

TISCO FINANCIAL TISCO TB

THAILAND / BANKING

HOLD

UNCHANGED

TARGET PRICE	THB97.00
CLOSE	THB101.00
UP/DOWNSIDE	-4.0%
PRIOR TP	THB107.00
CHANGE IN TP	-9.3%
TP vs CONSENSUS	-10.0%

Continued headwinds in 2024

- 4Q23 net profit was in line with our forecast, below BBG consensus.
- We cut our 2024-25 earnings forecast to factor in the 2024 guidance, causing an 8% EPS drop in 2024E and relatively flat in 2025-26E.
- Retain our HOLD call despite no upside but attractive dividend yield.

4Q23 profit was in line with our estimate but below consensus

TISCO reported a 4Q23 net profit of THB1.78b, dropping by 5.0% q-q and 1.4% y-y. PPOP also decreased by 0.2% q-q and 6.0% y-y to THB2.47b, mainly dragged by the acceleration of higher-than-expected credit losses (ECL), partly to tackle the NPL write-offs – long overdue in the housing loan segment. Lower-than-expected operating expenses helped offset the bottom-line impact. Fee income and other non-NII were in line with our forecasts. 2023 net profit increased to THB7.30b, slightly rising by 1.1% y-y.

Asset quality deteriorated as expected

Asset quality deteriorated as expected, mainly due to increasing NPLs in the high-yield segment. Thanks to its aggressive NPL management by setting up a higher credit cost of 43bp in 4Q23, partly for the NPL write-offs, as mentioned above, the NPL ratio narrowed to 2.22% (we expected 2.31%, but it was still in line with TISCO's guidance of lower than 2.50%) and the coverage ratio decreased to 190% from 206% in 3Q23 (we expected 192%). In addition, stage 2 loans (8% of total) fell significantly by 10.4% q-q and 10.0% y-y. TISCO claimed that it was from the impact of reclassification regarding the loosening of a significant increase in credit risk (SICR) policy of c1% of total loans.

Cloudy 2024 outlook with many headwinds prompts earnings cut

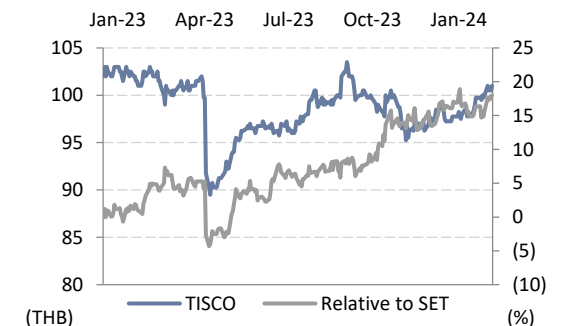
Regarding the 2024 guidance by its management, as shown on page 5, we revise down our 2024-25E net profit by 14.6% and 18.6%, respectively, from previous due mainly to 1) NIM reduction from the rising cost of funds; 2) loan growth target cut to average growth of 6% p.a. (from 8% p.a.); 3) credit costs rising to 50-70bp (from c30bp); and 4) cost-to-income ratio jumping to c49-50% (from 47.5%). Hence, the 2024E net profit growth would turn to decrease by 7.8% y-y, with slight growth by 0.8% y-y and 0.4% y-y in 2025-26E, respectively.

Reiterate our HOLD call; no upside just attractive dividend yield

We cut our GGM based 2024 TP to THB97 (from THB107) due mainly to the downward L-T ROE revision to 16% (from 17.8%), implying a P/BV of 1.79x (from 1.9x). We retain our HOLD call despite no upside at the current share price, just an attractive annual dividend yield of c8% p.a.

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Operating profit	9,092	8,416	8,481	8,513
Net profit	7,303	6,732	6,785	6,811
EPS (THB)	9.12	8.41	8.47	8.51
vs Consensus (%)	-	(8.9)	(8.6)	(11.9)
Recurring net profit	7,303	6,732	6,785	6,811
Core EPS (THB)	9.12	8.41	8.47	8.51
Chg. In EPS est. (%)	-	(14.6)	(18.6)	-
EPS growth (%)	1.1	(7.8)	0.8	0.4
Core P/E (x)	11.1	12.0	11.9	11.9
Dividend yield (%)	7.9	7.9	7.9	7.9
Price/book (x)	1.9	1.9	1.9	1.8
ROE (%)	17.1	15.7	15.6	15.6
ROA (%)	2.6	2.3	2.1	2.0



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	2.8	1.0	(1.9)
Relative to country (%)	(0.1)	3.7	17.1
Mkt cap (USD m)	2,306		
3m avg. daily turnover (USD m)	8.5		
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



Usanee Liurut, CISA

Fundamental Investment Analyst on Capital Market; License no. 017928
usanee.l@fssia.com, +66 2646 9967

Maeta Cherdsatirakul

Research Assistant
maeta.c@fssia.com, +66 2646 9971

Investment thesis

We have a less favourable 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) Rising cost of funds should be a key source of pressure on 2024 NIM.
- 3) Fee income pressures in tandem with the growth of the core business, namely car hire purchases, should continue in 2024.
- 4) TISCO is trading close to its 5-year average P/BV of 1.7x, while having no upside to our 2024 GGM-based TP of THB97. Hence, we view TISCO as a dividend stock from its attractive dividend yield of c8% p.a.

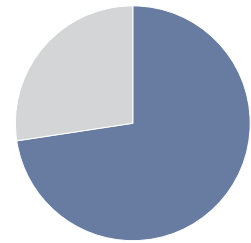
Company profile

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, 2023)

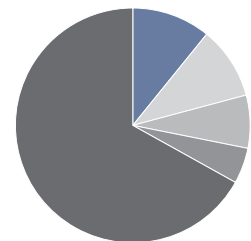
- Net interest income - 72.6 %
- Non-interest income - 27.4 %



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
Apr 2024	1Q24 results announcement

Key assumptions

	2024E	2025E	2026E
Net profit (THB m)	6,732	6,785	6,811
EPS (THB)	8.41	8.47	8.51
Net profit growth (%)	(7.8)	0.8	0.4
NIM (%)	4.69	4.73	4.74
Loan growth (%)	6.0	6.0	6.0
Fee growth (%)	2.3	2.0	4.0
Non-NII growth (%)	4.8	2.2	4.0
Credit cost (bp)	50.0	70.0	90.0
Cost to income (%)	50.3	49.7	49.1

Source: FSSIA estimates

Earnings sensitivity

		----- 2024E -----		
Loan growth	±2ppt	4	6	8
% change in net profit		(2)	-	2
NIM (%)	±5bp	4.64	4.69	4.74
% change in net profit		(2)	-	2
Credit cost (bp)	±10bp	40	50	60
% change in net profit		3	-	(3)

Source: FSSIA estimates

4Q23 results were in line with our estimate but 4% below BBG consensus

TISCO reported a 4Q23 net profit of THB1.78b, dropping by 5.0% q-q and 1.4% y-y. PPOP also decreased by 0.2% q-q and 6.0% y-y to THB2.47b, mainly dragged by the acceleration of higher-than-expected credit losses (ECL), partly to tackle the NPL write-offs – long overdue in the housing loan segment. Lower-than-expected operating expenses helped offset the bottom-line impact. Fee income and other non-NII were in line with our forecasts. 2023 net profit increased to THB7.30b, slightly rising by 1.1% y-y.

Highlights:

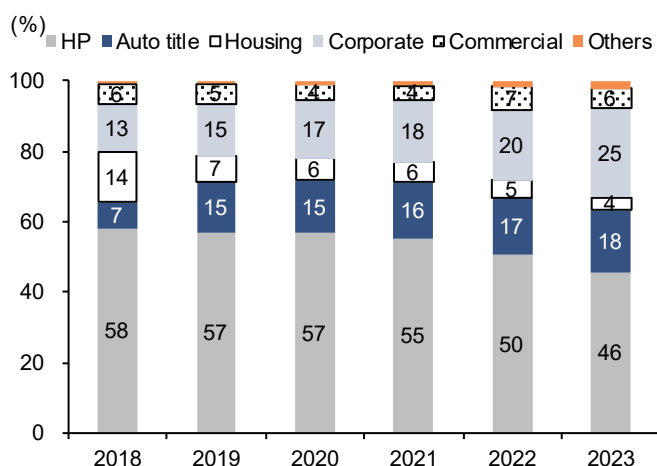
(0) Net interest income was relatively stable q-q but increased 6.6% y-y.

TISCO's NIM decreased more than expected to 5.07%, down 13bp from 3Q23, affected by a significantly rising cost of funds by 22bp, but the loan yield increased by only 6bp. 2023 NIM was 4.99%, down 1bp from 2022, but still better than TISCO's guidance of c4.60%.

(+) Loans grew better than expected by 1.3% q-q and 7.2% y-y, in line with

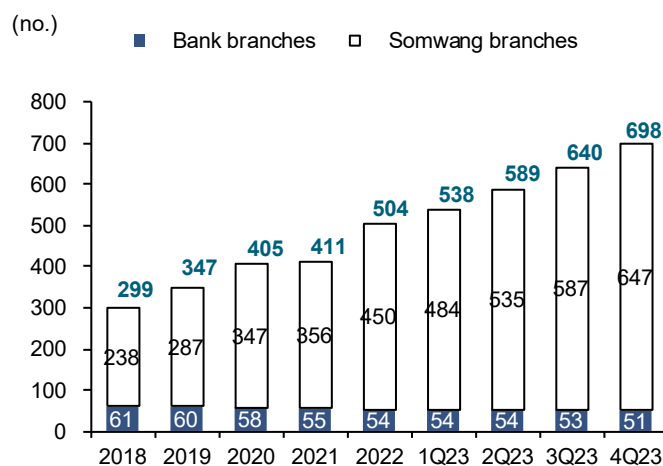
TISCO's target of around 5-10% y-y and our forecast of 6.1% y-y, mainly from corporate (25%) and commercial loans – floor plans (6%). Retail loans (67%) were relatively stable, dragged by the low-yield segment – auto hire purchase and housing loans. In contrast, in the high-yield segment, auto title loans (Somwang) continued to grow as guided, with an additional 195 branches opening in 2023 and an additional 400 staff increase during the same period.

Exhibit 1: TISCO – loan breakdown as of 4Q23



Sources: TISCO; FSSIA's compilation

Exhibit 2: TISCO – branches as of 4Q23



Source: TISCO

(+) Operating expenses were THB2.35b in 4Q23, slightly lower than expected, with the cost-to-income ratio remaining stable q-q at 48.8%. The 2023 cost-to-income ratio was 49.0%, compared to 46.9% in 2022, but still better than the 2023 guidance of c50%. Key drags on operating expenses were personnel, IT, and premises expenses related to the new Somwang branch openings during the year.

(-) Asset quality deteriorated as expected, mainly due to increasing NPLs in the high-yield segment. Thanks to its aggressive NPL management by setting up a higher credit cost of 43bp in 4Q23, partly for the NPL write-offs, the NPL ratio narrowed to 2.22% (we expected 2.31%, but it was still in line with TISCO's guidance of lower than 2.50%) and the coverage ratio decreased to 190% from 206% in 3Q23 (we expected 192%). In addition, stage 2 loans (8% of total) fell significantly by 10.4% q-q and 10.0% y-y. TISCO claimed that it was from the impact of reclassification regarding the loosening of a significant increase in credit risk (SICR) policy of c1% of total loans.

Exhibit 3: TISCO – 4Q23 results summary

	4Q22	1Q23	2Q23	3Q23	4Q23	---- Change ----		2022	2023	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)
Net interest income	3,344	3,287	3,420	3,557	3,565	0.2	6.6	12,734	13,829	8.6
Non-interest income	1,518	1,384	1,324	1,250	1,260	0.8	(17.0)	5,571	5,217	(6.4)
Fee income - net	1,352	1,266	1,152	1,198	1,251	4.5	(7.4)	5,046	4,867	(3.5)
Total operating income	4,862	4,671	4,743	4,807	4,825	0.4	(0.8)	18,305	19,046	4.0
Total operating expenses	2,233	2,282	2,378	2,329	2,353	1.0	5.4	8,591	9,340	8.7
PPOP before tax	2,630	2,389	2,366	2,478	2,473	(0.2)	(6.0)	9,714	9,705	(0.1)
Expected credit loss	379	155	63	147	248	69.4	(34.4)	723	613	(15.1)
Net profit	1,807	1,793	1,854	1,874	1,782	(5.0)	(1.4)	7,225	7,303	1.1
EPS (THB)	2.26	2.24	2.32	2.34	2.23	(5.0)	(1.4)	9.02	9.12	1.1
Asset quality ratio	(%)	(%)	(%)	(%)	(%)	(q-q%)	(y-y%)	(%)	(%)	
Gross NPLs (THB m)	4,577	4,694	5,065	5,213	5,223	0.2	14.1	4,577	5,223	
Change (% from prior period)	3.0	2.6	7.9	2.9	3.1			(7.7)	14.1	
NPL ratios (%) - reported	2.09	2.13	2.20	2.25	2.22			2.09	2.22	
NPL ratio (%)	2.09	2.13	2.20	2.25	2.22			2.09	2.22	
Coverage ratio (%) - reported	259	248	224	206	190			259	190	
Coverage ratio (%)	259	248	224	206	190			259	190	
Credit cost (bp)	70.1	28.3	11.2	25.4	42.6			34.3	27.0	
Profitability ratio	(%)	(%)	(%)	(%)	(%)			(%)	(%)	
Cost to income ratio	45.9	48.9	50.1	48.4	48.8			46.9	49.0	
Average yield (%)	6.10	6.15	6.44	6.82	6.89			5.86	6.51	
Cost of funds (%)	1.23	1.60	1.80	2.02	2.24			1.09	1.89	
NIM (%) - reported	5.09	4.98	5.02	5.14	5.04			5.09	5.04	
NIM (%)	5.13	4.89	5.01	5.20	5.07			5.00	4.99	
Non-int inc/total income (%)	31.2	29.6	27.9	26.0	26.1			30.4	27.4	
Liquidity ratio	(%)	(%)	(%)	(%)	(%)			(%)	(%)	
Loan/deposit	116.3	111.9	115.6	115.4	112.5			116.3	112.5	
Loan/deposit & borrowing (LDBR)	107.3	106.0	108.0	109.1	103.9			107.3	103.9	
Capital adequacy ratio	(%)	(%)	(%)	(%)	(%)			(%)	(%)	
CAR	20.6	20.6	20.2	19.9	19.5			20.6	19.5	
CET 1/ Risk assets	17.2	17.2	16.9	16.6	16.3			17.2	16.3	
Tier 2 / Risk assets	3.5	3.5	3.3	3.3	3.2			3.5	3.2	
Loan growth	(%)	(%)	(%)	(%)	(%)			(%)	(%)	
q-q	2.7	0.5	4.7	0.6	1.3					
y-y	7.9	8.1	13.4	8.7	7.2			7.9	7.2	
Year-to-date	7.9	0.5	5.2	5.8	7.2					

Sources: TISCO; FSSIA's compilation

Exhibit 4: Staged loans and ECL, 2021-23

	2021 (THB b)	2022 (THB b)	2023 (THB b)	2021 (%)	2022 (%)	2023 (%)
Staged loans			% Staged loans			
Stage 1	175,837	192,339	209,709	86.64	87.82	89.31
Stage 2	22,155	22,088	19,884	10.92	10.09	8.47
Stage 3	4,957	4,577	5,223	2.44	2.09	2.22
Total	202,950	219,004	234,815	100.00	100.00	100.00
Allowance for ECL			% ECL to staged loans			
Stage 1	6,703	6,992	n/a	3.81	3.64	n/a
Stage 2	3,319	3,070	n/a	14.98	13.90	n/a
Stage 3	1,720	1,786	n/a	34.70	39.03	n/a
Total	11,743	11,847	9,914	5.79	5.41	4.22
LLR / Loans			(%)			
Stage 1	3.81	3.64	n/a			
Stage 2	14.98	13.90	n/a			
Stage 3	34.70	39.03	n/a			
Total	5.79	5.41	4.22			
			(%)			
NPL / TL	2.44	2.09	2.22			
NPL vs. Stage 2 loans / TL	13.36	12.18	10.69			
LLR / NPL	236.88	258.87	189.82			
LLR / (NPL vs. Stage 2 loans)	43.31	44.43	39.49			

Sources: TISCO; FSSIA's compilation

Cloudy 2024 outlook with many headwinds

Regarding the 2024 guidance by management, we revise down our 2024-25E net profit by 14.6% and 18.6%, respectively, from previous due mainly to 1) NIM reduction from the rising cost of funds; 2) loan growth target cut to average growth of 6% p.a. (from 8% p.a.); 3) credit costs rising to 50-70bp (from c30bp); and 4) cost-to-income ratio jumping to c49-50% (from 47.5%). Hence, the 2024E net profit growth would turn to decrease by 7.8% y-y, with slight growth by 0.8% y-y and 0.4% y-y in 2025-26E, respectively.

Exhibit 5: 2024-25 earnings revisions

	Current		Previous		Change	
	2024E	2025E	2024E	2025E	2024E (%)	2025E (%)
Net profit (THB m)	6,732	6,785	7,881	8,340	(14.6)	(18.6)
EPS (THB)	8.41	8.47	9.84	10.42	(14.6)	(18.6)
Net profit growth (%)	(7.8)	0.8	5.6	5.8		
NIM (%)	4.69	4.73	4.90	4.91		
Loan growth (%)	6.0	6.0	8.0	8.0		
Fee growth (%)	2.3	2.0	1.0	1.0		
Non-NII growth (%)	4.8	2.2	1.3	1.3		
Credit cost (bp)	50.0	70.0	30.0	30.0		
Cost to income (%)	50.3	49.7	47.5	47.5		
NPL	2.41	2.49	2.21	2.29		

Source: FSSIA estimates

Exhibit 6: 2024 guidance – TISCO vs FSSIA estimates

	TISCO 2023 (%)	FSSIA 2024E (%)	TISCO 2024E (%)
Loan growth	7.22	6.00	n/a
NPL ratio (gross)	2.22	2.41	2.50-2.75
Net interest margin	4.99	4.69	Lower
Net fee income growth	-3.53	2.28	n/a
Cost to income	49.04	50.33	~49.00
Credit cost (bp)	27.04	50.00	~100.00

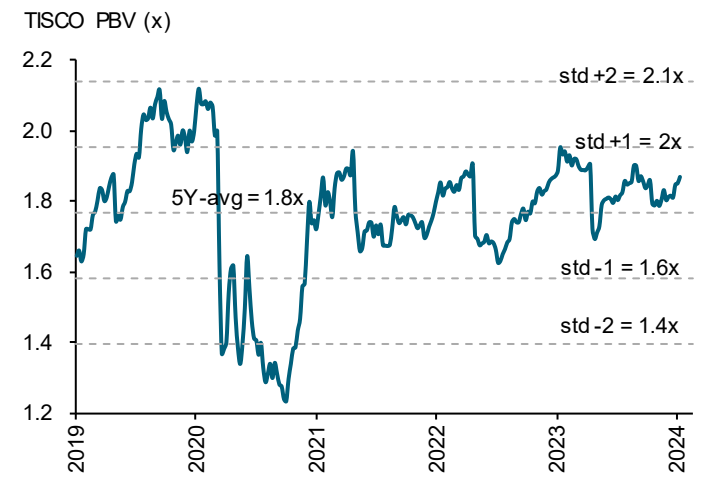
Sources: TISCO; FSSIA estimates

Exhibit 7: GGM-based 2024 TP

Gordon Growth Model	New	Old
Sustainable ROE	16%	18%
G (ROE*B)	1%	1%
ROE-G	15%	17%
Beta	0.80	0.85
Risk free rate	3%	3%
Risk premium	8%	8%
COE	9%	10%
COE-g	8%	9%
PBV (X)	1.79	1.90

Source: FSSIA estimates

Exhibit 9: TISCO – one-year prospective P/BV band



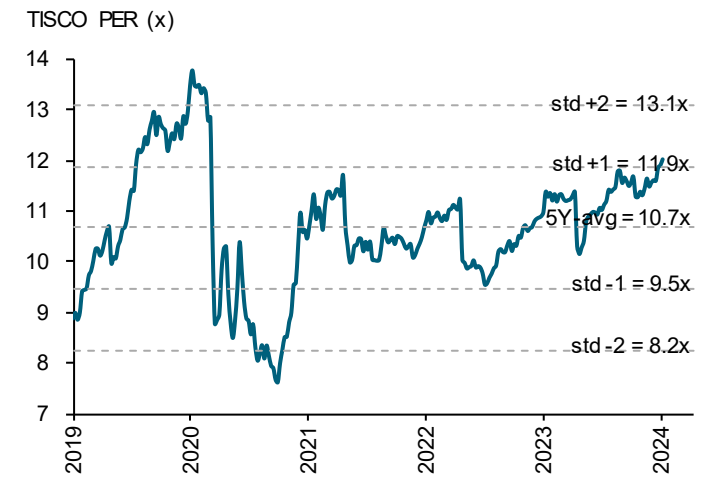
Sources: Bloomberg; FSSIA estimates

Exhibit 8: Share price performance of banks under our coverage, as of 12 January 2024

	Price performance				
	1M (%)	3M (%)	6M (%)	1Y (%)	YTD (%)
BBL TB	(0.99)	(11.21)	(4.75)	(3.83)	(3.83)
KBANK TB	1.15	3.53	(0.38)	(14.84)	(2.22)
KKP TB	(0.51)	(8.80)	(17.92)	(33.22)	(1.99)
KTB TB	(0.54)	(6.12)	(6.12)	3.95	0.00
SCB TB	3.47	0.48	(3.69)	(6.28)	(1.42)
TISCO TB	3.06	1.00	3.86	(2.42)	1.25
TTB TB	2.53	(5.26)	3.85	14.89	(2.99)
SETBANK	1.36	(4.23)	(4.16)	(6.17)	(1.72)
SET	1.25	(2.92)	(7.22)	(16.25)	(0.53)

Source: Bloomberg

Exhibit 10: TISCO – one-year prospective PER band



Sources: Bloomberg; FSSIA estimates

Exhibit 11: Regional bank peers comparison, as of 12 January 2024

Company name	BBG code	Share price (LCY)	Target price (LCY)	Upside (%)	Market Cap. (USD b)	----- PE -----		----- PBV ----		----- ROE ----		-- Div yld --	
						23E (x)	24E (x)	23E (x)	24E (x)	23E (%)	24E (%)	23E (x)	24E (x)
Thailand													
Bangkok Bank	BBL TB	150.00	198.00	32	8,165.4	6.6	6.2	0.5	0.5	8.3	8.3	4.5	4.7
Kasikornbank	KBANK TB	132.50	160.00	21	8,952.7	7.9	7.1	0.6	0.6	7.9	8.2	3.6	4.0
Krung Thai Bank	KTB TB	18.40	23.10	26	7,333.6	6.8	6.4	0.6	0.6	9.7	9.6	4.3	4.5
SCB X	SCB TB	105.00	121.00	15	10,082.3	8.6	7.9	0.7	0.7	8.7	9.1	6.9	7.1
TMBThanachart Bank	TTB TB	1.63	1.79	10	4,502.7	8.8	8.9	0.7	0.7	8.0	7.6	5.7	5.6
Kiatnakin Bank	KKP TB	49.25	55.00	12	1,189.3	7.0	6.2	0.7	0.6	10.0	10.7	6.6	6.3
Tisco Financial Group	TISCO TB	101.00	97.00	6	2,306.0	11.1	12.0	1.9	1.9	17.1	15.7	7.9	7.9
Thailand weighted average					6,076	8.1	7.8	0.8	0.8	10.0	9.9	5.6	5.7
Hong Kong													
Industrial & Comm Bank of China	1398 HK	3.70	n/a	n/a	223,749.0	3.4	3.4	0.4	0.3	10.7	10.4	9.1	9.3
China Construction Bank	939 HK	4.53	n/a	n/a	148,042.8	3.2	3.0	0.3	0.3	11.5	11.1	9.5	9.8
HSBC Holdings	5 HK	60.95	n/a	n/a	149,591.0	6.0	5.9	0.9	0.8	15.8	15.5	8.4	10.2
Bank of China	3988 HK	2.93	n/a	n/a	150,338.8	3.6	3.5	0.4	0.3	10.2	9.9	8.7	9.0
Hong Kong average					167,930	4.1	4.0	0.5	0.5	12.0	11.7	8.9	9.6
China													
Industrial & Comm Bank of China	601398 CH	4.86	n/a	n/a	223,748.9	4.9	4.7	0.5	0.5	10.6	10.2	6.4	6.6
Agricultural Bank of China	601288 CH	3.71	n/a	n/a	176,767.5	5.1	4.8	0.5	0.5	11.1	10.7	6.2	6.4
China Construction Bank	601939 CH	6.58	n/a	n/a	148,042.7	5.0	4.8	0.6	0.5	11.6	11.1	6.0	6.3
Bank of China	601988 CH	4.05	n/a	n/a	150,338.7	5.5	5.3	0.5	0.5	10.4	10.1	5.7	6.0
China average					174,724	5.1	4.9	0.5	0.5	10.9	10.5	6.1	6.3
South Korea													
KB Financial Group	105560 KS	51,600	n/a	n/a	15,764.7	4.1	3.8	0.4	0.3	9.7	9.3	6.3	6.7
Shinhan Financial Group	055550 KS	37,200	n/a	n/a	14,442.3	4.2	4.1	0.4	0.3	9.3	8.9	5.7	6.2
Hana Financial Group	086790 KS	42,500	n/a	n/a	9,407.7	3.4	3.3	0.3	0.3	9.8	9.5	8.2	8.7
Industrial Bank of Korea	024110 KS	11,620	n/a	n/a	7,015.8	3.4	3.3	0.3	0.3	9.5	9.1	8.6	9.0
South Korea average					11,658	3.8	3.6	0.3	0.3	9.6	9.2	7.2	7.6
Indonesia													
Bank Central Asia	BBCA IJ	9,700	n/a	n/a	76,868.6	24.4	22.5	4.9	4.4	21.0	20.7	2.3	2.6
Bank Rakyat Indonesia Persero	BBRI IJ	5,850	n/a	n/a	56,995.4	15.0	13.2	2.8	2.6	19.0	20.1	4.9	5.6
Bank Mandiri Persero	BMRI IJ	6,575	n/a	n/a	39,148.9	11.8	10.8	2.4	2.1	21.2	21.0	4.1	5.2
Bank Negara Indonesia Persero	BBNI IJ	5,600	n/a	n/a	13,486.6	9.8	8.7	1.4	1.3	15.0	15.4	4.2	4.8
Bank Syariah Indonesia	BRIS IJ	1,980	n/a	n/a	5,752.8	16.6	14.0	2.3	2.1	15.3	15.9	0.8	1.1
Indonesia average					38,450	15.5	13.8	2.7	2.5	18.3	18.6	3.3	3.9
Malaysia													
Malayan Banking	MAY MK	9.06	n/a	n/a	23,440.8	11.7	11.3	1.2	1.2	10.5	10.6	6.6	6.8
Public Bank	PBK MK	4.30	n/a	n/a	18,135.8	12.4	11.8	1.6	1.5	13.0	12.8	4.2	4.4
CIMB Group Holdings	CIMB MK	5.92	n/a	n/a	13,712.8	9.3	8.7	0.9	0.9	10.4	10.4	5.9	6.3
Hong Leong Bank	HLBK MK	18.82	n/a	n/a	8,807.4	10.2	9.7	1.2	1.1	12.1	11.4	3.5	3.4
RHB Bank	RHBBANK MK	5.51	n/a	n/a	5,107.1	8.2	8.1	0.8	0.7	9.6	9.3	7.0	7.2
Malaysia average					13,841	10.4	9.9	1.1	1.1	11.1	10.9	5.4	5.6
Singapore													
DBS Group Holdings	DBS SP	32.61	n/a	n/a	63,173.9	8.3	8.5	1.4	1.3	17.5	16.2	6.3	6.9
Oversea-Chinese Banking	OCBC SP	12.88	n/a	n/a	43,608.9	8.2	8.1	1.0	1.0	13.2	12.6	6.4	6.7
United Overseas Bank	UOB SP	28.30	n/a	n/a	35,592.3	8.3	8.1	1.1	1.0	13.3	12.9	6.0	6.3
Singapore average					47,458	8.3	8.2	1.2	1.1	14.6	13.9	6.2	6.6
Regional average (excl. Thailand)					72,843	8.2	7.7	1.1	1.0	12.9	12.6	6.0	6.5
Total average (incl. Thailand)					52,842	8.3	7.8	1.1	1.0	12.3	12.1	6.0	6.4

Sources: Bloomberg; FSSIA estimates

Financial Statements

Tisco Financial

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Interest Income	14,904	18,037	19,182	20,414	21,617
Interest expense	(2,171)	(4,208)	(5,272)	(5,578)	(5,909)
Net interest income	12,734	13,829	13,910	14,837	15,709
Net fees & commission	5,046	4,867	4,978	5,078	5,281
Foreign exchange trading income	0	0	0	0	0
Securities trading income	89	(24)	96	96	96
Dividend income	73	90	94	99	104
Other income	363	284	298	314	330
Non interest income	5,571	5,217	5,467	5,587	5,811
Total income	18,305	19,046	19,377	20,424	21,520
Staff costs	(6,104)	(6,384)	(6,639)	(6,904)	(7,181)
Other operating costs	(2,487)	(2,957)	(3,113)	(3,244)	(3,380)
Operating costs	(8,591)	(9,340)	(9,752)	(10,148)	(10,561)
Pre provision operating profit	9,714	9,705	9,625	10,275	10,959
Expected credit loss	(723)	(613)	(1,209)	(1,795)	(2,446)
Other provisions	-	-	-	-	-
Operating profit	8,991	9,092	8,416	8,481	8,513
Recurring non operating income	0	0	0	0	0
Associates	-	-	-	-	-
Goodwill amortization	-	-	-	-	-
Non recurring items	0	0	0	0	0
Profit before tax	8,991	9,092	8,416	8,481	8,513
Tax	(1,766)	(1,789)	(1,683)	(1,696)	(1,703)
Profit after tax	7,225	7,303	6,732	6,785	6,811
Non-controlling interest	0	0	0	0	0
Preferred dividends	-	-	-	-	-
Other items	0	0	0	0	0
Reported net profit	7,225	7,303	6,732	6,785	6,811
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	7,225	7,303	6,732	6,785	6,811
Per share (THB)					
Recurring EPS *	9.02	9.12	8.41	8.47	8.51
Reported EPS	9.02	9.12	8.41	8.47	8.51
DPS	7.75	8.00	8.00	8.00	8.00
Growth					
Net interest income (%)	2.2	8.6	0.6	6.7	5.9
Non interest income (%)	(12.6)	(6.4)	4.8	2.2	4.0
Pre provision operating profit (%)	(8.0)	(0.1)	(0.8)	6.8	6.7
Operating profit (%)	5.9	1.1	(7.4)	0.8	0.4
Reported net profit (%)	6.5	1.1	(7.8)	0.8	0.4
Recurring EPS (%)	6.5	1.1	(7.8)	0.8	0.4
Reported EPS (%)	6.5	1.1	(7.8)	0.8	0.4
Income Breakdown					
Net interest income (%)	69.6	72.6	71.8	72.6	73.0
Net fees & commission (%)	27.6	25.6	25.7	24.9	24.5
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	0.5	(0.1)	0.5	0.5	0.4
Dividend income (%)	0.4	0.5	0.5	0.5	0.5
Other income (%)	2.0	1.5	1.5	1.5	1.5
Operating performance					
Gross interest yield (%)	5.86	6.51	6.46	6.51	6.52
Cost of funds (%)	1.09	1.89	2.19	2.19	2.19
Net interest spread (%)	4.77	4.62	4.27	4.32	4.33
Net interest margin (%)	5.0	5.0	4.7	4.7	4.7
Cost/income(%)	46.9	49.0	50.3	49.7	49.1
Cost/assets(%)	3.4	3.4	3.3	3.2	3.2
Effective tax rate (%)	19.6	19.7	20.0	20.0	20.0
Dividend payout on recurring profit (%)	85.9	87.7	95.1	94.4	94.0
ROE (%)	17.2	17.1	15.7	15.6	15.6
ROE - COE (%)	6.4	6.3	4.9	4.8	4.8
ROA (%)	2.8	2.6	2.3	2.1	2.0
RORWA (%)	4.0	3.8	3.3	3.2	6.2

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Tisco Financial; FSSIA estimates

Financial Statements

Tisco Financial

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Gross customer loans	219,004	234,815	248,904	263,838	279,669
Allowance for expected credit loss	(11,845)	(9,914)	(10,223)	(10,618)	(10,664)
interest in suspense	1,722	1,929	1,991	2,111	2,237
Net customer loans	208,881	226,830	240,672	255,331	271,242
Bank loans	40,272	48,490	50,429	52,446	54,544
Government securities	-	-	-	-	-
Trading securities	2,172	2,082	2,186	2,295	2,410
Investment securities	4,863	4,205	4,398	4,599	4,810
Cash & equivalents	1,005	918	1,430	1,256	1,187
Other interesting assets	-	-	-	-	-
Tangible fixed assets	2,786	3,179	3,338	3,505	3,680
Associates	-	-	-	-	-
Goodwill	100	79	79	79	79
Other intangible assets	-	-	-	-	-
Other assets	5,334	4,944	5,153	5,375	5,611
Total assets	265,414	290,726	307,685	324,886	343,563
Customer deposits	188,266	208,645	221,163	234,433	248,734
Bank deposits	6,195	8,506	8,932	9,378	9,847
Other interest bearing liabilities	15,757	17,286	17,805	18,695	19,630
Non interest bearing liabilities	12,405	13,840	16,507	18,773	21,364
Hybrid Capital	-	-	-	-	-
Total liabilities	222,623	248,277	264,407	281,279	299,574
Share capital	8,007	8,007	8,007	8,007	8,007
Reserves	34,782	34,440	35,268	35,597	35,978
Total equity	42,788	42,446	43,274	43,604	43,985
Non-controlling interest	3	3	3	4	4
Total liabilities & equity	265,414	290,726	307,685	324,886	343,563
Supplementary items					
Risk weighted assets (RWA)	188,747	195,658	208,580	218,786	0
Average interest earning assets	254,501	277,069	296,849	313,616	331,346
Average interest bearing liabilities	199,901	222,328	241,168	255,203	270,358
CET 1 capital	32,372	34,828	35,655	35,985	0
Total capital	38,920	41,241	42,068	42,398	0
Gross non performing loans (NPL)	4,577	5,223	6,000	6,580	6,950
Per share (THB)					
Book value per share	53.44	53.02	54.05	54.46	54.94
Tangible book value per share	53.32	52.92	53.95	54.36	54.84
Growth					
Gross customer loans	7.9	7.2	6.0	6.0	6.0
Average interest earning assets	(1.9)	8.9	7.1	5.6	5.7
Total asset (%)	8.9	9.5	5.8	5.6	5.7
Risk weighted assets (%)	8.1	3.7	6.6	4.9	nm
Customer deposits (%)	13.0	10.8	6.0	6.0	6.1
Leverage & capital measures					
Customer loan/deposits (%)	111.0	108.7	108.8	108.9	109.0
Equity/assets (%)	16.1	14.6	14.1	13.4	12.8
Tangible equity/assets (%)	16.1	14.6	14.0	13.4	12.8
RWA/assets (%)	71.1	67.3	67.8	67.3	-
CET 1 CAR (%)	17.2	17.8	17.1	16.4	-
Total CAR (%)	20.6	21.1	20.2	19.4	-
Asset Quality (FSSIA's calculation)					
Change in NPL (%)	(7.7)	14.1	14.9	9.7	5.6
NPL/gross loans (%)	2.1	2.2	2.4	2.5	2.5
Allowance for ECL/gross loans (%)	5.4	4.2	4.1	4.0	3.8
Allowance for ECL/NPL (%)	258.8	189.8	170.4	161.4	153.4
Valuation					
Recurring P/E (x) *	11.2	11.1	12.0	11.9	11.9
Recurring P/E @ target price (x) *	10.7	10.6	11.5	11.4	11.4
Reported P/E (x)	11.2	11.1	12.0	11.9	11.9
Dividend yield (%)	7.7	7.9	7.9	7.9	7.9
Price/book (x)	1.9	1.9	1.9	1.9	1.8
Price/tangible book (x)	1.9	1.9	1.9	1.9	1.8
Price/tangible book @ target price (x)	1.8	1.8	1.8	1.8	1.8

* 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 12: 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 13: 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](https://www.settrade.com); FSSIA's compilation

Exhibit 14: 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	No	No	No	No	No	No	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	No	No	No	No	No	No	No
Energy efficiency policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	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 15: 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	No	No	No	No	No	No	No
Waste reduction policy	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Hazardous waste	—	—	—	—	—	0	0	0
Total waste	—	—	—	—	—	—	—	—
Waste recycled	—	—	—	—	—	—	—	—
Waste sent to landfills	—	—	—	—	—	—	—	—
Environmental supply chain management	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Water policy	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Water consumption	—	—	—	—	—	29	29	30
Social								
Human rights policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Policy against child labor	No	No	No	No	No	No	No	No
Quality assurance and recall policy	No	No	No	No	No	No	No	No
Consumer data protection policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Equal opportunity policy	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Gender pay gap breakout	No	No	No	No	No	No	No	No
Pct women in workforce	62	63	63	64	64	65	65	65
Pct disabled in workforce	—	—	—	—	—	—	—	—
Business ethics policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Anti-bribery ethics policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Health and safety policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	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	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Fair remuneration policy	No	No	No	No	No	No	No	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	Yes	Yes	Yes	Yes	Yes	Yes	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	Yes	Yes	Yes	Yes	Yes	Yes	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	No	No	No	No	No	No	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	No	No	No	No	No	No	No
Size of audit committee	3	3	3	3	3	3	3	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	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 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 (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%).																			
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" 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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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" style="margin-left: auto; margin-right: auto;"> <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 101.00	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 150.00	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 132.50	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.
Krung Thai Bank	KTB TB	THB 18.40	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 105.00	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.
TMBThanachart Bank	TTB TB	THB 1.63	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) a faster-than-expected economic recovery; and 2) improved asset quality leading to lower credit costs.
Kiatnakin Bank	KKP TB	THB 49.25	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 Finasia Syrus Securities Public Company Limited.

All share prices are as at market close on 12-Jan-2024 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as (target price* - current price) / 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.