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KEY HIGHLIGHTS

Update

TISCO Financial Group (TISCO TB/HOLD/Bt98.00/Target: Bt94.00)

2Q25 results preview: Expect credit costs to surge qoq.

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KEY INDICES

Symbol	Close	Chg	%Chg
SET	1,122.70	(5.92)	(0.52)
SET50	730.27	(2.87)	(0.39)
Value (Btm) - SET	39,873		
Top 5 Sector			
BANK	391.36	0.38	0.10
PETRO	474.87	(2.95)	(0.62)
PROP	134.23	(1.99)	(1.46)
ENERG	15,298.82	163.21	1.08
ICT	186.77	(1.49)	(0.79)

Source: Bloomberg

TOP VOLUME

Symbol	Close (Baht)	+/-(% Chg)	5-day ADT (BTm)
AOT	29.75	(7.03)	1,387.7
PTTEP	113.00	7.62	1,593.4
KBANK	152.50	0.00	1,884.1
PTT	30.75	1.65	1,655.8
DELTA	99.50	2.31	1,160.3

TOP GAINERS

Symbol	Close (Baht)	+/-(% Chg)	5-day ADT (BTm)
ECF	0.37	30.16	0.7
STOWER	0.05	25.00	0.0
CHO	0.08	14.29	0.1
KWC	323.00	13.73	0.0
PROS	0.84	12.00	7.1

TOP LOSERS

Symbol	Close (Baht)	+/-(% Chg)	5-day ADT (BTm)
MORE	0.02	(50.00)	1.9
NATION	0.02	(33.33)	0.0
KC	0.04	(20.00)	0.4
TRITN	0.04	(20.00)	1.0
PK	0.66	(14.29)	5.6

*ADT: Average daily turnover

KEY STATISTICS

Commodity	Current Price	%Chg		
		1m	3M	YTD
Brent crude*	75.0	15.7	8.5	2.8
Dubai crude*	74.5	14.4	4.9	(0.8)
Baltic Dry Index	1,968.0	41.8	17.9	97.4
Gold Spot***	3,439.7	7.4	15.3	31.1

*(US\$/bbl), *** (US\$/toz)

FOREIGN PORTFOLIO INVESTMENT IN EQUITIES (THAILAND)

Day (Mil US\$)	MTD Net (Mil US\$)	YTD Net (Mil US\$)	YTD Net YoY%
10.2	(54.7)	(2,147.5)	1,630.6

Source: Bloomberg

Foreign Exchange Rate - THB/US\$ (onshore) = 32.48

Interest Rate (%) - TH Policy Rate = 2.00

Thai Lending Rate (%)* - MLR = 6.90

COMPANY UPDATE

TISCO Financial Group (TISCO TB)

2Q25 Results Preview: Expect Credit Costs To Surge qoq

We expect TISCO to post a net profit of Bt1,527m for 2Q25 (-13% yoy, -7% qoq). According to management guidance, we expect to see a jump in credit cost by 35bp qoq to 101bp in 2Q25. We believe that the new regulations will not have any significant impact on TISCO's hire-purchase and leasing businesses as it is currently regulated by BOT. Maintain HOLD. Target price: Bt94.00.

WHAT'S NEW

- **Expect 2Q25 net profit to decline yoy and qoq.** We expect TISCO Financial Group (TISCO) to report a 2Q25 net profit of Bt1,527m, down 13% yoy and 7% qoq. Excluding provisioning, pre-provision operating profit is expected to decline 4% yoy but rise 2% qoq.

STOCK IMPACT

- **Forecast loan to expand qoq in 2Q25.** We expect TISCO's loan portfolio to grow 1% qoq to around Bt233b in 2Q25 due to the seasonal high loan demand during the Songkran festival in April and the school semester beginning in 2Q25.
- **Credit cost to jump qoq in 2Q25.** We expect to see a jump in credit cost by 35bp qoq to 101bp in 2Q25, bringing TISCO's average credit cost for 2025 to 98bp, and reaching the company's targeted 100bp level.
- **Regulating the entire hire-purchase and leasing businesses.** The Bank of Thailand (BOT) announced that it will be implementing regulations for Thailand's hire-purchase (HP) and leasing businesses on 2 Dec 25. According to BOT, there are 3,000 HP and leasing businesses with a combined loan outstanding of Bt1.6t (10% of household debt). BOT intends to solve problems such as: a) very high lending rates, b) unfair service fees, c) incomplete information, and d) lack of responsible lending. TISCO has a retail loan exposure of 68%. Its retail loans consist: a) new-car HP: 49.6%, b) used-car HP: 9.6%, and c) motorcycle HP: 4.2%. Although a high proportion of TISCO's revenue is derived from its HP business, TISCO is currently regulated by BOT because the whole banking sector has been regulated under the law by BOT.
- We reckon this regulation will not have a significant impact on TISCO as the bank has been operating well under BOT's regulations in the past. Also, TISCO has stated that they will not be impacted by this new regulation.
- **Slightly positive signs of yoy recovery in car sales.** Thailand's car sales increased 1% yoy to 47,193 cars in Apr 25, which is the first yoy expansion in the last 22 months. We reckon this yoy expansion is a slightly positive sign of a recovery in car sales. However, we remain cautious about the Thai auto industry as the worsening economic outlook will continue to pressure car sales in Thailand.

KEY FINANCIALS

Year to 31 Dec (Btm)	2023	2024	2025F	2026F	2027F
Net interest income	13,829	13,570	13,855	14,487	14,882
Non-interest income	5,217	5,657	5,365	5,261	5,295
Net profit (rep./act.)	7,303	6,893	6,195	6,577	6,783
Net profit (adj.)	7,303	6,893	6,195	6,577	6,783
EPS (Bt)	9.1	8.6	7.7	8.2	8.5
PE (x)	10.7	11.4	12.7	11.9	11.6
P/B (x)	1.8	1.8	1.8	1.8	1.8
Dividend yield (%)	7.9	7.9	7.1	7.6	8.1
Net int margin (%)	5.0	4.8	5.0	5.1	5.1
Cost/income (%)	49.0	48.1	47.9	49.2	49.2
Loan loss cover (%)	189.8	155.3	154.0	152.0	150.0
Consensus net profit	-	-	6,519	6,594	6,804
UOBKH/Consensus (x)	-	-	0.95	1.00	1.00

Source: TISCO Financial Group, Bloomberg, UOB Kay Hian

HOLD

(Maintained)

Share Price	Bt98.00
Target Price	Bt94.00
Upside	-4.1%

COMPANY DESCRIPTION

A small bank with roughly 2% of the credit market. The bank's strong focus is on auto HP lending, which accounts for 64% of its loan book.

STOCK DATA

GICS sector	Financials
Bloomberg ticker:	TISCO TB
Shares issued (m):	800.6
Market cap (Btm):	78,476.5
Market cap (US\$m):	2,423.6
3-mth avg daily t'over (US\$m):	12.2

Price Performance (%)

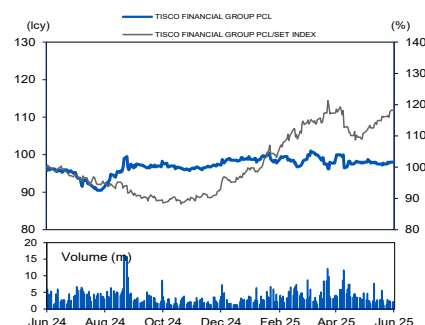
52-week high/low			Bt101.50/Bt90.00	
1mth	3mth	6mth	1yr	YTD
0.0	0.3	0.8	1.6	(0.5)

Major Shareholders

	%
CDIB & Partners Investment Holding	10.00
Thai NVDR	9.83
Tokyo Century Corporation	4.93

FY24 NAV/Share (Bt)	53.83
FY24 CAR Tier-1 (%)	18.92

PRICE CHART



Source: Bloomberg

ANALYST(S)

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- **Expect another 25bp policy rate cut to benefit TISCO.** The market expects a 25bp policy rate cut by the end of 2025. Some banks expect two more rate cuts to 1.25% by the end of 2025, while some investors are expecting a 25bp rate cut on 25 Jun 25.
- **Maintain dividend payout ratio.** Although there are many future uncertainties and a possible yoy reduction in earnings, management reiterated that TISCO would be maintaining a high dividend payout ratio, which should not be lower than the current level of 90%.

EARNINGS REVISION/RISK

- No earnings revision.

VALUATION/RECOMMENDATION

- **Maintain HOLD with an unchanged target price of Bt94.00** using the Gordon Growth Model (cost of equity: 11.5%, long-term growth: 2%). Our target price implies 1.75x 2025F P/B, which is around its historical five-year P/B mean. We do not see any exciting growth catalysts in the near term.

SHARE PRICE CATALYST

- Policy rate cut.
- An economic recovery.

ENVIRONMENTAL, SOCIAL, GOVERNANCE (ESG)

CG Report: 5

SET ESG Rating: AAA

• Environmental

- Financing to support Green Economy Transition.
- Optimal utilisation of energy and natural resources.
- Environmental Sustainability Initiatives.

• Social

- Develop and improve service channels to increase financial access.
- Enhance financial literacy to promote financial discipline in society.
- Promote safe and positive working environment for all employees.

• Governance

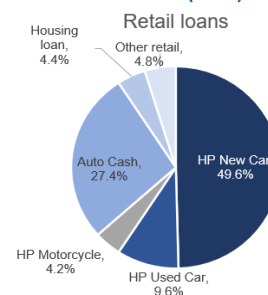
- Ensure equitable and quality service for customers.
- Adhere to high standards of corporate governance, integrity, and transparency.
- Manage risks with prudence and precautionary principles.
- Optimise data management and enhance cyber security system.

FINANCIAL TARGETS VS ACTUAL

	2025 Target	2024 Target	2024 Actual
Loan growth	3-5%	N/A	-1.1%
LLC ratio	>140%	N/A	155%
Credit cost (bp)	100-120bp	50-70bp	60bp

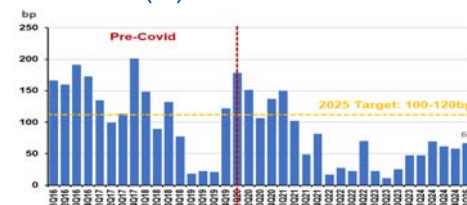
Source: TISCO, UOB Kay Hian

RETAIL LOAN EXPOSURE (1Q25)



Source: TISCO, UOB Kay Hian

CREDIT COST (BP)



Source: Bloomberg, UOB Kay Hian

P/B BAND



Source: TISCO, UOB Kay Hian

2025 RESULTS PREVIEW

Year to 31 Dec (Btm)	2Q25F	1Q25	2024	qoq chg (%)	yoy chg (%)
Total gross loans	232,845	231,190	233,448	0.7	(0.3)
Net interest income	3,467	3,328	3,387	4.2	2.4
Non-interest income	1,281	1,320	1,521	(3.0)	(15.8)
Loan loss provision	(588)	(386)	(409)	52.3	43.8
Non-Interest Expenses	(2,292)	(2,242)	(2,353)	2.2	(2.6)
Pre-provision operating profit	2,488	2,438	2,585	2.0	(3.8)
Net income	1,527	1,643	1,749	(7.1)	(12.7)
EPS (Bt)	1.91	2.05	2.18	(7.1)	(12.7)
Ratio (%)					
NPL Ratio	2.4	2.4	2.4		
Loan loss coverage ratio (%)	154	154	163		
Reported Net interest margin (NIM %)	5.0	4.8	4.9		
Credit cost (bp)	101	67	70		
Cost to income (%)	48	48	48		
Common equity tier 1 (CET1) ratio (%)	18.6	18.9	18.6		

Source: TISCO Financial Group, UOB Kay Hian

PROFIT & LOSS

Year to 31 Dec (Btm)	2024	2025F	2026F	2027F
Interest income	19,014	18,574	18,971	19,632
Interest expense	(5,444)	(4,718)	(4,484)	(4,749)
Net interest income	13,570	13,855	14,487	14,882
Fees & commissions	4,971	4,801	4,742	4,768
Other income	685	564	519	526
Non-interest income	5,657	5,365	5,261	5,295
Total income	19,226	19,220	19,748	20,177
Staff costs	(6,210)	(6,318)	(6,696)	(6,868)
Other operating expense	(3,046)	(2,892)	(3,019)	(3,067)
Pre-provision profit	9,971	10,010	10,033	10,242
Loan loss provision	(1,383)	(2,296)	(1,852)	(1,805)
Pre-tax profit	8,587	7,714	8,181	8,437
Tax	(1,694)	(1,519)	(1,604)	(1,654)
Minorities	(0)	(0)	(0)	(0)
Net profit	6,893	6,195	6,577	6,783
Net profit (adj.)	6,893	6,195	6,577	6,783

BALANCE SHEET

Year to 31 Dec (Btm)	2024	2025F	2026F	2027F
Cash with central bank	910	1,183	1,224	1,258
Govt treasury bills & securities	4,495	4,495	4,651	4,780
Interbank loans	39,774	39,272	40,633	41,760
Customer loans	225,598	229,936	238,217	245,188
Investment securities	2,559	2,366	2,448	2,516
Derivative receivables	56	0	0	0
Associates & JVs	914	914	914	914
Fixed assets (incl. prop.)	3,184	2,906	2,658	2,426
Other assets	4,386	4,545	4,636	4,710
Total assets	281,877	285,618	295,380	303,551
Interbank deposits	10,665	9,463	9,791	10,063
Customer deposits	206,537	209,374	216,628	222,636
Derivative payables	0	0	0	0
Debt equivalents	8,315	10,350	11,291	12,117
Other liabilities	13,315	13,332	13,676	13,962
Total liabilities	238,832	242,519	251,387	258,778
Shareholders' funds	43,042	43,096	43,989	44,769
Minority interest - accumulated	3	3	4	4
Total equity & liabilities	281,877	285,617	295,380	303,551

OPERATING RATIOS

Year to 31 Dec (%)	2024	2025F	2026F	2027F
Capital Adequacy				
Tier-1 CAR	18.7	18.9	18.7	18.5
Total CAR	20.5	20.8	20.5	20.3
Total assets/equity (x)	6.5	6.6	6.7	6.8
Tangible assets/tangible common equity (x)	6.7	6.8	6.9	6.9
Asset Quality				
NPL ratio	2.4	2.4	2.3	2.2
Loan loss coverage	155.3	154.0	152.0	150.0
Loan loss reserve/gross loans	3.7	3.6	3.5	3.3
Increase in NPLs	4.6	1.8	0.4	(0.8)
Credit cost (bp)	59	98	77	73
Liquidity				
Loan/deposit ratio	109.2	109.8	110.0	110.1
Liquid assets/short-term liabilities	20.8	20.5	20.5	20.5
Liquid assets/total assets	16.0	15.7	15.7	15.7

KEY METRICS

Year to 31 Dec (%)	2024	2025F	2026F	2027F
Growth				
Net interest income, yoy chg	(1.9)	2.1	4.6	2.7
Fees & commissions, yoy chg	2.1	(3.4)	(1.2)	0.6
Pre-provision profit, yoy chg	2.7	0.4	0.2	2.1
Net profit, yoy chg	(5.6)	(10.1)	6.2	3.1
Net profit (adj.), yoy chg	(5.6)	(10.1)	6.2	3.1
Customer loans, yoy chg	(0.5)	1.9	3.6	2.9
Profitability				
Net interest margin	4.8	5.0	5.1	5.1
Cost/income ratio	48.1	47.9	49.2	49.2
Adjusted ROA	2.4	2.2	2.3	2.3
Reported ROE	16.1	14.4	15.1	15.3
Adjusted ROE	16.1	14.4	15.1	15.3
Valuation				
P/BV (x)	1.8	1.8	1.8	1.8
P/NTA (x)	187.2	186.8	182.9	179.7
Adjusted P/E (x)	11.4	12.7	11.9	11.6
Dividend Yield	7.9	7.1	7.6	8.1
Payout ratio	90.0	90.2	90.2	93.2

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