

## Key takeaways from analyst meeting

The overall message from management today confirms our view on high-yield loan growth - but with a lower magnitude than before, rising floating-rate corporate loans along with rising interest rates, the impact of the rising cost of funds on its 2024E NIM, and increasing NPLs under manageable credit cost. Also, we received new information, including:

**(-) 4Q23 loans** could grow less than expected due to tighter credit quality control, especially in the hire-purchase and title loan segments, under the fragile economy and the high level of household debts. TISCO mentioned its title loans to reach 30% y-y growth in 2023E, but so far, it was only c10% y-y, which could bring down 2023E loan growth to be lower than the high side of 5-10% y-y (we expect 8% y-y). For 2024E, TISCO expects the corporate and high-yield retail segments to continue to be the growth drivers. However, the hire-purchase loans still need to be closely monitored due mainly to intense competition in the industry.

**(+/-) 4Q23-2024 NIM's outlook:** TISCO disclosed that the better-than-expected 3Q23 NIM was partly from the ample liquidity the bank prepared for 1) its interim dividend payment and 2) corporate lending, which had a drawdown schedule. Although TISCO expects continuously rising cost of funds in 4Q23, higher yields due to the latest lending interest rate increase by 25bp in early Oct 2023 would help offset it and push TISCO's NIM higher than expected. However, we maintain our NIM forecast in 2024 at 4.90%. It should decrease from 9M23 at 5.17% (27bp drop) due to the continuously rising cost of funds, which will last for 2-3 quarters.

**(+) 4Q23-2024 credit cost** should rise but still at a low level compared to pre-COVID's. TISCO expects the credit cost to reach 30bp in 4Q23E and gradually increase to 50bp in 2024E. The bank intends to reduce its coverage ratio to 150-160% from 206% in 3Q23 to reflect its present asset quality.

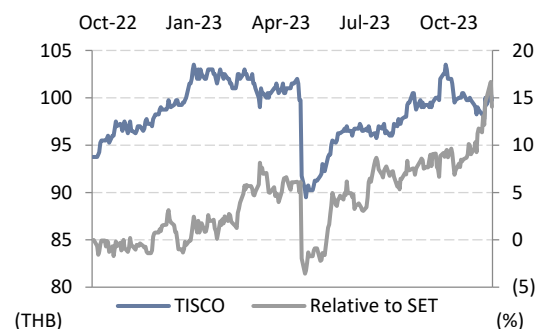
**(+) 4Q23-2024 earnings outlook** – We are still positive about the 4Q23 business outlook. Net interest income growth and NIM expansion are key drivers to push the bank's bottom line, which could offset the slowdown of non-interest income since the beginning of 2023, especially banking fees, a major part of total fees, aligned with the slowdown of new car hire-purchase loans. The 2024 earnings outlook has several headwinds from 1) loan growth slowdown, 2) rising cost of funds with narrower NIM, and 3) rising credit cost. We believe the bank could manage to show a limited bottom-line growth in 2024. Meanwhile, the bank guides that there is a potential upside from a higher dividend payout ratio in case of slower loan growth (we predict 84%).

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 projected annual dividend yields of c8-9% during 2023-25.

TARGET PRICE	THB111.00
CLOSE	THB99.75
UP/DOWNSIDE	+11.3%
TP vs CONSENSUS	+3.0%

### KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Operating profit	8,988	9,327	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 (%)	-	0.6	2.2	2.3
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)	11.1	10.7	10.1	9.6
Dividend yield (%)	7.8	8.0	8.3	8.5
Price/book (x)	1.9	1.8	1.8	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 (%)	(0.3)	3.6	7.5
Relative to country (%)	5.9	6.1	15.3
Mkt cap (USD m)	2,195		
3m avg. daily turnover (USD m)	9.1		
Free float (%)	80		
Major shareholder	Thai NVDR (11%)		
12m high/low (THB)	104.00/89.50		
Issued shares (m)	801		

Sources: Bloomberg consensus; FSSIA estimates



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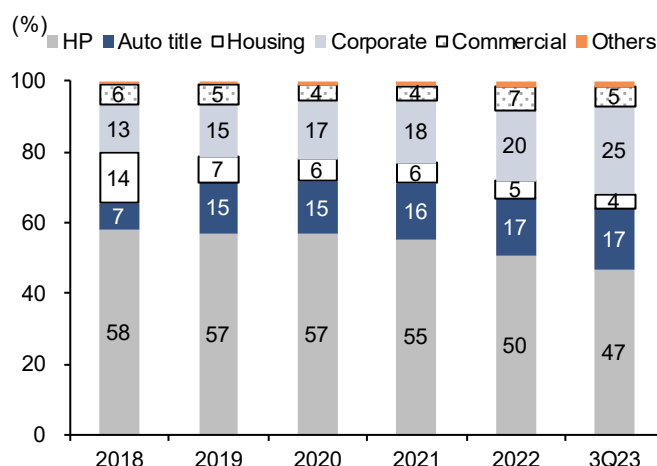
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## Exhibit 1: Key financial guidance

	2022	TISCO 2023E	FSSIA 2023E
Loan growth	7.9%	5-10%	8%
NPL ratio (gross)	2.1%	< 2.5%	2%
Net interest margin	5.1%	~ 4.6%	5%
Net fee income growth	-9.5%	Stable	1%
Cost to income	47.1%	~ 50%	48%
Credit cost (bp)	34	34	30

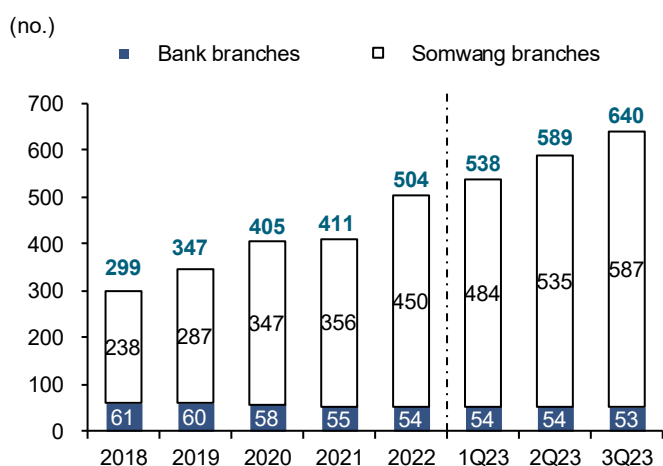
Sources: TISCO; FSSIA estimates

## Exhibit 2: Loan breakdown



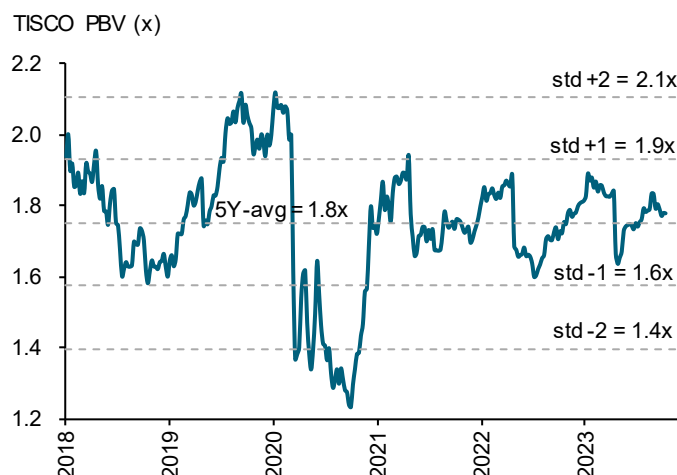
Sources: TISCO; FSSIA's compilation

## Exhibit 3: TISCO's branch network



Sources: TISCO; FSSIA's compilation

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



Sources: Bloomberg; FSSIA estimates

## Exhibit 5: TISCO's 3Q23 operation summary

	3Q22	2Q23	3Q23	--- Change ---		9M22	9M23	Change	% of	2023E	Change
	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y %)	23E	(THB m)	(y-y %)
Net interest income	3,221	3,420	3,557	4.0	10.4	9,389	10,463	11.4	77.8	13,451	5.6
Non-interest income	1,257	1,324	1,250	(5.6)	(0.5)	4,072	4,048	(0.6)	71.7	5,643	0.6
<b>Total operating income</b>	<b>4,478</b>	<b>4,743</b>	<b>4,807</b>	<b>1.3</b>	<b>7.3</b>	<b>13,461</b>	<b>14,511</b>	<b>7.8</b>	<b>76.0</b>	<b>19,094</b>	<b>4.1</b>
Total operating expenses	2,153	2,378	2,329	(2.1)	8.1	6,377	7,144	12.0	78.7	9,083	5.3
<b>PPOP before tax</b>	<b>2,325</b>	<b>2,366</b>	<b>2,478</b>	<b>4.8</b>	<b>6.6</b>	<b>7,084</b>	<b>7,367</b>	<b>4.0</b>	<b>73.6</b>	<b>10,011</b>	<b>3.1</b>
Expected credit loss	119	63	147	132.4	23.6	344	420	22.1	61.4	683	(5.4)
<b>Net profit</b>	<b>1,773</b>	<b>1,854</b>	<b>1,874</b>	<b>1.1</b>	<b>5.7</b>	<b>5,417</b>	<b>5,590</b>	<b>3.2</b>	<b>74.9</b>	<b>7,462</b>	<b>3.3</b>
<b>EPS (THB)</b>	<b>2.21</b>	<b>2.32</b>	<b>2.34</b>	<b>1.1</b>	<b>5.7</b>	<b>6.77</b>	<b>6.98</b>	<b>3.2</b>	<b>74.9</b>	<b>9.32</b>	<b>3.3</b>
NPL ratio (%)*	2.08	2.20	2.25			2.08	2.25			2.13	
<b>Coverage ratio (%)*</b>	<b>248</b>	<b>224</b>	<b>206</b>			<b>248</b>	<b>206</b>			<b>231</b>	
<b>Credit cost (bp)</b>	<b>22.8</b>	<b>11.2</b>	<b>25.4</b>			<b>22.0</b>	<b>25.2</b>			<b>30.0</b>	
Cost to income ratio	48.1	50.1	48.4			47.4	49.2			47.6	
NIM (%)*	5.14	5.01	5.20			5.00	5.27			4.89	
Loan/deposit & borrowing (LDBR)	107.8	108.0	109.1			107.8	109.1			108.2	
Loan growth - q-q	4.8	4.7	0.6								
Loan growth - y-y	4.3	13.4	8.7			4.3	8.7			8.0	

\* 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	92	93	93
Dividend income	70	73	77	81	85
Other income	281	363	337	355	373
Non interest income	6,376	5,607	5,643	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	9,327	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	9,327	9,851	10,425
Tax	(1,708)	(1,766)	(1,865)	(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)	0.6	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	0.5	0.4
Dividend income (%)	0.4	0.4	0.4	0.4	0.4
Other income (%)	1.5	2.0	1.8	1.8	1.7
<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	2,081	2,172	1,800	1,890	1,985
Investment securities	8,852	4,863	5,088	5,325	5,573
Cash & equivalents	1,103	1,005	1,249	1,129	1,000
Other interesting assets	-	-	-	-	-
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>328,633</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	14,962	15,757	16,230	15,094	13,886
Non interest bearing liabilities	12,837	12,405	16,042	19,159	21,822
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	36,948	38,298
<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>328,633</b>
<b>Supplementary items</b>					
Risk weighted assets (RWA)	174,636	188,747	203,164	217,855	233,705
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	43,939	45,289
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) *	11.8	11.1	10.7	10.1	9.6
Recurring P/E @ target price (x) *	13.1	12.3	11.9	11.3	10.7
Reported P/E (x)	11.8	11.1	10.7	10.1	9.6
Dividend yield (%)	7.2	7.8	8.0	8.3	8.5
Price/book (x)	1.9	1.9	1.8	1.8	1.7
Price/tangible book (x)	1.9	1.9	1.8	1.8	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

# Tisco Financial Group PCL (TISCO TB)

**FSSIA ESG rating**

**53.0 /100**
**Exhibit 6: FSSIA ESG score implication**

Rating	Score	Implication
★★★★★	80-100	Leading its industry peers in managing the most significant ESG risks which not only better cost efficiency but also lead to higher profitability.
★★★★	60-79	A mixed track record of managing the most significant ESG risks and opportunities relative to industry peers.
★★★	40-59	<b>Relevant ESG materiality matrix has been constructively addressed, well-managed and incorporated into day-to-day operations, in which targets and achievements are evaluated annually.</b>
★★	20-39	Relevant ESG materiality matrix has been identified with key management in charge for progress to be followed up on and to provide intensive disclosure. Most targets are conventional and achievable.
★	1-19	The company has adopted the United Nations Sustainable Development Goals (UN SDGs), established sustainability management guidelines and fully complies with regulations or ESG suggested guidance from related organizations such as the SET and SEC.

Sources: FSSIA estimates

**Exhibit 7: ESG – peer comparison**

	FSSIA ESG score	Domestic ratings						Global ratings					Bloomberg		
		DJSI	SET THSI	THSI	CG score	AGM level	Thai CAC	Morningstar	ESG Book	MSCI	Moody's	Refinitiv	S&P Global	ESG score	Disclosure score
SET100	62.0	5.34	4.40	4.39	5	5	4	Medium	51.88	BBB	20.70	58.88	65.53	3.72	42.79
Coverage	59.2	5.15	4.13	4.13	5	5	4	Medium	52.06	BBB	16.73	57.46	62.63	3.39	46.63
BBL	53.2	--	Y	Y	5	5	5	Medium	6.84	--	3.63	7.33	8.38	2.19	89.86
KBANK	76.1	Y	Y	Y	5	5	5	Medium	7.77	AA	5.75	9.18	10.38	4.05	96.12
KTB	54.2	--	Y	Y	5	5	5	Medium	6.70	BBB	4.25	8.08	8.00	2.12	87.36
SCB	55.3	Y	Y	Y	5	5	4	High	--	A	--	--	10.75	3.43	0.00
KKP	54.0	--	Y	Y	5	5	5	Medium	6.60	BBB	--	9.68	3.25	2.18	87.36
TISCO	53.0	--	Y	Y	5	5	5	Medium	7.68	--	--	8.28	3.63	3.57	81.10
TTB	55.8	--	Y	Y	5	5	5	Medium	6.75	--	4.50	7.51	8.88	3.20	87.36

Sources: [SETTRADE.com](https://www.settrade.com); FSSIA's compilation
**Exhibit 8: ESG score by Bloomberg**

FY ending Dec 31	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
ESG financial materiality scores										
<b>BESG ESG score</b>	—	—	2.48	2.46	3.70	3.73	3.72	3.69	3.78	3.57
BESG environmental pillar score	—	—	0.00	0.00	0.00	0.00	0.00	0.08	0.08	0.08
BESG social pillar score	—	—	2.88	2.94	6.10	6.14	6.29	5.96	6.16	6.16
BESG governance pillar score	—	—	5.54	5.29	5.28	5.36	5.08	5.25	5.32	4.47
<b>ESG disclosure score</b>	<b>26.48</b>	<b>27.27</b>	<b>42.20</b>	<b>43.38</b>	<b>44.93</b>	<b>45.75</b>	<b>42.97</b>	<b>42.97</b>	<b>44.21</b>	<b>44.21</b>
Environmental disclosure score	0.85	0.85	18.24	19.57	22.41	23.07	23.07	23.07	26.79	26.79
Social disclosure score	12.82	12.82	27.12	29.32	31.14	32.95	24.61	24.61	24.61	24.61
Governance disclosure score	65.62	68.00	81.10	81.10	81.10	81.10	81.10	81.10	81.10	81.10
<b>Environmental</b>										
Emissions reduction initiatives	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes
Climate change policy	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes
Climate change opportunities discussed	No	No	No	No	No	No	No	No	No	No
Risks of climate change discussed	No	No	No	No	No	No	No	No	Yes	Yes
GHG scope 2 location-based	—	—	—	—	4	4	4	4	3	3
Biodiversity policy	Yes	Yes	No	No	No	No	No	No	No	No
Energy efficiency policy	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Waste reduction policy	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Environmental supply chain management	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Water policy	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Sources: Bloomberg; FSSIA's compilation

## Exhibit 9: ESG score by Bloomberg (cont.)

FY ending Dec 31	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
<b>Social</b>										
Human rights policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Policy against child labor	No	No	No	No	No	No	No	No	No	No
Quality assurance and recall policy	n/a	n/a	No	No	No	No	No	No	No	No
Consumer data protection policy	n/a	n/a	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Community spending	—	—	26	26	33	39	—	—	—	—
Number of customer complaints	—	—	1,461	645	611	879	—	—	—	—
Equal opportunity policy	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Pct women in workforce	—	—	62	63	63	64	64	65	65	65
Business ethics policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Anti-bribery ethics policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Health and safety policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Fatalities - employees	—	—	—	0	1	0	0	0	0	0
Training policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Fair remuneration policy	No	No	No	No	No	No	No	No	No	No
Number of employees - CSR	4,146	4,245	4,250	4,525	4,986	4,837	5,031	5,013	4,879	5,090
Employee turnover pct	—	—	11	10	15	7	6	4	5	7
Total hours by firm - employee training	—	—	88,528	93,260	99,022	161,266	132,667	123,069	106,216	99,102
Social supply chain management	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<b>Governance</b>										
<b>Board size</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>11</b>	<b>12</b>	<b>12</b>	<b>13</b>	<b>13</b>
<b>Number of independent directors (ID)</b>	<b>7</b>	<b>6</b>	<b>6</b>	<b>7</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>7</b>	<b>5</b>
No. of women on board	4	4	4	5	5	5	3	3	3	3
No. of non-executive directors on board	8	8	8	8	8	8	8	8	9	9
Company conducts board evaluations	n/a	n/a	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
No. of board meetings for the year	8	8	6	7	6	7	7	8	8	7
Board meeting attendance pct	—	98	93	97	94	99	100	96	99	94
Board duration (years)	—	—	1	1	1	1	1	1	1	1
Director share ownership guidelines	n/a	n/a	No	No	No	No	No	No	No	No
Age of the youngest director	36	37	38	39	40	41	42	43	46	47
Age of the oldest director	65	68	69	70	71	72	73	74	75	76
<b>No. of executives / company managers</b>	<b>28</b>	<b>33</b>	<b>41</b>	<b>40</b>	<b>36</b>	<b>40</b>	<b>39</b>	<b>39</b>	<b>38</b>	<b>39</b>
No. of female executives	14	17	18	17	14	17	18	15	16	15
Executive share ownership guidelines	n/a	n/a	No	No	No	No	No	No	No	No
<b>Size of audit committee</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
No. of ID on audit committee	3	3	3	3	3	3	3	3	3	3
Audit committee meetings	13	13	12	12	12	12	14	14	12	12
Audit meeting attendance %	100	100	100	97	100	100	100	100	100	100
<b>Size of compensation committee</b>	<b>3</b>	<b>3</b>	<b>4</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>
No. of ID on compensation committee	1	1	1	2	2	2	3	3	3	2
No. of compensation committee meetings	6	5	7	8	6	6	4	5	7	9
Compensation meeting attendance %	89	87	75	89	83	100	100	95	100	100
<b>Size of nomination committee</b>	<b>3</b>	<b>3</b>	<b>4</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>
No. of nomination committee meetings	6	5	7	8	6	6	4	5	7	9
Nomination meeting attendance %	89	87	75	89	83	100	100	95	100	100
<b>Sustainability governance</b>										
Verification type	No	No	No	No	No	No	No	No	No	No

Sources: Bloomberg; FSSIA's compilation



## Disclaimer for ESG scoring

ESG score	Methodology	Rating																												
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.																												
Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET)	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for <b>THSI inclusion</b> , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. <b>SETTHSI Index</b> is extended from the THSI companies whose 1) market capitalization > 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.																												
<b>CG Score</b> by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).																												
<b>AGM level</b> By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <i>(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&amp;A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)</i>	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																												
<b>Thai CAC</b> By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. <i>(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</i>	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.																												
<b>Morningstar Sustainalytics</b>	The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality &amp; peer reviews.</i>	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>NEGL</th> <th>Low</th> <th>Medium</th> <th>High</th> <th>Severe</th> </tr> </thead> <tbody> <tr> <td>0-10</td> <td>10-20</td> <td>20-30</td> <td>30-40</td> <td>40+</td> </tr> </tbody> </table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+																		
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<b>ESG Book</b>	The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.	The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.																												
<b>MSCI</b>	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. <table border="1" style="margin-left: auto; margin-right: auto;"> <tbody> <tr> <td><b>AAA</b></td> <td>8.571-10.000</td> <td><b>Leader:</b></td> <td>leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td><b>AA</b></td> <td>7.143-8.570</td> <td></td> <td></td> </tr> <tr> <td><b>A</b></td> <td>5.714-7.142</td> <td></td> <td></td> </tr> <tr> <td><b>BBB</b></td> <td>4.286-5.713</td> <td><b>Average:</b></td> <td>a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td> </tr> <tr> <td><b>BB</b></td> <td>2.857-4.285</td> <td></td> <td></td> </tr> <tr> <td><b>B</b></td> <td>1.429-2.856</td> <td></td> <td></td> </tr> <tr> <td><b>CCC</b></td> <td>0.000-1.428</td> <td><b>Laggard:</b></td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </tbody> </table>	<b>AAA</b>	8.571-10.000	<b>Leader:</b>	leading its industry in managing the most significant ESG risks and opportunities	<b>AA</b>	7.143-8.570			<b>A</b>	5.714-7.142			<b>BBB</b>	4.286-5.713	<b>Average:</b>	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	<b>BB</b>	2.857-4.285			<b>B</b>	1.429-2.856			<b>CCC</b>	0.000-1.428	<b>Laggard:</b>	lagging its industry based on its high exposure and failure to manage significant ESG risks	
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<b>Moody's ESG solutions</b>	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.																													
<b>Refinitiv ESG rating</b>	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. <i>(Score ratings are 0 to 25 = poor; &gt;25 to 50 = satisfactory; &gt;50 to 75 = good; and &gt;75 to 100 = excellent.)</i>																													
<b>S&amp;P Global</b>	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.																													
<b>Bloomberg</b>	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.																												
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.																												

Source: FSSIA's compilation

## GENERAL DISCLAIMER

### ANALYST(S) CERTIFICATION

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

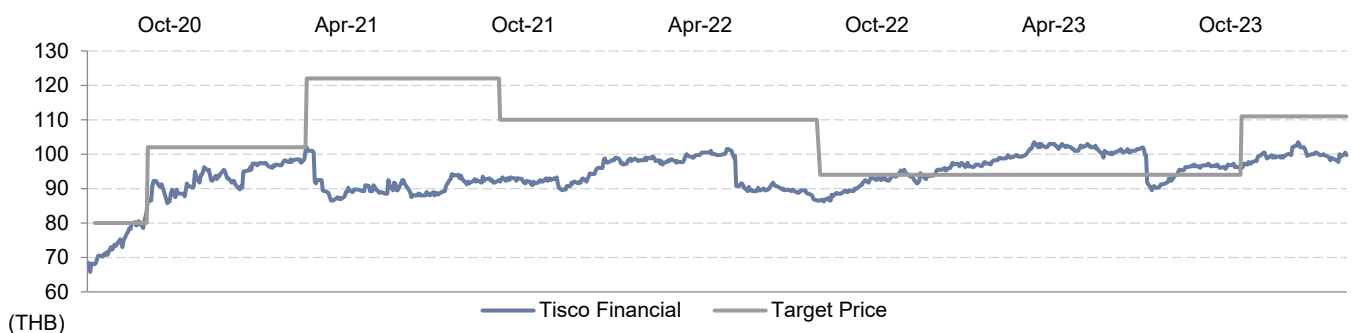
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### History of change in investment rating and/or target price

#### Tisco Financial (TISCO TB)



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

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 99.75	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 11-Oct-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.