

20 APRIL 2021

THAILAND / BANKS

TISCO FINANCIAL TISCO TB

BUY

UNCHANGED

TARGET PRICE	THB122.00
CLOSE	THB98.50
UP/DOWNSIDE	+23.9%
PRIOR TP	THB102.00
CHANGE IN TP	+19.6%
TP vs CONSENSUS	+16.6%

กำลังเปลี่ยนให้เป็นมากกว่าธนาคาร

ผลประกอบการ 1Q21 เกินคาดจากรายได้ค่าธรรมเนียมที่ดีที่สุด

TISCO รายงานกำไรสุทธิ 1Q21 ที่ 1.76 พัน ลบ. (+19% y-y, +8% q-q) สูงกว่าที่ตลาดและเราคาด ผลประกอบการที่ดีดังกล่าวเกิดจาก 1) รายได้ค่าธรรมเนียมเพิ่มสูงขึ้นส่วนมากมาจากค่าธรรมเนียมตลาดทุน; 2) กำไรจากเครื่องมือทางการเงินเพิ่มสูงขึ้น; และ 3) คุณภาพสินทรัพย์ที่ดี โดยมี NPL ratio อยู่ที่ 2.5% ซึ่งทำให้ ECL ลดลง ปัจจัยบวกดังกล่าวสามารถชดเชยสินเชื่อและส่วนต่างดอกเบี้ยที่ลดลงได้ทั้งหมดหลังบริษัทฯ ใช้นโยบายการให้สินเชื่อที่เข้มงวดและสินเชื่อที่ให้ผลตอบแทนสูงลดลง

มุมมองเชิงบวกจากการประชุมนักวิเคราะห์

ในที่ประชุมนักวิเคราะห์ ผู้บริหารของ TISCO ระบุว่าธนาคารฯ พยายามปรับคุณภาพสินทรัพย์และสำรอง NPL ของบริษัทฯ โดยเชื่อว่าอัตราส่วนสำรองต่อสินเชื่อโดยคุณภาพที่อยู่ในระดับสูงของบริษัทฯ จะสามารถรองรับสัดส่วนหนี้โดยคุณภาพที่สูงขึ้นได้ถึง 4-5% จาก 2.5% ในปัจจุบัน นอกจากนี้คุณศักดิ์ชัย พิเศษพัฒน์ (ประธานเจ้าหน้าที่บริหารคนใหม่) ยังระบุว่า TISCO ตั้งใจคงอัตราผลตอบแทนต่อส่วนผู้ถือหุ้นที่อยู่ในระดับสูงไว้ในอีก 3-5 ข้างหน้าโดยจะ 1) เร่งสินเชื่อที่เป็นรถและสินเชื่อเช่าซื้อรถมอเตอร์ไซค์ใหม่ของบริษัทฯ; 2) กระจายธุรกิจของบริษัทฯ ไปสู่บทบาทการเป็นเจ้าของแพลตฟอร์มที่เคยเป็นผู้ให้สินเชื่อแต่เพียงอย่างเดียว; และ 3) จ่ายเงินปันผลในระดับสูง เรามองเป้าประมาณการดังกล่าวเป็นบวกในภาพรวม เราเชื่อว่าการบริหารความเสี่ยงด้วยความระมัดระวังและกลยุทธ์การกระจายธุรกิจจะช่วยหนุนการเติบโตที่ยั่งยืนในระยะยาวของบริษัทฯ

กำลังเปลี่ยนให้เป็นมากกว่าธนาคาร

เราเชื่อว่า TISCO กำลังเปลี่ยนแปลงธุรกิจของตนเองและกำลังจะกลายเป็นมากกว่าธนาคาร โดยใช้ความเชี่ยวชาญในด้านลูกค้ารายย่อยของบริษัทฯ ในการเปลี่ยนวิธีการปล่อยสินเชื่อแบบเก่าเพื่อตอบสนองการเติบโตของสินเชื่อในระดับรากหญ้าที่ให้อัตราส่วนระหว่างผลตอบแทนและความเสี่ยงที่เหมาะสม เช่น สินเชื่อเช่าซื้อรถมอเตอร์ไซค์ใหม่ ด้วยกลยุทธ์ดังกล่าว เราเห็นว่าธุรกิจสินเชื่อของ TISCO จะให้ผลตอบแทนที่โดดเด่น นอกจากนี้ TISCO กำลังวางเป้าหมายเปลี่ยนแปลงธุรกิจของบริษัทฯ และเป็นเจ้าของแพลตฟอร์มโดยใช้ระบบเทคโนโลยีสารสนเทศมากขึ้น เราเชื่อว่าเป้าหมายดังกล่าวจะสามารถทำให้ธนาคารฯ สามารถขยายฐานลูกค้าและเพิ่มรายได้ค่าธรรมเนียมของบริษัทฯ

ผลตอบแทนต่อส่วนผู้ถือหุ้นที่สูงที่สุดและผลตอบแทนในรูปเงินปันผลที่น่าสนใจมาก

เราคงคำแนะนำซื้อหลังปรับประมาณการกำไรสุทธิของเราในปี 2021-23 ขึ้น 3.9%/4.4%/3.7% นอกจากนี้เรายังปรับราคาเป้าหมายของเราไปในปี 2022 และได้ราคาเป้าหมายใหม่ที่ 122 บาท (GGM) ราคาเป้าหมายของเราคิดเป็น 2.2x ของค่า 2022E P/BV (2 STD เหนือค่าเฉลี่ยย้อนหลัง 3 ปี) เราเชื่อว่า TISCO สมควรได้รับการประเมินมูลค่าในระดับสูงจากกลยุทธ์เพื่อการเติบโตที่แตกต่างจากที่เคยปฏิบัติในอดีตเพื่อให้บริษัทฯ เป็นมากกว่าธนาคาร ซึ่งอาจทำให้บริษัทฯ สามารถให้ผลตอบแทนต่อส่วนผู้ถือหุ้นได้สูงที่สุดและผลตอบแทนในรูปเงินปันผลที่น่าสนใจที่สุดในกลุ่มธนาคาร

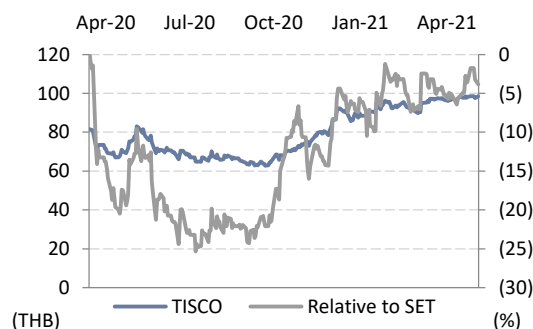


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KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Operating profit	7,563	8,199	9,323	10,129
Net profit	6,063	6,613	7,519	8,169
EPS (THB)	7.57	8.26	9.39	10.20
vs Consensus (%)	-	1.5	7.9	9.8
Core net profit	6,063	6,613	7,519	8,169
Core EPS (THB)	7.57	8.26	9.39	10.20
Chg. In EPS est. (%)	-	3.9	4.4	3.7
EPS growth (%)	(16.6)	9.1	13.7	8.6
Core P/E (x)	13.0	11.9	10.5	9.7
Dividend yield (%)	6.4	6.7	7.9	7.9
Price/book (x)	2.0	1.9	1.8	1.7
ROE (%)	15.4	16.4	17.8	18.4
ROA (%)	2.1	2.4	2.7	2.9



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	2.1	4.8	22.7
Relative to country (%)	1.4	1.3	(3.4)
Mkt cap (USD m)	2,528		
3m avg. daily turnover (USD m)	20.2		
Free float (%)	80		
Major shareholder	Thai NVDR (11%)		
12m high/low (THB)	100.50/62.25		
Issued shares (m)	801		

Sources: Bloomberg consensus; FSSIA estimates

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บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 20 เมษายน 2021

Investment thesis

Our BUY call on TISCO is in view of it having one of the highest dividend yields among the banks under our coverage. We believe TISCO could sustain such high dividend payments over the next 2-3 years at least, due to its solid capital base along with its selective growth strategy. We also believe that TISCO is one of the banks that will be the least affected by the COVID-19 outbreak, owing to its proactive build-up of provisions. Additionally, in the long run, when auto title loans and motorcycle hire purchases play a more important role, we think it will be a key driver for TISCO's profitability and loan growth.

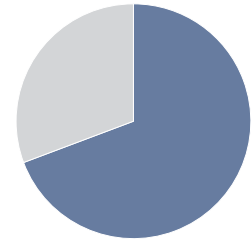
Company profile

TISCO was the first Thai investment bank (in 1969) and the first finance company to be upgraded to a commercial bank (in 2005). At present, TISCO is a financial group holding company with a sustainable development operating framework. TISCO's businesses are both retail banking and corporate banking.

www.tisco.co.th

Principal activities (revenue, 2020)

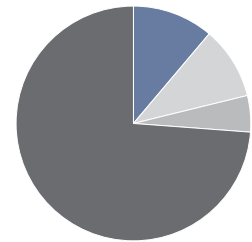
- Net interest income - 69.3 %
- Non-interest income - 30.7 %



Source: Tisco Financial

Major shareholders

- Thai NVDR - 11.2 %
- CDIB & Partners Investment Holding - 10.0 %
- South East Asia UK (Type C) Nominees - 5.0 %
- Others - 73.8 %



Source: Tisco Financial

Catalysts

Potential share price catalysts for TISCO include:

- A high-yield auto title loan volume recovery;
- Better operating cost control.

Risks to our call

Downside risks to our GGM-based TP are 1) prolonged economic sluggishness and a second wave of the COVID-19 pandemic affecting loan growth and asset quality; 2) the impact of new regulations from the Bank of Thailand on debt-servicing programs; and 3) the slow expansion of its high-yield auto cash portfolio.

Event calendar

Date	Event
Mid-July 2021	2Q21 results announcements

Key assumptions

	2021E	2022E	2023E
	(%)	(%)	(%)
Net profit (THB m)	6,613	7,519	8,169
Net profit growth	9.1	13.7	8.6
NIM	4.56	4.60	4.77
Loan growth	(1.0)	3.0	5.0
Fee growth	11.7	11.2	5.0
Non-NII growth*	13.9	11.0	5.3
Credit cost (bp)	117	90	88
Cost to income*	43.4	43.2	42.1

*Including share of profits from associates

Source: FSSIA estimates

Earnings sensitivity

		----- 2021E -----		
Loan growth (%)	±2ppt	(3.0)	(1.00)	1.0
% change in net profit		(1.4)	-	1.4
NIM (%)	±5bp	4.51	4.56	4.61
% change in net profit		(1.7)	-	1.7
Credit cost (bp)	±10bp	107	117	127
% change in net profit		1.4	-	(1.4)

Source: FSSIA estimates

1Q21 results beat expectations due to strong fee income

TISCO reported a 1Q21 net profit of THB1,764m (+19% y-y, +8% q-q), beating Bloomberg's consensus estimate and our expectation by 4% and 10%, respectively. Its solid performance came from 1) an increase in fee income, mainly from capital market fees; 2) a higher gain on financial instruments following an increase in investment value; and 3) healthy asset quality with a non-performing loan (NPL) ratio of 2.5%, leading to a decline in expected credit losses (ECL). These positive factors were able to completely offset a contraction in loans and NIM due to the implementation of a strict loan underwriting policy and a decline in high-yield loans.

1Q21 key highlights

- Total loan volume slightly dropped by 1.8% q-q thanks to a contraction in its hire purchase (HP) loans (57% of total loans) and auto title loans (15% of total loans) due to the implementation of a strict loan underwriting policy and a drop in domestic car sales;
- The NIM slightly decreased to 4.57% from 4.59% in 1Q20 and 4.72% in 4Q20, mainly due to a decline in high-yield loans;
- Non-NII grew strongly y-y and q-q due to 1) an increase in fee income, mainly from the capital market, which included asset management basic fee income from the issuance of new foreign investment funds and brokerage fee income from a higher trading volume; and 2) a higher gain on financial instruments following an increase in investment value;
- NPLs declined by 2% q-q, accounting for an NPL ratio of 2.5%. The improvement mainly came from retail clients with HP loans, due to an improved debt collection process after the easing of the lockdown;
- The coverage ratio increased to 222% in 1Q21 from 210% in 2020;
- Tier 1 and CAR remained strong at 17.5% and 21.9%, respectively.

Exhibit 1: TISCO – summary of 1Q21 results

Year-end Dec 31	1Q21	4Q20	1Q21	Change		% of	2021E	Change	1Q21 - Comments
	(THB m)	(THB m)	(THB m)	(y-y %)	(q-q %)	2021E	(THB m)	(y-y %)	
Net interest income	3,458	3,259	3,110	(10)	(5)	25	12,487	(5)	Declined y-y, q-q from a fall in NIM and loans
Non-interest income	1,454	1,675	1,991	37	19	30	6,615	14	Increased y-y, q-q from an increase in fee income and a gain on investments
Operating income	4,912	4,934	5,101	4	3	27	19,102	1	
Operating expenses	1,995	2,120	2,065	3	(3)	25	8,288	3	
PPOP before tax	2,917	2,814	3,037	4	8	28	10,814	(1)	
Provision	1,073	771	833	(22)	8	32	2,617	(21)	
Income tax	358	406	440	23	8	28	1,582	6	
Minority interest	0	0	0			3	3	599	
Normalised profit	1,486	1,636	1,764	19	8	27	6,613	9	
Extraordinary items	0	0	0				0		
Net profit	1,486	1,636	1,764	19	8	27	6,613	9	Beat BBG consensus by 4%
EPS (THB)	1.86	2.04	2.20	19	8	27	8.26	9	
Asset quality ratio									
Gross NPLs (THB m)	6,081	5,618	5,532	(9)	(2)		6,180	10	
NPL ratios (%)	2.56	2.50	2.51				2.78		
LLR/NPLs (%)	190	210	222				199		
Credit cost (bp)	179	137	150				117		
Profitability ratio	(%)	(%)	(%)				(%)		
Cost to income ratio	40.6	43.0	40.5				43.4		
Average yield	6.0	5.8	5.5				5.8		Due to a lower high-yield loan volume
Cost of fund	1.8	1.3	1.2				1.5		
Net interest margin (NIM)	4.6	4.7	4.6				4.6		
Non-interest income / total income	29.6	33.9	39.0				34.6		
Liquidity ratio	(%)	(%)	(%)				(%)		
Loan to deposit ratio	107.8	110.5	111.4				117.1		
Capital adequacy ratio	(%)	(%)	(%)				(%)		
CAR	20.7	22.0	21.9				22.8		
CET 1 / risk assets	16.5	17.6	17.5				18.4		
Tier – 1 / risk assets	4.2	4.4	4.4				4.4		
Loan growth	(%)	(%)	(%)				(%)		
y-y	(1.6)	(7.4)	(7.2)				(1.0)		
q-q	(2.0)	(0.0)	(1.8)						

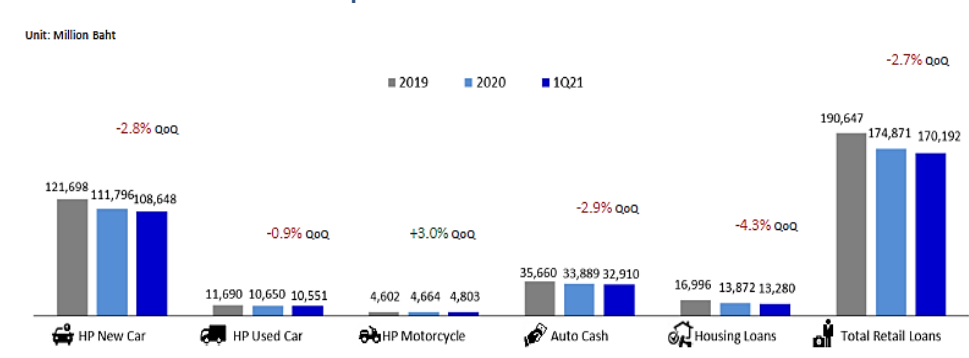
Sources: TISCO; FSSIA estimates

Accelerating its high-yield loan portfolio

According to mgt, the bank sees that new car HP loans, which are the traditional auto loans operated by auto lender banks, have fierce competition. The bank has therefore decided to circumvent traditional lending methods and utilise its retail expertise to favour grassroots loan growth that can offer a reasonable risk-return ratio, such as auto title loans and motorbike HP loans. Mgt expects to accelerate the growth of both types of loans in the second half of this year, after the COVID situation improves. In the medium term, the bank is targeting double-digit growth for these two types of loans.

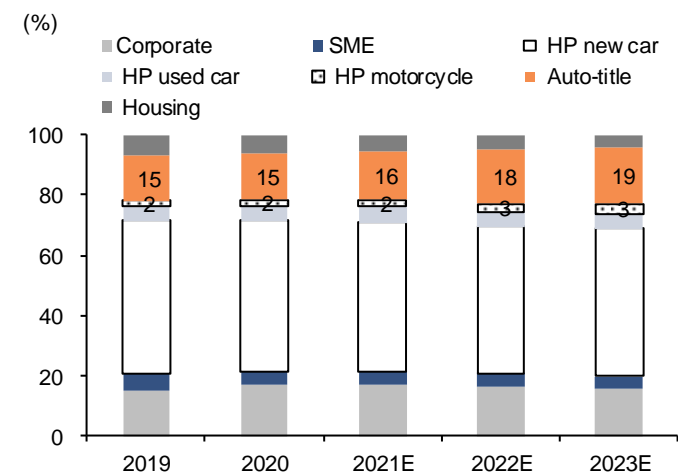
With this strategy, although its loan portfolio would increase minimally, we think that TISCO's lending business could deliver outstanding returns. TISCO could charge a 30% interest rate on new motorcycle HP loans and 10-12% on auto title loans, which would be significantly higher than the 4-6% for new car HP loans.

Exhibit 2: TISCO's retail loan portfolio



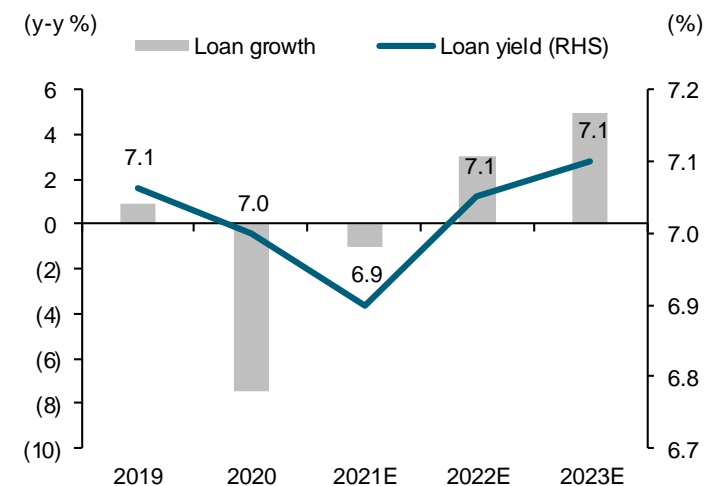
Source: TISCO

Exhibit 3: Auto title and HP motorcycle loans should play a more important role in the next three years



Sources: TISCO; FSSIA's estimates

Exhibit 4: TISCO's loan growth vs loan yield



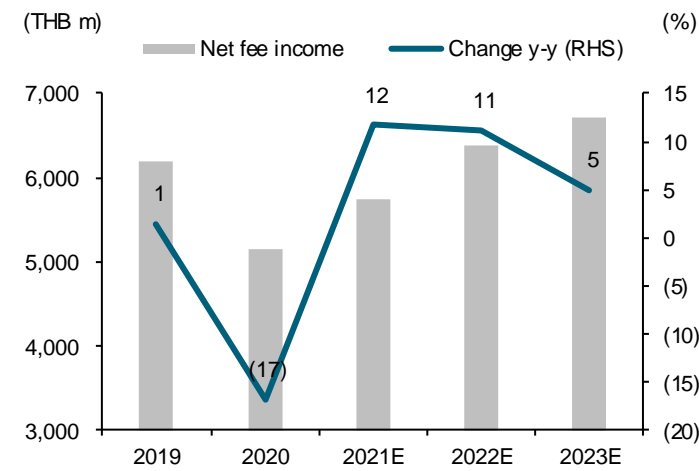
Sources: TISCO; FSSIA's estimates

Transforming into a platform operator

TISCO is aiming to diversify its business by transforming itself from exclusively being a loan lender to acting as more of a platform operator by implementing more IT systems. The bank is intending to create an ecosystem for its clients and its suppliers. For example, its clients might purchase their cars online via the TISCO platform, then they also could purchase their car insurance via the same platform. We believe this strategy will provide more convenience for the bank's customers and also allow it to expand its customer base. In addition, the bank will have more insight into customers' behaviours, potentially leading to the cross-selling of other products to generate more fee income.

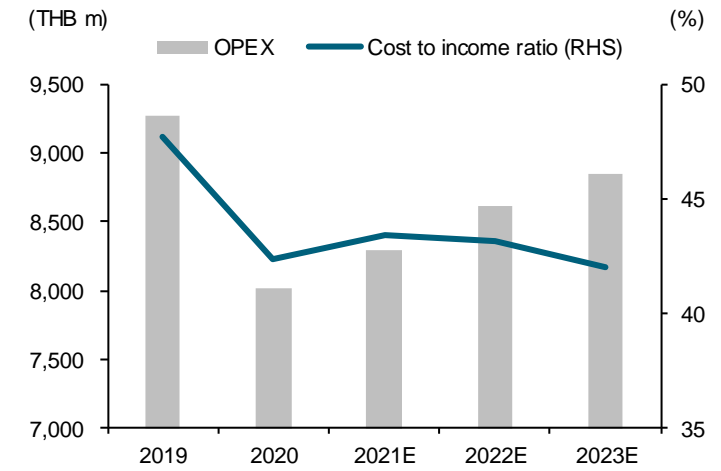
Although TISCO will focus on using more IT systems, its IT investment should not increase significantly. We expect that its expense will increase by 3-4% per year in the next three years.

Exhibit 5: Fee income should increase continuously



Sources: TISCO; FSSIA estimates

Exhibit 6: No lump sum IT-related expenses



Sources: TISCO; FSSIA estimates

Net profit and TP revisions

We revise up our net profit forecasts for 2021-23 by 3.9%/4.4%/3.7% to reflect our higher fee income and lower OPEX assumptions. We also roll forward our GGM-based TP to 2022 and derive a new TP of THB122 (10.9% cost of equity, 5% LTG).

Exhibit 7: Key changes in assumptions

	-----2021E-----				-----2022E-----			-----2023E-----		
	2020 (THB m)	Old (THB m)	New (THB m)	Change (%)	Old (THB m)	New (THB m)	Change (%)	Old (THB m)	New (THB m)	Change (%)
Net interest income	13,098	12,678	12,487	(1.5)	12,581	12,632	0.4	13,245	13,313	0.5
Non-interest income*	5,806	6,146	6,615	7.6	6,930	7,340	5.9	7,590	7,730	1.8
Operating income*	18,904	18,824	19,102	1.5	19,510	19,972	2.4	20,835	21,043	1.0
Operating expenses	8,012	8,345	8,288	(0.7)	8,673	8,618	(0.6)	8,966	8,849	(1.3)
PPOP before tax*	10,892	10,479	10,814	3.2	10,838	11,354	4.8	11,869	12,194	2.7
Expected credit loss (Reversal)	3,331	2,587	2,617	1.2	1,908	2,033	6.6	2,101	2,068	(1.6)
Tax expenses	1,498	1,523	1,582	3.9	1,724	1,799	4.4	1,885	1,954	3.7
Minority interest	0	3	3	3.9	3	3	4.4	3	3	3.7
Normalised profit	6,063	6,367	6,613	3.9	7,204	7,519	4.4	7,880	8,169	3.7
Extraordinary items	-	-	-	-	-	-	-	-	-	-
Net profit	6,063	6,367	6,613	3.9	7,204	7,519	4.4	7,880	8,169	3.7
EPS (THB)	7.57	7.95	8.26	3.9	9.00	9.39	4.4	9.84	10.20	3.7
Key statistics and ratios										
Asset quality ratio										
Gross NPLs (THB m)	5,618	6,622	6,180	(6.7)	6,622	6,180	(6.7)	6,953	6,489	(6.7)
Gross NPLs / Loans (%)	2.50	2.99	2.78		2.90	2.70		2.90	2.70	
Loan loss reserve/NPLs (%)	210	180	199		183	197		179	184	
Credit cost (bps)	142	117	117		85	90		90	88	
Profitability ratio (%)										
Cost to income ratio*	42.4	44.3	43.4		44.5	43.2		43.0	42.1	
Average yield	5.84	5.69	5.79		5.79	6.02		6.29	6.19	
Cost of funds	1.56	1.60	1.53		1.78	1.78		1.83	1.79	
Net interest margin (NIM)	4.56	4.39	4.56		4.35	4.60		4.74	4.77	
Loan growth (%)										
y-y	(7.42)	0.0	(1.0)		3.0	3.0		5.0	5.0	

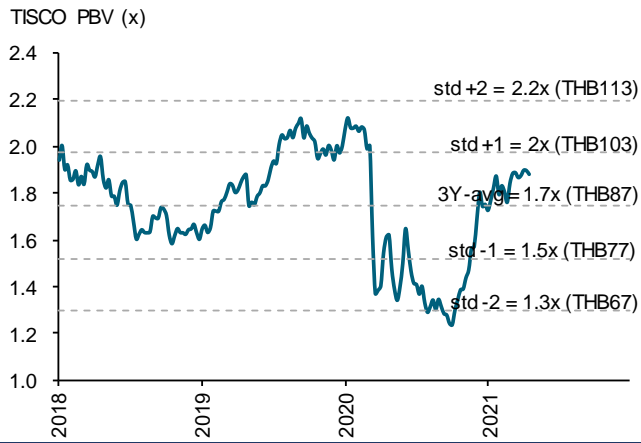
*Including share of profits from associates; Sources: TISCO; FSSIA estimates

Exhibit 8: GGM-derived target price

Target price (THB)	THB 122
Recommendation	BUY
Risk-free rate (%)	3.0
Market risk premium (%)	8.0
Terminal growth (%)	5.0
ROE target (%)	18.2
Risk to TP	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness and a second wave of the COVID-19 pandemic affecting loan growth and asset quality; 2) the impact of new regulations from the Bank of Thailand on debt-servicing programs; and 3) the slow expansion of its high-yield auto cash portfolio.

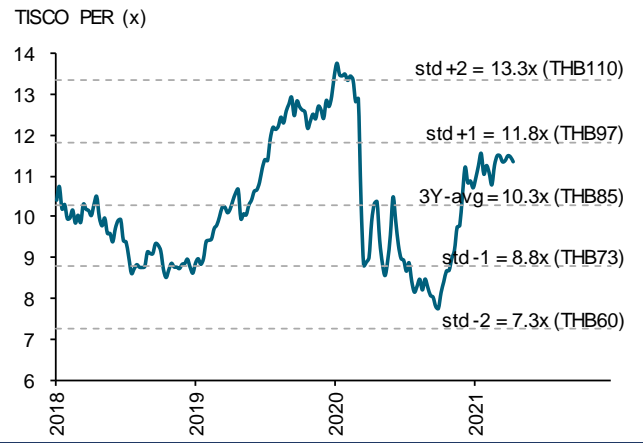
Source: FSSIA estimates

Exhibit 9: TISCO – prospective P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 10: TISCO – prospective P/E band



Sources: Bloomberg; FSSIA estimates

Financial Statements

Tisco Financial

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Interest Income	17,881	16,757	15,852	16,538	17,304
Interest expense	(5,089)	(3,659)	(3,366)	(3,906)	(3,991)
Net interest income	12,792	13,098	12,487	12,632	13,313
Net fees & commission	6,185	5,146	5,748	6,390	6,710
Foreign exchange trading income	(24)	257	386	425	467
Securities trading income	7	12	74	79	84
Dividend income	65	59	65	78	86
Other income	399	333	345	370	386
Non interest income	6,631	5,808	6,617	7,342	7,732
Total income	19,424	18,906	19,104	19,974	21,046
Staff costs	(6,410)	(5,288)	(5,500)	(5,775)	(5,948)
Other operating costs	(2,860)	(2,723)	(2,788)	(2,843)	(2,901)
Operating costs	(9,271)	(8,012)	(8,288)	(8,618)	(8,849)
Pre provision operating profit	10,153	10,894	10,816	11,356	12,196
Provision for bad and doubtful debt	(1,109)	(3,331)	(2,617)	(2,033)	(2,068)
Other provisions	-	-	-	-	-
Operating profit	9,044	7,563	8,199	9,323	10,129
Recurring non operating income	12	(2)	(2)	(2)	(2)
Associates	12	(2)	(2)	(2)	(2)
Goodwill amortization	-	-	-	-	-
Non recurring items	0	0	0	0	0
Profit before tax	9,056	7,562	8,197	9,321	10,126
Tax	(1,783)	(1,498)	(1,582)	(1,799)	(1,954)
Profit after tax	7,273	6,064	6,615	7,522	8,172
Minority interests	(3)	0	(3)	(3)	(3)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	7,270	6,063	6,613	7,519	8,169
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	7,270	6,063	6,613	7,519	8,169
Per share (THB)					
Recurring EPS *	9.08	7.57	8.26	9.39	10.20
Reported EPS	9.08	7.57	8.26	9.39	10.20
DPS	7.75	6.30	6.60	7.75	7.75
Growth					
Net interest income (%)	1.4	2.4	(4.7)	1.2	5.4
Non interest income (%)	(7.8)	(12.4)	13.9	11.0	5.3
Pre provision operating profit (%)	(8.2)	7.3	(0.7)	5.0	7.4
Operating profit (%)	8.2	(16.4)	8.4	13.7	8.6
Reported net profit (%)	3.6	(16.6)	9.1	13.7	8.6
Recurring EPS (%)	3.6	(16.6)	9.1	13.7	8.6
Reported EPS (%)	3.6	(16.6)	9.1	13.7	8.6
Income Breakdown					
Net interest income (%)	65.9	69.3	65.4	63.2	63.3
Net fees & commission (%)	31.8	27.2	30.1	32.0	31.9
Foreign exchange trading income (%)	(0.1)	1.4	2.0	2.1	2.2
Securities trading income (%)	0.0	0.1	0.4	0.4	0.4
Dividend income (%)	0.3	0.3	0.3	0.4	0.4
Other income (%)	2.1	1.8	1.8	1.9	1.8
Operating performance					
Gross interest yield (%)	5.93	5.84	5.79	6.02	6.19
Cost of funds (%)	2.04	1.56	1.53	1.78	1.79
Net interest spread (%)	3.89	4.28	4.26	4.24	4.40
Net interest margin (%)	4.2	4.6	4.6	4.6	4.8
Cost/income(%)	47.7	42.4	43.4	43.1	42.0
Cost/assets(%)	3.1	2.8	3.0	3.1	3.2
Effective tax rate (%)	19.7	19.8	19.3	19.3	19.3
Dividend payout on recurring profit (%)	85.3	83.2	79.9	82.5	76.0
ROE (%)	18.9	15.4	16.4	17.8	18.4
ROE - COE (%)	8.1	4.6	5.6	7.0	7.6
ROA (%)	2.4	2.1	2.4	2.7	2.9
RORWA (%)	4.1	3.3	3.6	4.0	4.2

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Tisco Financial; FSSIA estimates

Financial Statements

Tisco Financial

Balance Sheet (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Gross customer loans	242,826	224,812	222,563	229,240	240,702
Total provisions	(10,717)	(11,826)	(12,328)	(12,184)	(11,965)
interest in suspense	1,241	1,902	1,781	1,719	1,685
Net customer loans	233,350	214,888	212,016	218,776	230,423
Bank loans	45,300	38,212	35,541	33,469	25,684
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	10,177	12,931	13,711	14,543	15,024
Cash & equivalents	1,103	1,220	1,442	2,443	2,256
Other interesting assets	-	-	-	-	-
Tangible fixed assets	3,003	3,837	3,897	3,958	4,020
Associates	-	-	-	-	-
Goodwill	-	-	-	-	-
Other intangible assets	-	-	-	-	-
Other assets	5,372	4,355	4,283	4,389	4,456
Total assets	298,304	275,443	270,889	277,577	281,863
Customer deposits	216,085	203,473	190,128	193,930	195,869
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	29,980	19,918	27,679	28,232	28,515
Non interest bearing liabilities	13,044	12,590	11,960	11,960	11,960
Hybrid Capital	-	-	-	-	-
Total liabilities	259,108	235,981	229,767	234,123	236,345
Share capital	8,007	8,007	8,006	8,006	8,006
Reserves	31,186	31,452	33,113	35,444	37,509
Total equity	39,193	39,459	41,119	43,450	45,515
Minority interests	3	3	3	3	4
Total liabilities & equity	298,304	275,443	270,889	277,577	281,863
Supplementary items					
Risk weighted assets (RWA)	185,573	185,168	183,316	188,815	198,256
Average interest earning assets	301,421	287,129	273,885	274,534	279,331
Average interest bearing liabilities	249,671	234,728	220,599	219,984	223,273
Tier 1 capital	30,395	32,369	33,663	35,444	37,083
Total capital	38,562	40,478	41,772	43,553	45,192
Gross non performing loans (NPL)	5,834	5,618	6,180	6,180	6,489
Per share (THB)					
Book value per share	48.95	49.28	51.36	54.27	56.85
Tangible book value per share	48.95	49.28	51.36	54.27	56.85
Growth					
Gross customer loans	0.9	(7.4)	(1.0)	3.0	5.0
Average interest earning assets	(1.0)	(4.7)	(4.6)	0.2	1.7
Total asset (%)	(1.4)	(7.7)	(1.7)	2.5	1.5
Risk weighted assets (%)	7.9	(0.2)	(1.0)	3.0	5.0
Customer deposits (%)	11.9	(5.8)	(6.6)	2.0	1.0
Leverage & capital measures					
Customer loan/deposits (%)	108.0	105.6	111.5	112.8	117.6
Equity/assets (%)	13.1	14.3	15.2	15.7	16.1
Tangible equity/assets (%)	13.1	14.3	15.2	15.7	16.1
RWA/assets (%)	62.2	67.2	67.7	68.0	70.3
Tier 1 CAR (%)	16.4	17.5	18.4	18.8	18.7
Total CAR (%)	20.8	21.9	22.8	23.1	22.8
Asset Quality					
Change in NPL (%)	(15.1)	(3.7)	10.0	-	5.0
NPL/gross loans (%)	2.4	2.5	2.8	2.7	2.7
Total provisions/gross loans (%)	4.4	5.3	5.5	5.1	5.0
Total provisions/NPL (%)	183.7	210.5	199.5	197.1	184.4
Valuation					
Recurring P/E (x) *	10.8	13.0	11.9	10.5	9.7
Recurring P/E @ target price (x) *	13.4	16.1	14.8	13.0	12.0
Reported P/E (x)	10.8	13.0	11.9	10.5	9.7
Dividend yield (%)	7.9	6.4	6.7	7.9	7.9
Price/book (x)	2.0	2.0	1.9	1.8	1.7
Price/tangible book (x)	2.0	2.0	1.9	1.8	1.7
Price/tangible book @ target price (x)	2.5	2.5	2.4	2.2	2.1

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Tisco Financial; FSSIA estimates

Corporate Governance report of Thai listed companies 2020

EXCELLENT LEVEL										
AAV	ADVANC	AF	AIRA	AKP	AKR	ALT	AMA	AMATA	AMATAV	ANAN
AOT	AP	ARIP	ARROW	ASP	BAFS	BANPU	BAY	BCP	BCPG	BDMS
BEC	BEM	BGRIM	BIZ	BKI	BLA	BOL	BPP	BRR	BTS	BWG
CENTEL	CFRESH	CHEWA	CHO	CIMBT	CK	CKP	CM	CNT	COL	COMAN
COTTO	CPALL	CPF	CPI	CPN	CSS	DELTA	DEMCO	DRT	DTAC	DTC
DV8	EA	EASTW	ECF	ECL	EGCO	EPG	ETE	FNS	FPI	FPT
FSMART	GBX	GC	GCAP	GEL	GFPT	GGC	GPSC	GRAMMY	GUNKUL	HANA
HARN	HMPRO	ICC	ICHI	III	ILINK	INTUCH	IRPC	IVL	JKN	JSP
JWD	K	KBANK	KCE	KKP	KSL	KTB	KTC	LANNA	LH	LHFG
LIT	LPN	MAKRO	MALEE	MBK	MBKET	MC	MCOT	METCO	MFEC	MINT
MONO	MOONG	MSC	MTC	NCH	NCL	NEP	NKI	NOBLE	NSI	NVD
NYT	OISHI	ORI	OTO	PAP	PAP	PCSGH	PDJ	PHOL	PLANB	PLANET
PLAT	PORT	PPS	PR9	PREB	PRG	PRM	PSH	PSL	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QTC	RATCH	RS	S	S & J	SAAM
SABINA	SAMART	SAMTEL	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SDC
SEAFCO	SEOIL	SE-ED	SELIC	SENA	SIRI	SIS	SITHAI	SMK	SMPC	SNC
SONIC	SORKON	SPALI	SPI	SPRC	SPVI	SSSC	SST	STA	SUSCO	SUTHA
SVI	SYMC	SYNTEC	TACC	TASCO	TCAP	TFMAMA	THANA	THANI	THCOM	THG
THIP	THRE	THREL	TIP	TIPCO	TISCO	TK	TKT	TMB	TMILL	TNDT
TNL	TOA	TOP	TPBI	TQM	TRC	TSC	TSR	TSTE	TSTH	TTA
TTCL	TTW	TU	TVD	TVI	TVO	TWPC	U	UAC	UBIS	UV
VGI	VIH	WACOAL	WAVE	WHA	WHAUP	WICE	WINNER	TRUE		

VERY GOOD LEVEL										
2S	ABM	ACE	ACG	ADB	AEC	AEONTS	AGE	AH	AHC	AIT
ALLA	AMANAHA	AMARIN	APCO	APCS	APURE	AQUA	ASAP	ASEFA	ASIA	ASIAN
ASIMAR	ASK	ASN	ATP30	AUCT	AWC	AYUD	B	BA	BAM	BBL
BFIT	BGC	BJC	BJCHI	BROOK	BTW	CBG	CEN	CGH	CHARAN	CHAYO
CHG	CHOTI	CHOW	CI	CIG	CMC	COLOR	COM7	CPL	CRC	CRD
CSC	CSP	CWT	DCC	DCON	DDD	DOD	DOHOME	EASON	EE	ERW
ESTAR	FE	FLOYD	FN	FORTH	FSS	FTE	FVC	GENCO	GJS	GL
GLAND	GLOBAL	GLOCON	GPI	GULF	GYT	HPT	HTC	ICN	IFS	ILM
IMH	INET	INSURE	IRC	IRCP	IT	ITD	ITEL	J	JAS	JCK
JCKH	JMART	JMT	KBS	KCAR	KGI	KIAT	KOOL	KTIS	KWC	KWM
L&E	LALIN	LDC	LHK	LOXLEY	LPH	LRH	LST	M	MACO	MAJOR
MBAX	MEGA	META	MFC	MGT	MILL	MITSIB	MK	MODERN	MTI	MVP
NETBAY	NEX	NINE	NTV	NWR	OCC	OGC	OSP	PATO	PB	PDG
PDI	PICO	PIMO	PJW	PL	PM	PPP	PRIN	PRINC	PSTC	PT
QLT	RCL	RICHY	RML	RPC	RWI	S11	SALEE	SAMCO	SANKO	SAPPE
SAWAD	SCI	SCP	SE	SEG	SFP	SGF	SHR	SIAM	SINGER	SKE
SKR	SKY	SMIT	SMT	SNP	SPA	SPC	SPCG	SR	SRICHA	SSC
SSF	STANLY	STI	STPI	SUC	SUN	SYNEX	T	TAE	TAKUNI	TBSP
TCC	TCMC	TEAM	TEAMG	TFG	TIGER	TITLE	TKN	TKS	TM	TMC
TMD	TMI	TMT	TNITY	TNP	TNR	TOG	TPA	TPAC	TPCORP	TPOLY
TPS	TRITN	TRT	TRU	TSE	TVT	TWP	UEC	UMI	UOBKH	UP
UPF	UPOIC	UT	UTP	UWC	VL	VNT	VPO	WIJK	WP	XO
YUASA	ZEN	ZIGA	ZMICO							

GOOD LEVEL										
7UP	A	ABICO	AJ	ALL	ALUCON	AMC	APP	ARIN	AS	AU
B52	BC	BCH	BEAUTY	BGT	BH	BIG	BKD	BLAND	BM	BR
BROCK	BSBM	BSM	BTNC	CAZ	CCP	CGD	CITY	CMAN	CMO	CMR
CPT	CPW	CRANE	CSR	D	EKH	EP	ESSO	FMT	GIFT	GREEN
GSC	GTB	HTECH	HUMAN	IHL	INOX	INSET	IP	JTS	JUBILE	KASET
KCM	KKC	KUMWEL	KUN	KWG	KYE	LEE	MATCH	MATI	M-CHAI	MCS
MDX	MJD	MM	MORE	NC	NDR	NER	NFC	NNCL	NPK	NUSA
OCEAN	PAF	PF	PK	PLE	PMTA	POST	PPM	PRAKIT	PRECHA	PRIME
PROUD	PTL	RBF	RCI	RJH	ROJNA	RP	RPH	RSP	SF	SFLEX
SGP	SISB	SKN	SLP	SMART	SOLAR	SPG	SQ	SSP	STARK	STC
SUPER	SVOA	TC	TCCC	THMUI	TIW	TNH	TOPP	TPCH	TIPIP	TPLAS
TTI	TYCN	UKEM	UMS	VCOM	VRANDA	WIN	WORK	WPH		

Description

Score Range

Excellent

90-100

Very Good

80-89

Good

70-79

Disclaimer:

The disclosure of the survey results of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey results may be changed after that date. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such survey results.

* CGR scoring should be considered with news regarding wrong doing of the company or director or executive of the company such unfair practice on securities trading, fraud, and corruption SEC imposed a civil sanction against insider trading of director and executive; ** delisted

Source: Thai Institute of Directors Association (IOD); FSSIA's compilation

Anti-corruption Progress Indicator 2020

CERTIFIED										
2S	ADVANC	AI	AIE	AIRA	AKP	AMA	AMANAHA	AP	AQUA	ARROW
ASK	ASP	AYUD	B	BAFS	BANPU	BAY	BBL	BCH	BCP	BCPG
BGC	BGRIM	BJCHI	BKI	BLA	BPP	BROOK	BRR	BSBM	BTS	BWG
CEN	CENTEL	CFRESH	CGH	CHEWA	CHOTI	CHOW	CIG	CIMBT	CM	CMC
COL	COM7	CPALL	CPF	CPI	CPN	CSC	DCC	DELTA	DEMCO	DIMET
DRT	DTAC	DTC	EASTW	ECL	EGCO	FE	FNS	FPI	FPT	FSS
FTE	GBX	GC	GCAP	GEL	GFPT	GGC	GJS	GPSC	GSTEEL	GUNKUL
HANA	HARN	HMPRO	HTC	ICC	ICHI	IFS	INET	INSURE	INTUCH	IRPC
ITEL	IVL	K	KASET	KBANK	KBS	KCAR	KCE	KGI	KKP	KSL
KTB	KTC	KWC	L&E	LANNA	LHFG	LHK	LPN	LRH	M	MAKRO
MALEE	MBAX	MBK	MBKET	MC	MCOT	MFC	MFEC	MINT	MONO	MOONG
MPG	MSC	MTC	MTI	NBC	NEP	NINE	NKI	NMG	NNCL	NSI
NWR	OCC	OCEAN	OGC	ORI	PAP	PATO	PB	PCSGH	PDG	PDI
PDJ	PE	PG	PHOL	PL	PLANB	PLANET	PLAT	PM	PPP	PPPM
PPS	PREB	PRG	PRINC	PRM	PSH	PSL	PSTC	PT	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QLT	QTC	RATCH	RML	RWI	S & J
SABINA	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SEAOIL	SE-ED	SELIC
SENA	SGP	SIRI	SITHAI	SMIT	SMK	SMPC	SNC	SNP	SORKON	SPACK
SPC	SPI	SPRC	SRICHA	SSF	SSSC	SST	STA	SUSCO	SVI	SYNTEC
TAE	TAKUNI	TASCO	TBSP	TCAP	TCMC	TFG	TFI	TFMAMA	THANI	THCOM
THIP	THRE	THREL	TIP	TIPCO	TISCO	TKT	TMB	TMD	TMILL	TMT
TNITY	TNL	TNP	TNR	TOG	TOP	TPA	TPCORP	TPP	TRU	TSC
TSTH	TTCL	TU	TVD	TVI	TVO	TWPC	U	UBIS	UEC	UKEM
UOBKH	UWC	VGI	VIH	VNT	WACOAL	WHA	WHAUP	WICE	WIJK	XO
ZEN	TRUE									

DECLARED										
7UP	ABICO	AF	ALT	AMARIN	AMATA	AMATAV	ANAN	APURE	B52	BKD
BM	BROCK	BUI	CHO	CI	COTTO	DDD	EA	EFORL	EP	ERW
ESTAR	ETE	EVER	FSMART	GPI	ILINK	IRC	J	JKN	JMART	JMT
JSP	JTS	KWG	LDC	MAJOR	META	NCL	NOBLE	NOK	PK	PLE
ROJNA	SAAM	SAPPE	SCI	SE	SHANG	SINGER	SKR	SPALI	SSP	STANLY
SUPER	SYNEX	THAI	TKS	TOPP	TRITN	TTA	UPF	UV	WIN	ZIGA

Level	
Certified	This level indicates practical participation with thoroughly examination in relation to the recommended procedures from the audit committee or the SEC's certified auditor, being a certified member of Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) or already passed examination to ensure independence from external parties.
Declared	This level indicates determination to participate in the Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC)

Disclaimer:

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Note: Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of June 24, 2019) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

Source: The Securities and Exchange Commission, Thailand; * FSSIA's compilation

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Yuvanart Suwanumphai FSS International Investment Advisory Securities Co., Ltd

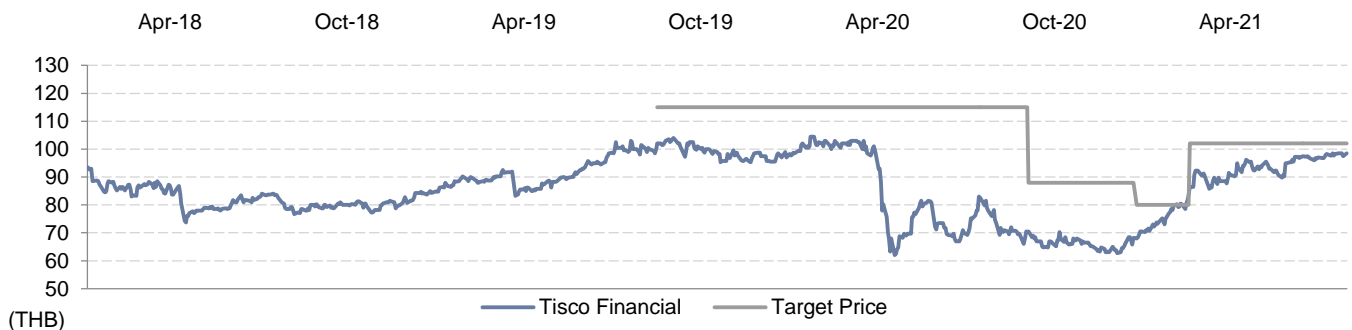
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History of change in investment rating and/or target price

Tisco Financial (TISCO TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
30-Aug-2019	BUY	115.00	16-Jul-2020	BUY	88.00	03-Dec-2020	BUY	102.00
02-Apr-2020	BUY	115.00	16-Oct-2020	BUY	80.00			

Yuvanart Suwanumphai started covering this stock from 16-Jul-2020

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Tisco Financial	TISCO TB	THB 98.50	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness and a second wave of the COVID-19 pandemic affecting loan growth and asset quality; 2) the impact of new regulations from the Bank of Thailand on debt-servicing programs; and 3) the slow expansion of its high yield auto cash portfolio.

Source: FSSIA estimates

Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finansia Syrus Securities Public Company Limited

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All share prices are as at market close on 19-Apr-2021 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as (target price* - current price) / current price.

BUY (B). The upside is 10% or more.

HOLD (H). The upside or downside is less than 10%.

REDUCE (R). The downside is 10% or more.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

Industry Recommendations

Overweight. The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.

Neutral. The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.

Underweight. The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

Country (Strategy) Recommendations

Overweight (O). Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Neutral (N). Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Underweight (U). Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.