

PLEASE CLICK ON THE PAGE NUMBER TO MOVE TO THE RELEVANT PAGE.

### KEY HIGHLIGHTS

Update

**TISCO Financial Group (TISCO TB/HOLD/Bt100.00/Target: Bt106.00)**  
Expect decent 3Q23 results.

Page 2

### KEY INDICES

Symbol	Close	Chg	%Chg
SET	1,545.14	9.83	0.64
SET50	947.35	6.11	0.65
Value (Btm) - SET	34,974		
Top 5 Sector			
BANK	404.62	3.23	0.80
PETRO	737.19	8.33	1.14
PROP	243.96	1.13	0.47
ENERG	21,714.09	63.09	0.29
ICT	161.06	2.09	1.31

Source: Bloomberg

### TOP VOLUME

Symbol	Price (Bt)	Chg (%)	Volume ('000)
COCOCO	7.90	0.00	381,602.6
PTTEP	167.00	0.00	10,607.8
KBANK	131.00	1.95	11,911.1
EA	58.50	(0.43)	22,085.9
DELTA	108.00	1.89	10,543.5

### TOP GAINERS

Symbol	Price (Bt)	Chg (%)	Volume ('000)
JCKH	0.05	25.00	1,068.4
SABUY	8.55	15.54	219,551.7
CHO	0.19	11.76	88,915.0
SBNEXT	2.22	11.00	20,046.8
VARO	6.10	10.91	817.4

### TOP LOSERS

Symbol	Price (Bt)	Chg (%)	Volume ('000)
ALL	0.05	(16.67)	4,120.3
SDC	0.06	(14.29)	8,072.7
B-WORK	6.35	(13.01)	2,340.0
PPPM	0.07	(12.50)	8,563.1
NATION	0.08	(11.11)	339.4

### KEY STATISTICS

Commodity	Current Price	%Chg-----		
		1m	3M	YTD
Brent crude*	94.2	11.7	25.3	14.7
Dubai crude*	94.5	7.2	26.6	20.2
Baltic Dry Index	1,290.0	10.6	17.9	(14.9)
Gold Spot***	1,911.2	0.5	(2.4)	4.8

\*(US\$/bbl), \*\*\* (US\$/toz)

### FOREIGN PORTFOLIO INVESTMENT IN EQUITIES (THAILAND)

Day (Mil US\$)	MTD Net (Mil US\$)	YTD Net (Mil US\$)	YTD Net YoY%
34.9	(293.1)	(4,204.2)	(8,677.1)

Source: Bloomberg

Foreign Exchange Rate - THB/US\$ (onshore) = 35.76

Interest Rate (%) - TH 1-day RP = 1.50

Thai Lending Rate (%)\* - MLR = 6.85

## COMPANY UPDATE

### TISCO Financial Group (TISCO TB)

Expect Decent 3Q23 Results

We expect TISCO to post 3Q23 net profit of Bt1,752m (flat yoy, -6% qoq). The delinquency rate for the banking sector continues to deteriorate from unfavourable economic conditions. Thanks to TISCO's robust loan loss reserves, the bank should be able to keep its credit cost low. Valuation-wise, we believe the upside gains from price appreciation are limited as it trades close to the fair price. Maintain HOLD. Target price: Bt106.00.

#### 3Q23 RESULTS PREVIEW

Year to 31 Dec (Btm)	3Q23F	2Q23	3Q22	qoq chg (%)	yoy chg (%)
Total gross loans	231,551	230,494	213,188	0.5	8.6
Net interest income	3,201	3,420	3,221	(6.4)	(0.6)
Non-interest income	1,266	1,289	1,221	(1.8)	3.7
Loan loss provision	(135)	(63)	(119)	114.6	14.1
Non-Interest expenses	(2,164)	(2,378)	(2,155)	(9.0)	0.4
Pre-provision operating profit	2,302	2,366	2,323	(2.7)	(0.9)
Net income	1,752	1,854	1,771	(5.5)	(1.1)
EPS (Bt)	2.19	2.32	2.21	(5.5)	(1.1)
<b>Ratio (%)</b>					
NPL ratio (%)	2.4	2.2	2.1		
Loan loss coverage ratio (%)	207	224	248		
Net interest margin (NIM %)	4.9	5.0	5.2		
Credit cost (bp)	28	11	23		
Cost to income (%)	49	50	49		
Common equity tier 1 (CET1) ratio (%)	17.8	19.5	20.2		

Source: TISCO, UOB Kay Hian

#### WHAT'S NEW

- **Expect 3Q23 net profit to be flat yoy and decline qoq.** We expect TISCO Financial Group (TISCO) to report a 3Q23 net profit of Bt1,752m, flat yoy and dropping 6% qoq. Given the sluggish economic recovery, asset quality will likely weaken. However, the bank should be able to keep its credit cost in 3Q23 at a low level thanks to its large pool of loan loss reserves. Incidentally, we expect TISCO's NIM to decline slightly, owing to the repricing in its term deposits.

#### KEY FINANCIALS

Year to 31 Dec (Btm)	2021	2022	2023F	2024F	2025F
Net interest income	12,460	12,734	12,876	14,132	15,454
Non-interest income	6,369	5,607	5,984	6,892	7,460
Net profit (rep./act.)	6,781	7,222	7,355	8,099	8,661
Net profit (adj.)	6,781	7,222	7,355	8,099	8,661
EPS (Bt)	8.5	9.0	9.2	10.1	10.8
PE (x)	11.8	11.1	10.9	9.9	9.2
P/B (x)	1.9	1.9	1.8	1.7	1.7
Dividend yield (%)	6.3	7.1	7.2	8.1	8.9
Net int margin (%)	4.8	5.0	4.7	4.8	4.9
Cost/income (%)	44.0	47.1	46.8	46.9	46.7
Loan loss cover (%)	236.7	258.8	198.0	167.0	150.0
Consensus net profit	-	-	7,431	7,747	8,223
UOBKH/Consensus (x)	-	-	0.99	1.05	1.05

Source: TISCO Financial Group, Bloomberg, UOB Kay Hian

## HOLD

(Maintained)

Share Price	Bt100.00
Target Price	Bt106.00
Upside	+6.0%

#### COMPANY DESCRIPTION

A small bank with roughly 2% of the credit market. The bank's strong focus is on auto HP lending, which accounts for 64% of its loan book.

#### STOCK DATA

GICS sector	Financials
Bloomberg ticker:	TISCO TB
Shares issued (m):	800.6
Market cap (Btm):	80,064.6
Market cap (US\$m):	2,238.9
3-mth avg daily t'over (US\$m):	8.4

#### Price Performance (%)

52-week high/low Bt103.50/Bt89.50

1mth	3mth	6mth	1yr	YTD
0.8	2.8	0.0	6.7	0.8

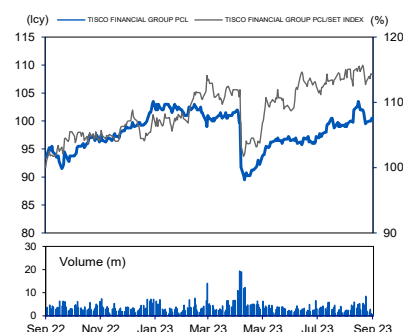
#### Major Shareholders

	%
NVDR	13.9
CDIB & Partners Investment Holding	10.0
State Street Bank EU	5.8

FY23 NAV/Share (Bt) 55.48

FY23 CAR Tier-1 (%) 18.06

#### PRICE CHART



Source: Bloomberg

#### ANALYST(S)

**Kwanchai Atiphopchai, CFA**  
+662 659 8030  
kwanchai@uobkayhian.co.th

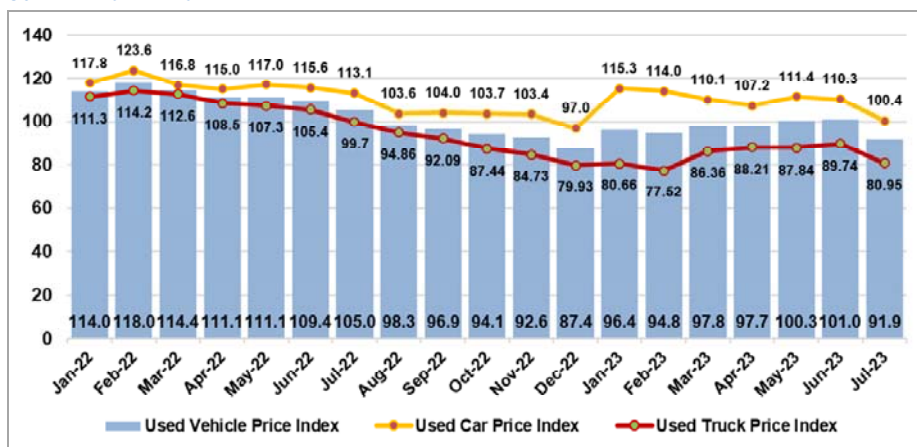
#### ASSISTANT ANALYST(S)

**Thanawat Thangchadakorn**

### STOCK IMPACT

- Strong 3Q23 loan growth despite weak new car sales.** The number of new car sales in Thailand continued to decline in Jul 23, falling 9% both yoy and mom. The Federation of Thai Industries (FTI) revealed that the muted new car sales was due to tightening in credit approval from financial institutions and rising funding costs from the rate hike cycle. Despite weak car sales, TISCO showed an impressive net loan growth in Aug 23, up 11% yoy and 1% qoq, as the bank has channeled its loans towards high-yield loans (eg auto-title loans, used vehicles hire-purchased) and corporate lending.
- Credit cost to rise qoq but should stay at a low level.** Given the slower-than-expected economic recovery and rising interest rates, we believe TISCO's NPL ratio will rise 20bp qoq to 2.4% in 3Q23. Also, the Used Vehicle Price Index (UVPI) fell sharply from 101pt in Jun 23 to 92pt in Jul 23, which should widen losses from selling repossessed cars for the bank. Hence, we expect TISCO's credit cost to rise qoq. Nevertheless, the company has a large pool of loan loss reserves, as evidenced by the outstandingly high loan loss coverage ratio of 224%, which should keep credit costs in 3Q23 at a low level at 28bp.
- Enhanced yield should mitigate the impacts of ongoing increases in funding costs.** Based on our channel check with the bank, funding cost continues to increase in 3Q23, and the management expects it to rise until 2Q24. Therefore, we expect TISCO's funding cost to rise from 1.8% in 2Q23 to 2.0% in 3Q23. On the bright side, the bank's strategy to ramp up its loan mix towards high-yield loans has been successful, and it should partially offset the negative impacts of the elevated cost of funds. We expect TISCO's NIM to fall 10bp qoq to 4.9% in 3Q23.

### USED VEHICLE PRICE INDEX



Source: Bank of Thailand, UOB Kay Hian

### EARNINGS REVISION/RISK

- No earnings revision.

### VALUATION/RECOMMENDATION

- Maintain HOLD with an unchanged target price of Bt106.00**, based on the Gordon Growth Method (cost of equity: 12.0%, long-term growth rate: 2.0%). Our target price implies 1.9x 2023F P/B, equivalent to +1SD to its five-year mean.

### SHARE PRICE CATALYST

- Normalisation in policy rate hike.

### PE BAND



Source: TISCO, UOB Kay Hian

### P/B BAND



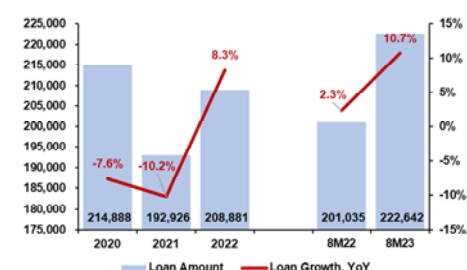
Source: TISCO, UOB Kay Hian

### CAR SALES



Source: Bloomberg, UOB Kay Hian

### TISCO NET LOANS



Source: TISCO, UOB Kay Hian

### PROFIT & LOSS

Year to 31 Dec (Btm)	2022	2023F	2024F	2025F
Interest income	14,904	16,802	18,913	20,630
Interest expense	(2,171)	(3,927)	(4,781)	(5,175)
Net interest income	12,734	12,876	14,132	15,454
Fees & commissions	5,081	5,454	6,223	6,745
Other income	526	530	669	715
Non-interest income	5,607	5,984	6,892	7,460
<b>Total income</b>	<b>18,341</b>	<b>18,859</b>	<b>21,024</b>	<b>22,914</b>
Staff costs	(6,107)	(6,115)	(6,940)	(7,546)
Other operating expense	(2,523)	(2,712)	(2,921)	(3,164)
Pre-provision profit	9,711	10,032	11,163	12,204
Loan loss provision	(723)	(780)	(1,039)	(1,377)
Pre-tax profit	8,988	9,252	10,124	10,827
Tax	(1,766)	(1,897)	(2,025)	(2,165)
Minorities	0	0	(1)	(1)
<b>Net profit</b>	<b>7,222</b>	<b>7,355</b>	<b>8,099</b>	<b>8,661</b>
Net profit (adj.)	7,222	7,355	8,099	8,661

### BALANCE SHEET

Year to 31 Dec (Btm)	2022	2023F	2024F	2025F
Cash with central bank	1,005	1,184	1,275	1,371
Govt treasury bills & securities	3,990	10,654	11,474	12,341
Interbank loans	40,272	36,697	39,520	42,508
Customer loans	208,881	227,647	246,782	266,312
Investment securities	2,172	2,368	2,550	2,742
Derivative receivables	147	0	0	0
Associates & JVs	873	873	873	873
Fixed assets (incl. prop.)	2,820	2,564	2,309	2,144
Other assets	5,253	5,945	6,273	6,620
<b>Total assets</b>	<b>265,414</b>	<b>287,932</b>	<b>311,056</b>	<b>334,912</b>
Interbank deposits	6,195	9,470	10,199	10,970
Customer deposits	188,266	194,141	209,075	224,883
Derivative payables	0	0	0	0
Debt equivalents	15,757	26,041	31,113	36,052
Other liabilities	12,405	13,859	14,623	15,433
<b>Total liabilities</b>	<b>222,623</b>	<b>243,511</b>	<b>265,010</b>	<b>287,338</b>
Shareholders' funds	42,788	44,417	46,041	47,569
Minority interest - accumulated	3	4	4	5
<b>Total equity &amp; liabilities</b>	<b>265,414</b>	<b>287,931</b>	<b>311,056</b>	<b>334,912</b>

### OPERATING RATIOS

Year to 31 Dec (%)	2022	2023F	2024F	2025F
<b>Capital Adequacy</b>				
Tier-1 CAR	19.6	18.1	17.9	17.2
Total CAR	23.3	21.4	21.2	20.4
Total assets/equity (x)	6.2	6.5	6.8	7.0
Tangible assets/tangible common equity (x)	6.3	6.6	6.9	7.2
<b>Asset Quality</b>				
NPL ratio	2.1	2.3	2.3	2.3
Loan loss coverage	258.8	198.0	167.0	150.0
Loan loss reserve/gross loans	5.4	4.6	3.9	3.5
Increase in NPLs	(7.7)	19.2	8.4	8.5
Credit cost (bp)	34.3	34.2	42.3	52.0
<b>Liquidity</b>				
Loan/deposit ratio	111.0	117.3	118.0	118.4
Liquid assets/short-term liabilities	23.2	23.8	23.8	23.8
Liquid assets/total assets	17.1	16.9	16.8	16.8

### KEY METRICS

Year to 31 Dec (%)	2022	2023F	2024F	2025F
<b>Growth</b>				
Net interest income, yoy chg	2.2	1.1	9.8	9.4
Fees & commissions, yoy chg	(9.4)	7.3	14.1	8.4
Pre-provision profit, yoy chg	(7.9)	3.3	11.3	9.3
Net profit, yoy chg	6.5	1.8	10.1	6.9
Net profit (adj.), yoy chg	6.5	1.8	10.1	6.9
Customer loans, yoy chg	8.3	9.0	8.4	7.9
<b>Profitability</b>				
Net interest margin	5.0	4.7	4.8	4.9
Cost/income ratio	47.1	46.8	46.9	46.7
Adjusted ROA	2.8	2.7	2.7	2.7
Reported ROE	17.2	16.9	17.9	18.5
Adjusted ROE	17.2	16.9	17.9	18.5
<b>Valuation</b>				
P/BV (x)	1.9	1.8	1.7	1.7
P/NTA (x)	1.9	1.8	1.8	1.7
Adjusted P/E (x)	11.1	10.9	9.9	9.2
Dividend Yield	7.1	7.2	8.1	8.9
Payout ratio	79.3	77.9	79.9	82.4

## Disclosures/Disclaimers

This report is prepared by UOB Kay Hian Securities (Thailand) Public Company Limited ("UOBKHST"), which is a licensed corporation providing Securities Brokerage, Securities Dealing, Underwriting, Derivative Agent and Financial Advisory in Thailand.

This report is provided for information only and is not an offer or a solicitation to deal in securities or to enter into any legal relations, nor an advice or a recommendation with respect to such securities.

**This report is prepared for general circulation.** It does not have regard to the specific investment objectives, financial situation and the particular needs of any recipient hereof. Advice should be sought from a financial adviser regarding the suitability of the investment product, taking into account the specific investment objectives, financial situation or particular needs of any person in receipt of the recommendation, before the person makes a commitment to purchase the investment product.

This report is confidential. This report may not be published, circulated, reproduced or distributed in whole or in part by any recipient of this report to any other person without the prior written consent of UOBKHST. This report is not directed to or intended for distribution to or use by any person or any entity who is a citizen or resident of or located in any locality, state, country or any other jurisdiction as UOBKHST may determine in its absolute discretion, where the distribution, publication, availability or use of this report would be contrary to applicable law or would subject UOBKHST and its connected persons (as defined in Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 and the Securities and Exchange Act of Thailand) to any registration, licensing or other requirements within such jurisdiction.

The information or views in the report ("Information") has been obtained or derived from sources believed by UOBKHST to be reliable. However, UOBKHST makes no representation as to the accuracy or completeness of such sources or the Information and UOBKHST accepts no liability whatsoever for any loss or damage arising from the use of or reliance on the Information. UOBKHST and its associate may have issued other reports expressing views different from the Information and all views expressed in all reports of UOBKHST and its connected persons are subject to change without notice. UOBKHST reserves the right to act upon or use the Information at any time, including before its publication herein.

Except as otherwise indicated below, (1) UOBKHST, its associates and its officers, employees and representatives may, to the extent permitted by law, transact with, perform or provide broking, underwriting, corporate finance-related or other services for or solicit business from, the subject corporation(s) referred to in this report; (2) UOBKHST, its associate and its officers, employees and representatives may also, to the extent permitted by law, transact with, perform or provide broking or other services for or solicit business from, other persons in respect of dealings in the securities referred to in this report or other investments related thereto; (3) the officers, employees and representatives of UOBKHST may also serve on the board of directors or in trustee positions with the subject corporation(s) referred to in this report. (All of the foregoing is hereafter referred to as the "Subject Business"); and (4) UOBKHST may otherwise have an interest (including a proprietary interest) in the subject corporation(s) referred to in this report.

As of the date of this report, no analyst responsible for any of the content in this report has any proprietary position or material interest in the securities of the corporation(s) which are referred to in the content they respectively author or are otherwise responsible for.

## IMPORTANT DISCLOSURES FOR U.S. PERSONS

This research report is prepared by UOBKHST, a company authorized, as noted above, to engage in securities and derivative activities in Thailand. UOBKHST is not a registered broker-dealer in the United States and, therefore, is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. This research report is provided for distribution by UOBKHST (whether directly or through its US registered broker dealer affiliate named below) to "major U.S. institutional investors" in reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"). All US persons that receive this document by way of distribution from or which they regard as being from UOBKHST by their acceptance thereof represent and agree that they are a major institutional investor and understand the risks involved in executing transactions in securities.

Any U.S. recipient of this research report wishing to effect any transaction to buy or sell securities or related financial instruments based on the information provided in this research report should do so only through UOB Kay Hian (U.S.) Inc ("UOBKHUS"), a registered broker-dealer in the United States. Under no circumstances should any recipient of this research report effect any transaction to buy or sell securities or related financial instruments through UOBKHST.

UOBKHUS accepts responsibility for the contents of this research report, subject to the terms set out below, to the extent that it is delivered to and intended to be received by a U.S. person other than a major U.S. institutional investor.

The analyst whose name appears in this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority ("FINRA") and may not be an associated person of UOBKHUS and, therefore, may not be subject to applicable restrictions under FINRA Rules on communications with a subject company, public appearances and trading securities held by a research analyst account.

**Analyst Certification/Regulation AC**

Each research analyst of UOBKHSST who produced this report hereby certifies that (1) the views expressed in this report accurately reflect his/her personal views about all of the subject corporation(s) and securities in this report; (2) the report was produced independently by him/her; (3) he/she does not carry out, whether for himself/herself or on behalf of UOBKHSST or any other person, any of the Subject Business involving any of the subject corporation(s) or securities referred to in this report; and (4) he/she has not received and will not receive any compensation that is directly or indirectly related or linked to the recommendations or views expressed in this report or to any sales, trading, dealing or corporate finance advisory services or transaction in respect of the securities in this report. However, the compensation received by each such research analyst is based upon various factors, including UOBKHSST's total revenues, a portion of which are generated from UOBKHSST's business of dealing in securities.

Reports are distributed in the respective countries by the respective entities and are subject to the additional restrictions listed in the following table.

General	This report is not intended for distribution, publication to or use by any person or entity who is a citizen or resident of or located in any country or jurisdiction where the distribution, publication or use of this report would be contrary to applicable law or regulation.
Hong Kong	This report is distributed in Hong Kong by UOB Kay Hian (Hong Kong) Limited ("UOBKHHK"), which is regulated by the Securities and Futures Commission of Hong Kong. Neither the analyst(s) preparing this report nor his associate, has trading and financial interest and relevant relationship specified under Para. 16.4 of Code of Conduct in the listed corporation covered in this report. UOBKHHK does not have financial interests and business relationship specified under Para. 16.5 of Code of Conduct with the listed corporation covered in this report. Where the report is distributed in Hong Kong and contains research analyses or reports from a foreign research house, please note: (i) recipients of the analyses or reports are to contact UOBKHHK (and not the relevant foreign research house) in Hong Kong in respect of any matters arising from, or in connection with, the analysis or report; and (ii) to the extent that the analyses or reports are delivered to and intended to be received by any person in Hong Kong who is not a professional investor, or institutional investor, UOBKHHK accepts legal responsibility for the contents of the analyses or reports only to the extent required by law.
Indonesia	This report is distributed in Indonesia by PT UOB Kay Hian Sekuritas, which is regulated by Financial Services Authority of Indonesia. Where the report is distributed in Indonesia and contains research analyses or reports from a foreign research house, please note recipients of the analyses or reports are to contact PT UOBKH (and not the relevant foreign research house) in Indonesia in respect of any matters arising from, or in connection with, the analysis or report.
Malaysia	Where the report is distributed in Malaysia and contains research analyses or reports from a foreign research house, the recipients of the analyses or reports are to contact UOBKHM (and not the relevant foreign research house) in Malaysia, at +603-21471988, in respect of any matters arising from, or in connection with, the analysis or report as UOBKHM is the registered person under CMSA to distribute any research analyses in Malaysia.
Singapore	This report is distributed in Singapore by UOB Kay Hian Private Limited ("UOBKH"), which is a holder of a capital markets services licence and an exempt financial adviser regulated by the Monetary Authority of Singapore. Where the report is distributed in Singapore and contains research analyses or reports from a foreign research house, please note: (i) recipients of the analyses or reports are to contact UOBKH (and not the relevant foreign research house) in Singapore in respect of any matters arising from, or in connection with, the analysis or report; and (ii) to the extent that the analyses or reports are delivered to and intended to be received by any person in Singapore who is not an accredited investor, expert investor or institutional investor, UOBKH accepts legal responsibility for the contents of the analyses or reports only to the extent required by law.
Thailand	This report is distributed in Thailand by UOB Kay Hian Securities (Thailand) Public Company Limited, which is regulated by the Securities and Exchange Commission of Thailand.
United Kingdom	This report is being distributed in the UK by UOB Kay Hian (U.K.) Limited, which is an authorised person in the meaning of the Financial Services and Markets Act and is regulated by The Financial Conduct Authority. Research distributed in the UK is intended only for institutional clients.
United States of America ('U.S.')	This report cannot be distributed into the U.S. or to any U.S. person or entity except in compliance with applicable U.S. laws and regulations. It is being distributed in the U.S. by UOB Kay Hian (US) Inc, which accepts responsibility for its contents. Any U.S. person or entity receiving this report and wishing to effect transactions in any securities referred to in the report should contact UOB Kay Hian (US) Inc. directly.

Copyright 2023, UOB Kay Hian Securities (Thailand) Public Company Limited. All rights reserved.

<http://www.utrade.co.th>