

BUY (Unchanged)

Change in Numbers

TP: Bt 111.00

(From: Bt 109.00)

22 JANUARY 2025

Upside : 12.1%

TISCO Financial Group (TISCO TB)

Final transition

We believe TISCO stands out as a reliable choice amid the high volatility of the Thai market. The bank is entering the final stage of its earnings transition, and we project a turnaround in its earnings growth by 2026F. Supported by an attractive dividend yield of nearly 8% during this transition period, we maintain our BUY rating.



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End to funding cost headwinds

Rising interest rates have posed challenges for TISCO, with average funding costs increasing from 2.24% in 2023 to 2.41% in 1H24, peaking at 2.44% in 3Q24. However, following the 25bps rate cut in October 2024, we anticipate another 25bps reduction in the policy rate this year. Combined with subdued deposit competition due to weak loan growth, we expect TISCO's average funding costs to decline from 2.37% in 2024 to 2.18% this year and further to 2.00% by 2026. Although TISCO plans to expand its loan book this year, we project no significant changes to the bank's liquidity position, with an estimated loan-to-deposit and borrowings ratio of 112% in 2025F.

Cushions to increased credit costs

Having released excess provisions over 2022-24, TISCO is entering a normalized credit cost cycle in 2025. Alongside an increase in the proportion of high-yield lending from 26% in 2022 to 31% last year, the bank expects credit costs to rise from 0.6% in 2024 to 1-1.2% going forward. We model credit costs of 1% this year, 1.1% in 2026F, and 1.2% from 2027F onward. This should be sufficient, given our expectations of a modest pace of NPL increases and the maintenance of a loan-loss-coverage ratio above 140%. Additionally, we believe the impact of rising credit costs on the bottom line will be mitigated by recovering loan volumes, higher lending yields, and ongoing cost rationalization.

Earnings revisions

We revise down our earnings estimates for TISCO by 5%, 6%, and 11% for 2025–27F, respectively. These adjustments reflect changes to our assumptions as follows: 1) Revised loan growth upward to 2-5%, supported by a smaller loan contraction last year. 2) Increased funding costs by an average of 0.2pp per annum over the next three years. 3) Adjusted credit costs upward from 0.6-0.9% to 1-1.2%. 5) Lower operating expenses as TISCO is halting the expansion of Somwang loan outlets, having established a robust nationwide footprint with 860 branches.

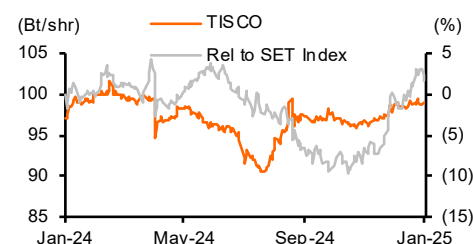
BUY for an over 7% yield

Due to our in-house lower risk-free rate assumption, we raise our DDM-based 12-month TP (2025F base year) for TISCO from Bt109 to Bt111 and reiterate our BUY. **First**, TISCO is in the final year of its earnings transition. We expect profit growth to recover by 4% in 2026F and 6% in 2027F. **Second**, TISCO's small size and agile operations enable it to target higher-return segments, maintaining ROIC above its hurdle rate of 15%. **Third**, with its holding structure and abundant capital, TISCO can sustain a high dividend payout ratio. We project a minimum DPS of Bt7.75, offering an attractive dividend yield of close to 8%.

COMPANY VALUATION

Y/E Dec (Bt m)	2024A	2025F	2026F	2027F
Pre Provision Profit	9,937	10,550	11,152	11,975
Net profit	6,901	6,641	6,907	7,285
Consensus NP	—	6,544	6,681	6,960
Diff frm cons (%)	—	1.5	3.4	4.7
Norm profit	6,901	6,641	6,907	7,285
Prev. Norm profit	—	7,016	7,342	8,147
Chg frm prev (%)	—	(5.3)	(5.9)	(10.6)
Norm EPS (Bt)	8.6	8.3	8.6	9.1
Norm EPS grw (%)	(5.5)	(3.8)	4.0	5.5
Norm PE (x)	11.5	11.9	11.5	10.9
P/BV (x)	1.8	1.8	1.8	1.8
Div yield (%)	7.8	7.8	7.8	8.1
ROE (%)	16.1	15.4	15.8	16.3
ROA (%)	2.4	2.4	2.5	2.5

PRICE PERFORMANCE



COMPANY INFORMATION

Price: as of 22-Jan-25 (Bt)	99.00
Market Cap (US\$ m)	2,345
Listed Shares (m shares)	800.6
Free Float (%)	81.3
Avg. Daily Turnover (US\$ m)	9.3
12M Price H/L (Bt)	101.50/90.50
Sector	BANK
Major Shareholder	CDIB & Partners Investment
	Holding 10%

Sources: Bloomberg, Company data, Thanachart estimates

ESG Summary Report P10

BUY for an over 7% yield

Despite facing headwinds from higher funding and credit costs, Tisco Financial Group Pcl (TISCO) delivered in-line profits of Bt6.9bn in 2024, marking only a 6% y-y decline. Loan growth contracted by 1% last year. Domestic car sales slumped by 30% last year. However, TISCO successfully identified opportunities in higher-yield lending segments amid continued good corporate lending momentum. Asset quality remained well-managed, with its NPL ratio rising modestly from 2.2% in 2023 to 2.4% in 2024.

While we lower our earnings estimates for 2025-27F by an average of 7% to reflect higher credit costs, we believe 2024 will mark the final phase of TISCO's earnings transition. We expect the earnings decline to bottom out in 2025F, with profit growth projected to recover by 4% in 2026F and 6% in 2027F.

Ex 1: Earnings Revisions

	2020	2021	2022	2023	2024	2025F	2026F	2027F
Net profits (Bt bn)								
- New	6.06	6.78	7.22	7.30	6.90	6.64	6.91	7.28
- Old						7.02	7.34	8.15
- Change (%)						(5.34)	(5.93)	(10.58)
Gross loans (Bt bn)								
- New	224.81	202.95	219.00	234.82	232.20	236.46	246.85	258.72
- Old						233.27	241.66	250.64
- Change (%)						1.37	2.15	3.22
Average cost of funds (%)								
- New	1.56	1.13	1.08	1.89	2.37	2.18	2.02	1.79
- Old						2.16	2.00	1.77
- Change (%)						0.02	0.01	0.02
NIM (%)								
- New	4.57	4.80	5.00	4.88	4.74	5.01	5.24	5.52
- Old						4.77	4.94	5.14
- Change (%)						0.24	0.30	0.38
Credit costs (%)								
- New	1.48	1.02	0.33	0.15	0.59	1.00	1.10	1.20
- Old						0.65	0.90	1.00
- Change (%)						0.35	0.20	0.20
Opex (Bt bn)								
- New	8.01	8.28	8.59	9.34	9.26	9.27	9.37	9.78
- Old						9.36	9.59	9.75
- Change (%)						(0.97)	(2.25)	0.36

Sources: Company data, Thanachart estimates

Ex 2: DDM-based 12-month TP Calculation Using A Base Year Of 2025F

(Bt m)	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	2035F	Terminal Value
Dividend of common shares	6,205	6,205	6,305	6,405	6,742	7,339	7,884	8,481	9,137	9,863	10,671	10,671
Dividend payment	6,205	6,205	6,305	6,405	6,742	7,339	7,884	8,481	9,137	9,863	10,671	114,576
PV of dividend	6,205	5,082	4,673	4,295	4,091	3,923	3,797	3,678	3,570	3,472	3,221	42,990
Risk-free rate (%)	2.5											
Market risk premium (%)	8.0											
Beta	1.0											
WACC (%)	10.5											
Cost of equity	10.5											
Terminal growth (%)	2.0											
Equity value	88,994											
No. of shares (m)	800											
Equity value / share (Bt)	111.00											

Sources: Company data, Thanachart estimates

Due to our in-house lower risk-free rate assumption, we raise our DDM-based 12-month TP, using a 2025F base year, for TISCO from Bt109 to Bt111. TISCO remains a reliable choice, in our view, amid the high volatility of the Thai market, and we reiterate our BUY recommendation.

1) TISCO is in the final year of its earnings transition.

End to funding cost headwinds

Funding cost repricing has concluded, with TISCO's average funding costs peaking at 2.44% in 3Q24. Following a 25bps rate cut in October 2024, we expect another 25bps policy rate reduction this year. Coupled with muted deposit competition due to weak loan growth, we anticipate TISCO's average funding costs will decline from 2.37% in 2024 to 2.18% in 2025F and further to 2.00% by 2026F. Despite plans to expand its loan book this year, we project no significant changes to the bank's liquidity position, with its loan-to-deposit and borrowings ratio estimated at 112% in 2025F.

Entering a normalized credit cost cycle

On provisions, the increase is not due to deteriorating asset quality but a shift to a normalized credit cost cycle starting in 2025. During 2022-24, credit costs were unusually low due to the release of excess provisions. We expect the normalization, along with a rise in high-yield lending from 26% in 2022 to 31% last year, to increase credit costs from 0.6% in 2024 to 1-1.2% going forward.

We model credit costs of 1% this year, 1.1% in 2026F, and 1.2% from 2027F onward, which we consider adequate given our expectations of modest NPL growth and TISCO maintaining a loan-loss-coverage ratio above 140%.

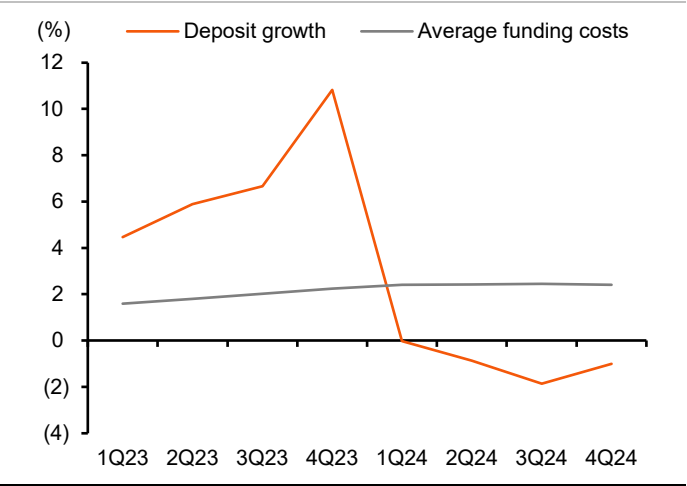
Expecting a slower decline in earnings growth

With funding cost headwinds subsiding, we estimate a slower profit decline of 4% this year, followed by a recovery of 4% in 2026F and 6% in 2027F. We believe the impact of rising credit costs on the bottom line will be mitigated by recovering loan volumes, higher lending yields, and continued cost rationalization.

As for provisions, the increasing pace is not driven by weakening asset quality but by TISCO entering a normalized credit cost cycle in 2025. As the bank released excess provisions, credit costs were abnormally low during 2022-24. The normalization course,

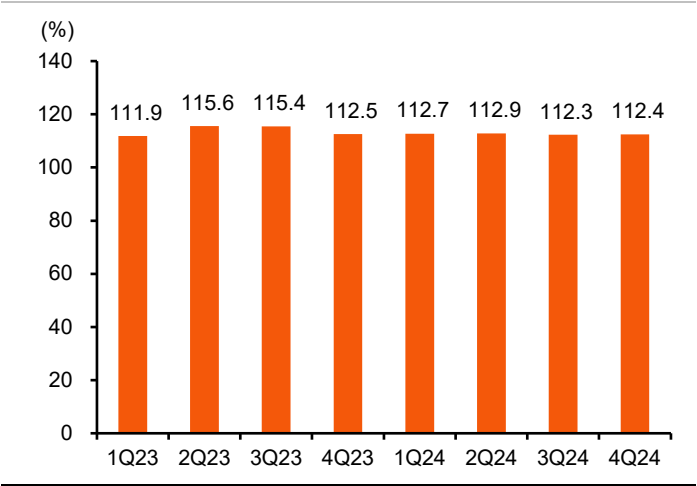
alongside an increase in the proportion of high-yield lending from 26% in 2022 to 31% last year, prompted the bank to expect a rise in credit costs from 0.6% in 2024 to 1-1.2% going forward.

Ex 3: Deposit Growth Vs. Funding Costs



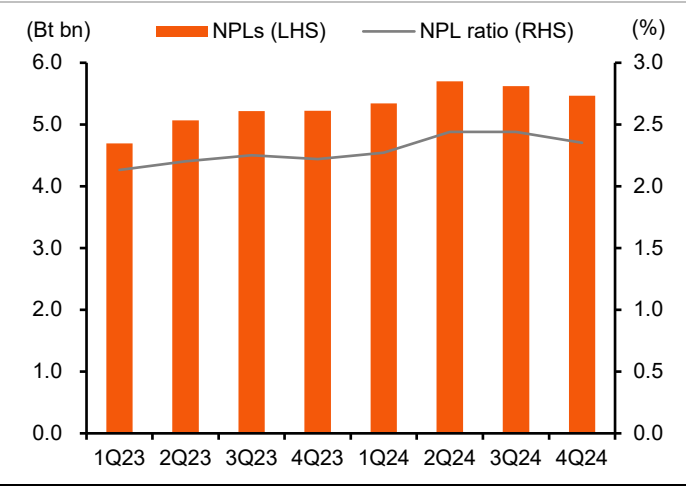
Source: Company data

Ex 4: Loan-To-Deposit Ratio And Borrowings



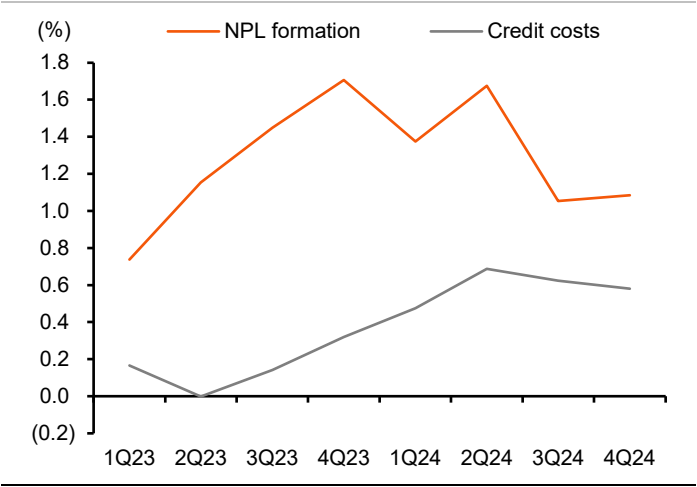
Source: Company data

Ex 5: NPLs And NPL Ratio



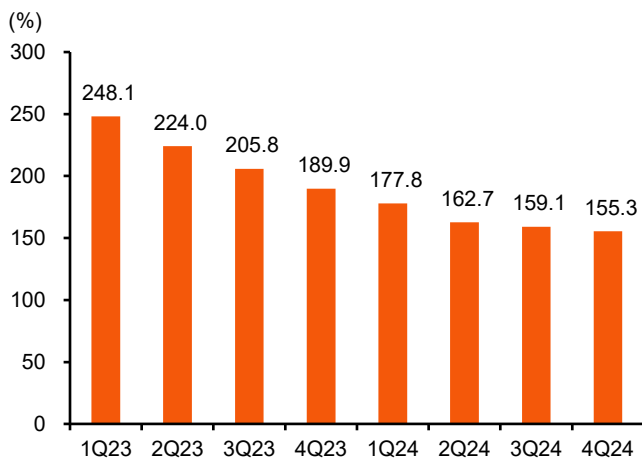
Source: Company data

Ex 6: NPL Formation And Credit Costs



Source: Company data

Ex 7: Loan-Loss-Coverage Ratio



Source: Company data

Ex 8: Profit Growth



Sources: Company data, Thanachart estimates

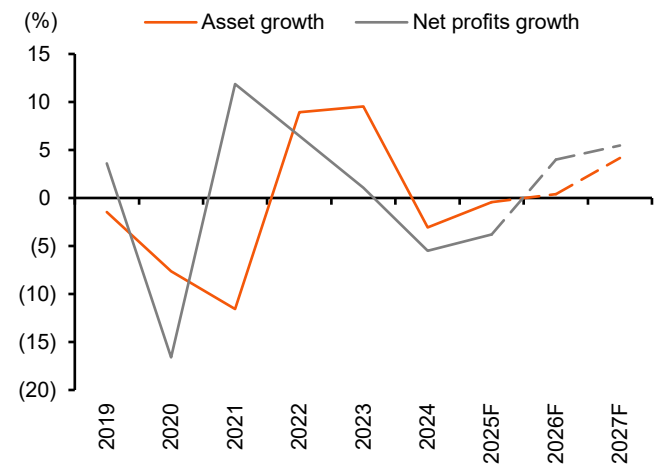
- 2) TISCO's small size and agile operations enable it to target higher-return segments, maintaining ROIC above its hurdle rate of 15%.

We like TISCO's dynamic and return-focused approach. Despite no significant asset expansion over the past 12 years, the bank has consistently grown its profits, maintained a high ROE, and delivered attractive dividends. This success has been driven by its ability to identify and focus on business segments where returns justify the associated risks.

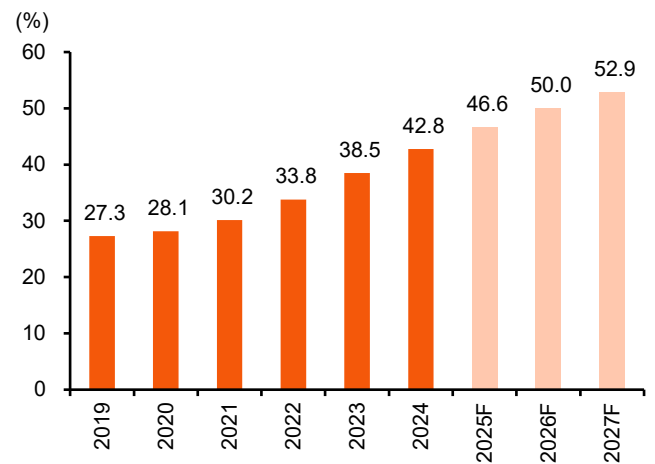
Looking to expand auto-cash and home-equity loans

Although the loan book has not grown substantially, TISCO has actively adjusted its portfolio mix, incorporating high-yield loans such as auto-cash loans under the Somwang brand. The group expanded its loan outlets to 860 branches last year, establishing a solid nationwide footprint. With this infrastructure in place, TISCO is now focusing on increasing loans per branch and enhancing its home equity loan offerings. Additionally, the bank sees promising growth opportunities in new motorcycle hire-purchase (HP) loans as smaller players have exited the market due to stricter interest rate regulations. TISCO also leverages its leading market share in provident fund management to cross-sell unsecured lending products.

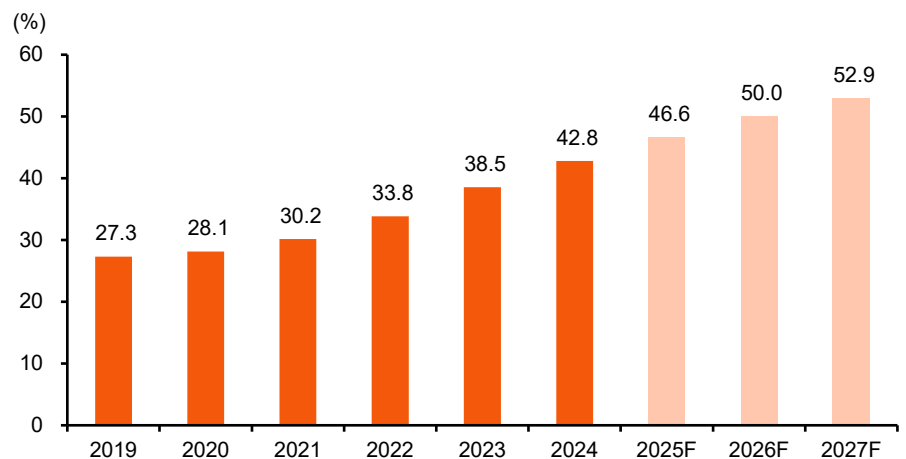
Furthermore, TISCO has diversified its sources of bancassurance sales, reducing reliance on auto-related insurance, which faces challenges due to weak new car sales. By partnering with 10 insurance companies, the bank offers a broader range of insurance products. This diversification has stabilized bancassurance sales, and we expect moderate growth in this segment moving forward.

Ex 9: Asset Growth Vs. Profit Growth

Sources: Company data, Thanachart estimates

Ex 10: Proportion Of High-yield Loans

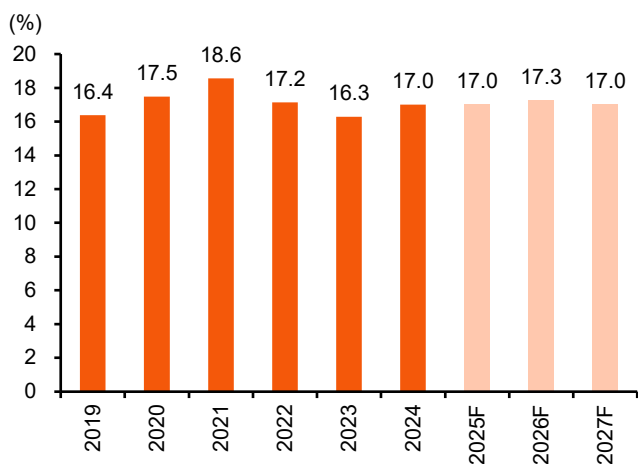
Sources: Company data, Thanachart estimates

Ex 11: Bancassurance Fees

Sources: Company data, Thanachart estimates

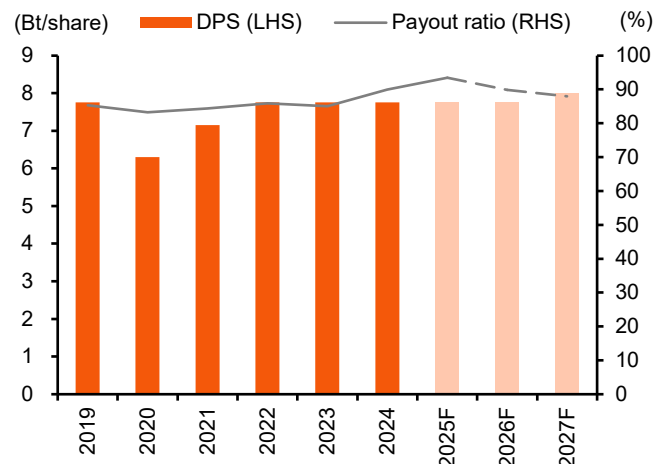
- 3) With its holding structure and abundant capital, we believe TISCO can sustain a high dividend payout ratio. We project a minimum DPS of Bt7.75, offering an attractive dividend yield of close to 8%.

Ex 12: Abundant Capital



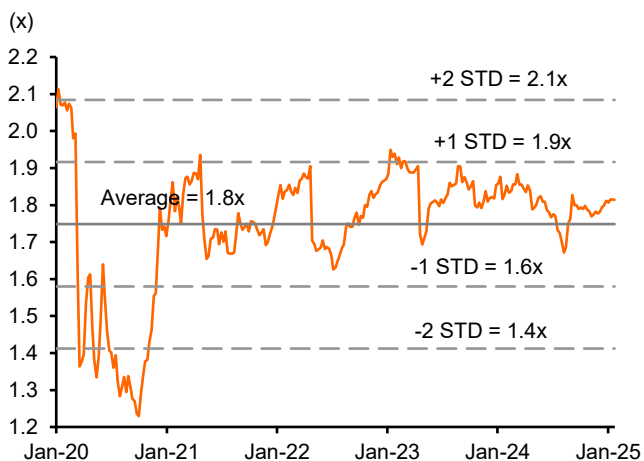
Sources: Company data, Thanachart estimates

Ex 13: DPS Vs. Dividend Payout Ratio



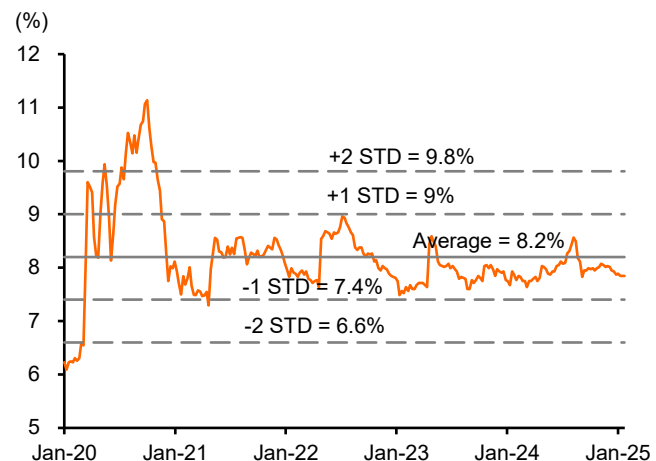
Sources: Company data, Thanachart estimates

Ex 14: STD P/BV



Sources: Bloomberg, Thanachart estimates

Ex 15: STD Dividend Yield



Sources: Bloomberg, Thanachart estimates

Valuation Comparison

Ex 16: Valuation Comparison With Regional Peers

Name	BBG Code	Market	EPS growth		— PE —		— P/BV —		— ROE —		— Div. Yield —	
			25F	26F	25F	26F	25F	26F	25F	26F	25F	26F
			(%)	(%)	(x)	(x)	(x)	(x)	(%)	(%)	(%)	(%)
BOC Hong Kong Holdings	2388 HK	Hong Kong	12.4	3.6	7.1	6.9	0.7	0.7	10.7	10.5	7.8	8.0
Bank of East Asia	23 HK	Hong Kong	16.1	7.4	6.4	5.9	0.3	0.2	3.9	4.2	7.3	8.0
China Citic Bank Corp	998 HK	Hong Kong	(0.8)	6.0	4.3	4.0	0.4	0.4	9.1	9.0	6.5	6.9
Hang Seng Bank	11 HK	Hong Kong	(5.8)	3.2	10.7	10.4	1.1	1.0	10.3	10.4	7.0	7.1
Industrial & Commercial Bk	1398 HK	Hong Kong	1.8	2.3	5.0	4.9	0.5	0.4	9.3	8.9	6.2	6.4
Axis Bank	AXSB IN	India	(0.6)	9.7	11.2	10.3	1.6	1.4	15.9	15.0	3.2	3.4
ICICI Bank	ICICIBC IN	India	9.6	12.7	17.3	15.4	na	na	na	na	0.9	1.0
State Bank of India	SBIN IN	India	8.2	10.3	9.2	8.4	1.5	1.3	17.3	16.4	2.0	2.2
Bank Central Asia	BBCA IJ	Indonesia	22.8	8.2	19.8	18.3	4.1	3.8	21.3	21.6	3.3	3.5
Bank Mandiri	BMRI IJ	Indonesia	10.6	10.0	9.4	8.6	1.8	1.7	20.6	20.8	6.1	6.7
Bank Rakyat	BBRI IJ	Indonesia	7.5	10.6	10.0	9.0	1.9	1.8	19.4	20.5	8.0	8.6
Bank Negara	BBNI IJ	Indonesia	15.1	11.4	7.2	6.5	1.0	0.9	14.6	15.1	6.4	7.1
CIMB Group Holdings	CIMB MK	Malaysia	16.6	5.9	10.6	10.0	1.1	1.1	11.2	11.2	5.4	5.7
Hong Leong Bank	HLBK MK	Malaysia	5.9	8.0	9.3	8.6	1.1	1.0	11.5	11.6	3.8	4.1
Malayan Banking	MAY MK	Malaysia	11.9	5.4	11.9	11.3	1.2	1.2	10.6	10.8	6.2	6.4
Public Bank	PBKF MK	Malaysia	11.5	5.0	na	na	na	na	12.4	12.3	na	na
Industrial Bank of Korea	024110 KS	S Korea	7.1	5.9	4.4	4.2	0.4	0.3	8.4	8.4	7.4	8.1
DBS Group Holdings	DBS SP	Singapore	9.1	2.4	11.2	10.9	1.8	1.7	16.5	16.1	5.8	6.1
Oversea-Chinese Banking	OCBC SP	Singapore	9.2	2.8	10.1	9.8	1.3	1.2	13.0	12.5	5.4	5.6
United Overseas Bank	UOB SP	Singapore	12.8	5.1	9.8	9.3	1.2	1.2	13.0	12.8	5.4	5.5
Bangkok Bank	BBL TB*	Thailand	4.2	6.1	6.3	6.0	0.5	0.5	8.2	8.2	5.1	5.1
KASIKORNBANK	KBANK TB*	Thailand	10.7	9.0	7.1	6.5	0.6	0.6	9.2	9.4	5.3	6.0
Kiatnakin Phatra Bank	KKP TB*	Thailand	6.7	1.4	8.6	8.5	0.7	0.7	8.4	8.5	9.3	9.4
Krung Thai Bank	KTB TB*	Thailand	9.7	9.4	6.7	6.1	0.7	0.7	10.6	11.0	6.0	6.6
SCB X	SCB TB*	Thailand	6.8	15.1	8.9	7.8	0.8	0.8	9.5	10.7	9.0	10.3
Tisco Financial Group	TISCO TB*	Thailand	(3.8)	4.0	11.9	11.5	1.8	1.8	15.4	15.8	7.8	7.8
TMBThanachart Bank	TTB TB*	Thailand	14.1	15.1	7.6	6.6	0.7	0.7	9.9	10.8	7.8	9.0
Average			8.5	7.3	9.3	8.7	1.2	1.1	12.3	12.4	5.9	6.3

Source: Bloomberg

Note: * Thanachart estimates , using Thanachart normalized EPS

Based on 22 January 2025 closing prices

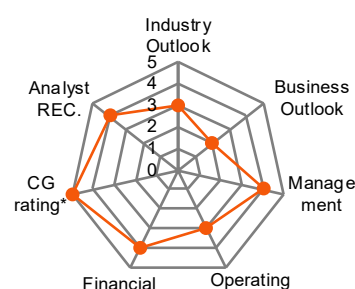
Note: Thanachart Capital Public Company Limited (TCAP), TMBThanachart Bank Public Company Limited (TTB), are related companies to Thanachart Securities Public Company Limited (TNS). Thanachart Securities Pcl is a subsidiary of Thanachart Capital Pcl (TCAP) which holds 24.35% of the shareholding in TMBThanachart Bank Pcl.

COMPANY DESCRIPTION

TISCO Financial Group PI (TISCO) was established by TISCO Group, a well-established Thai financial institution. Under the new shareholding restructure, TISCO has become the parent of TISCO Group. Its subsidiaries comprise TISCO Bank Plc, TISCO Asset Management, TISCO Securities, Hi-Way, TISCO Information Technology, and TISCO Tokyo Leasing Co Ltd.

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

- Strong management execution.
- Low operating cost advantage.
- Agility and flexibility.

O — Opportunity

- Rising penetration of auto cash loans.
- Wealth management and financial advisory services.

W — Weakness

- As a retail-oriented bank, TISCO's business is more geared to the economic cycle than peers.
- Relatively low CASA portion.

T — Threat

- Global economic recession.
- New accounting standards and regulations.

CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	99.48	111.00	12%
Net profit 25F (Bt m)	6,544	6,641	1%
Net profit 26F (Bt m)	6,681	6,907	3%
Consensus REC	BUY: 3	HOLD: 20	SELL: 2

HOW ARE WE DIFFERENT FROM THE STREET?

- We believe we are less aggressive than the Bloomberg consensus on TISCO's increased provisioning trend.
- Consequently, our earnings forecasts and TP are higher.

RISKS TO OUR INVESTMENT CASE

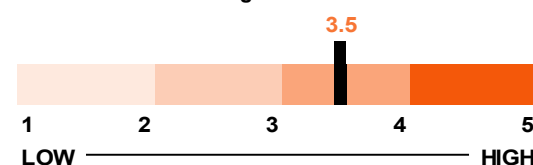
- Weakening asset quality represents the key downside risk to our expectation for a declining provisioning trend.
- A secondary downside risk to our earnings would come from lower-than-expected loan growth
- A lower-than-expected dividend payout ratio would present another downside risk to the achievement of our TP.

Sources: Bloomberg consensus, Thanachart estimates

Source: Thanachart

TISCO Group is dedicated to providing competitive and innovative financial solutions that ensure customer satisfaction. This commitment applies to TISCO and its subsidiaries, directors, management, and subsidiaries' employees. However, with unclear targets to improve its environmental impact, we assign an ESG score of 3.54.

Thanachart ESG Rating



	SET ESG Index	SET ESG (BBB-AAA)	DJSI Index	MSCI (CCC-AAA)	ESG Book (0-100)	Refinitiv (0-100)	S&P Global (0-100)	Moody's (0-100)	CG Rating (0-5)
TISCO	YES	-	-	-	64.73	69.74	26.00	-	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.

Factors	Our Comments
ENVIRONMENT <ul style="list-style-type: none"> Environmental Policies & Guidelines Energy Management Carbon Management Water Management Waste Management 	<ul style="list-style-type: none"> TISCO provides financing and advisory services to businesses and projects that benefit the environment and society. It supports electric vehicle (EV) financing through prominent and market-pioneer partners in Thailand, with financing amounting to as much as 25% of the sales of popular EV models. TISCO also supports large business loans for environmentally friendly projects, reaching 20.99% of total corporate loans. In addition, the bank has integrated environmental impact management into its operations by raising awareness among employees of using resources efficiently and disseminating environmental conservation knowledge to communities in its operating areas to promote joint environmental management and continually support environmental conservation activities with external agencies, such as "Care the Whale" (invisible garbage), "Care the Bear" (eco event) and the "Won Project" (send plastic home).
SOCIAL <ul style="list-style-type: none"> Human Rights Staff Management Health & Safety Product Safety & Quality Social Responsibility 	<ul style="list-style-type: none"> TISCO has set out a policy of an "Organization of Happiness" with agility and employee engagement to grow together. Emphasis is placed on supervising and enhancing employees' potential to be ready for new challenges. This includes skills development for new tools and technology to increase the quality of work. TISCO Group emphasizes "promotion from within" for available job positions. Employees are assessed at all stages, from the selection of new candidates to promotion, career development, and succession planning. For the social aspect, TISCO focuses on economic foundations. The bank has supported affected customers through sustainable debt restructuring, such as returning cars and ending debt, thereby helping more than 8,600 customers completely resolve their debt problems without affecting their financial records. It has also expanded opportunities to access financial services in remote areas by increasing "Somwang Ngern Sang Dai" branches, focusing on the responsible lending principle.
GOVERNANCE & SUSTAINABILITY <ul style="list-style-type: none"> Board Ethics & Transparency Business Sustainability Risk Management Innovation 	<ul style="list-style-type: none"> The board structure comprises a board of directors and five subcommittees. Risk management and internal control are monitored and controlled by the board of directors, with delegation to the executive board of directors of the group. The board of directors has 12 members, including three women. Half of them are independent directors, and 17% are non-executives. To uphold the highest standards of good corporate governance, TISCO Group has established a "Business Code of Conduct" that demonstrates its determination to be a good corporate citizen in society. The group also annually holds a compulsory compliance and human resource policy test through the TISCO Intranet system. TISCO received an Excellent Corporate Governance Report from the Thai Institute of Directors (IOD) for the 16th year since 2007.

Sources: Company data, Thanachart

INCOME STATEMENT

Increased provisions to a normalized level

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
Interest and Dividend Income	17,781	19,014	18,985	19,266	20,011
Interest Expenses	4,208	5,444	4,894	4,525	4,119
Net Interest Income	13,573	13,570	14,091	14,742	15,893
% of total income	72.3%	70.7%	71.1%	71.8%	73.0%
Gain on Investment	5	3	3	3	3
Fee Income	4,867	4,971	5,081	5,258	5,442
Gain on Exchange	(29)	314	314	200	100
Others	90	100	100	110	120
Non-interest Income	5,188	5,623	5,728	5,781	5,865
% of total income	27.7%	29.3%	28.9%	28.2%	27.0%
Total Income	18,761	19,193	19,819	20,523	21,758
Operating Expenses	9,340	9,256	9,270	9,371	9,783
Pre-provisioning Profit	9,421	9,937	10,550	11,152	11,975
Provisions	359	1,376	2,296	2,572	2,929
Pre-tax Profit	9,061	8,562	8,253	8,580	9,046
Income Tax	1,788	1,694	1,651	1,716	1,809
After Tax Profit	7,273	6,868	6,603	6,864	7,236
Equity Income	29	34	39	44	49
Minority Interest	(0)	(0)	(0)	(0)	(0)
Extraordinary Items	0	0	0	0	0
NET PROFIT	7,301	6,901	6,641	6,907	7,285
Normalized Profit	7,301	6,901	6,641	6,907	7,285
EPS (Bt)	9.1	8.6	8.3	8.6	9.1
Normalized EPS (Bt)	9.1	8.6	8.3	8.6	9.1

BALANCE SHEET

Slight recovery in loan growth

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
ASSETS:					
Liquid Items	49,408	40,684	41,760	38,610	40,260
cash & cash equivalents	918	910	860	810	760
interbank & money market	48,490	39,774	40,900	37,800	39,500
Securities under resale agreeme	0	0	0	0	0
Investments	4,205	5,409	5,869	6,373	6,927
Net loans	226,828	225,598	223,237	227,209	236,991
Gross and accrued interest	236,744	234,085	231,494	235,699	245,970
Provisions for doubtful	9,916	8,486	8,257	8,491	8,979
Fixed assets - net	3,205	3,161	2,908	2,660	2,417
Other assets	7,079	7,024	6,974	7,024	7,074
Total assets	290,724	281,877	280,748	281,876	293,669
LIABILITIES:					
Liquid Items	217,388	217,441	215,890	216,451	227,264
Deposit	208,645	206,537	204,450	204,450	214,673
Interbank & money market	8,506	10,665	11,198	11,758	12,346
Liability payable on demand	237	239	241	243	245
Borrow ings	17,286	8,076	8,162	8,125	8,226
Other liabilities	13,602	13,315	13,215	13,115	13,015
Total liabilities	248,276	238,832	237,266	237,692	248,505
Minority interest	3	3	3	4	4
Shareholders' equity	42,445	43,042	43,478	44,180	45,160
Preferred capital	-	-	-	-	-
Paid-in capital	8,007	8,007	8,006	8,006	8,006
Share premium	1,018	1,018	1,018	1,018	1,018
Surplus/ Others	2,021	2,025	2,025	2,025	2,025
Retained earnings	31,399	31,992	32,428	33,131	34,111
Liabilities & equity	290,724	281,877	280,748	281,876	293,669

Sources: Company data, Thanachart estimates

VALUATION

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Normalized PE (x)	10.9	11.5	11.9	11.5	10.9
Normalized PE - at target price (x)	12.2	12.9	13.4	12.9	12.2
PE (x)	10.9	11.5	11.9	11.5	10.9
PE - at target price (x)	12.2	12.9	13.4	12.9	12.2
P/PPP (x)	8.4	8.0	7.5	7.1	6.6
P/PPP - at target price (x)	9.4	8.9	8.4	8.0	7.4
P/BV (x)	1.9	1.8	1.8	1.8	1.8
P/BV - at target price (x)	2.1	2.1	2.0	2.0	2.0
Dividend yield (%)	7.8	7.8	7.8	7.8	8.1
Market cap / net loans (x)	0.3	0.4	0.4	0.3	0.3
Market cap / deposit (x)	0.4	0.4	0.4	0.4	0.4
(Bt)					
Normalized EPS	9.1	8.6	8.3	8.6	9.1
EPS	9.1	8.6	8.3	8.6	9.1
DPS	7.8	7.8	7.8	7.8	8.0
PPP/Share	11.8	12.4	13.2	13.9	15.0
BV/Share	53.0	53.8	54.3	55.2	56.4

*Justified premium
valuation with high ROE
and dividend yield*

FINANCIAL RATIOS

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Growth Rate (%)					
Net interest income (NII)	6.6	(0.0)	3.8	4.6	7.8
Non-interest income (Non-II)	(5.9)	8.4	1.9	0.9	1.5
Operating expenses	8.7	(0.9)	0.2	1.1	4.4
Pre-provisioning profit (PPP)	(2.5)	5.5	6.2	5.7	7.4
Net profit	1.1	(5.5)	(3.8)	4.0	5.5
Normalized profit growth	1.1	(5.5)	(3.8)	4.0	5.5
EPS	1.1	(5.5)	(3.8)	4.0	5.5
Normalized EPS	1.1	(5.5)	(3.8)	4.0	5.5
Dividend payout ratio	85.0	89.9	93.4	89.8	87.9
Loan - gross	7.2	(1.1)	(1.1)	1.8	4.4
Loan - net	8.6	(0.5)	(1.0)	1.8	4.3
Deposit	10.8	(1.0)	(1.0)	0.0	5.0
NPLs	14.1	4.6	4.0	4.0	4.0
Total assets	9.5	(3.0)	(0.4)	0.4	4.2
Total equity	(0.8)	1.4	1.0	1.6	2.2
Operating Ratios (%)					
Net interest margin (NIM)	4.9	4.7	5.0	5.2	5.5
Net interest spread	6.0	5.7	6.0	6.3	6.6
Yield on earnings assets	6.4	6.7	6.8	6.9	7.0
Avg cost of fund	1.9	2.4	2.2	2.0	1.8
NII / operating income	72.3	70.7	71.1	71.8	73.0
Non-II / operating income	27.7	29.3	28.9	28.2	27.0
Fee income / operating income	25.9	25.9	25.6	25.6	25.0
Normalized net margin	38.9	36.0	33.5	33.7	33.5
Cost-to-income	49.8	48.2	46.8	45.7	45.0
Credit cost - provision exp / loans	0.2	0.6	1.0	1.1	1.2
PPP / total assets	3.4	3.5	3.8	4.0	4.2
PPP / total equity	22.1	23.2	24.4	25.4	26.8
ROA	2.6	2.4	2.4	2.5	2.5
ROE	17.1	16.1	15.4	15.8	16.3

NIM contraction ending

Sources: Company data, Thanachart estimates

FINANCIAL RATIOS

	FY ending Dec	2023A	2024A	2025F	2026F	2027F
Liquidity and Quality Ratio (%)						
	Loan-to-deposit	112.5	112.4	112.3	114.4	113.7
	Loan-to-deposit & S-T borrowing	112.5	112.4	112.3	114.4	113.7
	Net loan / assets	78.0	80.0	79.5	80.6	80.7
	Net loan / equity	534.4	524.1	513.4	514.3	524.8
	Investment / assets	1.4	1.9	2.1	2.3	2.4
	Deposit / liabilities	84.0	86.5	86.2	86.0	86.4
	Liabilities / equity	584.9	554.9	545.7	538.0	550.3
	Net interbank lender (Bt m)	39,983	29,110	29,702	26,042	27,154
	Tier 1 CAR	16.3	17.0	17.0	17.3	17.0
	Tier 2 CAR	3.2	1.6	1.6	1.6	1.5
	Total CAR	19.5	18.6	18.6	18.8	18.5
Manageable NPLs	NPLs (Bt m)	5,223	5,464	5,682	5,909	6,146
	NPLs / Total loans (NPL Ratio)	2.2	2.3	2.5	2.5	2.5
	Loan-Loss-Coverage	189.9	155.3	145.3	143.7	146.1

Sources: Company data, Thanachart estimates

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ESG risk combines the concepts of management and exposure to arrive at an absolute assessment of ESG risk. We identify five categories of ESG risk severity that could impact a company's enterprise value

Moody's ESG Solutions

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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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