

# TISCO Financial Group (TISCO TB)

## Expect higher credit and cost of funds in FY24

### Cut FY23-24E earnings; HOLD with TP of THB108

We like TISCO for its decent dividend yield and high ROE. However, NIM should decline YoY amid rising cost of funds while credit cost will likely increase YoY due to higher NPL formation in FY24. We project a c.8% dividend yield, the highest in the sector, as TISCO will maintain a high dividend payout ratio. Cut FY23-24E net profit by 3-6% to reflect higher opex and credit cost. We roll forward valuations to FY24E and maintain HOLD and TP of THB108 (1.92x P/BV, 17.1% ROE). KTB (CP THB19.6, BUY, TP THB22.0) and BBL (CP THB169.5, BUY, TP THB200) remain our Top Picks given their strong PPop growth and higher NIM.

### 3Q23 earnings and PPop in line, NPL ratio up QoQ

3Q23 net profit rose 6% YoY to THB1.87b, in line with our full-year forecast. NPL ratio grew 5bps QoQ to 2.25% while NPL coverage fell 18ppts QoQ to 206% as TISCO booked provisions of only THB147m (25bps credit cost), up 24% YoY, in 3Q23. Loans rose 9% YoY and 1% QoQ, led by corporate and auto-title loans. NIM rose 19bps QoQ to 5.21% due to the higher loan yield. Non-interest income was stable YoY amid weak banking and brokerage fees. The cost-to-income ratio rose 30bps QoQ to 48.4% in 3Q23.

### Slower loan growth after seeing higher NPL formation

The CEO expects loans to grow at a slower pace in FY24 as NPL formation rose to 1.6% in 3Q23 from 1.0% in 1H23. TISCO will focus on auto-title loans and corporate loans as the risk-reward ratio is much higher than new HP loans. The bank targets to have 1,000 Somwang loan offices (title-loan business) by adding 200 branches pa in 2023-25. Note that it opened 137 branches in 3Q23, bringing the total to 587. The CFO guided that TISCO will not increase HP motorcycle loans as it's a loss-making business after the regulator capped interest rates at 23% pa.

### Expect lower NIM and higher credit cost in FY24

Looking into FY24, we expect NIM to decline 10bps YoY to 4.9% as funding costs rise faster than loan yields. The CFO guided cost of funds to reach 2.7-2.9% in late-FY24 (from 2.0% in 3Q23), based on policy rate plus Financial Institution Development Fund contributions. Credit cost is likely to increase 20-25bps YoY as the bank targets to maintain NPL coverage at 150-160%. We cut FY23-24E earnings by 3-6% to reflect higher credit cost and opex growth. We expect net profit to stay flat YoY as the lower NIM and higher credit cost may pressure net profit in FY23-24E.

FYE Dec (THB m)	FY21A	FY22A	FY23E	FY24E	FY25E
Operating income	18,829	18,341	19,149	20,093	21,254
Pre-provision profit	10,549	9,711	9,742	10,310	11,080
Core net profit	6,781	7,222	7,340	7,379	7,840
Core EPS (THB)	8.5	9.0	9.2	9.2	9.8
Core EPS growth (%)	11.8	6.5	1.6	0.5	6.3
Net DPS (THB)	7.2	7.8	8.0	8.0	8.0
Core P/E (x)	11.3	11.0	10.9	10.9	10.2
P/BV (x)	1.9	1.9	1.8	1.8	1.7
Net dividend yield (%)	7.4	7.8	8.0	8.0	8.0
Book value (THB)	51.45	53.44	54.86	56.07	57.87
ROAE (%)	16.8	17.2	16.9	16.6	17.2
ROAA (%)	2.6	2.8	2.7	2.5	2.5
Consensus net profit	-	-	7,451	7,711	8,067
MIBG vs. Consensus (%)	-	-	(1.5)	(4.3)	(2.8)

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## HOLD

Share Price	THB 100.00
12m Price Target	THB 108.00 (+8%)
Previous Price Target	THB 108.00

### Company Description

TISCO focuses on hire purchase and auto loans

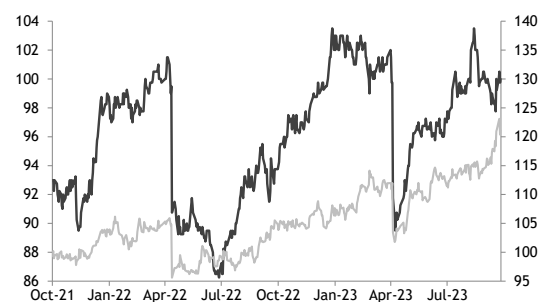
### Statistics

52w high/low (THB)	103.50/89.50
3m avg turnover (USDm)	9.1
Free float (%)	82.0
Issued shares (m)	801
Market capitalisation	THB80.1B
	USD2.2B

### Major shareholders:

Thai NVDR Co Ltd	10.2%
CDIB & Partners Investment Holding Pte L	10.0%
South East Asia UK (Type C) Nominees Ltd	5.9%

### Price Performance



	-1M	-3M	-12M
Absolute (%)	0	4	7
Relative to index (%)	6	7	15

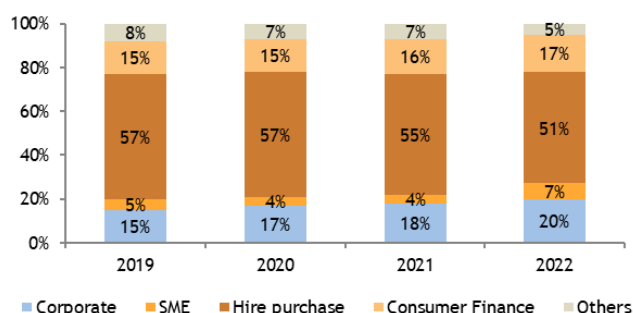
Source: FactSet



## Value Proposition

- Retail loans account for 73% of loans, led by hire purchase (51%) or loans against auto licences (17%). With a high HP loan exposure, TISCO's NIM should decline from the rising interest rates.
- Plans to increase consumer-finance loans by 15-20% pa as these offer the highest risk-adjusted returns.
- Highest ROE and dividend yield among Thai banks.
- Long-term ROE to remain high at 17.1% vs cost of capital of 11.3%.

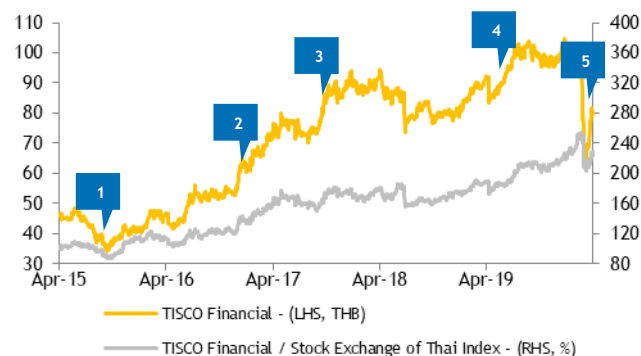
### Loans by categories



Source: Company, MST

## Price Drivers

### Historical share price trend



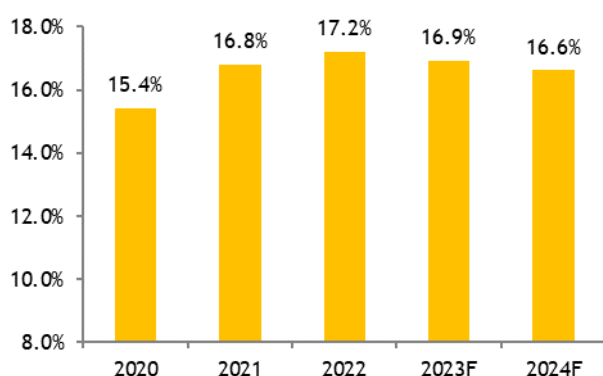
Source: Company, MST

1. First month of growth in auto unit sales in three years.
2. Auto unit sales grew in every month of 2017, for the first time since 2012.
3. Auto unit sales grew more than 20% for three months, in Sep, Nov and Dec 2017.
4. Higher-than-expected DPS of THB7.0.
5. Weak operations due to Covid-19 outbreak.

## Financial Metrics

- We expect 7% loan growth in FY23 vs management guidance of 5-10%.
- Expect NPL ratio to rise to 2.29% in FY23 from 2.09% in FY22.
- Compared with peers, TISCO has high NPL coverage of 194% and capital ratio of 22.6%.
- Forecast cost-to-income of 49% for FY23 (47.0% for 2022).
- Highest ROE of 16.9% for FY23E (against peers) and prospective yield of 7-8% in FY23-24E.

### TISCO's ROE



Source: Company, MST

## Swing Factors

### Upside

- Higher-than-expected auto sales.
- Economic recovery leading to improved fee income.
- Lower-than-expected provisions given a large buffer of loan loss reserves and solid balance sheet.
- Higher-than-expected payouts made possible by a strong capital base.

### Downside

- Auto sales decline due to economic slowdown.
- Deterioration in asset quality.
- Weaker-than-expected NIMs from increases in interest rates.



Risk Rating & Score <sup>1</sup>	24.1 (Medium risk)
Score Momentum <sup>2</sup>	-0.9
Last Updated	29 Sep 2023
Controversy Score <sup>3</sup> (Updated: 29 Sep 2023)	1-Low

## Business Model & Industry Issues

- TISCO has introduced ESG to enhance value for all stakeholders along three main paths: (i) offering responsible financial products; (ii) adhering to corporate governance; and (iii) nurturing the society and the environment.
- TISCO is developing products that respond to customers' desires, and supporting environmental friendly businesses with strong corporate governance. The bank targets to help reduce informal debt, and enhancing the capacity of people by fostering a culture of learning and environmental awareness.
- TISCO has been included on the "Thailand Sustainability Investment List" for the third consecutive year by the Stock Exchange of Thailand.

## Material E issues

- TISCO has financed alternative energy projects that generate clean energy and reduce environmental impact. The bank has extended THB9.2b in loans to projects that help reduce environmental impact, up 12.7% YoY in 2021.
- TISCO focuses on eco-friendly events and has taken part in the "Care the Bear: Change the Climate Change by Eco Event" project.
- TISCO has also participated in the "Recycling" project, which encouraged people to donate plastic bags and plastic film for recycling to reduce waste and greenhouse gas emission.
- TISCO reduced scope1 and 2 emission by 380 tonnes CO2e YoY in 2021.  
TISCO promotes energy conservation and it reduced electricity usage at TISCO Tower by 589 megawatts-hour in 2021.

## Material S issues

- TISCO is introducing "Holistic Financial Advisory", which offers advice on life and health insurance as well as retirement planning to improve the quality of life of its customers.
- TISCO grants scholarships without binding conditions to students each year through the TISCO Foundation.
- TISCO organised the "Friends for Life" activity to give back to society. TISCO provided the medical equipment in five major state hospitals.
- TISCO provides financial knowledge to customers.
- TISCO held blood donation events in its branches nationwide and received 1.2m c.c. of blood.

## Key G metrics and issues

- TISCO has 12 board members, of which 5 are independent, 4 executive directors and 3 non-executive members.
- There are 3 women on the board, two on the audit committee and one independent director.
- TISCO employed 4,946 people in 2021, of which 35% are female.
- TISCO received the Board of the Year - Gold Level Award from the Thai Institute of Directors as the bank complied with the principles of corporate governance.
- TISCO offers employees the opportunity to learn and enhance their skills to increase organizational efficiency. Based on employee satisfaction rate, the retention rate was 95%.
- TISCO paid THB456m in total compensation (monthly compensation, salaries, provident funds, and bonuses which varied according to TISCO Bank performance) to directors and executives, equivalent to 6.7% of FY21 net profit.
- TISCO's auditor is EY OFFICE LIMITED.

<sup>1</sup>**Risk Rating & Score** - derived by Sustainalytics and assesses the company's exposure to unmanaged ESG risks. Scores range between 0 - 50 in order of increasing severity with low/high scores & ratings representing negligible/significant risk to the company's enterprise value, respectively, from ESG-driven financial impacts. <sup>2</sup>**Score Momentum** - indicates changes to the company's score since the last update - a **negative** integer indicates a company's improving risk score; a **positive** integer indicates a deterioration. <sup>3</sup>**Controversy Score** - reported periodically by Sustainalytics in the event of material ESG-related incident(s), with the impact severity scores of these events ranging from Category 0-5 (0 - no reports; 1 - negligible risks; ...; 5 - poses serious risks & indicative of potential structural deficiencies at the company).



Quantitative Parameters (Score: 53)						
	Particulars	Unit	2019	2020	2021	KKP (2021)
E	Scope 1 GHG emissions	tonnes CO2e	373	303	266	2,857
	Scope 2 GHG emissions	tonnes CO2e	3,984	3,510	3,167	2,693
	<b>Total</b>	<b>tonnes CO2e</b>	<b>4,357</b>	<b>3,813</b>	<b>3,433</b>	<b>5,550</b>
	Scope 3 GHG emissions	tonnes CO2e	N/A	N/A	N/A	N/A
	<b>Total</b>	<b>tonnes CO2e</b>	<b>4,357</b>	<b>3,813</b>	<b>3,433</b>	<b>5,550</b>
	GHG intensity (Scope 1 and 2)	kg CO2e/emp	866	761	704	-
	Exposure to coal, mining & plantation	% of loan book	0.0%	0.0%	0.0%	-
	Electricity consumption	MWh	6,844	6,029	5,441	-
	Water consumption	m3	N/A	N/A	29,422	37,711
S	Green, Social, sustainable products & services	THBb	7.6	8.1	9.2	2.2
	% of women in workforce	%	35.6%	35.5%	35.3%	62%
	% of women in management roles	%	41.5%	42.0%	41.7%	-
	Average training hours per employee	number	26.4	24.6	21.8	13.1
G	Attrition rate	%	5.9%	4.2%	5.4%	13.2%
	MD/CEO salary as % of reported net profit	%	N/A	N/A	N/A	-
	Board salary as % of reported net profit	%	2.5%	7.9%	6.7%	8.3%
	Independent directors on the Board	%	50%	50%	54%	33%
	Profits distributed to shareholders	%	85.3%	83.2%	84.4%	39.5%
	Female directors on the Board	%	23%	23%	23%	25%

Qualitative Parameters (Score: 50)	
a) Is there an ESG policy in place and whether there is a standalone ESG committee or is it part of a risk committee?	<i>Yes. TISCO has a Sustainable Development Working Group that draws and implements the sustainability framework reporting into the Group CEO. The Corporate Governance Board Committee oversees, revises, and enhances the sustainable development policies and practices, including disclosure practices.</i>
b) Is the senior management salary linked to fulfilling ESG targets?	<i>No mention.</i>
c) Does the company follow the task force of climate related disclosures (TCFD) framework for ESG reporting?	<i>No.</i>
d) Does the company have a mechanism to capture Scope 3 emissions?	<i>No.</i>
e) Does the bank have a policies to reduce exposure coal, oil, plantation etc sector financing?	<i>Yes.</i>
f) Does the bank have no deforestation, no peat, no exploitation (NDPE) policies in place?	<i>Yes. The bank has incorporated into its ESG lending list.</i>

Target (Score: 50)		
Particulars	Target	Achieved
14% reduction of Scope 1 & 2 GHG emissions from 2017 baseline as part of 2022-2024 action plan	14%	23%
Long term carbon neutral/net zero plan	N/A	N/A
Impact		
NA		
Overall Score: 51		
As per our ESG matrix, TISCO has an overall score of 51.		

ESG score	Weights	Scores	Final Score
Quantitative	50%	53	26
Qualitative	25%	50	13
Target	25%	50	13
<b>Total</b>			<b>51</b>

TISCO has strong sustainability policies in place, but where it may be lacking slightly would be in the qualitative aspects. TISCO's overall ESG score is 51, which is above average on our ESG rating (average ESG rating = 50; refer to Appendix I for our ESG Assessment Scoring).



### 3Q23 PPoP and earnings in line

TISCO's 3Q23 net profit of THB1.87b rose 6% YoY (flat QoQ), in line with our forecast. Asset quality is in line with our forecast too with a NPL ratio of 2.25%. 9M23 earnings achieved 73% of our full-year forecast.

#### Key highlights

- Loans rose 9% YoY and 1% QoQ, led by corporate (+31% YoY) and auto-title loans (+17% YoY). NIM rose 19bps QoQ to 5.21% due to the higher loan yield (+38bps QoQ), which offset the higher cost of fund (+22bps QoQ).
- Non-interest income was stable YoY due to weak banking and brokerage fees and loss on financial instruments measured at fair value through profit or loss in 3Q23.
- Opex rose 8% YoY due to the variable costs related to revenue and profit. Cost-to-income ratio rose 30bps QoQ to 48.4% in 3Q23.
- On a positive note, asset quality remains stable. NPL ratio went up only 5bps QoQ to 2.25% while NPL coverage decreased to 206% in 3Q23 from 224% in 2Q23. Stage-2 loans (credit risk has increased significantly since initial recognition) was stable QoQ at 9.6% in 3Q23.
- TISCO booked THB147m provisions or 25bps credit cost for 3Q23 vs 23bps for 3Q22.

**Fig 1: 3Q23 earnings grew 6% YoY on higher NII**

Financial statement (THBm)	3Q22	4Q22	1Q23	2Q23	3Q23	Chg YoY	Chg QoQ	3Q23E	Diff
Balance sheet									
Loan	213,188	219,004	220,099	230,494	231,794	9%	1%	232,799	0%
Deposit	182,540	188,266	196,683	199,356	200,797	10%	1%	205,337	-2%
Income statement									
Interest income	3,755	3,977	4,104	4,398	4,666	24%	6%	4,482	4%
Interest expenses	(533)	(633)	(847)	(978)	(1,110)	108%	13%	(1,058)	5%
Net interest income	3,221	3,344	3,257	3,420	3,557	10%	4%	3,424	4%
Net fee income	1,267	1,368	1,266	1,152	1,198	-5%	4%	1,229	-3%
Non-interest income	1,257	1,535	1,383	1,324	1,250	-1%	-6%	1,403	-11%
Total operating income	4,478	4,879	4,640	4,743	4,807	7%	1%	4,827	0%
Operating expenses	(2,155)	(2,251)	(2,282)	(2,377)	(2,329)	8%	-2%	(2,392)	-3%
Operating profit	2,323	2,628	2,359	2,366	2,478	7%	5%	2,434	2%
Loan loss provisions	(119)	(379)	(125)	(63)	(147)	24%	132%	(116)	27%
Pre-tax profit	2,204	2,250	2,233	2,303	2,332	6%	1%	2,318	1%
Tax	(433)	(443)	(441)	(449)	(457)	6%	2%	(452)	1%
Net profit	1,771	1,806	1,793	1,854	1,874	6%	1%	1,867	0%
EPS	2.21	2.26	2.24	2.32	2.34	6%	1%	2.33	-1%
Key ratios									
LTD + borrowings	108%	107%	106%	108%	109%			106%	
Net interest margin	5.15%	5.14%	4.85%	5.02%	5.21%			4.99%	
Cost to income	48.1%	46.1%	49.2%	50.1%	48.4%			49.6%	
Gross NPL (THBm)	4,442	4,577	4,694	5,065	5,213			5,315	
NPL/ Gross loans	2.08%	2.09%	2.13%	2.20%	2.25%			2.28%	
LLR/NPL	248%	259%	248%	224%	206%			208%	
Credit cost	0.23%	0.70%	0.23%	0.11%	0.25%			0.20%	
ROA	2.83%	2.77%	2.66%	2.71%	2.74%			2.72%	
ROE	17.7%	17.2%	16.4%	17.5%	18.6%			18.6%	

Source: Company, MST



**Fig 2: Cut FY23-24E earnings by 3-6% to reflect higher opex growth and credit cost**

	New		Previous	
Key assumptions	FY23E	FY24E	FY23E	FY24E
Loan growth	7.00%	6.00%	6.00%	6.00%
NIM	5.00%	4.90%	4.82%	4.79%
Non-NII growth	-3.00%	7.00%	6.00%	6.00%
Opex growth	9.00%	4.00%	4.00%	4.00%
Credit cost	0.25%	0.45%	0.30%	0.40%
Provisions (THBb)	0.57	1.09	0.68	0.96
Earnings (THBb)	7.34	7.38	7.55	7.85
% Chg in earnings	-2.80%	-6.00%		
ROE (%)	16.90%	16.60%	17.40%	17.50%

Source: Company, MST

**Fig 3: Gordon growth model valuation**

Sustainable ROE (%)	17.1	Risk free rate (%)	3.0
Cost of equity (%)	11.3	Equity premium (%)	7.4
Long-term nominal growth (g)	5.0	Equity Beta (x)	1.1
Target P/BV (x)	1.92	Cost of equity (%)	11.3
Target P/E (x)	11.7		
2024 BV (THB)	56.1		
Fair value (THB/share)	108.0		

Source: Company, MST

**Fig 4: P/E band**



Source: Bloomberg, MST

**Fig 5: P/BV band**



Source: Bloomberg, MST



Fig 6: Regional comparisons

Stock	Bloomberg code	Mkt cap (USD'm)	Rating	Price (LC)	TP (LC)	Upside (%)	P/E (x)		P/B (x)		ROE (%)		Div yld (%)	
							23E	24E	23E	24E	23E	24E	23E	24E
SCB X	SCB TB	9,680	Buy	103.50	135.00	30	8.0	7.4	0.7	0.7	9.2	9.5	6.2	6.7
Kasikornbank	KBANK TB	8,350	Hold	128.50	140.00	9	7.4	6.9	0.6	0.5	7.9	8.0	3.9	4.3
Bangkok Bank	BBL TB	8,943	Buy	168.00	200.00	19	8.2	7.6	0.6	0.6	7.5	7.6	3.9	4.2
Krung Thai Bank	KTB TB	7,572	Buy	19.60	22.00	12	7.2	6.8	0.7	0.6	9.7	9.7	4.1	4.4
TMBThanachart	TTB TB	4,579	Hold	1.70	1.75	3	9.0	8.2	0.7	0.7	8.2	8.5	5.6	6.7
TISCO Financial	TISCO TB	2,213	Hold	99.75	108.00	8	10.6	10.2	1.8	1.7	17.4	17.5	7.8	8.0
Kiatnakin Phatra	KKP TB	1,264	Hold	54.25	60.00	11	6.9	6.3	0.7	0.7	11.1	11.3	5.2	5.7
Thailand - average							8.2	7.6	0.8	0.8	10.1	10.3	5.2	5.7
BCA	BBCA IJ	71,128	Buy	8,925.00	10,450.00	17	21.9	19.7	4.5	4.0	21.5	21.4	2.3	2.5
BNI	BBNI IJ	12,662	Buy	5,175.00	5,500.00	6	9.2	8.1	1.3	1.2	15.0	15.3	3.9	4.4
BRI	BBRI IJ	51,212	Buy	5,250.00	6,450.00	23	13.1	11.5	2.5	2.3	19.7	20.6	4.8	4.7
BTN	BBTN IJ	1,114	Hold	1,240.00	1,735.54	40	4.7	4.1	0.5	0.5	11.7	12.0	1.9	2.2
Bank Danamon	BDMN IJ	1,757	Buy	2,830.00	2,700.00	(5)	9.7	7.9	0.6	0.6	6.1	7.2	3.2	4.0
BJB	BJBR IJ	775	Buy	1,150.00	2,100.00	83	4.6	4.2	0.7	0.6	16.4	16.3	8.0	8.2
Bank Mandiri	BMRI IJ	36,149	Buy	6,050.00	6,400.00	6	11.2	9.9	2.2	2.0	20.6	21.0	4.8	5.5
Indonesia - average							10.6	9.3	1.8	1.6	15.8	16.2	4.2	4.5
Alliance Bank	ABMB MK	1,100	Buy	3.35	4.10	22	7.8	8.1	0.8	0.7	10.3	9.1	6.5	6.1
AMMB Holdings	AMM MK	2,731	Hold	3.89	4.20	8	7.2	8.4	0.7	0.7	9.9	8.2	4.9	4.2
BIMB	BIMB MK	1,091	Hold	2.27	2.20	(3)	10.3	10.0	0.7	0.7	n.a.	n.a.	5.8	6.0
Malayan Banking	MAY MK	22,995	NR*	8.99	9.38	4	11.5	11.1	1.2	1.2	10.6	10.7	6.7	7.0
CIMB Group	CIMB MK	12,803	Buy	5.66	6.50	15	9.3	8.6	0.9	0.9	9.8	10.0	5.8	6.2
Public Bank	PBK MK	17,208	Buy	4.18	5.05	21	12.1	11.6	1.5	1.4	13.0	12.7	4.5	4.5
RHB Bank	RHBBANK MK	5,082	Hold	5.59	6.20	11	9.2	8.8	0.8	0.8	8.9	9.1	6.7	7.0
Malaysia - average							9.6	9.5	0.9	0.9	10.4	10.0	5.8	5.9
BDO Unibank	BDO PM	12,602	Buy	135.50	167.00	23	10.6	9.9	1.4	1.2	13.7	13.0	2.2	2.2
Bank of Phil Is.	BPI PM	9,429	Buy	108.00	128.00	19	10.7	10.8	1.2	1.1	13.3	11.2	2.8	2.8
Metrobank	MBT PM	4,279	Buy	53.90	70.00	30	5.8	5.2	0.7	0.6	12.1	12.0	5.6	3.0
Phil. National Bk	PNB PM	507	Buy	18.82	23.00	22	2.5	2.5	0.2	0.2	6.6	6.3	0.0	0.0
Security Bank	SECB PM	1,048	Hold	78.75	96.00	22	5.7	4.6	0.4	0.4	7.8	8.6	3.8	3.8
Union Bank of P.	UBP PM	2,943	Buy	65.00	87.00	34	11.9	8.5	0.8	0.8	7.8	9.5	2.0	2.1
Philippines - average							7.9	6.9	0.8	0.7	10.2	10.1	2.7	2.3
DBS Group	DBS SP	64,366	Buy	34.00	39.36	16	8.8	8.9	1.4	1.3	17.5	16.0	5.5	6.2
OCBC	OCBC SP	43,149	Hold	13.08	13.60	4	8.6	8.4	1.0	1.0	12.9	12.2	6.1	5.9
UOB	UOB SP	35,219	Hold	28.69	30.86	8	8.4	8.8	1.0	1.0	12.8	11.6	6.1	5.8
Singapore - average							8.6	8.7	1.2	1.1	14.4	13.2	5.9	6.0
Asia Commercial	ACB VN	3,607	Buy	22,700.00	29,217.38	29	5.7	4.9	1.2	1.0	24.1	22.6	3.8	0.0
MBB Bank	MBB VN	3,914	Buy	18,500.00	24,608.69	33	4.7	3.8	1.0	0.8	23.9	23.0	0.0	0.0
Vietcombank	VCB VN	19,663	Buy	86,500.00	94,326.84	9	15.0	12.3	2.8	2.3	20.9	20.7	0.0	0.0
VPBank	VPB VN	6,028	Buy	21,800.00	25,000.00	15	10.3	9.0	1.3	1.1	13.3	13.3	4.6	0.0
Techcombank	TCB VN	4,676	Buy	32,600.00	48,700.00	49	6.1	4.7	0.9	0.7	15.3	16.9	0.0	0.0
Vietnam - average							8.4	6.9	1.4	1.2	19.5	19.3	1.7	0.0
Average							8.9	8.4	1.1	1.0	12.2	12.0	4.8	4.9

\*Not rated (NR) stock data based on Bloomberg consensus forecasts

Source: Bloomberg, MST



FYE 31 Dec	FY21A	FY22A	FY23E	FY24E	FY25E
<b>Key Metrics</b>					
Core P/E (x)	11.3	11.0	10.9	10.9	10.2
Core FD P/E (x)	11.3	11.0	10.9	10.9	10.2
P/BV (x)	1.9	1.9	1.8	1.8	1.7
P/NTA (x)	1.9	1.9	1.8	1.8	1.7
Net dividend yield (%)	7.4	7.8	8.0	8.0	8.0
<b>INCOME STATEMENT (THB m)</b>					
Interest income	14,791.7	14,904.3	17,941.7	20,090.9	21,777.6
Interest expense	(2,331.9)	(2,170.7)	(4,231.9)	(5,817.6)	(6,750.2)
<b>Net interest income</b>	<b>12,459.9</b>	<b>12,733.6</b>	<b>13,709.8</b>	<b>14,273.3</b>	<b>15,027.4</b>
Net insurance income	7.2	55.5	53.8	57.6	61.6
Net fees and commission	5,608.5	5,081.4	4,929.0	5,274.0	5,643.2
Other income	753.5	470.0	455.9	487.8	522.0
<b>Total non-interest income</b>	<b>6,369.2</b>	<b>5,606.9</b>	<b>5,438.7</b>	<b>5,819.4</b>	<b>6,226.8</b>
Income from depositors' funds	0.0	0.0	0.0	0.0	0.0
Income from shareholders' funds	0.0	0.0	0.0	0.0	0.0
Income distributable to depositors	0.0	0.0	0.0	0.0	0.0
<b>Operating income</b>	<b>18,829.1</b>	<b>18,340.5</b>	<b>19,148.6</b>	<b>20,092.7</b>	<b>21,254.2</b>
Staff costs	(5,747.0)	(6,128.3)	(6,679.8)	(6,947.0)	(7,224.9)
Other operating expenses	(2,532.7)	(2,501.4)	(2,726.5)	(2,835.5)	(2,949.0)
<b>Operating expenses</b>	<b>(8,279.7)</b>	<b>(8,629.7)</b>	<b>(9,406.3)</b>	<b>(9,782.6)</b>	<b>(10,173.9)</b>
<b>Pre-provision profit</b>	<b>10,549.4</b>	<b>9,710.9</b>	<b>9,742.2</b>	<b>10,310.2</b>	<b>11,080.4</b>
Loan impairment allowances	(2,059.9)	(722.7)	(566.7)	(1,086.1)	(1,279.2)
Other allowances	0.0	0.0	0.0	0.0	0.0
Associates & JV income	0.0	0.0	0.0	0.0	0.0
<b>Pretax profit</b>	<b>8,489.5</b>	<b>8,988.2</b>	<b>9,175.6</b>	<b>9,224.0</b>	<b>9,801.1</b>
Income tax	(1,707.6)	(1,766.1)	(1,835.1)	(1,844.8)	(1,960.2)
Minorities	(0.4)	(0.4)	(0.4)	(0.4)	(0.5)
Discontinued operations	0.0	0.0	0.0	0.0	0.0
<b>Reported net profit</b>	<b>6,781.5</b>	<b>7,221.6</b>	<b>7,340.0</b>	<b>7,378.8</b>	<b>7,840.4</b>
<b>Core net profit</b>	<b>6,781.5</b>	<b>7,221.6</b>	<b>7,340.0</b>	<b>7,378.8</b>	<b>7,840.4</b>
<b>BALANCE SHEET (THB m)</b>					
Cash & deposits with banks	31,592.6	41,277.4	44,105.2	44,715.0	46,353.5
Sec. under resale agreements	0.0	0.0	0.0	0.0	0.0
Derivatives financial assets	0.0	0.0	0.0	0.0	0.0
Dealing securities	10,123.8	3,989.9	4,269.2	4,354.6	4,441.6
Available-for-sale securities	0.0	0.0	0.0	0.0	0.0
Investment securities	0.0	0.0	0.0	0.0	0.0
Loans & advances	192,926.1	208,881.4	225,748.9	240,462.6	255,099.7
Financing and advances	0.0	0.0	0.0	0.0	0.0
Central bank deposits	0.0	0.0	0.0	0.0	0.0
Investment in associates/JVs	809.6	872.8	794.2	834.0	875.7
Insurance assets	0.0	0.0	0.0	0.0	0.0
Fixed assets	2,901.1	2,819.9	2,566.1	2,694.4	2,829.1
Intangible assets	130.9	99.6	90.6	95.2	99.9
Other assets	5,131.4	7,473.2	6,800.6	7,140.7	7,497.7
<b>Total assets</b>	<b>243,615.5</b>	<b>265,414.2</b>	<b>284,374.9</b>	<b>300,296.4</b>	<b>317,197.3</b>
Deposits from customers	166,541.9	188,265.8	204,268.4	217,545.8	231,686.3
Deposits from banks & FIs	8,080.7	6,195.5	6,412.3	6,636.8	6,869.1
Derivatives financial instruments	0.0	0.0	0.0	0.0	0.0
Subordinated debt	0.0	0.0	0.0	0.0	0.0
Other securities in issue	14,961.9	15,756.9	16,308.4	16,879.2	17,470.0
Other borrowings	274.4	256.7	278.5	296.6	307.0
Insurance liabilities	0.0	0.0	0.0	0.0	0.0
Other liabilities	12,559.3	12,147.9	13,180.4	14,037.1	14,528.4
<b>Total liabilities</b>	<b>202,418.2</b>	<b>222,622.8</b>	<b>240,448.1</b>	<b>255,395.6</b>	<b>270,860.8</b>
Share capital	8,006.6	8,006.6	8,006.6	8,006.6	8,006.6
Reserves	33,187.4	34,781.6	35,916.6	36,890.1	38,325.3
Shareholders' funds	41,194.0	42,788.2	43,923.1	44,896.7	46,331.9
Preference shares	0.0	0.0	0.0	0.0	0.0
Minority interest	3.3	3.2	3.7	4.1	4.6
Total equity	41,197.3	42,791.4	43,926.8	44,900.8	46,336.4
<b>Total liabilities &amp; equity</b>	<b>243,615.5</b>	<b>265,414.2</b>	<b>284,374.9</b>	<b>300,296.4</b>	<b>317,197.3</b>



FYE 31 Dec	FY21A	FY22A	FY23E	FY24E	FY25E
<b>Key Ratios</b>					
<b>Growth (%)</b>					
Net interest income	(4.9)	2.2	7.7	4.1	5.3
Non-interest income	9.7	(12.0)	(3.0)	7.0	7.0
Operating expenses	3.3	4.2	9.0	4.0	4.0
Pre-provision profit	(3.1)	(7.9)	0.3	5.8	7.5
Core net profit	11.8	6.5	1.6	0.5	6.3
Gross loans	(9.7)	7.8	7.0	6.0	6.0
Customer deposits	(18.2)	13.0	8.5	6.5	6.5
Total assets	(11.6)	8.9	7.1	5.6	5.6
<b>Profitability (%)</b>					
Non-int. income/Total income	33.8	30.6	28.4	29.0	29.3
Average lending yields	5.69	5.84	6.54	6.90	7.10
Average financing yields	0.00	0.00	0.00	0.00	0.00
Average cost of funds	1.13	1.09	1.94	2.49	2.72
Net interest margin	4.79	4.99	5.00	4.90	4.90
Net income margin	0.00	0.00	0.00	0.00	0.00
Cost/income	44.0	47.1	49.1	48.7	47.9
<b>Liquidity (%)</b>					
Loans/customer deposits	115.8	111.0	110.5	110.5	110.1
<b>Asset quality (%)</b>					
Net NPL	0.0	0.0	0.0	0.0	0.0
Gross NPL	2.4	2.1	2.3	2.4	2.6
Net NPF	0.0	0.0	0.0	0.0	0.0
Gross NPF	0.0	0.0	0.0	0.0	0.0
(SP+GP)/average gross loans	1.0	0.3	0.3	0.5	0.5
(SP+GP)/average gross financing	0.0	0.0	0.0	0.0	0.0
Loan loss coverage	236.7	258.8	194.3	163.1	150.6
<b>Capital adequacy (%)</b>					
CET1	20.2	24.4	23.4	22.6	22.0
Tier 1 capital	20.2	24.4	23.4	22.6	22.0
Risk-weighted capital	25.2	27.1	26.1	25.2	24.6
<b>Returns (%)</b>					
ROAE	16.8	17.2	16.9	16.6	17.2
ROAA	2.6	2.8	2.7	2.5	2.5
Shareholders equity/assets	16.9	16.1	15.4	15.0	14.6

Source: Company; Maybank IBG Research



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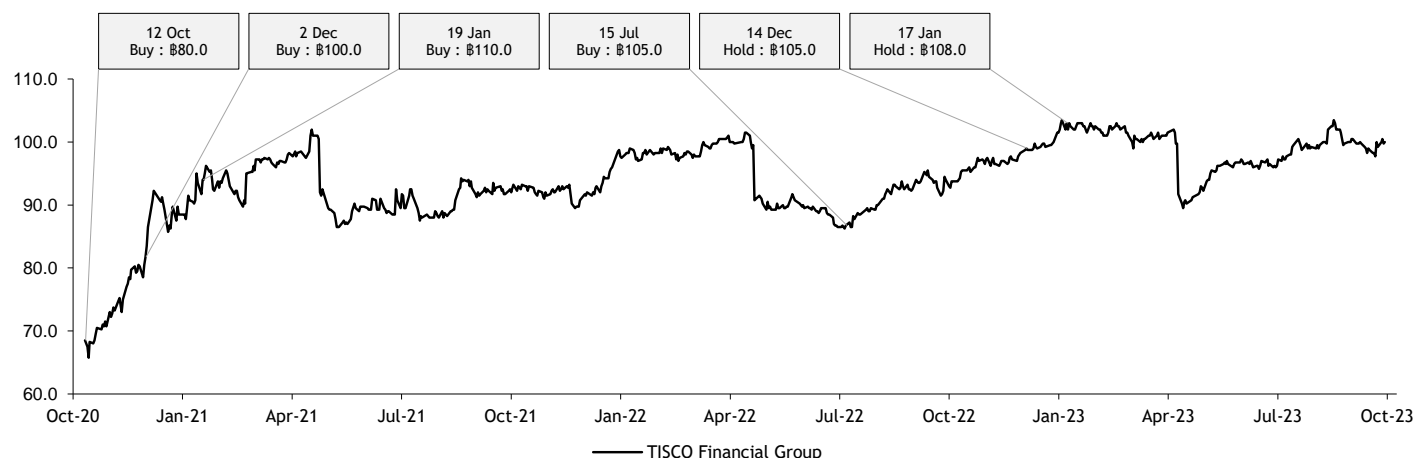
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