46	10.58	11.54
DPS	4.00	5.70	8.10	9.00	9.90
PPP/Share	12.22	13.51	16.48	17.59	18.86
BV/Share	74.66	78.55	82.97	84.77	90.55

FINANCIAL RATIOS

FY ending Dec	2024A	2025A	2026F	2027F	2028F
Growth Rate (%)					
Net interest income (NII)	(11.0)	(13.1)	(1.2)	3.7	4.4
Non-interest income (Non-II)	7.5	18.2	19.9	12.1	12.0
Operating expenses	3.9	(13.2)	(9.8)	2.7	5.0
Pre-provisioning profit (PPP)	(20.1)	8.3	25.4	10.5	9.3
Net profit	(7.6)	17.5	35.7	15.7	11.2
Normalized profit growth	(7.6)	17.5	35.7	15.7	11.2
EPS	(7.6)	20.0	32.0	11.8	9.1
Normalized EPS	(7.6)	20.0	32.0	11.8	9.1
Dividend payout ratio	67.0	79.5	85.6	85.1	85.8
Loan - gross	(7.6)	(6.6)	3.0	3.0	3.0
Loan - net	(7.8)	(6.7)	3.2	2.7	2.6
Deposit	0.1	(3.1)	(1.8)	0.0	1.0
NPLs	18.8	(5.5)	(17.1)	2.7	5.3
Total assets	(8.6)	(2.1)	2.3	1.1	2.0
Total equity	3.1	3.0	10.2	6.2	6.8
Operating Ratios (%)					
Net interest margin (NIM)	4.2	4.0	3.9	3.9	4.0
Net interest spread	5.2	4.9	5.0	5.0	5.0
Yield on earnings assets	6.2	5.7	5.2	5.2	5.4
Avg cost of fund	2.5	2.3	1.7	1.7	1.7
NII / operating income	74.1	67.7	63.4	61.6	59.9
Non-II / operating income	25.9	32.3	36.6	38.4	40.1
Fee income / operating income	20.1	23.3	27.8	31.3	33.5
Normalized net margin	18.8	23.2	29.8	32.3	33.5
Cost-to-income	61.6	56.3	48.1	46.3	45.3
Credit cost - provision exp / loans	1.1	1.1	1.1	1.0	1.0
PPP / total assets	2.0	2.3	2.8	3.1	3.3
PPP / total equity	16.6	17.5	20.5	21.0	21.5
ROA	1.0	1.2	1.6	1.8	2.0
ROE	8.1	9.3	11.8	12.6	13.2

Sources: Company data, ttb wealth estimates

Despite its higher dividend payout ratio, Tier 1 ratio to stay strong in 2026-28F

FINANCIAL RATIOS

FY ending Dec	2024A	2025A	2026F	2027F	2028F
Liquidity and Quality Ratio (%)					
Loan-to-deposit	102.4	98.6	103.4	106.5	108.6
Loan-to-deposit & S-T borrow ing	102.4	98.6	103.4	106.5	108.6
Net loan / assets	71.2	67.9	68.5	69.5	69.9
Net loan / equity	564.6	511.3	478.9	462.8	444.3
Investment / assets	6.9	8.8	8.8	8.8	8.8
Deposit / liabilities	82.5	82.4	80.0	79.8	79.8
Liabilities / equity	692.4	652.9	598.9	564.9	534.7
Net interbank lender (Bt m)	21,585	26,160	16,474	8,724	4,905
Tier 1 CAR	14.0	14.6	15.2	15.7	16.4
Tier 2 CAR	3.4	3.3	2.7	2.6	2.5
Total CAR	17.4	17.9	17.8	18.3	18.9
NPLs (Bt m)	17,473	16,516	13,686	14,050	14,801
NPLs / Total loans (NPL Ratio)	4.8	4.8	3.9	3.9	3.9
Loan-Loss-Coverage	117.9	120.7	141.9	150.8	158.0

Sources: Company data, ttb wealth estimates

BUY (Unchanged)

Change in Numbers

TP: Bt 55.00 (From: Bt 41.00)

Upside : 24.3%

Krung Thai Bank Pcl Pcl (KTB TB)

Top-quality choice

KTB remains our top banking sector pick as the highest-quality choice, based on its strongest profitability among big banks, high-quality loan book, high exposure to Thailand's new investment cycle, and attractive valuation metrics.

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Quality growth and profitability; BUY

This report is a part of *Thailand Banks – Re-emerging growth,* dated 4 August 2026. We reiterate BUY on KTB as our top sector pick. We see KTB as the top-quality choice in this economic cycle. ***First***, KTB has the highest-quality loan book in the sector via government loans and payroll-deduction MOU-based public servant loans. ***Second***, at 46% combined corporate and government loan mix, KTB has high exposure to Thailand's new investment cycle. ***Third***, KTB is growing its wealth business from a low base, implying substantial upside. We forecast 10% p.a. fee income growth in 2026-28F. ***Fourth***, KTB has a good earnings growth outlook of 7% EPS CAGR in 2026-28F, and it is the most profitable big bank with a 10% ROE in 2026F, which we expect to rise to 12% in 2028F. ***Lastly***, at 1.3x 2027F P/BV and 5.8/6.5% dividend yields in 2026-27F, KTB looks inexpensive. After 2-11% EPS hikes in 2026-28F and rolling over to a 2027F base year, our DDM-based 12-month TP rises to Bt55 (from Bt41).

A play on Thailand's new investment cycle

KTB is well positioned to benefit from Thailand's investment cycle through its balanced exposure to corporate and government lending, each accounting for 23% of total loans. We project loan growth of 3.5/3.0/3.0% in 2026–28F, following 3.6% YTD growth in 1H26. At the same time, asset quality risk remains low. SME loans account for just 9%, while retail loans (45%) are low risk, with 70% extended to public servants under payroll-deduction MOUs. We therefore expect credit costs to decline to 100/80/80bps in 2026–28F, from an average of 125bps in 2023–25.

Earnings drivers

We project 12/10% EPS growth in 2027-28F from -1% in 2026F. Key earnings drivers are: 1) lower credit costs given its healthy portfolio with a low NPL ratio of 3.3% and a high coverage ratio of 202% as of 2Q26, 2) NIM rising to 2.59% in 2028F from 2.41% in 2026F, backed by lower funding costs from the redemption of US$600m of AT1 capital and a higher 2028F lending yield as we expect a 25bps policy rate hike, 3) fee-based income growth of 9/9% y-y underpinned by wealth management business, and 4) a loan growth recovery with the new investment cycle.

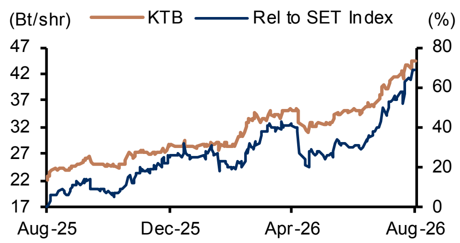
Ramping up wealth business from a low base

KTB has lagged peers in wealth business as its retail customer base has skewed toward the lower-income segment. Since COVID, however, it has made wealth business a strategic priority by expanding its customer ecosystem through the Pao Tang app and strengthening product offerings, including a market-leading depositary receipt franchise with over a 50% market share. Wealth fees rose from 20% of total fee income in 2020 to 31% in 2025. Growth should continue from an enlarging customer base, new product launches, and rising monetization of Pao Tang users.

COMPANY VALUATION

Y/E Dec (Bt m)	2025A	2026F	2027F	2028F
Pre Provision Profit	91,417	87,399	90,168	97,180
Net profit	48,229	47,971	53,685	59,178
Consensus NP	—	47,928	49,809	51,703
Diff frm cons (%)	—	*0.1*	*7.8*	*14.5*
Norm profit	48,229	47,971	53,685	59,178
Prev. Norm profit	—	46,997	50,430	53,543
Chg frm prev (%)	—	*2.1*	*6.5*	*10.5*
Norm EPS (Bt)	3.45	3.43	3.84	4.23
Norm EPS grw (%)	4.5	(0.5)	11.9	10.2
Norm PE (x)	12.8	12.9	11.5	10.5
P/BV (x)	1.3	1.3	1.3	1.2
Div yield (%)	6.0	5.8	6.5	7.2
ROE (%)	10.7	10.2	11.1	11.8
ROA (%)	1.3	1.2	1.3	1.4

PRICE PERFORMANCE



COMPANY INFORMATION

Price *as of* 3-Aug-26 (Bt)	44.25
Market Cap (US$ m)	18,541
Listed Shares (m shares)	13,976.1
Free Float (%)	44.9
Avg. Daily Turnover (US$ m)	84.7
12M Price H/L (Bt)	44.25/22.10
Sector	BANK
Major Shareholder	FIDF 55.07%

Sources: Bloomberg, Company data, ttb wealth estimates

ESG Summary Report …………...…………… P85

Ex 1: Earnings Revisions And Assumption Changes

	2024	2025	2026F	2027F	2028F
Net profit (Bt bn)					
- New	46.15	48.23	47.97	53.68	59.18
- Old			47.00	50.43	53.54
- Change (%)			*2.07*	*6.45*	*10.52*
Net EPS (Bt/share)					
- New	3.30	3.45	3.43	3.84	4.23
- Old			3.36	3.61	3.83
- Change (%)			*2.08*	*6.45*	*10.52*
Loan growth (%)					
- New	4.74	0.47	3.50	3.00	3.00
- Old			2.00	2.00	2.50
- Change (ppt)			*1.50*	*1.00*	*0.50*
NIM (%)					
- New	3.29	2.82	2.41	2.48	2.59
- Old			2.48	2.54	2.62
- Change (ppt)			*(0.07)*	*(0.06)*	*(0.03)*
Non-NII (Bt bn)					
- New	40.79	50.40	52.25	52.05	54.33
- Old			44.08	45.43	46.80
- Change (%)			*18.55*	*14.58*	*16.09*
Opex (Bt bn)					
- New	68.78	64.77	58.67	60.79	62.52
- Old			61.17	62.45	64.37
- Change (%)			*(4.09)*	*(2.66)*	*(2.87)*
Credit costs (%)					
- New	1.18	1.14	1.00	0.80	0.80
- Old			0.80	0.83	0.83
- Change (ppt)			*0.20*	*(0.03)*	*(0.03)*
NPLs (Bt bn)					
- New	95.07	92.91	90.10	91.55	93.04
- Old			95.68	97.09	98.53
- Change (%)			*(5.82)*	*(5.70)*	*(5.58)*

Sources: Company data, ttb wealth estimates

Ex 2: 12-month DDM-based Valuation Using A Base Year Of 2027F

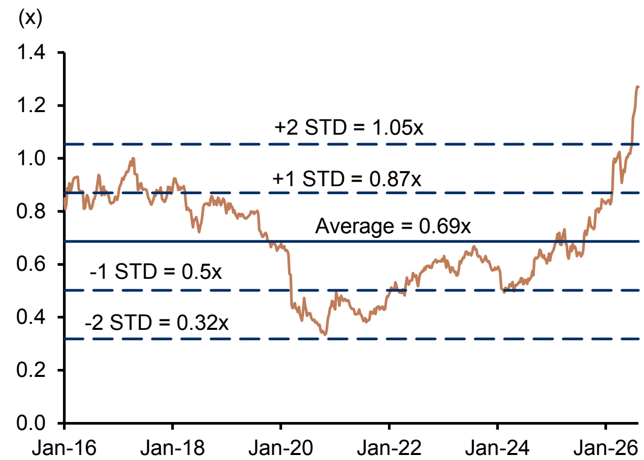
(Bt m)	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	2035F	2036F	Terminal value
Dividend of common shares	38,121	42,324	46,094	48,864	51,073	53,431	55,880	60,381	67,152	72,267	72,267
Dividend payment	38,121	42,324	46,094	48,864	51,073	53,431	55,880	60,381	67,152	72,267	957,307
PV of dividend	38,121	38,572	38,293	37,005	35,258	33,615	32,048	31,567	32,003	31,387	415,778

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	763,646
No. of shares (m)	13,976
Equity value / share (Bt)	**55.0**

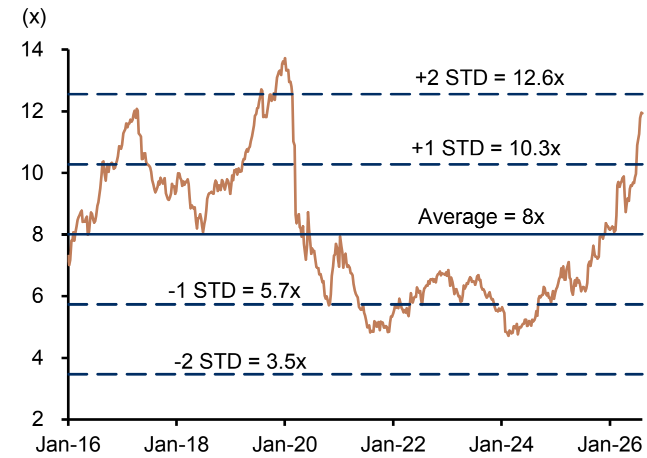
Sources: Company data, ttb wealth estimates

Ex 3: P/BV STD



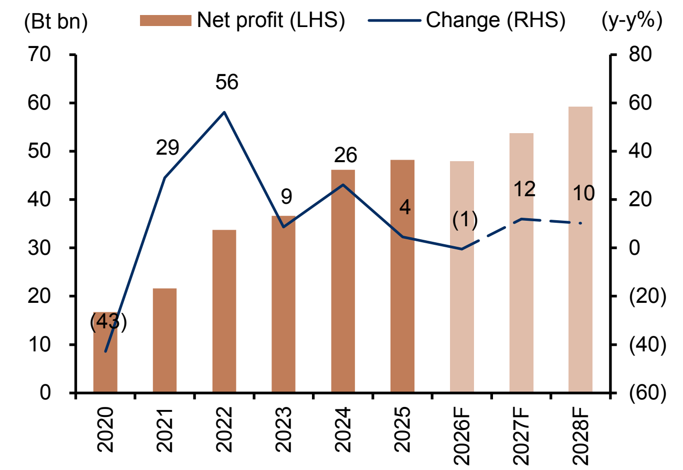
Sources: Bloomberg, ttb wealth estimates

Ex 4: PE STD



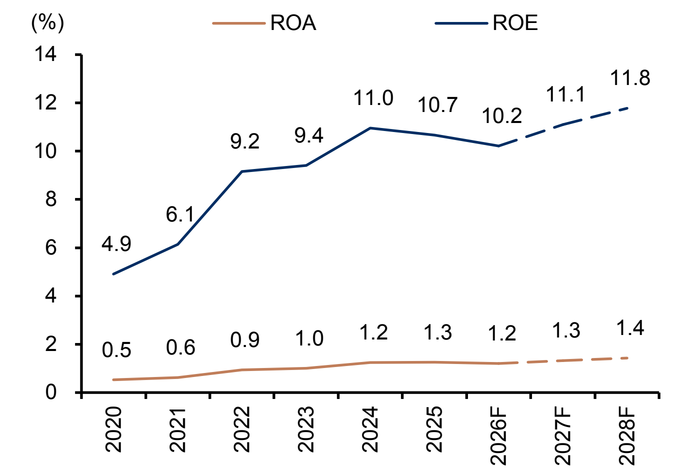
Sources: Bloomberg, ttb wealth estimates

Ex 5: Net Profit Growth



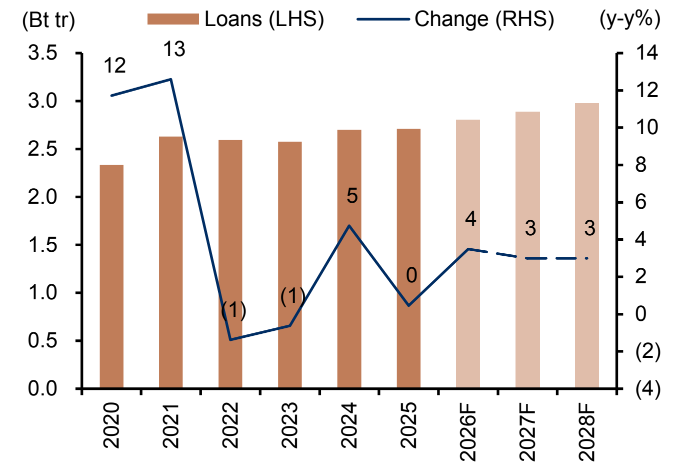
Sources: Company data, ttb wealth estimates

Ex 6: ROE And ROA



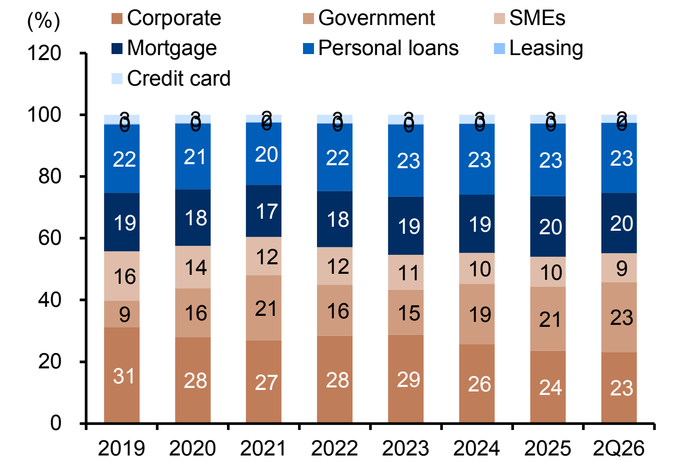
Sources: Company data, ttb wealth estimates

Ex 7: Loan Growth



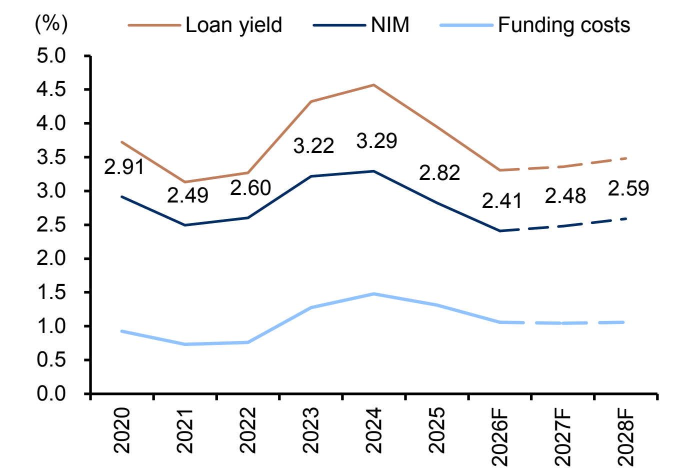
Sources: Company data, ttb wealth estimates

Ex 8: Loan Breakdown



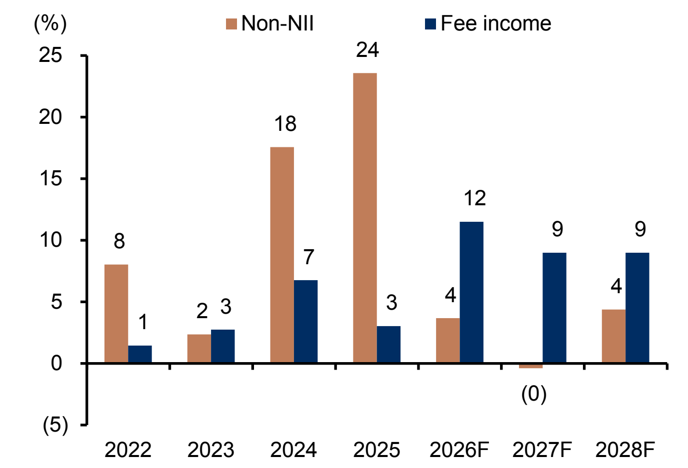
Source: Company data

Ex 9: Loan Yield, NIM, And Funding Costs



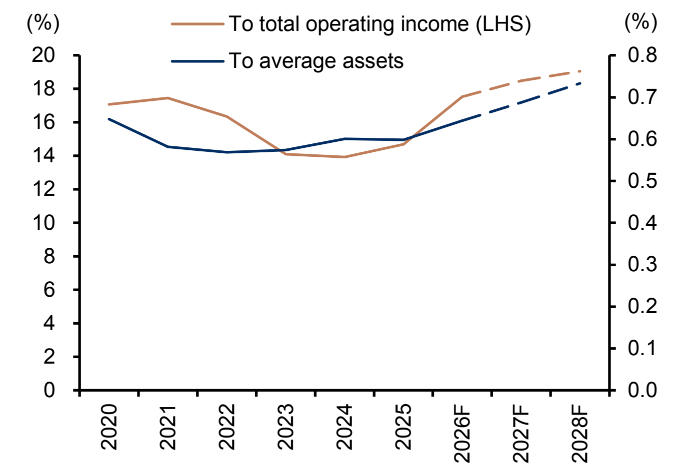
Sources: Company data, ttb wealth estimates

Ex 10: Fee Income And Non-NII Growth



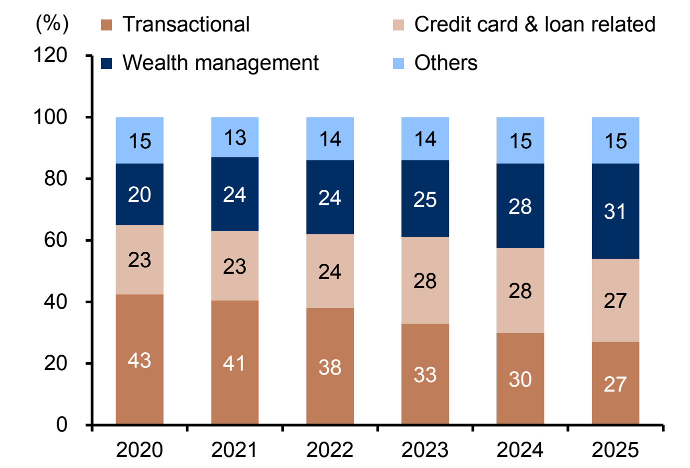
Sources: Company data, ttb wealth estimates

Ex 11: % Fee Income



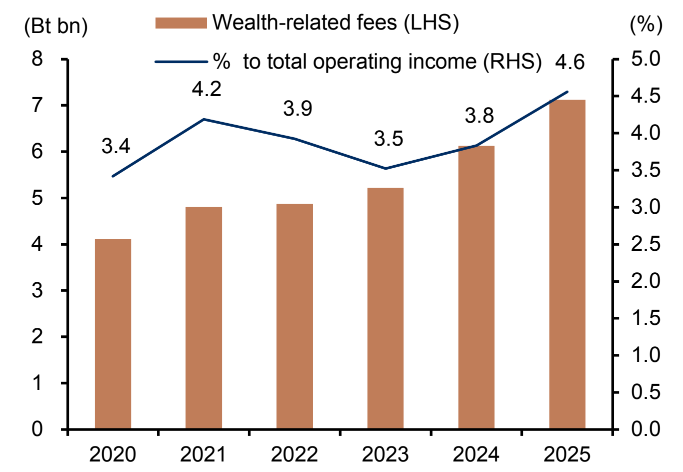
Sources: Company data, ttb wealth estimates

Ex 12: Fee Income Breakdown



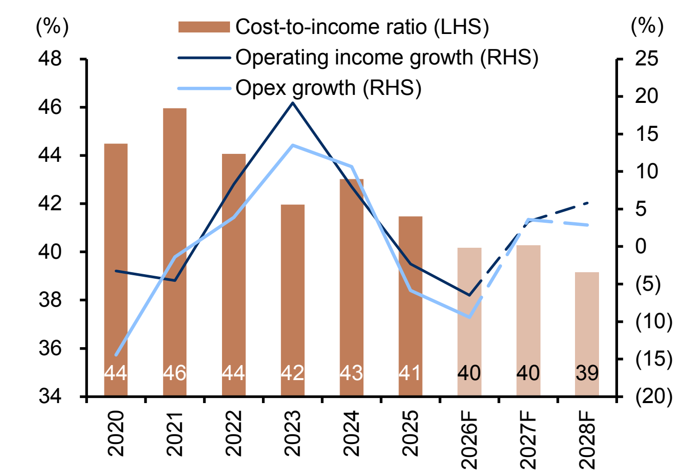
Sources: Company data, ttb wealth estimates

Ex 13: % Wealth-Related Fees



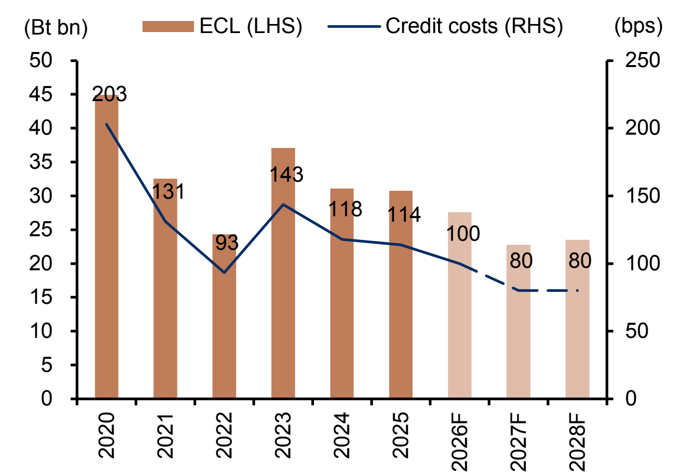
Sources: Company data, ttb wealth estimates

Ex 14: Opex And Operating Income Growth Vs CIR



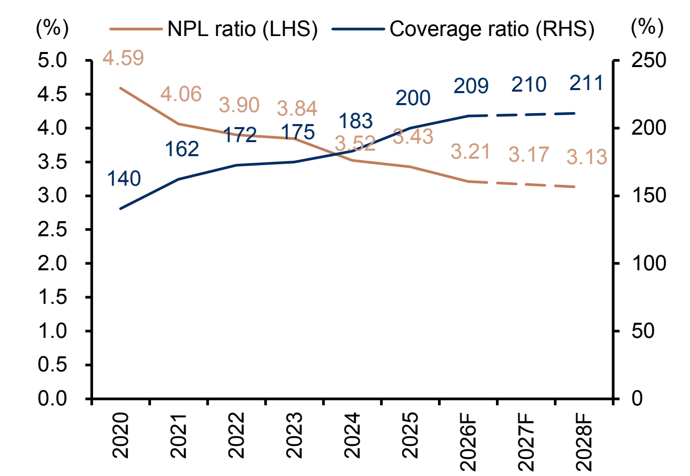
Sources: Company data, ttb wealth estimates

Ex 15: Credit Costs And ECL



Sources: Company data, ttb wealth estimates

Ex 16: NPL Ratio And Coverage Ratio



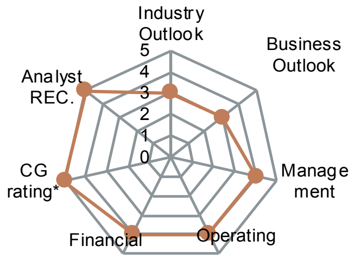
Sources: Company data, ttb wealth estimates

COMPANY DESCRIPTION

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

Source: ttb wealth

COMPANY RATING



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

Source: ttb wealth; *CG Rating

TTB WEALTH'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.

W — Weakness

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

O — Opportunity

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

T — Threat

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

CONSENSUS COMPARISON

	Consensus	ttb wealth	Diff
Target price (Bt)	44.94	55.00	22%
Net profit 26F (Bt m)	47,928	47,971	0%
Net profit 27F (Bt m)	49,809	53,685	8%
Consensus REC	**BUY: 19**	**HOLD: 7**	**SELL: 0**

HOW ARE WE DIFFERENT FROM THE STREET?

- Our 2027F earnings estimate is above the Bloomberg consensus number, likely reflecting our more positive view on credit costs and loan growth.
- Our TP is also significantly above the Street, likely reflecting our assumptions of both stronger earnings growth and a higher dividend payout ratio.

Sources: Bloomberg consensus, ttb wealth estimates

RISKS TO OUR INVESTMENT CASE

- Slower economic momentum than we currently anticipate would present the key downside risk to our credit cost and loan growth forecasts, which would lead to potential lower earnings growth.
- A lower than 70% forecast dividend payout ratio is a downside risk to our TP.

Source: ttb wealth

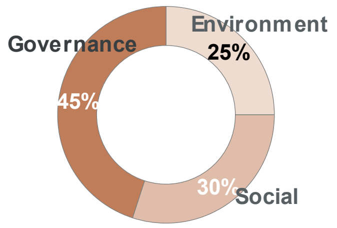
KTB

Krung Thai Bank Pcl

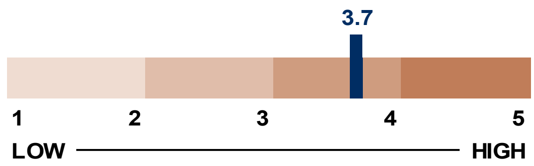
Sector: Financials | Banking

ESG & Sustainability Report

ESG Weighting



ESG Rating



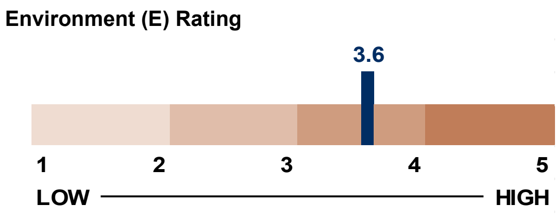
	SET ESG Index	SET ESG (BBB-AAA)	DJSI Index	ttb wealth ESG Rating (1.0-5.0)	MSCI (CCC-AAA)	ESG Book (0-100)	CG Rating (0-5)
KTB	YES	AAA	-	3.66	A	58.6	5.0

Sources: SETTRADE, SET ESG Index, SET ESG Rating, The Dow Jones Industrial Average (DJSI)
MSCI ESG Research LLC, ESG Book, Thai IOD (CG rating)
Note: Please see third party on "terms of use" toward the back of this report.

ESG Summary

- KTB is Thailand's largest bank by loan book and the second-largest by profit as of 2025, distinguishing itself as the nation's primary state-linked commercial lender. KTB's 2025 loan portfolio is heavily anchored in the domestic market, led by Retail at 46% (primarily low-risk loans to government officials), followed by Corporate at 24%, Government at 21%, and SME at 10%.
- KTB's overall ESG score is good at 3.7, slightly above the industry average of 3.6, driven by a stronger performance in the Social (S) pillar. Meanwhile, its Environmental (E) and Governance (G) scores are broadly in line with sector averages.
- KTB's E Score of 3.6 is in line with the banking sector average. KTB positions itself as a key financial supporter of Thailand's transition to a Green Economy. With strong links to the government and large corporates, KTB looks well-placed to support clients in their transition. While it has made good progress on its internal environmental targets, its overall approach to reducing emissions in its loan portfolio appears gradual rather than aggressive.
- We assign KTB a strong S score of 4.0, above the sector average of 3.8. As a state-linked bank, KTB plays a key role in connecting government policies with the grassroots economy. Unlike peers that focus mainly on commercial retail banking, KTB positions itself as a national digital platform, helping expand financial access to more than 40m citizens.
- We rate KTB's G score at 3.5, reflecting its disciplined ethical framework and robust risk management. However, independent directors account for 50% of the Board, below the best-practice threshold of two-thirds. Increasing board independence could support an improvement in its governance score.

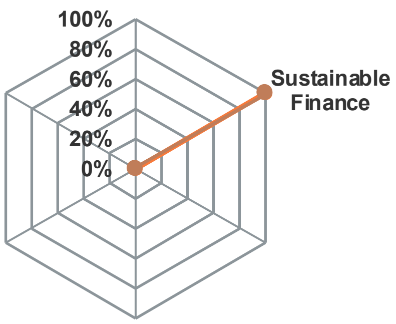
We assign KTB a good E score of 3.6, reflecting a solid and policy-aligned sustainability framework. This is supported by its commitment to sustainable finance, integration of climate-related risks into its lending processes, and clearly defined net-zero targets for both operational and financed emissions.



ENVIRONMENT	Our Comments

- **Sustainable Finance**

SCALE WEIGHTING

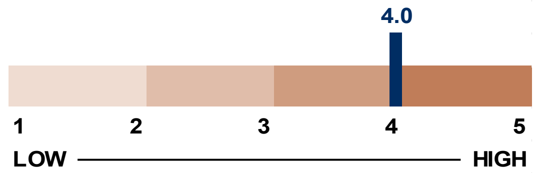


- We assign KTB an Environmental (E) score of 3.6, in line with the banking sector average. The bank demonstrates a solid commitment to sustainable finance through a comprehensive product offering, including green loans, green deposits, and ESG-linked derivatives, positioning itself as an active enabler of clients' transition efforts. Climate-related risks have been integrated into its risk management and credit processes. KTB has also set clear net-zero targets for both operational and financed emissions, broadly aligned with peers and national pathways.
- **Strong commitment to sustainable finance:** KTB has integrated its "Green Economy" and "Green Transition" approach into its core strategy. The bank offers Green Deposits in baht and US$ to fund renewable energy and green building projects and provides green and transition loans across various sectors. Key examples include loans to help reduce PM2.5 pollution in the sugar industry, financing a bioplastics plant under Thailand's Bio-Circular-Green model, and green loans for solar installations in the telecom sector. KTB also provides ESG-linked derivatives, where pricing is tied to clients' ESG performance, strengthening its role in supporting sustainable transition.
- **Climate risk integration in risk framework:** The bank has integrated environmental risk into the credit approval process, ensuring that long-term climate vulnerabilities are priced into loans for heavy-industry borrowers. KTB also uses the Task Force on Climate-related Financial Disclosures (TCFD) framework to stress-test its portfolio against physical and transition risks.
- **Clear net-zero targets:** KTB aims to achieve net-zero operational emissions (Scope 1 and 2) by 2030 and net-zero financed emissions in the power sector by 2065, in line with Thailand's NDC targets. The bank improves energy efficiency through EV pilots, solar rooftop projects, green building certifications, and better management of water, electricity, and waste. These efforts show solid progress, though their overall impact will depend on wider implementation across the organization.

Sources: ttb wealth, Company data

We assign KTB a strong Social (S) score of 4.0, outperforming the sector average of 3.8. KTB excels by using its unique position as a state-linked bank to bridge the digital divide for millions of Thais.

Social (S) Rating



SOCIAL	Our Comments

- **Access & Affordability**
- **Customer Welfare**
- **Data Security & Customer Privacy**
- **Product Quality & Safety**
- **Fair Product Marketing & Labeling**
- **Operational Risk Management**
- **Diversity & Inclusion**

SCALE WEIGHTING

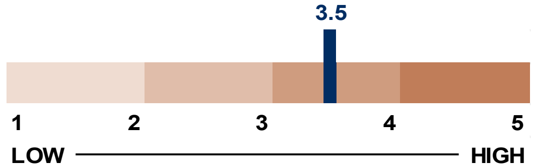
- We assign KTB a Social (S) score of 4.0, above the sector average of 3.8, reflecting its strong focus on financial inclusion, digital access, and community development. The bank positions itself as a key platform in reducing inequality by leveraging technology to broaden access to essential financial and public services.
- **Advancing financial inclusion:** Through its “Thailand Open Digital Platform,” particularly the Pao Tang super app with over 40 million users, KTB enables access to government welfare schemes, healthcare services (Health Wallet), and digital bond subscriptions. The bank also expands credit access using alternative data for underserved individuals and small merchants via digital lending products such as “Tat Jai Pay” and loans through the “Tung Ngern” app.
- **Debt resolution:** KTB leads the sector in "Debt Consolidation for Government Officials," helping vulnerable public servants reduce their interest burden.
- **Investing in human capital and workforce resilience:** KTB is making its workforce smarter by focusing on upskilling and reskilling. The bank is training its employees in three key areas: digital skills, data analysis, and cybersecurity. KTB also prioritizes a healthy and fair workplace. KTB follows international standards for diversity and inclusion, ensuring everyone is treated equally. They also look after their employees' financial health through the "Happy Money" program, which teaches staff how to manage their own money and debt. Finally, the bank uses a "Recognition Culture" to make sure employees feel appreciated and motivated for their hard work.
- **Community engagement and responsible conduct:** Through initiatives such as “Krungthai Rak Chumchon,” the bank supports grassroots communities with financial literacy, digital marketing, and product development training to enhance self-reliance. It also strengthens financial discipline and cyber fraud awareness among students and communities. Comprehensive human rights due diligence and adherence to fair market conduct principles further reinforce responsible service delivery and stakeholder protection across its value chain.

Sources: ttb wealth, Company data

Sector: Financials | Banking

We assign KTB a good Governance (G) score of 3.5, in line with the industry average. The bank exhibits solid business ethics, strong risk management, and robust compliance. It also has specialized board committees.

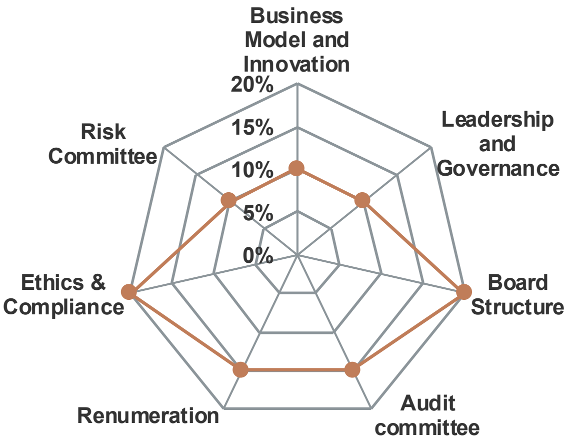
Governance (G) Rating



GOVERNANCE & SUSTAINABILITY

- **Business Model and Innovation**
- **Leadership and Governance**
- **Board Structure**
- **Audit Committee**
- **Remuneration**
- **Ethics & Compliance**
- **Risk Committee**

SCALE WEIGHTING



Our Comments

- We rate KTB's Governance at 3.5. The bank has solid ethics rules and strong risk management, along with special committees focused on ESG goals. However, while 50% of its board members are independent, this is still below the two-thirds best-practice level.
- **Board structure & oversight:** KTB has established specialized committees, including the Corporate Governance and Sustainability Committee, to ensure ESG considerations are embedded in its long-term strategy. The Board comprises 12 directors, of whom six are independent (50%). While this supports balanced oversight, the ratio remains below the two-thirds independence level often viewed as best practice.
- **Ethics and anti-corruption:** The bank enforces a strict Zero Tolerance and formal No Gift Policy to prevent conflicts of interest and bribery, reinforced by strong tone from the top. Secure whistleblowing channels are also available to employees and external stakeholders, with protection mechanisms to promote transparent reporting of misconduct.
- **Comprehensive risk management:** KTB operates under an integrated Enterprise Risk Management (ERM) framework covering financial and non-financial risks, including emerging risks such as climate change and geopolitical tensions. The bank prioritizes data protection through PDPA compliance and 24/7 monitoring by its Cyber Security Operation Center (CSOC). It has also formalized Responsible Lending Guidelines, incorporating ESG considerations into credit approval via exclusion and inclusion lists.
- **High transparency and disclosure standards:** The bank provides regular financial and sustainability disclosures in line with corporate governance best practices. Its 5-star CGR (Corporate Governance Report of Thai Listed Companies) rating and AAA SET ESG rating in 2024 highlight the strength of its governance framework and reinforce stakeholder confidence in its long-term credibility.

Sources: ttb wealth, Company data

Strong 2026-28F EPS growth from a healthy portfolio and benefiting from a new investment cycle

Solid loan growth in 2026-28F

INCOME STATEMENT

FY ending Dec (Bt m)	2024A	2025A	2026F	2027F	2028F
Interest and Dividend Income	165,105	147,807	128,705	133,969	141,669
Interest Expenses	45,990	42,027	34,890	35,064	36,300
Net Interest Income	**119,115**	**105,781**	**93,815**	**98,904**	**105,369**
% of total income	74.5%	67.7%	64.2%	65.5%	66.0%
Gain on Investment	891	5,579	2,790	2,371	2,016
Fee Income	22,282	22,957	25,598	27,901	30,413
Gain on Exchange	4,703	11,416	11,986	9,589	9,110
Others	12,525	9,496	9,971	10,470	10,993
Non-interest Income	**40,785**	**50,403**	**52,254**	**52,050**	**54,335**
% of total income	25.5%	32.3%	35.8%	34.5%	34.0%
Total Income	**159,900**	**156,184**	**146,069**	**150,954**	**159,704**
Operating Expenses	68,778	64,766	58,670	60,786	62,525
Pre-provisioning Profit	**91,122**	**91,417**	**87,399**	**90,168**	**97,180**
Provisions	31,070	30,760	27,586	22,785	23,469
Pre-tax Profit	**60,053**	**60,657**	**59,813**	**67,383**	**73,711**
Income Tax	11,576	12,880	11,963	13,477	14,005
After Tax Profit	48,477	47,777	47,850	53,906	59,706
Equity Income	1,500	4,444	4,666	4,900	5,145
Minority Interest	(3,823)	(3,992)	(4,546)	(5,121)	(5,672)
Extraordinary Items	0	0	0	0	0
NET PROFIT	**46,154**	**48,229**	**47,971**	**53,685**	**59,178**
Normalized Profit	**46,154**	**48,229**	**47,971**	**53,685**	**59,178**
EPS (Bt)	3.30	3.45	3.43	3.84	4.23
Normalized EPS (Bt)	3.30	3.45	3.43	3.84	4.23

BALANCE SHEET

FY ending Dec (Bt m)	2024A	2025A	2026F	2027F	2028F
ASSETS:					
Liquid Items	**591,664**	**600,707**	**572,481**	**560,265**	**550,479**
cash & cash equivalents	56,889	61,745	26,745	34,277	42,867
interbank & money market	534,775	538,962	545,736	525,988	507,611
Securities under resale agreeme	0	0	0	0	0
Investments	367,236	523,304	533,992	544,901	556,036
Net loans	**2,549,075**	**2,550,433**	**2,641,456**	**2,724,948**	**2,808,343**
Gross and accrued interest	2,722,954	2,736,278	2,829,633	2,917,123	3,004,637
Provisions for doubtful	173,879	185,845	188,177	192,175	196,294
Fixed assets - net	57,360	52,323	30,699	31,620	32,568
Other assets	175,133	206,552	170,244	175,352	180,612
Total assets	**3,740,468**	**3,933,319**	**4,013,934**	**4,103,448**	**4,195,727**
LIABILITIES:					
Liquid Items	**2,992,333**	**3,144,031**	**3,224,119**	**3,288,601**	**3,354,373**
Deposit	2,731,344	2,864,171	2,934,048	2,992,729	3,052,584
Interbank & money market	255,872	274,137	283,402	289,070	294,852
Liability payable on demand	5,116	5,722	6,668	6,802	6,938
Borrowings	132,464	124,740	110,027	112,227	114,472
Other liabilities	155,001	177,526	181,077	184,699	188,392
Total liabilities	**3,279,797**	**3,446,297**	**3,515,223**	**3,585,527**	**3,657,238**
Minority interest	20,549	22,793	23,933	25,129	26,386
Shareholders' equity	**440,122**	**464,230**	**474,778**	**492,791**	**512,104**
Preferred capital	28.33	28.33	-	-	-
Paid-in capital	71,977	71,977	71,977	71,977	71,977
Share premium	20,834	20,834	20,834	20,834	20,834
Surplus/ Others	18,320	22,162	23,270	24,433	25,655
Retained earnings	328,964	349,229	358,698	375,547	393,638
Liabilities & equity	**3,740,468**	**3,933,319**	**4,013,934**	**4,103,448**	**4,195,727**

Sources: Company data, ttb wealth estimates

DPS is on a rising trend

Credit costs and cost-to-income ratio are on a downward trend

VALUATION

FY ending Dec	2024A	2025A	2026F	2027F	2028F
Normlized PE (x)	13.4	12.8	12.9	11.5	10.5
Normalized PE - at target price (x)	16.7	15.9	16.0	14.3	13.0
PE (x)	13.4	12.8	12.9	11.5	10.5
PE - at target price (x)	16.7	15.9	16.0	14.3	13.0
P/PPP (x)	6.8	6.8	7.1	6.9	6.4
P/PPP - at target price (x)	8.4	8.4	8.8	8.5	7.9
P/BV (x)	1.4	1.3	1.3	1.3	1.2
P/BV - at target price (x)	1.7	1.7	1.6	1.6	1.5
Dividend yield (%)	3.5	6.0	5.8	6.5	7.2
Market cap / net loans (x)	0.2	0.2	0.2	0.2	0.2
Market cap / deposit (x)	0.2	0.2	0.2	0.2	0.2
(Bt)					
Normalized EPS	3.30	3.45	3.43	3.84	4.23
EPS	3.30	3.45	3.43	3.84	4.23
DPS	1.55	2.67	2.57	2.88	3.18
PPP/Share	6.52	6.54	6.25	6.45	6.95
BV/Share	31.49	33.21	33.97	35.26	36.64

FINANCIAL RATIOS

FY ending Dec	2024A	2025A	2026F	2027F	2028F
Growth Rate (%)					
Net interest income (NII)	5.0	(11.2)	(11.3)	5.4	6.5
Non-interest income (Non-II)	17.6	23.6	3.7	(0.4)	4.4
Operating expenses	10.7	(5.8)	(9.4)	3.6	2.9
Pre-provisioning profit (PPP)	6.0	0.3	(4.4)	3.2	7.8
Net profit	26.0	4.5	(0.5)	11.9	10.2
Normalized profit growth	26.0	4.5	(0.5)	11.9	10.2
EPS	26.1	4.5	(0.5)	11.9	10.2
Normalized EPS	26.1	4.5	(0.5)	11.9	10.2
Dividend payout ratio	46.8	77.4	75.0	75.0	75.0
Loan - gross	4.7	0.5	3.5	3.0	3.0
Loan - net	5.1	0.1	3.6	3.2	3.1
Deposit	3.2	4.9	2.4	2.0	2.0
NPLs	(4.0)	(2.3)	(3.0)	1.6	1.6
Total assets	1.7	5.2	2.0	2.2	2.2
Total equity	9.4	5.5	2.3	3.8	3.9
Operating Ratios (%)					
Net interest margin (NIM)	3.4	2.9	2.5	2.5	2.7
Net interest spread	4.6	4.1	3.6	3.7	3.8
Yield on earnings assets	4.6	3.9	3.3	3.4	3.5
Avg cost of fund	1.5	1.3	1.1	1.0	1.1
NII / operating income	74.5	67.7	64.2	65.5	66.0
Non-II / operating income	25.5	32.3	35.8	34.5	34.0
Fee income / operating income	13.9	14.7	17.5	18.5	19.0
Normalized net margin	28.9	30.9	32.8	35.6	37.1
Cost-to-income	43.0	41.5	40.2	40.3	39.2
Credit cost - provision exp / loans	1.2	1.1	1.0	0.8	0.8
PPP / total assets	2.5	2.4	2.2	2.2	2.3
PPP / total equity	21.6	20.2	18.6	18.6	19.3
ROA	1.2	1.3	1.2	1.3	1.4
ROE	11.0	10.7	10.2	11.1	11.8

Sources: Company data, ttb wealth estimates

The sector's highest capital position

FINANCIAL RATIOS

FY ending Dec	2024A	2025A	2026F	2027F	2028F
Liquidity and Quality Ratio (%)					
Loan-to-deposit	98.8	94.7	95.6	96.6	97.5
Loan-to-deposit & S-T borrow ing	98.8	94.7	95.6	96.6	97.5
Net loan / assets	68.1	64.8	65.8	66.4	66.9
Net loan / equity	579.2	549.4	556.4	553.0	548.4
Investment / assets	9.8	13.3	13.3	13.3	13.3
Deposit / liabilities	83.3	83.1	83.5	83.5	83.5
Liabilities / equity	745.2	742.4	740.4	727.6	714.2
Net interbank lender (Bt m)	278,903	264,824	262,333	236,917	212,760
Tier 1 CAR	19.5	20.2	19.9	20.0	20.0
Tier 2 CAR	2.0	1.9	1.9	1.8	1.8
Total CAR	21.4	22.1	21.8	21.8	21.8
NPLs (Bt m)	95,065	92,911	90,105	91,550	93,039
NPLs / Total loans (NPL Ratio)	3.5	3.4	3.2	3.2	3.1
Loan-Loss-Coverage	182.9	200.0	208.8	209.9	211.0

Sources: Company data, ttb wealth estimates

4 AUGUST 2026

BUY (Unchanged)

Change in Numbers

TP: Bt 180.00 (From: Bt 152.00)

Upside : 17.3%

SCB X Pcl (SCB TB)

Laying the groundwork

SCB's industry-leading cost efficiency and attractive 7-8% 2026-28F dividend yields underpin our BUY call. However, near-term earnings will likely remain constrained by its ongoing balance sheet clean-up, making it the least preferred name among our BUY-rated banks.

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Maintaining our BUY call

This report is a part of *Thailand Banks – Re-emerging growth*, dated 4 August 2026. We maintain our BUY call on SCB and, rolling forward to a 2027F base year, we lift our DDM-based 12-month TP to Bt180 (from Bt152). Our 2026–27F earnings are cut by 7% and 5% to reflect higher credit costs from a more aggressive balance sheet clean-up. However, we raise our 2028F EPS by 7% and increase earnings from 2029F onward by an average of 12%, supported by sustained cost discipline and a healthier balance sheet. Our positive view is based on three factors. ***First***, cost discipline and greater use of technology should enable SCB to control costs better than peers, helping cushion earnings during challenging periods. ***Second***, proactive NPL write-offs should weigh on credit costs in 2026-27F but strengthen asset quality over the longer term. ***Lastly***, SCB still offers attractive 7-8% dividend yields over 2026-28F.

Cost leadership remains intact

SCB is the sector's leader in operational efficiency, with a cost-to-income ratio in the low 40s versus the 45% sector average over the past five years. In 1H26, despite a challenging revenue backdrop, its cost-to-income ratio held at 42%. We expect SCB to further entrench this lead through continued branch rationalization, faster digital adoption, and disciplined expense control, keeping its average cost-to-income ratio at 42% in 2026-28F, below the sector average of 44%.

Asset quality: short-term pain, long-term gain

In 2Q26, SCB's NPL formation rose to 2.5% from 1.8% in 2025. This reflects a change in its AutoX write-off policy, extended to 360 days from 180 to align with peers, along with the reclassification of some corporate clients as NPLs. SCB has responded with aggressive write-offs, which lift credit costs near-term but result in lower outstanding NPLs. We expect this proactive clean-up to keep credit costs elevated at 160/155bps in 2026–27F, before easing to 140bps in 2028F. We see this as a worthwhile trade-off: near-term pain for a cleaner, higher-quality balance sheet.

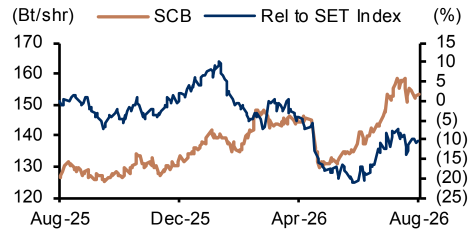
Virtual bank adds long-term growth optionality

SCB, partnering with KakaoBank (Korea) and WeBank (China), plans to launch its virtual bank, BankX, in late 2026. We believe this gives SCB a deeper foothold in underbanked segments, the target market for its Gen 2 business. This should not cannibalize SCB's existing business, as the addressable market for underbanked lending remains large. Instead, it should help SCB defend its position as Thailand's retail lending leader by tapping its partners' technology and virtual banking experience to acquire customers more efficiently. Earnings contribution should stay immaterial for the first two to three years, but the initiative strengthens SCB's long-term retail positioning and growth optionality.

COMPANY VALUATION

Y/E Dec (Bt m)	2025A	2026F	2027F	2028F
Pre Provision Profit	101,598	91,239	95,608	101,364
Net profit	47,488	42,238	45,827	52,609
Consensus NP	—	41,776	45,632	49,324
Diff frm cons (%)	—	*1.1*	*0.4*	*6.7*
Norm profit	47,488	42,238	45,827	52,609
Prev. Norm profit	—	45,391	48,357	48,971
Chg frm prev (%)	—	*(6.9)*	*(5.2)*	*7.4*
Norm EPS (Bt)	14.10	12.54	13.61	15.62
Norm EPS grw (%)	8.1	(11.1)	8.5	14.8
Norm PE (x)	10.9	12.2	11.3	9.8
P/BV (x)	1.0	1.0	1.0	1.0
Div yield (%)	7.3	6.5	7.1	8.1
ROE (%)	9.7	8.5	9.1	10.2
ROA (%)	1.3	1.1	1.2	1.4

PRICE PERFORMANCE



COMPANY INFORMATION

Price *as of* 3-Aug-26 (Bt)	153.50
Market Cap (US$ m)	15,495
Listed Shares (m shares)	3,367.1
Free Float (%)	76.4
Avg. Daily Turnover (US$ m)	87.2
12M Price H/L (Bt)	158.50/125.00
Sector	BANK
Major Shareholder	HM King Maha Vajiralongkorn Bodindradebayavarangkun 23.58%

Sources: Bloomberg, Company data, ttb wealth estimates

ESG Summary Report ……………………………. P98

Ex 1: Earnings Revisions And Assumption Changes

	2024	2025	2026F	2027F	2028F
Net profit (Bt bn)					
- New	43.94	47.49	42.24	45.83	52.61
- Old			45.39	48.36	48.97
- Change (%)			*(6.95)*	*(5.23)*	*7.43*
Net EPS (Bt/share)					
- New	13.05	14.10	12.54	13.61	15.62
- Old			13.48	14.36	14.54
- Change (%)			*(6.95)*	*(5.23)*	*7.43*
Loan growth (%)					
- New	(0.92)	(2.14)	3.00	2.50	2.50
- Old			1.00	2.00	1.00
- Change (ppt)			*2.00*	*0.50*	*1.50*
NIM (%)					
- New	3.85	3.44	3.01	3.08	3.16
- Old			3.13	3.18	3.21
- Change (ppt)			*(0.12)*	*(0.10)*	*(0.05)*
Non-NII (Bt bn)					
- New	42.35	52.05	51.11	51.71	53.24
- Old			49.00	49.76	50.74
- Change (%)			*4.31*	*3.92*	*4.93*
Cost-to-income ratio (%)					
- New	42.48	40.64	42.49	41.73	40.70
- Old			42.20	41.77	42.03
- Change (ppt)			*0.29*	*(0.04)*	*(1.34)*
Credit costs (%)					
- New	1.76	1.74	1.60	1.55	1.40
- Old			1.52	1.47	1.47
- Change (ppt)			*0.08*	*0.08*	*(0.07)*
NPLs (Bt bn)					
- New	97.61	96.17	93.74	94.98	95.49
- Old			100.92	104.55	107.00
- Change (%)			*(7.11)*	*(9.15)*	*(10.76)*

Sources: Company data, ttb wealth estimates

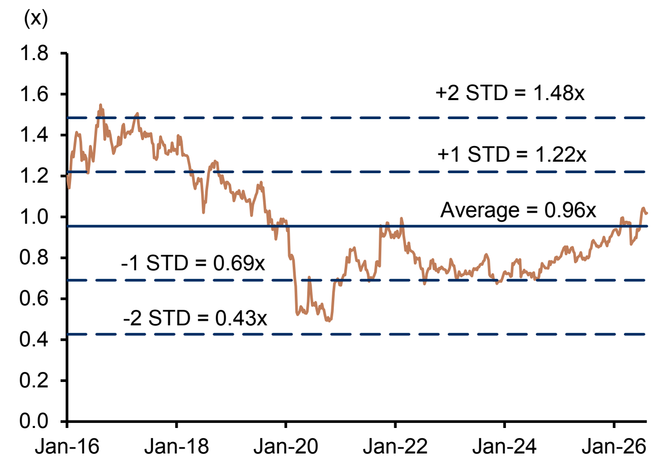
Ex 2: 12-month DDM-based Valuation Using A Base Year Of 2027F

(Bt m)	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	2035F	2036F	Terminal value
Dividend of common shares	33,791	36,662	42,087	44,585	46,502	48,459	50,461	52,509	54,607	58,531	58,531
Dividend payment	33,791	36,662	42,087	44,585	46,502	48,459	50,461	52,509	54,607	58,531	729,846
PV of dividend	33,791	33,266	34,660	33,325	31,546	29,829	28,191	26,625	25,130	24,441	304,762

Risk-free rate (%)	2.5
Market risk premium (%)	8.0
Beta	0.9
WACC (%)	10.2
Cost of equity	10.2
Terminal growth (%)	2.0
Equity value	605,563
No. of shares (m)	3,367
Equity value / share (Bt)	**180.0**

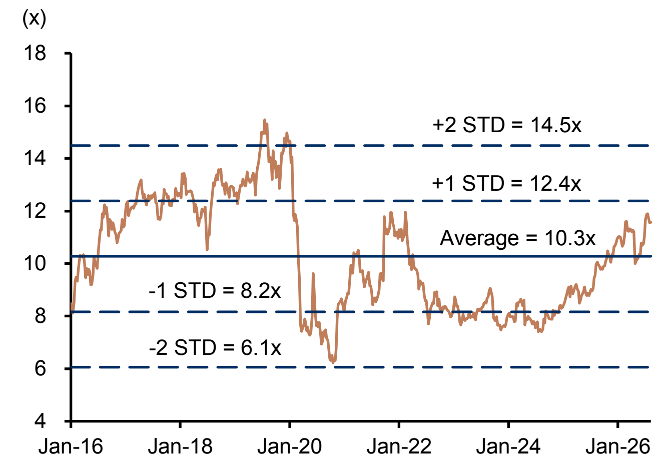
Sources: Company data, ttb wealth estimates

Ex 3: P/BV STD



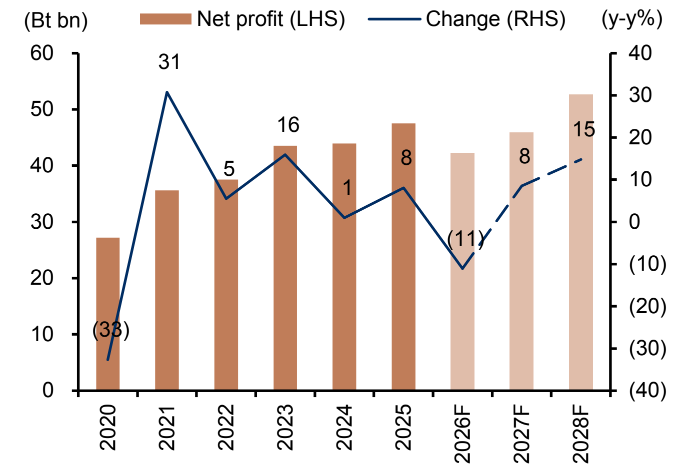
Sources: Bloomberg, ttb wealth estimates

Ex 4: PE STD



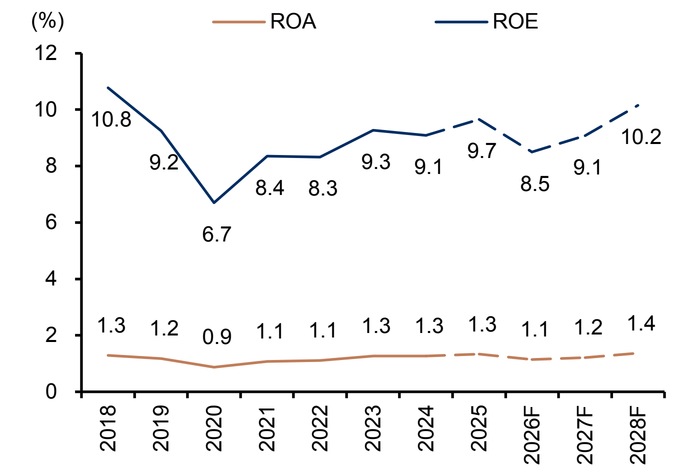
Sources: Bloomberg, ttb wealth estimates

Ex 5: Net Profit Growth



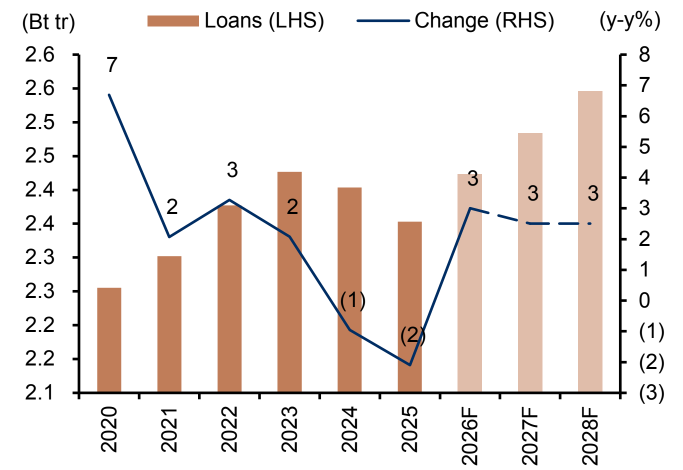
Sources: Company data, ttb wealth estimates

Ex 6: ROE And ROA



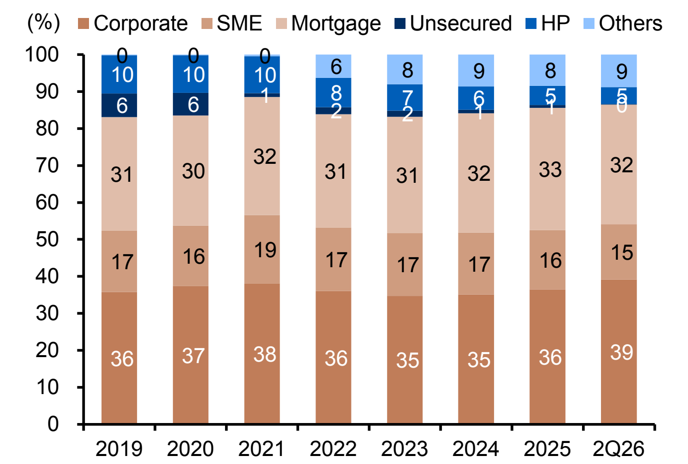
Sources: Company data, ttb wealth estimates

Ex 7: Loan Growth



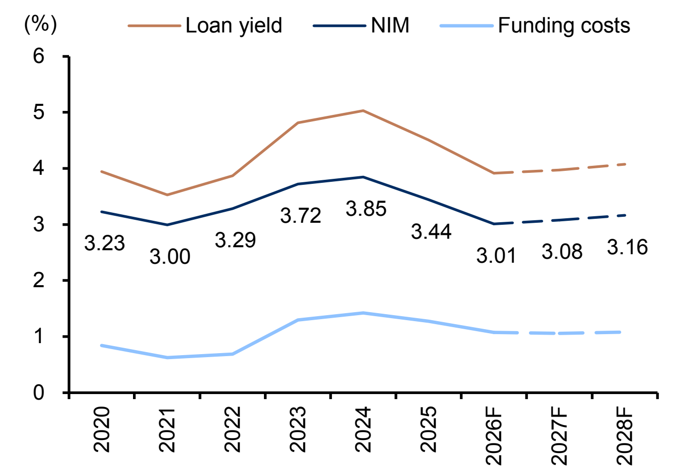
Sources: Company data, ttb wealth estimates

Ex 8: Loan Breakdown



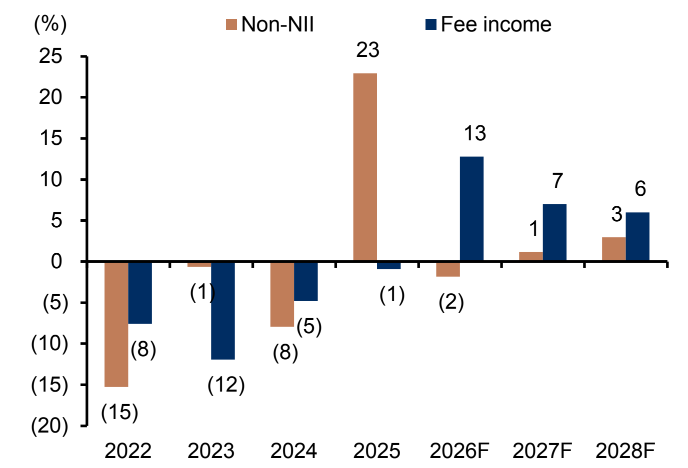
Source: Company data,

Ex 9: Loan Yield, NIM, And Funding Costs



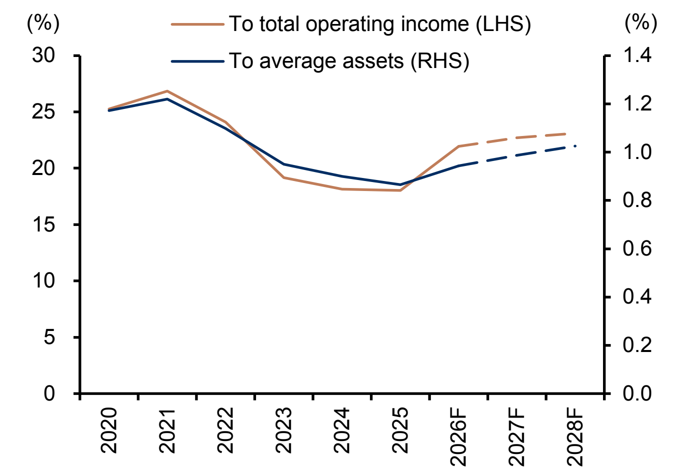
Sources: Company data, ttb wealth estimates

Ex 10: Fee Income And Non-NII Growth



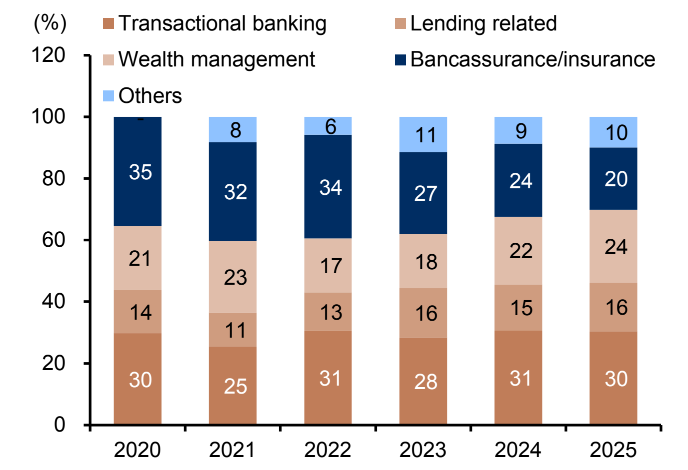
Sources: Company data, ttb wealth estimates

Ex 11: % Fee Income



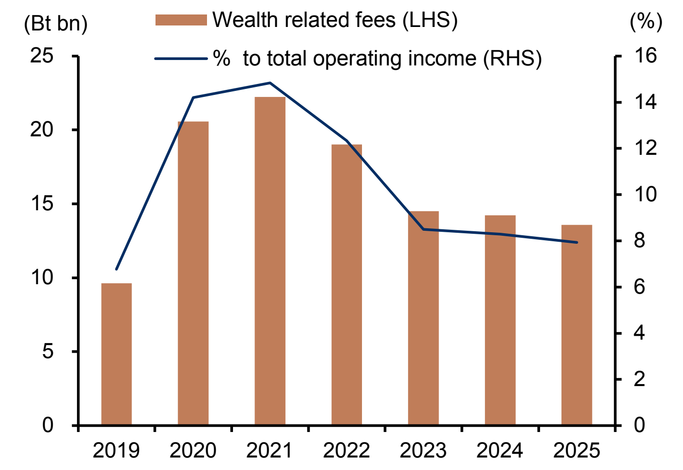
Sources: Company data, ttb wealth estimates

Ex 12: Fee Income Breakdown



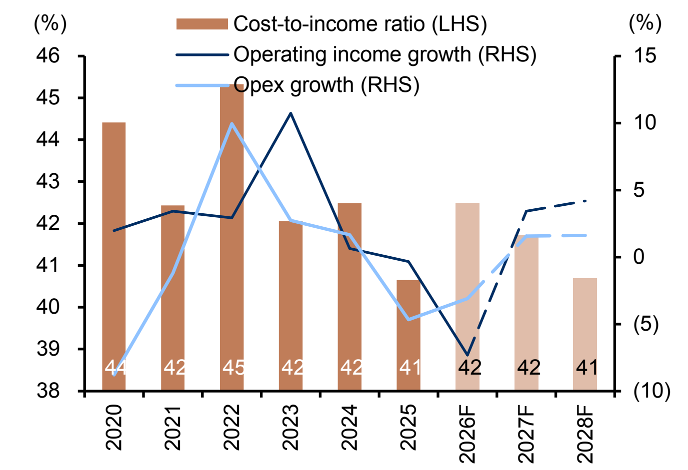
Sources: Company data, ttb wealth estimates

Ex 13: % Wealth-Related Fees



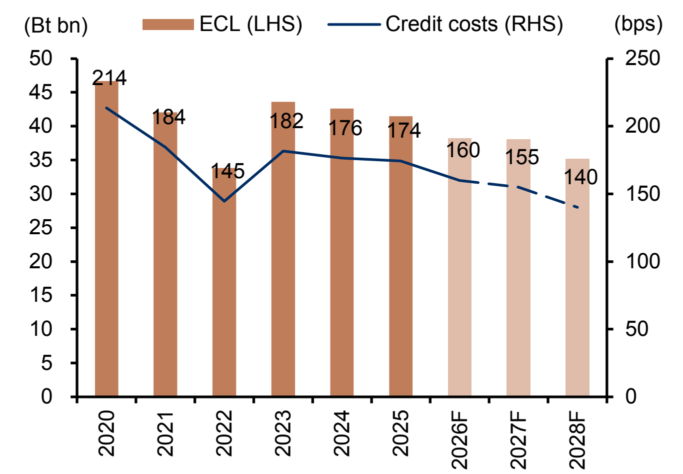
Sources: Company data, ttb wealth estimates

Ex 14: Opex And Operating Income Growth Vs CIR



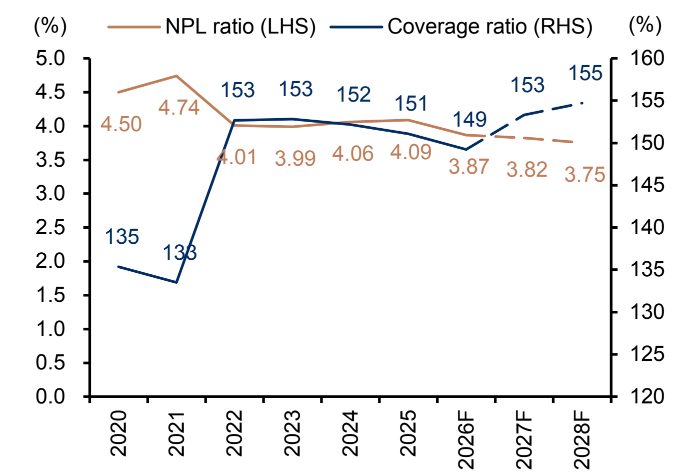
Sources: Company data, ttb wealth estimates

Ex 15: Credit Costs And ECL



Sources: Company data, ttb wealth estimates

Ex 16: NPL Ratio And Coverage Ratio



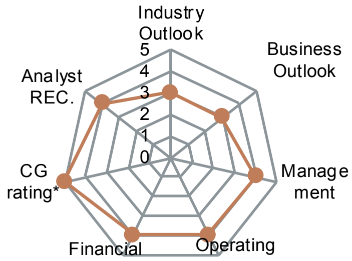
Sources: Company data, ttb wealth estimates

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: ttb wealth

COMPANY RATING



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

Source: ttb wealth; *CG Rating

TTB WEALTH'S SWOT ANALYSIS

S — Strength

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

W — Weakness

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

O — Opportunity

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

T — Threat

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

CONSENSUS COMPARISON

	Consensus	ttb wealth	Diff
Target price (Bt)	156.64	180.00	15%
Net profit 26F (Bt m)	41,776	42,238	1%
Net profit 27F (Bt m)	45,632	45,827	0%
Consensus REC	**BUY: 7**	**HOLD: 18**	**SELL: 1**

HOW ARE WE DIFFERENT FROM THE STREET?

- Our earnings forecasts are in line with the Bloomberg consensus numbers.
- Our TP is above the Street, likely reflecting our higher long-term dividend payout ratio assumption.

Sources: Bloomberg consensus, ttb wealth estimates

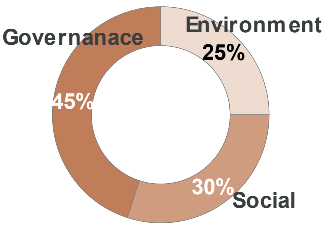
RISKS TO OUR INVESTMENT CASE

- 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.

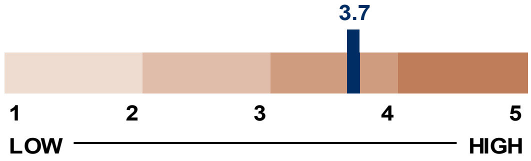
Source: ttb wealth

ESG & Sustainability Report

ESG Weighting



ESG Rating



	SET ESG Index	SET ESG (BBB-AAA)	DJSI Index	ttb wealth ESG Rating (1.0-5.0)	MSCI (CCC-AAA)	ESG Book (0-100)	CG Rating (0-5)
SCB	YES	AAA	YES	3.75	A	58.96	5.0

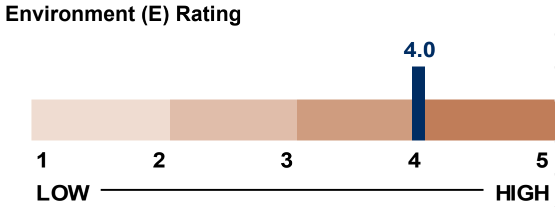
Sources: SETTRADE, SET ESG Index, SET ESG Rating, The Dow Jones Industrial Average (DJSI)
MSCI ESG Research LLC, ESG Book, Thai IOD (CG rating)
Note: Please see third party on “terms of use” toward the back of this report.

ESG Summary

- SCB operates as the holding company of the financial group, with the banking business remaining its main earnings contributor. Its loan portfolio is led by retail lending (40% of total loans), followed by corporate lending (36%) and SME lending (16%).
- We assign SCB a high ESG score of 3.8, above the sector average of 3.6. The strong score is supported by above-average Environmental (E) and Social (S) performance, reflecting its clear climate strategy, digital financial inclusion, and community development initiatives. Governance (G) is slightly below peers due to room for improvement in board independence and governance disclosure.
- SCB earns a high 4.0 "E" score, reflecting credible, externally validated climate targets and measurable execution. It is the first Thai financial institution with SBTi-validated near-term emissions targets, has already cut Scope 1 & 2 emissions by 25% vs. its 2023 baseline, and has scaled sustainable financing to Bt223bn in 2025 — well above its own target.
- We assign SCB a strong 4.1 Social score, reflecting broad-based financial and digital inclusion, meaningful investment in AI and digital literacy, and sustained community, education, and healthcare initiatives. This places SCB above peers on measurable social reach rather than just intent.
- SCB's 3.4 "G" score is slightly below peers. We view its governance framework positively overall, with robust risk management, strong anti-corruption controls, and growing AI governance discipline as the group scales its technology ambitions. However, independent directors make up only 50% of the board, still below the two-thirds threshold generally considered best practice.

Sector: Financials | Banking

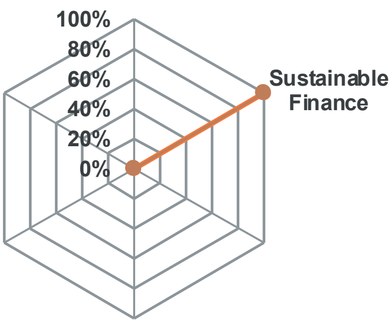
We assign a high Environmental (E) score of 4.0 to SCB, above the industry average of 3.6. SCBX has established one of the strongest climate strategies among Thai banks, supported by a clear Net Zero roadmap and a leading position in sustainable finance.



ENVIRONMENT

- **Sustainable Finance**

SCALE WEIGHTING



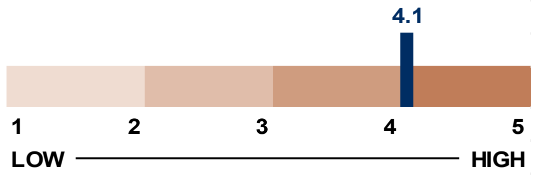
Our Comments

- We assign a high E score of 4.0 to SCB, above the industry average of 3.6. SCB has positioned itself around its "Reaching Climate Neutrality" pillar, with clear climate commitments and measurable progress across both its own operations and its lending portfolio.
- **Clear and validated targets:** SCB is the first Thai financial institution to have its near-term emissions targets validated by the Science Based Targets initiative (SBTi), with a roadmap to Net Zero in its own operations (Scope 1 & 2) by 2030, and Net Zero across its lending and investment portfolio (Scope 3) by 2050.
- **Operational decarbonization:** In 2025, SCB already cut Scope 1 & 2 emissions by 25% vs. its 2023 baseline. It appears on track for a 50% reduction by 2027F, supported by solar rooftop expansion, energy-saving building measures, and ISO 14001-certified facility management.
- **Sustainable finance:** SCB provided Bt223bn in sustainable financing in 2025, well above its Bt150bn target, spanning corporate lending, sustainable bond advisory, and AUM in sustainable investing — while also becoming the first Thai bank to adopt the Equator Principles for project finance risk management.
- **Broader environmental commitment:** Beyond reducing emissions, SCBX supports biodiversity and natural carbon removal through community forestry projects, tree planting, and water resource management initiatives. We believe these efforts demonstrate a broader commitment to environmental sustainability beyond its direct banking operations.

Sources: ttb wealth, Company data

We assign SCB a good Social (S) score of 4.1, above the industry average. SCB leverages its digital ecosystem to promote financial inclusion, digital skills, and community development. We believe its broad social initiatives are well integrated into its long-term business strategy.

Social (S) Rating



SOCIAL

- **Access & Affordability**
- **Customer Welfare**
- **Data Security & Customer Privacy**
- **Product Quality & Safety**
- **Fair Product Marketing & Labelling**
- **Operational Risk Management**
- **Diversity & Inclusion**

SCALE WEIGHTING

Our Comments

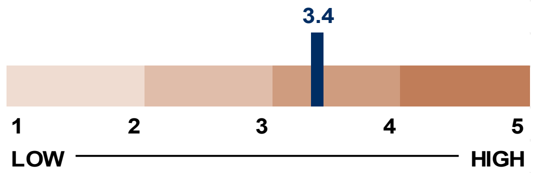
- We assign a Social (S) score of 4.1 to SCB, above the industry average of 3.9. SCB's social strategy is anchored in two pillars — "Planting Digital Seeds" and "Enriching Lives" — focused on bridging digital and financial gaps while supporting community and employee well-being.
- **Financial and digital inclusion:** SCB extends credit to underserved segments through AutoX, MONIX, and ABACUS digital, the last reaching over 20m downloads with loans as small as Bt2,500. Physical reach remains strong too, with 669 service channels and 9,231 ATMs/CDMs, plus over 29m transactions processed through banking agents in remote areas.
- **Digital skills and human capital development:** SCB is preparing its workforce for an AI-driven future through mandatory AI training programs, with a target for all employees to achieve foundational AI knowledge by 2027. Beyond the organization, it promotes financial and digital literacy through initiatives such as the RISA AI learning platform and the “Money Wise, Happy Life” program, benefiting students and the broader public.
- **Community development and social impact:** SCB continues to invest in education, healthcare, and community well-being through scholarship programs, youth development initiatives, disaster relief, and medical outreach services. These programs demonstrate the group's long-term commitment to creating positive social impact beyond its core banking business.
- **Responsible business practices:** SCB embeds human rights, responsible AI, and data governance into its operations. The group follows the UN Guiding Principles on Business and Human Rights and applies its "Trust by Design" framework to ensure ethical and transparent AI use.

Sources: ttb wealth, Company data

Sector: Financials | Banking

We assign SCB a decent Governance (G) score of 3.4. It has a solid governance framework, supported by strong risk management, ethical business practices, and dedicated oversight of technology and ESG. To achieve a higher score, it should increase the proportion of independent directors toward the two-thirds level regarded as best practice.

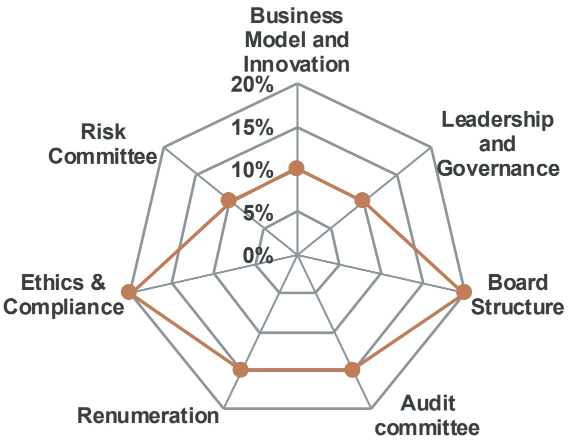
Governance (G) Rating



GOVERNANCE & SUSTAINABILITY

- **Business Model and Innovation**
- **Leadership and Governance**
- **Board Structure**
- **Audit committee**
- **Remuneration**
- **Ethics & Compliance**
- **Risk Committee**

SCALE WEIGHTING



Our Comments

- We assign a Governance (G) score of 3.4 to SCB, slightly below the industry average of 3.5. SCB's governance framework is built on transparency, ethical leadership, and a robust risk culture, tailored to support its transition into a regional fintech group and an "AI-first organization." To close the gap to peers, we see room for SCB to disclose more quantifiable governance metrics — such as the share of lending subject to ESG screening — and to raise the proportion of independent directors on its board.
- **Board structure and oversight:** SCB's board consists of 15 directors, including eight independent directors and three women, with a clear separation between the chairman and CEO roles. However, independent directors make up only 50% of the board, still below the two-thirds threshold generally considered best practice for board independence. Eight specialized committees — including audit, risk oversight, technology, and sustainability — provide dedicated oversight, and the board achieved an average self-evaluation score of 4.49 out of 5 ("Very Good") in 2025.
- **Robust risk management:** SCB operates under a "Tone from the Top" approach, elevating its Chief Risk Office to a Risk Center of Excellence in 2025 to standardize risk practices across its 12 portfolio companies. Every subsidiary follows the Three Lines of Defense model, supported by a group-wide governance, risk, and compliance technology platform.
- **Ethical standards and anti-corruption:** SCB is a certified member of the Thai Collective Action Against Corruption (CAC), enforces a no-gift policy, and reported no ethical code breaches in 2025, backed by confidential whistleblowing channels for employees and external parties.
- **AI governance, a growing priority:** As SCB transitions to an AI-first organization, it has embedded "Responsible AI by Design" principles, endorsed a new AI Policy in 2025, and runs its proprietary Thai-language model, Typhoon, on its own infrastructure to preserve data sovereignty — an area of growing importance that governance frameworks will need to keep pace with.

Sources: ttb wealth, Company data

Net profit to resume growth path in 2027-28F

Loan growth should recover in 2026-28F, driven by the corporate segment

INCOME STATEMENT

FY ending Dec (Bt m)	2024A	2025A	2026F	2027F	2028F
Interest and Dividend Income	169,320	155,979	139,842	144,859	151,552
Interest Expenses	39,896	36,862	32,307	32,506	33,869
Net Interest Income	**129,424**	**119,117**	**107,535**	**112,353**	**117,683**
% of total income	75.3%	69.6%	67.8%	68.5%	68.9%
Gain on Investment	(264)	2,188	875	928	983
Fee Income	31,144	30,856	34,800	37,236	39,470
Gain on Exchange	8,904	15,077	11,308	9,612	8,651
Others	2,282	3,766	3,954	3,756	3,944
Non-interest Income	**42,349**	**52,051**	**51,110**	**51,713**	**53,238**
% of total income	24.7%	30.4%	32.2%	31.5%	31.1%
Total Income	**171,773**	**171,168**	**158,645**	**164,066**	**170,921**
Operating Expenses	72,977	69,570	67,406	68,458	69,557
Pre-provisioning Profit	**98,797**	**101,598**	**91,239**	**95,608**	**101,364**
Provisions	42,594	41,469	38,211	38,033	35,211
Pre-tax Profit	**56,203**	**60,129**	**53,028**	**57,575**	**66,152**
Income Tax	12,224	12,324	10,590	11,515	13,230
After Tax Profit	43,979	47,805	42,438	46,060	52,922
Equity Income	600	416	436	458	481
Minority Interest	(636)	(732)	(637)	(691)	(794)
Extraordinary Items	0	0	0	0	0
NET PROFIT	**43,943**	**47,488**	**42,238**	**45,827**	**52,609**
Normalized Profit	**43,943**	**47,488**	**42,238**	**45,827**	**52,609**
EPS (Bt)	13.05	14.10	12.54	13.61	15.62
Normalized EPS (Bt)	13.05	14.10	12.54	13.61	15.62

BALANCE SHEET

FY ending Dec (Bt m)	2024A	2025A	2026F	2027F	2028F
ASSETS:					
Liquid Items	**596,970**	**665,490**	**651,663**	**656,467**	**657,595**
cash & cash equivalents	43,801	43,867	37,876	39,719	41,875
interbank & money market	553,169	621,624	613,787	616,749	615,719
Securities under resale agreeme	0	0	0	0	0
Investments	316,807	429,986	438,606	447,399	456,369
Net loans	**2,280,603**	**2,233,065**	**2,309,237**	**2,364,780**	**2,425,484**
Gross and accrued interest	2,429,152	2,380,565	2,451,326	2,512,609	2,575,424
Provisions for doubtful	148,549	147,500	142,088	147,829	149,940
Fixed assets - net	73,425	74,718	44,344	45,675	47,045
Other assets	104,382	114,967	151,031	155,562	160,229
Total assets	**3,486,539**	**3,650,742**	**3,730,048**	**3,807,753**	**3,887,348**
LIABILITIES:					
Liquid Items	**2,712,691**	**2,854,422**	**2,924,442**	**2,982,931**	**3,042,589**
Deposit	2,473,626	2,563,315	2,626,343	2,678,870	2,732,447
Interbank & money market	229,839	281,009	286,080	291,802	297,638
Liability payable on demand	9,227	10,097	12,019	12,259	12,504
Borrow ings	106,745	120,494	124,847	127,344	129,890
Other liabilities	172,266	174,118	177,600	181,152	184,775
Total liabilities	**2,991,702**	**3,149,034**	**3,226,889**	**3,291,427**	**3,357,255**
Minority interest	6,201	6,396	6,715	7,051	7,404
Shareholders' equity	**488,636**	**495,313**	**498,643**	**511,474**	**524,888**
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	20,795	15,128	15,884	16,678	17,512
Retained earnings	423,151	435,495	438,069	450,106	462,686
Liabilities & equity	**3,486,539**	**3,650,742**	**3,732,247**	**3,809,952**	**3,889,547**

Sources: Company data, ttb wealth estimates

Maintains a high dividend payout ratio of 80%

The most efficient cost control in the sector

VALUATION

FY ending Dec	2024A	2025A	2026F	2027F	2028F
Normlized PE (x)	11.8	10.9	12.2	11.3	9.8
Normalized PE - at target price (x)	13.8	12.8	14.3	13.2	11.5
PE (x)	11.8	10.9	12.2	11.3	9.8
PE - at target price (x)	13.8	12.8	14.3	13.2	11.5
P/PPP (x)	5.2	5.1	5.7	5.4	5.1
P/PPP - at target price (x)	6.1	6.0	6.6	6.3	6.0
P/BV (x)	1.1	1.0	1.0	1.0	1.0
P/BV - at target price (x)	1.2	1.2	1.2	1.2	1.2
Dividend yield (%)	6.8	7.3	6.5	7.1	8.1
Market cap / net loans (x)	0.2	0.2	0.2	0.2	0.2
Market cap / deposit (x)	0.2	0.2	0.2	0.2	0.2
(Bt)					
Normalized EPS	13.05	14.10	12.54	13.61	15.62
EPS	13.05	14.10	12.54	13.61	15.62
DPS	10.44	11.28	10.04	10.89	12.50
PPP/Share	29.34	30.17	27.10	28.39	30.10
BV/Share	145.12	147.10	148.09	151.90	155.89

FINANCIAL RATIOS

FY ending Dec	2024A	2025A	2026F	2027F	2028F
Growth Rate (%)					
Net interest income (NII)	3.8	(8.0)	(9.7)	4.5	4.7
Non-interest income (Non-II)	(7.9)	22.9	(1.8)	1.2	2.9
Operating expenses	1.7	(4.7)	(3.1)	1.6	1.6
Pre-provisioning profit (PPP)	(0.1)	2.8	(10.2)	4.8	6.0
Net profit	1.0	8.1	(11.1)	8.5	14.8
Normalized profit growth	1.0	8.1	(11.1)	8.5	14.8
EPS	1.0	8.1	(11.1)	8.5	14.8
Normalized EPS	1.0	8.1	(11.1)	8.5	14.8
Dividend payout ratio	80.0	80.0	80.0	80.0	80.0
Loan - gross	(0.9)	(2.1)	3.0	2.5	2.5
Loan - net	(0.9)	(2.1)	3.4	2.4	2.6
Deposit	1.3	3.6	2.5	2.0	2.0
NPLs	0.8	(1.5)	(2.5)	1.3	0.5
Total assets	1.4	4.7	2.2	2.1	2.1
Total equity	2.2	1.4	0.7	2.6	2.6
Operating Ratios (%)					
Net interest margin (NIM)	3.9	3.4	3.0	3.1	3.2
Net interest spread	5.4	5.1	4.6	4.7	4.8
Yield on earnings assets	5.0	4.5	3.9	4.0	4.1
Avg cost of fund	1.4	1.3	1.1	1.1	1.1
NII / operating income	75.3	69.6	67.8	68.5	68.9
Non-II / operating income	24.7	30.4	32.2	31.5	31.1
Fee income / operating income	18.1	18.0	21.9	22.7	23.1
Normalized net margin	25.6	27.7	26.6	27.9	30.8
Cost-to-income	42.5	40.6	42.5	41.7	40.7
Credit cost - provision exp / loans	1.8	1.8	1.6	1.5	1.4
PPP / total assets	2.9	2.8	2.5	2.5	2.6
PPP / total equity	20.4	20.7	18.4	18.9	19.6
ROA	1.3	1.3	1.1	1.2	1.4
ROE	9.1	9.7	8.5	9.1	10.2

Sources: Company data, ttb wealth estimates

Better NPL outlook over the medium term

FINANCIAL RATIOS

FY ending Dec	2024A	2025A	2026F	2027F	2028F
Liquidity and Quality Ratio (%)					
Loan-to-deposit	97.2	91.8	92.3	92.7	93.2
Loan-to-deposit & S-T borrow ing	97.2	91.8	92.3	92.7	93.2
Net loan / assets	65.4	61.2	61.9	62.1	62.4
Net loan / equity	466.7	450.8	463.1	462.3	462.1
Investment / assets	9.1	11.8	11.8	11.7	11.7
Deposit / liabilities	82.7	81.4	81.4	81.4	81.4
Liabilities / equity	612.3	635.8	647.1	643.5	639.6
Net interbank lender (Bt m)	323,330	340,614	327,706	324,947	318,081
Tier 1 CAR	17.8	17.8	17.5	17.5	17.4
Tier 2 CAR	1.1	1.1	1.1	1.0	1.0
Total CAR	18.9	18.9	18.6	18.5	18.4
NPLs (Bt m)	97,610	96,165	93,742	94,984	95,493
NPLs / Total loans (NPL Ratio)	4.1	4.1	3.9	3.8	3.8
Loan-Loss-Coverage	152.2	153.4	151.6	155.6	157.0

Sources: Company data, ttb wealth estimates

4 AUGUST 2026

HOLD (Unchanged) | **TP: Bt 131.00** (From: Bt 108.00)

Change in Numbers | **Upside : 1.6%**

TISCO Financial Group Pcl (TISCO TB)

Limited upside

RAWISARA SUWANUMPHAI
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TISCO remains the most profitable bank in the sector with a selective business strategy that also results in strong asset quality. It also has a wealth business to support its resilient earnings. However, its valuations look fairly priced, and we maintain our HOLD rating on the stock.

Limited upside; maintaining HOLD

This report is a part of *Thailand Banks – Re-emerging growth,* dated 4 August 2026. We maintain our HOLD call on TISCO with a higher DDM-based 12-month TP of Bt131 (from Bt108). The higher TP reflects 2-11% earnings hikes in 2026–28F due to stronger wealth fee growth and better cost of funds, while rolling over our valuation to a 2027F base year. We like TISCO's healthy asset quality with a low 2.1% NPL ratio and 190% coverage, a solid wealth franchise, a gradual loan growth recovery, and a sustainable DPS of Bt7.75 (6% yield). However, with its payout already above 90%, we see limited room for further dividend upside, unlike large banks that still hold ample capital to raise payouts. TISCO's valuation also already looks fair to us at 2.3x P/BV vs. 16.5% 2027F ROE.

Healthy asset quality

After asset quality problems in 2014–15, caused by the first-car-program boom, TISCO shifted to a more prudent, disciplined lending approach. Its NPL ratio has since fallen from 3.2% in 2015 to 2.1% as of 2Q26. The bank has also built up provisions during strong revenue periods, lifting its coverage ratio to 190% as of 2Q26 — the third highest among peers — even though management sees 150-160% as sufficient. This leaves room to lower credit costs further, supporting the bottom line. We estimate credit costs will ease to 105bps in 2027-28F, from 120bps in 2026F.

Not in a strong loan growth segment

TISCO's loan book contracted by an average of 1% p.a. over 2020-25, reflecting a weak auto market and high interest rates. We believe the worst is over. As funding costs decline with the policy rate expected to remain at 1% until 2027, the economics of hire-purchase lending should improve. Together with a gradual recovery in auto demand, we expect loan growth to resume at 1/2/2% in 2026-28F, led by hire-purchase lending. However, growth will likely stay slower than peers, as corporate loans make up just 25% of the book, with most corporate clients unlikely to benefit much from the investment cycle theme.

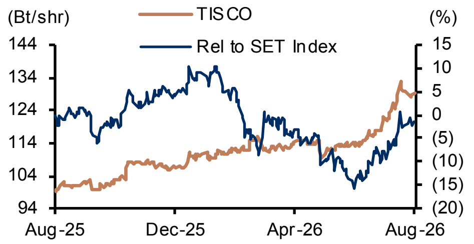
Strong wealth-related business

TISCO has the second-highest wealth-related fee contribution in the sector, at over 80% of total fee income, driven mainly by bancassurance and asset management. Its total AUM ranks No.9 in the market, while its provident fund business ranks No.1. We expect bancassurance to keep performing well alongside the loan growth recovery, and asset management to grow in line with the broader sector and its leading provident fund franchise. We estimate fee income growth of 10% p.a. over 2026-28F.

COMPANY VALUATION

Y/E Dec (Bt m)	2025A	2026F	2027F	2028F
Pre Provision Profit	10,605	11,394	11,685	12,311
Net profit	6,659	6,879	7,368	7,831
Consensus NP	—	6,943	7,180	7,355
Diff frm cons (%)	—	*(0.9)*	*2.6*	*6.5*
Norm profit	6,659	6,879	7,368	7,831
Prev. Norm profit	—	6,734	6,836	7,040
Chg frm prev (%)	—	*2.2*	*7.8*	*11.2*
Norm EPS (Bt)	8.32	8.59	9.20	9.78
Norm EPS grw (%)	(3.5)	3.3	7.1	6.3
Norm PE (x)	15.5	15.0	14.0	13.2
P/BV (x)	2.4	2.3	2.3	2.2
Div yield (%)	6.0	6.0	6.0	6.4
ROE (%)	15.4	15.7	16.5	16.9
ROA (%)	2.3	2.3	2.5	2.6

PRICE PERFORMANCE



COMPANY INFORMATION

Price *as of* 3-Aug-26 (Bt)	129.00
Market Cap (US$ m)	3,096
Listed Shares (m shares)	800.6
Free Float (%)	84.4
Avg. Daily Turnover (US$ m)	15.5
12M Price H/L (Bt)	133.00/99.00
Sector	BANK
Major Shareholder	Thai NVDR 11.96%

Sources: Bloomberg, Company data, ttb wealth estimates

ESG Summary Report P111

Ex 1: Earnings Revisions And Assumption Changes

	2024	2025	2026F	2027F	2028F
Net profit (Bt bn)					
- New	6.90	6.66	6.88	7.37	7.83
- Old			6.73	6.84	7.04
- Change (%)			*2.15*	*7.78*	*11.24*
Net EPS (Bt/share)					
- New	8.62	8.32	8.59	9.20	9.78
- Old			8.41	8.54	8.79
- Change (%)			*2.15*	*7.78*	*11.24*
Loan growth (%)					
- New	(1.11)	1.54	1.00	2.00	2.00
- Old			2.00	2.00	2.00
- Change (ppt)			*(1.00)*	*0.00*	*0.00*
NIM (%)					
- New	4.77	4.76	4.89	4.91	4.97
- Old			4.84	4.90	4.95
- Change (ppt)			*0.04*	*0.01*	*0.02*
Fee income (Bt bn)					
- New	4.97	5.00	5.52	6.07	6.67
- Old			5.22	5.42	5.66
- Change (%)			*5.77*	*11.87*	*17.84*
Cost-to-income ratio (%)					
- New	48.22	45.94	44.53	44.78	44.54
- Old			45.50	45.94	45.97
- Change (ppt)			*(0.97)*	*(1.16)*	*(1.43)*
Credit costs (%)					
- New	0.59	0.99	1.20	1.05	1.05
- Old			1.08	1.05	1.05
- Change (ppt)			*0.12*	*0.00*	*0.00*
NPLs (Bt bn)					
- New	5.46	5.37	5.01	5.26	5.50
- Old			5.49	5.74	5.99
- Change (%)			*(8.69)*	*(8.36)*	*(8.06)*

Sources: Company data, ttb wealth estimates

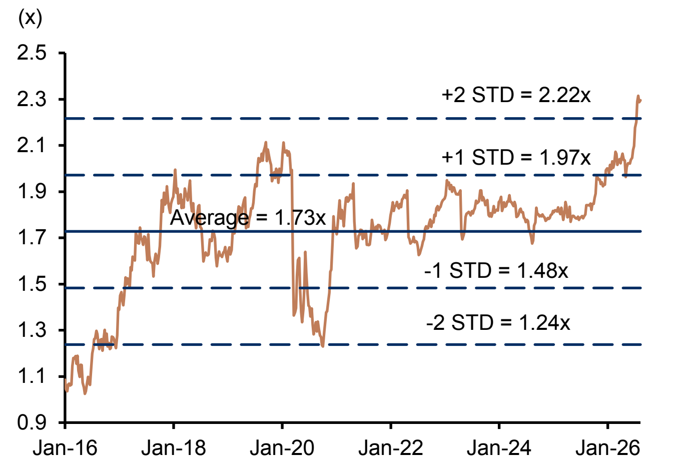
Ex 2: 12-month DDM-based Valuation Using A Base Year Of 2027F

(Bt m)	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	2035F	2036F	Terminal value
Dividend of common shares	6,205	6,405	7,106	7,806	8,206	8,607	9,007	9,607	10,208	10,608	10,608
Dividend payment	6,205	6,405	7,106	7,806	8,206	8,607	9,007	9,607	10,208	10,608	127,301
PV of dividend	6,205	5,795	5,818	5,784	5,503	5,221	4,945	4,773	4,590	4,316	51,786

Risk-free rate (%)	2.5
Market risk premium (%)	8.0
Beta	0.9
WACC (%)	10.5
Cost of equity	10.5
Terminal growth (%)	2.0
Equity value	104,736
No. of shares (m)	801
Equity value / share (Bt)	**131.0**

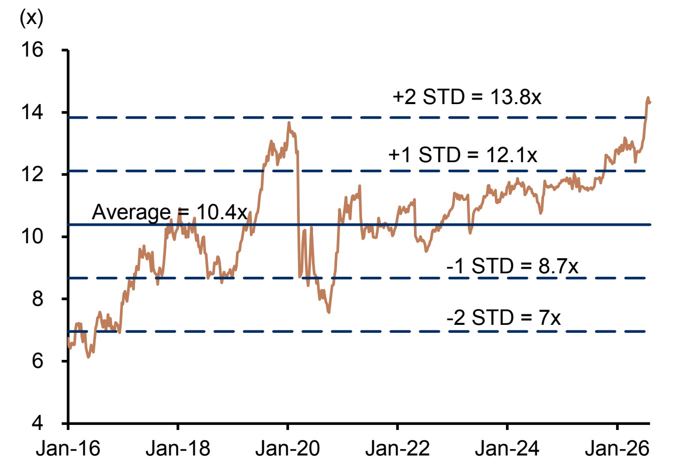
Sources: Company data, ttb wealth estimates

Ex 3: P/BV STD



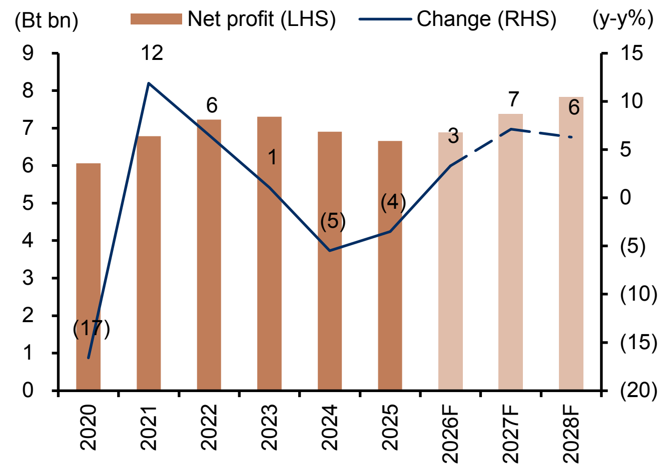
Sources: Bloomberg, ttb wealth estimates

Ex 4: PE STD



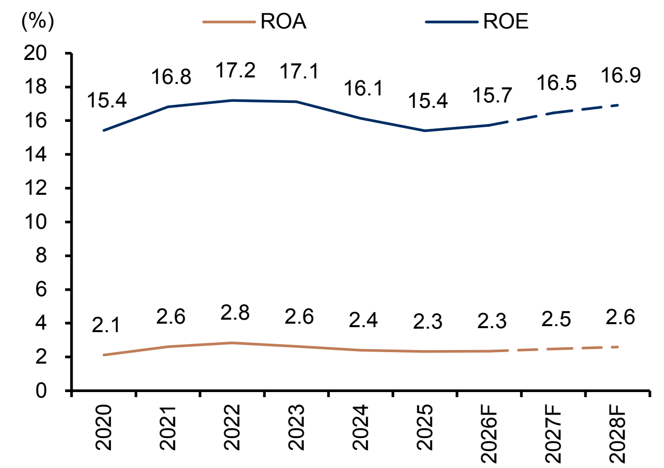
Sources: Bloomberg, ttb wealth estimates

Ex 5: Net Profit Growth



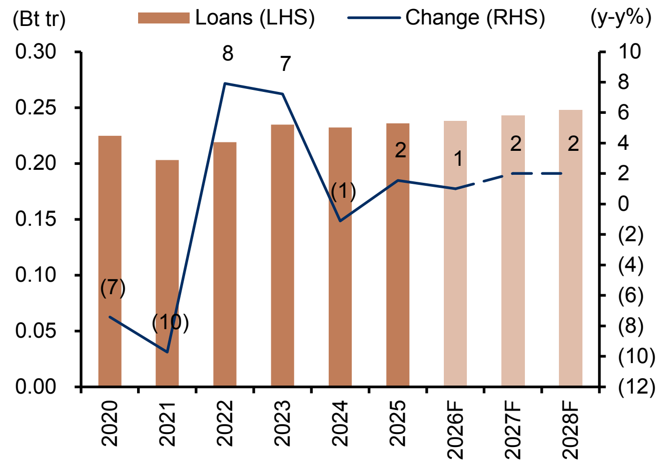
Sources: Company data, ttb wealth estimates

Ex 6: ROE And ROA



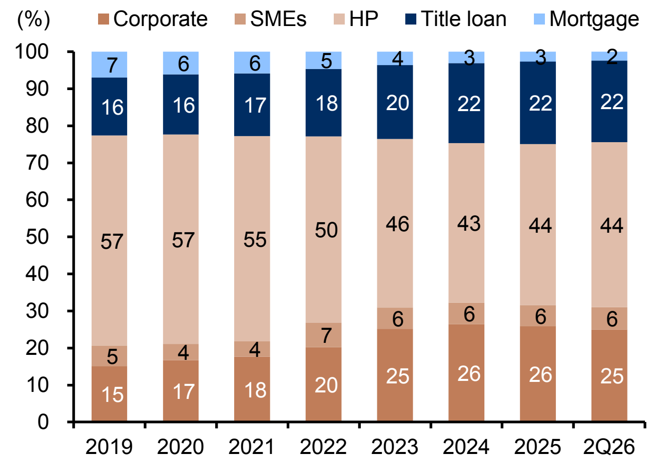
Sources: Company data, ttb wealth estimates

Ex 7: Loan Growth



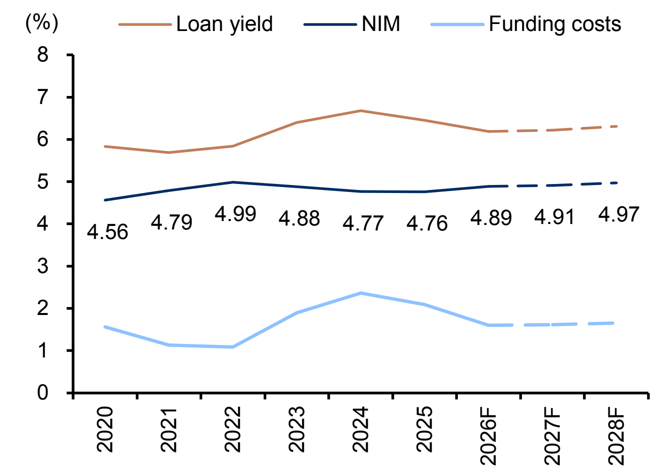
Sources: Company data, ttb wealth estimates

Ex 8: Loan Breakdown



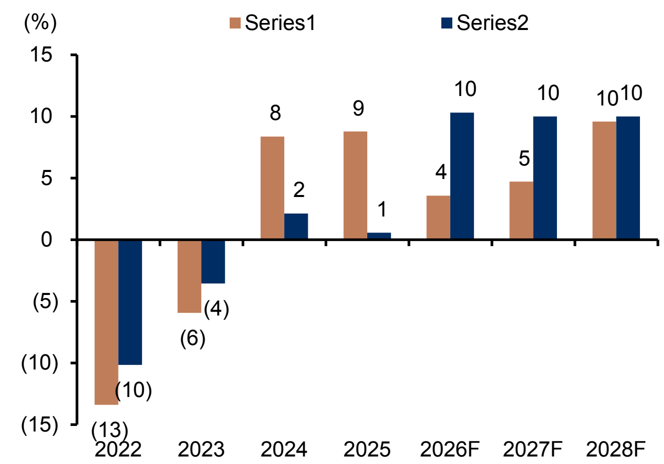
Source: Company data,

Ex 9: Loan Yield, NIM, And Funding Costs



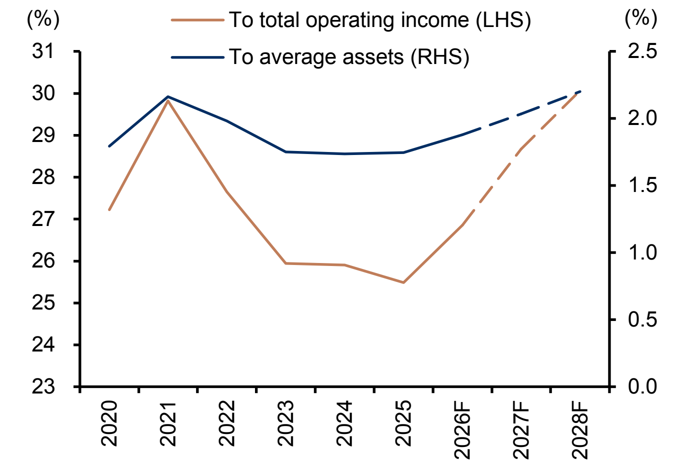
Sources: Company data, ttb wealth estimates

Ex 10: Fee Income And Non-NII Growth



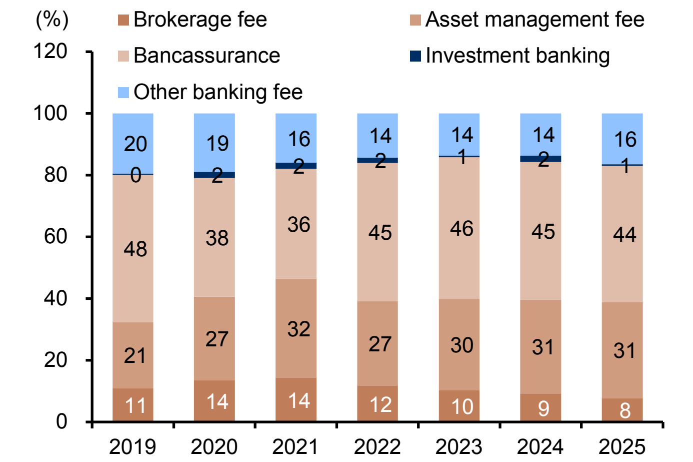
Sources: Company data, ttb wealth estimates

Ex 11: % Fee Income



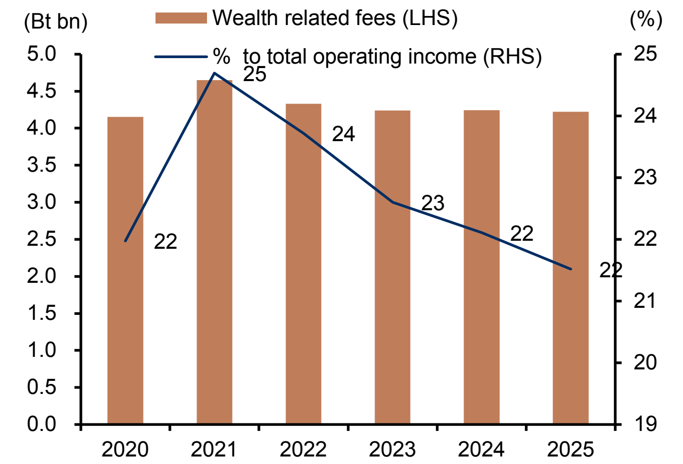
Sources: Company data, ttb wealth estimates

Ex 12: Fee Income Breakdown



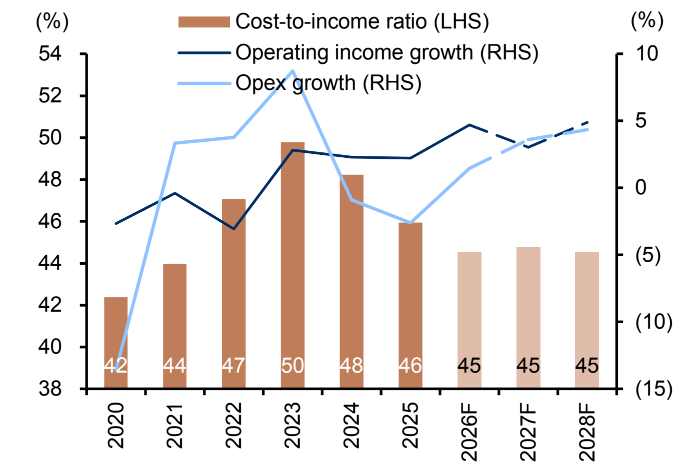
Sources: Company data, ttb wealth estimates

Ex 13: % Wealth Related Fees



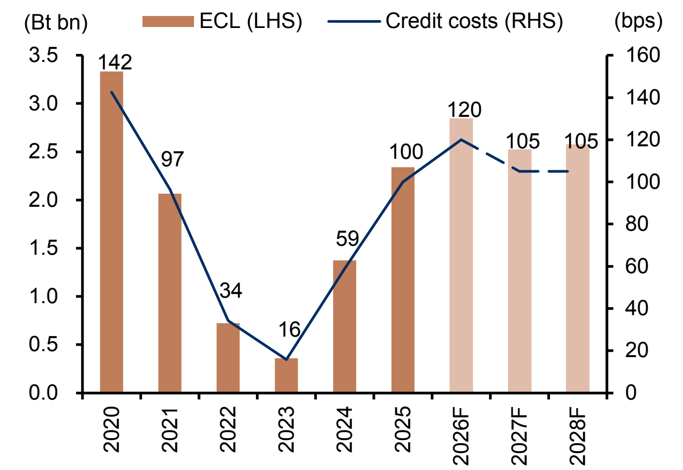
Sources: Company data, ttb wealth estimates

Ex 14: Opex And Operating Income Growth Vs. CIR



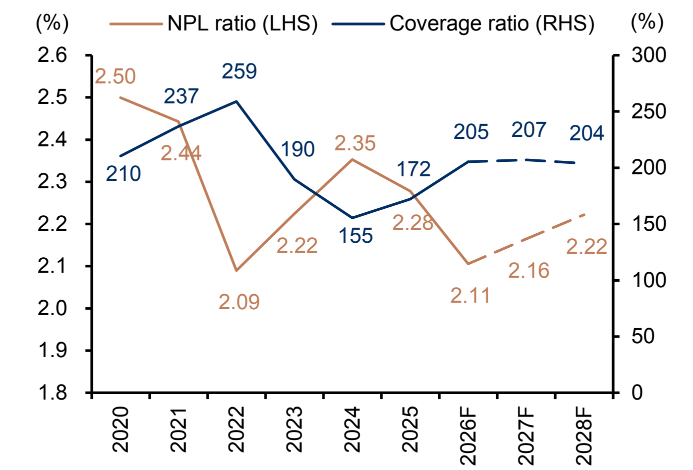
Sources: Company data, ttb wealth estimates

Ex 15: Credit Costs And ECL



Sources: Company data, ttb wealth estimates

Ex 16: NPL Ratio And Coverage Ratio



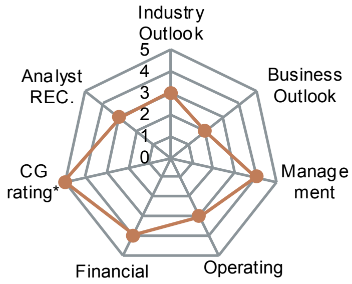
Sources: Company data, ttb wealth estimates

COMPANY DESCRIPTION

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

Source: ttb wealth

COMPANY RATING



Rating Scale	
Excellent	**5**
Good	**4**
Fair	**3**
Weak	**2**
Very Wea	**1**
None	**0**

Source: ttb wealth; *CG Rating

TTB WEALTH'S SWOT ANALYSIS

S — Strength

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

W — Weakness

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

O — Opportunity

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

T — Threat

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

CONSENSUS COMPARISON

	Consensus	ttb wealth	Diff
Target price (Bt)	118.14	131.00	11%
Net profit 26F (Bt m)	6,943	6,879	-1%
Net profit 27F (Bt m)	7,180	7,368	3%
Consensus REC	**BUY: 3**	**HOLD: 15**	**SELL: 5**

HOW ARE WE DIFFERENT FROM THE STREET?

- Our 2027F earnings projection is slightly above the Bloomberg consensus estimate, likely reflecting our more positive view on fee income growth.
- Our TP is also above the Street, likely reflecting our assumptions of both stronger earnings growth and a higher long-term dividend payout ratio.

Sources: Bloomberg consensus, ttb wealth estimates

RISKS TO OUR INVESTMENT CASE

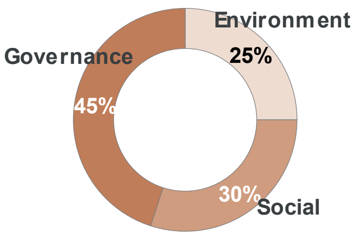
- A higher asset deterioration rate, especially in the title loan segment, would negatively impact our EPS forecasts.
- Should TISCO be able to lower funding costs to a greater extent than we presently assume, this would present an upside risk to our earnings forecasts and TP.

Source: ttb wealth

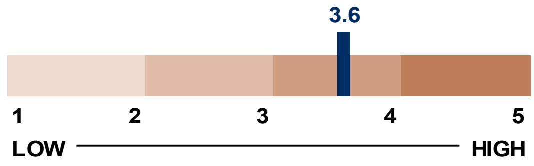
TISCO Financial Group Pcl.

Sector: Financials | Banking

ESG Weighting



ESG Rating



	SET ESG Index	SET ESG (BBB-AAA)	DJSI Index	ttb wealth ESG Rating (1.0-5.0)	MSCI (CCC-AAA)	ESG Book (0-100)	CG Rating (0-5)
TISCO	YES	AAA	-	3.57	0	63.08	5.0

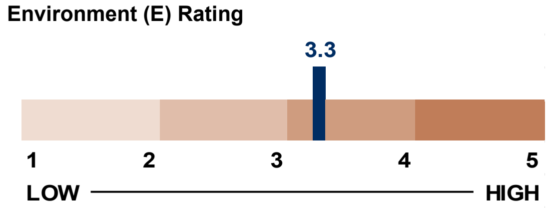
Sources: SETTRADE, SET ESG Index, SET ESG Rating, The Dow Jones Industrial Average (DJSI)
MSCI ESG Research LLC, ESG Book, Thai IOD (CG rating)
Note: Please see third party on "terms of use" toward the back of this report.

ESG Summary

- TISCO is a holding company, with TISCO Bank as its core business. It is a leading auto hire-purchase lender and a specialist consumer finance and wealth management group, differentiated from the larger universal banks by its focused business model. Its loan portfolio comprises 44% auto hire-purchase, 22% auto title loans, and 25% corporate lending.
- We assign TISCO an ESG score of 3.6, in line with the sector average of 3.6. The score reflects strong Governance (G), supported by disciplined risk management and board oversight, and solid Social (S) practices. However, its Environmental (E) profile remains below peers due to less ambitious climate targets and a relatively smaller sustainable finance platform.
- TISCO's "E" score of 3.3 is below the sector average, reflecting a less ambitious climate roadmap than leading peers — its Scope 1 & 2 carbon neutrality target of 2040 trails banks targeting 2030. That said, TISCO's green auto lending is a genuine strength, with 39% of new hire-purchase loans going to EVs in 2025, ahead of its target.
- We assign TISCO a good 3.8 Social score, close to the sector average, reflecting solid financial literacy outreach, responsible lending practices, and strong employee engagement. Its community and financial inclusion initiatives, however, remain smaller in scale than those of the larger banks, limiting further upside to this score.
- TISCO's 3.6 "G" score is slightly above peers, reflecting a strong governance framework: independent and non-executive directors make up 69% of its Board, above the two-thirds best-practice threshold and ahead of most Thai bank peers. This is reinforced by strong anti-corruption certification, dedicated sustainability governance, and consistently high external recognition, including a SET ESG Rating of "AAA."

Sector: Financials | Banking

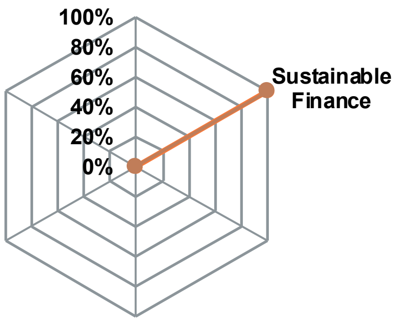
We assign a below-average E score of 3.3 to TISCO, vs. the industry average of 3.6. TISCO's environmental strategy centers on integrating sustainability into its core financing activities and reducing its own operational footprint. However, its targets are less aggressive than higher-scoring peers.



ENVIRONMENT	Our Comments

- **Sustainable Finance**

SCALE WEIGHTING



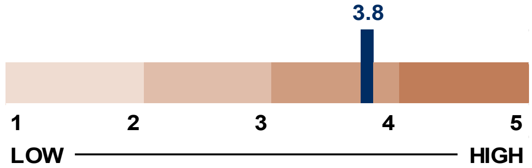
- We assign an Environmental (E) score of 3.3 to TISCO, below the industry average of 3.6. While TISCO has made steady progress in operational decarbonization and green lending, we believe its environmental profile would benefit from a larger sustainable finance platform, faster climate targets, and broader external climate recognition comparable to the leading Thai banks.
- **Longer-dated targets:** TISCO's climate roadmap is aligned with Thailand's NDC 3.0, but its 2040 medium-term goal for Scope 1 & 2 carbon neutrality trails peers which target 2030, placing TISCO's transition pathway further behind on ambition.
- **Operational decarbonization:** TISCO continues to improve resource efficiency, achieving a 32.5% reduction in Scope 1 & 2 emissions from its head office vs. the 2017 baseline in 2025, well ahead of its target. The group has also reduced paper consumption and maintained energy efficiency through ongoing operational improvements.
- **Sustainable finance:** TISCO continues to support Thailand's low-carbon transition through green lending. In 2025, 39% of new car hire-purchase loans were for electric vehicles, while 23% of large corporate lending was directed toward environmentally friendly projects. Environmental and social risks are also integrated into its credit approval process through exclusion lists and sector-specific risk screening.
- **Long-standing conservation commitment:** TISCO has run reforestation projects since 1991, reflecting a longer track record of environmental engagement than its climate targets alone would suggest — though we believe more ambitious, time-bound Scope 3 targets are needed to close the gap with peers.

Sources: ttb wealth, Company data

Sector: Financials | Banking

We assign a decent Social (S) score of 3.8 to TISCO, slightly below the industry average of 3.9. TISCO focuses on financial literacy, responsible lending, employee well-being, and community development. However, we believe the scale of its financial inclusion and community initiatives remains smaller than that of the larger banks.

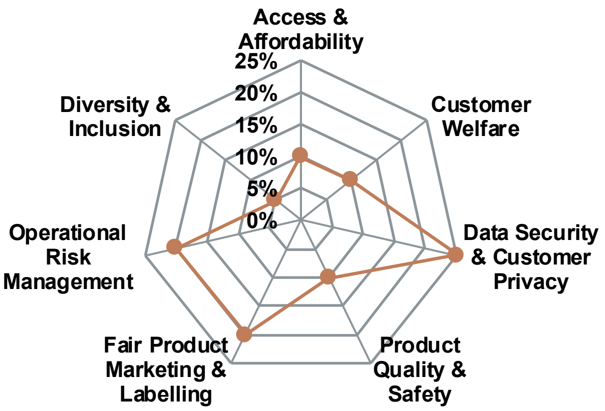
Social (S) Rating



SOCIAL	Our Comments

- **Access & Affordability**
- **Customer Welfare**
- **Data Security & Customer Privacy**
- **Product Quality & Safety**
- **Fair Product Marketing & Labeling**
- **Operational Risk Management**
- **Diversity & Inclusion**

SCALE WEIGHTING



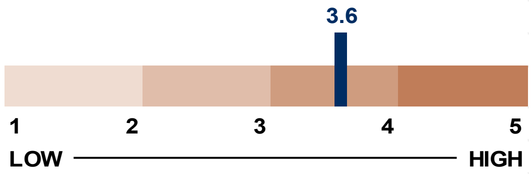
- We assign a Social (S) score of 3.8 to TISCO, slightly below the industry average of 3.9. TISCO demonstrates good social practices through financial literacy, responsible lending, employee well-being, and community development. However, we believe its financial inclusion and community initiatives remain smaller in scale than those of the larger banks. To achieve a higher score, TISCO would need to expand these initiatives and demonstrate more measurable long-term social outcomes from its lending and community programs.
- **Financial inclusion and responsible lending:** TISCO promotes financial literacy through education programs that reached more than one million people in 2025. The group also follows responsible lending principles, providing debt restructuring and financial assistance to vulnerable borrowers while expanding access to financial services through both digital and branch channels.
- **Employee engagement and development:** TISCO places a strong emphasis on employee well-being and talent development, achieving an employee engagement score of 83.8% and a retention rate of 91.6% in 2025. Employees received an average of 38.5 training hours during the year, covering professional skills, ethics, human rights, anti-corruption, and responsible AI.
- **Community impact and human rights:** TISCO supports local communities through education and social development projects while maintaining strong human rights standards. In 2025, the group invested Bt45.5m in community initiatives, including school infrastructure projects, and reported zero complaints related to labor or human rights issues.

Sources: ttb wealth, Company data

Sector: Financials | Banking

We assign a good Governance (G) score of 3.6 to TISCO, slightly above the industry average of 3.5. The bank demonstrates strong governance across most dimensions, anchored by transparency, accountability, and a proactive risk culture, with disciplined ethical standards and robust board oversight of ESG matters.

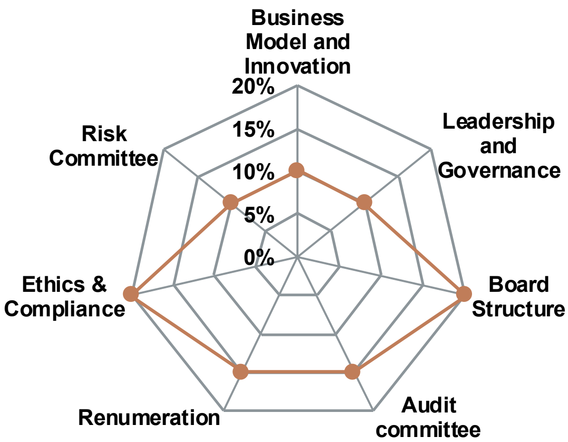
Governance (G) Rating



GOVERNANCE & SUSTAINABILITY

- Business Model and Innovation
- Leadership and Governance
- Board Structure
- Audit committee
- Remuneration
- Ethics & Compliance
- Risk Committee

SCALE WEIGHTING



Our Comments

- We assign a good Governance (G) score of 3.6 to TISCO, slightly above the industry average of 3.5. The group demonstrates strong governance through disciplined ethical standards, robust risk management, and transparent board oversight. We also view its governance positively given its strong anti-corruption practices, dedicated sustainability governance, and high level of disclosure.
- **Board structure and oversight:** TISCO's board consists of 13 directors, with independent and non-executive directors together making up 69% — well above the two-thirds threshold generally considered best practice, and ahead of most Thai bank peers. The chairman and CEO roles are clearly separated, and a lead independent director has been appointed to chair meetings when the non-executive chairman faces a conflict of interest.
- **Ethical standards and transparency:** TISCO maintains a comprehensive governance framework through its anti-corruption policy, no-gift policy, insider trading controls, and confidential whistleblowing channels. The group was re-certified as a member of the Thai Private Sector Collective Action Against Corruption (CAC) for the fourth consecutive period (2025–28) and reported no significant ethical breaches in 2025.
- **Risk management and ESG integration:** TISCO embeds ESG risks within its Enterprise Risk Management framework under a strong "Tone from the Top" culture. The risk oversight committee monitors key financial and ESG risks, while the group has also introduced an AI risk governance framework covering data privacy, model bias, and explainability as digital adoption increases.
- **Strong external recognition:** TISCO continues to receive strong governance recognition, including a full AGM Checklist score for the 11th consecutive year, a SET ESG Rating of "AAA", and the SET Commended Sustainability Awards 2025. These recognitions reinforce our positive view of its governance standards and transparency.

Sources: ttb wealth, Company data

Expecting solid fee-income growth from wealth-related businesses

INCOME STATEMENT

FY ending Dec (Bt m)	2024A	2025A	2026F	2027F	2028F
Interest and Dividend Income	19,014	18,311	17,982	18,405	18,939
Interest Expenses	5,444	4,808	3,778	3,878	4,011
Net Interest Income	**13,570**	**13,502**	**14,204**	**14,527**	**14,928**
% of total income	70.7%	68.8%	69.2%	68.6%	67.3%
Gain on Investment	3	8	9	10	11
Fee Income	4,971	5,000	5,516	6,067	6,674
Gain on Exchange	314	544	376	100	105
Others	100	114	315	331	347
Non-interest Income	**5,623**	**6,116**	**6,336**	**6,634**	**7,269**
% of total income	29.3%	31.2%	30.8%	31.4%	32.7%
Total Income	**19,193**	**19,618**	**20,540**	**21,161**	**22,197**
Operating Expenses	9,256	9,014	9,146	9,476	9,886
Pre-provisioning Profit	**9,937**	**10,605**	**11,394**	**11,685**	**12,311**
Provisions	1,376	2,340	2,844	2,525	2,576
Pre-tax Profit	**8,562**	**8,265**	**8,550**	**9,159**	**9,735**
Income Tax	1,694	1,643	1,710	1,832	1,947
After Tax Profit	6,868	6,622	6,840	7,328	7,788
Equity Income	34	37	39	41	43
Minority Interest	(0)	(0)	0	0	0
Extraordinary Items	0	0	0	0	0
NET PROFIT	**6,901**	**6,659**	**6,879**	**7,368**	**7,831**
Normalized Profit	**6,901**	**6,659**	**6,879**	**7,368**	**7,831**
EPS (Bt)	8.62	8.32	8.59	9.20	9.78
Normalized EPS (Bt)	8.62	8.32	8.59	9.20	9.78

BALANCE SHEET

FY ending Dec (Bt m)	2024A	2025A	2026F	2027F	2028F
ASSETS:					
Liquid Items	**40,684**	**41,187**	**45,093**	**44,263**	**44,790**
cash & cash equivalents	910	826	1,075	981	1,955
interbank & money market	39,774	40,360	44,018	43,282	42,835
Securities under resale agreeme	0	0	0	0	0
Investments	5,409	8,186	8,359	8,535	8,715
Net loans	**225,598**	**228,567**	**229,860**	**234,081**	**238,634**
Gross and accrued interest	234,085	237,810	240,161	244,965	249,864
Provisions for doubtful	8,486	9,244	10,301	10,883	11,230
Fixed assets - net	3,161	4,292	3,108	3,201	3,297
Other assets	7,024	8,471	10,006	10,273	10,548
Total assets	**281,877**	**290,702**	**296,425**	**300,354**	**305,986**
LIABILITIES:					
Liquid Items	**217,441**	**223,657**	**233,498**	**235,833**	**239,370**
Deposit	206,537	211,323	217,304	219,477	222,769
Interbank & money market	10,665	12,111	13,760	13,897	14,106
Liability payable on demand	239	223	2,435	2,459	2,496
Borrowings	8,076	10,539	5,382	5,436	5,517
Other liabilities	13,315	13,129	13,392	13,660	13,933
Total liabilities	**238,832**	**247,325**	**252,272**	**254,928**	**258,821**
Minority interest	3	3	3	3	3
Shareholders' equity	**43,042**	**43,374**	**44,151**	**45,422**	**47,162**
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	2,025	2,056	2,159	2,267	2,380
Retained earnings	31,992	32,293	32,967	34,130	35,756
Liabilities & equity	**281,877**	**290,702**	**296,425**	**300,354**	**305,986**

Sources: Company data, ttb wealth estimates

DPS looks set to increase to Bt8.25 in 2028F

VALUATION

FY ending Dec	2024A	2025A	2026F	2027F	2028F
Normlized PE (x)	15.0	15.5	15.0	14.0	13.2
Normalized PE - at target price (x)	15.2	15.8	15.2	14.2	13.4
PE (x)	15.0	15.5	15.0	14.0	13.2
PE - at target price (x)	15.2	15.8	15.2	14.2	13.4
P/PPP (x)	10.4	9.7	9.1	8.8	8.4
P/PPP - at target price (x)	10.6	9.9	9.2	9.0	8.5
P/BV (x)	2.4	2.4	2.3	2.3	2.2
P/BV - at target price (x)	2.4	2.4	2.4	2.3	2.2
Dividend yield (%)	6.0	6.0	6.0	6.0	6.4
Market cap / net loans (x)	0.5	0.5	0.4	0.4	0.4
Market cap / deposit (x)	0.5	0.5	0.5	0.5	0.5
(Bt)					
Normalized EPS	8.62	8.32	8.59	9.20	9.78
EPS	8.62	8.32	8.59	9.20	9.78
DPS	7.75	7.75	7.75	7.75	8.25
PPP/Share	12.41	13.25	14.23	14.59	15.38
BV/Share	53.76	54.18	55.15	56.73	58.91

Still offers the highest ROE among Thai banks

FINANCIAL RATIOS

FY ending Dec	2024A	2025A	2026F	2027F	2028F
Growth Rate (%)					
Net interest income (NII)	(0.0)	(0.5)	5.2	2.3	2.8
Non-interest income (Non-II)	8.4	8.8	3.6	4.7	9.6
Operating expenses	(0.9)	(2.6)	1.5	3.6	4.3
Pre-provisioning profit (PPP)	5.5	6.7	7.4	2.6	5.4
Net profit	(5.5)	(3.5)	3.3	7.1	6.3
Normalized profit growth	(5.5)	(3.5)	3.3	7.1	6.3
EPS	(5.5)	(3.5)	3.3	7.1	6.3
Normalized EPS	(5.5)	(3.5)	3.3	7.1	6.3
Dividend payout ratio	89.9	93.2	90.2	84.2	84.3
Loan - gross	(1.1)	1.5	1.0	2.0	2.0
Loan - net	(0.5)	1.3	0.6	1.8	1.9
Deposit	(1.0)	2.3	2.8	1.0	1.5
NPLs	4.6	(1.7)	(6.7)	4.8	4.7
Total assets	(3.0)	3.1	2.0	1.3	1.9
Total equity	1.4	0.8	1.8	2.9	3.8
Operating Ratios (%)					
Net interest margin (NIM)	4.9	4.8	5.0	5.0	5.1
Net interest spread	5.7	5.8	6.1	6.2	6.2
Yield on earnings assets	6.7	6.5	6.2	6.2	6.3
Avg cost of fund	2.4	2.1	1.6	1.6	1.7
NII / operating income	70.7	68.8	69.2	68.6	67.3
Non-II / operating income	29.3	31.2	30.8	31.4	32.7
Fee income / operating income	25.9	25.5	26.9	28.7	30.1
Normalized net margin	36.0	33.9	33.5	34.8	35.3
Cost-to-income	48.2	45.9	44.5	44.8	44.5
Credit cost - provision exp / loans	0.6	1.0	1.2	1.0	1.0
PPP / total assets	3.5	3.7	3.9	3.9	4.1
PPP / total equity	23.2	24.5	26.0	26.1	26.6
ROA	2.4	2.3	2.3	2.5	2.6
ROE	16.1	15.4	15.7	16.5	16.9

Sources: Company data, ttb wealth estimates

Continued strong capital

FINANCIAL RATIOS

FY ending Dec	2024A	2025A	2026F	2027F	2028F
Liquidity and Quality Ratio (%)					
Loan-to-deposit	112.4	111.6	109.6	110.7	111.2
Loan-to-deposit & S-T borrow ing	112.4	111.6	109.6	110.7	111.2
Net loan / assets	80.0	78.6	77.5	77.9	78.0
Net loan / equity	524.1	527.0	520.6	515.3	506.0
Investment / assets	1.9	2.8	2.8	2.8	2.8
Deposit / liabilities	86.5	85.4	86.1	86.1	86.1
Liabilities / equity	554.9	570.2	571.4	561.2	548.8
Net interbank lender (Bt m)	29,110	28,249	30,258	29,385	28,729
Tier 1 CAR	17.0	17.0	17.1	17.2	17.5
Tier 2 CAR	1.6	1.9	1.9	1.9	1.8
Total CAR	18.6	19.0	19.0	19.1	19.3
NPLs (Bt m)	5,464	5,371	5,014	5,257	5,505
NPLs / Total loans (NPL Ratio)	2.4	2.3	2.1	2.2	2.2
Loan-Loss-Coverage	155.3	172.1	205.4	207.0	204.0

Sources: Company data, ttb wealth estimates

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