Key Indices

	Prev Close	1D %	1W %	1M %	YTD %
DJIA	51920.6	0.1	0.7	2.7	8.0
S&P 500	7357.5	(0.0)	(1.9)	(1.6)	7.5
FTSE 100	10529.9	0.7	1.3	0.6	6.0
AS30	8951.6	(0.7)	(1.9)	0.4	(0.7)
CSI 300	5020.1	1.6	1.6	2.0	8.4
FSSTI	5219.0	0.1	0.1	2.9	12.3
HSCEI	7608.4	(2.0)	(4.6)	(11.0)	(14.6)
HSI	23076.9	(1.4)	(3.5)	(9.9)	(10.0)
JCI	5999.0	2.0	(2.8)	(3.3)	(30.6)
KLCI	1663.8	(1.1)	(2.8)	(2.6)	(1.0)
KOSPI	8930.3	5.4	(1.5)	13.8	111.9
Nikkei 225	72366.3	4.6	1.8	11.1	43.8
SET	1558.6	0.7	(1.7)	0.5	23.7
TWSE	46255.3	0.5	(0.5)	6.0	59.7
BDI	2591.0	(1.6)	(2.6)	(13.4)	38.0
CPO (RM/mt)	4553.5	0.0	1.4	3.3	15.8
Brent Crude (US$/bbl)	75.3	2.1	(5.7)	(21.7)	23.7

Source: Bloomberg

Corporate Events

	Venue	Begin	Close
Virtual Meeting with Mr DIY Holding Thailand PCL (MRDIYT TB)	Thailand	01 Jul	01 Jul
Analyst Marketing on Singapore 2H Outlook & Strategy by Adrian Loh	Malaysia	01 Jul	03 Jul
Hybrid Post-results Luncheon with JBM (Healthcare) Ltd (2161 HK) & Jacobson Pharma (2633 HK)	Hong Kong	03 Jul	03 Jul
Small & Mid-Caps Corporate Day	Singapore	09 Jul	09 Jul
Analyst Marketing on 2H Thai Strategy and Healthcare Sector presentation	Malaysia	13 Jul	15 Jul

Corporate and Macro Calendar

Economic Indicator/Event	Country/Region	Date
May. Customs Trade Balance (Export-Import)	Thailand	30 June

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Top Stories

Sector Update | Banking Page 2

We expect banks under our coverage to report an aggregated net profit of around Bt63b in 2Q26, down 2% yoy and 4% qoq. After discussing with the banks, we believe that the impact from the Middle East tensions would be small. We turn optimistic on the banking sector's asset quality outlook. Meanwhile, the rate bottoming will eliminate downside risk for Thai banks' NIM. Upgrade to OVERWEIGHT. Our top picks are BBL, KBANK, and KTB.

Company Update | Bank of Ayudhya (BAY TB/**BUY**/Bt38.75/Target: Bt50.00) Page 5

We expect BAY to report a 2Q26 net profit of Bt8.58b, up 3% yoy but down 0.5% qoq. We project that the loan portfolio will grow 1% qoq in 2Q26. We foresee a small impact from Middle East tensions on 2Q26's earning results, because the bank stated that debt collection in Apr and May 26 remained in good condition. The ASEAN business is the key focus and remains resilient. Maintain BUY with a target price of Bt50.00.

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Banking

OVERWEIGHT
(Upgraded)

2Q26 Results Preview: Credit Costs Expected To Fall QOQ

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Highlights

- We expect the sector to report a net profit of Bt63b, -2% yoy, -4% qoq.
- Expect a mild impact from Middle East tensions in 2Q26.
- Upgrade to OVERWEIGHT on the sector. Our top picks are BBL, KBANK, and KTB.

Analysis

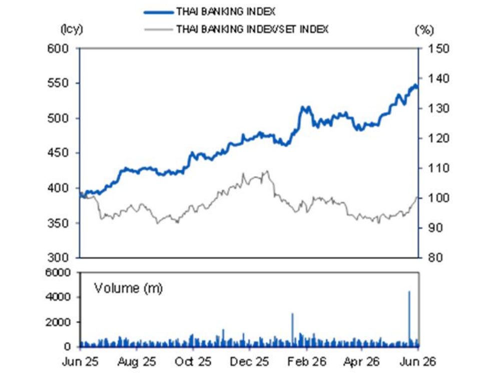
- **Expect 2Q26 earnings to drop yoy and qoq.** We expect banks under our coverage to report an aggregated net profit of around Bt63b in 2Q26, down 2% yoy and 4% qoq. Excluding provision expenses, we expect the banking sector's pre-provision operating profit to decline 6% yoy and 7% qoq.
- **Forecast a flat qoq loan growth in 2026.** We project that the banking sector's loan portfolio will be flat qoq but increase 1% yoy in 2Q26. 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.
- **Project a mild impact from Middle East tensions in 2Q26.** Following our discussions with the banks, we believe that the impact from Middle East tensions will be small. Banks stated that they continue to see healthy debt collection and have not yet seen any signs of concern regarding their asset quality. Therefore, we have shifted our view from concerned to optimistic on asset quality outlook.
- **Extending the timeline of the 'You Fight, We Help' step-up programme to support debtors.** The Bank of Thailand (BOT) has extended the timeline to increase the monthly repayment from 50% to 70% for debtors in the "You Fight We Help" programme during its second year, starting in Jul 26. According to our check, this extension will reduce the chance of seeing a deterioration in asset quality.
- **Expect credit costs to decrease yoy and qoq in 2Q26.** We project that the banking sector's credit costs will drop 18bp yoy and 15bp qoq to 136bp in 2Q26. Many banks set special provisions in 1Q26 to cushion against the impact of Middle East tensions. We are optimistic about the credit cost outlook and asset quality for the sector, as we expect a small impact from Middle East tensions. We foresee the NPL ratio stabilising qoq at 3.1%.

Sector Picks

Company	Ticker	Rec	Share Price 24 Jun 26	Target Price (Bt)
Bangkok Bank	BBL TB	BUY	176.50	220.00
Kasikorn Bank	KBANK TB	BUY	208.00	260.00
Krungthai Bank	KTB TB	BUY	36.25	44.00

Source: Bloomberg, UOB Kay Hian

Returns: Banking vs SET Index



Source: Bloomberg, UOB Kay Hian

Peer Comparison

Company	Rec	Price 24 Jun 26 (Bt)	Target Price (Bt)	Upside Downside (%)	Market Cap (US$m)	Net Profit 2026F (Btm)	Net Profit 2027F (Btm)	PE 2026F (x)	PE 2027F (x)	Net EPS Growth 2026F (%)	P/B 2026F (x)	Yield 2026F (%)	ROE 2026F (%)
BAY TB	BUY	38.75	50.00	29.0	8,770	34,187	36,110	8.3	7.9	7.7	0.6	4.4	8.0
BBL TB	BUY (Prev BUY	176.50	220.00 195.00)	24.6	10,366	44,420	46,511	7.6	7.2	(3.4)	0.6	6.3	7.6
KBANK TB	BUY (Prev HOLD	208.00	260.00 190.00)	25.0	15,164	50,784	53,467	9.6	9.2	3.1	0.8	6.3	8.7
KKP TB	HOLD (Prev HOLD	95.75	105.00 78.00)	9.7	2,562	6,981	7,327	11.2	10.7	18.1	1.1	6.7	10.3
KTB TB	BUY (Prev HOLD	36.25	44.00 36.00)	21.4	15,589	48,272	50,981	10.5	9.9	0.1	1.1	7.4	10.3
SCB TB	BUY (Prev HOLD	143.00	175.00 132.00)	22.4	14,815	45,029	48,693	10.7	9.9	(5.2)	1.0	7.9	9.1
TISCO TB	HOLD	116.50	110.00	(5.6)	2,870	6,798	7,175	13.7	13.0	2.1	2.1	6.7	15.6
TTB TB	HOLD	2.40	2.30	(4.2)	7,205	20,389	18,176	10.3	11.5	(1.2)	0.9	5.6	8.3
Avg					**77,839**	**256,860**	**268,439**	**9.8**	**9.4**	**0.2**	**0.9**	**6.5**	**9.1**

Source: UOB Kay Hian

- **Sustained high dividend payout ratio remains a magnet for foreign fund inflows.** Thai banks have increased their dividend payout ratios significantly compared with the past, reporting an average 2025 payout ratio of 66%, which is higher than Malaysian banks at 57% but below Indonesian banks at around 77%. We believe there is still room to increase the dividend payout ratio as many Thai banks remain focused on ROE improvement. Meanwhile, Thai banks have a P/B of around 1.0x, the cheapest among regional banks. Therefore, we expect foreign fund inflows into Thai banks due to their attractive valuations. Currently, we have seen an increase in foreign ownership in Bangkok Bank (BBL) over the past month. We foresee an increase in foreign ownership for other banks, especially the big banks.
- **The BOT revised 2026 GDP up to 2.3% to reflect the more optimistic view.** The BOT revised its 2026 GDP forecast in its meeting on 24 Jun 26 from 1.5% to 2.3%. It elaborated that the economic growth outlook is brighter than earlier expectations. Meanwhile, the BOT expects that inflation will gradually decline after supply-side pressures ease. This upward revision is definitely positive for banking loan growth and the overall outlook. We are more optimistic about the banking sector regarding this upward revision.
- **Anticipated rate bottoming will be the prominent catalyst for the banking sector.** The BOT maintained the policy rate at 1.0% in its meeting on 24 Jun 26. Moreover, the market expects the BOT to maintain the policy rate through 2026. Therefore, we reckon that the policy rate has already bottomed. Meanwhile, banks guide that NIM should bottom within 2Q26. According to the news, the market expects no Fed rate cut in 2026. However, some investors think a hike in the Fed rate could happen sooner. Therefore, the bottoming of the Thailand policy rate should eliminate downside risk for the Thai banks' NIM. Meanwhile, the potential rate hike will pave a brighter path for the banking sector in the future.

Valuation/Recommendation

- **Upgrade to OVERWEIGHT.** The sector trades at 0.88x 2026F P/B, which implies +2.5SD 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 the prominent catalyst in the future. Also, the attractive valuation and high dividend payout will serve as catalysts for the banking sector.
- In addition, we upgrade Kasikornbank (KBANK), Krungthai Bank (KTB), and SCB X (SCB) from HOLD to BUY due to the more optimistic outlook and because they are beneficiaries of the rate bottoming and a potential rate hike environment in the future. We expect big banks to benefit more from the ending of the rate cut cycle.

Earnings Revision

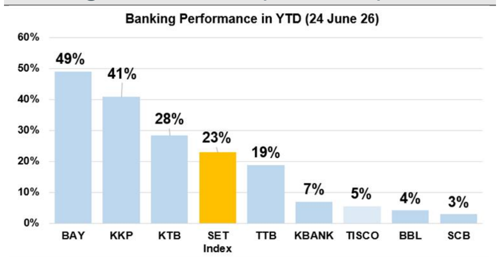
- We revised our sector earnings forecasts up by 3.8%, 5.6% and 5.9% for 2026-28 respectively. We are positive on the banking sector's credit cost outlook and asset quality outlook.

Earnings Revision

	2026F			2027F			2028F		
Net profit (Btm)	New	Old	% Chg	New	Old	% Chg	New	Old	% Chg
BAY	34,187	34,187	-	36,110	36,110	-	38,513	38,513	0.0
BBL	44,420	43,174	2.9	46,511	44,828	3.8	49,210	47,262	4.1
KBANK	50,784	47,709	6.4	53,467	48,777	9.6	55,463	50,336	10.2
KKP	6,981	6,299	10.8	7,327	6,510	12.6	7,567	6,784	11.5
KTB	48,272	45,912	5.1	50,981	46,918	8.7	52,488	48,514	8.2
SCB	45,029	43,025	4.7	48,693	45,827	6.3	51,627	47,823	8.0
TISCO	6,798	6,798	-	7,175	7,175	-	7,449	7,449	-
TTB	20,389	20,389	-	18,176	18,176	-	19,337	19,337	-
Total	**256,860**	**247,493**	**3.8**	**268,439**	**254,320**	**5.6**	**281,654**	**266,017**	**5.9**

Source: Respective companies, UOB Kay Hian

Banking Performance (24 Jun 26)



Source: Bloomberg, UOB Kay Hian

Loan Breakdown in 1Q26

	Corporate	SME	Retail
BAY	35%	15%	50%
BBL	49%	16%	12%
KBANK	41%	24%	31%
KKP	14%	13%	57%
KTB	23%	10%	45%
SCB	39%	15%	46%
TISCO	26%	6%	69%
TTB	30%	7%	63%

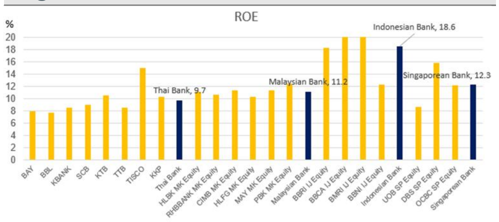
Source: Respective companies, UOB Kay Hian

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%	4.3-4.4% (loan spread)	1.6-1.8%	4.4%
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%

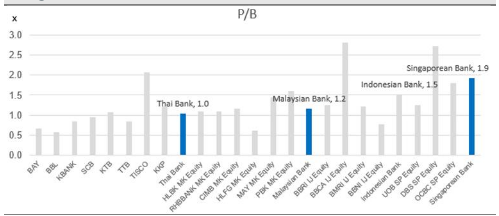
Source: Respective companies, UOB Kay Hian

Regional Banks' ROE



Source: Bloomberg, UOB Kay Hian

Regional Banks' P/B



Source: Bloomberg, UOB Kay Hian

Sector Catalyst/Risk

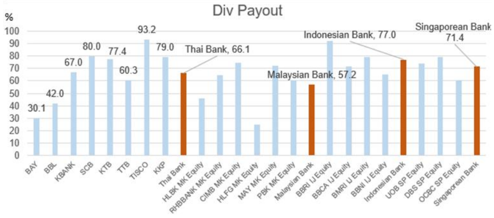
- Government stimulus to boost domestic economy.
- Rate hike cycle.

2Q26 Earnings Preview

	2Q26F	1Q26	2Q25	qoq (%)	yoy (%)	2026F	2025	yoy (%)
Net profit (Btm)								
BAY	8,577	8,618	8,295	(0.5)	3.4	34,187	31,738	7.7
BBL	11,197	10,994	11,840	1.9	(5.4)	44,420	46,007	(3.4)
KBANK	12,216	14,667	12,488	(16.7)	(2.2)	50,784	49,565	2.5
KKP	1,646	1,955	1,409	(15.8)	16.8	6,981	5,913	18.1
KTB	11,228	12,437	11,122	(9.7)	1.0	48,272	48,229	0.1
SCB	11,289	10,195	12,786	10.7	(11.7)	45,029	47,488	(5.2)
TISCO	1,680	1,734	1,644	(3.1)	2.2	6,798	6,659	2.1
TTB	5,201	5,170	5,004	0.6	3.9	20,389	20,639	(1.2)
Total	**63,033**	**65,770**	**64,589**	**(4.2)**	**(2.4)**	**256,860**	**256,238**	**0.2**
Pre-provision operating profit (Btm)								
BAY	22,952	23,482	21,272	(2.3)	7.9	90,890	84,950	7.0
BBL	19,449	22,549	24,328	(13.8)	(20.1)	82,185	92,136	(10.8)
KBANK	26,712	30,242	27,796	(11.7)	(3.9)	109,502	109,952	(0.4)
KKP	3,321	3,438	2,735	(3.4)	21.4	13,160	11,143	18.1
KTB	20,672	24,120	23,197	(14.3)	(10.9)	86,403	95,861	(9.9)
SCB	23,657	22,650	26,120	4.4	(9.4)	93,270	102,013	(8.6)
TISCO	2,690	2,936	2,604	(8.4)	3.3	10,727	10,642	0.8
TTB	9,097	9,090	9,110	0.1	(0.1)	36,617	36,144	1.3
Total	**128,549**	**138,507**	**137,162**	**(7.2)**	**(6.3)**	**522,753**	**542,840**	**(3.7)**
Total loans (Btb)								
BAY	1,939	1,920	1,879	1.0	3.2	1,983	1,943	2.1
BBL	2,702	2,680	2,733	0.8	(1.2)	2,692	2,627	2.5
KBANK	2,476	2,469	2,452	0.3	0.9	2,523	2,496	1.1
KKP	359	357	366	0.8	(1.9)	365	351	4.0
KTB	2,773	2,799	2,696	(0.9)	2.8	2,786	2,736	1.8
SCB	2,468	2,459	2,429	0.4	1.6	2,473	2,381	3.9
TISCO	245	235	236	4.4	4.2	245	236	3.8
TTB	1,175	1,186	1,214	(1.0)	(3.2)	1,232	1,213	1.6
Total	**14,136**	**14,105**	**14,005**	**0.2**	**0.9**	**14,298**	**13,983**	**2.3**
NIM (%)								
BAY	4.6	4.6	4.2	-5bp	37bp	4.4	4.4	9bp
BBL	2.6	2.4	2.8	13bp	-21bp	2.6	2.8	-20bp
KBANK	3.0	3.1	3.5	-2bp	-43bp	3.0	3.3	-31bp
KKP	4.3	3.9	3.9	39bp	39bp	4.2	3.9	32bp
KTB	2.5	2.5	2.9	1bp	-45bp	2.5	2.9	-40bp
SCB	3.3	3.1	3.7	17bp	-46bp	3.3	3.6	-27bp
TISCO	5.1	4.9	4.8	16bp	29bp	5.0	4.8	20bp
TTB	2.9	2.9	3.1	3bp	-17bp	2.9	3.0	-15bp
Average	**3.5**	**3.4**	**3.6**	**10bp**	**-8bp**	**3.5**	**3.6**	**-9bp**
Credit cost (bp)								
BAY	228	238	217	-9bp	11bp	220	227	-7bp
BBL	79	136	157	-57bp	-78bp	100	135	-36bp
KBANK	158	158	164	-1bp	-6bp	155	161	-6bp
KKP	161	145	164	16bp	-3bp	152	162	-10bp
KTB	80	113	122	-33bp	-43bp	79	113	-33bp
SCB	149	151	166	-2bp	-17bp	145	172	-28bp
TISCO	100	132	96	-31bp	5bp	95	100	-5bp
TTB	131	133	141	-2bp	-10bp	124	134	-10bp
Average	**136**	**151**	**153**	**-15bp**	**-18bp**	**134**	**151**	**-17bp**
NPL ratio (%)								
BAY	3.3	3.3	3.4	-2bp	-7bp	3.2	3.3	-2bp
BBL	3.1	3.1	3.2	-1bp	-11bp	3.0	3.0	5bp
KBANK	3.2	3.2	3.2	-1bp	-1bp	3.1	3.2	-6bp
KKP	4.1	4.1	4.3	-1bp	-21bp	4.1	4.3	-16bp
KTB	2.8	2.9	2.9	-9bp	-10bp	2.8	2.9	-10bp
SCB	3.2	3.2	3.3	1bp	-7bp	3.2	3.3	-9bp
TISCO	2.3	2.1	2.4	14bp	-16bp	2.3	2.3	-3bp
TTB	2.9	2.9	2.7	-3bp	17bp	2.9	2.9	0bp
Average	**3.1**	**3.1**	**3.2**	**0bp**	**-7bp**	**3.1**	**3.1**	**-5bp**

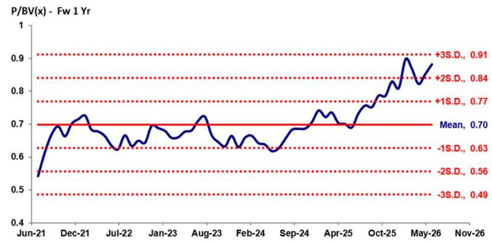
Source: Respective companies, UOB Kay Hian

Regional Banks' Dividend Payout Ratio



Source: Bloomberg, UOB Kay Hian

Sector P/B Band

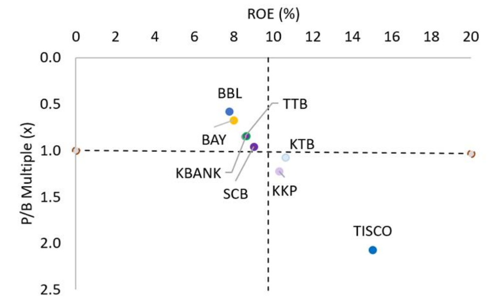


Source: UOB Kay Hian

BBL's Foreign Ownership

Source: UOB Kay Hian

Banks' PBV vs ROE



Source: UOB Kay Hian

Bank of Ayudhya (BAY TB)

2Q26 Results Preview: Expect Credit Costs To Decline QOQ

BUY (Maintained)

Share Price	Bt38.75
Target Price	Bt50.00
Upside	+29.00%

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Assistant Analyst(s)
Panjarat Thaweesriprasert

Highlights

- We forecast 2Q26 net profit of Bt8.58b, up 3% yoy but down 0.5% qoq.
- The ASEAN loan portfolio is the key focus and remains resilient.
- Maintain BUY with a target price of Bt50.00.

Analysis

- **Expect 2Q26 net profit to increase yoy.** We expect Bank of Ayudhya (BAY) to report a 2Q26 net profit of Bt8.58b, up 3% yoy but down 0.5% qoq. Excluding provisioning, pre-provision operating profit is projected to increase 8% yoy but decline 2% qoq.
- **Expect loans to expand yoy and qoq in 2Q26.** We anticipate BAY's loan portfolio growing 3% yoy and 1% qoq to around Bt1.94t in 2Q26. Although BAY reported a loan contraction of 1.2% qoq in 1Q26, BAY could report a loan growth of 2.1% yoy in 2026, achieving 2026's loan growth target of 2-4%. We reckon that the corporate loan and ASEAN loan portfolios will be the key drivers.
- **Auto-loans remain strong with increasing exposure on EVs.** BAY reported that auto hire-purchase and title loans accounted for 25% of its total loan portfolio in 1Q26. BAY has an electric vehicle (EV) mix of around 15% in its auto loans with new bookings of 30%. We expect BAY to continue to expand its auto loans, as asset quality remains healthy, especially in the EV segment.
- **Credit costs forecast to decline qoq in 2Q26.** According to our check with BAY, the bank set aside some special provisions in 1Q26 to prepare for the potential impact of tensions in the Middle East and higher oil prices. Meanwhile, we expect a small impact from Middle East tensions on 2Q26 earnings results. The bank continues to report healthy debt collection and did not observe any concerns in Apr and May 26 regarding the impact from the Middle East tensions. As a result, we forecast BAY's credit cost in 2026 at around 220bp, which is within the bank's 2026 credit cost target of 220-230bp.
- **Potential to increase dividend payout ratio.** BAY reported a 2025 dividend payout ratio of around 30%, which is the lowest compared with the banking sector's average range of 65-70%. We expect BAY to increase its dividend payout ratio in 2026 to around 37%. Meanwhile, a higher payout above 37% would be a positive surprise to us. Based on our discussions with BAY, the bank has also considered this increasing trend in the banking sector and will try to increase shareholder returns in the future.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net interest income	107,894	108,533	114,644	120,889	126,272
Non-Interest Income	45,386	51,786	52,446	51,921	55,103
Net profit (rep./act.)	29,700	31,738	34,187	36,110	38,513
Net profit (adj.)	29,700	31,738	34,187	36,110	38,513
EPS (Bt)	4.0	4.3	4.6	4.9	5.2
PE (x)	9.6	9.0	8.3	7.9	7.4
P/B (x)	0.7	0.7	0.6	0.6	0.6
Dividend yield (%)	2.2	3.4	4.4	4.5	4.9
Net int margin (%)	4.2	4.3	4.4	4.6	4.6
Cost/income Ratio (%)	44.4	47.0	45.6	45.8	45.7
Loan loss cover (%)	123.2	126.9	134.7	140.2	142.4
Consensus net profit	-	-	32,587	35,245	40,087
UOBKH/Consensus (x)	-	-	1.05	1.02	0.96

Source: Bank of Ayudhya, Bloomberg, UOB Kay Hian

Stock Data

GICS sector	Financials
Bloomberg ticker:	BAY TB
Shares issued (m):	7,355.8
Market cap (Btm):	285,035.8
Market cap (US$m):	8,526.6
3-mth avg daily t'over (US$m):	2.0

Price Performance (%)

52-week high/low: Bt39.25/Bt20.8

1mth	3mth	6mth	1yr	YTD
32.5	52.0	53.5	83.6	49.0

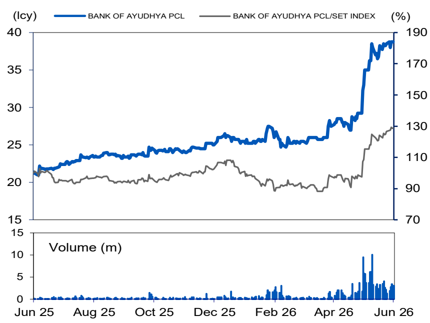
Major Shareholders

	%
MUFG Bank	76.88%
Ratanarak Group and Others	23.12%

Balance Sheet Metrics

	%
FY26 NAV/Share (Bt)	59.96
FY26 CAR Tier 1 (%)	16.69

Price Chart



Source: Bloomberg

Company Description

BAY, branded as Krungsri, is Thailand's fifth-largest universal bank operating a comprehensive network of commercial banking, retail consumer finance, wealth management, and microfinance services. The bank operates as a strategic subsidiary of Japan's Mitsubishi UFJ Financial Group (MUFG), which holds a major stake of over 76% and currently expand loan portfolio into ASEAN countries.

2Q26 Results Preview

Year to 31 Dec (Btm)	2Q26F	1Q26	2Q25	qoq chg (%)	yoy chg (%)
Total gross loans	1,938,649	1,920,189	1,878,879	1.0	3.2
Net interest income	28,544	28,831	25,926	(1.0)	10.1
Non-interest income	13,714	14,024	11,899	(2.2)	15.3
Loan loss provision	(11,008)	(11,472)	(10,290)	(4.0)	7.0
Non-Interest Expenses	(19,307)	(19,373)	(16,553)	(0.3)	16.6
Pre-provision operating profit	22,952	23,482	21,272	(2.3)	7.9
Net income	8,577	8,618	8,295	(0.5)	3.4
EPS (Bt)	1.17	1.17	1.13	(0.5)	3.4
Ratio (%)					
NPL ratio	3.32	3.34	3.39		
Loan loss coverage ratio	133	132	123		
Net interest margin (NIM %)	4.52	4.61	4.19		
Credit cost (bp)	228	240	220		
Cost to income (%)	45.7	45.2	43.8		
Common equity tier 1 (CET1) ratio (%)	16.4	16.4	15.4		

Source: BAY, UOB Kay Hian

- **ASEAN business is the key focus and remains resilient.** BAY has continued to expand its loan portfolio in the ASEAN region, which currently contributes 5% to total loans, covering six countries including Thailand. After checking with BAY, management believes the loan portfolio and asset quality remain resilient, despite recent concerns regarding Middle East tensions and a weakening economic outlook in ASEAN countries. In our view, the net spread, which is NIM minus credit cost, remains high enough to justify growing the loan portfolio, and the bank is trying to optimise this spread.

Valuation/Recommendation

- **Maintain BUY with a target price of Bt50.00** using the Gordon Growth Model (cost of equity: 11%, long-term growth: 2%). This implies 0.83x 2026F P/B, which is an implied +2SD to its historical five-year P/B mean.
- **Inexpensive valuation.** BAY's valuation is the second cheapest in the banking sector, currently trading at 0.6x P/B. Although BAY has a relatively low ROE, we expect it to increase its dividend payout ratio to boost ROE in the future and expect the valuation to catch up with its peers.

Earnings Revision/Risk

- No earnings revision.
- Small free float could incur liquidity risk.

Share Price Catalyst

- Raise the dividend payout ratio.
- Increase free float to make more room available for institutional investors.

Environment, Social, Governance (ESG) Updates

CG Report: 5
SET ESG Rating: AAA

Environmental

- Committed to Thailand's 2050 net-zero target and the integration of climate risk into lending and investment decisions.

Social

- Implemented multiple assistance measures to support households and small enterprises facing financial difficulties.

Governance

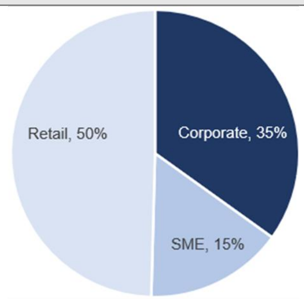
- Continued emphasis on anti-corruption, good governance, and supply chain management.

2026 Financial Targets

	2026 Targets	2025 Actual	2025 Targets
Loan growth (yoy)	2-4%	1.7%	2-4%
NPL ratio	3.25-3.5%	3.26%	3.25-3.5%
NIM	4.0-4.3%	4.35%	3.8-4.1%
LLC ratio	120-135%	126.9%	110-135%
Credit cost (bp)	200-230bp	227bp	200-230bp

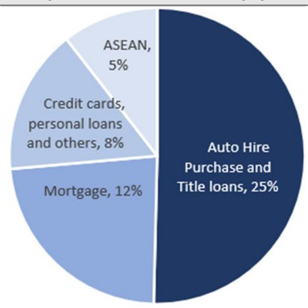
Source: BAY, UOB Kay Hian

Loan Breakdown (1Q26)



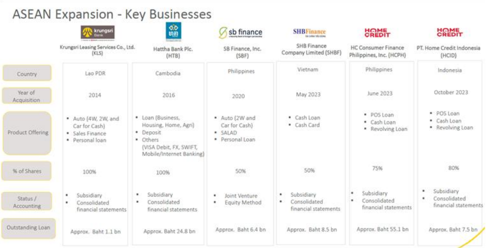
Source: BAY, UOB Kay Hian

Retail Loan (% of Total Loans) (1Q26)



Source: BAY, UOB Kay Hian

ASEAN Business as of 4Q25



ASEAN Expansion - Key Businesses

	Krungsri Leasing Services Co., Ltd. (KLS)	Hattha Bank Plc. (HTB)	SB Finance, Inc. (SBF)	SHB Finance Company Limited (SHBF)	HC Consumer Finance Philippines, Inc. (HCPH)	PT. Home Credit Indonesia (HCID)
Country	Lao PDR	Cambodia	Philippines	Vietnam	Philippines	Indonesia
Year of Acquisition	2014	2016	2020	May 2023	June 2023	October 2023
Product Offering	• Auto (4W, 2W, and Car for Cash) • Sales Finance • Personal loan	• Loan (Business, Housing, Home, Agri) • Deposit • Others (VISA Debit, FX, SWIFT, Mobile/Internet Banking)	• Auto (2W and Car for Cash) • SALAD • Personal Loan	• Cash Loan • Cash Card	• POS Loan • Cash Loan • Revolving Loan	• POS Loan • Cash Loan • Revolving Loan
% of Shares	100%	100%	50%	50%	75%	80%
Status / Accounting	• Subsidiary • Consolidated financial statements	• Subsidiary • Consolidated financial statements	• Joint Venture • Equity Method	• Subsidiary • Consolidated financial statements	• Subsidiary • Consolidated financial statements	• Subsidiary • Consolidated financial statements
Outstanding Loan	Approx. Baht 1.1 bn	Approx. Baht 24.8 bn	Approx. Baht 6.4 bn	Approx. Baht 8.5 bn	Approx. Baht 55.1 bn	Approx. Baht 7.5 bn

Source: BAY

P/B Band

Source: UOB Kay Hian

Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Interest income	147,383	146,931	152,235	160,096
Interest expense	(38,850)	(32,288)	(31,346)	(33,824)
Net interest income/(expense)	108,533	114,644	120,889	126,272
Fees & Commissions	26,484	27,287	26,794	29,067
Net Trading Income	12,305	20,415	20,658	21,396
Other Income	12,997	4,743	4,469	4,641
Non-Interest Income	51,786	52,446	51,921	55,103
Total Income	160,320	167,089	172,810	181,376
Staff Costs	(39,204)	(41,805)	(43,203)	(45,344)
Other Operating Expense	(36,166)	(34,394)	(35,868)	(37,597)
Pre-Provision Profit	84,950	90,890	93,739	98,435
Loan Loss Provision	(43,790)	(43,275)	(43,458)	(44,808)
Pre-tax profit	**41,160**	**47,614**	**50,281**	**53,627**
Tax	(7,718)	(9,055)	(9,553)	(10,189)
Minorities	(1,704)	(4,372)	(4,618)	(4,925)
Net profit	**31,738**	**34,187**	**36,110**	**38,513**
Net profit (adj.)	31,738	34,187	36,110	38,513

Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Cash With Central Bank	25,949	39,667	40,888	42,908
Govt Treasury Bills & Securities	174,736	149,631	161,867	174,890
Interbank Loans	433,573	475,701	483,416	500,209
Customer Loans	1,851,162	1,885,763	1,939,724	2,033,827
Investment Securities	13,897	17,126	17,665	18,469
Derivative Receivables	22,377	26,409	27,238	28,494
Associates & JVs	7,385	7,508	7,508	7,508
Properties & Other Fixed Assets	42,854	38,751	34,644	31,518
Goodwill & Intangible Assets	38,917	38,849	38,849	38,849
Other Assets	36,306	39,001	39,965	41,586
Total assets	**2,647,157**	**2,718,406**	**2,791,764**	**2,918,257**
Interbank Deposits	229,721	231,012	236,599	247,930
Customer Deposits	1,735,328	1,772,121	1,827,337	1,917,662
Bills Payable	4,636	4,361	4,361	4,361
Derivative Payables	26,266	27,804	28,425	29,731
Subordinated Debts	118,649	124,939	107,796	97,221
Other Liabilities	92,466	87,468	88,688	92,295
Total liabilities	2,207,066	2,247,706	2,293,206	2,389,200
Shareholders' funds	414,762	441,015	464,254	489,828
Minority interest	25,329	29,686	34,304	39,229
Total Equity & Liabilities	2,647,157	2,718,406	2,791,764	2,918,257

Operating Ratios

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Capital Adequacy				
Tier-1 CAR	16	17	17	17
Total CAR	21	21	21	21
Total Assets/Equity	6	6	6	6
Tangible Assets/Tangible Common Equity	7	7	6	6
Asset Quality				
NPL Ratio	3	3	3	3
Loan Loss Coverage	127	135	140	142
Loan Loss Reserve/Gross Loans	5	5	5	5
Increase in NPLs	0	0	3	5
Credit Cost (bp)	227	220	216	214
Liquidity				
Loan/Deposit Ratio	107	106	106	106
Liquid Assets/Short-Term Liabilities	32	33	33	33
Liquid Assets/Total Assets	24	24	25	25

Key Metrics

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Growth				
Net Interest Income, yoy Chg	1	6	5	5
Fees & Commissions, yoy Chg	6	3	(2)	(2)
Pre-Provision Profit, yoy Chg	0	7	3	3
Net Profit, yoy Chg	7	8	6	6
Customer Loans, yoy Chg	2	2	3	3
Profitability				
Net Interest Margin	4	4	5	5
Cost/Income Ratio	47	46	46	46
Adjusted ROA	1	1	1	1
Reported ROE	8	8	8	8
Adjusted ROE	8	8	8	8
Valuation				
P/BV	1	1	1	1
P/NTA	1	1	1	1
Adjusted P/E	9	8	8	7
Dividend Yield	3	4	5	5