

# TISCO FINANCIAL

# TISCO TB

THAILAND / BANKING

## BUY

UNCHANGED

## Key takeaways from analyst meeting

TARGET PRICE THB111.00  
 CLOSE THB96.00  
 UP/DOWNSIDE +15.6%  
 TP vs CONSENSUS +3.0%

### Highlights

The overall message from management today confirms our view on the growth of high-yield loans, rising corporate loans (floating interest rate) along with the rising interest rate, rising cost of funds to impact its NIM in 2H23, and rising NPLs under manageable credit cost. New information we learned is:

- (-) Rising cost of funds should push TISCO's NIM lower in 2H23, pressured from its view that the repurchase rate will climb to 2.50% at the end of 2023 (from the previous view of 2.00%). Thus, the impact would continue to pressure its NIM in 2024. We maintain our NIM forecast in 2024 at 4.90%, which should be stable at the same level in 2H23E at 4.90%, from 5.17% in 1H23 (27bp drop).
- (+) Credit cost should be stable at a very low level as in 1H23 at an average of 20bp (1Q-2Q23 were 28bp and 11bp, respectively). TISCO has the intention to bring down its coverage ratio to 150-160% from 224% in 2Q23 to reflect its present asset quality. This should bode well for its credit cost burden in the next two years (under our assumptions, using the 2Q23 current coverage ratio at 224% and decreasing to 150%, assuming that NPLs would increase to 3.00%).
- (+) Loans through the "Somwang" channel grew by 5.3% q-q in 2Q23 and accounted for 64% of total loans against auto licenses. During the quarter, "Somwang" opened 51 new loan offices with a total number of 535 branches nationwide. The overall branch openings in 1H23 at 85 were slightly below the 2023 target of 200 branches (to 650 branches at end-2023 and 1,000 branches in the next couple years). Management claims this was due to its policy to closely monitor the traffic and revenue contributions from each branch.

**2H23 outlook** – We are still positive with its business outlook in 2H23. Most revenue contributions would still come from its banking business (accounted for 70% of total operating revenue in 1H23). TISCO should see lending growth in the high-yield segment along with a low credit cost. Though the impact from the rising interest rate would increase in 2H23, we believe the bank can manage its overall performance to be in line with its guidance and our 2023 forecast.

We maintain our BUY call and GGM-based TP of THB111, which implies a P/BV of 2.02x. We like TISCO for 1) its effective management of the impacts on its NIM by growing the high-yield loan segment; 2) its strategy of front-loading ECL during the Covid-19 pandemic; and 3) its attractive annual dividend yields projected at c8-9% during 2023-25.

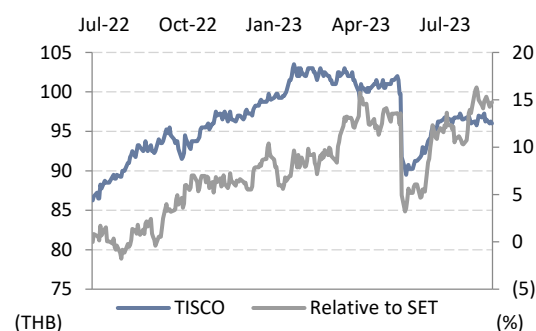


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### KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Operating profit	8,988	9,328	9,851	10,425
Net profit	7,222	7,462	7,881	8,340
EPS (THB)	9.02	9.32	9.84	10.42
vs Consensus (%)	-	0.1	1.3	1.8
Recurring net profit	7,222	7,462	7,881	8,340
Core EPS (THB)	9.02	9.32	9.84	10.42
EPS growth (%)	6.4	3.3	5.6	5.8
Core P/E (x)	10.6	10.3	9.8	9.2
Dividend yield (%)	8.1	8.3	8.6	8.9
Price/book (x)	1.8	1.8	1.7	1.7
ROE (%)	17.2	17.2	17.8	18.3
ROA (%)	2.8	2.7	2.7	2.6



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(0.8)	(5.4)	10.7
Relative to country (%)	3.2	1.0	14.8
Mkt cap (USD m)	2,201		
3m avg. daily turnover (USD m)	11.9		
Free float (%)	80		
Major shareholder	Thai NVDR (11%)		
12m high/low (THB)	104.00/86.00		
Issued shares (m)	801		

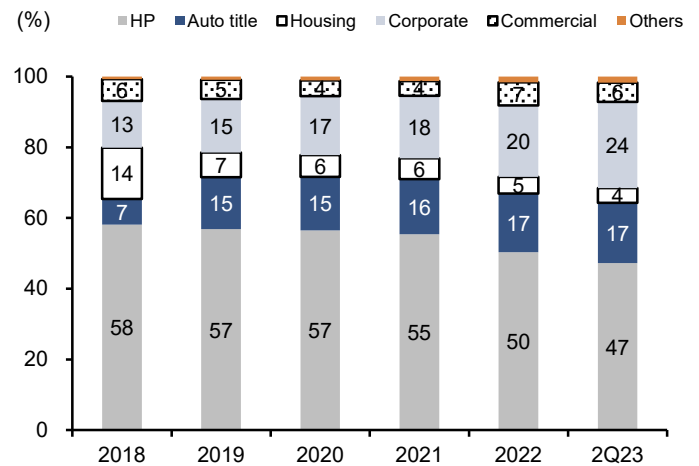
Sources: Bloomberg consensus; FSSIA estimates

## Exhibit 1: Key financial guidance

	2022	TISCO 2023E	FSSIA 2023E
Loan growth	7.9%	5-10%	8.0%
NPL ratio (gross)	2.09%	< 2.5%	2.1%
Net interest margin	5.09%	~ 4.6%	4.89%
Net fee income growth	-9.5%	Stable	1.1%
Cost to income	47.1%	~ 50%	47.6%
Credit cost (bp)	34	34	30

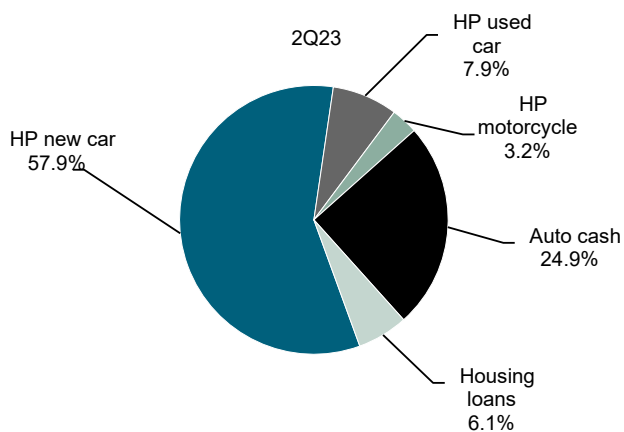
Sources: TISCO; FSSIA estimates

## Exhibit 2: Loan breakdown



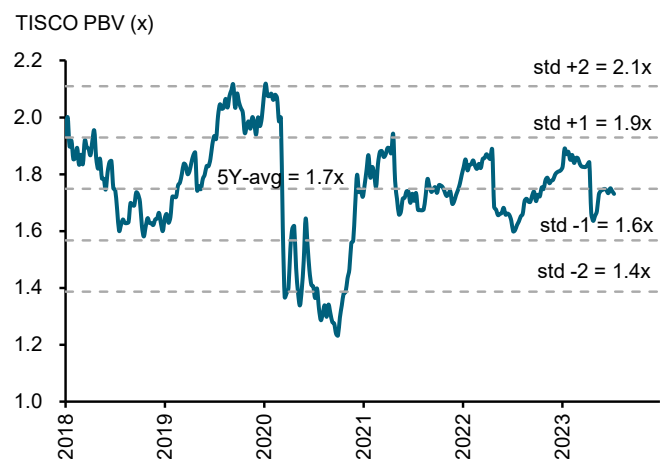
Sources: TISCO; FSSIA's compilation

## Exhibit 3: Retail loan breakdown, 2Q23



Sources: TISCO; FSSIA's compilation

## Exhibit 4: One-year forward rolling P/BV



Sources: Bloomberg; FSSIA estimates

## Exhibit 5: TISCO's 2Q23 operations summary

Year end Dec 31	2Q22	1Q23	2Q23	Change		1H23	Change	% of	2022	2023E	Change
	(THB m)	(THB m)	(THB m)	(y-y%)	(q-q%)						
Net interest income	3,107	3,287	3,420	10	4	6,707	9	50	12,734	13,451	6
Non-interest income	1,457	1,384	1,324	(9)	(4)	2,707	(4)	48	5,607	5,644	1
<b>Total operating income</b>	<b>4,564</b>	<b>4,671</b>	<b>4,743</b>	<b>4</b>	<b>2</b>	<b>9,414</b>	<b>5</b>	<b>49</b>	<b>18,341</b>	<b>19,094</b>	<b>4</b>
Total operating expenses	2,125	2,282	2,378	12	4	4,659	10	51	8,630	9,083	5
<b>PPOP before tax</b>	<b>2,439</b>	<b>2,389</b>	<b>2,366</b>	<b>(3)</b>	<b>(1)</b>	<b>4,755</b>	<b>(0)</b>	<b>47</b>	<b>9,711</b>	<b>10,011</b>	<b>3</b>
Expected credit loss	140	155	63	(55)	(59)	218	(3)	32	723	683	(5)
<b>Net profit</b>	<b>1,848</b>	<b>1,793</b>	<b>1,854</b>	<b>0</b>	<b>3</b>	<b>3,646</b>	<b>0</b>	<b>49</b>	<b>7,222</b>	<b>7,462</b>	<b>3</b>
<b>EPS (THB)</b>	<b>2.31</b>	<b>2.24</b>	<b>2.32</b>	<b>0</b>	<b>3</b>	<b>4.55</b>	<b>0</b>	<b>49</b>	<b>9.02</b>	<b>9.32</b>	<b>3</b>
NPL ratio (%)*	2.20	2.13	2.20			2.20			2.09	2.13	
Coverage ratio (%)*	253	248	224			224			259	231	
Credit cost (bp)	28	28	11			20			34	30	
Cost to income ratio	46.5	48.9	50.1			49.5			47.1	47.6	
NIM (%)*	5.05	4.89	5.01			5.11			5.00	4.89	
Loan/deposit & borrowing (LDBR)	109.3	106.0	108.0			108.0			107.3	108.2	
Loan growth - y-y	(5.0)	8.1	13.4						7.9	8.0	
q-q	(0.1)	0.5	4.7								

\* FSSIA's calculation

Sources: TISCO; FSSIA estimates

## Financial Statements

### Tisco Financial

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Interest Income	14,792	14,904	17,002	18,382	19,821
Interest expense	(2,332)	(2,171)	(3,551)	(3,914)	(4,248)
Net interest income	12,460	12,734	13,451	14,467	15,573
Net fees & commission	5,615	5,081	5,137	5,189	5,240
Foreign exchange trading income	0	0	0	0	0
Securities trading income	410	89	89	90	90
Dividend income	70	73	77	81	85
Other income	281	363	340	358	377
Non interest income	6,376	5,607	5,644	5,717	5,792
Total income	18,836	18,341	19,094	20,184	21,365
Staff costs	(5,727)	(6,107)	(6,351)	(6,605)	(6,869)
Other operating costs	(2,552)	(2,523)	(2,732)	(2,990)	(3,274)
Operating costs	(8,279)	(8,630)	(9,083)	(9,595)	(10,143)
Pre provision operating profit	10,557	9,711	10,011	10,589	11,222
Expected credit loss	(2,064)	(723)	(683)	(738)	(797)
Other provisions	-	-	-	-	-
Operating profit	8,493	8,988	9,328	9,851	10,425
Recurring non operating income	0	0	0	0	0
Associates	-	-	-	-	-
Goodwill amortization	-	-	-	-	-
Non recurring items	0	0	0	0	0
Profit before tax	8,493	8,988	9,328	9,851	10,425
Tax	(1,708)	(1,766)	(1,866)	(1,970)	(2,085)
Profit after tax	6,785	7,222	7,462	7,881	8,340
Non-controlling interest	0	0	0	0	0
Preferred dividends	-	-	-	-	-
Other items	0	0	0	0	0
Reported net profit	6,785	7,222	7,462	7,881	8,340
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	6,785	7,222	7,462	7,881	8,340
<b>Per share (THB)</b>					
Recurring EPS *	8.47	9.02	9.32	9.84	10.42
Reported EPS	8.47	9.02	9.32	9.84	10.42
DPS	7.15	7.75	8.00	8.25	8.50
<b>Growth</b>					
Net interest income (%)	(4.9)	2.2	5.6	7.6	7.6
Non interest income (%)	9.8	(12.1)	0.7	1.3	1.3
Pre provision operating profit (%)	(3.1)	(8.0)	3.1	5.8	6.0
Operating profit (%)	12.3	5.8	3.8	5.6	5.8
Reported net profit (%)	11.9	6.4	3.3	5.6	5.8
Recurring EPS (%)	11.9	6.4	3.3	5.6	5.8
Reported EPS (%)	11.9	6.4	3.3	5.6	5.8
<b>Income Breakdown</b>					
Net interest income (%)	66.1	69.4	70.4	71.7	72.9
Net fees & commission (%)	29.8	27.7	26.9	25.7	24.5
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	2.2	0.5	0.5	0.4	0.4
Dividend income (%)	0.4	0.4	0.4	0.4	0.4
Other income (%)	1.5	2.0	1.8	1.8	1.8
<b>Operating performance</b>					
Gross interest yield (%)	5.70	5.86	6.18	6.23	6.25
Cost of funds (%)	1.13	1.09	1.63	1.67	1.69
Net interest spread (%)	4.57	4.77	4.55	4.56	4.56
Net interest margin (%)	4.8	5.0	4.9	4.9	4.9
Cost/income(%)	44.0	47.1	47.6	47.5	47.5
Cost/assets(%)	3.2	3.4	3.3	3.2	3.2
Effective tax rate (%)	20.1	19.6	20.0	20.0	20.0
Dividend payout on recurring profit (%)	84.4	85.9	85.8	83.8	81.6
ROE (%)	16.8	17.2	17.2	17.8	18.3
ROE - COE (%)	6.0	6.4	6.4	7.0	7.5
ROA (%)	2.6	2.8	2.7	2.7	2.6
RORWA (%)	3.8	4.0	3.8	3.7	3.7

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

Sources: Tisco Financial; FSSIA estimates

## Financial Statements

### Tisco Financial

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Gross customer loans	202,950	219,004	236,524	255,446	275,882
Allowance for expected credit loss	(11,740)	(11,845)	(11,628)	(12,566)	(13,563)
interest in suspense	1,713	1,722	1,892	2,044	2,207
<b>Net customer loans</b>	<b>192,922</b>	<b>208,881</b>	<b>226,788</b>	<b>244,924</b>	<b>264,526</b>
Bank loans	30,489	40,272	42,165	44,105	46,178
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	2,891	3,045	2,699	2,816	2,938
Cash & equivalents	1,103	1,005	1,249	1,129	1,001
Other interesting assets	8,043	3,990	4,189	4,399	4,619
Tangible fixed assets	2,781	2,786	2,926	3,072	3,225
Associates	-	-	-	-	-
Goodwill	131	100	100	100	100
Other intangible assets	-	-	-	-	-
Other assets	5,262	5,334	5,571	5,802	6,047
<b>Total assets</b>	<b>243,622</b>	<b>265,414</b>	<b>285,687</b>	<b>306,346</b>	<b>328,634</b>
Customer deposits	166,542	188,266	202,386	219,589	238,693
Bank deposits	8,081	6,195	7,187	7,546	7,923
Other interest bearing liabilities	15,236	16,014	16,692	15,602	14,445
Non interest bearing liabilities	12,563	12,148	15,580	18,651	21,263
Hybrid Capital	-	-	-	-	-
<b>Total liabilities</b>	<b>202,422</b>	<b>222,623</b>	<b>241,845</b>	<b>261,387</b>	<b>282,324</b>
Share capital	8,007	8,007	8,007	8,007	8,007
Reserves	33,191	34,782	35,832	36,949	38,299
<b>Total equity</b>	<b>41,197</b>	<b>42,788</b>	<b>43,839</b>	<b>44,955</b>	<b>46,305</b>
Non-controlling interest	3	3	4	4	4
<b>Total liabilities &amp; equity</b>	<b>243,622</b>	<b>265,414</b>	<b>285,687</b>	<b>306,346</b>	<b>328,634</b>
<b>Supplementary items</b>					
Risk weighted assets (RWA)	174,636	188,747	203,164	217,856	233,706
Average interest earning assets	259,356	254,501	275,059	295,259	317,251
Average interest bearing liabilities	205,845	199,901	218,010	234,015	251,365
CET 1 capital	32,421	32,372	36,410	37,326	38,476
Total capital	40,481	38,920	42,823	43,940	45,290
Gross non performing loans (NPL)	4,957	4,577	5,034	5,638	6,315
<b>Per share (THB)</b>					
Book value per share	51.45	53.44	54.75	56.15	57.83
Tangible book value per share	51.29	53.32	54.63	56.02	57.71
<b>Growth</b>					
Gross customer loans	(9.7)	7.9	8.0	8.0	8.0
Average interest earning assets	(9.4)	(1.9)	8.1	7.3	7.4
Total asset (%)	(11.6)	8.9	7.6	7.2	7.3
Risk weighted assets (%)	(5.7)	8.1	7.6	7.2	7.3
Customer deposits (%)	(18.2)	13.0	7.5	8.5	8.7
<b>Leverage &amp; capital measures</b>					
Customer loan/deposits (%)	115.8	111.0	112.1	111.5	110.8
Equity/assets (%)	16.9	16.1	15.3	14.7	14.1
Tangible equity/assets (%)	16.9	16.1	15.3	14.6	14.1
RWA/assets (%)	71.7	71.1	71.1	71.1	71.1
CET 1 CAR (%)	18.6	17.2	17.9	17.1	16.5
Total CAR (%)	23.2	20.6	21.1	20.2	19.4
<b>Asset Quality (FSSIA's calculation)</b>					
Change in NPL (%)	(11.8)	(7.7)	10.0	12.0	12.0
NPL/gross loans (%)	2.4	2.1	2.1	2.2	2.3
Allowance for ECL/gross loans (%)	5.8	5.4	4.9	4.9	4.9
Allowance for ECL/NPL (%)	236.8	258.8	231.0	222.9	214.8
<b>Valuation</b>					
Recurring P/E (x) *	11.3	10.6	10.3	9.8	9.2
Recurring P/E @ target price (x) *	13.1	12.3	11.9	11.3	10.7
Reported P/E (x)	11.3	10.6	10.3	9.8	9.2
Dividend yield (%)	7.4	8.1	8.3	8.6	8.9
Price/book (x)	1.9	1.8	1.8	1.7	1.7
Price/tangible book (x)	1.9	1.8	1.8	1.7	1.7
Price/tangible book @ target price (x)	2.2	2.1	2.0	2.0	1.9

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

Sources: Tisco Financial; FSSIA estimates

## Public disclosures related to sustainable development evaluation of Thai listed companies

[Rating](#) regarding the sustainable development of Thai listed companies, both on the SET and MAI, are publicly available on the website of the Securities and Exchange Commission of Thailand (SEC). Currently, ratings available are 1) "**CG Score**" by the Thai Institute of Directors Association (Thai IOD); 2) "**AGM Checklist**" by the Thai Investors Association (TIA), a "**CAC certified member**" of the Thai Private Sector Collective Action Against Corruption (CAC); and 3) **Sustainability Investment List (THSI)** by the Stock Exchange of Thailand. The ratings are updated on an annual basis. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such ratings.

### CG Score by the Thai Institute of Directors Association (Thai IOD)<sup>1</sup>

The [CG Score](#) indicates corporate governance (CG) strength in the sustainable development of Thai listed companies. Annually, the Thai IOD, with support from the Stock Exchange of Thailand (SET), surveys and assesses the CG practices of companies and publishes the results on the [Thai IOD website](#) in a bid to promote and enhance the CG of Thai listed companies in order to promote compliance with international standards for better investment decisions. The results are from the perspective of a third party, not an evaluation of operations, as of the date appearing in the report, and may be changed after that date.

The [five underlying categories and weighting](#) used for the CG scoring in 2022 include the rights of shareholders and equitable treatment of shareholders (weight 25% combined), the role of stakeholders (25%), disclosure and transparency (15%), and board responsibilities (35%).

The CGR report rates CG in six categories: 5 for Excellent (score range 90-100), 4 for Very Good (score range 80-89), 3 for Good (Score range 70-79), 2 for Fair (score range 60-69), 1 for Pass (score range 60-69), and not rated (score below 50).

### AGM Checklist by the Thai Investors Association (TIA)<sup>2</sup>

The "[AGM Checklist](#)" quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and the extent to which information is sufficiently disclosed and the level of its transparency. All the considered factors form important elements of two out of five the CG components. Annually, the TIA, with support from the SEC, leads the project to evaluate the quality of Annual General Meetings of Shareholders (AGMs) and to rate quality of the meetings.

The [Checklist](#) contains the minimum requirements under law that companies must comply with, or best practices according to international CG guidance. Representatives of the TIA will attend the meetings and perform the evaluation. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating of how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.

The results are classified into four categories: 5 for Excellent (score 100), 4 for Very Good (score 90-99), 3 for Fair (score 80-89), and not rated (score below 79).

### CAC certified member by the Thai Private Sector Collective Action Against Corruption (CAC)<sup>3</sup>

A [CAC certified member](#) is a listed company whose Checklist satisfies the CAC Certification's criteria and is approved by the CAC Council. The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. Note that the CAC does not certify the behaviour of the employees nor whether the companies have engaged in bribery, and Certification is good for three years.

Companies deciding to become a CAC certified member [start with](#) by submitting a Declaration of Intent signed by the Chairman of the Board to kick off the 18-month deadline for companies to submit the CAC Checklist for Certification. The 18-month provision is for risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.

The checklist document will be reviewed by the CAC Certification Committee for adequate information and evidence. It is worth noting that the committee consists of nine professionals in business law, corporate governance, internal audit, financial audit and experienced representatives from certified members.

A passed Checklist will move on to the [CAC Council](#) for granting certification approvals. The CAC Council consists of twelve prominent individuals who are highly respected in professionalism and ethical achievements. Among them are former ministers, a former central bank governor, the former head of the Thai Listed Companies Association, Chairman of Anti-Corruption Organizations (Thailand), Chairman of Thai Institute of Directors, and reputable academic scholars.

### Sustainability Investment (THSI)<sup>4</sup> by the Stock Exchange of Thailand (SET)

Thailand Sustainability Investment ([THSI](#)) quantifies responsibility in **E**nvironmental, and **S**ocial issues, by managing business with transparency in **G**overnance. The THSI serves as another choice for investors who desire to adopt a responsible investment approach, according to the SET.

Annually, the SET will announce the voluntary participation of the company candidates which pass the preemptive criteria, and whose two key crucial conditions are met, i.e. no irregular trading of the board members and executives and a free float of >150 by the number of shareholders, and combined holding must >15% of paid-up capital. Some key disqualifying criteria include a CG score of below 70%; independent directors and free float violation; executives' wrongdoing related to CG, social and environmental impacts, equity in negative territory, and earnings in the red for more than three years in the last five years. To become eligible for THSI, the candidate must pass three indicators in data declaration: **E**conomic (CG, risk management, customer relation management, supply chain management, and innovation); **E**nvironmental (environmental management, eco-efficiency, and climate risk); **S**ocial (human rights, talent attraction, operational health & safety, community development, and stakeholder engagement); and the incorporation of ESG in business operations.

To be approved for THSI inclusion, verified data must be scored at a 50% minimum for each indicator, unless the company is a part of the Dow Jones Sustainability Indices<sup>5</sup> (DJSI) during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality.

Note that, from the [THSI list](#), the SET further developed a sustainability [SETTHSI Index](#) in June 2018 from selected THSI companies whose 1) market capitalisation > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.

Sources: [SEC](#); [Thai IOD](#); [Thai CAC](#); [SET](#); FSSIA's compilation

#### Disclaimer:

<sup>1</sup> Thai Institute of Directors Association ([Thai IOD](#)) was established in December 1999 and is a membership organisation that strives to promote professionalism in directorship. The Thai IOD offers directors certification and professional development courses, provides a variety of seminars, forums and networking events, and conducts research on board governance issues and practices. Membership comprises board members from companies ranging from large publicly listed companies to small private firms.

<sup>2</sup> Thai Investors Association ([TIA](#)) was established in 1983 with a mission to promote investment knowledge and to protect the investment rights of Thai investors. In 2002, the association was appointed by the Securities and Exchange Commission (SEC) to represent individual shareholders. To obtain information for evaluation, the association recruits volunteer investors to join AGMs and score the meetings. Weightings for each meeting are at a 45:45:10 ratio. They have been applied since 2017 and subject to change.

<sup>3</sup> Thai Private Sector Collective Action against Corruption ([CAC](#)) was founded in 2010 and is 100% privately funded. It is an initiative by the Thai private sector to take part in tackling corruption problems via collective action. The CAC promotes the implementation of effective anti-corruption policies in order to create a transparent business ecosystem by developing a unique certification program for large/medium/small companies to apply for and to control corruption risk systematically and efficiently. The CAC's operations are sponsored by the US-based Center for Private Enterprise (CIPE) and the UK Prosperity Fund.

<sup>4</sup> Sustainability Investment List ([THSI](#)), created by the Stock Exchange of Thailand in 2015, comprises the listed companies that conduct sustainable business operations.

<sup>5</sup> Dow Jones Sustainability Indices – [Wikipedia](#) – Launched in 1999, DJSI evaluates the sustainability performance of companies based on corporate economic, environmental, and social performance.

## GENERAL DISCLAIMER

### ANALYST(S) CERTIFICATION

#### Usanee Liurut, CISA FSS International Investment Advisory Securities Co., Ltd

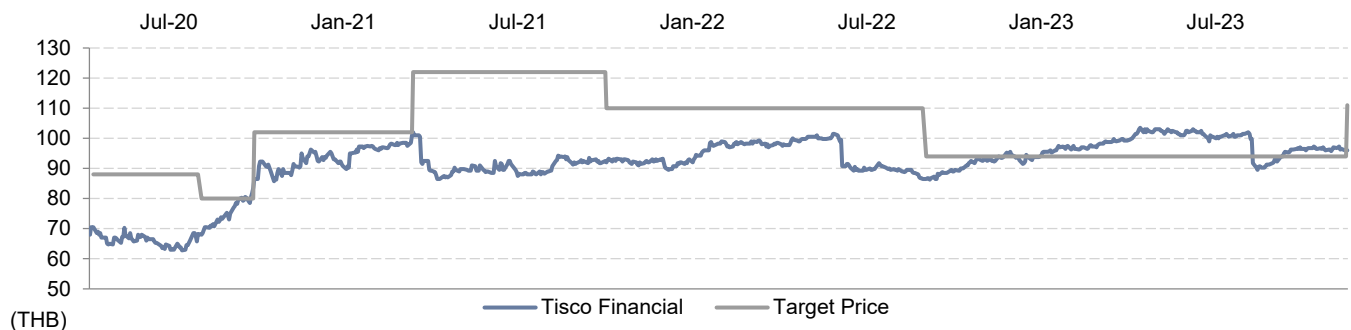
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### History of change in investment rating and/or target price

#### Tisco Financial (TISCO TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
16-Jul-2020	BUY	88.00	20-Apr-2021	BUY	122.00	11-Jul-2023	BUY	111.00
16-Oct-2020	BUY	80.00	05-Oct-2021	BUY	110.00			
03-Dec-2020	BUY	102.00	08-Jul-2022	HOLD	94.00			

Usanee Liurut, CISA started covering this stock from 11-Jul-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Tisco Financial	TISCO TB	THB 96.00	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 Finansia 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 Finansia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 12-Jul-2023 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.