

EQUITY TALK

3Q24 EARNING PREVIEW

🕒 September 12, 2024

No expectation, no disappointment

Reported on October 15, 3Q24 net profit is estimated at B1.7bn, flat qoq while falling 7%yoy. Expected credit loss (ECL) is expected to decrease. Pre-provision operating profit (PPOP) is projected to fall from FVTPL. NPL/Loan ratio is expected at 2.5%, up from 2.4% in 2Q24 and 2.2% at end-2023 mainly from auto title loans growth. ECL has decreased while NPL has increased, so TISCO is expected to make higher ECL in the future. As a result, profit growth may weaken despite interest rate cut.

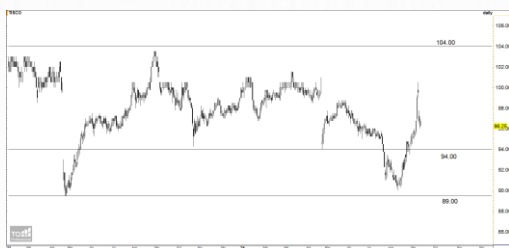
2025 fair value is B102. We reiterate Neutral. Dividend yield is expected at 8% and TISCO price is still high thanks to market expectation. P/E ratio is 11x, higher than sector average of 8x, while 2025 profit growth is not much stronger than peers, so TISCO has limited upside. Among stocks benefiting from interest rate cut, we prefer non-bank finance plays more.

KEY FINANCIAL FORECAST

Ending Dec 31	2022	2023	2024F	2025F	2026F
Net Profit	7,224	7,301	6,982	7,056	7,182
EPS (B)	9.02	9.12	8.72	8.81	8.97
EPS Growth (%yoy)	6.5%	1.1%	-4.4%	1.1%	1.8%
BVS (B)	53.4	53.0	54.3	55.3	56.4
PER (x)	10.6	10.5	11.0	10.9	10.7
PBV (x)	1.80	1.81	1.77	1.74	1.70
DPS (B)	7.75	7.75	7.75	7.75	8.00
Dividend Yield	8.1%	8.1%	8.1%	8.1%	8.3%
ROE	17.2%	17.1%	16.2%	16.1%	16.1%

Source: ASPSP Research

TECHNICAL CHART/COMMENT



Source: ASPSP Research

Price Trend: Sideways
 Supportive: 89.00 / 94.00
 Resistance: 104.00

TISCO

NEUTRAL

Current Price (B)	96.00
Target Price (B)	102.00
Upside (%)	6.3
Dividend yield (%)	8.1

CONSENSUS ANALYSIS

EPS (B)	ASPS	IAA Cons	% diff
2024F	8.72	8.59	2%
2025F	8.81	8.60	2%

Source: ASPSP Research / IAA consensus

ESG RATING

SET ESG Ratings	AAA
CG Score	Excellent
Anti-corruption	Certified

Source: IAA SET, SEC

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- OUTPERFORM:** Considering its fundamentals, the stock is expected to produce a higher return than the sector average or SET Index.
- NEUTRAL:** Considering its fundamentals, the stock is expected to produce a return close to the sector average or SET Index.
- UNDERPERFORM:** Considering its fundamentals, the stock is expected to produce a lower return than the sector average or SET Index.

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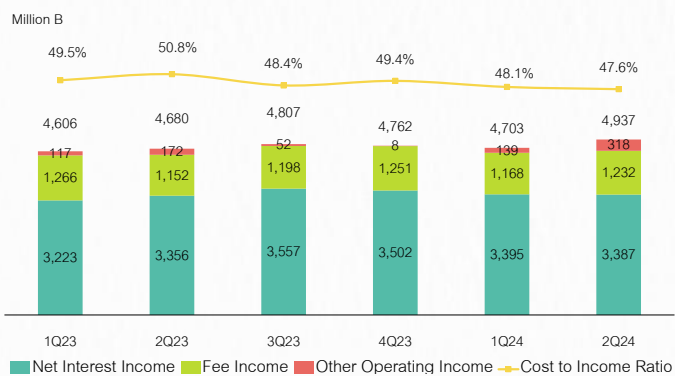
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EARNINGS RESULTS BY QUARTER

Million B	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24F	%QoQ	%YoY	9M24F	9M23	%YoY
Net Interest Income	3,223	3,356	3,557	3,502	3,395	3,387	3,364	-0.7%	-5.4%	10,147	10,135	0.1%
Non-Interest Income	1,384	1,324	1,250	1,260	1,307	1,550	1,302	-16.0%	4.2%	4,159	3,957	5.1%
- Net Fee Income	1,266	1,152	1,198	1,251	1,168	1,232	1,189	-3.5%	-0.7%	3,589	3,616	-0.7%
- Other Operating Income	117	172	52	8	139	318	113	-64.5%	116.5%	570	341	67.1%
Operating Profit	4,606	4,680	4,807	4,762	4,703	4,937	4,667	-5.5%	-2.9%	14,307	14,093	1.5%
Operating Expense	(2,282)	(2,378)	(2,329)	(2,353)	(2,263)	(2,356)	(2,211)	-6.1%	-5.1%	(6,829)	(6,988)	-2.3%
Pre-Provision Operating Profit (PPOP)	2,325	2,302	2,478	2,409	2,440	2,582	2,456	-4.9%	-0.9%	7,477	7,105	5.2%
Expected Credit Loss (ECL)	(91)	1	(147)	(187)	(279)	(401)	(290)	-28%	98%	(970)	(237)	309.0%
Income Tax	(441)	(449)	(457)	(442)	(428)	(428)	(426)	-0.6%	-6.9%	(1,281)	(1,346)	-4.8%
Net Profit	1,793	1,854	1,874	1,780	1,733	1,753	1,740	-0.7%	-7.2%	5,226	5,521	-5.3%
EPS (B)	2.24	2.32	2.34	2.22	2.16	2.19	2.17	-0.8%	-7.2%	6.52	6.90	-5.4%
Loans	220,099	230,494	231,794	234,815	235,218	233,448	229,946	-1.5%	-0.8%	229,946	231,794	-0.8%
Deposits & Bonds	207,649	213,343	212,473	225,931	214,764	214,700	210,831	-1.8%	-0.8%	210,831	212,473	-0.8%
Yield on Loan	7.1%	7.3%	7.7%	7.7%	7.6%	7.6%	7.7%			7.7%	7.4%	
Cost of Fund	1.6%	1.8%	2.0%	2.2%	2.4%	2.4%	2.4%			2.4%	1.8%	
Loan Spread	5.5%	5.5%	5.6%	5.4%	5.2%	5.2%	5.2%			5.3%	5.5%	
NIM	4.8%	4.9%	5.2%	5.0%	4.8%	4.9%	4.9%			4.8%	5.0%	
Cost to Income Ratio	49.5%	50.8%	48.4%	49.4%	48.1%	47.7%	47.4%			47.7%	49.6%	
Credit Cost	0.2%	0.0%	0.3%	0.3%	0.5%	0.7%	0.5%			0.6%	0.1%	
NPL Ratio	2.1%	2.2%	2.2%	2.2%	2.3%	2.4%	2.5%			2.5%	2.2%	
LLR/NPL (Coverage Ratio)	248.1%	224.0%	205.8%	189.9%	177.8%	162.6%	153.8%			153.8%	205.8%	
LLR / Loan	5.3%	4.9%	4.6%	4.2%	4.0%	4.0%	3.9%			3.9%	4.6%	

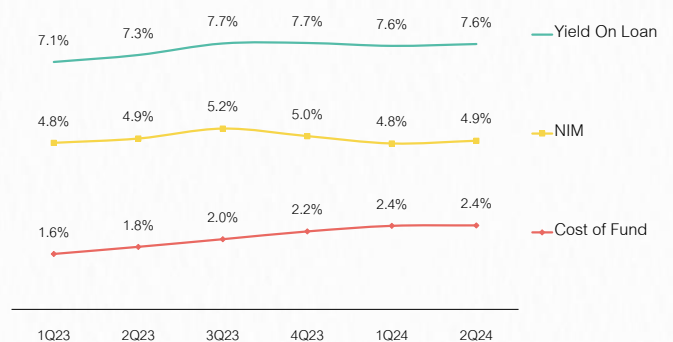
Source : Financial Statement, ASPS Research

INCOME BREAKDOWN



Source: Financial Statement, ASPS Research

YIELD ON LOAN / NIM / COST OF FUND



Source: Financial Statement, ASPS Research

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2024-2026F EARNINGS FORECAST

Income Statement (Million B)				
Ended 31 Dec.	2023	2024F	2025F	2026F
Interest income	18,037	19,451	19,369	20,016
Interest expenses	(4,208)	(5,587)	(5,135)	(5,287)
Net interest income	13,829	13,864	14,234	14,729
Net fee income	4,867	4,935	5,182	5,441
Other operating income	350	732	771	811
Operating expenses	(9,340)	(9,274)	(9,631)	(9,890)
Expected Credit Loss (ECL)	(615)	(1,529)	(1,735)	(2,114)
Earnings before taxes	9,090	8,728	8,820	8,978
Income taxes	(1,788)	(1,746)	(1,764)	(1,796)
Minority interest	(0)	-	-	-
Net profit	7,301	6,982	7,056	7,182
EPS (B)	9.12	8.72	8.81	8.97
Quarterly Income Statement				
Ended 31 Dec.	3Q23	4Q23	1Q24	2Q24
Interest income	4,666	4,776	4,774	4,744
Interest expenses	(1,110)	(1,273)	(1,378)	(1,357)
Net interest income	3,557	3,502	3,395	3,387
Net fee income	1,198	1,251	1,168	1,232
Other operating income	52	8	139	318
Operating expenses	(2,329)	(2,353)	(2,263)	(2,356)
Expected Credit Loss (ECL)	(147)	(187)	(279)	(401)
Earnings before taxes	2,332	2,222	2,161	2,181
Income taxes	(457)	(442)	(428)	(428)
Minority interest	(0)	(0)	(0)	(0)
Net profit	1,874	1,780	1,733	1,753
EPS (B)	2.34	2.22	2.16	2.19
Tier 1	19.0%	18.9%	18.8%	18.6%
Tier 2	3.5%	3.5%	2.2%	2.0%
CAR	22.5%	22.4%	20.9%	20.6%
Financial Ratio				
Ended 31 Dec.	2023	2024F	2025F	2026F
Yield	6.5%	6.8%	6.7%	6.7%
Funding cost	1.9%	2.4%	2.2%	2.2%
Spread	4.6%	4.4%	4.5%	4.5%
NIM	5.0%	4.8%	4.9%	4.9%
Loans to deposit and borrowing	103.9%	109.0%	109.1%	109.2%
ROAA	2.6%	2.4%	2.4%	2.4%
ROAE	17.1%	16.2%	16.1%	16.1%

Source: ASPS Research

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2024-2026F EARNINGS FORECAST (CONT.)

Balance Sheet (Million B)				
Ended 31 Dec.	2023	2024F	2025F	2026F
Cash & bank deposits	918	1,165	1,171	1,200
Net investment (incl. FVTPL)	3,314	3,534	3,534	3,711
Loans	234,815	240,686	247,906	255,343
Accrued interest receivables	1,929	2,121	2,121	2,121
Less Expected Credit Loss (ECL)	(9,916)	(8,945)	(9,079)	(9,437)
Net loans	226,828	233,862	240,948	248,028
Other assets	4,073	4,320	4,751	5,225
Total assets	290,724	289,978	299,195	308,400
Deposits / Borrowings	234,675	230,010	236,868	243,941
Total liabilities	248,276	246,482	254,912	263,251
Paid-up share capital	8,007	8,007	8,007	8,007
Other reserves	3,039	3,039	3,039	3,039
Retained earnings	31,399	32,447	33,233	34,099
Shareholders' equity	42,445	43,493	44,279	45,145
Total liabilities and shareholders' equity	290,724	289,978	299,195	308,400

Quarterly Balance Statement

Ended 31 Dec.	3Q23	4Q23	1Q24	2Q24
Cash & bank deposits	798	918	972	974
Net investment	6,971	5,395	5,442	5,884
Loans	231,794	234,815	235,218	233,448
Accrued interest receivables	1,918	1,929	1,950	1,941
Less Expected Credit Loss (ECL)	(10,728)	(9,916)	(9,498)	(9,261)
Net loans	222,983	226,828	227,669	226,127
Other assets	43,181	57,583	48,322	47,626
Total assets	273,933	290,724	282,405	280,610
Deposits	200,797	208,645	208,587	206,823
Borrowings	18,960	25,792	15,728	18,137
Total liabilities	233,457	248,279	238,200	239,258
Paid-up share capital	8,007	8,007	8,007	8,007
Other reserves	2,854	3,039	3,064	3,062
Retained earnings	29,616	31,399	33,134	30,284
Shareholders' equity	40,476	42,445	44,205	41,352
Total liabilities and shareholders' equity	273,933	290,724	282,405	280,610

Financial Assumption

Ended 31 Dec.	2023	2024F	2025F	2026F
Loans growth	7.2%	2.5%	3.0%	3.0%
Deposits & borrowings growth	11.5%	-2.0%	3.0%	3.0%
Fee income growth	-3.5%	1.4%	5.0%	5.0%
Effective tax rate	19.7%	20.0%	20.0%	20.0%
Credit cost	0.3%	0.6%	0.7%	0.8%
NPL / Loan	2.2%	2.5%	2.5%	2.5%
Coverage Ratio	189.9%	150.2%	148.0%	149.4%
BIS Ratio	22.4%	20.9%	20.5%	19.8%

Source: ASPS Research