

## TMBThanachart Bank (TTB TB)

1Q26 Results Preview: Earnings To Dip on Higher Provisions;  
Asset Quality Stable

### Highlights

- We expect TTB to post a net profit of Bt5.09b in 1Q26, down 0.1% yoy and 2.8% qoq.
- Asset quality remains solid, with higher provisions driven by management overlay.
- Maintain HOLD with a higher target price of Bt2.30 (previously: Bt:2.06).

### Analysis

- 1Q26 net profit to decline yoy and qoq.** We anticipate TMBThanachart Bank (TTB) to report a 1Q26 net profit of Bt5.09b, reflecting a 0.1% yoy and 2.8% qoq decline. Excluding provisions, TTB's pre-provision operating profit (PPOP) is expected to increase by 5.1% qoq, but decrease by 3.7% yoy.
- Loan growth contracted amid uncertainties.** We expect loans to contract by 0.4% qoq and 0.9% yoy in 1Q26. The qoq decline is mainly due to seasonality, while the yoy contraction reflects the bank's continued prudence in new lending, alongside repayments from corporate clients. We expect TTB to continue growing high-yield retail and SME loans, in accordance with management guidance during the 4Q25 analyst meeting.
- Higher provisions despite resilient asset quality.** We expect the bank's asset quality to remain solid in 1Q26, with an NPL ratio of 2.89% (vs 2.87% in 4Q25). However, we anticipate TTB will set aside higher provisions, increasing by 10.6% qoq in 1Q26, implying a credit cost of 133bp (+13bp qoq, -16bp yoy), driven by a higher management overlay amid geopolitical and economic uncertainties.
- Fee softness qoq, trading to drive yoy growth** We expect non-interest income to decline by 2.8% qoq, mainly due to seasonally weaker fee and service income. Meanwhile, non-interest income is projected to increase by 21% yoy, driven by robust capital market trading activity and an improving economic environment. Overall, we estimate net interest margin (NIM) at 3.02% in 1Q26, in line with the company's 2026 target of 3.00-3.10%.

### Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net interest income	56,451.6	50,636.8	49,327.8	50,900.6	52,647.7
Non-Interest Income	12,960.5	15,040.3	15,214.8	15,117.2	16,351.2
Net profit (rep./act.)	21,072.2	20,639.4	20,410.8	18,018.4	19,098.5
Net profit (adj.)	21,072.2	20,639.4	20,410.8	18,018.4	19,098.5
EPS (Bt)	0.2	0.2	0.2	0.2	0.2
PE (x)	10.0	9.2	10.0	11.4	10.7
P/B (x)	0.9	0.8	0.8	0.8	0.8
Dividend yield (%)	7.0	6.8	5.7	5.6	5.8
Net int margin (%)	3.2	3.0	3.0	3.1	3.1
Cost/income Ratio (%)	42.6	45.0	42.4	41.3	41.5
Loan loss cover (%)	151.0	152.0	151.5	151.0	151.0
Consensus net profit	n.a	n.a	20,233.5	18,753.5	18,368.2
UOBKH/Consensus (x)	n.a	n.a	1.0	1.0	1.0

Source: TMBThanachart Bank, Bloomberg, UOB Kay Hian

**HOLD** (Maintained)

Share Price	Bt2.20
Target Price	Bt2.30
Upside	4.5%
Previous TP	Bt2.06

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### Stock Data

GICS sector	Financials
Bloomberg ticker:	TTB TB
Shares issued (m):	91,787.9
Market cap (Bt\$m):	200,097.7
Market cap (US\$m):	6,057.0
3-mth avg daily t'over (US\$m):	25.5

### Price Performance (%)

52-week high/low	Bt2.38/Bt1.74			
1mth	3mth	6mth	1yr	YTD
(6.0)	9.0	17.2	12.4	7.9

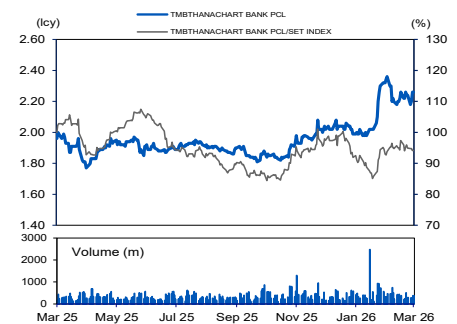
### Major Shareholders

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

### Balance Sheet Metrics

	%
FY26 NAV/Share (Bt)	2.7
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 in on retail lending, which accounts for 62% of loan book

- **Share buyback set to expand budget and period to 2028.** TTB has announced its third share buyback programme with a budget of Bt9.6b, with repurchased shares not exceeding 4.83% of total shares outstanding. The repurchase period will run from 20 Feb 26 to 19 Aug 26 through the Automated Order Matching (AOM) method. Furthermore, the bank will seek shareholder approval at the Annual General Meeting (AGM) to increase the total buyback budget by Bt14b from Bt21b to Bt35b, and extend the programme period from 2025-27 to 2025-28.

### 1Q26 Results Preview

Year to 31 Dec (Btm)	1Q26F	4Q25	1Q26	qoq chg (%)	yoy chg (%)
Total gross loans	1,207,588	1,213,039	1,219,166	(0.4)	(0.9)
Net interest income	12,182	12,272	13,220	(0.7)	(7.9)
Non-interest income	4,038	4,158	3,335	(2.9)	21.1
Loan loss provision	(4,017)	(3,631)	(4,580)	10.6	(12.3)
Non-Interest Expenses	(7,111)	(7,762)	(7,097)	(8.4)	0.2
Pre-provision operating profit	9,109	8,668	9,456	5.1	(3.7)
Net income	5,092	5,240	5,096	(2.8)	(0.1)
EPS (Bt)	0.05	0.06	0.05	(9.5)	3.6
<b>Ratio (%)</b>					
NPL Ratio	2.89	2.87	2.75		
Loan loss coverage ratio (%)	152	152	150		
Reported NIM %	3.02	3.00	3.16		
Reported Credit cost (bp)	133	120	148		
Cost to income (%)	44	47	43		
CET1 ratio %	18.2	17.5	18.2		

Source: TTB, UOB Kay Hian

### Valuation/Recommendation

- **Maintain HOLD with a higher target price of Bt2.30** using the Gordon Growth Model (cost of equity: 11%, long-term growth: 2.0%). This implies 0.86x 2026F P/B, which is +2.5SD to its historical five-year mean.

### Earnings Revision/Risk

- We fine-tune TTB's 2026-28 earnings forecasts up by 0.4%, 1%, and 3.4% respectively, to reflect robust asset quality and incorporate the impact from the share buyback.

### 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

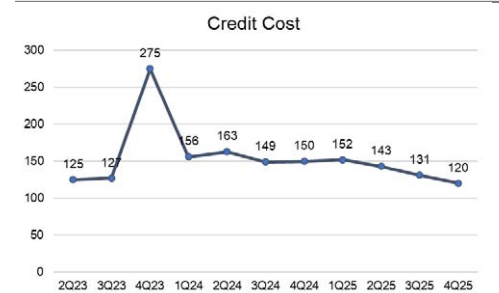
- **Cybersecurity and data privacy.** To ensure the stability and security of systems and operations, and to mitigate cybersecurity risks that could result in financial and reputational losses.

### 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)

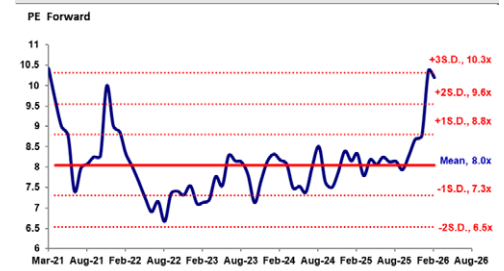
Source: TTB, UOB Kay Hian

### 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	67,047	68,228	70,838
Interest expense	(21,460)	(17,719)	(17,328)	(18,190)
Net interest income/(expense)	50,637	49,328	50,901	52,648
Fees & Commissions	10,209	10,394	10,165	11,187
Net Trading Income	2,324	2,900	2,948	3,019
Other Income	2,508	1,920	2,004	2,145
Non-Interest Income	15,040	15,215	15,117	16,351
Total Income	65,677	64,543	66,018	68,999
Staff Costs	(15,768)	(14,764)	(14,715)	(15,826)
Other Operating Expense	(13,765)	(12,605)	(12,521)	(12,819)
Pre-Provision Profit	36,144	37,173	38,781	40,353
Loan Loss Provision	(16,485)	(15,586)	(16,537)	(16,775)
Pre-tax profit	19,658	21,587	22,245	23,578
Tax	981	(1,176)	(4,227)	(4,480)
Minorities	0	0	0	0
Net profit	20,639	20,411	18,018	19,098
Net profit (adj.)	20,639	20,411	18,018	19,098

### Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Cash With Central Bank	12,633	18,544	18,943	19,380
Govt Treasury Bills & Securities	237,852	187,593	199,101	217,687
Interbank Loans	181,399	216,008	224,747	230,317
Customer Loans	1,153,575	1,176,924	1,203,765	1,234,426
Investment Securities	22,943	21,560	21,630	22,053
Derivative Receivables	9,602	8,832	8,779	9,027
Associates & JVs	8,593	8,593	8,593	8,593
Properties & Other Fixed Assets	31,475	31,589	32,565	33,576
Goodwill & Intangible Assets	25,310	25,310	25,310	25,310
Other Assets	18,584	18,235	18,486	18,831
<b>Total assets</b>	<b>1,701,966</b>	<b>1,713,189</b>	<b>1,761,919</b>	<b>1,819,199</b>
Interbank Deposits	98,179	99,455	101,599	103,958
Customer Deposits	1,269,509	1,301,369	1,330,314	1,361,050
Bills Payable	2,973	2,973	2,973	2,973
Derivative Payables	5,841	7,838	7,718	7,860
Subordinated Debts	15,126	(14,461)	(3,790)	16,794
Other Liabilities	66,144	63,725	64,343	65,395
<b>Total liabilities</b>	<b>1,457,772</b>	<b>1,460,899</b>	<b>1,503,156</b>	<b>1,558,030</b>
Shareholders' funds	244,194	252,290	258,763	261,170
Minority interest	0	0	0	0
<b>Total Equity &amp; Liabilities</b>	<b>1,701,966</b>	<b>1,713,189</b>	<b>1,761,919</b>	<b>1,819,199</b>

### Cash Flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
<b>Capital Adequacy</b>				
Tier-1 CAR	17	18	18	18
Total CAR	20	20	20	20
Total Assets/Equity	7	7	7	7
Tangible Assets/Tangible Common Equity	8	7	7	8
<b>Asset Quality</b>				
NPL Ratio	3	3	3	3
Loan Loss Coverage	152	152	151	151
Loan Loss Reserve/Gross Loans	5	5	5	4
Increase in NPLs	0	0	0	(3)
Credit Cost (bp)	134	127	132	131
<b>Liquidity</b>				
Loan/Deposit Ratio	91	90	90	0.0
Liquid Assets/Short-Term Liabilities	32	30	31	32
Liquid Assets/Total Assets	25	25	25	26

### Key Metrics

Year to 31 Dec (%)	2025	2026F	2027F	2028F
<b>Growth</b>				
Net Interest Income, yoy Chg	(10)	(3)	3	3
Fees & Commissions, yoy Chg	9	2	(2)	10
Pre-Provision Profit, yoy Chg	(9)	3	4	4
Net Profit, yoy Chg	(2)	(1)	(12)	6
Customer Loans, yoy Chg	(3)	2	2	3
<b>Profitability</b>				
Net Interest Margin	3	3	3	3
Cost/Income Ratio	45	42	41	42
Adjusted ROA	1	1	1	1
Reported ROE	9	8	7	7
Adjusted ROE	9	8	7	7
<b>Valuation</b>				
P/BV	1	1	1	1
P/NTA	1	1	1	1
Adjusted P/E	9	10	11	11
Dividend Yield	6.8	5.7	5.6	5.8

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