TMBThanachart Bank (TTB TB)

2Q26: Results Beat; Non-II Boosts Bottom Line

Highlights

- TTB reported a net profit of Bt5.51b in 2Q26, up 10% yoy and 7% qoq.
- We expect TTB to switch from share buyback to a cash dividend payment.
- Maintain HOLD with a higher target price of Bt3.20 (previously Bt2.30).

2Q26 Results

Year to 31 Dec (Btm)	2Q26	1Q26	2Q25	qoq chg (%)	yoy chg (%)
Total gross loans	1,191,825	1,186,468	1,213,750	0.5	(1.8)
Net interest income	11,600	11,678	12,742	(0.7)	(9.0)
Non-interest income	5,079	4,582	3,639	10.8	39.5
Loan loss provision	(4,040)	(3,994)	(4,294)	1.1	(5.9)
Non-Interest Expenses	(8,051)	(7,642)	(7,271)	5.3	10.7
Pre-provision operating profit	9,292	9,090	9,110	2.2	2.0
Net income	5,513	5,170	5,004	6.6	10.2
EPS (Bt)	0.06	0.06	0.05	6.6	22.7
Ratio (%)					
NPL Ratio	2.93	2.93	2.7		
Loan loss coverage ratio (%)	157	154	149		
Reported NIM %	3.03	3.02	3.07		
Reported Credit cost (bp)	137	136	143		
Cost to income (%)	48	47	44		
CET1 ratio %	17.0	17.7	17.8		

Source: TTB, UOB Kay Hian

Analysis

- **2Q26 results beat.** TMBThanachart Bank (TTB) posted 2Q26 net profit of Bt5.51b (+10% yoy, +7% qoq). The results beat our and consensus estimates by 6% and 7% respectively. Excluding provisions, pre-provision operating profit (PPOP) increased by 2% yoy and 2% qoq.
- **Loan portfolio grew qoq.** Loan portfolio contracted 1.8% yoy but expanded 0.5% qoq in 2Q26. Net-interest income (NII) declined 9% yoy and 1% qoq. NIM slightly increased to 3.03% in 2Q26 from 3.02% in 1Q26. Non-interest income (non-II) increased 40% yoy and 11% qoq.
- **High-yield loans will be key drivers of NIM.** TTB reiterated its commitment to growing its loan portfolio, with a focus on steering the loan mix toward high-yield retail loan products. TTB has applied a risk-based pricing model to Cash2Go to acquire higher-quality, higher-yield loans. Meanwhile, the commercial loan segment remains selective, specifically targeting corporate energy clients with lower risk and connections to solar farm projects to achieve growth.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net interest income	56,451.6	50,636.8	48,242.3	49,062.1	51,238.9
Non-Interest Income	12,960.5	15,040.3	18,825.4	18,909.3	19,785.6
Net profit (rep./act.)	21,072.2	20,639.4	22,266.1	19,825.4	19,423.2
Net profit (adj.)	21,072.2	20,639.4	22,266.1	19,825.4	19,423.2
EPS (Bt)	0.2	0.2	0.2	0.2	0.2
PE (x)	13.6	12.6	11.7	13.1	13.4
P/B (x)	1.2	1.1	1.1	1.1	1.1
Dividend yield (%)	7.0	6.9	5.5	5.2	5.2
Net int margin (%)	3.2	3.0	2.9	3.0	3.0
Cost/income Ratio (%)	42.6	45.0	44.6	42.9	43.0
Loan loss cover (%)	151.0	152.0	156.0	155.0	151.0
Consensus net profit	n.a	n.a	20,316.6	18,680.4	18,555.6
UOBKH/Consensus (x)	n.a	n.a	1.1	1.1	1.0

Source: TMBThanachart Bank, Bloomberg, UOB Kay Hian

HOLD (Maintained)	
Share Price	Bt2.96
Target Price	Bt3.20
Upside	8.1%
Previous TP	Bt2.30

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Stock Data

GICS sector	Financials
Bloomberg ticker:	TTB TB
Shares issued (m):	91,623.8
Market cap (Btm):	271,206.3
Market cap (US$m):	8,062.7
3-mth avg daily t'over (US$m):	25.0

Price Performance (%)

52-week high/low: Bt3.0/Bt1.8

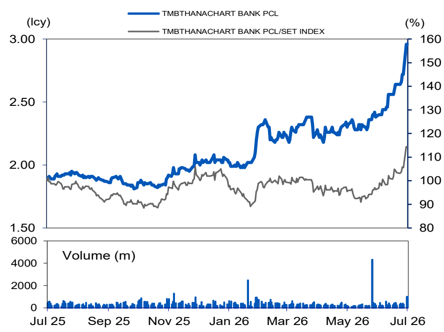
1mth	3mth	6mth	1yr	YTD
24.4	33.3	43.7	56.6	46.5

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)	2.7
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 in on retail lending, which accounts for 62% of loan book

- **Credit cost increased qoq.** TTB set provision expenses of Bt4.04b in 2Q26 (-5.9% yoy, +1.1% qoq), equivalent to a credit cost of 137bp (+1bp qoq). Normal provisions amounted to Bt2.92b, equivalent to a credit cost of 99bp. Management overlay was Bt1.1b in 2Q26 (vs 1Q26's Bt1.6b).
- **Robust asset quality.** NPL ratio is stable at 2.93% qoq. The loan-loss coverage ratio increased from 154% to 157% in 2Q26. The remaining tax benefit is around Bt3.4b, which can be subsequently recognised within 2028.
- **Expect to switch from share buyback to a cash dividend payment.** TTB's CEO said the bank has completed its share buyback with a budget of Bt21b, one year ahead of schedule. TTB still has a Bt14b budget remaining for share buybacks from now till 2028. Given that its P/B ratio is above 1.0x and taking into account the recent share price rally, the bank will consider utilising capital wisely to return value to shareholders. In our view, we expect the bank to release capital by increasing its dividend payout or paying out a special dividend in the future.
- **Room to increase dividend payout ratio.** Based on the current dividend payout ratio of 60%, the CEO guided that a 70% dividend payout ratio is possible. However, there is no formal plan or commitment yet regarding the increase. TTB has set a double-digit ROE as a long-term aspiration. Hence, the potential to increase dividend payout ratio would be the key support in the future.
- **Release of management overlay will be a positive surprise.** TTB added a management overlay (MO) of Bt1.6b in 1Q26 to cushion against the deterioration in the residential outlook. Meanwhile, the bank recently added an MO of Bt1.1b in 2Q26 to create a further cushion for secured loans. The CEO said there is a possibility of releasing the MO if concerns gradually fade in the future. We believe this potential MO release could be a positive surprise.

Valuation/Recommendation

- **Maintain HOLD with a higher target price of Bt3.20 (previously Bt2.30).** using the Gordon Growth Model (cost of equity: 11%, long-term growth: 2.0%). This implies 1.18x 2026F P/B.

Earnings Revision/Risk

- We revise TTB's 2026-28 earnings forecasts upward by 9.2%, 9.1%, and 0.4% respectively, to reflect the decent 2Q26 results and its robust asset quality.

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

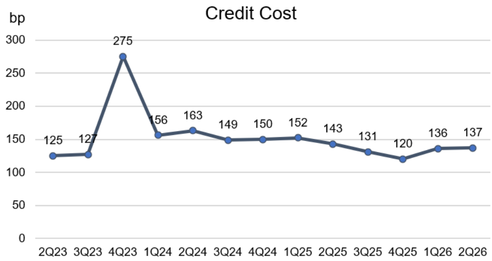
- Cybersecurity and data privacy. To ensure the stability and security of systems and operations, and to mitigate cybersecurity risks that could result in financial and reputational losses.

2026 Financial Targets

	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)

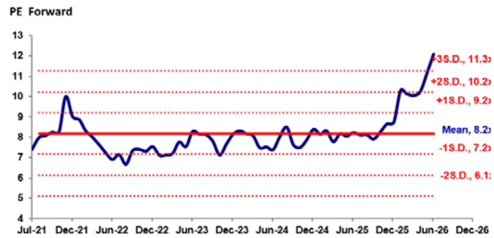
Source: TTB, UOB Kay Hian

Credit Cost (bp)



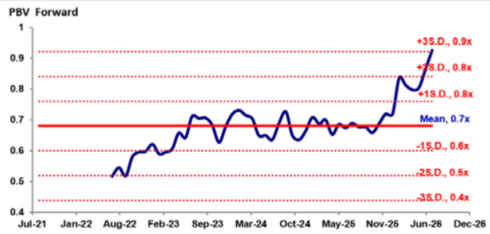
Source: TTB, UOB Kay Hian

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	66,329	68,231	71,200
Interest expense	(21,460)	(18,087)	(19,169)	(19,961)
Net interest income/(expense)	50,637	48,242	49,062	51,239
Fees & Commissions	10,209	12,155	12,502	13,097
Net Trading Income	2,324	3,850	3,958	4,071
Other Income	2,508	2,821	2,449	2,617
Non-Interest Income	15,040	18,825	18,909	19,786
Total Income	65,677	67,068	67,971	71,024
Staff Costs	(15,768)	(15,894)	(15,680)	(16,762)
Other Operating Expense	(13,765)	(14,036)	(13,450)	(13,805)
Pre-Provision Profit	36,144	37,138	38,841	40,458
Loan Loss Provision	(16,485)	(15,207)	(14,365)	(16,478)
Pre-tax profit	19,658	21,931	24,476	23,979
Tax	981	330	(4,650)	(4,556)
Minorities	0	5	0	0
Net profit	20,639	22,266	19,825	19,423
Net profit (adj.)	20,639	22,266	19,825	19,423

Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Cash With Central Bank	12,633	18,488	19,077	19,699
Govt Treasury Bills & Securities	237,852	187,019	200,506	221,275
Interbank Loans	181,399	186,902	193,654	200,206
Customer Loans	1,153,575	1,171,176	1,210,685	1,253,784
Investment Securities	22,943	24,663	25,229	25,945
Derivative Receivables	9,602	13,154	13,802	14,345
Associates & JVs	8,593	8,613	8,613	8,613
Properties & Other Fixed Assets	31,475	31,197	32,547	33,873
Goodwill & Intangible Assets	25,310	25,219	25,219	25,219
Other Assets	18,584	23,162	24,282	24,981
Total assets	1,701,966	1,689,592	1,753,614	1,827,941
Interbank Deposits	98,179	99,577	102,622	105,943
Customer Deposits	1,269,509	1,303,639	1,347,540	1,391,776
Bills Payable	2,973	2,860	2,860	2,860
Derivative Payables	5,841	11,688	12,183	12,556
Subordinated Debts	15,126	(29,831)	(19,894)	4,202
Other Liabilities	66,144	64,166	64,851	66,242
Total liabilities	1,457,772	1,452,099	1,510,161	1,583,578
Shareholders' funds	244,194	237,453	243,414	244,323
Minority interest	0	40	40	40
Total Equity & Liabilities	1,701,966	1,689,592	1,753,614	1,827,941

Operating Ratios

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	156	155	151
Loan Loss Reserve/Gross Loans	5	5	5	5
Increase in NPLs	0	1	0	0
Credit Cost (bp)	134	124	115	127
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 Metrics

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Growth				
Net Interest Income, yoy Chg	(10)	(5)	2	4
Fees & Commissions, yoy Chg	9	19	3	5
Pre-Provision Profit, yoy Chg	(9)	3	5	4
Net Profit, yoy Chg	(2)	8	(11)	(2)
Customer Loans, yoy Chg	(3)	2	3	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	8	8
Adjusted ROE	9	9	8	8
Valuation				
P/BV	1	1	1	1
P/NTA	1	1	1	1
Adjusted P/E	13	12	13	13
Dividend Yield	7	5	5	5

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