

### Thanachart Capital (TCAP TB)

1Q26: Results In Line; Significant Decline In Credit Costs

#### Highlights

- TCAP reported a net profit of Bt2.12b in 1Q26, up 24% yoy and 12% qoq.
- Loan portfolio continued to shrink qoq.
- Maintain HOLD with an unchanged target price of Bt60.00.

#### 1Q26 Results

Year to 31 Dec (Btm)	1Q26	4Q25	1Q25	qoq chg (%)	yoy chg (%)
Total gross loans	47,955	48,698	59,084	(1.5)	(18.8)
Net interest income	609	625	680	(2.5)	(10.5)
Non-interest income	4,858	4,724	4,629	2.8	4.9
Loan loss provision	(28)	(116)	(200)	(75.4)	(85.8)
Non-Interest Expenses	(378)	(440)	(379)	(14.2)	(0.2)
Pre-provision operating profit	2,525	2,215	2,107	14.0	19.9
Net income	2,123	1,894	1,710	12.1	24.2
EPS (Bt)	2.02	1.81	1.63	12.1	24.2
Ratio (%)					
NPL ratio (%)	4.0	3.8	2.8		
Loan loss coverage ratio (%)	138	140	199		
Net interest margin (NIM %)	3.0	3.1	3.0		
Credit cost (bp)	24	93	133		
Cost to income (%)	7	8	7		
Return on Equity (%)	10.4	9.5	9.1		

Source: TCAP, UOB Kay Hian

#### Analysis

- **1Q26 earnings in line.** Thanachart Capital (TCAP) reported a 1Q26 net profit of Bt2.12b, in line with our expectations but beating consensus forecasts by 9%. The company's net profit rose 24% yoy and 12% qoq in 1Q26. The key contributor to the decent earnings was a significantly lower than expected provision expense. Ratchthani Leasing (THANI), one of TCAP's subsidiaries, reported a qoq decrease in provision expenses and credit costs in 1Q26. Excluding provision expenses, TCAP's pre-provision operating profit rose 20% yoy and 14% qoq in 1Q26.
- **Loan portfolio shrank yoy and qoq.** TCAP reported a loan portfolio of Bt47.96b in 1Q26, contracting 19% yoy and 1.5% qoq. This was mainly caused by THANI continuing to downsize its loan portfolio in 1Q26 to maintain good asset quality. Although we expect THANI to resume growing its loan portfolio in 2026, the truck business is expected to face headwinds from the potential impact from Middle East tensions due to higher oil prices.

#### Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net interest income	2,948.5	2,622.5	2,579.9	2,762.3	2,856.7
Non-Interest Income	18,924.2	19,528.8	19,929.7	19,858.1	19,928.3
Net profit (rep./act.)	6,464.8	7,550.1	8,078.0	8,246.7	8,384.5
Net profit (adj.)	6,464.8	7,550.1	8,078.0	8,246.7	8,384.5
EPS (Bt)	6.2	7.2	7.7	7.9	8.0
PE (x)	9.3	8.0	7.4	7.3	7.2
P/B (x)	0.8	0.8	0.7	0.7	0.6
Dividend yield (%)	5.8	6.1	7.4	7.6	7.7
Net int margin (%)	3.4	3.1	3.2	3.4	3.4
Cost/Income Ratio (%)	61.2	57.7	55.3	55.0	54.4
Loan loss cover (%)	179.6	139.8	162.0	165.0	165.0
Consensus net profit	n.a	n.a	7,987.1	8,009.5	8,047.7
UOBKH/Consensus (x)	n.a	n.a	1.0	1.0	1.0

Source: Thanachart Capital, Bloomberg, UOB Kay Hian

**HOLD** (Maintained)

Share Price	Bt57.25
Target Price	Bt60.00
Upside	4.8%

**Analyst(s)**

**Thanawat Thangchadakorn**

Thanawat@uobkayhian.co.th

(662) 090 3360

#### Stock Data

GICS sector	Financials
Bloomberg ticker:	TCAP TB
Shares issued (m):	1,048.6
Market cap (Btm):	59,777.0
Market cap (US\$m):	1,825.6
3-mth avg daily t'over (US\$m):	5.3

#### Price Performance (%)

52-week high/low	Bt62.5/Bt44.5			
1mth	3mth	6mth	1yr	YTD
(0.9)	0.4	10.7	20.0	(2.2)

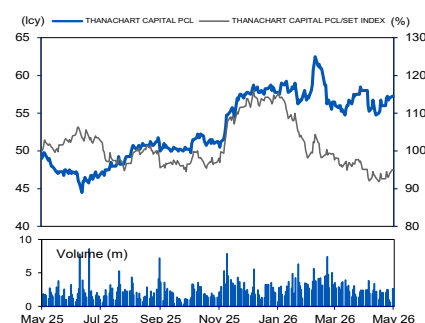
#### Major Shareholders

Shareholder	%
MBK	24.90
Thai NVDR	8.03
Somchai Limthilakun	2.55

#### Balance Sheet Metrics

FY26 NAV/Share (Bt)	80.7
FY26 Net Debt/Share (Bt)	n.a.

#### Price Chart



Source: Bloomberg

#### Company Description

The company operates an investment business and is the parent company of Thanachart Group. It operates a wide range of financial businesses, including hire purchase, non-life and life insurance, securities brokerage, asset-based financing, non-performing asset management, and investment.

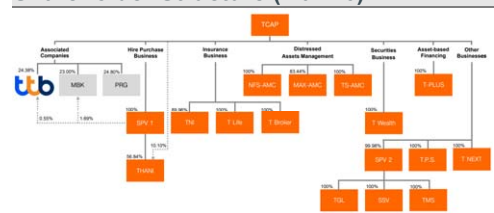
- **Non-II rose yoy and qoq.** TCAP reported a non-interest income (non-II) of Bt4.86b, +5% yoy and 3% qoq in 1Q26.
- **A significant qoq decrease in credit cost.** The company reported provision expenses of Bt28m in 1Q26, decreasing 86% yoy and 75% qoq. This resulted in credit costs dropping 109bp yoy and 70bp qoq, and have been reported at 24bp in 1Q26. However, the NPL ratio increased qoq from 3.8% in 4Q25 to 4.0% in 1Q26, couple with the increasing of gross NPL amount from 4Q25. We will closely monitor the pickup in NPL qoq.
- **A steady pickup in used truck prices.** We have seen a strong recovery in the used truck price index since Nov 24. THANI has cleaned up its loan portfolio well so far. We have seen strong signs of recovery in the used truck business following the increase in the used truck price index for sixth consecutive months (as of Mar 26) since hitting a low in Sep 25. However, the market is currently concerned about the potential impact from Middle East tensions weakening the truck business due to higher oil prices. In addition, there are also concerns about the potential delayed government budget disbursement in 2H26 which might disrupt the pickup momentum of used truck prices.

### Results Of Subsidiaries In 1Q26

Subsidiary	%Share holding	Net Profit (Btm)		
		1Q26	4Q25	1Q25
THANI	66.94%	340	315	254
TNI	89.96%	446	220	224
TNS	0.00%	-	-	56
TS AMC	100.00%	(5)	(6)	(6)
MAX AMC	83.44%	(3)	(2)	(6)
NFS AMC	100.00%	(32)	(34)	(32)
T LIFE	100.00%	29	2	(8)

Source: TCAP, UOB Kay Hian

### Shareholder Structure (Mar 26)



Source: TCAP, UOB Kay Hian

## Valuation/Recommendation

- **Maintain HOLD with an unchanged target price of Bt60.00** using the Gordon Growth Model (cost of equity: 11.5%, long-term growth: 2%). The target price implies 0.74x 2026F P/B, which is +1.5SD to its historical five-year P/B mean.

## Earnings Revision/Risk

- We fine tune TCAP's earnings forecasts on 2026-28 by +0.9%, +1.1%, and +0.9%, respectively reflecting the latest decent earning results in 1Q26.

## Share Price Catalyst

- Increase in dividend payout ratio.
- A solid recovery trend in used truck prices.

## Environment, Social, Governance (ESG) Updates

CG Report: 5

SET ESG Rating: AA

### Environmental

- **Greenhouse gas management.** Assigns a person to be responsible for directly overseeing the use of electrical equipment.

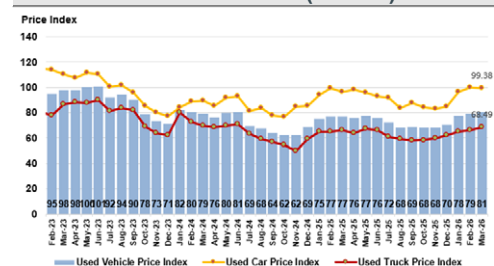
### Social

- **Cybersecurity and personal data protection.** Thanachart Group is aware of the importance of maintaining the security of customer data, employee data, and confidential company information.

### Governance

- **Good corporate governance.** The board shall ensure that Thanachart Group has a sound risk governance framework, adequate audit process, internal control system, risk management, and managerial regulation.

### Used-Vehicle Price Index (Mar 26)



Source: BOT, UOB Kay Hian

### PE Band



Source: Bloomberg, UOB Kay Hian

### P/B Band



Source: Bloomberg, UOB Kay Hian

### Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Interest income	4,480	4,108	4,128	4,154
Interest expense	(1,857)	(1,528)	(1,365)	(1,297)
Net interest income/(expense)	2,623	2,580	2,762	2,857
Fees & Commissions	193	524	420	494
Income From Insurance	12,258	12,326	12,330	12,330
Net Trading Income	751	588	614	608
Other Income	6,327	6,491	6,495	6,496
Non-Interest Income	19,529	19,930	19,858	19,928
Total Income	22,151	22,510	22,620	22,785
Staff Costs	(881)	(908)	(912)	(890)
Other Operating Expense	(11,897)	(11,550)	(11,529)	(11,500)
Pre-Provision Profit	9,373	10,052	10,179	10,395
Loan Loss Provision	(738)	(735)	(705)	(768)
Pre-tax profit	8,635	9,317	9,474	9,627
Tax	(570)	(663)	(647)	(653)
Minorities	(514)	(575)	(581)	(590)
Net profit	7,550	8,078	8,247	8,385
Net profit (adj.)	7,550	8,078	8,247	8,385

### Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Cash With Central Bank	2	5	5	5
Govt Treasury Bills & Securities	19,893	23,050	23,690	24,272
Interbank Loans	10,743	8,162	8,029	8,212
Customer Loans	46,423	46,189	47,384	48,735
Investment Securities	3,328	2,713	2,688	2,749
Derivative Receivables	0	0	0	0
Associates & JVs	66,964	68,314	68,314	68,314
Properties & Other Fixed Assets	4,635	4,508	4,532	4,606
Goodwill & Intangible Assets	83	79	79	79
Other Assets	2,602	2,611	2,699	2,756
<b>Total assets</b>	<b>154,674</b>	<b>155,632</b>	<b>157,420</b>	<b>159,728</b>
Interbank Deposits	6,096	5,581	5,602	5,732
Customer Deposits	0	0	0	0
Bills Payable	0	0	0	0
Derivative Payables	0	0	0	0
Debts Securities Issued	0	0	0	0
Subordinated Debts	45,824	41,594	39,050	36,840
Other Liabilities	4,069	4,287	4,413	4,518
Insurance Fund Liabilities	13,523	13,589	13,589	13,589
Total liabilities	69,513	65,051	62,654	60,679
Shareholders' funds	80,514	84,639	88,399	92,250
Minority interest	5,498	5,942	6,366	6,799
Total Equity & Liabilities	155,524	155,631	157,419	159,728

### Operating Ratios

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
<b>Capital Adequacy</b>				
Total Assets/Equity	2	2	2	2
Tangible Assets/Tangible Common Equity	2	2	2	2
<b>Asset Quality</b>				
NPL Ratio	4	3	3	3
Loan Loss Coverage	140	162	165	165
Loan Loss Reserve/Gross Loans	5	5	5	5
Increase in NPLs	9	(14)	(5)	(1)
Credit Cost (bp)	134	151	144	153
<b>Liquidity</b>				
Liquid Assets/Short-Term Liabilities	503	559	566	567
Liquid Assets/Total Assets	20	20	20	20

### Key Metrics

Year to 31 Dec (%)	2025	2026F	2027F	2028F
<b>Growth</b>				
Net Interest Income, yoy Chg	(11)	(2)	7	3
Fees & Commissions, yoy Chg	(64)	171	(20)	18
Pre-Provision Profit, yoy Chg	11	7	1	2
Net Profit, yoy Chg	17	7	2	2
Customer Loans, yoy Chg	(21)	0	3	3
<b>Profitability</b>				
Net Interest Margin	3	3	3	3
Cost/Income Ratio	58	55	55	54
Adjusted ROA	5	5	5	5
Reported ROE	10	10	10	10
Adjusted ROE	10	10	10	10
<b>Valuation</b>				
P/BV	1	1	1	1
P/NTA	1	1	1	1
Adjusted P/E	8	7	7	7
Dividend Yield	6	7	8	8

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