UOBKayHian

Country Daily | Thailand

Tuesday, 22 September 2026

Key Indices

	Prev Close	1D %	1W %	1M %	YTD %
DJIA	52048.8	0.7	(0.7)	(2.3)	8.3
S&P 500	7764.7	1.5	1.9	1.2	13.4
FTSE 100	10739.0	0.7	0.4	(0.7)	8.1
AS30	8919.1	(0.0)	(0.1)	(3.8)	(1.1)
CSI 300	4539.6	0.7	1.3	(1.7)	(2.0)
FSSTI	5675.2	0.3	(0.7)	(0.2)	22.1
HSCEI	8339.6	1.4	0.7	(3.4)	(6.4)
HSI	25042.7	1.2	0.5	(3.7)	(2.3)
JCI	6384.7	(0.9)	(2.3)	(2.2)	(26.2)
KLCI	1666.9	0.1	(1.2)	(4.0)	(0.8)
KOSPI	7007.7	1.6	4.8	1.4	66.3
Nikkei 225	65019.0	1.4	1.6	(0.8)	29.2
SET	1598.0	0.9	0.4	(1.0)	26.9
TWSE	47718.8	1.1	4.0	5.5	64.8
BDI	3399	0.9	(1.3)	19.6	81.1
CPO (RM/mt)	4580	(0.9)	(0.3)	0.5	16.5
Brent Crude (US$/bbl)	100	(3.4)	(5.1)	6.3	64.9

Source: Bloomberg

Corporate Events

	Venue	Begin	Close
17th Asian Gems Conference 2026 (Virtual)	Singapore	22 Sep	23 Sep
Post-results NDR with Sunny Optical (2382 HK)	Taipei	22 Sep	23 Sep
New Economy Conference at The Ritz Carlton Hotel	Malaysia	07 Oct	07 Oct
NDR with Food Empire Holdings Ltd (FEH SP)	Malaysia	08 Oct	08 Oct

Corporate and Macro Calendar

Economic Indicator/Event		Date
Aug. Customs Trade Balance (Export-Import)	Thailand	21-26 Sep

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We expect banks under our coverage to report an aggregated net profit of around Bt64b in 3Q26, down 10% yoy but up 0.4% qoq. We project that the banking sector’s loan portfolio will be flat qoq but increase 3% yoy in 3Q26. Overall, we expect banks to remain cautious in lending and focus on corporate loans. We are optimistic about the credit cost outlook and asset quality for the sector. Maintain OVERWEIGHT. Our top picks are KBANK and KTB.

Banking

3Q26 Results Preview: Credit Costs Expected To Decline QOQ

Highlights

- We expect the sector to report a net profit of Bt64b, -10% yoy, +0.4% qoq.
- Expect an extension of "Thai Help Thai Plus 60/10" and the launch of Thai Travel Thai Plus.
- Maintain OVERWEIGHT on the sector. Top picks: KBANK and KTB.

Analysis

- **Expect 3Q26 earnings to drop yoy and qoq.** We expect banks under our coverage to report an aggregated net profit of around Bt64b in 3Q26, down 10% yoy but up 0.4% qoq. Excluding provisioning, we expect the banking sector's pre-provision operating profit to decline 10% yoy and 3% qoq.
- **Forecast a flat qoq loan growth in 3Q26.** We project that the banking sector's loan portfolio will be flat qoq but increase 3% yoy in 3Q26. Overall, we expect banks to remain cautious in lending and focus on corporate loans. Meanwhile, we forecast TISCO Financial Group (TISCO) continuing to expand its new car hire-purchase loan portfolio, and expect Bank of Ayudhya (BAY) to continue to grow its ASEAN loan portfolio.
- **Expect an extension of Thai Help Thai Plus 60/10 for two months and the launch of Thai Travel Thai Plus.** After its launch in Jun 26, the Thai Help Thai Plus 60/40 programme will be terminated at the end of Sep 26. However, the Cabinet is set to review a proposed two-month extension of the co-payment scheme, with some changes to the conditions and extending the programme through Nov 26. According to local news, this programme helps to spur domestic spending. Moreover, the Street expects the government to launch the Thai Travel Thai Plus programme, which will take effect from Apr 27. This programme is expected to offer 1m entitlements countrywide, with a maximum of five entitlements per person. The government will subsidise Bt1,500 per night for major cities and Bt2,000 per night for less-visited areas. We expect this move regarding Thai Help Thai Plus 60/40 to boost the domestic economy in 4Q26 and expect Thai Travel Thai Plus to have a positive impact on the Thai economy and help the low season tourism during mid-27.
- **Expect credit costs to decrease yoy and qoq in 3Q26.** We project that the banking sector's credit costs will drop 29bp yoy and 12bp qoq to 131bp in 3Q26. Many banks set special provisions in 1Q26 to cushion against the impact of Middle East tensions. However, the actual earnings results in 1H26 did not present any concern about the Middle East conflict. Meanwhile, banks have also stated that the impact from the Middle East conflict was less than expected. Therefore, we expect to see a reduction in credit costs in 2H26 and are optimistic about the credit cost outlook and asset quality for the sector. We foresee the NPL ratio stabilising qoq at 3.1% in 3Q26.

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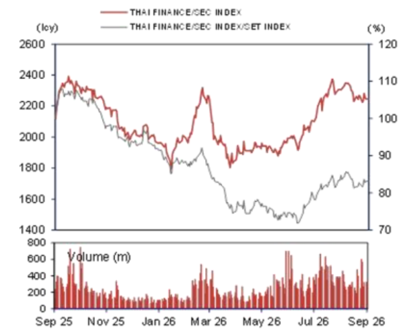
OVERWEIGHT (Maintained)

Sector Picks

Company	Ticker	Rec	Share Price (Bt)	Target Price (Bt)
Kasikorn Bank	KBANK TB	BUY	253.00	285.00
Krungthai Bank	KTB TB	BUY	45.00	52.00

Source: Bloomberg, UOB Kay Hian

Returns: Banking vs SET Index



Source: UOB Kay Hian

Peer Comparison

Ticker	Rec	Price 18 Sep 26 (Bt)	Target Price (Bt)	Upside To TP (%)	Net Profit 2026F (Btm)	Net Profit 2027F (Bt m)	PE 2026F (x)	PE 2027F (x)	Net EPS Growth 2026F (%)	Yield 2026F (%)	ROE 2026F (%)	Market Cap. (US$m)	Price/ NAV ps (x)
BAY TB	BUY	38.25	50.00	30.7	34,207	36,401	8.3	7.8	7.8	4.4	8.0	8,479	0.6
BBL TB	BUY	193.50	220.00	13.7	42,021	45,959	8.7	8.0	(8.7)	5.3	7.2	11,002	0.6
KBANK TB	BUY	253.00	285.00	12.6	52,839	56,017	11.2	10.6	7.2	5.7	9.0	17,876	1.0
KKP TB	BUY	118.00	135.00	14.4	8,070	8,269	12.1	11.8	33.2	7.4	11.8	3,034	1.3
KTB TB	BUY	45.00	52.00	15.6	49,368	52,257	12.6	11.9	2.4	6.1	10.5	18,621	1.3
SCB TB	BUY	152.50	175.00	14.8	44,756	47,718	11.4	10.7	(5.8)	7.3	9.0	15,223	1.0
TISCO TB	HOLD	127.50	120.00	(5.9)	7,048	7,339	14.2	13.6	5.8	6.4	16.1	2,996	2.3
TTB TB	HOLD	3.16	3.20	1.3	21,793	19,881	13.9	15.3	(5.7)	5.2	9.2	9,056	1.3
Avg					**260,102**	**273,842**	**11.1**	**10.5**	**1.5**	**5.9**	**9.4**	**86,286**	**1.1**

Source: Bloomberg, UOB Kay Hian

- **BOT launches programmes to help SMEs access funding sources.** The governor of the Bank of Thailand (BOT) expressed concerns regarding the debt of the SME segment. The BOT reported a migration to NPL or Stage 3 of around Bt104b, comprising: a) new NPLs amounting to Bt52b, and b) re-entry NPLs of Bt52b. The BOT intends to solve the debt problem in the SME segment by initiating measurement programmes. The BOT has launched the SME Credit Boost programme, which has been approved for loans of up to 70% or Bt56b. SME Credit Boost will compensate banks when a loan becomes an NPL by paying 15-30% with a protection period of seven years and a budget of Bt20b.
- **Liquidity is one of the main problems for SMEs.** According to the Federation of Thai SMEs, liquidity is one of the crucial obstacles for Thai SMEs. Although the Trade Competition Commission of Thailand regulates the credit term for SMEs to be within 45 days, there have been complaints that the actual credit term was extended to 120 or 180 days. Therefore, some SMEs need to seek a loan shark, which carries a very high cost of borrowing. The BOT reported that new loans for SMEs have shrunk for 16 quarters in a row, making it more difficult to obtain a loan. Only 30% of SMEs have received credit from financial institutions, while 40% of SMEs borrow from both financial institutions and loan sharks. About 20-23% of SMEs need funding from loan sharks. Therefore, we see the problem and concern regarding the deterioration in asset quality in the SME segment due to the liquidity problem. We expect the BOT and other government organisations to tackle and solve this liquidity problem to prevent the deterioration of SME loans.
- **The potential rate hike by the Fed led to positive sentiment towards major Thai banks.** The Fed raised the Fed rate from 3.50-3.75% to 3.75-4.00% on 16 Sep 26. Moreover, there is a possibility that the Fed will increase rates at least one time this year. Although the market expects the BOT to maintain the policy rate at 1.0% through 2026, the expected rate hikes by the Fed have led to a positive impact on Thai banks. The Thai policy rate has already bottomed out. Meanwhile, banks guide that NIM bottomed out in 2Q26, which eliminates downside risk for Thai big banks' NIM. Meanwhile, a potential Thai policy rate hike will pave a brighter path for the banking sector in the future.

Earnings Revision

- We trim our sector earnings forecasts by 1.4%, 0.3% and 0.5% for 2026-28 respectively.

Earnings Revision

	2026F			2027F			2028F		
Net profit (Btm)	New	Old	% Chg	New	Old	% Chg	New	Old	% Chg
BAY	34,207	34,187	0.1	36,401	36,110	0.8	38,576	38,513	0.2
BBL	42,021	44,420	(5.4)	45,959	46,511	(1.2)	47,847	49,210	(2.8)
KBANK	52,839	52,542	0.6	56,017	54,933	2.0	58,407	56,891	2.7
KKP	8,070	8,287	(2.6)	8,269	8,283	(0.2)	8,493	8,618	(1.4)
KTB	49,368	49,368	(0.0)	52,257	52,260	(0.0)	52,973	52,976	(0.0)
SCB	44,756	46,198	(3.1)	47,718	49,231	(3.1)	51,464	53,056	(3.0)
TISCO	7,048	7,048	-	7,339	7,339	-	7,482	7,482	-
TTB	21,793	21,793	-	19,881	19,881	-	19,736	19,736	-
Total	**260,102**	**263,843**	**(1.4)**	**273,842**	**274,547**	**(0.3)**	**284,980**	**286,482**	**(0.5)**

Source: UOB Kay Hian

Valuation/Recommendation

- **Maintain OVERWEIGHT.** The sector trades at 0.94x 2026F P/B, which implies +3SD to its historical five-year mean. We have shifted our view to optimistic regarding the asset quality outlook. Meanwhile, the rate bottoming will eliminate downside risk for Thai banks' NIM. The potential rate hike will be a prominent catalyst in the future.

Loan Breakdown In 2Q26

	Corporate	SME	Retail
BAY	35%	15%	50%
BBL	51%	15%	11%
KBANK	41%	24%	31%
KKP	14%	13%	57%
KTB	23%	10%	45%
SCB	39%	15%	46%
TISCO	26%	6%	69%
TTB	30%	7%	63%

Source: Respective companies, UOB Kay Hian

2026 Financial Targets

	Loan	NIM	Credit Cost	NPL ratio
BAY	2-4%	4.0-4.3%	200-230bp	3.25-3.5%
BBL	2-3%	2.4-2.5%	1.0%	3.0%
KBANK	0-2%	2.75-2.95%	140-160bp	<3.25%
KKP	3%	4.5-4.6% (loan spread)	1.3-1.5%	3.5%
KTB	0-2%	2.35-2.5%	75-115bp	<3.1%
SCB	0-5%	3.0-3.2%	135-155bp	N/A
TISCO	0-5%	N/A	110bp	N/A
TTB	0-2%	3.0-3.1%	130-135bp	<3.2%

Source: Respective companies, UOB Kay Hian

1H26 Actual Results

	Loan	NIM	Credit Cost	NPL ratio
BAY	0.4%	4.6%	236bp	3.08%
BBL	2.7%	2.46%	1.3%	3.3%
KBANK	3.32%	2.91%	158bp	3.18%
KKP	3.1%	4.6% (loan spread)	1.46%	3.6%
KTB	3.6%	2.47%	105bp	2.92%
SCB	2.2%	3.05%	157bp	3.17%
TISCO	0%	4.97%	113bp	2.12%
TTB	-1.8%	3.02%	91bp	2.93%

Source: Respective companies, UOB Kay Hian

Dividend Payout Ratio

	2026F		2025		2024	
	Div Payout	Div Yield	Div Payout	Div Yield	Div Payout	Div Yield
BAY	37%	3.7%	30%	3.4%	21%	2.2%
BBL	48%	5.6%	42%	5.7%	36%	5.6%
KBANK	63%	5.9%	67%	7.1%	58%	7.7%
KKP	78%	7.1%	79%	7.7%	67%	7.6%
KTB	76%	6.3%	77%	7.9%	48%	7.2%
SCB	84%	7.4%	80%	8.2%	80%	8.9%
TISCO	92%	6.4%	93%	6.7%	90%	7.9%
TTB	64%	5.5%	61%	7.1%	60%	7.0%

Source: Respective companies, UOB Kay Hian

Sector Catalyst/Risk

- Government stimulus to boost domestic economy.
- Rate hike cycle.
- **Risks:** The unstable political situation and high household debt levels.

3Q26 Earnings Preview

	3Q26F	2Q26	3Q25	qoq (%)	yoy (%)	2026F	2025	yoy (%)
Net profit (Btm)								
BAY	8,328	8,294	8,783	0.4	(5.2)	34,207	31,738	7.8
BBL	10,535	9,498	13,789	10.9	(23.6)	42,021	46,007	(8.7)
KBANK	12,203	13,247	13,007	(7.9)	(6.2)	52,839	49,565	6.6
KKP	1,925	2,122	1,670	(9.3)	15.3	8,070	5,913	36.5
KTB	12,121	12,125	14,620	(0.0)	(17.1)	49,368	48,229	2.4
SCB	11,620	11,117	12,056	4.5	(3.6)	44,756	47,488	(5.8)
TISCO	1,780	1,764	1,730	0.9	2.9	7,048	6,659	5.8
TTB	5,448	5,513	5,299	(1.2)	2.8	21,793	20,639	5.6
Total	**63,959**	**63,680**	**70,955**	**0.4**	**(9.9)**	**260,102**	**256,238**	**1.5**
Pre-provision operating profit (Btm)								
BAY	22,460	22,801	21,711	(1.5)	3.5	91,842	84,950	8.1
BBL	20,314	20,386	26,966	(0.4)	(24.7)	83,090	92,136	(9.8)
KBANK	27,243	28,973	28,280	(6.0)	(3.7)	111,667	109,952	1.6
KKP	3,310	3,687	2,987	(10.2)	10.8	13,784	11,143	23.7
KTB	20,859	22,899	26,496	(8.9)	(21.3)	89,050	95,861	(7.1)
SCB	24,185	24,181	26,106	0.0	(7.4)	94,690	102,013	(7.2)
TISCO	2,647	2,740	2,986	(3.4)	(11.3)	10,932	10,642	2.7
TTB	9,306	9,292	8,910	0.1	4.4	37,040	36,144	2.5
Total	**130,324**	**134,960**	**144,441**	**(3.4)**	**(9.8)**	**532,096**	**542,840**	**(2.0)**
Total loans (Btb)								
BAY	1,987	1,950	1,962	1.8	1.2	1,995	1,943	2.7
BBL	2,676	2,696	2,628	(0.7)	1.8	2,686	2,627	2.2
KBANK	2,570	2,579	2,435	(0.3)	5.6	2,561	2,496	2.6
KKP	363	362	355	0.3	2.3	364	351	3.6
KTB	2,816	2,833	2,615	(0.6)	7.7	2,847	2,736	4.1
SCB	2,440	2,432	2,380	0.3	2.5	2,437	2,381	2.4
TISCO	239	236	230	1.5	3.8	239	236	1.5
TTB	1,185	1,192	1,206	(0.6)	(1.7)	1,232	1,213	1.5
Total	**14,275**	**14,279**	**13,811**	**(0.0)**	**3.4**	**14,361**	**13,983**	**2.7**
NIM (%)								
BAY	4.5	4.7	4.5	-12bp	2bp	4.4	4.4	9bp
BBL	2.6	2.4	2.7	16bp	-17bp	2.5	2.8	-22bp
KBANK	3.1	3.0	3.4	11bp	-25bp	3.0	3.3	-26bp
KKP	4.0	3.9	3.9	8bp	12bp	4.0	3.9	7bp
KTB	2.5	2.5	2.8	0bp	-34bp	2.5	2.9	-40bp
SCB	3.3	3.2	3.6	14bp	-26bp	3.3	3.6	-31bp
TISCO	5.1	5.0	5.0	6bp	16bp	5.0	4.8	19bp
TTB	2.9	2.9	3.0	6bp	-7bp	2.9	3.0	-15bp
Average	**3.5**	**3.4**	**3.6**	**6bp**	**-10bp**	**3.5**	**3.6**	**-12bp**
Credit cost (bp)								
BAY	224	235	231	-11bp	-7bp	227	227	-1bp
BBL	104	125	145	-21bp	-41bp	114	135	-21bp
KBANK	160	159	167	1bp	-7bp	149	161	-12bp
KKP	136	138	171	-2bp	-35bp	133	162	-29bp
KTB	64	94	108	-30bp	-45bp	82	113	-30bp
SCB	154	157	180	-2bp	-26bp	152	172	-20bp
TISCO	74	94	143	-20bp	-69bp	91	100	-9bp
TTB	129	136	132	-7bp	-3bp	127	134	-6bp
Average	**131**	**142**	**160**	**-12bp**	**-29bp**	**135**	**151**	**-16bp**
NPL ratio (%)								
BAY	3.1	3.1	3.5	4bp	-37bp	3.1	3.3	-14bp
BBL	3.2	3.3	3.3	-13bp	-13bp	3.1	3.0	13bp
KBANK	3.2	3.2	3.2	-3bp	-4bp	3.2	3.2	-5bp
KKP	3.4	3.5	4.3	-8bp	-88bp	3.4	4.3	-88bp
KTB	2.9	2.9	2.9	3bp	7bp	2.9	2.9	0bp
SCB	3.1	3.2	3.3	-3bp	-16bp	3.1	3.3	-19bp
TISCO	2.1	2.1	2.3	0bp	-19bp	2.1	2.3	-16bp
TTB	2.9	2.9	2.8	-3bp	9bp	2.9	2.9	2bp
Average	**3.0**	**3.0**	**3.2**	**-3bp**	**-20bp**	**3.0**	**3.1**	**-16bp**

Source: Respective companies, UOB Kay Hian

Sector PE Band

Source: UOB Kay Hian

Sector P/B Band

Source: UOB Kay Hian

BBL's P/B Band

Source: UOB Kay Hian

KBANK's P/B Band

Source: UOB Kay Hian

KTB's P/B Band

Source: UOB Kay Hian

SCB's P/B Band

Source: UOB Kay Hian