Tisco Financial Group (TISCO TB) - HOLD, Price Bt124.5, TP Bt108

Results Comment

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Inline 2Q26: Loan recovery, AQ stable

- TISCO reported 2Q26 net profit of Bt1.76bn (+7% y-y, +2% q-q), **in line** with both Bloomberg consensus and our forecast. The solid results were driven by lower funding costs, stronger fee income, and a decline in credit costs. We view the quarter as **slightly positive**, supported by the **resumption of loan growth and healthy asset quality.**
- While we like its **earnings resilience and attractive dividend** yield of 6% p.a., **valuations appear relatively rich** at 14x PE and 2.2x P/BV (2026F). We thus reiterate our **HOLD** call.
- Key highlights from 2Q26 include:

(+) Loan volume +0.3% q-q (flat YTD), supported by 1) ***hire-purchase loans***, from a recovery in Thailand's auto sales and higher market penetration, which increased to 6.7% in 2Q26 from 5.2% in 5M25; and 2) ***SME loans***, mainly from the expansion of inventory financing for auto dealers amid improving domestic vehicle sales.

(+) NIM increased 12bps q-q to 4.98%, as lower funding costs more than offset the decline in loan yields.

(+) Non-NII +6% y-y driven by strong brokerage and mutual fund fees amid favorable market conditions, as well as solid bancassurance income following the recovery in loan origination. On a q-q basis, however, non-NII declined 9%, mainly due to the absence of a one-off early loan prepayment fee recorded in 1Q26 and weaker investment-related fee income as investors turned more risk-averse in April following the Iran conflict.

(+) NPL +1% q-q, implying NPL ratio of 2.1%. No alarming sign of asset quality from the war. Thus, credit cost declined to 94bps from 132bps in 1Q26, while the coverage ratio remained robust at 190%.

Income Statement					(consolidated)
Yr-end Dec (Bt m)	2Q25	3Q25	4Q25	1Q26	2Q26
Interest & dividend income	4,585	4,620	4,517	4,444	4,431
Interest expense	1,257	1,192	1,100	1,001	907
Net interest income	**3,328**	**3,428**	**3,417**	**3,443**	**3,524**
Non-interest income	1,457	1,836	1,481	1,709	1,550
Total income	4,786	5,264	4,898	5,152	5,074
Operating expense	2,190	2,286	2,295	2,227	2,342
Pre-provisioning profit	**2,596**	**2,977**	**2,603**	**2,925**	**2,732**
Provision for bad&doubtful debt	559	830	565	775	551
Profit before tax	2,037	2,147	2,038	2,150	2,181
Tax	402	425	407	427	425
Profit after tax	1,635	1,722	1,631	1,724	1,756
Equity income	8	9	11	10	8
Minority interests	(0)	(0)	(0)	(0)	(0)
Extra items	-	-	-	-	-
Net profit	**1,644**	**1,730**	**1,642**	**1,734**	**1,764**
Normalized profit	**1,644**	**1,730**	**1,642**	**1,734**	**1,764**
PPP/share (Bt)	3.2	3.7	3.3	3.7	3.4
EPS (Bt)	2.1	2.2	2.1	2.2	2.2
Norm EPS (Bt)	2.1	2.2	2.1	2.2	2.2
BV/share (Bt)	52.0	52.2	54.2	56.4	53.0

Income Statement			6M as		
(Bt m)	q-q%	y-y%	% 2026F	2026F	2027F
Interest & dividend income	(0)	(3)	48	18,345	18,834
Interest expense	(9)	(28)	44	4,293	4,393
Net interest income	**2**	**6**	50	**14,052**	**14,441**
Non-interest income	(9)	6	54	6,035	5,990
Total income	(2)	6	51	20,087	20,431
Operating expense	5	7	50	9,146	9,386
Pre-provisioning profit	**(7)**	**5**	52	**10,941**	**11,045**
Provision for bad&doubtful debt	(29)	(1)	52	2,572	2,550
Profit before tax	1	7	52	8,369	8,495
Tax	(0)	6	51	1,674	1,699
Profit after tax	2	7	52	6,695	6,796
Equity income	(25)	(6)	46	39	41
Minority interests	neg	neg		-	-
Extra items	neg	neg		-	-
Net profit	**2**	**7**	52	**6,734**	**6,836**
Normalized profit	**2**	**7**	52	**6,734**	**6,836**
PPP/share (Bt)	(7)	5	25	13.7	13.8
EPS (Bt)	2	7	26	8.4	8.5
Norm EPS (Bt)	2	7	26	8.4	8.5
BV/share (Bt)	(6)	2	53	55.0	55.9

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	2Q25	3Q25	4Q25	1Q26	2Q26
Cash and Interbank	38,340	38,206	41,187	32,584	40,287
Other liquid items	2,888	3,234	3,267	3,065	3,012
Total liquid items	41,227	41,440	44,454	35,649	43,299
Gross loans and accrued interest	237,477	232,444	237,810	237,125	237,820
Provisions	8,774	9,128	9,244	9,473	9,496
Net loans	228,703	223,316	228,567	227,652	228,325
Fixed assets	3,097	4,320	4,292	4,533	4,502
Other assets	5,343	4,960	5,204	5,438	5,919
Total assets	**285,086**	**282,225**	**290,702**	**283,046**	**290,027**
Deposits	209,763	207,235	211,323	205,601	214,783
Interbank	11,518	11,872	12,111	10,146	9,690
Other liquid items	210	317	223	310	393
Total liquid items	221,491	219,424	223,657	216,058	224,866
Borrowings	8,186	7,606	10,539	8,719	9,419
Other liabilities	13,778	13,433	13,129	13,138	13,269
Minority interest	3	3	3	3	3
Shareholders' equity	**41,628**	**41,758**	**43,374**	**45,129**	**42,471**
Total Liabilities & Equity	**285,086**	**282,225**	**290,702**	**283,046**	**290,027**

Financial Ratios					
(%)	2Q25	3Q25	4Q25	1Q26	2Q26
Gross loan growth (YTD)	1.4	(0.8)	1.5	(0.3)	0.0
Gross loan growth (q-q)	1.9	(2.2)	2.3	(0.3)	0.3
Deposit growth (YTD)	1.6	0.3	2.3	(2.7)	1.6
Deposit growth (q-q)	1.6	(1.2)	2.0	(2.7)	4.5
Non-interest income (y-y)	(5.6)	31.6	6.8	27.4	6.4
Non-interest income (q-q)	8.6	26.0	(19.3)	15.4	(9.3)
Fee income / Operating income	24.9	24.4	27.5	27.8	27.3
Cost-to-income	45.8	43.4	46.9	43.2	46.1
Net interest margin	4.73	4.88	4.82	4.86	4.98
Credit cost	0.96	1.43	0.97	1.32	0.94
ROE	15.2	16.6	15.4	15.7	16.1
Loan-to-deposit	112.3	111.2	111.6	114.3	109.8
Loan-to-deposit + S-T borrowing	112.3	111.2	111.6	114.3	109.8
NPLs (Bt m)	5,668	5,333	5,371	4,949	4,994
NPL increase	77	(335)	38	(422)	44
NPL ratio	2.41	2.31	2.28	2.11	2.12
Loan-loss-coverage ratio	154.8	171.2	172.1	191.4	190.2
CAR - total	20.6	20.9	20.5	20.5	20.5

Sources: Company data, ttb wealth estimates

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