

Ratchthani Leasing Pcl (THANI TB) - BUY, Price Bt1.98, TP Bt2.30**Results Comment**

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Beat 4Q25 on asset quality

- We take a positive view on THANI's **4Q25 net profit** of Bt315m (+157% y-y, +5% q-q), which **beat** both our and market expectations by 20%, driven by lower total credit costs (including asset impairments).
- 2025 net profit reached Bt1.15bn, up 44% y-y. The 16% y-y decline in loan volume was fully offset by lower funding costs and a reduction in total credit costs, following a significant improvement in asset quality.
- DPS was announced at Bt0.11, implying a 5.6% dividend yield. XD date is 28 Apr 2026.
- 4Q25 financial highlights:
 - (-) Loans declined by 3.0% q-q, 16% y-y** following its prudent lending strategy, and weak new truck demand.

(+) Interest expense -21% y-y, -4% q-q: 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 4.5% from 4.4% in 2Q25.

(+) Asset quality: Credit metrics continued to trend positively: 1) **NPLs declined 3% q-q**; 2) **Stage 2 loans fell** a notable 11% q-q; and 3) **Foreclosed properties dropped 22% q-q**, indicating lower repossessed vehicle inventory. As a result, total credit cost (including asset impairment) improved to 91bps, down from 117bps in 3Q25.

- We believe continued improvement in asset quality should more than offset weak loan growth. As a result, we expect earnings to rise y-y in 1Q26F and thus maintain our BUY rating.

Income Statement (consolidated)					
Yr-end Dec (Bt m)	4Q24	1Q25	2Q25	3Q25	4Q25
Interest income	801	762	727	702	683
Interest expense	290	274	255	237	228
Net interest income	511	488	472	465	456
Non-interest income	211	236	221	206	197
Total income	722	724	693	671	653
Operating expense	287	149	59	136	114
Pre-provisioning profit	435	575	634	535	539
Provision for bad&doubtful debt	269	250	276	150	137
Profit before tax	166	325	358	385	402
Tax	43	72	80	84	87
Profit after tax	123	254	279	301	315
Equity income	-	-	-	-	-
Minority interests	(0)	(0)	(0)	(0)	(0)
Extra items	-	-	-	-	-
Net profit	123	254	279	301	315
Normalized profit	123	254	279	301	315
PPP/share (Bt)	0.1	0.1	0.1	0.1	0.1
EPS (Bt)	0.0	0.0	0.0	0.0	0.1
Norm EPS (Bt)	0.0	0.0	0.0	0.0	0.1
BV/share (Bt)	2.1	2.2	2.2	2.2	2.3

Income Statement 12M as					
(Bt m)	q-q%	y-y%	% 2025F	2025A	2026F
Interest & dividend income	(3)	(15)	98	2,874	2,760
Interest expense	(4)	(21)	101	993	823
Net interest income	(2)	(11)	96	1,881	1,937
Non-interest income	(4)	(6)	97	861	949
Total income	(3)	(10)	96	2,742	2,886
Operating expense	(16)	(60)	81	459	621
Pre-provisioning profit	1	24	100	2,283	2,266
Provision for bad&doubtful debt	(9)	(49)	81	813	780
Profit before tax	5	142	115	1,470	1,486
Tax	4	101	126	323	297
Profit after tax	5	157	112	1,148	1,189
Equity income	neg	neg	-	-	-
Minority interests	neg	neg	-	(0)	-
Extra items	neg	neg	-	-	-
Net profit	5	157	112	1,148	1,189
Normalized profit	5	157	112	1,148	1,189
PPP/share (Bt)	1	24	100	0.4	0.4
EPS (Bt)	5	157	112	0.2	0.2
Norm EPS (Bt)	5	157	112	0.2	0.2
BV/share (Bt)	2	5	299	2.3	2.3

Balance Sheet (consolidated)					
Yr-end Dec (Bt m)	4Q24	1Q25	2Q25	3Q25	4Q25
Cash and cash equivalent	3,691	2,856	1,608	1,488	1,215
Gross loans	47,409	45,038	42,923	41,103	39,876
Accrued interest	5	5	5	7	9
Provisions	1,742	1,730	1,520	1,367	1,327
Net loans	45,672	43,313	41,409	39,743	38,559
Property foreclosed	762	666	336	196	155
Premises & equipment	61	97	96	93	91
Other assets	977	973	980	982	951
Total assets	51,163	47,905	44,428	42,502	40,970
Total borrowings	36,989	33,212	30,080	27,946	26,166
Short term borrowing	18,323	14,101	14,121	15,310	14,584
Long term borrowing	18,665	19,112	15,959	12,635	11,582
Lease liability	18	18	19	22	20
Other liabilities	792	1,057	869	774	709
Total liabilities	37,798	34,287	30,968	28,741	26,896
Minority interest	0	0	0	0	0
Shareholders' equity	13,364	13,618	13,460	13,761	14,074
Total Liabilities & Equity	51,163	47,905	44,428	42,502	40,970

Financial Ratios (%)					
	4Q24	1Q25	2Q25	3Q25	4Q25
Gross loan growth (YTD)	(12.3)	(5.0)	(9.5)	(13.3)	(15.9)
Gross loan growth (q-q)	(4.0)	(5.0)	(4.7)	(4.2)	(3.0)
Borrowing growth (YTD)	(11.3)	(10.2)	(18.7)	(24.4)	(29.2)
Borrowing growth (q-q)	1.0	(10.2)	(9.4)	(7.1)	(6.4)
Non-interest income (y-y)	10.6	4.2	(2.3)	1.5	(6.4)
Non-interest income (q-q)	3.9	11.9	(6.2)	(6.9)	(4.2)
Cost-to-income	39.7	20.6	8.5	20.3	17.5
Net interest margin	4.22	4.23	4.29	4.43	4.50
Credit cost	2.22	2.16	2.51	1.46	1.37
ROE	3.7	7.5	8.2	8.8	9.1
ROA	1.0	2.0	2.4	2.8	3.0
Loan-to-borrowing	128.2	135.6	142.7	146.7	152.0
Loan-to-total equity	354.8	330.7	318.9	298.7	283.3
NPLs (Bt m)	1,569	1,321	1,089	1,055	1,020
NPL increase	(304)	(248)	(232)	(35)	(35)
NPL ratio	3.31	2.93	2.54	2.57	2.56
Loan-loss-coverage ratio	111.0	131.0	139.5	129.6	130.1

Sources: Company data, Thanachart estimates

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