

Banking

3Q26: Results In Line; Continued Improvement In Asset Quality

Highlights

- Banks reported a combined net profit of Bt63.8b, down 10% yoy and flat qoq.
- Maintain OVERWEIGHT on the sector. Top picks: KBANK and KTB.

Analysis

- Results in line.** In 3Q26, banks under our coverage reported a combined net profit of Bt63.8b, down 10% yoy and flat qoq, in line with our and market's expectation. Net interest income (NII) dropped 5% yoy but was up 2% qoq. NIM widened from 3.42% in 2Q26 to 3.45% in 3Q26. Meanwhile, non-interest income (non-II) declined 14% yoy and 9% qoq. The banking sector's pre-provision operating profit (PPOP) declined 9% yoy and 3% qoq in 3Q26.
- An impressive improvement in NII.** In 3Q26, all banks under our coverage reported an increase of 2% qoq in NII. Only KBANK and KTB have reported a 1bp qoq reduction in NIM. However, many banks guided that there is limited room to decrease funding costs.
- Strong yoy increase in net fee and service income in 3Q26.** Banks under our coverage reported an increase of 7% yoy in net fee and service income but declined 1% qoq. Almost all banks reported an increase yoy in net fee and service income except TISCO, which reported a reduction 2% yoy. Banks attributed this mainly to the wealth business, which benefitted from favourable US and domestic stock markets. Meanwhile, some banks reported a reduction qoq in net fee and service income due to less favourable wealth management and capital market conditions and the impact from new standardised fee regulations. KKP reported a jump in net fee and service income by 47% yoy and 21% qoq, mainly driven by the wealth business. We expect banks to continue to focus on growing the wealth business to help boost non-II going forward.
- Continued improvement in asset quality for the banking sector.** The banking sector reported a 24bp yoy and 8bp qoq reduction in credit cost. Meanwhile, NPL ratio for the banking sector improved slightly by 2bp qoq in 3Q26. Banks said they have adequate provisions to cushion against many uncertainties including flooding in Bangkok in late-Sep 26. As banks are likely to remain cautious with lending, we still expect to see a further improvement in banking asset quality and credit cost in 4Q26.
- Rooms for capital management.** We reiterate our view that banks will at least maintain their dividend payout ratio (DPR) in 2026. TTB has just announced its fifth share buyback programme, with a total budget of Bt14b through a general offer. KBANK has utilised 40% of its total share buyback budget and ended the programme early. We expect to see an increase in dividend payment from the remaining buyback budget.

Peer Comparison

Ticker	Rec	Price 22 Oct 26 (Bt)	Target Price (Bt)	Upside To TP (%)	Net Profit 2026F (Btm)	Net Profit 2027F (Btm)	PE 2026F (x)	PE 2027F (x)	Net EPS 2026F (%)	Yield 2026F (%)	ROE 2026F (%)	Market Cap. (US\$m)	Price/ NAV ps (x)
BAY TB	BUY	40.00	50.00	25.0	34,462	37,223	8.5	7.9	8.6	4.0	8.1	8,809	0.7
BBL TB	BUY	183.50	220.00	19.9	39,673	44,830	8.8	7.8	(13.8)	5.4	6.8	10,487	0.6
KBANK TB	BUY	242.00	285.00	17.8	52,851	55,949	10.8	10.2	7.3	5.8	9.0	17,167	1.0
KKP TB	BUY	117.00	150.00	28.2	8,713	9,127	11.5	11.0	39.6	6.8	12.6	3,047	1.4
KTB TB	BUY	43.00	52.00	20.9	49,672	52,469	12.1	11.5	3.0	6.3	10.7	17,993	1.3
SCB TB	BUY	151.50	180.00	18.8	42,906	46,578	11.9	11.0	(9.6)	7.4	8.7	15,273	1.0
TISCO TB	HOLD	125.50	120.00	(4.4)	7,000	7,386	14.4	13.6	5.1	6.4	16.0	3,008	2.3
TTB TB	HOLD	2.72	3.20	17.6	21,942	19,705	11.3	12.6	2.1	3.2	9.3	7,946	1.1
Avg					257,219	273,268	10.9	10.2	0.4	5.8	9.3	83,730	1.0

Source: Bloomberg, UOB Kay Hian

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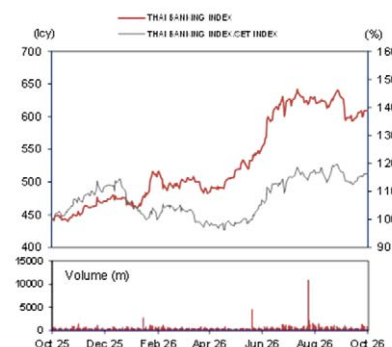
**OVERWEIGHT
(Maintained)**

Sector Picks

Company	Ticker	Rec	Share Price (Bt)	Target Price (Bt)
Kasikorn Bank	KBANK TB	BUY	242.00	285.00
Krungthai Bank	KTB TB	BUY	43.00	52.00

Source: Bloomberg, UOB Kay Hian

Returns: Banking vs SET Index



Source: UOB Kay Hian

- **BAY: 3Q26 results in line; credit costs down qoq.** BAY posted a 3Q26 net profit of Bt8.7b, down 1% yoy but up 4% qoq. The results were in line with our and consensus forecasts. The bank's NII increased 4% yoy and 1% qoq in 3Q26. NIM rose from 4.65% in 2Q26 to 4.66% in 3Q26. PPOP grew 5% yoy but was flat qoq in 3Q26.
- **BBL: 3Q26 results in line with consensus; showing clean loan portfolio.** BBL posted a 3Q26 net profit of B9.5b, down 31% yoy and flat qoq. The results missed our expectations by 10% but were in line with consensus forecasts. The key miss to our forecast was the higher-than-expected opex. PPOP dropped 25% yoy and 1% qoq in 3Q26.
- **KBANK: 3Q26 results in line; reiterate achieving 2026 credit cost targets.** KBANK posted a 3Q26 net profit of Bt12.7b (-2% yoy, -4% qoq). The actual results were in line with our and consensus estimates. PPOP declined 2% yoy and dropped 4% qoq in 3Q26. NII declined by 8% yoy but went up 1% qoq in 3Q26. NIM contracted from 2.90% in 2Q26 to 2.89% in 3Q26. Meanwhile, non-II increased by 6% yoy but was down 12% qoq. The gain on financial instruments measured at FVPL was reported at Bt3.5b in 3Q26.
- **KKP: 3Q26 results beat; a positive surprise from non-II.** KKP reported a net profit of Bt2.4b for 3Q26, increasing 43% yoy and 13% qoq. The results beat our and consensus expectations by 24% and 15% respectively. The key positive surprise was non-II coming in 43% higher than our expectation, mainly attributable to: a) an impressive fee and service income; and b) the gain on financial instruments measured at FVPL of Bt562m in 3Q26, which rose 98% qoq. PPOP jumped 33% yoy and 8% qoq.
- **KTB: 3Q26 results in line; credit costs decline qoq.** KTB reported a 3Q26 net profit of Bt12.6b, down 14% yoy but up 4% qoq. The results were in line with our and consensus forecasts. PPOP decreased 14% yoy and remained flat qoq in 3Q26. Loan portfolio grew 10% yoy and 2% qoq in 3Q26, primarily driven by retail, corporate, and government loans. In 9M26, the loan portfolio grew 5.1%, higher than its loan growth target of 0-2% in 2026.
- **SCB: 3Q26 results in line with consensus; investment and trading income are loss making.** SCB reported a 3Q26 net profit of Bt10.7b (-11% yoy, -4% qoq). The results were in line with consensus forecasts but below our expectation by 8% due to a lower-than-expected non-II. PPOP declined by 15% yoy and 8% qoq in 3Q26. Loan portfolio grew 2% yoy and flat qoq in 3Q26. In 9M26, loan portfolio grew 2.4% yoy.
- **TISCO: 3Q26 results in line; clean asset quality with a high buffer.** TISCO posted a 3Q26 net profit of Bt1.8b (+4% yoy, +2% qoq), in line with our and market expectations. PPOP declined by 8% yoy but was flat qoq. Management stated that there should be limited impact from the flooding in late-Sep 26.
- **TTB: 3Q26 results in line; share buybacks preferred over special dividends.** TTB posted a net profit of Bt5.46b (+3% yoy, +0.9% qoq). The results are in line with our and consensus estimates. PPOP stood at Bt9.14b, up 2.6% yoy but down 1.6% qoq. Management does not favour a special dividend, preferring buybacks and improved regular dividend payouts.

3Q26 Earnings Results: Actual vs Forecasts

	3Q26 Net profit (Btm)			Actual vs Forecast	
	Actual	UOBKH	Consensus	UOBKH	Consensus
BAY	8,660	8,328	8,636	In-line	In-line
BBL	9,489	10,535	9,967	Below	In-line
KBANK	12,720	12,203	12,195	In-line	In-line
KKP	2,388	1,925	2,071	Above	Above
KTB	12,582	12,121	12,667	In-line	In-line
SCB	10,677	11,620	10,913	Below	In-line
TISCO	1,805	1,780	1,786	In-line	In-line
TTB	5,457	5,448	5,410	In-line	In-line
Total	63,778	63,959	63,645	In-line	In-line

Source: Bloomberg, UOB Kay Hian

Earnings Revision

- No earnings revision.

Loan Breakdown in 3Q26

	Corporate	SME	Retail
BAY	37%	15%	48%
BBL	51%	15%	11%
KBANK	42%	23%	30%
KKP	16%	14%	55%
KTB	23%	9%	44%
SCB	40	14%	46%
TISCO	26%	6%	68%
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

9M26 Actual Results

	Loan	NIM	Credit Cost	NPL ratio
BAY	0.4%	4.58%	231bp	3.19%
BBL	3.2%	2.47%	1.27%	3.2%
KBANK	3.63%	2.89%	160bp	3.18%
KKP	3.7%	4.6% (loan spread)	1.45%	3.4%
KTB	5.1%	2.45%	98bp	2.93%
SCB	2.4%	3.05%	151bp	3.21%
TISCO	1.2%	4.98%	103bp	2.01%
TTB	-1.7%	3.04%	136bp	2.88%

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	34%	4.0%	30%	3.4%	21%	2.2%
BBL	48%	5.4%	42%	5.7%	36%	5.6%
KBANK	62%	5.8%	67%	7.1%	58%	7.7%
KKP	79%	6.8%	79%	7.7%	67%	7.6%
KTB	77%	6.3%	77%	7.9%	48%	7.2%
SCB	89%	7.4%	80%	8.2%	80%	8.9%
TISCO	91%	6.4%	93%	6.7%	90%	7.9%
TTB	64%	5.7%	61%	7.1%	60%	7.0%

Source: Respective companies, UOB Kay Hian

Valuation/Recommendation

- **Maintain OVERWEIGHT.** The sector trades at 0.92x 2027F P/B, which implies above +2.5SD to its historical five-year mean. We are optimistic on banks' asset quality. The potential rate hike will be a prominent catalyst in the future.

Sector Catalyst/Risk

- Government stimulus to boost domestic economy.
- Rate hike cycle.

3Q26 Earning Results

	3Q26	2Q26	3Q25	qoq (%)	yoy (%)	2026F	2025	yoy (%)
Net profit (Btm)								
BAY	8,660	8,294	8,783	4.4	(1.4)	34,462	31,738	8.6
BBL	9,489	9,498	13,789	(0.1)	(31.2)	39,673	46,007	(13.8)
KBANK	12,720	13,247	13,007	(4.0)	(2.2)	52,851	49,565	6.6
KKP	2,388	2,122	1,670	12.5	43.0	8,713	5,913	47.4
KTB	12,582	12,125	14,620	3.8	(13.9)	49,672	48,229	3.0
SCB	10,677	11,117	12,056	(4.0)	(11.4)	42,906	47,488	(9.6)
TISCO	1,805	1,764	1,730	2.3	4.3	7,000	6,659	5.1
TTB	5,457	5,513	5,299	(1.0)	3.0	21,942	20,639	6.3
Total	63,778	63,680	70,955	0.2	(10.1)	257,219	256,238	0.4
Pre-provision operating profit (Btm)								
BAY	22,717	22,801	21,711	(0.4)	4.6	91,365	84,950	7.6
BBL	20,157	20,386	26,966	(1.1)	(25.2)	82,635	92,136	(10.3)
KBANK	27,749	28,973	28,280	(4.2)	(1.9)	112,292	109,952	2.1
KKP	3,976	3,687	2,987	7.8	33.1	14,654	11,143	31.5
KTB	22,854	22,899	26,496	(0.2)	(13.7)	92,181	95,861	(3.8)
SCB	22,163	24,181	26,106	(8.3)	(15.1)	92,942	102,013	(8.9)
TISCO	2,743	2,740	2,986	0.1	(8.1)	11,054	10,642	3.9
TTB	9,142	9,292	8,910	(1.6)	2.6	36,928	36,144	2.2
Total	131,501	134,960	144,441	(2.6)	(9.0)	534,052	542,840	(1.6)
Total loans (Btb)								
BAY	1,950	1,950	1,962	(0.0)	(0.6)	1,959	1,943	0.8
BBL	2,708	2,696	2,628	0.4	3.0	2,717	2,627	3.4
KBANK	2,587	2,579	2,435	0.3	6.3	2,578	2,496	3.3
KKP	364	362	355	0.6	2.7	358	351	2.0
KTB	2,874	2,833	2,615	1.5	9.9	2,866	2,736	4.7
SCB	2,438	2,432	2,380	0.3	2.4	2,435	2,381	2.3
TISCO	238	236	230	1.1	3.5	243	236	3.1
TTB	1,196	1,192	1,206	0.3	(0.8)	1,222	1,213	0.8
Total	14,355	14,279	13,811	0.5	3.9	14,378	13,983	2.8
NIM (%)								
BAY	4.66	4.65	4.51	1bp	15bp	4.6	4.35	22bp
BBL	2.50	2.42	2.72	8bp	-22bp	2.5	2.75	-22bp
KBANK	2.89	2.90	3.24	-1bp	-35bp	3.0	3.23	-23bp
KKP	3.97	3.90	3.86	8bp	12bp	4.0	3.91	11bp
KTB	2.44	2.45	2.74	-1bp	-30bp	2.5	2.82	-35bp
SCB	3.07	3.04	3.44	3bp	-37bp	3.3	3.44	-19bp
TISCO	5.00	4.98	4.84	2bp	16bp	5.0	4.82	17bp
TTB	3.09	3.03	2.97	6bp	12bp	2.9	3.04	-12bp
Average	3.45	3.42	3.54	3bp	-9bp	3.47	3.55	-8bp
Credit cost (bp)								
BAY	221	235	231	-14bp	-10bp	224	227	-3bp
BBL	119	125	145	-7bp	-27bp	122	135	-13bp
KBANK	161	160	168	1bp	-7bp	152	163	-11bp
KKP	143	143	168	0bp	-25bp	133	162	-29bp
KTB	83	94	108	-11bp	-26bp	92	113	-20bp
SCB	137	158	182	-21bp	-45bp	154	174	-20bp
TISCO	84	94	143	-10bp	-59bp	98	100	-2bp
TTB	136	137	131	-1bp	5bp	129	136	-7bp
Average	135	143	160	-8bp	-24bp	138	151	-13bp
NPL ratio (%)								
BAY	3.2	3.1	3.5	11bp	-30bp	3.2	3.3	-10bp
BBL	3.2	3.3	3.3	-10bp	-10bp	3.2	3.0	15bp
KBANK	3.2	3.2	3.2	1bp	-1bp	3.1	3.2	-10bp
KKP	3.4	3.5	4.3	-10bp	-90bp	3.4	4.3	-93bp
KTB	2.9	2.9	2.9	1bp	5bp	2.9	2.9	-1bp
SCB	3.2	3.2	3.3	5bp	-8bp	3.2	3.3	-7bp
TISCO	2.0	2.1	2.3	-11bp	-30bp	2.0	2.3	-31bp
TTB	2.9	2.9	2.8	-5bp	7bp	2.9	2.9	2bp
Average	3.0	3.0	3.2	-2bp	-20bp	3.0	3.1	-17bp

Source: Respective companies, UOB Kay Hian

Sector PE Band



Sector P/B Band



BBL's P/B Band



KBANK's P/B Band



KTB's P/B Band



SCB's P/B Band



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