# **TISCO Financial Group PLC**

SCB Securities

Wednesday, February 12, 2014

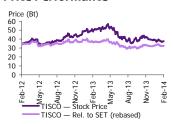
#### **BUY**

#### **Stock Data**

Last close (Feb 11) (Bt)	38.00
12-m target price (Bt)	48.00
Upside (Downside) to TP (%)	26.32
Mkt cap (Btbn)	30.42
Mkt cap (US\$mn)	929

TICCO TD
TISCO TB
TISC.BK
M
0.27
16.85
801
10
60.8 / 34.5
2.55
49 / 43
79.1
50

#### **Price Performance**



Source: SET, SCBS Investment Research

#### Share performance

	1M	3M	12M
Absolute	-1.9	-10.6	-26.6
Relative to SET	-5.0	-2.5	-15.7

Source: SET, SCBS Investment Research

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### **Bad sign? Contraction in January loan growth**

**Unusual contraction in January loan growth.** TISCO, as usual, was the first bank to release January balance sheet and this revealed a MoM contraction of 0.11%, a rare occurrence for TISCO. This is the first sign that loan growth prospects are in trouble and could be indicative of what we can expect in the sector as a whole.

**Liquidity draining out.** TISCO's deposits and borrowing fell 4% MoM in January. Its interbank assets, which represent excess liquidity, were drained by approximately the same amount. We believe this reflects two things. Firstly, TISCO may be seeing weak loan demand this year, or secondly, this may be part of its effort to enhance NIM.

**Maintain Buy on undervalued position.** We maintain Buy on TISCO, as we believe the current share price overplays the potential slowdown in loan growth and deterioration in asset quality. At the same time, its January balance sheet suggests a downside risk to loan growth forecast.

#### **Forecasts and valuation**

FY Dec	Unit	2012	2013	2014F	2015F	2016F
Pre-provision profit	(Btmn)	5,627	8,390	8,922	9,636	10,641
Net profit	(Btmn)	3,705	4,249	4,544	5,277	5,759
PPP/Sh	(Bt)	7.73	10.48	11.14	12.03	13.29
EPS	(Bt)	5.09	5.31	5.67	6.59	7.19
BVPS	(Bt)	25.00	28.71	31.98	36.18	40.40
DPS	(Bt)	2.40	2.40	2.40	2.97	3.24
PER	(x)	7.47	7.16	6.70	5.77	5.28
P/PPP	(x)	4.92	3.63	3.41	3.16	2.86
EPS growth	(%)	13.42	4.26	6.93	16.15	9.13
PBV	(x)	1.52	1.32	1.19	1.05	0.94
ROE	(%)	21.54	20.63	18.70	19.34	18.79
Dividend yields	(%)	6.32	6.32	6.32	7.81	8.52

Source: SCBS Investment Research

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