

# TISCO FINANCIAL TISCO TB

THAILAND / BANKS

## HOLD

UNCHANGED

## In-line 3Q22 results

- In-line 3Q22 net profit of THB1.8b (+14% y-y, -4% q-q).
- Expect 4Q22 net profit to slightly increase y-y and q-q
- High dividend yield but low profit growth; maintain HOLD call.

TARGET PRICE	THB94.00
CLOSE	THB92.75
UP/DOWNSIDE	+1.3%
PRIOR TP	THB94.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	-10.8%

### 3Q22: Strong loan growth and healthy asset quality as expected

TISCO reported an in-line 3Q22 net profit of THB1,771m (+14% y-y, -4% q-q). We see three positives from its results. First, TISCO benefitted from a low credit cost level of 23 bps in 3Q22 due to the excess provisions it set aside to survive uncertainties and its effective asset quality control. Its NPLs were relatively stable q-q in 3Q22, with a high level of 248%. Next, there was an uptick in its NIM to 5.13% from 5.04% in 2Q22 from a rise in its high-yield portfolios. Lastly, this was the first time that its loan volume increased strongly by 4.8% q-q from auto cash, used cars, SMEs and the corporate segment. On the negative side, its non-NII fell q-q. Although its fee income increased y-y and q-q, its non-NII was dragged down by a lower gain on investments from the unfavourable capital market.

### Neutral view from meeting

At its latest analyst meeting, management stated that they still see no signs of significant asset deterioration. Thus, its credit cost in the short to medium term should be at a low level. As for loan growth, TISCO expects loans to increase at a slower rate in 4Q22 due to lower demand from its corporate and SME floorplan clients. Regarding its loan spread in 4Q22 and 2023, management believes it will be lower than the current level thanks to a rise in cost of funds. TISCO believes that most banks will not compete by raising deposits. Regarding the potential rate cap on new motorbike hire purchases (MHP) by the Office of the Consumer Protection Board, this might lead to slower growth for its MHP portfolio (2% of total port) in the first one to two years after the implementation. MHP operators might need to adjust their lending structure, e.g. lower commissions paid to dealers. We have a neutral view from the meeting.

### Smoother ECL and improving loan volume should drive 4Q22

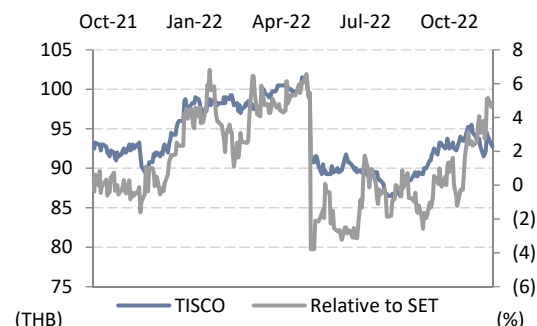
We expect TISCO's 4Q22 net profit to slightly increase y-y and q-q due to 1) a rise in its NII following an increase in loan volume and NIM thanks to stronger loan growth; and 2) lower ECL from sufficient provisions.

### Maintain HOLD for dividend with 2023 GGM-based TP of THB94

We like TISCO due to its low asset quality risk and expected 8-9% p.a. dividend yield in 2022-24, but we think its lazy balance sheet strategy over the past couple of years could limit its 2023 net profit growth to 4% y-y vs the 2023E aggregate net profit growth of our covered banks at 10% y-y. Hence, we maintain HOLD and our GGM-based TP of THB94.

### KEY STOCK DATA

YE Dec (THB m)	2021	2022E	2023E	2024E
Operating profit	8,485	9,061	9,374	9,780
Net profit	6,784	7,317	7,569	7,924
EPS (THB)	8.47	9.14	9.45	9.90
vs Consensus (%)	-	3.4	5.6	5.5
Core net profit	6,784	7,317	7,569	7,924
Core EPS (THB)	8.47	9.14	9.45	9.90
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	11.9	7.8	3.5	4.7
Core P/E (x)	10.9	10.1	9.8	9.4
Dividend yield (%)	7.7	8.4	8.9	9.2
Price/book (x)	1.8	1.7	1.7	1.6
ROE (%)	16.8	17.4	17.4	17.6
ROA (%)	2.6	3.0	3.0	3.1



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	0.3	7.2	0.5
Relative to country (%)	6.2	6.9	5.1
Mkt cap (USD m)	1,945		
3m avg. daily turnover (USD m)	8.4		
Free float (%)	80		
Major shareholder	Thai NVDR (11%)		
12m high/low (THB)	101.50/86.00		
Issued shares (m)	801		

Sources: Bloomberg consensus; FSSIA estimates



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## Investment thesis

We maintain TISCO as our least preferred stock in the banking sector. We think TISCO's bottom line could be slightly hurt by an interest rate upturn. Additionally, we think it is less attractive than Kiatnakin Bank (KKP TB, BUY, TP THB82) as its lazy balance sheet strategy over the past several years will likely hinder its growth once the economy recovers. However, we recommend HOLD for its potentially superior dividend yield at 8-9% p.a. in 2022-24 and low asset quality risk.

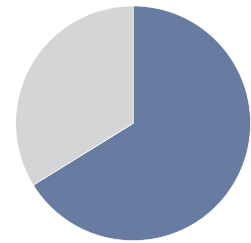
## Company profile

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](http://www.tisco.co.th)

## Principal activities (revenue, 2021)

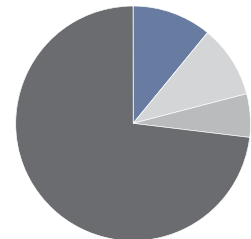
- Net interest income - 66.2 %
- Non-interest income - 33.8 %



Source: Tisco Financial

## Major shareholders

- Thai NVDR - 10.9 %
- CDIB & Partners Investment Holding - 10.0 %
- South East Asia UK (Type C) Nominees - 6.0 %
- Others - 73.1 %



Source: Tisco Financial

## Catalysts

Potential share price catalysts for TISCO include:

- A high-yield auto title loan volume recovery;
- A higher dividend payout ratio;
- Better operating cost control.

## Risks to our call

Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand. An upside risk to our GGM-based TP would be lower-than-expected policy rate hikes.

## Event calendar

Date	Event
Mid-Jan 2023	4Q22 results announcement

## Key assumptions

	2022E	2023E	2024E
	(%)	(%)	(%)
Net profit (THB m)	7,317	7,569	7,924
Net profit growth (%)	7.8	3.5	4.7
NIM (%)	4.93	4.89	4.87
Loan growth (%)	2.5	3.0	2.5
Fee growth (%)	0.9	11.2	6.0
Non-int-income growth (%)	(2.4)	10.7	6.0
Credit cost (bp)	45	60	65
Cost to income (%)	45.6	44.4	43.6

Source: FSSIA estimates

## Earnings sensitivity

		2022E		
Loan growth (%)	±2ppt	0.5	2.50	4.5
% change in net profit		(1.3)	-	1.3
NIM (%)	±5bp	4.88	4.93	4.98
% change in net profit		(2.8)	-	2.8
Credit cost (bp)	±10bp	35	45	55
% change in net profit		2.4	-	(2.4)

Source: FSSIA estimates

## 3Q22: Strong loan growth and healthy asset quality as expected

TISCO reported an in-line 3Q22 net profit of THB1,771m (+14% y-y, -4% q-q). We see three positives from its results. First, TISCO benefitted from a low credit cost level of 23 bps in 3Q22 vs 49 bps in 3Q21 due to the excess provisions it set aside to survive uncertainties and its effective asset quality control. Its NPLs were relatively stable q-q in 3Q22, implying an NPL ratio of 2.1%. Its coverage ratio remained at a high level of 248%. Second, there was an uptick in its NIM to 5.13% from 5.04% in 2Q22 following a rise in its high-yield portfolios. Lastly, this was the first time that its loan volume increased strongly by 4.8% q-q from auto cash, used cars, SMEs and the corporate segment. On the negative side, its non-NII fell q-q. Although its core fee income increased y-y and q-q, its non-NII was dragged down by a lower gain on investments from the unfavourable capital market conditions. Its 9M22 net profit accounts for 74% of our 2022 forecast.

### 3Q22 key highlights

- NII rose by 4% y-y and 4% q-q due to a rise in loan volume by 4.3% y-y and 4.8% q-q, together with an improvement in its NIM to 5.13%;
- Net fee income increased by 12% y-y and 5% q-q, mainly from higher bancassurance fees following a rise in its loan volume;
- TISCO's loans under the forbearance program amounted to 5.0% of total loans, of which 1.5% were from the retail segment. These numbers moderately declined from 6.3% and 2.4% in 2Q22, respectively.

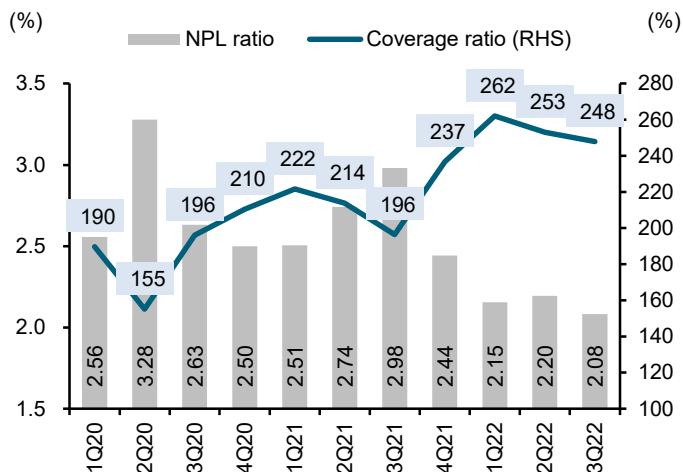
### Exhibit 1: TISCO – summary of 3Q22 operations

Year end Dec 31	3Q21	2Q22	3Q22		9M22			2022E		Comments
	(THB m)	(THB m)	(THB m)	(y-y%)	(q-q%)	(THB m)	(y-y %)	%22E	(THB m)	(y-y %)
Net interest income	3,093	3,107	3,221	4	4	9,389	0	77	12,148	(3)
Non-interest income*	1,085	1,457	1,257	16	(14)	4,072	(12)	65	6,221	(2)
Operating income	4,178	4,564	4,478	7	(2)	13,461	(4)	73	18,369	(2)
Operating expenses	1,968	2,125	2,155	10	1	6,379	5	76	8,374	1
<b>PPOP before tax*</b>	<b>2,209</b>	<b>2,439</b>	<b>2,323</b>	<b>5</b>	<b>(5)</b>	<b>7,082</b>	<b>(10)</b>	<b>71</b>	<b>9,995</b>	<b>(5)</b>
Provision	254	140	119	(53)	(15)	344	(79)	37	925	(55)
Income tax	395	451	433	10	(4)	1,323	6	76	1,750	3
Minority interest	0	0	0			0	25		3	632
<b>Normalised profit</b>	<b>1,560</b>	<b>1,848</b>	<b>1,771</b>	<b>14</b>	<b>(4)</b>	<b>5,415</b>	<b>9</b>	<b>74</b>	<b>7,317</b>	<b>8</b>
Extraordinary items	0	0	0			0			0	
<b>Net profit</b>	<b>1,560</b>	<b>1,848</b>	<b>1,771</b>	<b>14</b>	<b>(4)</b>	<b>5,415</b>	<b>9</b>	<b>74</b>	<b>7,317</b>	<b>8</b>
EPS (THB)	1.95	2.31	2.21	14	(4)	6.76	9	74	9.14	8
<b>Asset quality ratio</b>										
Gross NPLs	6,094	4,464	4,442	(27)	(0)				5,205	5
NPL ratios (%)	2.98	2.20	2.08						2.50	
Coverage ratio (%) - Reported	196	253	248						205	
Credit cost (bp)	49	28	23						45	
<b>Profitability ratio</b>										
Cost to income ratio*	47.1	46.5	48.1						45.6	
Average yield	5.80	5.86	5.97						5.8	
Cost of fund	1.12	1.06	1.08						1.1	
Net interest margin (NIM)	4.92	5.04	5.13						4.93	
Non-int inc/total income	26.0	31.9	28.1						33.9	
<b>Liquidity ratio</b>										
Loan to deposit ratio	121.1	120.4	116.8						117.7	
<b>Loan growth</b>										
y-y	(9.1)	(5.0)	4.3						2.5	
q-q	(4.5)	(0.1)	4.8							

\*Including share of profits from associates

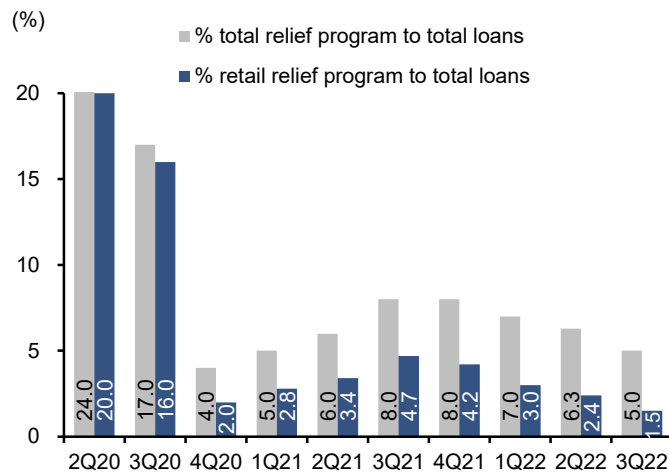
Source: TISCO; FSSIA estimates

Exhibit 2: NPL ratio and coverage ratio



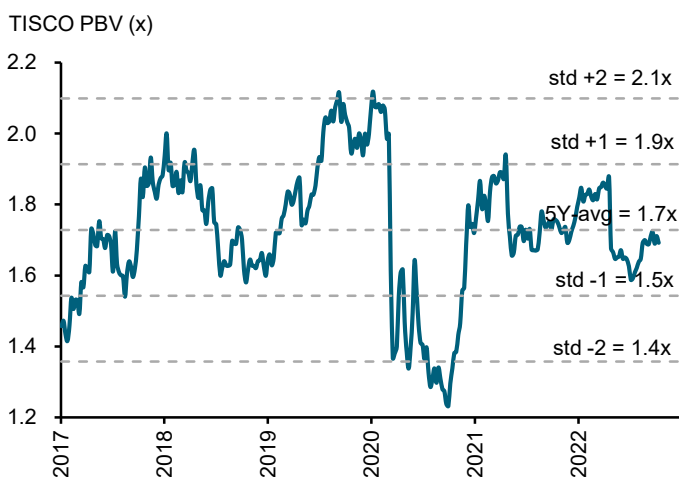
Sources: TISCO; FSSIA's compilation

Exhibit 3: TISCO's forbearance program



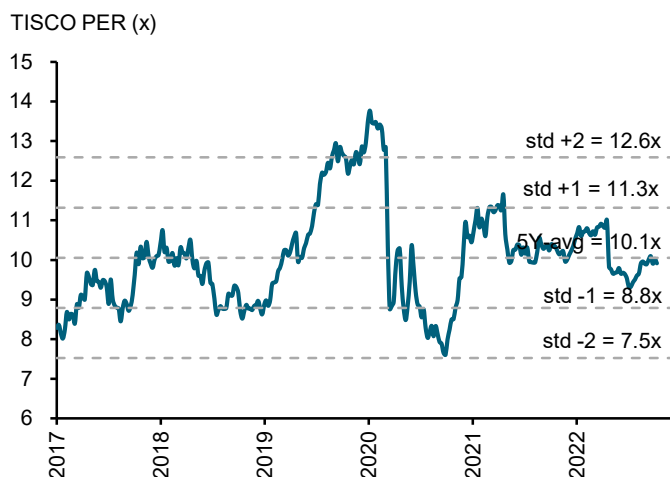
Sources: TISCO; FSSIA's compilation

Exhibit 4: TISCO – one-year forward rolling P/BV



Sources: Bloomberg; FSSIA estimates

Exhibit 5: TISCO – one-year forward rolling P/E



Sources: Bloomberg; FSSIA estimates

Exhibit 6: Peers comparison

	BBG code	Rec	--- Share price ---		Up side (%)	Market Cap (USD m)	EPS growth		--- P/E ---		-- DivYld --		--- ROE ---		--- PBV ---	
			Current (THB)	Target (THB)			22E (%)	23E (%)	22E (x)	23E (x)	22E (%)	23E (%)	22E (%)	23E (%)	22E (x)	23E (x)
<b>Coverage</b>						<b>37,455</b>	<b>17.6</b>	<b>9.9</b>	<b>8.5</b>	<b>7.7</b>	<b>4.4</b>	<b>5.1</b>	<b>8.5</b>	<b>8.7</b>	<b>0.7</b>	<b>0.7</b>
Bangkok Bank	BBL TB	BUY	136.00	170.00	25	6,800	15.2	11.5	8.5	7.6	3.7	4.8	6.0	6.4	0.5	0.5
Kasikornbank	KBANK TB	BUY	143.50	192.00	34	8,906	10.6	12.9	8.1	7.2	3.1	3.5	8.5	9.0	0.7	0.6
Kiatnakin Bank	KKP TB	BUY	68.50	82.00	20	1,519	19.8	9.5	7.7	7.0	5.8	6.6	14.2	14.3	1.0	1.0
Krung Thai Bank	KTB TB	BUY	16.70	20.00	20	6,114	43.6	9.6	7.5	6.9	4.6	5.1	8.3	8.5	0.6	0.6
SCB X	SCB TB	BUY	103.50	134.00	29	9,129	9.8	6.6	9.0	8.4	4.8	5.8	8.6	8.5	0.7	0.7
Tisco Financial	TISCO TB	HOLD	92.75	94.00	1	1,945	7.8	3.5	10.1	9.8	8.4	8.9	17.4	17.4	1.7	1.7
TMBThanachart Bank	TTB TB	BUY	1.20	1.40	17	3,042	20.3	12.1	9.2	8.2	4.9	5.5	5.8	6.3	0.5	0.5

Share prices as of 11 Oct 2022  
Source: FSSIA estimates

## Financial Statements

### Tisco Financial

Profit and Loss (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Interest Income	16,757	14,792	14,313	15,006	15,449
Interest expense	(3,659)	(2,332)	(2,165)	(2,754)	(2,894)
Net interest income	13,098	12,460	12,148	12,252	12,555
Net fees & commission	5,146	5,615	5,668	6,303	6,681
Foreign exchange trading income	0	0	0	0	0
Securities trading income	270	410	158	166	167
Dividend income	59	70	84	92	101
Other income	333	274	303	318	344
Non interest income	5,808	6,369	6,212	6,879	7,292
Total income	18,906	18,829	18,360	19,131	19,847
Staff costs	(5,288)	(5,727)	(5,787)	(5,897)	(6,009)
Other operating costs	(2,723)	(2,553)	(2,587)	(2,594)	(2,648)
Operating costs	(8,012)	(8,280)	(8,374)	(8,491)	(8,657)
Pre provision operating profit	10,894	10,549	9,986	10,640	11,190
Provision for bad and doubtful debt	(3,331)	(2,064)	(925)	(1,267)	(1,410)
Other provisions	-	-	-	-	-
Operating profit	7,563	8,485	9,061	9,374	9,780
Recurring non operating income	(2)	7	9	10	10
Associates	(2)	7	9	10	10
Goodwill amortization	-	-	-	-	-
Non recurring items	0	0	0	0	0
Profit before tax	7,562	8,492	9,070	9,383	9,790
Tax	(1,498)	(1,708)	(1,750)	(1,811)	(1,865)
Profit after tax	6,064	6,785	7,319	7,572	7,925
Minority interests	0	0	(3)	(3)	(2)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	6,063	6,784	7,317	7,569	7,924
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	6,063	6,784	7,317	7,569	7,924
<b>Per share (THB)</b>					
Recurring EPS *	7.57	8.47	9.14	9.45	9.90
Reported EPS	7.57	8.47	9.14	9.45	9.90
DPS	6.30	7.15	7.75	8.25	8.50
<b>Growth</b>					
Net interest income (%)	2.4	(4.9)	(2.5)	0.9	2.5
Non interest income (%)	(12.4)	9.7	(2.5)	10.7	6.0
Pre provision operating profit (%)	7.3	(3.2)	(5.3)	6.6	5.2
Operating profit (%)	(16.4)	12.2	6.8	3.4	4.3
Reported net profit (%)	(16.6)	11.9	7.8	3.5	4.7
Recurring EPS (%)	(16.6)	11.9	7.8	3.5	4.7
Reported EPS (%)	(16.6)	11.9	7.8	3.5	4.7
<b>Income Breakdown</b>					
Net interest income (%)	69.3	66.2	66.2	64.0	63.3
Net fees & commission (%)	27.2	29.8	30.9	32.9	33.7
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	1.4	2.2	0.9	0.9	0.8
Dividend income (%)	0.3	0.4	0.5	0.5	0.5
Other income (%)	1.8	1.5	1.7	1.7	1.7
<b>Operating performance</b>					
Gross interest yield (%)	5.84	5.69	5.81	5.99	6.00
Cost of funds (%)	1.56	1.13	1.13	1.41	1.45
Net interest spread (%)	4.28	4.56	4.68	4.58	4.55
Net interest margin (%)	4.6	4.8	4.9	4.9	4.9
Cost/income(%)	42.4	44.0	45.6	44.4	43.6
Cost/assets(%)	2.8	3.2	3.4	3.4	3.3
Effective tax rate (%)	19.8	20.1	19.3	19.3	19.1
Dividend payout on recurring profit (%)	83.2	84.4	84.8	87.3	85.9
ROE (%)	15.4	16.8	17.4	17.4	17.6
ROE - COE (%)	4.6	6.0	6.6	6.6	6.8
ROA (%)	2.1	2.6	3.0	3.0	3.1
RORWA (%)	3.3	3.8	4.1	4.2	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	2020	2021	2022E	2023E	2024E
Gross customer loans	224,812	202,950	208,023	214,264	219,621
Total provisions	(11,826)	(11,736)	(10,685)	(9,916)	(9,679)
interest in suspense	1,902	1,713	1,560	1,500	1,537
<b>Net customer loans</b>	<b>214,888</b>	<b>192,926</b>	<b>198,899</b>	<b>205,848</b>	<b>211,479</b>
Bank loans	38,212	30,489	28,510	26,839	30,436
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	12,931	10,933	11,505	11,896	12,303
Cash & equivalents	1,220	1,103	1,856	1,359	461
Other interesting assets	-	-	-	-	-
Tangible fixed assets	3,837	3,654	3,716	3,779	3,843
Associates	-	-	-	-	-
Goodwill	-	-	-	-	-
Other intangible assets	-	-	-	-	-
Other assets	4,355	4,509	4,611	4,710	4,816
<b>Total assets</b>	<b>275,443</b>	<b>243,616</b>	<b>249,096</b>	<b>254,429</b>	<b>263,338</b>
Customer deposits	203,473	166,542	176,793	180,328	179,889
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	19,918	23,317	16,864	17,201	21,591
Non interest bearing liabilities	12,590	12,559	12,559	12,559	12,936
Hybrid Capital	-	-	-	-	-
<b>Total liabilities</b>	<b>235,981</b>	<b>202,418</b>	<b>206,215</b>	<b>210,089</b>	<b>214,416</b>
Share capital	8,007	8,007	8,006	8,006	8,006
Reserves	31,452	33,187	34,871	36,331	37,750
<b>Total equity</b>	<b>39,459</b>	<b>41,194</b>	<b>42,877</b>	<b>44,337</b>	<b>45,757</b>
Minority interests	3	3	3	4	4
<b>Total liabilities &amp; equity</b>	<b>275,443</b>	<b>243,616</b>	<b>249,096</b>	<b>254,429</b>	<b>260,176</b>
<b>Supplementary items</b>					
Risk weighted assets (RWA)	185,168	174,636	179,002	184,372	188,982
Average interest earning assets	287,129	260,164	246,205	250,518	257,679
Average interest bearing liabilities	234,728	206,625	191,758	195,593	199,505
Tier 1 capital	32,369	32,421	33,747	34,985	36,126
Total capital	40,478	40,481	41,807	43,044	44,186
Gross non performing loans (NPL)	5,618	4,957	5,205	5,465	5,739
<b>Per share (THB)</b>					
Book value per share	49.28	51.45	53.55	55.38	57.15
Tangible book value per share	49.28	51.45	53.55	55.38	57.15
<b>Growth</b>					
Gross customer loans	(7.4)	(9.7)	2.5	3.0	2.5
Average interest earning assets	(4.7)	(9.4)	(5.4)	1.8	2.9
Total asset (%)	(7.7)	(11.6)	2.2	2.1	3.5
Risk weighted assets (%)	(0.2)	(5.7)	2.5	3.0	2.5
Customer deposits (%)	(5.8)	(18.2)	6.2	2.0	(0.2)
<b>Leverage &amp; capital measures</b>					
Customer loan/deposits (%)	105.6	115.8	112.5	114.2	117.6
Equity/assets (%)	14.3	16.9	17.2	17.4	17.4
Tangible equity/assets (%)	14.3	16.9	17.2	17.4	17.4
RWA/assets (%)	67.2	71.7	71.9	72.5	71.8
Tier 1 CAR (%)	17.5	18.6	18.9	19.0	19.1
Total CAR (%)	21.9	23.2	23.4	23.3	23.4
<b>Asset Quality</b>					
Change in NPL (%)	(3.7)	(11.8)	5.0	5.0	5.0
NPL/gross loans (%)	2.5	2.4	2.5	2.6	2.6
Total provisions/gross loans (%)	5.3	5.8	5.1	4.5	4.4
Total provisions/NPL (%)	210.5	236.7	205.3	181.4	168.7
<b>Valuation</b>					
Recurring P/E (x) *	12.2	10.9	10.1	9.8	9.4
Recurring P/E @ target price (x) *	12.4	11.1	10.3	9.9	9.5
Reported P/E (x)	12.2	10.9	10.1	9.8	9.4
Dividend yield (%)	6.8	7.7	8.4	8.9	9.2
Price/book (x)	1.9	1.8	1.7	1.7	1.6
Price/tangible book (x)	1.9	1.8	1.7	1.7	1.6
Price/tangible book @ target price (x)	1.9	1.8	1.8	1.7	1.6

\* Pre-exceptional, pre-goodwill and fully diluted

Sources: Tisco Financial; FSSIA estimates

## Corporate Governance report of Thai listed companies 2021

EXCELLENT LEVEL – Score range 90-100										
AAV	BCPG	CPALL	GCAP	K	MSC	PLANET	SAMART	SPI	THRE	TVD
ADVANC	BDMS	CPF	GFPT	KBANK	MST	PLAT	SAMTEL	SPRC	THREL	TVI
AF	BEM	CPI	GGC	KCE	MTC	PORT	SAT	SPVI	TIPCO	TVO
AH	BGC	CPN	GLAND	KKP	MVP	PPS	SC	SSSC	TISCO	TWPC
AIRA	BGRIM	CRC	GLOBAL	KSL	NCL	PR9	SCB	SST	TK	U
AKP	BIZ	CSS	GPI	KTB	NEP	PREB	SCC	STA	TKT	UAC
AKR	BKI	DDD	GPSC	KTC	NER	PRG	SCCC	STEC	TMT	UBIS
ALT	BOL	DELTA	GRAMMY	LALIN	NKI	PRM	SCG	STI	TNDT	UV
AMA	BPP	DEMCO	GULF	LANNA	NOBLE	PROUD	SCGP	SUN	TNITY	VGI
AMATA	BRR	DRT	GUNKUL	LH	NSI	DRSH	SCM	SUSCO	TOA	VIH
AMATAV	BTS	DTAC	HANA	LHFG	NVD	PSL	SDC	SUTHA	TOP	WACOAL
ANAN	BTW	DUSIT	HARN	LIT	NWR	PTG	SEAFCCO	SVI	TPBI	WAVE
AOT	BWG	EA	HMPRO	LPN	NYT	PTT	SEAOIL	SYMC	TQM	WHA
AP	CENTEL	EASTW	ICC	MACO	OISHI	PTTEP	SE-ED	SYNTEC	TRC	WHAUP
ARIP	CFRESH	ECF	ICHI	MAJOR	OR	PTTGC	SELIC	TACC	TRU	WICE
ARROW	CHEWA	ECL	III	MAKRO	ORI	PYLON	SENA	TASCO	TRUE	WINNER
ASP	CHO	EE	ILINK	MALEE	OSP	Q-CON	SHR	TCAP	TSC	ZEN
AUCT	CIMBT	EGCO	ILM	MBK	OTO	QH	SIRI	TEAMG	TSR	
AWC	CK	EPG	INTUCH	MC	PAP	QTC	SIS	TFMAMA	TSTE	
AYUD	CKP	ETC	IP	MCOT	PCSGH	RATCH	SITHAI	TGH	TSTH	
BAFS	CM	FPI	IRPC	METCO	PDG	RS	SMK	THANA	TTA	
BANPU	CNT	FPT	ITEL	MFEC	PDJ	S	SMPC	THANI	TTB	
BAY	COM7	FSMART	IVL	MINT	PG	S & J	SNC	THCOM	TTCL	
BBL	COMAN	GBX	JSP	MONO	PHOL	SAAM	SONIC	THG	TTW	
BCP	COTTO	GC	JWD	MOONG	PLANB	SABINA	SPALI	THIP	TU	
VERY GOOD LEVEL – Score range 80-89										
2S	ASIMAR	CHOW	FLOYD	IT	LOXLEY	OCC	RPC	SKY	TCC	TVT
7UP	ASK	CI	FN	ITD	LRH	OGC	RT	SLP	TCMC	TWP
ABICO	ASN	CIG	FNS	J	LST	PATO	RWI	SMIT	TEAM	UEC
ABM	ATP30	CMC	FORTH	JAS	M	PB	S11	SMT	TFG	UMI
ACE	B	COLOR	FSS	JCK	MATCH	PICO	SA	SNP	TFI	UOBKH
ACG	BA	CPL	FTE	JCKH	MBAX	PIMO	SAK	SO	TIGER	UP
ADB	BAM	CPW	FVC	JMART	MEGA	PJW	SALEE	SORKON	TITLE	UPF
AEONTS	BC	CRD	GEL	JMT	META	PL	SAMCO	SPA	TKN	UPOIC
AGE	BCH	CSC	GENCO	KBS	MFC	PM	SANKO	SPC	TKS	UTP
AHC	BEC	CSP	GJS	KCAR	MGT	PMTA	SAPPE	SPCG	TM	VCOM
AIT	BEYOND	CWT	GYT	KEX	MICRO	PPP	SAWAD	SR	TMC	VL
ALL	BFIT	DCC	HEMP	KGI	MILL	PPPM	SCI	SRICHA	TMD	VPO
ALLA	BJC	DCON	HPT	KIAT	MITSIB	PRIME	SCN	SSC	TMI	VRANDA
ALUCON	BJCHI	DHOUSE	HTC	KISS	MK	PRIN	SCP	SSF	TMILL	WGE
AMANAH	BLA	DOD	HYDRO	KOOL	MODERN	PRINC	SE	STANLY	TNL	WIK
AMARIN	BR	DOHOME	ICN	KTIS	MTI	PSG	SFLEX	STGT	TNP	WP
APCO	BROOK	DV8	IFS	KUMWEL	NBC	PSTC	SFP	STOWER	TOG	XO
APCS	CBG	EASON	IMH	KUN	NCAP	PT	SFT	STPI	TPA	XPG
APURE	CEN	EFORL	IND	KWC	NCH	QLT	SGF	SUC	TPAC	YUASA
AQUA	CGH	ERW	INET	KWM	NETBAY	RBF	SIAM	SWC	TPCS	
ASAP	CHARAN	ESSO	INSET	L&E	NEX	RCL	SINGER	SYNEX	TPS	
ASEFA	CHAYO	ESTAR	INSURE	LDC	NINE	RICHY	SKE	TAE	TRITN	
ASIA	CHG	ETE	IRC	LEO	NRF	RML	SKN	TAKUNI	TRT	
ASIAN	CHOTI	FE	IRCP	LHK	NTV	ROJNA	SKR	TBSP	TSE	
GOOD LEVEL – Score range 70-79										
A	BGT	CITY	GIFT	JTS	MDX	PK	SGP	SUPER	TQR	YGG
AI	BH	CMAN	GLOCON	JUBILE	MJD	PLE	SICT	SVOA	TTI	ZIGA
AIE	BIG	CMO	GREEN	KASET	MORE	PPM	SIMAT	TC	TYCN	
AJ	BLAND	CMR	GSC	KCM	MUD	PRAKIT	SISB	TCCC	UKEM	
ALPHAX	BM	CPT	GTB	KK	NC	PRAPAT	SK	THMUI	UMS	
AMC	BROCK	CRANE	HTECH	KKC	NDR	PRECHA	SMART	TNH	UNIQ	
APP	BSBM	CSR	HUMAN	KWI	NFC	PTL	SOLAR	TNR	UPA	
AQ	BSM	D	IHL	KYE	NNCL	RJH	SPACK	TOPP	UREKA	
ARIN	BTNC	EKH	IIG	LEE	NOVA	RP	SPG	TPCH	VIBHA	
AS	BYD	EMC	INGRS	LPH	NPK	RPH	SQ	TPIPL	W	
AU	CAZ	EP	INOX	MATI	NUSA	RSP	SSP	TIPIP	WIN	
B52	CCP	F&D	JAK	M-CHAI	PAF	SABUY	STARK	TPLAS	WORK	
BEAUTY	CGD	FMT	JR	MCS	PF	SF	STC	TPOLY	WPH	

**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

Sources: Thai Institute of Directors Association (IOD); FSSIA's compilation; data as of 26 October 2021



## Anti-corruption Progress Indicator

CERTIFIED										
2S	BCH	CPALL	GC	K	MFC	PE	QLT	SNP	THCOM	TU
7UP	BCP	CPF	GCAP	KASET	MFEC	PG	QTC	SORKON	THIP	TVD
ADVANC	BCPG	CPI	GEL	KBANK	MILL	PHOL	RATCH	SPACK	THRE	TVI
AF	BE8	CPN	GFPT	KBS	MINT	PK	RML	SPALI	THREL	TVO
AI	BEYOND	CSC	GGC	KCAR	MONO	PL	RWI	SPC	TIDLOR	TWPC
AIE	BGC	DCC	GJS	KCE	MOONG	PLANB	S & J	SPI	TIPCO	U
AIRA	BGRIM	DELTA	GPI	KGI	MSC	PLANET	SAAM	SPRC	TISCO	UBE
AKP	BJCHI	DEMCO	GPSC	KKP	MST	PLAT	SABINA	SRICHA	TKS	UBIS
ALPHAX	BKI	DIMET	GSTEEL	KSL	MTC	PM	SAPPE	SSF	TKT	UEC
AMA	BLA	DRT	GUNKUL	KTB	MTI	PPP	SAT	SSP	TMD	UKEM
AMANAHA	BPP	DTAC	HANA	KTC	NBC	PPPM	SC	SSSC	TMILL	UOBKH
AMATA	BROOK	DUSIT	HARN	KWC	NEP	PPS	SCB	SST	TMT	UPF
AMATAV	BRR	EA	HEMP	KWI	NINE	PR9	SCC	STA	TNITY	UV
AP	BSBM	EASTW	HENG	L&E	NKI	PREB	SCCC	STOWER	TNL	VGI
APCS	BTS	ECL	HMPRO	LANNA	NMG	PRG	SCG	SUSCO	TNP	VIH
AQUA	BWG	EGCO	HTC	LH	NNCL	PRINC	SCN	SVI	TNR	WACOAL
ARROW	CEN	EP	ICC	LHFG	NOBLE	PRM	SEAOIL	SYMC	TOG	WHA
AS	CENTEL	EPG	ICHI	LHK	NOK	PROS	SE-ED	SYNTEC	TOP	WHAUP
ASIAN	CFRESH	ERW	IFEC	LPN	NSI	PSH	SELIC	TAE	TOPP	WICE
ASK	CGH	ESTAR	IFS	LRH	NWR	PSL	SENA	TAKUNI	TPA	WIIK
ASP	CHEWA	ETE	ILINK	M	OCC	PSTC	SGP	TASCO	TPP	XO
AWC	CHOTI	FE	INET	MAKRO	OGC	PT	SINGER	TBSP	TRU	ZEN
AYUD	CHOW	FNS	INSURE	MALEE	ORI	PTG	SIRI	TCAP	TRUE	
B	CIG	FPI	INTUCH	MATCH	PAP	PTT	SITHAI	TCMC	TSC	
BAFS	CIMBT	FPT	IRC	MBAX	PATO	PTTEP	SKR	TFG	TSTE	
BAM	CM	FSMART	IRPC	MBK	PB	PTTGC	SMIT	TFI	TSTH	
BANPU	CMC	FSS	ITEL	MC	PCSGH	PYLON	SMK	TFMAMA	TTA	
BAY	COM7	FTE	IVL	MCOT	PDG	Q-CON	SMPC	TGH	TTB	
BBL	COTTO	GBX	JKN	META	PDJ	QH	SNC	THANI	TTCL	
DECLARED										
AJ	CHG	DDD	ETC	JR	MAJOR	NUSA	RS	SSS	TQM	YUASA
ALT	CPL	DHOUSE	FLOYD	JTS	NCAP	NYT	SAK	STECH	TSI	ZIGA
APCO	CPR	DOHOME	GULF	KEX	NCL	OR	SCGP	STGT	VARO	
B52	CPW	ECF	III	KUMWEL	NOVA	PIMO	SCM	TKN	VCOM	
BEC	CRC	EKH	INOX	LDC	NRF	PLE	SIS	TMI	VIBHA	

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)

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The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by Thaipat Institute, is made in order to comply with the policy and sustainable development plan for the listed companies of the Office of the Securities and Exchange Commission. Thaipat Institute made this assessment based on the information received from the listed company, as stipulated in the form for the assessment of Anti-corruption which refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2), or other relevant documents or reports of such listed company. The assessment result is therefore made from the perspective of Thaipat Institute that is a third party. It is not an assessment of operation and is not based on any inside information. Since this assessment is only the assessment result as of the date appearing in the assessment result, it may be changed after that date or when there is any change to the relevant information. Nevertheless, FSS International Investment Advisory Company Limited does not confirm, verify, or certify the accuracy and completeness of the assessment results.

Note: Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of 26 October 2021) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

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



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### ANALYST(S) CERTIFICATION

#### Rawisara Suwanumphai FSS International Investment Advisory Securities Co., Ltd

The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

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Company	Ticker	Price	Rating	Valuation & Risks
Tisco Financial	TISCO TB	THB 92.75	HOLD	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand. An upside risk to our GGM-based TP would be lower-than-expected policy rate hikes.
Kasikornbank	KBANK TB	THB 143.50	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand.
Kiatnakin Bank	KKP TB	THB 68.50	BUY	Downside risks to our GGM-based target price include weakening asset quality and lower fee income.
Krung Thai Bank	KTB TB	THB 16.70	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand.
SCB X	SCB TB	THB 103.50	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand.
Tisco Financial	TISCO TB	THB 92.75	HOLD	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand. An upside risk to our GGM-based TP would be lower-than-expected policy rate hikes.
TMBThanachart Bank	TTB TB	THB 1.20	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand.

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 Finasia Syrus Securities Public Company Limited

FSSIA may incorporate the recommendations and target prices of companies currently covered by FSS Research into equity research reports, denoted by an 'FSS' before the recommendation. FSS Research is part of Finasia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 11-Oct-2022 unless otherwise stated.

## RECOMMENDATION STRUCTURE

### Stock ratings

Stock ratings are based on absolute upside or downside, which we define as  $(\text{target price}^* - \text{current price}) / \text{current price}$ .

**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.