Ratchthani Leasing Pcl (THANI TB) - BUY, Price Bt2.38, TP Bt2.50

Results Comment

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In-line 2Q26 results

- THANI reported **in-line** 2Q26 net profit of Bt360m (+29% y-y, +6% q-q). The solid performance was driven by (i) **NIM expansion**, supported by higher lending yields and lower interest expense, and (ii) **a sharp decline in credit costs**.
- We continue to view THANI as our top pick in the truck financing sector, offering an attractive combination of a strong balance sheet that provides downside protection and an appealing 5–6% dividend yield. We forecast earnings +12% CAGR over 2026–28F, with ROE improving to 9.9% by 2027F.
- 2Q26 Key highlights:

(+) NIM expansion: NIM increased 8bps q-q to 4.85%, supported by higher lending yields and lower interest expense following policy rate cuts, as well as debt repayment amid slow loan growth.

(+) Slower loan contraction: Loans declined 2.4% q-q, a significant improvement from the -4% to -5% q-q contraction seen throughout 2025. This reflects recovering truck demand and THANI's greater willingness to extend new loans following the improvement in asset quality.

(+) Significant lower credit cost: Credit cost (including impairment losses on foreclosed assets) fell to just 41bps from 97bps in 1Q26. In our view, asset quality remained healthy, with foreclosed assets declining 12% q-q to Bt99m, Stage 2 loans falling 6% q-q, and the coverage ratio remaining high at 144%. Although the NPL ratio edged up to 2.35% from 2.11%, this came after seven consecutive quarters of improvement and was entirely driven by a single fleet client, rather than a broad-based deterioration in asset quality.

Income Statement					(consolidated)
Yr-end Dec (Bt m)	**2Q25**	**3Q25**	**4Q25**	**1Q26**	**2Q26**
Interest income	727	702	683	668	657
Interest expense	255	237	228	198	189
Net interest income	**472**	**465**	**456**	**471**	**468**
Non-interest income	221	206	197	208	193
Total income	693	671	653	679	662
Operating expense	59	136	114	131	120
Pre-provisioning profit	**634**	**535**	**539**	**547**	**542**
Provision for bad&doubtful debt	276	150	137	111	83
Profit before tax	358	385	402	437	459
Tax	80	84	87	96	99
Profit after tax	279	301	315	340	360
Equity income	-	-	-	-	-
Minority interests	(0)	(0)	(0)	(0)	(0)
Extra items	-	-	-	-	-
Net profit	**279**	**301**	**315**	**340**	**360**
Normalized profit	**279**	**301**	**315**	**340**	**360**
PPP/share (Bt)	0.1	0.1	0.1	0.1	0.1
EPS (Bt)	0.0	0.0	0.1	0.1	0.1
Norm EPS (Bt)	0.0	0.0	0.1	0.1	0.1
BV/share (Bt)	2.2	2.2	2.3	2.3	2.3

Income Statement			6M as		
(Bt m)	**q-q%**	**y-y%**	**% 2026F**	**2026F**	**2027F**
Interest & dividend income	(2)	(10)	50	2,630	2,595
Interest expense	(4)	(26)	53	730	647
Net interest income	**(0)**	**(1)**	**49**	**1,900**	**1,947**
Non-interest income	(7)	(13)	47	854	903
Total income	(3)	(5)	49	2,754	2,851
Operating expense	(9)	104	46	550	567
Pre-provisioning profit	**(1)**	**(15)**	**49**	**2,203**	**2,284**
Provision for bad&doubtful debt	(25)	(70)	38	503	419
Profit before tax	5	28	53	1,701	1,865
Tax	3	25	58	340	373
Profit after tax	6	29	51	1,360	1,492
Equity income	neg	neg		-	-
Minority interests	neg	neg		-	-
Extra items	neg	neg			
Net profit	**6**	**29**	51	**1,360**	**1,492**
Normalized profit	**6**	**29**	51	**1,360**	**1,492**
PPP/share (Bt)	(1)	(15)	49	0.4	0.4
EPS (Bt)	6	29	51	0.2	0.2
Norm EPS (Bt)	6	29	51	0.2	0.2
BV/share (Bt)	(2)	5	194	2.4	2.5

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	**2Q25**	**3Q25**	**4Q25**	**1Q26**	**2Q26**
Cash and cash equivalent	1,608	1,488	1,215	738	851
Gross loans	42,923	41,103	39,876	39,125	38,177
Accrued interest	5	7	9	13	14
Provisions	1,520	1,367	1,327	1,305	1,290
Net loans	41,409	39,743	38,559	37,833	36,901
Property foreclosed	336	196	155	113	99
Premises & equipment	96	93	91	97	96
Other assets	980	982	951	943	890
Total assets	**44,428**	**42,502**	**40,970**	**39,723**	**38,836**
Total borrowings	30,080	27,946	26,166	24,448	23,771
Short term borrowing	14,121	15,310	14,584	15,476	12,400
Long term borrowing	15,959	12,635	11,582	8,973	11,371
Lease liabilitiy	19	22	20	24	22
Other liabilities	869	774	709	836	954
Total liabilities	**30,968**	**28,741**	**26,896**	**25,309**	**24,747**
Minority interest	0	0	0	0	0
Shareholders' equity	**13,460**	**13,761**	**14,074**	**14,415**	**14,089**
Total Liabilities & Equity	**44,428**	**42,502**	**40,970**	**39,723**	**38,836**

Financial Ratios					
(%)	**2Q25**	**3Q25**	**4Q25**	**1Q26**	**2Q26**
Gross loan growth (YTD)	(9.5)	(13.3)	(15.9)	(1.9)	(4.3)
Gross loan growth (q-q)	(4.7)	(4.2)	(3.0)	(1.9)	(2.4)
Borrowing growth (YTD)	(18.7)	(24.4)	(29.2)	(6.5)	(9.1)
Borrowing growth (q-q)	(9.4)	(7.1)	(6.4)	(6.5)	(2.7)
Non-interest income (y-y)	(2.3)	1.5	(6.4)	(11.8)	(12.7)
Non-interest income (q-q)	(6.2)	(6.9)	(4.2)	5.4	(7.1)
Cost-to-income	8.5	20.3	17.5	19.3	18.1
Net interest margin	4.29	4.43	4.50	4.77	4.85
Credit cost	2.51	1.46	1.37	1.13	0.87
ROE	8.2	8.8	9.1	9.6	10.1
ROA	2.4	2.8	3.0	3.4	3.7
Loan-to-borrowing	142.7	146.7	152.0	159.5	160.0
Loan-to- total equity	318.9	298.7	283.3	271.4	271.0
NPLs (Bt m)	1,089	1,055	1,020	824	898
NPL increase	(232)	(35)	(35)	(196)	74
NPL ratio	2.54	2.57	2.56	2.11	2.35
Loan-loss-coverage ratio	139.5	129.6	130.1	158.4	143.6

Sources: Company data, ttb wealth estimates

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