TMBThanachart Bank (TTB TB)

3Q26 Results Preview: Improving Loan Growth And Lower Credit Costs Support Stable Earnings

Highlights

- We expect TTB to report a 3Q26 net profit of Bt5.45b, up 2.8% yoy but slightly down 1.2% qoq.
- Loan growth should improve, while credit costs are projected to ease qoq.
- Maintain HOLD with an unchanged target price of Bt3.20.

Analysis

- **Earnings up yoy but down slightly qoq.** We expect TMBThanachart Bank (TTB) to report a 3Q26 net profit of Bt5.45b, up 2.8% yoy but down slightly by 1.2% qoq. Excluding provisions, pre-provision operating profit (PPOP) is likely to increase 4.4% yoy and 0.1% qoq.
- **Loan portfolios could expand qoq.** TTB's loan portfolio should grow 1.1% qoq, while slightly declining 0.1% yoy. The qoq growth should be driven by consumer loans, supported by risk-based pricing loans and growth in high-yield retail loans, while the yoy decline should continue due to ongoing loan repayments. Auto loans are expected to remain challenging.
- **Non-II to normalise from 3Q26 onwards.** We expect non-interest income (non-II) to decline 9.7% qoq but increase 17.8% yoy. 2Q26 non-II grew 11% qoq, mainly driven by customers shifting from wealth deposits to wealth products and portfolio rebalancing. This impact should normalise, as guided by management, given cooling market sentiment compared with 1H26 and continued competition among banks in wealth management.
- **NIM to improve qoq.** TTB's continued focus on high-yield and risk-based pricing loans should support loan yields and NIM. Meanwhile, the ongoing reduction in time-deposit deposits through the shift towards hybrid products, together with deposit repricing, should further support funding costs. As a result, we expect NIM to improve qoq to 2.95% in 3Q26 from 2.88% in 2Q26.
- **Credit costs expected to decline qoq.** We forecast 3Q26 provisions at Bt3.86b, down 3.1% yoy and 4.5% qoq, following elevated provisioning in 1H26. TTB's Bt1.1b management overlay in 2Q26, mainly related to higher probability of default assumptions and secured customers, should provide some cushion for credit costs. As provisions were already front-loaded in 1H26, we see potential for partial overlay releases going forward. Overall, 3Q26 credit cost is expected to decline to 129bp from 136bp in 2Q26.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net interest income	56,451.6	50,636.8	48,062.8	48,725.3	50,937.5
Non-Interest Income	12,960.5	15,040.3	18,976.0	18,994.5	19,912.3
Net profit (rep./act.)	21,072.2	20,639.4	21,793.4	19,881.1	19,736.1
Net profit (adj.)	21,072.2	20,639.4	21,793.4	19,881.1	19,736.1
EPS (Bt)	0.2	0.2	0.2	0.2	0.2
PE (x)	14.1	13.0	13.8	15.2	15.3
P/B (x)	1.2	1.1	1.3	1.3	1.3
Dividend yield (%)	7.0	6.6	5.2	5.1	5.3
Net int margin (%)	3.2	3.0	2.9	3.0	3.0
Cost/income Ratio (%)	42.6	45.0	44.8	42.9	43.1
Loan loss cover (%)	151.0	152.0	157.0	156.0	150.0
Consensus net profit	n.a	n.a	20,299.2	18,796.3	18,328.1
UOBKH/Consensus (x)	n.a	n.a	1.1	1.1	1.1

Source: TMBThanachart Bank, Bloomberg, UOB Kay Hian

Analyst(s)

Thanawat Thangchadakorn
thanawat@uobkh.co.th
(662) 090 3360

Assistant Analyst(s)

Panjarat Thaweesriprasert

HOLD (Maintained)

Share Price	Bt3.08
Target Price	Bt3.20
Upside	3.90%

Stock Data

Sector	Financials
Bloomberg ticker	TTB TB
Shares issued (m)	91,623.8
Market cap (Btm)	273,038.8
Market cap (US$m)	8,117.0
3-mth avg daily t'over (US$m)	23.4

Price Performance (%)

52-week high/low: Bt3.18/Bt1.80

1mth	3mth	6mth	1yr	YTD
25.2	31.9	46.1	57.7	47.5

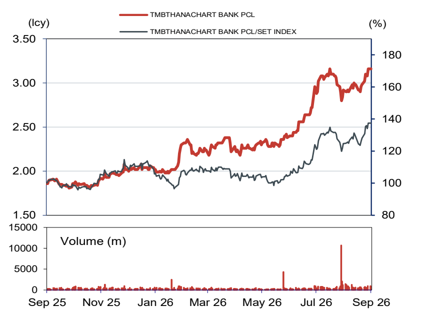
Major Shareholders (%)

Thanachart Capital	24.37
ING BANK N.V.	21.69

Balance Sheet Metrics

FY26 NAV/Share (Bt)	2.3
FY26 Net Debt/Share (Bt)	n.a

Price Chart



Source: Bloomberg

Company Description

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

- **DBS retail portfolio acquisition to support fee income.** TTB has announced a strategic partnership with DBS to expand investment opportunities and wealth management services for retail customers. Initially, DBS's Thai baht-denominated investment portfolios will be transferred to TTB Wealth Securities, with the transaction expected to be completed by May 27. We are positive on this move, as it should help TTB expand its brokerage market share and provide opportunities for further collaboration on global investment products for TTB customers.

3Q26 Results Preview

Year to 31 Dec (Btm)	3Q26F	2Q26	3Q25	qoq chg (%)	yoy chg (%)
Total gross loans	1,205,106	1,191,825	1,205,800	1.1	(0.1)
Net interest income	11,747	11,600	12,405	1.3	(5.3)
Non-interest income	4,603	5,079	3,908	(9.4)	17.8
Loan loss provision	(3,857)	(4,040)	(3,980)	(4.5)	(3.1)
Non-Interest Expenses	(7,044)	(8,051)	(7,403)	(12.5)	(4.8)
Pre-provision operating profit	9,306	9,292	8,910	0.1	4.4
Net income	5,448	5,513	5,299	(1.2)	2.8
EPS (Bt)	0.06	0.06	0.06	(1.2)	0.9
Ratio (%)					
NPL Ratio	2.90	2.93	2.81		
Loan loss coverage ratio (%)	157	157	151		
Reported NIM %	2.95	2.88	3.02		
Reported Credit cost (bp)	129	136	132		
Cost to income (%)	43	48	45		
CET1 ratio %	17.2	17.0	17.9		

Source: TTB, UOB Kay Hian

Valuation/Recommendation

- **Maintain HOLD with an unchanged target price of Bt3.20,** using the Gordon Growth Model (cost of equity: 11%, long-term growth: 2.0%). This implies 1.37x 2026F P/B.

Earnings Revision/Risk

- We fine-tune TTB's 2026-28 earnings forecasts by -2.1%, 0.3%, and 1.6% respectively.

Share Price Catalyst

- Upgrade in dividend payout ratio.

Environment, Social, Governance (ESG) Updates

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

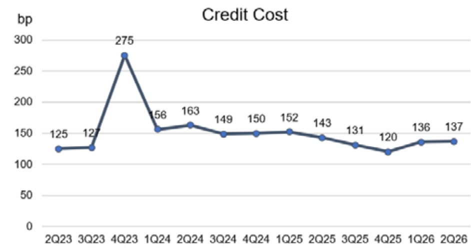
- **Cybersecurity and data privacy.** To ensure the stability and security of systems and operations, and to mitigate cybersecurity risks that could result in financial and reputational losses.

2026 Financial Targets

	1H26 Actual	2026 Target	2025 Actual
Loan growth	-1.8%	0-2%	-3.1%
Deposit growth	+0.4%	In line with loan growth	-4.4%
NIM	3.02%	3.0-3.1%	3.04%
Non-NII growth	+38.5% yoy	Single digit	16.2%
Cost to income	46%	Mid 40s	45%
NPL ratio	2.93%	<= 3.2%	2.87%
Credit cost	91bp/136bp	130-135bp	Normal 106bp (Total 136bp)

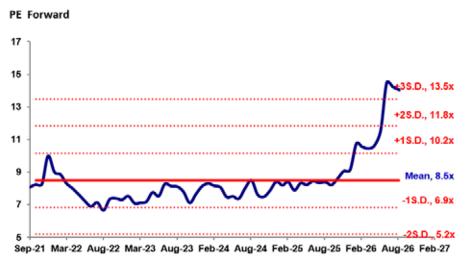
Source: TTB, UOB Kay Hian

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	66,251	68,340	71,397
Interest expense	(21,460)	(18,188)	(19,615)	(20,460)
Net interest income/(expense)	50,637	48,063	48,725	50,937
Fees & Commissions	10,209	12,307	12,579	13,213
Net Trading Income	2,324	3,848	3,966	4,082
Other Income	2,508	2,821	2,449	2,617
Non-Interest Income	15,040	18,976	18,994	19,912
Total Income	65,677	67,039	67,720	70,850
Staff Costs	(15,768)	(16,051)	(15,677)	(16,799)
Other Operating Expense	(13,765)	(13,948)	(13,373)	(13,732)
Pre-Provision Profit	36,144	37,040	38,670	40,319
Loan Loss Provision	(16,485)	(15,582)	(14,126)	(15,953)
Pre-tax profit	19,658	21,458	24,545	24,366
Tax	981	330	(4,663)	(4,629)
Minorities	0	5	0	0
Net profit	20,639	21,793	19,881	19,736
Net profit (adj.)	20,639	21,793	19,881	19,736

Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Cash With Central Bank	12,633	18,477	19,099	19,751
Govt Treasury Bills & Securities	237,852	186,908	200,742	221,857
Interbank Loans	181,399	186,791	193,881	200,732
Customer Loans	1,153,575	1,169,704	1,211,713	1,257,477
Investment Securities	22,943	24,648	25,259	26,013
Derivative Receivables	9,602	13,143	13,814	14,377
Associates & JVs	8,593	8,613	8,613	8,613
Properties & Other Fixed Assets	31,475	31,185	32,555	33,902
Goodwill & Intangible Assets	25,310	25,219	25,219	25,219
Other Assets	18,584	23,151	24,306	25,036
Total assets	1,701,966	1,687,840	1,755,200	1,832,978
Interbank Deposits	98,179	99,518	102,742	106,222
Customer Deposits	1,269,509	1,302,868	1,349,123	1,395,437
Bills Payable	2,973	2,860	2,860	2,860
Derivative Payables	5,841	11,682	12,197	12,589
Subordinated Debts	15,126	(22,445)	(10,351)	16,820
Other Liabilities	66,144	64,140	64,903	66,363
Total liabilities	1,457,772	1,458,623	1,521,475	1,600,290
Shareholders' funds	244,194	229,177	233,686	232,649
Minority interest	0	40	40	40
Total Equity & Liabilities	1,701,966	1,687,840	1,755,201	1,832,978

Operating Ratios

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Capital Adequacy				
Tier-1 CAR	17	17	16	16
Total CAR	20	19	18	18
Total Assets/Equity	7	7	8	8
Tangible Assets/Tangible Common Equity	8	8	8	9
Asset Quality				
NPL Ratio	3	3	3	3
Loan Loss Coverage	152	157	156	150
Loan Loss Reserve/Gross Loans	5	5	5	4
Increase in NPLs	0	1	0	0
Credit Cost (bp)	134	127	113	123
Liquidity				
Loan/Deposit Ratio	91	90	90	90
Liquid Assets/Short-Term Liabilities	32	28	28	29
Liquid Assets/Total Assets	25	23	24	24

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Growth				
Net Interest Income, yoy Chg	(10)	(5)	1	5
Fees & Commissions, yoy Chg	9	21	2	5
Pre-Provision Profit, yoy Chg	(9)	2	4	4
Net Profit, yoy Chg	(2)	6	(9)	(1)
Customer Loans, yoy Chg	(3)	1	4	4
Profitability				
Net Interest Margin	3	3	3	3
Cost/Income Ratio	45	45	43	43
Adjusted ROA	1	1	1	1
Reported ROE	9	9	9	8
Adjusted ROE	9	9	9	8
Valuation				
P/BV	1	1	1	1
P/NTA	1	1	1	1
Adjusted P/E	13	14	15	15
Dividend Yield	7	5	5	5