Tisco Financial Group (TISCO TB)

3Q26 Results Preview: Expect Credit Costs To Continue To Decline

Highlights

- We expect TISCO to report a net profit of Bt1.78b, up 3% yoy and 1% qoq.
- The bank guided that the current management overlay should be adequate.
- Maintain HOLD with an unchanged target price of Bt120.00.

Analysis

- **Expect 3Q26 net profit to increase yoy and qoq.** We expect Tisco Financial Group (TISCO) to report a 3Q26 net profit of Bt1.78b, up 3% yoy and 1% qoq. Excluding provisioning, pre-provision operating profit is expected to decrease 11% yoy and 3% qoq.
- **Loan portfolio grew both yoy and mom in Aug 26.** According to the recent monthly loan report published on 11 Sep 26, TISCO reported a loan portfolio of Bt229b in Aug 26, up 0.6% yoy and 0.3% mom. Overall, the loan portfolio grew 0.3% ytd (as of end-Aug 26). TISCO will report its next monthly loan portfolio figure in mid-Oct 26.
- **Expect loans to expand yoy in 3Q26…** We expect TISCO's loan portfolio to grow 2% yoy and flat qoq to around Bt235b in 3Q26. We expect the loan portfolio to grow 1.5% in 2026, compared with the bank's loan growth target of 0-5%. The bank guided that it would focus on expanding loan portfolio in the retail segment, especially hire-purchase new cars.
- **…and credit costs to decline qoq in the same quarter.** TISCO reported credit costs of 113bp in 1H26, including special provisioning in 1Q26. Meanwhile, the bank has set a 2026 credit cost target of 100-110bp. Therefore, we expect to see a reduction in credit costs in 2H26. We foresee a continuous reduction in credit costs quarter by quarter toward the end of 2026. As a result, we expect 3Q26 credit costs to decrease by 20bp qoq to 74bp, while our 2026 forecast of 91bp stands below the company's targeted range of 100-110bp. We are positive on TISCO's asset quality outlook.
- **Current management overlay should be adequate.** Management guided that, in the absence of new negative surprises, the existing management overlay should be sufficient to absorb potential deterioration in loan portfolio quality. Management guided that the bank maintains a prudent credit policy due to the volatile situation. The current coverage ratio is adequate for buffering against uncertainties.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net interest income	13,569.9	13,502.3	14,248.8	15,540.0	16,136.8
Non-Interest Income	5,656.6	6,153.1	6,049.1	5,735.1	6,039.7
Net profit (rep./act.)	6,893.3	6,658.9	7,048.3	7,338.5	7,481.8
Net profit (adj.)	6,893.3	6,658.9	7,048.3	7,338.5	7,481.8
EPS (Bt)	8.6	8.3	8.8	9.2	9.3
PE (x)	14.5	15.0	14.1	13.6	13.3
P/B (x)	2.3	2.3	2.2	2.2	2.2
Dividend yield (%)	7.9	7.0	6.4	6.7	6.9
Net int margin (%)	4.8	4.8	5.0	5.4	5.4
Cost/income Ratio (%)	48.1	45.9	46.1	47.3	47.0
Loan loss cover (%)	155.3	172.1	185.0	183.0	180.0
Consensus net profit	n.a	n.a	6,808.6	7,090.8	7,307.4
UOBKH/Consensus (x)	n.a	n.a	1.0	1.0	1.0

Source: Tisco Financial Group, Bloomberg, UOB Kay Hian

Analyst(s)

Thanawat Thangchadakorn
thanawat@uobkh.co.th
+662 090 3360

HOLD (Maintained)

Share Price	Bt125.00
Target Price	Bt120.00
Upside	-4.0%

Stock Data

Sector	Financials
Bloomberg ticker	TISCO TB
Shares issued (m)	800.6
Market cap (Btm)	100,094.1
Market cap (US$m)	3,012.4
3-mth avg daily t'over (US$m)	15.2

Price Performance (%)

52-week high/low				Bt133.00/Bt99.25
1mth	3mth	6mth	1yr	YTD
(1.6)	9.2	10.6	25.0	13.1

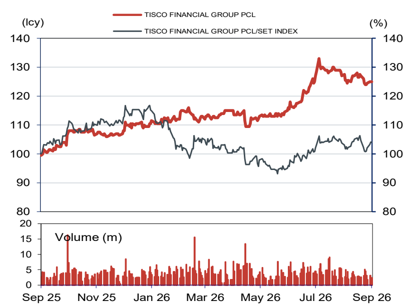
Major Shareholders (%)

Thai NVDR	12.57
CDIB & Partners Investment Holding	10.00
Tokyo Century Corporation	4.93

Balance Sheet Metrics

FY26 NAV/Share (Bt)	55.4
FY26 Net Debt/Share (Bt)	n.a

Price Chart



Source: Bloomberg

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.

3Q26 Results Preview

Year to 31 Dec (Btm)	3Q26F	2Q26	3Q25	qoq chg (%)	yoy chg (%)
Total gross loans	234,845	235,803	230,409	(0.4)	1.9
Net interest income	3,593	3,524	3,428	2.0	4.8
Non-interest income	1,371	1,305	1,695	5.0	(19.2)
Loan loss provision	(433)	(551)	(830)	(21.3)	(47.8)
Non-Interest Expenses	(2,336)	(2,342)	(2,286)	(0.2)	2.2
Pre-provision operating profit	2,647	2,740	2,986	(3.4)	(11.3)
Net income	1,780	1,764	1,730	0.9	2.9
EPS (Bt)	2.22	2.20	2.16	0.9	2.9
Ratio (%)					
NPL Ratio	2.1	2.1	2.3		
Loan loss coverage ratio (%)	190	190	171		
Net interest margin (NIM %)	5.1	5.0	5.0		
Credit cost (bp)	74	94	143		
Cost to income (%)	47	48	45		
Common equity tier 1 (CET1)	18.8	18.2	18.7		

Source: TISCO, UOB Kay Hian

Valuation/Recommendation

- **Maintain HOLD with an unchanged target price of Bt120.00** using the Gordon Growth Model (cost of equity: 11.5%, long-term growth: 2%). This implies 2.2x 2026F P/B, which is an implied +2.5SD to its historical five-year P/B mean. We reckon that its share price valuation is quite expensive.

Earnings Revision/Risk

- A slight increase of less than 1% in earnings forecasts for 2027-2028 reflects the actual figures from the reviewed earning results in 2Q26.
- Risk of slowdown in economic recovery and a deterioration in the used car price index.

Share Price Catalyst

- Government stimuli to strengthen domestic spending.

Environment□Social□Governance (ESG) Updates

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.
- Promote a safe and positive working environment for all employees

Governance

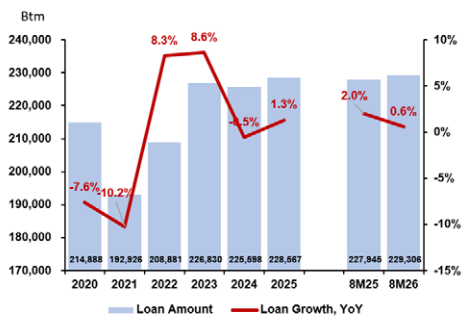
- Ensuring the business operates under good corporate governance practices.

2026 Financial Targets

	1H26 Actual	2026 Target	2025 Actual
Loan growth (yoy)	0%	0-5%	1.5%
NPL ratio	2.1%	N/A	2.28%
NIM	5.0%	N/A	4.82%
LLC ratio	190%	>170%	172%
Credit cost (bp)	113 bps	110bp	100bp

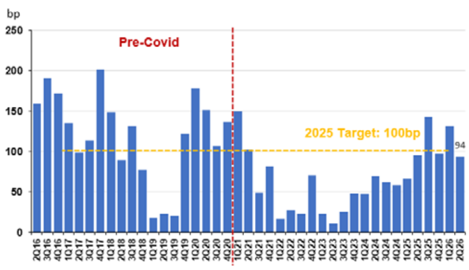
Source: TISCO, UOB Kay Hian

Loan Portfolio



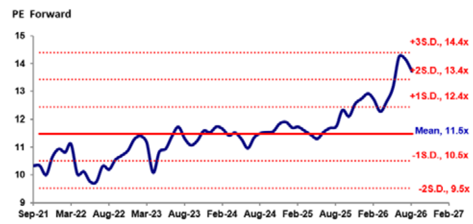
Source: TISCO, UOB Kay Hian

Credit Cost



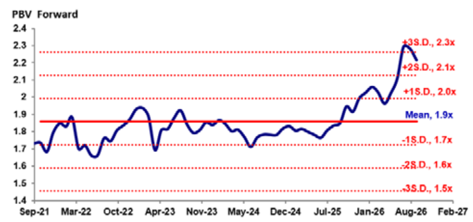
Source: TISCO, UOB Kay Hian

PE Band



Source: UOB Kay Hian

P/B Band



Source: UOB Kay Hian

Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Interest income	18,311	17,867	19,065	20,186
Interest expense	(4,808)	(3,618)	(3,525)	(4,049)
Net interest income/(expense)	13,502	14,249	15,540	16,137
Fees & Commissions	5,000	5,126	4,894	5,177
Net Trading Income	666	411	404	425
Other Income	487	512	437	437
Non-Interest Income	6,153	6,049	5,735	6,040
Total Income	19,655	20,298	21,275	22,177
Staff Costs	(6,092)	(6,366)	(6,824)	(7,089)
Other Operating Expense	(2,921)	(2,999)	(3,237)	(3,323)
Pre-Provision Profit	10,642	10,932	11,214	11,765
Loan Loss Provision	(2,340)	(2,166)	(2,086)	(2,459)
Pre-tax profit	8,302	8,766	9,128	9,306
Tax	(1,642)	(1,718)	(1,789)	(1,824)
Minorities	0	0	0	0
Net profit	6,659	7,048	7,339	7,482
Net profit (adj.)	6,659	7,048	7,339	7,482

Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Cash With Central Bank	826	1,197	1,239	1,279
Govt Treasury Bills & Securities	7,310	5,984	6,197	6,397
Interbank Loans	40,360	39,732	41,150	42,478
Customer Loans	228,567	231,992	240,391	248,245
Investment Securities	3,176	3,112	3,223	3,327
Derivative Receivables	91	0	0	0
Associates & JVs	876	853	853	853
Properties & Other Fixed Assets	4,314	3,981	3,682	3,431
Goodwill & Intangible Assets	1,002	917	917	917
Other Assets	4,179	4,019	4,138	4,250
Total assets	290,702	291,787	301,791	311,177
Interbank Deposits	12,111	11,968	12,395	12,795
Customer Deposits	211,323	214,220	221,863	229,023
Bills Payable	223	393	393	393
Derivative Payables	0	0	0	0
Subordinated Debts	10,539	7,397	8,153	8,787
Other Liabilities	13,129	13,384	13,743	14,079
Total liabilities	247,325	247,362	256,546	265,077
Shareholders' funds	43,374	44,422	45,241	46,096
Minority interest	3	3	4	4
Total Equity & Liabilities	290,702	291,787	301,791	311,177

Operating Ratios

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Capital Adequacy				
Tier-1 CAR	18	19	19	19
Total CAR	20	21	21	21
Total Assets/Equity	7	7	7	7
Tangible Assets/Tangible Common Equity	7	7	7	7
Asset Quality				
NPL Ratio	2	2	2	2
Loan Loss Coverage	172	185	183	180
Loan Loss Reserve/Gross Loans	4	4	4	4
Increase in NPLs	(2)	(6)	3	3
Credit Cost (bp)	100	91	86	98
Liquidity				
Loan/Deposit Ratio	108	108	108	108
Liquid Assets/Short-Term Liabilities	22	21	21	21
Liquid Assets/Total Assets	17	16	16	16

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Growth				
Net Interest Income, yoy Chg	0	6	9	4
Fees & Commissions, yoy Chg	1	3	(5)	6
Pre-Provision Profit, yoy Chg	7	3	3	5
Net Profit, yoy Chg	(3)	6	4	2
Customer Loans, yoy Chg	1	2	4	3
Profitability				
Net Interest Margin	5	5	5	5
Cost/Income Ratio	46	46	47	47
Adjusted ROA	2	2	2	2
Reported ROE	15	16	16	17
Adjusted ROE	15	16	16	17
Valuation				
P/BV	2	2	2	2
P/NTA	2	2	2	2
Adjusted P/E	15	14	14	13
Dividend Yield	7	6	7	7