Thanachart Capital (TCAP TB)

Limited Downside Supported By The Share Buyback Programme

Highlights

- Neutral tone during analyst meeting.
- Maintaining healthy asset quality.
- Maintain HOLD with a lower target price of Bt90.00 (previous: Bt94.00).

Analysis

- **Neutral tone during analyst meeting.** We attended Thanachart Capital's (TCAP) analyst meeting on 13 Nov 26 and came away with a neutral view. The CEO remains conservative amid slow economic growth and is preparing for various uncertainties.
- **Limited impact from flooding in Bangkok and the vicinity.** According to the insurance business, TCAP evaluated the impact of flooding in Bangkok and its vicinity in late-Sep 26 and guided that the impact should be limited. TCAP revealed that there were around 8,000 claims (compared to around 2,500 claims in the Southern region in late-25) and had already set aside provisions for claim expenses of Bt71m.
- **Obtaining approval to hold a stake in TTB.** Regarding the share buyback programme at TMBThanachart Bank (TTB), TTB's CEO intends to reduce the number of outstanding shares after completing the three-year share buyback programme due to regulatory requirements. Currently, TCAP holds a 24.11% stake in TTB. Therefore, TCAP's stake in TTB will increase to more than 25%, which would violate the Bank of Thailand (BOT)'s regulations. According to TCAP's CEO, the company has already consulted with the BOT and sees a potential solution to hold a stake of more than 25%. Therefore, there should be no concern about the divestment of TTB going forward.
- **Maintaining healthy asset quality.** TCAP set provision expenses of Bt7m in 3Q26, which declined significantly by 96% yoy and 87% qoq. Credit costs also declined by 40bp qoq to 6bp in 3Q26. The NPL ratio decreased slightly from 4.0% to 3.9% in 3Q26. Meanwhile, the coverage ratio increased from 144% to 147% in 3Q26. TCAP has demonstrated that the company can maintain good asset quality as a result of its ongoing loan portfolio cleanup.
- **Limited downside, supported by the share buyback programme.** For the share buyback programme running from 17 Aug 26 to 16 Feb 27, the CEO said there is still time to consider buying back shares at the current share price level. As of 16 Nov 26, TCAP had repurchased 2.7m shares (2.6% of the total shares to be repurchased), amounting to Bt213m.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net interest income	2,948.5	2,622.5	2,363.5	2,657.0	2,787.2
Non-Interest Income	18,924.2	19,528.8	21,434.1	21,362.9	21,447.5
Net profit (rep./act.)	6,554.8	7,625.6	9,063.0	9,019.6	9,179.6
Net profit (adj.)	6,554.8	7,625.6	9,063.0	9,019.6	9,179.6
EPS (Bt)	6.2	7.3	8.6	8.6	8.8
PE (x)	12.6	10.8	9.1	9.2	9.0
P/B (x)	1.1	1.0	1.0	0.9	0.9
Dividend yield (%)	4.2	4.4	5.6	6.0	6.0
Net int margin (%)	3.4	3.1	3.0	3.3	3.4
Cost/income Ratio (%)	61.2	57.7	54.7	54.8	7.0
Loan loss cover (%)	179.6	139.8	150.0	163.0	162.0
Consensus net profit	n.a	n.a	8,801.7	8,886.1	9,323.5
UOBKH/Consensus (x)	n.a	n.a	1.0	1.0	1.0

Source: Thanachart Capital, Bloomberg, UOB Kay Hian

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HOLD (Maintained)

Share Price	Bt78.75
Target Price	Bt90.00
Upside	14.3%
Previous TP	Bt94.00

Stock Data

Sector	Financials
Bloomberg ticker	TCAP TB
Shares issued (m)	1,048.6
Market cap (Btm)	90,186.5
Market cap (US$m)	2,733.3
3-mth avg daily t'over (US$m)	9.6

Price Performance (%)

52-week high/low				Bt89.2/Bt49.8
1mth	3mth	6mth	1yr	YTD
20.3	45.2	46.4	69.5	47.6

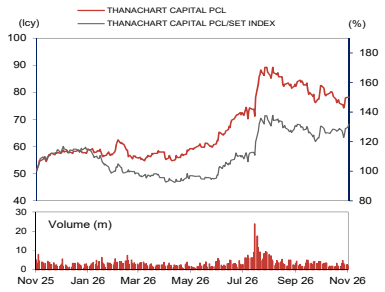
Major Shareholders (%)

MBK	24.90
Thai NVDR	8.03
Somchai Limthilakun	2.55

Balance Sheet Metrics

FY26 NAV/Share (Bt)	82.5
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.

- **3Q26 results recap.** TCAP reported a 3Q26 net profit of Bt2.19b, in line with our and consensus expectations. The company's net profit rose 5% yoy but was down 17% qoq in 3Q26. The key contributor to the decent earnings was a huge reduction in provision expenses by 96% yoy and 87% qoq. Excluding provision expenses, TCAP's pre-provision operating profit decreased 2% yoy and 19% qoq in 3Q26.

3Q26 Results Recap

Year to 31 Dec (Btm)	3Q26	2Q26	3Q25	qoq chg (%)	yoy chg (%)
Total gross loans	45,152	45,995	50,678	(1.8)	(10.9)
Net interest income	550	576	659	(4.5)	(16.5)
Non-interest income	5,422	5,770	5,011	(6.0)	8.2
Loan loss provision	(7)	(54)	(161)	(87.1)	(95.6)
Non-Interest Expenses	(420)	(437)	(394)	(3.9)	6.5
Pre-provision operating profit	2,509	3,096	2,558	(19.0)	(1.9)
Net income	2,188	2,641	2,078	(17.2)	5.3
EPS (Bt)	2.09	2.52	1.98	(17.2)	5.3
Ratio (%)					
NPL ratio (%)	3.9	4.0	3.9		
Loan loss coverage ratio (%)	147	144	135		
Net interest margin (NIM %)	2.6	2.8	3.3		
Credit cost (bp)	6	46	122		
Cost to income (%)	7	7	7		
Return on Equity (%)	10.4	12.7	10.7		

Source: TCAP, UOB Kay Hian

Valuation/Recommendation

- **Maintain HOLD with a lower target price of Bt90.00** (previous: Bt94.00) using the Gordon Growth Model (cost of equity: 11.5%, long-term growth: 2%). The target price implies 1.04x 2027F P/B, which is above +3SD to its historical five-year P/B mean.

Earnings Revision/Risk

- We fine-tune TCAP's 2026-28 earnings forecasts by -1.1%, -1.9% and -2.0%, respectively, to reflect the 3Q26 earnings.

Share Price Catalyst

- Increase in dividend payout ratio.

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

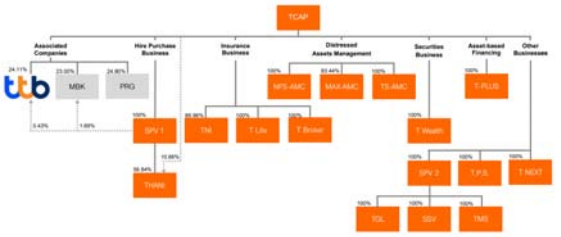
- Good corporate governance. The board shall ensure that Thanachart Group has a sound risk governance framework, adequate audit process, internal control system, risk management, and managerial regulation.

Results Of Subsidiaries In 3Q26

Subsidiary	%Share holding	Net Profit (Btm)		
		3Q26	2Q26	3Q25
THANI	66.94%	400	360	301
TNI	89.96%	208	442	352
TS AMC	100.00%	(4)	(6)	6
MAX AMC	83.44%	16	(7)	(8)
NFS AMC	100.00%	(30)	(35)	(39)
T LIFE	100.00%	10	97	66

Source: TCAP, UOB Kay Hian

Shareholder Structure (Sep 26)



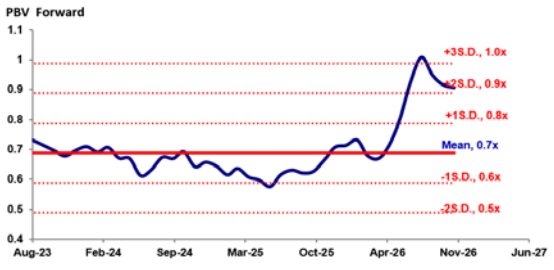
Source: TCAP., UOB Kay Hian

PE Band



Source: UOB Kay Hian

P/B Band



Source: UOB Kay Hian

Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Interest income	4,480	3,935	3,897	3,900
Interest expense	(1,857)	(1,571)	(1,240)	(1,112)
Net interest income/(expense)	2,623	2,364	2,657	2,787
Fees & Commissions	193	524	407	480
Income From Insurance	12,258	12,596	12,654	12,662
Net Trading Income	751	1,718	1,699	1,703
Other Income	6,327	6,596	6,603	6,602
Non-Interest Income	19,529	21,434	21,363	21,448
Total Income	22,151	23,798	24,020	24,235
Staff Costs	(881)	(931)	(972)	(950)
Other Operating Expense	(11,897)	(12,091)	(12,196)	(12,169)
Pre-Provision Profit	9,373	10,776	10,852	11,115
Loan Loss Provision	(738)	(321)	(484)	(571)
Pre-tax profit	8,635	10,455	10,368	10,544
Tax	(570)	(767)	(728)	(734)
Minorities	(439)	(624)	(620)	(630)
Net profit	7,626	9,063	9,020	9,180
Net profit (adj.)	7,626	9,063	9,020	9,180

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	26,109	27,935	28,370
Interbank Loans	10,743	7,721	7,489	7,491
Customer Loans	46,423	43,020	43,545	43,879
Investment Securities	3,328	2,610	2,552	2,549
Derivative Receivables	0	0	0	0
Associates & JVs	66,964	66,537	66,537	66,537
Properties & Other Fixed Assets	4,635	5,209	4,968	4,787
Goodwill & Intangible Assets	83	67	67	67
Other Assets	2,602	2,159	2,131	2,132
Total assets	154,674	153,438	155,230	155,818
Interbank Deposits	6,096	5,861	6,038	6,104
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	36,380	33,392	29,151
Other Liabilities	4,069	4,190	4,250	4,270
Insurance Fund Liabilities	13,523	14,855	14,855	14,855
Total liabilities	69,513	61,287	58,535	54,379
Shareholders' funds	80,514	86,510	90,602	94,881
Minority interest	5,498	5,769	6,220	6,685
Total Equity & Liabilities	155,524	153,565	155,357	155,945

Operating Ratios

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Capital Adequacy				
Total Assets/Equity	2	2	2	2
Tangible Assets/Tangible Common Equity	2	2	2	2
Asset Quality				
NPL Ratio	4	4	3	3
Loan Loss Coverage	140	150	163	162
Loan Loss Reserve/Gross Loans	5	6	5	5
Increase in NPLs	9	(8)	(16)	(6)
Credit Cost (bp)	134	68	107	125
Liquidity				
Liquid Assets/Short-Term Liabilities	503	577	587	588
Liquid Assets/Total Assets	20	22	23	23

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Growth				
Net Interest Income, yoy Chg	(11)	(10)	12	5
Fees & Commissions, yoy Chg	(64)	171	(22)	18
Pre-Provision Profit, yoy Chg	11	15	1	2
Net Profit, yoy Chg	16	19	0	2
Customer Loans, yoy Chg	(21)	(7)	1	1
Profitability				
Net Interest Margin	3	3	3	3
Cost/Income Ratio	58	55	55	7
Adjusted ROA	5	6	6	6
Reported ROE	10	11	10	10
Adjusted ROE	10	11	10	10
Valuation				
P/BV	1	1	1	1
P/NTA	1	1	1	1
Adjusted P/E	11	9	9	9
Dividend Yield	4	6	6	6

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