Tuesday, 11 August 2026

Thanachart Capital (TCAP TB)

2Q26: Results Beat; Dividend Income Boosts Earnings

Highlights

- TCAP reported a net profit of Bt2.64b in 2Q26, up 28% yoy and 24% qoq.
- Share buyback programme announcement boosts the share price.
- Maintain HOLD with a higher target price of Bt94.00 (previously: Bt60.00)

2Q26 Results

Year to 31 Dec (Btm)	2Q26	1Q26	2Q25	qoq chg (%)	yoy chg (%)
Total gross loans	45,995	47,955	54,497	(4.1)	(15.6)
Net interest income	576	609	658	(5.4)	(12.5)
Non-interest income	5,770	4,858	5,164	18.8	11.7
Loan loss provision	(54)	(28)	(261)	91.0	(79.2)
Non-Interest Expenses	(437)	(378)	(425)	15.5	2.8
Pre-provision operating profit	3,096	2,525	2,616	22.6	18.3
Net income	2,641	2,123	2,067	24.4	27.8
EPS (Bt)	2.52	2.02	1.97	24.4	27.8
Ratio (%)					
NPL ratio (%)	4.0	4.0	3.2		
Loan loss coverage ratio (%)	144	138	159		
Net interest margin (NIM %)	2.8	3.0	3.1		
Credit cost (bp)	46	24	184		
Cost to income (%)	7	7	7		
Return on Equity (%)	12.7	10.4	10.9		

Source: TCAP, UOB Kay Hian

Analysis

- 2Q26 earnings beat. Thanachart Capital (TCAP) reported a 2Q26 net profit of Bt2.64b, beating our and consensus expectations by 32% and 25% respectively. The company's net profit rose 28% yoy and 24% qoq in 2Q26. The key contributor to the decent earnings was a dividend income of Bt797m in this quarter. Ratchthani Leasing (THANI), one of TCAP's subsidiaries, reported a yoy and qoq decrease in provision expenses and credit costs in 2Q26. Excluding provision expenses, TCAP's pre-provision operating profit rose 18% yoy and 23% qoq in 2Q26.
- Loan portfolio shrank yoy and qoq. TCAP reported a loan portfolio of Bt46b in 2Q26, contracting 16% yoy and 4% qoq. This was mainly caused by THANI continuing to downsize its loan portfolio in 2Q26 to maintain good asset quality. We expect THANI to resume growing its loan portfolio in 2H26, although the truck business is expected to face some pressure from the ongoing conflict in the Middle East, resulting in higher oil prices.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net interest income	2,948.5	2,622.5	2,465.2	2,686.6	2,815.6
Non-Interest Income	18,924.2	19,528.8	21,105.2	21,085.6	21,126.9
Net profit (rep./act.)	6,554.8	7,625.6	9,161.8	9,196.9	9,369.2
Net profit (adj.)	6,554.8	7,625.6	9,161.8	9,196.9	9,369.2
EPS (Bt)	6.2	7.3	8.7	8.8	8.9
PE (x)	13.8	11.9	9.9	9.8	9.6
P/B (x)	1.2	1.1	1.0	1.0	1.0
Dividend yield (%)	3.8	4.1	5.5	5.6	5.7
Net int margin (%)	3.4	3.1	3.1	3.4	3.5
Cost/income Ratio (%)	61.2	57.7	53.3	52.8	6.6
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	1.2	1.2	1.2

Source: Thanachart Capital, Bloomberg, UOB Kay Hian

Analyst(s)

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HOLD (Maintained)

Share Price	Bt86.25
Target Price	Bt94.00
Upside	+9.0%
Previous TP	Bt60.00

Stock Data

Sector	Financials
Bloomberg ticker	TCAP TB
Shares issued (m)	1,048.6
Market cap (Btm)	90,448.7
Market cap (US$m)	2,740.3
3-mth avg daily t'over (US$m)	8.7

Price Performance (%)

52-week high/low: Bt88.50/Bt49.75

1mth	3mth	6mth	1yr	YTD
20.2	51.3	52.0	75.1	48.1

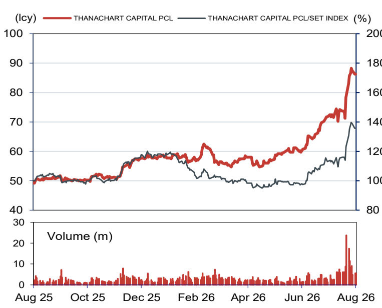
Major Shareholders (%)

MBK	24.90
Thai NVDR	8.03
Somchai Limthilakun	2.55

Balance Sheet Metrics

FY26 NAV/Share (Bt)	82.3
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 Bt5.77b, up 12% yoy and 19% qoq in 2Q26. Share of profit from investment rose 13% yoy and 4% qoq. Insurance income rose 4% yoy and 1% qoq. Meanwhile, dividend income was Bt797m in 2Q26.
- A qoq increase in credit cost. The company reported provision expenses of Bt54m in 2Q26, decreasing 80% yoy but up 91% qoq. This resulted in credit costs dropping 138bp yoy but up 22bp qoq, and have been reported at 46bp in 2Q26. NPL ratio stabilised qoq at 4.0% in 2Q26.
- A gradual pickup in used truck prices. We have seen strong signs of recovery in the used truck business following the increase in the used truck price index ytd. However, the market is currently concerned about the potential impact from Middle East tensions. We expect THANI to resume growing its loan portfolio in 2H26, although the truck business is expected to face some pressure from the ongoing conflict in the Middle East, resulting in higher oil prices. We expect THANI to benefit from government disbursements for the 2027 fiscal budget starting in Oct 26.
- Announcement of a share buyback programme boosts the share price. TCAP announced a share buyback programme with a budget not exceeding Bt7.5b, for a maximum of 104,861,673 shares (10% of total paid-up shares). The share repurchase is scheduled from 17 Aug 26 to 16 Feb 27. The share buyback will be operated by the Automatic Order Matching (AOM) system. TCAP intends to enhance ROE with an intention to reduce shareholders' equity. We are positive on this action, which will increase TCAP's ROE and act as a catalyst for the share price. However, the current share price is trading at 1.0x 2026F P/B. We reckon the company will cautiously buy back shares when the P/B is trading above the 1x level. Therefore, we might see just a partial share buyback instead of 100% budget utilisation in buying back shares. This may result in further improvement in dividend payout.

Valuation/Recommendation

- Maintain HOLD with a higher target price of Bt94.00 (previously Bt60.00) using the Gordon Growth Model (cost of equity: 11.5%, long-term growth: 2%). We have rolled over the target price to 2027. The target price implies 1.09x 2027F P/B, which is above +3SD to its historical five-year P/B mean.

Earnings Revision/Risk

- We revise TCAP's earnings forecasts for 2026-28 upward by 13.4%, 11.5%, and 11.7%, respectively reflecting the beat earning results in 2Q26.

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

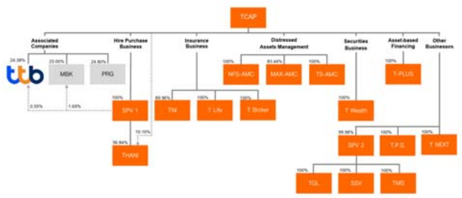
- Good corporate governance. The board shall ensure that Thanachart Group has a sound risk governance framework, adequate audit process, internal control system, risk management, and managerial regulation

Results Of Subsidiaries In 2Q26

Subsidiary	%Share holding	------- Net Profit (Btm) ------		
		2Q26	1Q26	2Q25
THANI	66.94%	360	340	279
TNI	89.96%	442	446	281
TS AMC	100.00%	(6)	(5)	(7)
MAX AMC	83.44%	(7)	(3)	(6)
NFS AMC	100.00%	(35)	(32)	(33)
T LIFE	100.00%	97	29	41

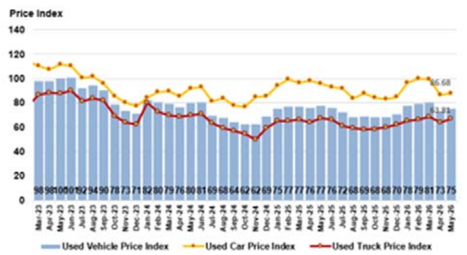
Source: TCAP, UOB Kay Hian

Shareholder Structure (June 26)



Source: TCAP., UOB Kay Hian

Used-Vehicle Price Index (May 26)



Source: BOT, 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	4,007	3,987	3,997
Interest expense	(1,857)	(1,542)	(1,300)	(1,182)
Net interest income/(expense)	2,623	2,465	2,687	2,816
Fees & Commissions	193	514	407	478
Income From Insurance	12,258	12,379	12,385	12,385
Net Trading Income	751	1,609	1,682	1,653
Other Income	6,327	6,603	6,612	6,611
Non-Interest Income	19,529	21,105	21,086	21,127
Total Income	22,151	23,570	23,772	23,942
Staff Costs	(881)	(863)	(844)	(820)
Other Operating Expense	(11,897)	(11,706)	(11,706)	(11,668)
Pre-Provision Profit	9,373	11,001	11,222	11,454
Loan Loss Provision	(738)	(423)	(638)	(679)
Pre-tax profit	8,635	10,578	10,584	10,776
Minorities	(439)	(624)	(622)	(633)
Net profit	7,626	9,162	9,197	9,369
Net profit (adj.)	7,626	9,162	9,197	9,369

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	24,405	25,359	25,669
Interbank Loans	10,743	7,940	7,759	7,817
Customer Loans	46,423	44,143	44,760	45,320
Investment Securities	3,328	2,735	2,718	2,742
Derivative Receivables	0	0	0	0
Associates & JVs	66,964	68,344	68,344	68,344
Properties & Other Fixed Assets	4,635	4,434	4,432	4,439
Goodwill & Intangible Assets	83	72	72	72
Other Assets	2,602	2,203	2,181	2,190
Total assets	154,674	154,281	155,629	156,598
Interbank Deposits	6,096	5,583	5,605	5,655
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	39,599	36,205	32,304
Other Liabilities	4,069	4,236	4,314	4,357
Insurance Fund Liabilities	13,523	13,983	13,983	13,983
Total liabilities	69,513	63,401	60,107	56,300
Shareholders' funds	80,514	86,309	90,498	94,808
Minority interest	5,498	5,814	6,267	6,733
Total Equity & Liabilities	155,524	155,523	156,871	157,840

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	3	3	3
Loan Loss Coverage	140	162	165	165
Loan Loss Reserve/Gross Loans	5	5	5	5
Increase in NPLs	9	(18)	(6)	(3)
Credit Cost (bp)	134	89	137	144
Liquidity				
Liquid Assets/Short-Term Liabilities	503	579	591	592
Liquid Assets/Total Assets	20	21	21	21

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Growth				
Net Interest Income, yoy Chg	(11)	(6)	9	5
Fees & Commissions, yoy Chg	(64)	166	(21)	17
Pre-Provision Profit, yoy Chg	11	17	2	2
Net Profit, yoy Chg	16	20	0	2
Customer Loans, yoy Chg	(21)	(5)	1	1
Profitability				
Net Interest Margin	3	3	3	3
Cost/Income Ratio	58	53	53	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	12	10	10	10
Dividend Yield	4	6	6	6