

TMBThanachart Bank (TTB TB)

2Q26 Results Preview: Provisions Remain Elevated Amid Uncertainties

Highlights

- We expect TTB to report 2Q26 net profit of Bt5.20b, up 3.9% yoy and 0.6% qoq.
- Provisions remain high as the bank is continuing to monitor the impact from the Middle East conflict and secondary housing prices.
- Maintain HOLD with an unchanged target price of Bt2.30.

Analysis

- **2Q26 net profit to increase yoy.** We expect TMBThanachart Bank (TTB) to report a 2Q26 net profit of Bt5.20b, up 3.9% yoy and 0.6%. Excluding provisions, pre-provision operating profit (PPOP) is expected to slightly decline 0.1% yoy but edge up 0.1% qoq.
- **Loan portfolios expected to expand qoq.** We anticipate loans to contract by 1.5% yoy but expand by 0.7% qoq in 2Q26. The yoy decline is expected to be driven by weaker corporate lending activity, with loan repayments continuing to outpace new loan growth. Meanwhile, the qoq increase should be supported by seasonal factors, including higher consumer spending during festive periods and financing demand related to events such as the Motor Expo 2026.
- **Net interest margin to expand on loan mix.** Given the bank's continued focus on higher-yielding loan segments, we expect NIM to edge up to 2.92% in 2Q26 from 2.89% in 1Q26. We also expect funding costs to continue easing, driven by lower term deposit costs, although the benefit should be limited as the policy rate-cut cycle has largely come to an end.
- **Conservative provisioning continues.** We expect TTB to set aside provisions of Bt3.9b in 2Q26 (-9.3% yoy, -2.5% qoq). Provisioning is expected to remain elevated as the bank remains cautious over the secondary impact of the Middle East situation, despite tensions having eased recently. The bank will continue to closely monitor developments and assess any potential implications on asset quality. We expect to see a loan growth of 1.6% in 2026, in line with the bank's guidance.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net interest income	56,451.6	50,636.8	47,564.4	48,833.1	50,984.6
Non-Interest Income	12,960.5	15,040.3	17,582.8	17,839.7	18,816.5
Net profit (rep./act.)	21,072.2	20,639.4	20,388.9	18,176.0	19,337.4
Net profit (adj.)	21,072.2	20,639.4	20,388.9	18,176.0	19,337.4
EPS (Bt)	0.2	0.2	0.2	0.2	0.2
PE (x)	11.0	10.2	10.3	11.5	10.8
P/B (x)	1.0	0.9	0.8	0.8	0.8
Dividend yield (%)	7.0	7.1	5.6	5.6	5.8
Net int margin (%)	3.2	3.0	2.9	3.0	3.0
Cost/income Ratio (%)	42.6	45.0	43.8	42.4	42.5
Loan loss cover (%)	151.0	152.0	153.3	155.0	151.0
Consensus net profit	n.a	n.a	20,314.0	18,689.4	18,600.3
UOBKH/Consensus (x)	n.a	n.a	1.0	1.0	1.0

Source: TMBThanachart Bank, Bloomberg, UOB Kay Hian

HOLD (Maintained)

Share Price	Bt2.42
Target Price	Bt2.30
Upside	-5.21%

Analyst(s)

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Stock Data

GICS sector	Financials
Bloomberg ticker:	TTB TB
Shares issued (m):	91,623.8
Market cap (Btm):	208,902.2
Market cap (US\$m):	6,380.1
3-mth avg daily t'over (US\$m):	26.4

Price Performance (%)

52-week high/low				Bt2.4/Bt1.8
1mth	3mth	6mth	1yr	YTD
1.8	12.9	22.6	25.3	12.9

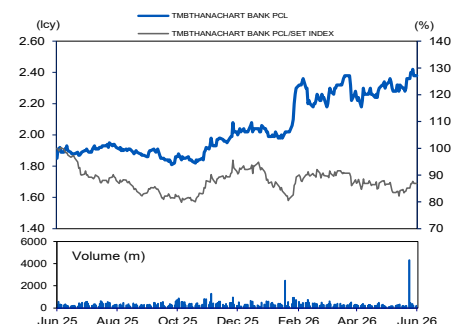
Major Shareholders

	%
Thanachart Capital	24.37
ING BANK N.V.	21.69
Ministry of Finance (MOF)	11.65

Balance Sheet Metrics

FY26 NAV/Share (Bt)	2.8
FY26 CAR Tier 1 (%)	18.0

Price Chart



Source: Bloomberg

Company Description

The sixth largest bank in Thailand with roughly 10% of the credit market. The bank's strong focus is on retail lending, which accounts for 62% of loan book

- **Stable asset quality outlook.** NPL ratio is expected to improve slightly to 2.90% in 2Q26 from 2.93% in 1Q26. The increase in the NPL ratio in 1Q26 (from 2.87% in 4Q25) was largely attributable to a decline in total loans rather than a significant increase in non-performing loans. As we expect loan growth to resume in 2Q26 while the NPL balance remains broadly stable, the NPL ratio should edge down modestly.
- **Buyback to continue into 2028.** TTB completed its fourth share buyback round through a general offer, repurchasing 4.09b shares for Bt9.24b. Although the participation rate reached 100% (vs 70.6% in the second round), around 85% of the tendered shares came from ING Bank (International Netherlands Group). We expect TTB to utilise the remaining Bt14b buyback budget through 2028 and switch back to the Automatic Order Matching method, which offers greater flexibility in managing the buyback timeline and does not cap share price.

2Q26 Results Preview

Year to 31 Dec (Btm)	2Q26F	1Q26	2Q25	qoq chg (%)	yoy chg (%)
Total gross loans	1,195,080	1,186,468	1,213,750	0.7	(1.5)
Net interest income	11,571	11,678	12,742	(0.9)	(9.2)
Non-interest income	4,418	4,582	3,639	(3.6)	21.4
Loan loss provision	(3,896)	(3,994)	(4,294)	(2.5)	(9.3)
Non-Interest Expenses	(6,891)	(7,642)	(7,271)	(9.8)	(5.2)
Pre-provision operating profit	9,097	9,090	9,110	0.1	(0.1)
Net income	5,201	5,170	5,004	0.6	3.9
EPS (Bt)	0.06	0.06	0.05	0.6	15.8
Ratio (%)					
NPL Ratio	2.90	2.93	2.73		
Loan loss coverage ratio (%)	156	154	149		
Reported NIM %	2.92	2.89	3.09		
Reported Credit cost (bp)	131	133	141		
Cost to income (%)	43	47	44		
CET1 ratio %	17.9	17.7	17.8		

Source: TTB, UOB Kay Hian

Valuation/Recommendation

- **Maintain HOLD with an unchanged target price of Bt2.30.** using the Gordon Growth Model (cost of equity: 11%, long-term growth: 2.0%). This implies 0.82x 2026F P/B, which is +2SD to its historical five-year mean.

Earnings Revision/Risk

- We finetune 2026-28 earnings by -0.1%, 0.9%, and 1.3% respectively.

Share Price Catalyst

- Upgrade in dividend payout ratio.

Environment, Social, Governance (ESG) Updates

CG Report: 5

SET ESG Rating: AAA

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

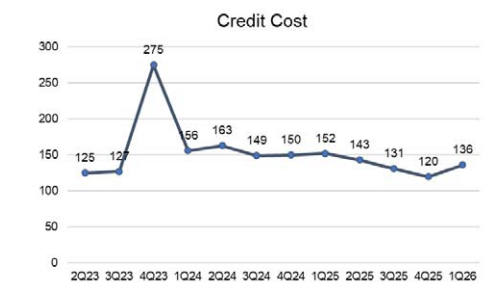
- **Cybersecurity and data privacy.** To ensure the stability and security of systems and operations, and to mitigate cybersecurity risks that could result in financial and reputational losses.

2026 Financial Targets

	2026 Target	2025 Target	2025 Actual
Loan growth	0-2%	0-2%	-3.1%
Deposit growth	In line with loan growth	In line with loan growth	-4.4%
NIM	3.0-3.1%	3.1-3.25%	3.04%
Non-NII growth	Single digit	Single digit	16.2%
Cost to income	Mid 40s	Low 40s	45%
NPL ratio	<= 3.2%	<= 2.9%	2.87%
Credit cost	130-135bp	125-135bp	Normal 106bp (Total 136bp)

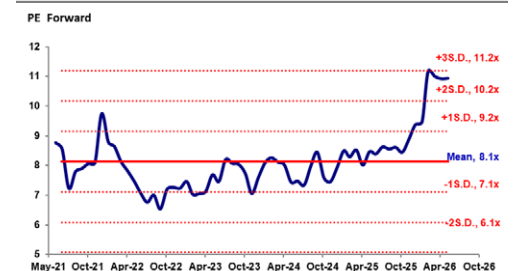
Source: TTB, UOB Kay Hian

Credit Cost (bp)



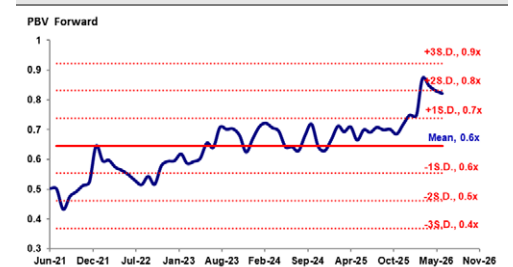
Source: TTB, UOB Kay Hian

PE Band



Source: TTB, UOB Kay Hian

P/B Band



Source: TTB, UOB Kay Hian

Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Interest income	72,097	66,137	67,891	70,675
Interest expense	(21,460)	(18,573)	(19,058)	(19,690)
Net interest income/(expense)	50,637	47,564	48,833	50,985
Fees & Commissions	10,209	11,398	11,756	12,503
Net Trading Income	2,324	3,619	3,744	3,831
Other Income	2,508	2,566	2,340	2,482
Non-Interest Income	15,040	17,583	17,840	18,817
Total Income	65,677	65,147	66,673	69,801
Staff Costs	(15,768)	(15,198)	(15,243)	(16,281)
Other Operating Expense	(13,765)	(13,333)	(13,046)	(13,359)
Pre-Provision Profit	36,144	36,617	38,384	40,162
Loan Loss Provision	(16,485)	(15,129)	(15,944)	(16,288)
Pre-tax profit	19,658	21,488	22,439	23,873
Tax	981	(1,099)	(4,264)	(4,536)
Minorities	0	0	0	0
Net profit	20,639	20,389	18,176	19,337
Net profit (adj.)	20,639	20,389	18,176	19,337

Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Cash With Central Bank	12,633	18,480	18,992	19,508
Govt Treasury Bills & Securities	237,852	186,938	199,613	219,124
Interbank Loans	181,399	197,055	205,848	212,062
Customer Loans	1,153,575	1,171,730	1,205,291	1,241,592
Investment Securities	22,943	24,452	24,861	25,423
Derivative Receivables	9,602	11,809	12,031	12,391
Associates & JVs	8,593	8,666	8,666	8,666
Properties & Other Fixed Assets	31,475	31,709	32,868	34,030
Goodwill & Intangible Assets	25,310	25,718	25,718	25,718
Other Assets	18,584	21,070	21,589	22,037
Total assets	1,701,966	1,697,626	1,755,477	1,820,550
Interbank Deposits	98,179	100,275	103,110	105,913
Customer Deposits	1,269,509	1,297,681	1,334,655	1,370,968
Bills Payable	2,973	2,794	2,794	2,794
Derivative Payables	5,841	10,486	10,600	10,818
Subordinated Debts	15,126	(23,817)	(13,283)	9,112
Other Liabilities	66,144	64,776	65,653	66,893
Total liabilities	1,457,772	1,452,195	1,503,529	1,566,498
Shareholders' funds	244,194	245,386	251,902	254,007
Minority interest	0	45	45	45
Total Equity & Liabilities	1,701,966	1,697,626	1,755,477	1,820,550

Cash Flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Capital Adequacy				
Tier-1 CAR	17	18	18	17
Total CAR	20	20	20	19
Total Assets/Equity	7	7	7	7
Tangible Assets/Tangible Common Equity	8	8	8	8
Asset Quality				
NPL Ratio	3	3	3	3
Loan Loss Coverage	152	153	155	151
Loan Loss Reserve/Gross Loans	5	5	5	5
Increase in NPLs	0	1	0	(1)
Credit Cost (bp)	134	124	128	127
Liquidity				
Loan/Deposit Ratio	91	90	90	0.0
Liquid Assets/Short-Term Liabilities	32	29	29	30
Liquid Assets/Total Assets	25	24	24	25

Key Metrics

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Growth				
Net Interest Income, yoy Chg	(10)	(6)	3	4
Fees & Commissions, yoy Chg	9	12	3	6
Pre-Provision Profit, yoy Chg	(9)	1	5	5
Net Profit, yoy Chg	(2)	(1)	(11)	6
Customer Loans, yoy Chg	(3)	2	3	3
Profitability				
Net Interest Margin	3	3	3	3
Cost/Income Ratio	45	44	42	42
Adjusted ROA	1	1	1	1
Reported ROE	9	8	7	8
Adjusted ROE	9	8	7	8
Valuation				
P/BV	1	1	1	1
P/NTA	1	1	1	1
Adjusted P/E	10	10	12	11
Dividend Yield	7.1	5.6	5.6	5.8

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