Ratchthani Leasing Pcl (THANI TB) - BUY, Price Bt1.56, TP Bt2.3

Results Comment

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Beat 3Q25 results on asset quality

- We are **encouraged by a strong 3Q25** net profit of Bt301m (+277% y-y, +8% q-q), **beating** our and the street's estimates by **10%** and 15%, respectively, driven primarily by a lower credit cost. With 9M25 earnings already at 81% of our full-year projection, upside risk to our estimates has emerged.
- Results were mixed bag, with **two positives — asset quality and interest expense** — and **one negative in loan volume.**

  (+) Asset quality: Credit metrics continued to trend positively: 1) **NPLs declined** 3% q-q; 2) **Stage 2 loans fell** a notable 9% q-q; and 3) **Foreclosed properties dropped** 42% q-q, indicating lower repossessed vehicle inventory. As a result, total credit cost (including asset impairment) improved to 117bps, down from 155bps in 2Q25.

  (+) Interest expense: Given a drop in loan volume, the company managed to repay its debt, resulting in savings on interest expenses. This caused a rise in NIM to 4.4% from 4.3% in 2Q25.

  (-) Loans declined by 4.2% q-q, 13% YTD following its prudent lending strategy, and weak new truck demand.
- We believe the continued improvement in asset quality should more than offset weak loan growth. Accordingly, we expect earnings to increase y-y in 4Q25F and deliver a strong +16% y-y growth in 2026F. We therefore maintain our BUY call.

Income Statement					(consolidated)
Yr-end Dec (Bt m)	**3Q24**	**4Q24**	**1Q25**	**2Q25**	**3Q25**
Interest income	829	801	762	727	702
Interest expense	296	290	274	255	237
Net interest income	**533**	**511**	**488**	**472**	**465**
Non-interest income	203	211	236	221	206
Total income	736	722	724	693	671
Operating expense	228	287	149	59	136
Pre-provisioning profit	**508**	**435**	**575**	**634**	**535**
Provision for bad&doubtful debt	404	269	250	276	150
Profit before tax	105	166	325	358	385
Tax	25	43	72	80	84
Profit after tax	80	123	254	279	301
Equity income	-	-	-	-	-
Minority interests	(0)	(0)	(0)	(0)	(0)
Extra items	-	-	-	-	-
Net profit	**80**	**123**	**254**	**279**	**301**
Normalized profit	**80**	**123**	**254**	**279**	**301**
PPP/share (Bt)	0.1	0.1	0.1	0.1	0.1
EPS (Bt)	0.0	0.0	0.0	0.0	0.0
Norm EPS (Bt)	0.0	0.0	0.0	0.0	0.0
BV/share (Bt)	2.1	2.1	2.2	2.2	2.2

Income Statement			9M as		
(Bt m)	**q-q%**	**y-y%**	**% 2025F**	**2025F**	**2026F**
Interest & dividend income	(3)	(15)	74	2,941	2,760
Interest expense	(7)	(20)	78	981	823
Net interest income	**(2)**	**(13)**	**73**	**1,960**	**1,937**
Non-interest income	(7)	2	75	886	949
Total income	(3)	(9)	73	2,846	2,886
Operating expense	131	(40)	61	564	621
Pre-provisioning profit	**(16)**	**5**	**76**	**2,282**	**2,266**
Provision for bad&doubtful debt	(46)	(63)	67	1,003	780
Profit before tax	7	267	83	1,279	1,486
Tax	5	236	92	256	297
Profit after tax	8	277	81	1,024	1,189
Equity income	neg	neg		-	-
Minority interests	neg	neg		-	-
Extra items	neg	neg			
Net profit	**8**	**277**	**81**	**1,024**	**1,189**
Normalized profit	**8**	**277**	**81**	**1,024**	**1,189**
PPP/share (Bt)	(16)	5	76	0.4	0.4
EPS (Bt)	8	277	81	0.2	0.2
Norm EPS (Bt)	8	277	81	0.2	0.2
BV/share (Bt)	2	4	295	2.2	2.3

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	**3Q24**	**4Q24**	**1Q25**	**2Q25**	**3Q25**
Cash and cash equivalent	1,454	3,691	2,856	1,608	1,488
Gross loans	49,365	47,409	45,038	42,923	41,103
Accrued interest	4	5	5	5	7
Provisions	1,739	1,742	1,730	1,520	1,367
Net loans	47,630	45,672	43,313	41,409	39,743
Property foreclosed	640	762	666	336	196
Premises & equipment	62	61	97	96	93
Other assets	967	977	973	980	982
Total assets	**50,753**	**51,163**	**47,905**	**44,428**	**42,502**
Total borrowings	36,618	36,989	33,212	30,080	27,946
Short term borrowing	17,305	18,323	14,101	14,121	15,310
Long term borrowing	19,314	18,665	19,112	15,959	12,635
Lease liabilitiy	18	18	18	19	22
Other liabilities	867	792	1,057	869	774
Total liabilities	**37,504**	**37,798**	**34,287**	**30,968**	**28,741**
Minority interest	0	0	0	0	0
Shareholders' equity	**13,249**	**13,364**	**13,618**	**13,460**	**13,761**
Total Liabilities & Equity	**50,753**	**51,163**	**47,905**	**44,428**	**42,502**

Financial Ratios					
(%)	**3Q24**	**4Q24**	**1Q25**	**2Q25**	**3Q25**
Gross loan growth (YTD)	(8.7)	(12.3)	(5.0)	(9.5)	(13.3)
Gross loan growth (q-q)	(3.4)	(4.0)	(5.0)	(4.7)	(4.2)
Borrowing growth (YTD)	(12.2)	(11.3)	(10.2)	(18.7)	(24.4)
Borrowing growth (q-q)	(3.5)	1.0	(10.2)	(9.4)	(7.1)
Non-interest income (y-y)	(13.9)	10.6	4.2	(2.3)	1.5
Non-interest income (q-q)	(10.5)	3.9	11.9	(6.2)	(6.9)
Cost-to-income	31.0	39.7	20.6	8.5	20.3
Net interest margin	4.25	4.22	4.23	4.29	4.43
Credit cost	3.21	2.22	2.16	2.51	1.46
ROE	2.4	3.7	7.5	8.2	8.8
ROA	0.6	1.0	2.0	2.4	2.8
Loan-to-borrowing	134.8	128.2	135.6	142.7	146.7
Loan-to- total equity	372.6	354.8	330.7	318.9	298.7
NPLs (Bt m)	1,874	1,569	1,321	1,089	1,055
NPL increase	133	(304)	(248)	(232)	(35)
NPL ratio	3.80	3.31	2.93	2.54	2.57
Loan-loss-coverage ratio	92.8	111.0	131.0	139.5	129.6

Sources: Company data, Thanachart estimates

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