

TISCO FINANCIAL TISCO TB

THAILAND / BANKING

HOLD

FROM BUY

TARGET PRICE	THB107.00
CLOSE	THB97.75
UP/DOWNSIDE	+9.5%
PRIOR TP	THB111.00
CHANGE IN TP	-3.6%
TP vs CONSENSUS	

Stick to its attractive dividend yield

- We expect 4Q23 net profit to decrease q-q from NIM contraction and unimpressive non-interest income.
- We are not concerned about its asset quality amid signs of deterioration; we believe TISCO can effectively manage it.
- We downgrade our call to HOLD due to its limited upside.

Benefits of rising interest rates expired, dragging 4Q23E profit

We expect a 4Q23 net profit of THB1.82b, a decrease of 3.1% q-q but an increase of 0.7% y-y, affected by the acceleration of expenses (for opening Somwang branches and expected credit losses (ECL)). We predict flat net interest income with a contraction in its NIM due to the accelerated cost of funds to offset the loan yields. We also forecast flat non-interest income due primarily to the relatively weak fee income, especially capital market fees – both brokerage and mutual fund fees – offsetting the positive effects of rising bancassurance fees during the season. Hence, 2023 net profit should increase to THB7.34b, growing slightly by 1.7% y-y and lower than our previous estimate by 1.7%.

Asset quality has deteriorated but is still in line with guidance

We expect the 2023 NPL ratio to be at 2.31%, increasing from 2.25% at the end of 2Q23 and 2.09% at the end of 2022. This is in line with TISCO's 2023 guidance of not exceeding 2.50% due to an emphasis on lending in the high-yield segment. 4Q23 credit cost should continue to accelerate to 28.6bp, up from 25.4bp in 3Q23. We forecast 2023 credit cost to increase to 24.4bp (expected to increase further to 50bp in 2024), which is still in line with the guidance of not exceeding 34bp, while the predicted coverage ratio at the end of 2023 would drop to 192%, in line with TISCO's guidance of reducing the coverage ratio to 150-160%.

Resilient loan outlook to lead to a higher payout ratio in 2024

We expect 2024-25 net profit to grow minimally by 5.6 y-y and 5.8% y-y, respectively. The 2024 earnings outlook has several headwinds from 1) loan growth slowdown; 2) rising cost of funds with a narrower NIM; and 3) rising credit cost. 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%).

A good choice for a dividend play

We downgrade our recommendation to HOLD (from Buy) due to its limited upside, though with attractive dividend yields. We also raise the risk-free rate in our GGM assumption to 3.0% (from 2.5%) and roll over to a 2024 GGM-based TP of THB107 (from 2023 TP of THB111), which implies a P/BV of 1.90x (from 2.02x).

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 (%)	-	0.5	4.9	5.8
Recurring net profit	7,222	7,462	7,881	8,340
Core EPS (THB)	9.02	9.32	9.84	10.42
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	6.4	3.3	5.6	5.8
Core P/E (x)	10.8	10.5	9.9	9.4
Dividend yield (%)	7.9	8.2	8.4	8.7
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 (%)	1.0	(2.3)	(1.0)
Relative to country (%)	3.2	10.5	18.5
Mkt cap (USD m)			2,186
3m avg. daily turnover (USD m)			9.0
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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Investment thesis

We have a less favorable view on TISCO due to several headwinds in 2024 from:

- 1) Tighter lending, especially in the high-yield segment. Although it would help slow loan deterioration, it may put pressure on yields and NIM in 2024.
- 2) Fee income pressures in tandem with the growth of the core business, namely car hire purchases, which should continue in 2024.
- 3) TISCO is trading close to its 5-year average P/BV of 1.7x while having a limited upside to our 2024 GGM-based TP of THB107. Hence, we view TISCO as a dividend stock from its attractive dividend yield of c8-9% p.a.

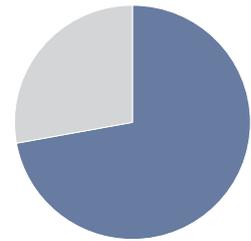
Company profile

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

Principal activities (revenue, 9M23)

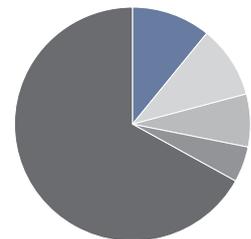
- Net interest income - 72.1 %
- Non-interest income - 27.9 %



Source: Tisco Financial

Major shareholders

- Thai NVDR - 10.8 %
- CDIB & Partners Investment Holding - 10.0 %
- South East Asia UK (Type C) Nominees - 7.3 %
- Tokyo Century Corp - 4.9 %
- Others - 66.9 %



Source: Tisco Financial

Catalysts

Potential share price catalysts for TISCO include:

- Aggressive growth in high-yield auto title loans;
- A higher dividend payout ratio;
- A lower-than-expected credit cost.

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. Upside risks are 1) aggressive loan growth; and 2) well-controlled asset quality.

Event calendar

Date	Event
11-13 Jan 2024	2023 results announcement

Key assumptions

	2023E	2024E	2025E
	(%)	(%)	(%)
Net profit (THB m)	7,462	7,881	8,340
Net profit growth (%)	3.3	5.6	5.8
NIM (%)	4.89	4.90	4.91
Loan growth (%)	8.0	8.0	8.0
Fee growth (%)	1.1	1.0	1.0
Non-interest income growth (%)	0.6	1.3	1.3
Credit cost (bp)	30.0	30.0	30.0
Cost to income (%)	47.6	47.5	47.5

Source: FSSIA estimates

Earnings sensitivity

		----- 2024E -----		
Loan growth (%)	±2ppt	6	8	10
% change in net profit		(1.6)		+1.6
NIM (%)	±5bp	4.85	4.90	4.95
% change in net profit		(1.5)		+1.5
Credit cost (bp)	±10bp	20	30	40
% change in net profit		+2.5		(2.5)

Source: FSSIA estimates

November 2023 loan growth to continue but at a slower pace than 10M23 average

TISCO submitted its November 2023 C.B. 1.1 report, showing that net loan growth (after allowances for ECL) increased 0.5% m-m, 8.4% y-y, and 7.5% YTD. The growth momentum was still in line with the bank's strategy, led by the corporate group (real estate development and power plants) and retail loans in the high-yield segment, including auto title loans (Somwang) and used car and motorcycle hire-purchase loans. Meanwhile, other retail loans in the non-high-yield group, including new car hire purchase, housing, and SME loans, were still in negative territory. Overall, net loans in 11M23 still increased in line with our loan growth forecast of 8% y-y.

Deposits were stable m-m, +11.1% y-y, and +7.9% YTD. The change was mainly due to an increase in fixed deposits to replace CASA deposits that have decreased due to interest rate adjustments in this type of deposit during the year, causing the flow of CASA deposits with low-interest rates to go into fixed deposits. As a result, the proportion of fixed deposits continued to increase.

Exhibit 1: TISCO – C.B. 1.1 summary as of November 2023

(TISCO)	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23
Growth (m-m %)												
Loan	0.82	(0.63)	0.23	1.03	3.18	0.58	1.29	(0.02)	0.79	0.15	0.23	0.48
Deposit	3.01	2.80	(2.05)	3.76	(0.88)	1.61	0.64	0.36	2.16	(1.77)	1.16	(0.03)
Deposit + Borrowing	2.77	1.42	(3.88)	4.41	0.61	1.51	0.60	(0.20)	1.72	(1.90)	1.62	1.13
Growth (y-y %)												
Loan	8.27	7.68	7.96	8.50	12.39	12.58	14.08	13.72	10.75	9.37	8.85	8.39
Deposit	13.04	15.81	11.54	14.73	14.37	17.68	18.05	21.06	15.84	10.00	9.70	11.11
Deposit + Borrowing	12.41	14.98	10.13	13.68	11.79	14.78	14.70	18.05	13.22	7.49	7.68	9.99
Growth (YTD %)												
Loan	8.27	(0.63)	(0.40)	0.62	3.83	4.43	5.78	5.75	6.59	6.75	6.99	7.51
Deposit	13.04	2.80	0.69	4.47	3.55	5.22	5.89	6.28	8.58	6.66	7.90	7.86
Deposit + Borrowing	12.41	1.42	(2.52)	1.78	2.40	3.94	4.57	4.36	6.16	4.14	5.83	7.02
LDR (%)	110.95	107.25	109.75	106.86	111.25	110.11	110.83	110.40	108.92	111.05	110.02	110.59

Sources: TISCO; FSSIA's compilation

Benefits of rising interest rates expired, dragging 4Q23E profit

We expect a 4Q23 net profit of THB1.82b, a decrease of 3.1% q-q but an increase of 0.7% y-y, affected by the acceleration of expenses (for opening Somwang branches and ECL). We predict flat net interest income with a contraction in its NIM due to the accelerated cost of funds to offset the loan yields. We also forecast flat non-interest income due primarily to the relatively weak fee income, especially capital market fees – both brokerage and mutual fund fees – offsetting the positive effects of rising bancassurance fees during the season. We foresee the cost-to-income ratio rising close to 50%. Hence, 2023 net profit should increase to THB7.34b, growing slightly by 1.7% y-y and lower than our previous estimate by approximately 1.7%.

Asset quality has deteriorated but is still in line with guidance

We expect the 2023 NPL ratio to be at 2.31%, increasing from 2.25% at the end of 2Q23 and 2.09% at the end of 2022. This is in line with TISCO's 2023 guidance of not exceeding 2.50% due to an emphasis on lending in the high-yield segment. 4Q23 credit cost should continue to accelerate to 28.6bp, up from 25.4bp in 3Q23. We forecast 2023 credit cost to increase to 24.4bp (expected to increase further to 50bp in 2024), which is still in line with TISCO's guidance of not exceeding 34bp, while the predicted coverage ratio at the end of 2023 would drop to 192%, in line with TISCO's guidance of reducing the coverage ratio to 150-160%.

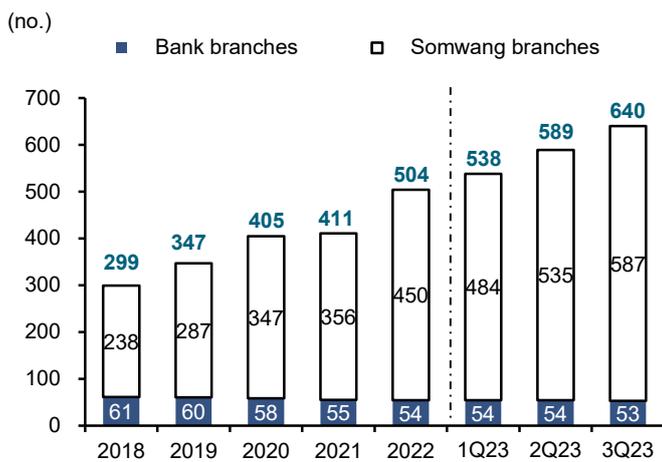
Resilient loan outlook to lead to a higher payout ratio in 2024

We expect 2024-25 net profit to grow minimally by 5.6 y-y and 5.8% y-y, respectively. The 2024 earnings outlook has several headwinds from 1) loan growth slowdown; 2) rising cost of funds with a narrower NIM; and 3) rising credit cost. 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%).

A good choice for a dividend play

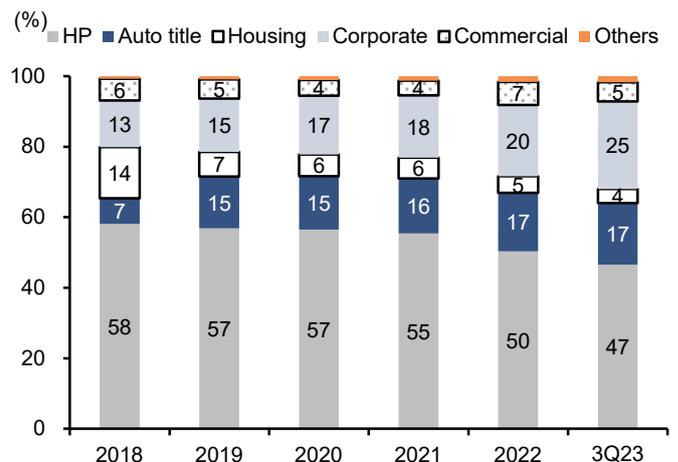
We downgrade our recommendation to HOLD (from Buy) due to its limited upside, though with attractive dividend yields. We also raise the risk-free rate in our GGM assumption to 3.0% (from 2.5%), resulting in a higher cost of equity at 9.8% (from 9.3%), and roll over to a 2024 GGM-based TP of THB107 (from 2023 TP of THB111), which implies a P/BV of 1.90x (from 2.02x).

Exhibit 2: TISCO's branch network, 2018-3Q23



Sources: TISCO; FSSIA's compilation

Exhibit 3: Loan breakdown, 2018-3Q23



Sources: TISCO; FSSIA's compilation

Exhibit 4: Staged loans and ECL 2021-3Q23

Stage loans	2021	2022	1Q23	2Q23	3Q23	2021	2022	1Q23	2Q23	3Q23
	(THB b)	(%)	(%)	(%)	(%)	(%)				
Staged loans						% Stage loans				
Stage 1	176	192	194	203	204	86.64	87.82	88.15	88.23	88.17
Stage 2	22	22	21	22	22	10.92	10.09	9.72	9.57	9.58
Stage 3	5	5	5	5	5	2.44	2.09	2.13	2.20	2.25
Total	203	219	220	230	232	100.00	100.00	100.00	100.00	100.00
Allowance for ECL						% ECL of staged loans				
Stage 1	7	7	7	6	6	3.81	3.64	3.49	3.16	2.76
Stage 2	3	3	3	3	3	14.98	13.90	13.90	13.40	13.74
Stage 3	2	2	2	2	2	34.70	39.03	40.49	38.83	39.06
Total	12	12	12	11	11	5.79	5.41	5.29	4.92	4.63
LLR/ Loans	(%)	(%)	(%)	(%)	(%)					
Stage 1	3.81	3.64	3.49	3.16	2.76					
Stage 2	14.98	13.90	13.90	13.40	13.74					
Stage 3	34.70	39.03	40.49	38.83	39.06					
Total	53.50	56.56	57.88	55.39	55.56					
	(%)	(%)	(%)	(%)	(%)					
NPL/ TL	2.82	2.38	2.42	2.49	2.55					
NPL vs. Stage 2 loans/ TL	13.36	12.18	11.85	11.77	11.83					
LLR/ NPL	236.88	258.87	248.08	223.99	205.79					
LLR / (NPL vs Stage 2 loans)	43.31	44.43	44.65	41.83	39.14					

Sources: TISCO; FSSIA's compilation

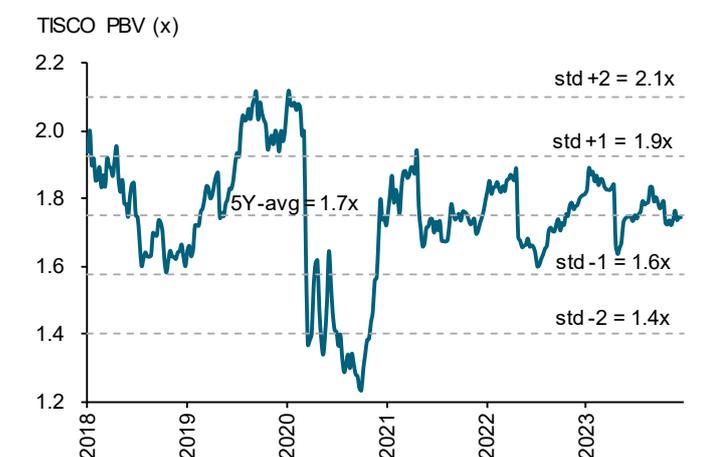
Exhibit 5: TISCO – 4Q23 earnings preview

	4Q22	1Q23	2Q23	3Q23	4Q23E	Change	
	(THB m)	(q-q%)	(y-y%)				
Net interest income	3,344	3,287	3,420	3,557	3,570	0.4	6.7
Non-interest income	1,535	1,384	1,324	1,250	1,261	0.9	(17.8)
Fee income - net	1,368	1,266	1,152	1,198	1,221	1.9	(10.8)
Total operating income	4,879	4,671	4,743	4,807	4,831	0.5	(1.0)
Total operating expenses	2,253	2,282	2,378	2,329	2,406	3.3	6.8
PPOP before tax	2,627	2,389	2,366	2,478	2,425	(2.1)	(7.7)
Expected credit loss	379	155	63	147	166	13.2	(56.2)
Net profit	1,804	1,793	1,854	1,874	1,816	(3.1)	0.7
EPS (THB)	2.25	2.24	2.32	2.34	2.27	(3.1)	0.7
Asset quality ratio	(%)	(%)	(%)	(%)	(%)	(q-q%)	(y-y%)
Gross NPLs (THB m)	4,577	4,694	5,065	5,213	5,365	2.9	17.2
Change (% from prior period)	3.0	2.6	7.9	2.9	5.9		
NPL ratios (%) - reported	2.09	2.13	2.20	2.25			
NPL ratio (%)*	2.09	2.13	2.20	2.25	2.31		
Coverage ratio (%) - reported	259	248	224	206			
Coverage ratio (%)*	259	248	224	206	192		
Credit cost (bp)	70.1	28.3	11.2	25.4	28.6		
Profitability ratio	(%)	(%)	(%)	(%)	(%)		
Cost to income ratio	46.2	48.9	50.1	48.4	49.8		
Average yield (%)	6.10	6.15	6.44	6.82	7.07		
Cost of funds (%)	1.23	1.60	1.80	2.02	2.34		
NIM (%) - reported	5.09	4.98	5.02	5.14			
NIM (%)*	5.13	4.89	5.01	5.20	5.18		
Non-int inc/total income (%)	31.5	29.6	27.9	26.0	26.1		
Liquidity ratio	(%)	(%)	(%)	(%)	(%)		
Loan/deposit	116.3	111.9	115.6	115.4	114.9		
Loan/deposit & borrowing (LDBR)	107.3	106.0	108.0	109.1	107.8		
Capital adequacy ratio	(%)	(%)	(%)	(%)	(%)		
CAR	20.6	20.6	20.2	19.9			
CET 1/ Risk assets	17.2	17.2	16.9	16.6			
Tier 2 / Risk assets	3.5	3.5	3.3	3.3			
Loan growth	(%)	(%)	(%)	(%)	(%)		
q-q	2.7	0.5	4.7	0.6	0.8		
y-y	7.9	8.1	13.4	8.7	9.0		
Year-to-date	7.9	0.5	5.2	5.8	6.1		

*FSSIA's calculation

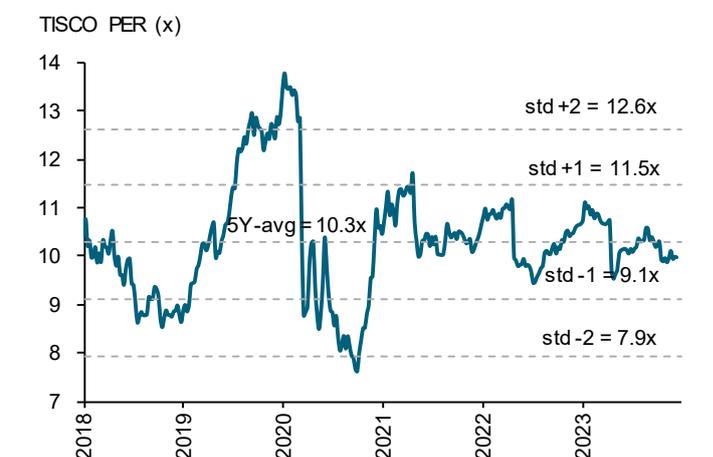
Sources: TISCO; FSSIA estimates

Exhibit 6: TISCO – one-year prospective P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 7: TISCO – one-year prospective PER band



Sources: Bloomberg; FSSIA estimates

Exhibit 8: GGM-based 2024 TP

Target price (THB)	107.00
Sustainable ROE	17.8%
g	1.0%
ROE-g	16.8%
Beta	0.85
RF	3.0%
MRP	8.0%
COE	9.8%
COE-g	8.8%
ROE-g/COE-g (PBV)	1.90

Source: FSSIA estimates

Exhibit 9: Share price performance of Thai banks under coverage, as of 13 December 2023

	Price performance				
	1M (%)	3M (%)	6M (%)	1Y (%)	YTD (%)
BBL TB	-2.62	-11.87	-8.90	3.48	0.34
KBANK TB	-4.55	-3.82	-4.91	-11.27	-14.58
KKP TB	-3.05	-15.86	-22.67	-32.75	-35.25
KTB TB	-1.61	-5.18	-6.15	2.81	3.39
SCB TB	0.00	-13.97	-8.80	-4.83	-7.94
TISCO TB	0.77	-2.74	0.77	-1.26	-1.51
TTB TB	-1.88	-9.25	-3.68	13.77	11.35
SETBANK	-2.14	-9.70	-8.05	-3.73	-5.91
SET	-2.03	-12.11	-13.01	-16.86	-18.62

Source: Bloomberg

Exhibit 10: Regional peers comparison, as of 13 December 2023

Company name	Share price			Market Cap. (USD b)	PE		PBV		ROE		Div yld	
	price (LCY)	Target (LCY)	Upside (%)		23E (x)	24E (x)	23E (x)	24E (x)	23E (%)	24E (%)	23E (x)	24E (x)
Thailand												
Bangkok Bank	148.50	208.00	40	7,916	7.5	6.9	0.5	0.5	7.2	7.3	3.9	4.2
Kasikornbank	126.00	160.00	27	8,337	7.5	6.8	0.6	0.5	7.9	8.2	3.8	4.2
Krung Thai Bank	18.30	23.10	26	7,143	6.8	6.4	0.6	0.6	9.7	9.6	4.3	4.5
SCB X	98.50	121.00	23	9,262	8.1	7.4	0.7	0.7	8.7	9.1	7.4	7.6
TMBThanachart Bank	1.57	1.83	17	4,247	9.2	8.5	0.7	0.6	7.3	7.6	5.4	5.8
Kiatnakin Bank	47.75	55.00	15	1,129	6.8	6.0	0.7	0.6	10.0	10.7	6.8	6.5
Tisco Financial Group	97.75	107.00	9	2,186	10.5	9.9	1.8	1.7	17.2	17.8	8.2	8.4
Thailand weighted average				5,746	9.7	9.0	0.8	0.8	8.6	8.8	4.0	4.3
Hong Kong												
Industrial & Comm Bank of China	3.68	n/a	n/a	221,967	3.4	3.3	0.4	0.3	10.7	10.4	9.1	9.4
China Construction Bank	4.48	n/a	n/a	147,075	3.1	3.0	0.3	0.3	11.6	11.1	9.4	9.9
HSBC Holdings	60.55	n/a	n/a	151,072	6.0	5.9	0.9	0.8	15.6	15.4	8.0	9.9
Bank of China	2.85	n/a	n/a	147,712	3.6	3.4	0.4	0.3	10.1	9.8	8.9	9.2
Hong Kong average				166,957	4.0	3.9	0.5	0.4	12.0	11.7	8.9	9.6
China												
Industrial & Comm Bank of China	4.79	n/a	n/a	220,642	4.8	4.6	0.5	0.5	10.6	10.3	6.5	6.7
Agricultural Bank of China	3.62	n/a	n/a	172,927	5.0	4.7	0.5	0.5	11.2	10.8	6.3	6.6
China Construction Bank	6.44	n/a	n/a	146,446	4.9	4.6	0.5	0.5	11.6	11.2	6.2	6.4
Bank of China	3.98	n/a	n/a	147,081	5.3	5.1	0.5	0.5	10.4	10.3	5.8	6.0
China average				177,774	5.0	4.8	0.5	0.5	11.0	10.7	6.2	6.4
South Korea												
KB Financial Group	51,500	n/a	n/a	15,982	4.0	3.9	0.4	0.4	9.8	9.2	6.3	6.7
Shinhan Financial Group	37,050	n/a	n/a	14,746	4.2	4.1	0.4	0.3	9.4	8.9	5.7	6.1
Hana Financial Group	41,650	n/a	n/a	9,350	3.4	3.2	0.3	0.3	9.9	9.5	8.3	8.8
Industrial Bank of Korea	11,890	n/a	n/a	7,176	3.4	3.4	0.3	0.3	9.6	9.1	8.4	8.8
South Korea average				11,814	3.8	3.6	0.3	0.3	9.7	9.2	7.2	7.6
Indonesia												
Bank Central Asia	8,675	n/a	n/a	68,504	21.9	20.1	4.4	4.0	21.0	20.7	2.6	2.9
Bank Rakyat Indonesia Persero	5,300	n/a	n/a	51,455	13.6	12.0	2.5	2.3	19.0	20.1	5.4	6.2
Bank Mandiri Persero	5,725	n/a	n/a	34,228	10.4	9.5	2.1	1.9	21.3	21.0	4.9	5.9
Bank Negara Indonesia Persero	5,175	n/a	n/a	12,364	9.0	8.0	1.3	1.1	15.0	15.4	5.1	5.9
Bank Syariah Indonesia	1,645	n/a	n/a	4,949	14.2	12.0	2.0	1.8	15.5	16.1	1.0	1.3
Indonesia average				34,300	13.8	12.3	2.4	2.2	18.4	18.7	3.8	4.4
Malaysia												
Malayan Banking	9.07	n/a	n/a	23,270	11.7	11.3	1.2	1.2	10.5	10.6	6.6	6.8
Public Bank	4.26	n/a	n/a	17,654	12.2	11.6	1.5	1.4	13.0	12.7	4.3	4.5
CIMB Group Holdings	5.79	n/a	n/a	13,144	9.2	8.6	0.9	0.9	10.4	10.4	6.0	6.4
Hong Leong Bank	19.22	n/a	n/a	8,881	10.4	10.0	1.2	1.1	12.1	11.3	3.4	3.3
RHB Bank	5.49	n/a	n/a	5,019	8.1	8.0	0.8	0.7	9.7	9.4	7.1	7.3
Malaysia average				13,594	10.3	9.9	1.1	1.1	11.1	10.9	5.5	5.7
Singapore												
DBS Group Holdings	31.82	n/a	n/a	61,036	8.1	8.2	1.3	1.3	17.6	16.3	6.5	7.1
Oversea-Chinese Banking	12.51	n/a	n/a	41,992	8.0	7.8	1.0	1.0	13.2	12.7	6.6	6.9
United Overseas Bank	27.77	n/a	n/a	34,705	8.1	7.9	1.0	1.0	13.3	12.9	6.2	6.4
Singapore average				45,911	8.0	8.0	1.1	1.1	14.7	14.0	6.4	6.8
Regional average (excl. Thailand)				71,175	7.8	7.4	1.1	1.0	12.9	12.6	6.2	6.6
Total average (incl. Thailand)				55,392	7.9	7.4	1.0	0.9	12.2	12.1	6.1	6.5

Sources: Bloomberg; 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
Per share (THB)					
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
Growth					
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
Income Breakdown					
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
Operating performance					
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
Net customer loans	192,922	208,881	226,788	244,924	264,526
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
Total assets	243,622	265,414	285,687	306,346	328,633
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	-	-	-	-	-
Total liabilities	202,422	222,623	241,845	261,387	282,324
Share capital	8,007	8,007	8,007	8,007	8,007
Reserves	33,191	34,782	35,832	36,948	38,298
Total equity	41,197	42,788	43,839	44,955	46,305
Non-controlling interest	3	3	4	4	4
Total liabilities & equity	243,622	265,414	285,687	306,346	328,633
Supplementary items					
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
Per share (THB)					
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
Growth					
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
Leverage & capital measures					
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
Asset Quality (FSSIA's calculation)					
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
Valuation					
Recurring P/E (x) *	11.5	10.8	10.5	9.9	9.4
Recurring P/E @ target price (x) *	12.6	11.9	11.5	10.9	10.3
Reported P/E (x)	11.5	10.8	10.5	9.9	9.4
Dividend yield (%)	7.3	7.9	8.2	8.4	8.7
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)	2.1	2.0	2.0	1.9	1.9

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Tisco Financial; FSSIA estimates

Tisco Financial Group PCL (TISCO TB)

FSSIA ESG rating



61.17 /100

Exhibit 11: FSSIA ESG score implication

Rating	Score	Implication
★★★★★	>79-100	Leading its industry peers in managing the most significant ESG risks which not only better cost efficiency but also lead to higher profitability.
★★★★★	>59-79	A mixed track record of managing the most significant ESG risks and opportunities relative to industry peers.
★★★	>39-59	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.
★★	>19-39	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 12: ESG – peer comparison

	FSSIA ESG score	Domestic ratings						Global ratings						Bloomberg	
		DJSI	SET THSI	THSI	CG score	AGM level	Thai CAC	Morningstar ESG risk	ESG Book	MSCI	Moody's	Refinitiv	S&P Global	ESG score	Disclosure score
SET100	69.20	5.34	4.40	4.40	4.76	4.65	3.84	Medium	51.76	BBB	20.87	58.72	63.91	3.72	28.17
Coverage	67.12	5.11	4.15	4.17	4.83	4.71	3.53	Medium	52.04	BB	16.97	56.85	62.09	3.40	31.94
BBL	62.08	--	Y	Y	5.00	5.00	Certified	Medium	54.70	--	29.00	58.68	67.00	2.19	60.06
KBANK	84.17	Y	Y	Y	5.00	5.00	Certified	Medium	62.19	AA	46.00	73.83	83.00	4.05	59.77
KTB	63.10	--	Y	Y	5.00	5.00	Certified	Medium	53.59	BBB	34.00	64.64	64.00	2.12	61.33
SCB	62.57	Y	Y	Y	5.00	4.00	--	High	--	A	--	--	86.00	3.43	--
KKP	62.96	--	Y	Y	5.00	5.00	Certified	Medium	52.81	BBB	--	77.56	26.00	2.18	45.90
TISCO	61.17	--	Y	Y	5.00	5.00	Certified	Medium	61.41	--	--	66.13	29.00	3.57	44.21
TTB	63.69	--	Y	Y	5.00	5.00	Certified	Medium	53.98	--	36.00	56.17	71.00	3.20	52.96

Sources: SETTRADE.com; FSSIA's compilation

Exhibit 13: ESG score by Bloomberg

FY ending Dec 31	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
ESG financial materiality scores - ESG score	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
ESG disclosure score	42.20	43.38	44.93	45.75	42.97	45.33	45.44	44.21
Environmental disclosure score	18.24	19.57	22.41	23.07	23.07	30.14	30.47	30.47
Social disclosure score	27.12	29.32	31.14	32.95	24.61	24.61	24.61	24.61
Governance disclosure score	81.10	81.10	81.10	81.10	81.10	81.10	81.10	81.10
Environmental								
Emissions reduction initiatives	No	No	No	Yes	Yes	Yes	Yes	Yes
Climate change policy	No	No	No	Yes	Yes	Yes	Yes	Yes
Climate change opportunities discussed	No							
Risks of climate change discussed	No	No	No	No	No	No	Yes	Yes
GHG scope 1	—	—	0	0	0	0	0	0
GHG scope 2 location-based	—	—	4	4	4	4	3	3
GHG Scope 3	—	—	—	—	—	—	—	—
Carbon per unit of production	—	—	—	—	—	—	—	—
Biodiversity policy	No							
Energy efficiency policy	Yes							
Total energy consumption	—	—	—	—	—	—	—	—
Renewable energy use	—	—	—	—	—	—	—	—
Electricity used	12	12	12	9	9	8	7	2
Fuel used - natural gas	—	—	—	—	—	—	—	—

Sources: Bloomberg; FSSIA's compilation

Exhibit 14: ESG score by Bloomberg (cont.)

FY ending Dec 31	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Fuel used - crude oil/diesel	No							
Waste reduction policy	No	Yes						
Hazardous waste	—	—	—	—	—	0	0	0
Total waste	—	—	—	—	—	—	—	—
Waste recycled	—	—	—	—	—	—	—	—
Waste sent to landfills	—	—	—	—	—	—	—	—
Environmental supply chain management	Yes							
Water policy	No	Yes						
Water consumption	—	—	—	—	—	29	29	30
Social								
Human rights policy	Yes							
Policy against child labor	No							
Quality assurance and recall policy	No							
Consumer data protection policy	Yes							
Equal opportunity policy	No	Yes						
Gender pay gap breakout	No							
Pct women in workforce	62	63	63	64	64	65	65	65
Pct disabled in workforce	—	—	—	—	—	—	—	—
Business ethics policy	Yes							
Anti-bribery ethics policy	Yes							
Health and safety policy	Yes							
Lost time incident rate - employees	—	—	—	0	0	0	0	0
Total recordable incident rate - employees	—	—	0	0	0	0	0	0
Training policy	Yes							
Fair remuneration policy	No							
Number of employees – CSR	4,250	4,525	4,986	4,837	5,031	4,548	4,532	5,090
Employee turnover pct	11	10	15	7	6	4	5	7
Total hours spent by firm - employee training	88,528	93,260	99,022	161,266	132,667	123,069	99,704	99,102
Social supply chain management	Yes							
Governance								
Board size	12	12	12	11	12	12	13	13
No. of independent directors (ID)	6	7	6	6	6	6	7	5
No. of women on board	4	5	5	5	3	3	3	3
No. of non-executive directors on board	8	8	8	8	8	8	9	9
Company conducts board evaluations	Yes							
No. of board meetings for the year	6	7	6	7	7	8	8	7
Board meeting attendance pct	93	97	94	99	100	96	99	94
Board duration (years)	1	1	1	1	1	1	1	1
Director share ownership guidelines	No							
Age of the youngest director	38	39	40	41	42	43	46	47
Age of the oldest director	69	70	71	72	73	74	75	76
No. of executives / company managers	41	40	36	40	39	39	38	39
No. of female executives	18	17	14	17	18	15	16	15
Executive share ownership guidelines	No							
Size of audit committee	3							
No. of ID on audit committee	3	3	3	3	3	3	3	3
Audit committee meetings	12	12	12	12	14	14	12	12
Audit meeting attendance %	100	97	100	100	100	100	100	100
Size of compensation committee	4	3	3	3	4	4	4	4
No. of ID on compensation committee	1	2	2	2	3	3	3	2
No. of compensation committee meetings	7	8	6	6	4	5	7	9
Compensation meeting attendance %	75	89	83	100	100	95	100	100
Size of nomination committee	4	3	3	3	4	4	4	4
No. of nomination committee meetings	7	8	6	6	4	5	7	9
Nomination meeting attendance %	75	89	83	100	100	95	100	100
Sustainability governance								
Verification type	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 THSI inclusion , 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. SETTHSI Index 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.																			
CG Score 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 (50-59), 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%).																			
AGM level 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&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.																			
Thai CAC 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.																			
Morningstar Sustainalytics	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 & 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" data-bbox="877 1142 1436 1220"> <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+									
NEGL	Low	Medium	High	Severe																	
0-10	10-20	20-30	30-40	40+																	
ESG Book	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.																			
MSCI	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" data-bbox="239 1433 1484 1635"> <tbody> <tr> <td>AAA</td> <td>8.571-10.000</td> <td rowspan="3">Leader:</td> <td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td>AA</td> <td>7.143-8.570</td> </tr> <tr> <td>A</td> <td>5.714-7.142</td> </tr> <tr> <td>BBB</td> <td>4.286-5.713</td> <td rowspan="3">Average:</td> <td rowspan="3">a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td> </tr> <tr> <td>BB</td> <td>2.857-4.285</td> </tr> <tr> <td>B</td> <td>1.429-2.856</td> </tr> <tr> <td>CCC</td> <td>0.000-1.428</td> <td>Laggard:</td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </tbody> </table>	AAA	8.571-10.000	Leader:	leading its industry in managing the most significant ESG risks and opportunities	AA	7.143-8.570	A	5.714-7.142	BBB	4.286-5.713	Average:	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	BB	2.857-4.285	B	1.429-2.856	CCC	0.000-1.428	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks
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Moody's ESG solutions	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.																				
Refinitiv ESG rating	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; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)</i>																				
S&P Global	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.																				
Bloomberg	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.																			

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"; 2) "AGM Level"; 3) "Thai CAC"; and 4) THSI. The ratings are updated on an annual basis. FSSIA does not confirm nor certify the accuracy of such ratings.

Source: FSSIA's compilation

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

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Company	Ticker	Price	Rating	Valuation & Risks
Tisco Financial	TISCO TB	THB 97.75	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. Upside risks are 1) aggressive loan growth; and 2) well-controlled asset quality.
Bangkok Bank	BBL TB	THB 148.50	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) an impact of new regulations from the Bank of Thailand.
Kasikornbank	KBANK TB	THB 126.00	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.
Krung Thai Bank	KTB TB	THB 18.30	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 98.50	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.
TMBThanachart Bank	TTB TB	THB 1.57	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 47.75	HOLD	Downside risks to our GGM-based target price include weakening asset quality and lower fee income and upside risks include better capital market conditions, higher used car price, and strengthening asset quality.

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 13-Dec-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.