

BUY (Unchanged)

Company Update

TP: Bt 45.00

(Unchanged)

28 JANUARY 2026

Upside : 33.3%

Muangthai Capital Pcl (MTC TB)

A real bargain

We reiterate our BUY rating on MTC, as we see the stock as materially undervalued, trading at just 9x 2026F PE despite solid 15%/12% EPS growth in 2026–27F, underpinned by healthy loan growth and rising operating efficiency.

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A real bargain at 0.6x PEG; BUY

We reiterate BUY on MTC with a DDM-based 12-month TP (2026F base year) of Bt45. **First**, MTC looks like a real bargain to us, trading at a PE below 2STD of 9x, against strong 15%/12% EPS growth in 2026–27F. That implies a depressed 0.6x PE-to-growth (PEG). PE now looks unjustifiably below the COVID-19 crisis and US reciprocal tariff panic levels. **Second**, after years of aggressive expansion to strengthen its position as the largest player with >8,600 branches, MTC is entering a lower opex cycle through operational optimization and slowing branch expansion. **Third**, following the completion of its balance sheet clean-up in 2024, we expect MTC to sustain stable asset quality, with its NPL ratio maintained at ~2.6% and credit cost contained at ~240bps in 2026–27F. We also project resilient loan growth of 12%/10% in 2026–27F despite the launch of virtual banking in 2H26F.

A lower-opex growth cycle

MTC entered a new earnings upcycle in 2025F following its COVID-era balance-sheet clean-up. Growth is no longer driven by aggressive branch rollouts, as nationwide coverage is largely complete and the economy remains weak. We expect branch openings to slow to 400/350 in 2026–27F from ~800 p.a. over the past decade. Thus, cost-to-income ratio would be 47.9%/47.6% in 2026–27F from its 50.1% peak in 2021, when MTC opened a record 915 branches. Importantly, slower expansion should not cap growth, as branch productivity is set to accelerate with loans per branch rising 7% p.a. vs. 6% p.a. over the past three years.

Limited impact from virtual banks

The launch of three virtual banks in 2H26F could raise competitive risk for non-bank lenders over the next 12–18 months. However, we believe MTC remains resilient, supported by a proven branch-based model that enables relationship underwriting and strong collection in provincial economies. We thus still project loan growth of 12%/10% in 2026–27F. We also expect asset quality to remain stable, with credit costs easing to ~240bps (vs. 250bps in 2025F), NPL ratio holding at 2.6% (vs. 2.7% in 2025F), and coverage ratio improving to 139% by 2027F.

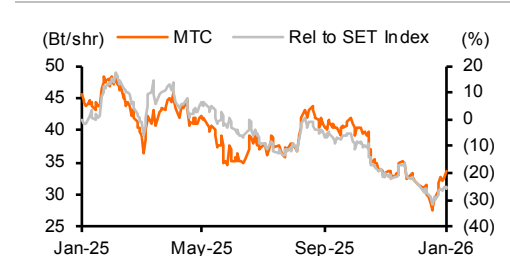
Higher-quality funding base

With a Bt178bn loan book in 3Q25, MTC is prioritizing funding stability by extending maturities to 5–7 years and diversifying into foreign currency borrowings. This strengthens sustainability but limits upside from rate cuts, with funding cost projected at 4.68%/4.65%/4.63% in 2025–27F (vs. 4.39% in 2024). Even so, earnings should stay resilient, with net profit still set to grow 15%/12% in 2026–27F, in line with peers. We think the market has priced this in, as seen by the stock's underperformance.

COMPANY VALUATION

Y/E Dec (Bt m)	2024A	2025F	2026F	2027F
Pre Provision Profit	11,970	12,593	14,193	15,797
Net profit	5,867	6,623	7,627	8,503
Consensus NP	—	6,716	7,712	8,917
Diff frm cons (%)	—	(1.4)	(1.1)	(4.7)
Norm profit	5,867	6,623	7,627	8,503
Prev. Norm profit	—	6,623	7,627	8,503
Chg frm prev (%)	—	(0.0)	(0.0)	(0.0)
Norm EPS (Bt)	2.8	3.1	3.6	4.0
Norm EPS grw (%)	19.6	12.9	15.2	11.5
Norm PE (x)	12.2	10.8	9.4	8.4
P/BV (x)	1.9	1.7	1.5	1.3
Div yield (%)	0.7	1.4	1.6	1.8
ROE (%)	17.0	16.7	16.6	16.1
ROA (%)	3.7	3.7	3.8	3.8

PRICE PERFORMANCE



COMPANY INFORMATION

Price as of 28-Jan-26 (Bt)	33.75
Market Cap (US\$ m)	2,304.2
Listed Shares (m shares)	2,120.0
Free Float (%)	32.2
Avg Daily Turnover (US\$ m)	9.1
12M Price H/L (Bt)	48.25/27.50
Sector	Finance
Major Shareholder	Petaumpai Family 67.45%

Sources: Bloomberg, Company data, Thanachart estimates

ESG Summary Report P10

A real bargain at 0.6x PEG; BUY

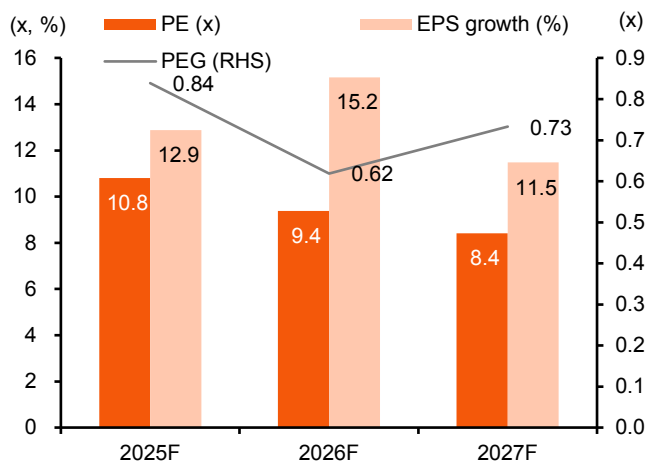
Undervalued with a solid growth outlook, in our view

We reiterate our **BUY** call on Muangthai Capital Pcl (MTC TB) with a DDM-based 12-month (2026F base year) TP of Bt45/share.

MTC looks **deeply undervalued**, trading at a **PE below 2STD of just 9x** despite a robust 15%/12% EPS growth outlook in 2026–27F, implying an exceptionally low PEG of only 0.6x. The stock is now priced at below COVID-crisis levels and even below the US reciprocal-tariff panic trough, which we view as fundamentally unjustified given its earnings resilience and improving operating leverage.

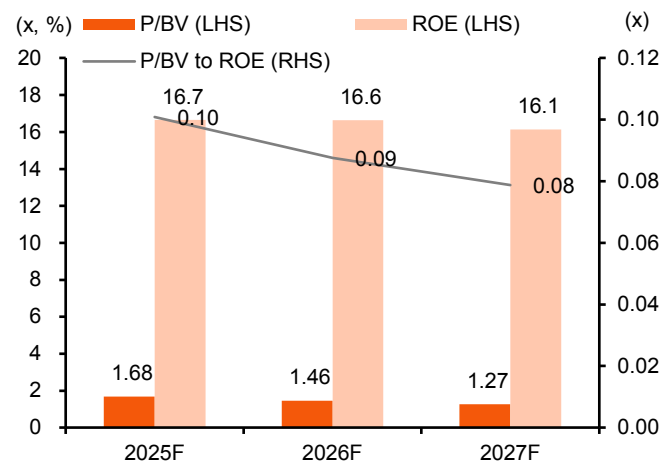
In our view, the market is overly discounting near-term macro noise, while underappreciating MTC's ability to sustain growth through a mature nationwide network and disciplined execution.

Ex 1: PEG Ratio



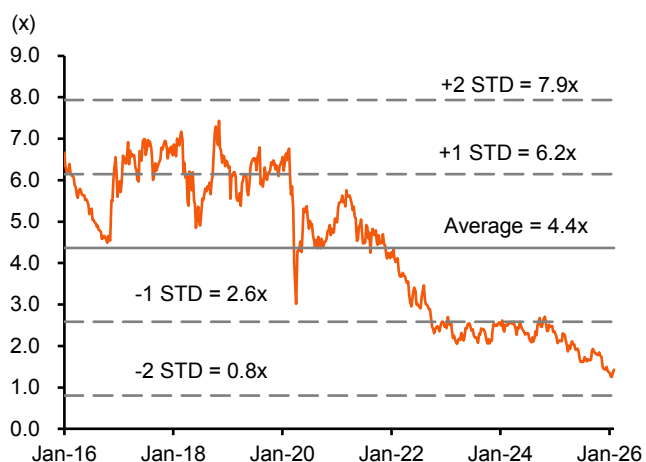
Sources: Company data, Thanachart estimates

Ex 2: P/BV To ROE



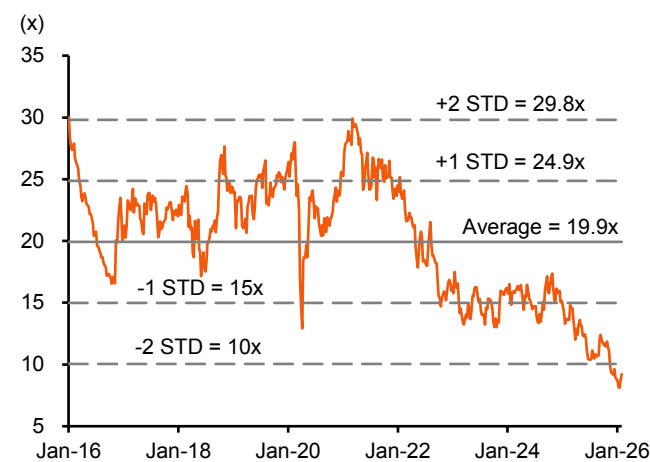
Sources: Company data, Thanachart estimates

Ex 3: P/BV STD



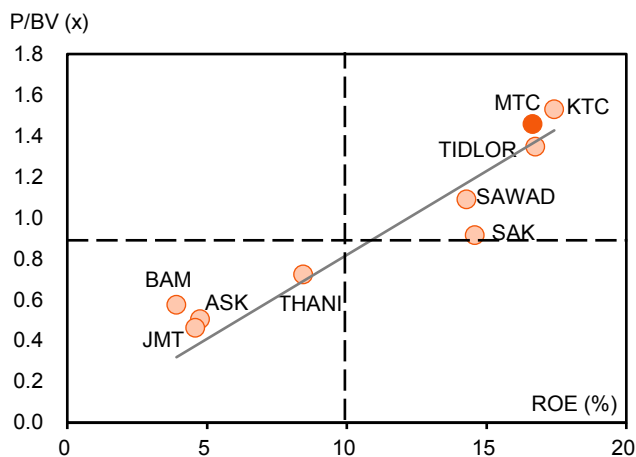
Sources: Bloomberg, Thanachart estimates

Ex 4: PE STD



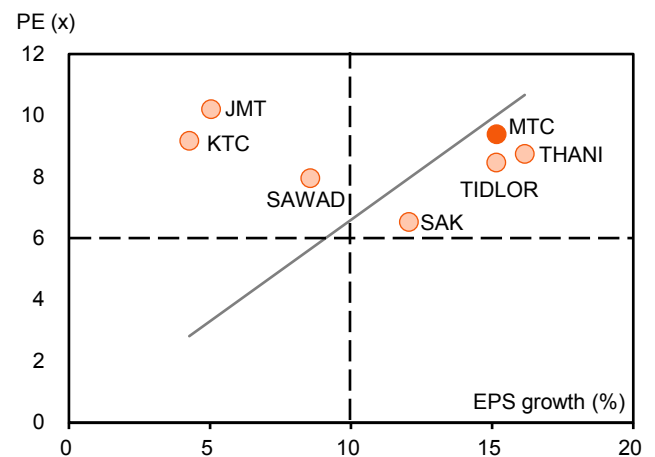
Sources: Bloomberg, Thanachart estimates

Ex 5: P/BV Vs. ROE In 2026F



Sources: Company data, Thanachart estimates

Ex 6: PE Vs. EPS Growth In 2026F



Sources: Company data, Thanachart estimates

Note: We exclude ASK in this chart due to abnormal growth from a low base

Ex 7: 12-month DDM-based Valuation Using A Base Year Of 2026F

(Bt m)	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	2035F	Terminal value
Dividend of common shares	1,144	1,275	1,415	1,568	5,791	6,411	7,092	7,842	10,398	11,484	10,398
Dividend payment	1,144	1,275	1,415	1,568	5,791	6,411	7,092	7,842	10,398	11,484	153,716
PV of dividend	1,144	1,075	1,095	1,115	3,780	3,843	3,903	3,963	4,825	4,894	65,499
Risk-free rate (%)	2.5										
Market risk premium (%)	8.0										
Beta	0.8										
WACC (%)	8.9										
Cost of equity	8.9										
Terminal growth (%)	2.0										
Equity value	95,137										
No. of shares (m)	2,120										
Equity value / share (Bt)	45.00										

Sources: Company data, Thanachart estimates

A lower-opex growth cycle

From branch-led growth to efficiency-driven expansion

MTC entered a new earnings growth cycle from 2025F following the COVID-era setback, which required a period of balance sheet clean-up and tighter underwriting discipline. In the previous growth cycle, MTC's expansion strategy was largely volume-driven, with aggressive branch rollouts as the key driver of loan growth. However, the operating environment has shifted meaningfully – Thailand's economy remains fragile, and MTC has already achieved near-full nationwide branch coverage, reducing the marginal returns of opening new locations.

In this new cycle, MTC is transitioning from "scale-building" to "profit optimization". We expect branch expansion to slow to **400/350 new branches in 2026–27F**, down sharply from the **~800 branches per year average over the past decade**. This moderation reflects

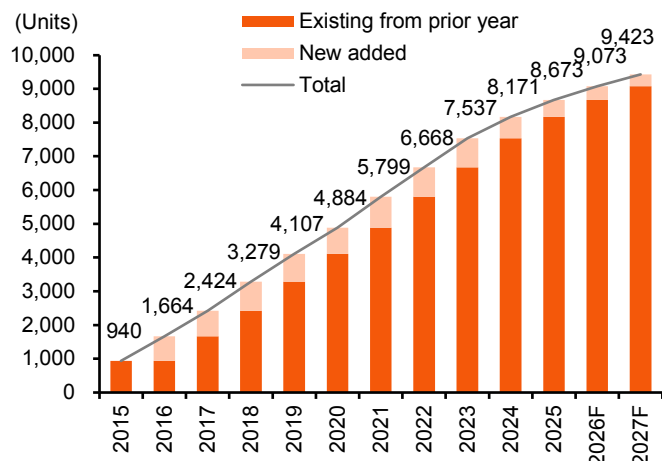
both management's more disciplined approach and the reality that branch density is already high, making incremental growth more costly if pursued solely through footprint expansion.

Lower CIR at around 48% in 2026-27F

The slower pace of branch openings should translate into a structurally better cost profile. We expect its **cost-to-income ratio (CIR) to decline to 47.9%/47.6% in 2026–27F**, improving from the peak of **50.1% in 2021**, when MTC opened a record **915 branches**. With fewer new branches to staff and ramp up, operating leverage should strengthen, allowing earnings growth to be driven more by efficiency gains than by sheer balance sheet expansion.

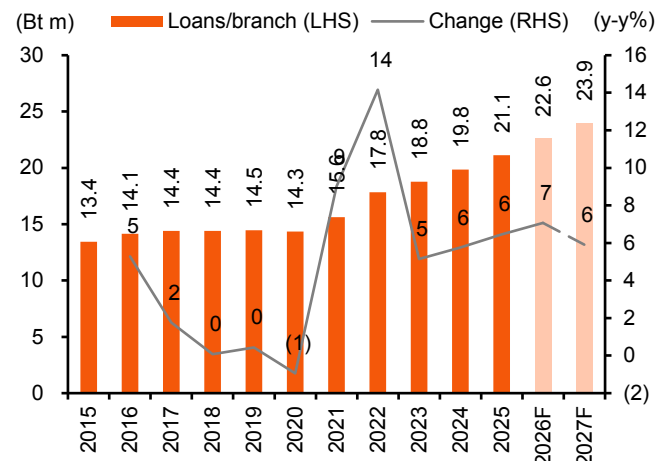
Importantly, we do not see slower branch rollouts as a growth constraint. We project loans to continue expanding by **12%/10% in 2026–27F**, supported by improved branch productivity and a more mature network. We expect **loans per branch to rise by 7% p.a. in 2026–27F**, accelerating from **6% p.a. over the past three years**, as a larger proportion of branches move into the mature stage where repeat borrowing increases and customer acquisition costs normalize.

Ex 8: Branch Expansion



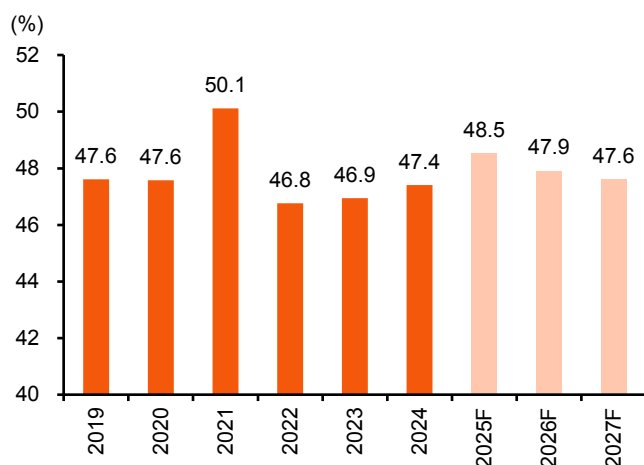
Sources: Company data, Thanachart estimates

Ex 9: Loans Per Branch



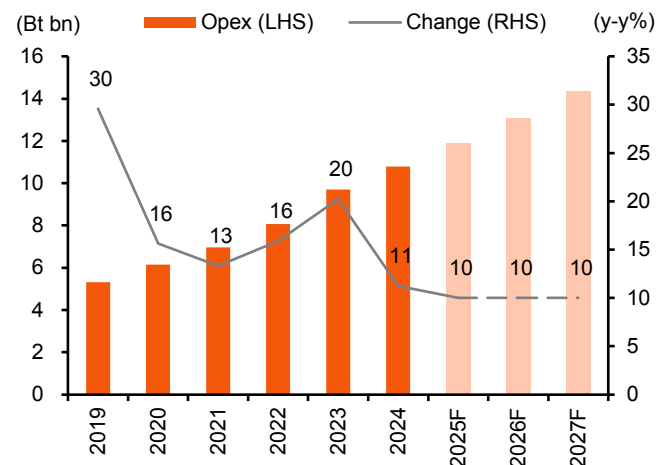
Sources: Company data, Thanachart estimates

Ex 10: Cost-To-Income Ratio



Sources: Company data, Thanachart estimates

Ex 11: Opex Growth



Sources: Company data, Thanachart estimates

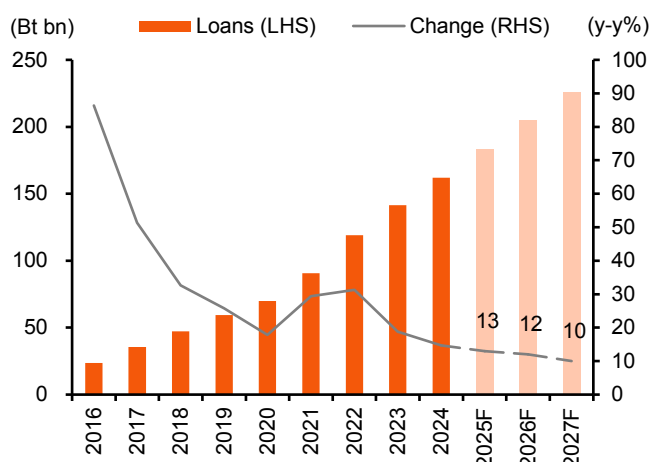
Limited impact from virtual banks

Looking ahead, the launch of three new virtual banks in 2H26F is likely to pose a competitive risk to non-bank lenders over the next 12–18 months, particularly as customer acquisition intensity could increase.

MTC's branch-based rural franchise should allow it to remain resilient

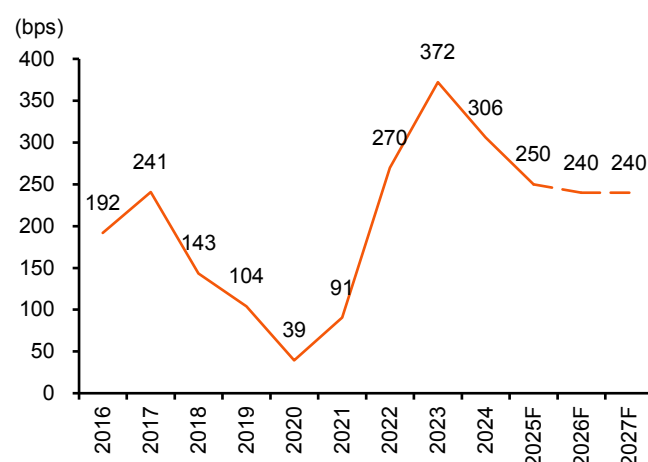
However, we believe MTC is well-positioned structurally to remain resilient. With more than three decades of operating experience in Thailand's microfinance market, MTC benefits from relationship-driven underwriting, deep local market knowledge, and a nationwide branch-based model that can consistently reach its core customers – farmers and self-employed borrowers in rural areas – while supporting effective monitoring and collections across provincial economies. These capabilities are difficult to replicate quickly, regardless of capital strength or technology investment.

Ex 12: Loan Growth



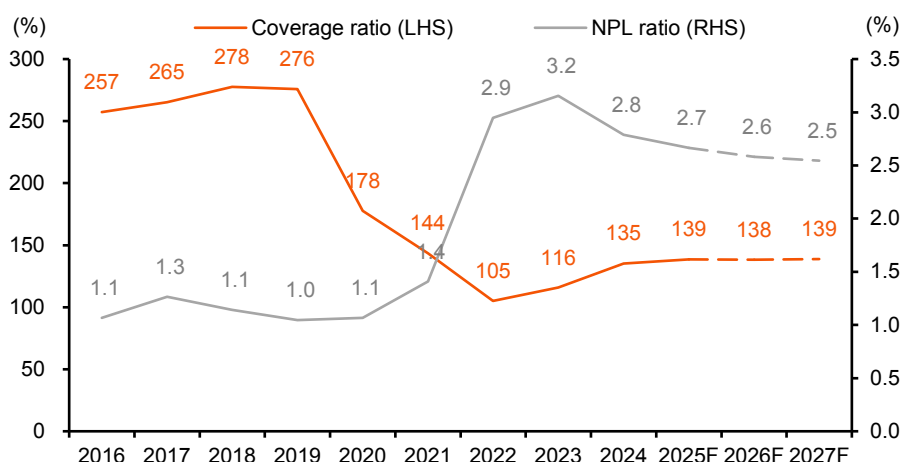
Sources: Company data, Thanachart estimates

Ex 13: Credit Costs



Sources: Company data, Thanachart estimates

Ex 14: NPL Ratio And Coverage Ratio



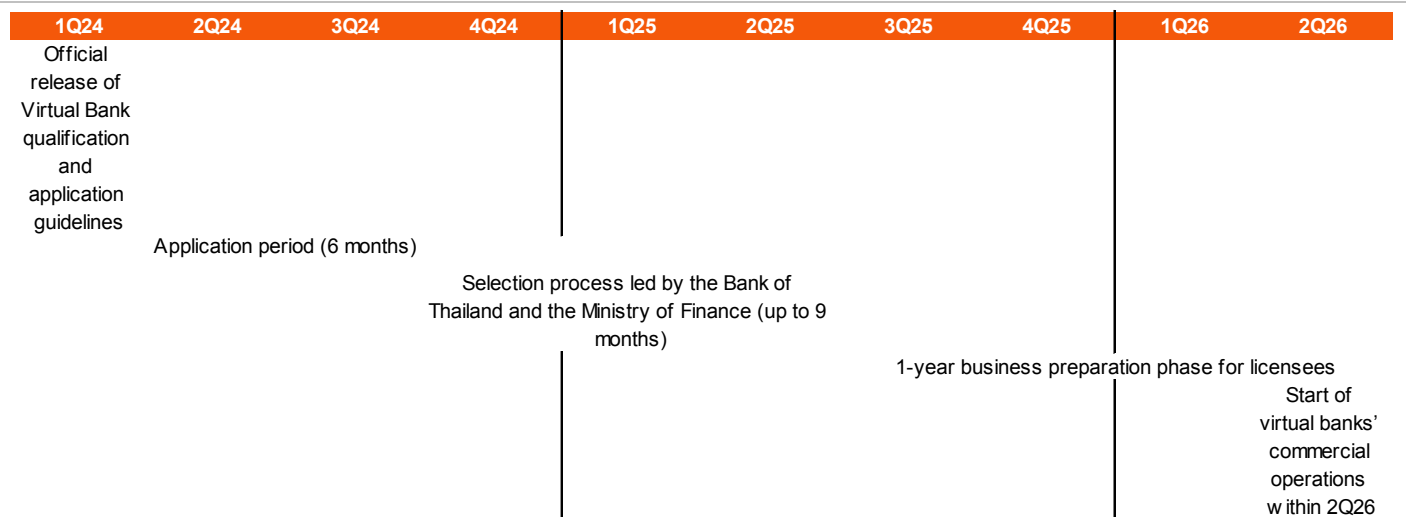
Sources: Company data, Thanachart estimates

As a result, we maintain our loan growth estimates of 12% in 2026F and 10% in 2027F. We also expect asset quality to remain stable, with credit costs easing to ~240bps (vs. 250bps in 2025F), NPL ratio holding at 2.6% (vs. 2.7% in 2025F), and coverage ratio improving to 139% by 2027F, reinforcing MTC's defensive earnings profile despite rising competitive noise.

The three planned virtual banks are:

- 1) ACM Holding Co (TrueMoney), backed by the Charoen Pokphand Group;
- 2) Krungthai Bank (KTB TB, BUY, Bt29.0), collaborating with Advanced Info Service Plc (ADVANC TB, BUY, Bt352) and PTT Oil and Retail Business Plc (OR TB, BUY, Bt13.9); and
- 3) SCB X Public Company (SCB TB, BUY, Bt136.5), partnering with KakaoBank (South Korea's largest digital bank), and WeBank (a global digital bank known for its advanced technology).

Ex 15: Tentative Timeline For Virtual Banks



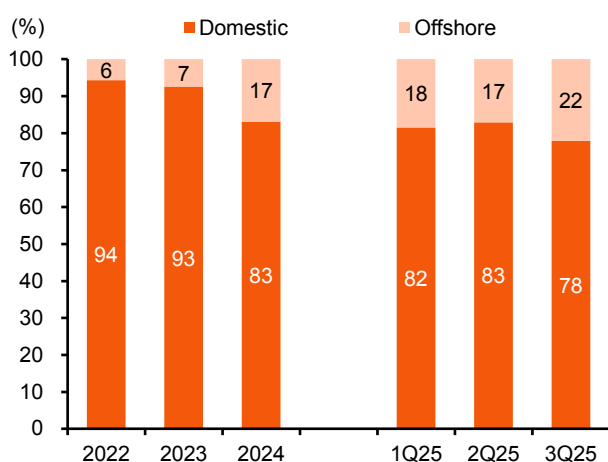
Source: Bank of Thailand

Higher-quality funding base

Shifting to longer-duration and more diversified funding sources

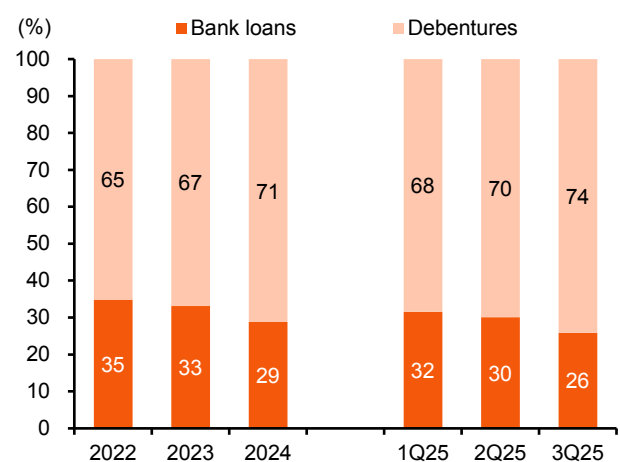
With a sizeable loan book of Bt178bn as of 3Q25, MTC has shifted toward a more conservative funding strategy to support long-term business sustainability. The company has extended its debt maturities to 5–7 years, up from 2–3 years historically, and diversified into foreign currency borrowings, which improve funding stability and reduce refinancing risk but come at a higher cost than domestic bond issuance.

Ex 16: Funding Source Breakdown By Origin



Source: Company data

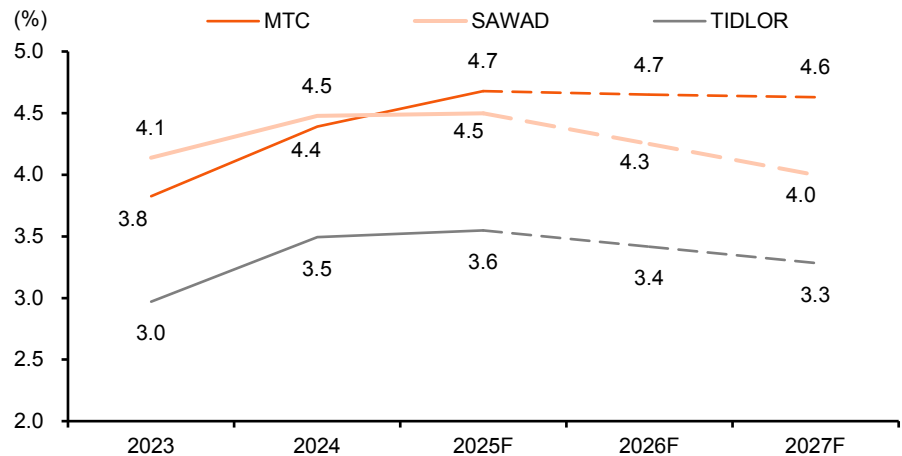
Ex 17: Funding Source Breakdown By Type



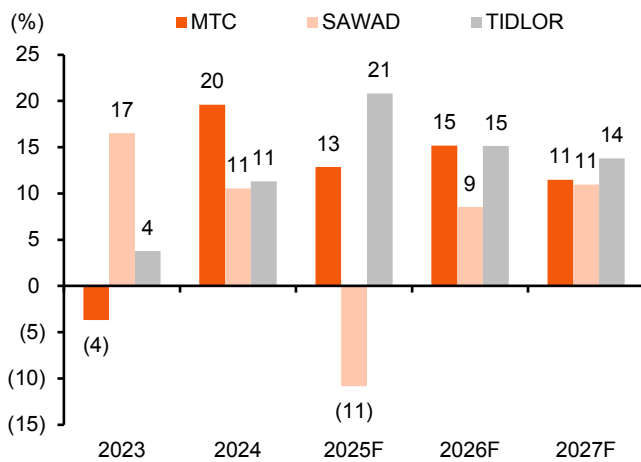
Source: Company data

A slow fall in funding costs

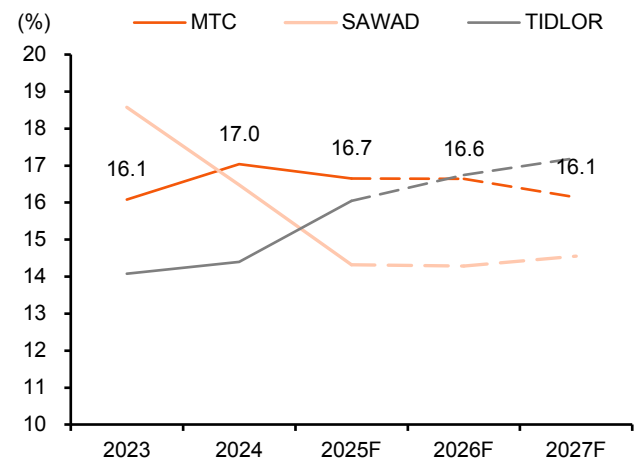
This strategy comes with a near-term trade-off. Locking in longer-term and offshore funding has temporarily pressured margins and limited the immediate benefit from policy rate cuts vs. peers. We have already incorporated this into our projections and expect MTC's average funding costs to decline only gradually to 4.68/4.65/4.63% in 2025–27F from 4.39% in 2024, implying a slower easing of its trajectory than peers, which are more sensitive to domestic rate cuts. However, we believe this headwind is already reflected in the share price and, importantly, does not derail MTC's ability to deliver solid earnings growth of 15/12% in 2026-27F, broadly in line with peers.

Ex 18: More Sticky Funding Costs Than Peers

Sources: Company data, Thanachart estimates

Ex 19: EPS Growth

Sources: Company data, Thanachart estimates

Ex 20: ROE

Sources: Company data, Thanachart estimates

Valuation Comparison

Ex 21: Valuation Comparison With Regional Peers

Name	BBG code	Country	EPS growth		PE		P/BV		ROE		Div. yield	
			25F	26F	25F	26F	25F	26F	25F	26F	25F	26F
Finvolution Group	FINV US	China	na	(19.1)	0.5	0.6	0.1	0.1	16.6	12.1	46.0	45.3
Mahindra & Mahindra Fin Secs	MMFS IN	India	20.7	(4.4)	17.2	18.0	2.1	2.0	11.7	12.1	1.9	1.9
Bajaj Finance Ltd	BAF IN	India	(0.3)	21.6	34.8	28.7	6.5	5.1	19.5	19.3	0.4	0.6
Manappuram Finance Ltd	MGFL IN	India	41.7	(33.9)	14.3	21.6	1.9	1.8	14.3	9.3	1.2	1.2
GMO Payment Gateway Inc.	3769 JP	Japan	(9.4)	22.0	34.2	28.0	5.9	5.3	18.7	20.6	1.5	1.9
Infomart Corp.	2492 JP	Japan	154.0	72.4	61.8	35.8	9.0	7.8	15.1	25.0	1.0	1.4
Ally Financial Inc	ALLY US	US	57.1	41.5	11.4	8.1	1.0	0.9	7.7	11.0	2.8	2.9
World Acceptance Corp	WRLD US	US	(15.3)	(44.6)	8.4	15.2	1.4	1.7	17.1	12.3	na	na
Navient Corp	NAVI US	US	na	na	na	10.1	0.5	0.5	(0.2)	4.5	5.3	5.3
SLM Corp	SLM US	US	(6.9)	(16.4)	8.3	9.9	2.5	2.1	31.5	22.3	1.9	2.0
Asia Sermkij Leasing *	ASK TB	Thailand	25.8	(8.0)	9.9	10.8	0.5	0.5	4.8	4.8	4.5	4.6
Bangkok Commercial Asset Mgt.*	BAM TB	Thailand	36.1	(19.3)	11.9	14.8	0.6	0.6	4.9	3.9	6.7	5.4
Chayo Group	CHAYO TB	Thailand	29.0	0.0	4.6	4.6	0.3	0.3	6.7	5.9	0.0	0.0
JMT Network Services *	JMT TB	Thailand	(25.4)	5.0	10.7	10.2	0.5	0.5	4.4	4.6	5.6	5.9
Krungthai Card *	KTC TB	Thailand	4.6	2.1	9.4	9.2	1.6	1.5	18.5	17.4	5.2	5.5
Muangthai Capital *	MTC TB	Thailand	12.9	15.2	10.8	9.4	1.7	1.5	16.7	16.6	1.4	1.6
Saksiam Leasing *	SAK TB	Thailand	10.4	12.0	7.3	6.5	1.0	0.9	14.1	14.6	6.2	6.9
Srisawad Corporation *	SAWAD TB	Thailand	(10.8)	8.6	8.6	8.0	1.2	1.1	14.3	14.3	5.2	5.7
Ratchthani Leasing *	THANI TB	Thailand	26.3	16.2	10.2	8.7	0.8	0.7	7.5	8.4	5.4	6.3
Tidlor Holdings *	TIDLOR TB	Thailand	20.8	15.1	9.7	8.5	1.5	1.3	16.0	16.7	4.1	4.7
Average			20.6	4.5	14.9	13.3	2.0	1.8	13.0	12.8	5.6	5.7

Source: Bloomberg

Note: * Thanachart estimates using normalized EPS growth

Based on 28 January 2026 closing price

COMPANY DESCRIPTION

Muangthai Capital Pcl (MTC), originally D.S. Leasing, was founded by Mr. Chuchart Petampai and Mrs. Daonapa Petampai in 1992. MTC started as a motorcycle hire-purchase company in northern Thailand and later expanded into microfinance as a supplementary service for its customers. By 1998, MTC had shifted its focus to be a pure micro-financing firm. It operates as a commercial lending bank, offering collateral-backed auto loans and personal unsecured loan services, with a focus on motorcycle title loans.

Source: Thanachart

COMPANY RATING



Rating Scale

Excellent	5
Good	4
Fair	3
Weak	2
Very Weak	1
None	0

Source: Thanachart; * CG Rating

THANACHART'S SWOT ANALYSIS

S — Strength

- Scale benefits
- Well-recognized brand
- Expertise and substantial experience in running its business
- Extensive branch network

O — Opportunity

- New lending products
- Digitalization

W — Weakness

- Loans revolving in nature
- Relatively high operating costs due to smaller lending ticket sizes

T — Threat

- High household debts and increased sophisticated behaviour of borrowers
- Faster depreciation of vehicle resale prices
- Changes in rules and regulations

CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	48.40	45.00	-7%
Net profit 25F (Bt m)	6,716	6,623	-1%
Net profit 26F (Bt m)	7,712	7,627	-1%
Consensus REC	BUY: 20	HOLD: 4	SELL: 0

HOW ARE WE DIFFERENT FROM THE STREET?

- Our earnings forecasts and DDM-based TP are lower than the Bloomberg consensus numbers, which we attribute to us having factored in a shift in its funding strategy

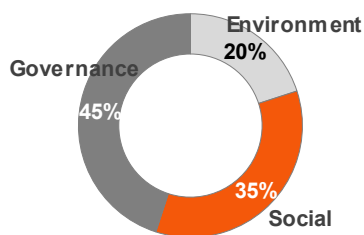
RISKS TO OUR INVESTMENT CASE

- If MTC is not able to improve asset quality as we presently assume, this represents the key downside risk to our earnings forecasts and BUY rating.
- Increases in MTC's cost-to-income ratio and funding costs would present further downside risks to our earnings estimates and TP.

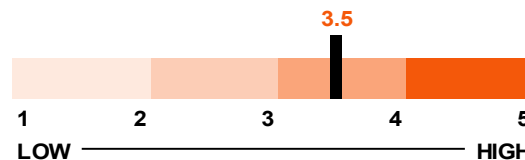
Sources: Bloomberg consensus, Thanachart estimates

Source: Thanachart

ESG Weighting



Thanachart ESG Rating



	SET ESG Index	SET ESG (BBB-AAA)	DJSI Index	Thanachart ESG Rating (1.0-5.0)	MSCI (CCC-AAA)	ESG Book (0-100)	CG Rating (0-5)
MTC	YES	AA	-	3.52	0	49.86	5.0

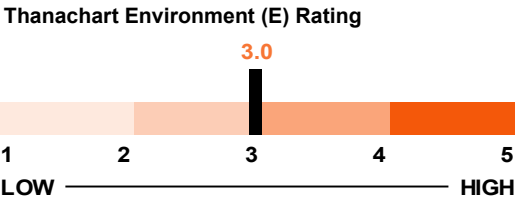
Sources: SETTRADE, SET ESG Index, SET ESG Rating, The Dow Jones Industrial Average (DJSI), MSCI ESG Research LLC, ESG Book, Refinitiv ESG Information, S&P Global Market Intelligence, Moody's ESG Solutions, Thai IOD (CG rating)
Note: Please see third party on "terms of use" toward the back of this report.



ESG Summary

- MTC is Thailand's largest microfinance company with a Bt178bn loan portfolio as of 3Q25. It provides secured loans – primarily motorcycle title loans, car title loans, and land-backed loans – to underbanked individuals and small entrepreneurs nationwide.
- We assign MTC an ESG score of 3.5, which we view as relatively good and above the sector average of 3.2. The company's ESG profile is underpinned by high scores in the Social (S) and Governance (G) pillars, followed by the Environmental (E) pillar.
- In our view, MTC represents a credible ESG investment due to its simple business model with transparency and the strong focus by the management on business sustainability that goes beyond basic compliance. The company's strategic direction is clearly aligned with ESG themes, including its mission to expand financial access to underserved communities.
- The Social pillar (score 3.7) is MTC's strongest factor, reflecting its contribution, as the biggest operator, in financial inclusion to the grassroots economy.
- We also assign a good 3.7 Governance score, supported by business transparency and disciplined oversight. MTC has zero tolerance for corruption and a robust risk management framework that ensures high operational integrity and regulatory compliance.
- We assign a decent 3.0 Environmental score to MTC vs. the sector average of 2.6. This reflects its clear decarbonization roadmap, proactive climate risk management, and concrete initiatives in green lending, resource efficiency, and carbon reduction.

We assign MTC a decent Environmental (E) score of 3.0, above its peer average of 2.6. Despite structural limitations in the consumer finance sector, MTC differentiates itself through a clear decarbonization roadmap, proactive climate risk management, and resource-efficiency initiatives.

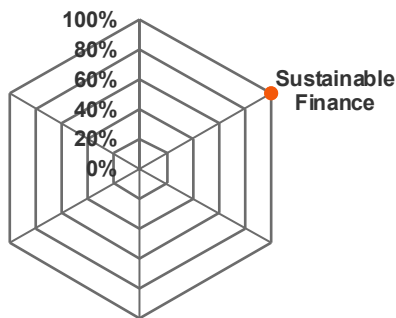


ENVIRONMENT

Our Comments

Sustainable Finance

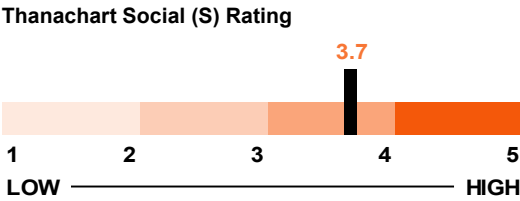
SCALE WEIGHTING



- We assign an Environmental (E) score of 3.0 to MTC. While the E pillar in the consumer finance sector typically lags other industries due to the absence of physical products, we believe MTC stands out among peers by actively integrating environmental sustainability into its business strategy. Its recognition of climate change as a material long-term risk is reflected in its efforts to embed environmental considerations into operations, governance, and product development.
- **Decarbonization roadmap:** MTC has set ambitious long-term goals to achieve carbon neutrality by 2030 and net zero greenhouse gas (GHG) emissions by 2050. To realize these targets, MTC has adopted the Science Based Targets initiative (SBTi) and the Task Force on Climate-Related Financial Disclosures (TCFD) standards to analyze financial impacts and disclose information regarding climate risks.
- **Climate strategy and risk management:** MTC actively manages climate-related risks, categorizing them into physical risks (e.g., floods affecting non-performing loans) and transition risks (e.g. carbon taxes). It has identified "emerging risks" such as the potential implementation of carbon taxes and the risk of failing to meet GHG emission targets, which could impact investor confidence. In response, MTC has implemented a sustainability dashboard to monitor resource usage and GHG emissions in real-time.
- **Green products and services:** MTC currently has limited dedicated green products, reflecting its client base, which prioritize short-term liquidity needs. However, the company has begun extending its environmental commitment into its product offerings. This includes the introduction of "solar cell loans", which support household-level access to clean energy, as well as agricultural loans for technology and machinery aimed at improving productivity and promoting more sustainable practices in the agricultural sector.
- **Resource efficiency and carbon reduction:** In 2024, MTC focused on improving resource efficiency to reduce its carbon footprint. Key initiatives included: 1) renewable energy, with a pilot installation of rooftop solar panels at five branch offices; 2) electricity and fuel management, resulting in a 6.51% y-y reduction in electricity consumption intensity and a 5.06% decline in fuel consumption intensity through tighter reimbursement controls and increased EV usage; and 3) waste and paper management, with paperless initiatives such as e-receipts and double-sided printing driving a 4.88% reduction in paper consumption intensity.

Sources: Thanachart, Company data

MTC’s good Social (S) score of 3.7 reflects its strong commitment to financial inclusion, rigorous customer protection, strong data privacy record, human capital development, and strategic community engagement. These factors strengthen MTC’s operational resilience and its status as a leading, socially responsible microfinance institution.



SOCIAL

Our Comments

- Human Rights & Community Relations
- Access & Affordability
- Customer Welfare
- Data Security & Customer Privacy
- Product Quality & Safety
- Fair Product Marketing & Labelling
- Operational Risk Management
- Diversity & Inclusion

- We assign a good score of 3.7 to MTC’s Social (S) dimension, which is slightly higher than the industry average of 3.65. MTC places strong emphasis on social responsibility, positioning itself as a microfinance leader dedicated to reducing inequality and expanding financial opportunities for grassroots communities.
- **Financial inclusion and social finance:** A significant milestone in 2024 was the issuance of Social Bonds at US\$335m to support disadvantaged groups, farmers, and women entrepreneurs. It also secured investment from the International Finance Corporation (IFC) to support women-owned businesses, promoting gender equality in financial access. In 2024, 53% of business expansion funding was directed toward female entrepreneurs, and 56% of funding supported low-income customer groups.
- **Customer protection and responsible lending:** MTC adheres to the Bank of Thailand’s “Responsible Lending” guidelines to address household debt issues. The company utilizes an asset-based assessment approach rather than solely relying on income documents, enabling access for those without formal credit history while ensuring fair interest rates below legal limits. MTC emphasizes financial literacy, educating customers on debt management and loan terms to prevent over-indebtedness. It also maintains strict data privacy standards under the Personal Data Protection Act (PDPA), achieving zero incidents of data leaks in 2024.
- **Human capital and human rights:** The company treats its 15,929 employees fairly, adhering to human rights principles with zero violations reported. MTC invests in employee development through “MTC University” and various training programs, averaging 11.77 training hours per person per year. Safety is prioritized under ISO45001 standards, although there were 74 workplace accidents in 2024.
- **Community development:** MTC actively engages in community support through flagship projects, i.e., New Home for Chance (establishing child development centers to support education), Unite for the Community (donating modified motorcycles to sub-district hospitals to facilitate home care visits), and I-Tech for Teens (providing refurbished computers to underprivileged schools to reduce the digital divide).

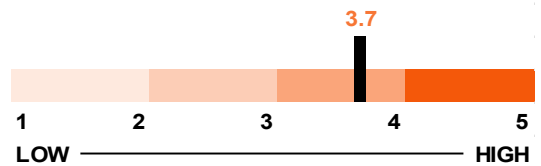
SCALE WEIGHTING



Sources: Thanachart, Company data

We assign MTC a good Governance (G) score of 3.7, reflecting business transparency and disciplined oversight. Its majority-independent board and zero-tolerance anti-corruption stance underpin high operational integrity and regulatory compliance.

Thanachart Governance (G) Rating



GOVERNANCE & SUSTAINABILITY

Our Comments

- Business Model and Innovation
- Leadership and Governance
- Board Structure
- Audit committee
- Remuneration
- Ethics & Compliance
- Risk Committee

SCALE WEIGHTING



- We also view Governance (G) as a strong pillar in MTC's ESG profile and assign a good and above-industry-average score of 3.7. This score reflects its commitment to operating with transparency and accountability, while maintaining strict adherence to all relevant laws and regulations.
- **Board structure and independence:** The board of directors comprises seven members, including four independent directors, exceeding the regulatory requirement of one-third but still below an ideal ratio of two-thirds. The chairman of the board is an independent director and is a separate individual from the CEO and managing director, ensuring a clear division between oversight and management duties. The board is supported by four sub-committees: audit, nomination and remuneration, risk management, and corporate governance and sustainability, all chaired by independent directors.
- **Business ethics and anti-corruption:** MTC has a zero-tolerance policy towards corruption and is a certified member of the Thai Private Sector Collective Action Against Corruption (CAC). The company enforces a strict code of conduct and anti-corruption policy, which all directors, executives, and employees must acknowledge and sign. MTC provides multiple whistleblowing channels for stakeholders to report misconduct, ensuring confidentiality and protection for complainants.
- **Risk management and internal control:** The company employs a comprehensive enterprise risk management (ERM) framework covering strategic, financial, operational, and emerging risks (e.g., cyber threats, carbon tax). Risk management is overseen by the risk management committee and implemented through a "Three Lines of Defense" model involving operational units, the compliance department, and an independent internal audit department.
- **Transparency and shareholder rights:** MTC is committed to the equitable treatment of shareholders. The company facilitates shareholder participation in AGMs using technology for registration and voting (e-AGM) and provides materials in both Thai and English. The company discloses extensive information regarding financial performance, shareholdings of directors, and related party transactions to prevent conflicts of interest. Investor relations activities are conducted regularly to communicate with analysts and investors, ensuring accurate and timely information disclosure.

Sources: Thanachart, Company data

INCOME STATEMENT

A new earnings growth cycle with 15/12% EPS growth in 2026-27F

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
Interest Income	23,500	26,956	30,031	33,388	36,826
Interest Expenses	3,857	5,142	6,165	6,784	7,367
Net Interest Income	19,644	21,814	23,866	26,604	29,459
% of total income	95.0%	95.8%	97.6%	97.6%	97.7%
Fee income	921	781	406	426	448
% of total income	4.5%	3.4%	1.7%	1.6%	1.5%
Other income	105	165	190	219	251
% of total income	0.5%	0.7%	0.8%	0.8%	0.8%
Non-interest Income	1,026	946	596	645	699
% of total income	5.0%	4.2%	2.4%	2.4%	2.3%
Total Income	20,669	22,760	24,462	27,249	30,158
Operating Expenses	9,702	10,790	11,869	13,056	14,362
Pre-provisioning Profit	10,967	11,970	12,593	14,193	15,797
Bad debt expenses	4,841	4,642	4,315	4,659	5,169
Pre-tax Profit	6,126	7,328	8,278	9,534	10,628
Income Tax	1,220	1,461	1,656	1,907	2,126
After Tax Profit	4,906	5,867	6,623	7,627	8,503
Equity Income	0	0	0	0	0
Minority Interest	0	0	0	0	0
Extraordinary Items	0	0	0	0	0
NET PROFIT	4,906	5,867	6,623	7,627	8,503
Normalized Profit	4,906	5,867	6,623	7,627	8,503
EPS (Bt)	2.3	2.8	3.1	3.6	4.0
Normalized EPS (Bt)	2.3	2.8	3.1	3.6	4.0

BALANCE SHEET

Healthy loan growth of 12/10% in 2026-27F

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
Cash and ST investments	2,822	3,126	3,127	1,773	2,164
Other current assets	731	529	0	0	0
Total current assets	3,553	3,655	3,127	1,773	2,164
Gross loans & accr. interest	141,349	162,059	183,127	205,102	225,613
Provisions	5,169	6,112	6,764	7,321	7,977
Net loans	138,149	158,130	178,927	200,653	220,794
Fixed assets	2,150	2,173	2,195	2,217	2,239
Other assets	6,304	6,887	7,518	7,626	7,739
Total assets	150,156	170,846	191,767	212,268	232,935
Short term borrow ing	46,699	54,776	60,408	63,429	66,600
A/P & notes payables	1,678	2,112	0	0	0
Other current liabilities	2,212	2,500	1,220	1,281	1,345
Long term borrow ing	63,165	69,547	78,728	89,223	98,964
Total borrowings	109,864	124,323	139,136	152,652	165,564
Other L-T liabilities	3,992	4,351	8,828	9,269	9,733
Minority interest	0	0	0	0	0
Shareholders' equity	31,917	36,953	42,583	49,066	56,293
Total Liab. & Equity	150,156	170,846	191,767	212,268	232,935

Sources: Company data, Thanachart estimates

VALUATION

Undemanding valuation
in our view, trading at
0.6x PEG

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Normalized PE (x)	14.6	12.2	10.8	9.4	8.4
Normalized PE - at target price (x)	19.4	16.3	14.4	12.5	11.2
PE (x)	14.6	12.2	10.8	9.4	8.4
PE - at target price (x)	19.4	16.3	14.4	12.5	11.2
P/PPP (x)	6.5	6.0	5.7	5.0	4.5
P/PPP - at target price (x)	8.7	8.0	7.6	6.7	6.0
P/BV (x)	2.2	1.9	1.7	1.5	1.3
P/BV - at target price (x)	3.0	2.6	2.2	1.9	1.7
Dividend yield (%)	0.6	0.7	1.4	1.6	1.8
Normalized EPS (Bt)	2.3	2.8	3.1	3.6	4.0
EPS (Bt)	2.3	2.8	3.1	3.6	4.0
DPS (Bt)	0.2	0.3	0.5	0.5	0.6
PPP/Share (Bt)	5.2	5.6	5.9	6.7	7.5
BV/share (Bt)	15.1	17.4	20.1	23.1	26.6
P/BV to ROE (x)	0.1	0.1	0.1	0.1	0.1

FINANCIAL RATIOS

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Growth Rate (%)					
Net interest income (NII)	19.9	11.1	9.4	11.5	10.7
Non-interest income (Non-II)	18.0	(7.8)	(37.0)	8.2	8.4
Operating expenses	20.2	11.2	10.0	10.0	10.0
Pre-provisioning profit (PPP)	19.4	9.1	5.2	12.7	11.3
Net profit	(3.7)	19.6	12.9	15.2	11.5
Normalized profit growth	(3.7)	19.6	12.9	15.2	11.5
EPS	(3.7)	19.6	12.9	15.2	11.5
Normalized EPS	(3.7)	19.6	12.9	15.2	11.5
Dividend payout ratio	9.1	9.0	15.0	15.0	15.0
Loan - gross	18.8	14.7	13.0	12.0	10.0
Loan - net	18.1	14.5	13.2	12.1	10.0
Borrowings	19.8	13.2	11.9	9.7	8.5
NPLs	27.2	1.3	8.1	8.4	8.5
Total assets	17.2	13.8	12.2	10.7	9.7
Total equity	9.7	15.8	15.2	15.2	14.7
Operating Ratios (%)					
Net interest margin (NIM)	15.1	14.4	13.8	13.7	13.7
Net interest spread	14.2	13.4	12.7	12.6	12.5
Yield on earnings assets	18.1	17.8	17.4	17.2	17.1
Avg cost of fund	3.8	4.4	4.7	4.7	4.6
NII / operating income	95.0	95.8	97.6	97.6	97.7
Non-II / operating income	5.0	4.2	2.4	2.4	2.3
Fee Income / Opt Income	4.5	3.4	1.7	1.6	1.5
Norm Net Margin	23.7	25.8	27.1	28.0	28.2
Cost-to-income	46.9	47.4	48.5	47.9	47.6
Credit cost - provision exp / loans	3.7	3.1	2.5	2.4	2.4
PPP / total assets	7.9	7.5	6.9	7.0	7.1
PPP / total equity	36.0	34.8	31.7	31.0	30.0
Avg assets/avg equity (leverage)	4.6	4.7	4.6	4.4	4.2
ROA	3.5	3.7	3.7	3.8	3.8
ROE	16.1	17.0	16.7	16.6	16.1

Sources: Company data, Thanachart estimates

FINANCIAL RATIOS

Stable asset quality

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Liquidity and Quality Ratio (%)					
Gross Loan / Borrow ings	128.7	130.4	131.6	134.4	136.3
Net Loan / Borrow ings	125.7	127.2	128.6	131.4	133.4
Net Loan / Assets	92.0	92.6	93.3	94.5	94.8
Net Loan / Equity	432.8	427.9	420.2	408.9	392.2
S-T / L-T Borrow ings	42.5	44.1	43.4	41.6	40.2
Borrow ings / Liabilities	92.9	92.9	93.3	93.5	93.7
Interest-bearing Debt / Equity	344.2	336.4	326.7	311.1	294.1
Liabilities / Equity	370.5	362.3	350.3	332.6	313.8
Equity/ Gross loans	22.6	22.8	23.3	23.9	25.0
NPLs	4,461.2	4,517.4	4,883.6	5,293.8	5,745.1
NPLs / Total Loans (NPL Ratio)	3.2	2.8	2.7	2.6	2.5
Loan-Loss-Coverage (Provision / NPLs)	115.9	135.3	138.5	138.3	138.9

Sources: Company data, Thanachart estimates

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1. MSCI (CCC- AAA)
2. ESG Book (0-100)
3. SET ESG Rating (BBB-AAA)

SETESG Index (SETESG)

The SETESG Index reflects the price movement of stock of companies that have sustainable business practices which consider environmental, social and governance (ESG) aspect.

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SET ESG Index (SET ESG)

Currently, long-term investment guidelines abroad are beginning to focus on investing in companies that have sustainable business practices. which considers environmental, social and governance factors (Environmental, Social and Governance or ESG) of the company in making investment decisions along with analyzing the company's financial data.

Stock Exchange Has prepared the results of evaluating sustainable stocks which are stocks of listed companies (SETESG Rating) as an alternative for investors who want to invest in tracks of listed companies that are outstanding in ESG, including to support listed companies with operations. sustainable business Taking into account all stakeholders in both social and environmental aspects. There is a management process to create sustainability for the organization, such as risk management. Supply chain management and innovation development. Therefore, the SETESG index was created to be an index that reflects the price movement of a group of securities. of companies with sustainable business operations that meet the required size and liquidity criteria

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Score range	Description
CCC - B	LAGGARD: A company lagging its industry based on its high exposure and failure to manage significant ESG risks
BB - BBB - A	AVERAGE : A company with a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers
AA - AAA	LEADER: A company leading its industry in managing the most significant ESG risks and opportunities

The Dow Jones Sustainability Indices (DJSI)

The Dow Jones Sustainability Indices (DJSI) are a family of best-in-class benchmarks for investors who have recognized that sustainable business practices are critical to generating long-term shareholder value and who wish to reflect their sustainability convictions in their investment portfolios. The family was launched in 1999 as the first global sustainability benchmark and tracks the stock performance of the world's leading companies in terms of economic, environmental and social criteria. Created jointly by S&P Dow Jones Indices and SAM, the DJSI combine the experience of an established index provider with the expertise of a specialist in Sustainable Investing to select the most sustainable companies from across 61 industries. The indices serve as benchmarks for investors who integrate sustainability considerations into their portfolios, and provide an effective engagement platform for investors who wish to encourage companies to improve their corporate sustainability practices.

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90-100	▲▲▲▲▲	Excellent
80-89	▲▲▲▲	Very Good
70-79	▲▲▲	Good
60-69	▲▲	Satisfactory
50-59	▲	Pass
Below		N/A

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Recommendation Structure:

Recommendations are based on absolute upside or downside, which is the difference between the target price and the current market price. If the upside is 10% or more, the recommendation is BUY. If the downside is 10% or more, the recommendation is SELL. For stocks where the upside or downside is less than 10%, the recommendation is HOLD. Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on the market price and the formal recommendation.

For sectors, an "Overweight" sector weighting is used when we have BUYs on majority of the stocks under our coverage by market cap. "Underweight" is used when we have SELLs on majority of the stocks we cover by market cap. "Neutral" is used when there are relatively equal weightings of BUYs and SELLs.

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