

## TMBThanachart Bank (TTB TB)

3Q25: Results Beat; To Roll Out New Share Buyback Programme In Early-26

### Highlights

- TTB reported a net profit of Bt5.3b in 3Q25, up 1% yoy and 6% qoq.
- To roll out new share buyback programme in early-26.
- Maintain HOLD with a higher target price of Bt2.04 (previously: Bt1.98).

### Analysis

- **3Q25 results beat.** TMBThanachart Bank (TTB) posted 3Q25 net profit of Bt5.3b (+1% yoy, +6% qoq). The results beat our and consensus forecasts by 9%. The remaining tax benefit is Bt6.9b. TTB's pre-provision operating profit declined 11% yoy and 2% qoq in 3Q25.
- **Neutral tone at analyst meeting.** TTB's CEO has expressed concern about hire-purchase loans, especially for new cars. Various headwinds include: a) a decline in new-car sales, b) a price war in the car industry, c) the used-car price index tumbling, and d) a gloomy economic outlook.
- **Less investment gain fluctuation by reporting in OCI.** TTB believes that the sharp decline in bond yield that has resulted in many banks seeing impressive gains might not last long and continue in 4Q25. Meanwhile, we have not observed a spectacular figure of gain on financial instrument measured at fair value through profit or loss from TTB because the bank reported investment activity mostly in Other Comprehensive Income (OCI).
- **A qoq reduction in credit cost with special provisioning.** TTB set provision expenses of Bt3.98b in 3Q25 (-17% yoy, -7% qoq), equivalent to a credit cost of 131bp (-12bp qoq). Normal provision amounted to Bt3.56b, equivalent to a credit cost of 118bp, while the special provision (or management overlay) was Bt420m.
- **To roll out new share buyback programme in early-26.** TTB's CEO revealed that the bank will roll out a share buyback programme in early-26. In 2025, TTB repurchased shares amounting of Bt5.1b (77% of the first-year budget of Bt7b). We expect the remainder of the first-year budget to be added to the second-year budget of Bt7b. In addition, the bank will focus on capital management while the loan portfolio growth remains challenging.

### Key Financials

Year to 31 Dec (Btm)	2023	2024	2025F	2026F	2027F
Net Interest Income	57,207	56,452	50,798	50,206	53,028
Non-Interest Income	13,768	12,961	14,319	13,381	13,753
Net profit	18,622	21,072	20,280	21,161	21,060
Net profit (adj.)	18,622	21,072	20,280	21,161	21,060
EPS (Bt)	0.2	0.2	0.2	0.2	0.2
PE (x)	9.6	8.5	8.8	8.4	8.4
P/B (x)	0.8	0.8	0.7	0.7	0.7
Dividend yield (%)	5.7	7.1	7.1	7.4	7.4
Net Int margin (%)	3.2	3.2	3.1	3.1	3.2
Cost/income ratio (%)	43.8	42.5	43.9	41.7	41.0
Loan loss cover (%)	155.0	151.0	149.7	150.0	148.0
Consensus net profit	-	-	20,056	20,578	20,207
UOBKH/Consensus (x)	-	-	1.01	1.03	1.04

Source: TTB, Bloomberg, UOB Kay Hian

	<b>HOLD (Maintained)</b>
Share Price	Bt1.86
Target Price	Bt2.04
Upside	9.7%

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### Stock Data

GICS Sector	Financials
Bloomberg ticker	TTB TB
Shares issued (m)	94,883.2
Market cap (Btm)	175,533.8
Market cap (US\$m)	5,359.0
3-mth avg daily t'over (US\$m)	18.0

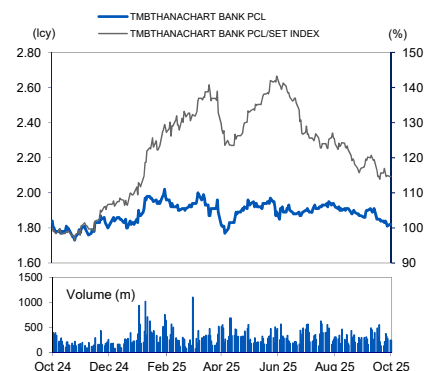
### Price Performance (%)

52-week high/low	Bt2.02/Bt1.72				
1mth	3mth	6mth	1yr	YTD	
(1.1)	(2.6)	(2.1)	1.1	(0.5)	

### Major Shareholders

Shareholder	%
Thanachart Capital	24.37
ING BANK N.V.	22.74
Ministry of Finance (MOF)	11.65

### Price Chart



Source: Bloomberg

### Company Description

The sixth largest bank in Thailand with roughly 10% of the credit market. The bank's strong focus in on retail lending, which accounts for 56% of loan book.

- **Reiterates ample provisioning for future uncertainties.** TTB's CEO stated that the bank has prudently set provisioning, including management overlay or special provisioning. TTB believes that the current provisioning should be adequate for the future uncertainties.

### 3Q25 Results

Year to 31 Dec (Btm)	3Q25	2Q25	3Q24	qoq chg (%)	yoy chg (%)
Total gross loans	1,205,800	1,213,750	1,261,299	(0.7)	(4.4)
Net interest income	12,405	12,742	14,061	(2.6)	(11.8)
Non-interest income	3,908	3,639	3,176	7.4	23.1
Loan loss provision	(3,980)	(4,294)	(4,764)	(7.3)	(16.5)
Non-Interest Expenses	(7,403)	(7,271)	(7,256)	1.8	2.0
Pre-provision operating profit	8,910	9,110	9,981	(2.2)	(10.7)
Net income	5,299	5,004	5,271	5.9	0.5
EPS (Bt)	0.06	0.05	0.05	7.3	1.1
Ratio (%)					
NPL Ratio	2.81	2.73	2.7		
Loan loss coverage ratio (%)	151	149	149		
Reported NIM %	2.97	3.07	3.26		
Reported Credit cost (bp)	131	143	149		
Cost to income (%)	45	44	42		
CET1 ratio %	17.9	17.8	16.8		

Source: TTB, UOB Kay Hian

## Valuation/Recommendation

- **Maintain HOLD with a target price of Bt2.04 (previous target price: Bt1.98)** using the Gordon Growth Model (cost of equity: 11%, long-term growth: 2.0%). We roll over the target price to 2026. This implies 0.8x 2026F P/B, which is +2SD to its historical five-year mean.

## Earnings Revision/Risk

- We fine-tune TTB's 2025-27 earnings forecasts by +2.5%, +1.8%, and +0.2% respectively, to reflect the robust asset quality outlook.

## Share Price Catalyst

- Upgrade in dividend payout ratio.

## Environment, Social, Governance (ESG) Updates

CG Report: 5

SET ESG Rating: AA

### Environmental

- **Climate finance.** Reducing GHG emissions in its operations and empowering clients to transition to a net-zero economy.
- **Environmental management.** The bank has introduced an initiatives and environmental savings programmes to promote environmental awareness.

### Social

- **Financial literacy and inclusion.** To educate people to increase their capability to manage their finances and achieve financial wellbeing.
- **Human rights.** The bank has conducted a risk assessment to identify human rights risks and mitigate the impacts.

### Governance

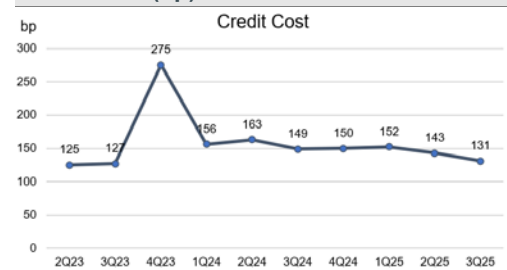
- **Cybersecurity and data privacy.** To ensure the stability and security of systems and operations, and to mitigate cybersecurity risks that could result in financial and reputational losses.

### 2025 Financial Targets

	9M25 Actual	2025 Target	2024 Actual
Loan growth	-3.5% ytd	0-2%	-6.5% ytd
Deposit growth	-4.4% ytd	In line with loan growth	-4.2%
NIM	3.07%	3.1-3.25%	3.26%
Non-NII growth	+12.9% yoy	Single digit	-6%
Cost to income	44.3%	Low 40s	43%
NPL ratio	2.81%	<=2.9%	2.59%
Credit cost	112/142bp	125-135bp	135/154 bp

Source: TTB, UOB Kay Hian

### Credit Cost (bp)



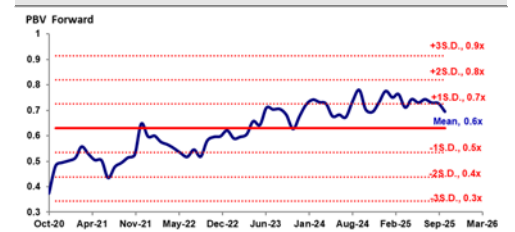
Source: TTB, UOB Kay Hian

### PE Band



Source: TTB, UOB Kay Hian

### P/B Band



Source: TTB, UOB Kay Hian

### Profit & Loss

Year to 31 Dec (Btm)	2024	2025F	2026F	2027F
Interest Income	82,783	72,191	67,873	68,691
Interest Expense	(26,331)	(21,393)	(17,667)	(15,663)
Net Interest Income	56,452	50,798	50,206	53,028
Fees & Commissions	9,373	9,547	8,985	9,281
Other Income	3,587	4,772	4,396	4,473
Non-Interest Income	12,961	14,319	13,381	13,753
Total Income	69,412	65,117	63,587	66,781
Staff Costs	(15,589)	(15,281)	(14,395)	(14,926)
Other Operating Expense	(13,944)	(13,334)	(12,120)	(12,450)
Pre-Provision Profit	39,880	36,502	37,072	39,405
Loan Loss Provision	(19,852)	(16,999)	(15,912)	(18,346)
Pretax profit	20,028	19,503	21,161	21,060
Tax	1,045	777	0	0
Minorities	(0)	0	0	0
<b>Net profit (adj.)</b>	<b>21,072</b>	<b>20,280</b>	<b>21,161</b>	<b>21,060</b>

### Balance Sheet

Year to 31 Dec (Btm)	2024	2025F	2026F	2027F
Cash With Central Bank	14,809	18,150	18,322	18,512
Govt Treasury Bills & Securities	156,350	166,141	161,411	162,328
Interbank Loans	288,562	255,336	250,081	250,798
Customer Loans	1,190,289	1,151,508	1,166,493	1,180,415
Investment Securities	10,381	17,797	18,793	19,005
Derivative Receivables	8,663	7,125	6,983	7,112
Associates & JVs	8,584	8,645	8,645	8,645
Fixed assets (incl. prop.)	30,627	30,483	30,546	31,146
Other assets	40,258	40,895	41,392	41,622
<b>Total Assets</b>	<b>1,748,523</b>	<b>1,696,080</b>	<b>1,702,667</b>	<b>1,719,582</b>
Interbank Deposits	90,184	93,520	96,085	97,435
Customer Deposits	1,328,594	1,283,685	1,294,297	1,307,277
Derivative Payables	7,156	6,373	6,165	6,199
Debt equivalents	31,694	15,228	(1,824)	(7,851)
Other Liabilities	53,082	57,291	58,379	59,064
<b>Total Liabilities</b>	<b>1,510,710</b>	<b>1,456,098</b>	<b>1,453,101</b>	<b>1,462,124</b>
Shareholders' equity	237,812	239,982	249,566	257,458
Minority interest	0	0	0	0
<b>Total liabilities &amp; equity</b>	<b>1,748,523</b>	<b>1,696,080</b>	<b>1,702,667</b>	<b>1,719,582</b>

### OPERATING RATIOS

Year to 31 Dec (%)	2024	2025F	2026F	2027F
<b>Capital Adequacy</b>				
Tier-1 CAR	16.8	17.6	18.4	18.9
Total CAR	19.2	20.1	20.9	21.4
Total assets/equity (x)	7.4	7.1	6.8	6.7
Tangible assets/tangible common	8.1	7.8	7.5	7.3
<b>Asset Quality</b>				
NPL ratio	2.6	2.7	2.6	2.5
Loan loss coverage	151.0	149.7	150.0	148.0
Loan loss reserve/gross loans	4.7	4.8	4.5	4.4
Increase in NPLs	(5.0)	0.3	(6.2)	(1.0)
<b>Liquidity</b>				
Loan/deposit ratio	89.6	89.7	90.1	90.3
Liquid assets/short-term liabilities	32.3	31.8	30.8	30.7
Liquid assets/total assets	26.3	25.9	25.2	25.1

### Key Metrics

Year to 31 Dec (%)	2024	2025F	2026F	2027F
<b>Growth</b>				
Net interest income, yoy chg	(1.3)	(10.0)	(1.2)	5.6
Fees & commissions, yoy chg	(9.5)	1.8	(5.9)	3.3
Pre-provision profit, yoy chg	(0.0)	(8.5)	1.6	6.3
Net profit, yoy chg	13.2	(3.8)	4.3	(0.5)
Net profit (adj.), yoy chg	13.2	(3.8)	4.3	(0.5)
Customer loans, yoy chg	(6.5)	(3.3)	1.3	1.2
Customer deposits, yoy chg	(4.2)	(3.4)	0.8	1.0
<b>Profitability</b>				
Net interest margin	3.2	3.1	3.1	3.2
Cost/income ratio	42.5	43.9	41.7	41.0
Adjusted ROA	1.2	1.2	1.2	1.2
Reported ROE	9.1	8.5	8.6	8.3
Adjusted ROE	9.1	8.5	8.6	8.3
<b>Valuation</b>				
P/BV (x)	0.8	0.7	0.7	0.7
P/NTA (x)	83.9	82.7	79.1	76.5
Adjusted P/E (x)	8.5	8.8	8.4	8.4
Dividend Yield	7.1	7.1	7.4	7.4
Payout ratio	59.8	62.1	62.3	62.7

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