

15 JULY 2024

EQUITY RESEARCH - COMPANY REPORT

**TISCO FINANCIAL**

THAILAND / BANKING

**TISCO TB****FINANSIA**

FSS INTERNATIONAL INVESTMENT ADVISORY

FSSIA ESG rating

**HOLD**

UNCHANGED

TARGET PRICE	THB96.00
CLOSE	THB95.75
UP/DOWNSIDE	+0.3%
PRIOR TP	THB97.00
CHANGE IN TP	-1.0%
TP vs CONSENSUS	-4.7%

## Profit in line with deteriorated asset quality

- Despite an in-line 2Q24 net profit, the higher-than-expected NPLs and credit costs reflected the asset quality deterioration.
- We have minor adjustments to our 2024-26 net profit forecast to reflect the higher NIM and credit costs; 2024 TP lowered to THB96.
- We reiterate our HOLD call for its attractive dividend yield of c8%.

### Sluggish core business pressured 2Q24 profit

TISCO announced an in-line 2Q24 net profit that grew by 0.9% q-q but contracted by 5.7% y-y, amounting to THB1.75b. PPOP was THB2.59b, up 5.9% q-q and 9.3% y-y, supported by the non-NII, which grew better than expected. In addition to FVTPL investment gains, net fee income rose in line with expectations, mainly due to the rising IB fees from NEO's IPO (THB80m), which outweighed the increase of others. NII was sluggish following a loan contraction of 0.8% q-q; however, the growth contributors were from the high-yield segments, comprising used car and motorcycle hire purchases and title loans. In contrast to the low-yield segments, new car hire purchases and housing loans continued to contract owing to their unjustified risk-return. NIM increased q-q by 8bp to 4.85% due to the lower-than-expected cost of funds. The cost-to-income ratio decreased to 47.6%, aligning with the reduction of variable expenses. Overall, the 1H24 net profit dropped by 4.5% y-y, amounting to THB3.48b; accounting for 50% of our revised 2024 net profit forecast.

### Deteriorated asset quality with rising ECLs and NPLs

The asset quality continued to deteriorate in 2Q24, but worse than expected. The NPL ratio escalated to 2.44%, aligning with the bank's 2024 guidance of 2.50-2.75%. Consequently, credit costs jumped to 70bp, exceeding the bank's 2024 target of below 50bp, to tackle the rising NPLs from most retail segments, dropping the coverage ratio to 163% from 178% in 1Q24.

### Minor revisions of 2024-26 profit

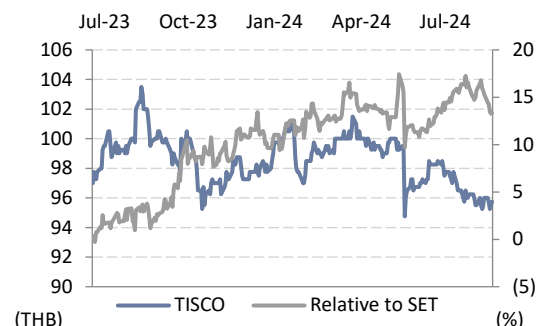
We have made minor revisions to our 2024-26E profit with a projected 5.0% y-y and 1.3% y-y decrease in 2024-25, but an increase of 3.4% y-y in 2026, to reflect the increase in 2024 credit cost guidance to 70bp from 50bp. In addition, we have lowered our loan growth assumption but raised our NIM forecast to factor in the lower-than-expected cost of funds.

### Reiterate our HOLD call; 2024 TP cut to THB96

We trim our GGM-based 2024 TP to THB96 (from THB97), implying a P/BV of 1.77x (from 1.79x) under the L-T ROE of 15.9% (from 16.0%) and COE of 9.4%. We retain our HOLD call with 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	9,090	8,669	8,558	8,851
Net profit	7,302	6,935	6,846	7,081
EPS (THB)	9.12	8.66	8.55	8.84
vs Consensus (%)	-	(0.2)	(3.4)	(5.1)
Recurring net profit	7,302	6,935	6,846	7,081
Core EPS (THB)	9.12	8.66	8.55	8.84
Chg. In EPS est. (%)	-	3.0	0.9	4.0
EPS growth (%)	1.1	(5.0)	(1.3)	3.4
Core P/E (x)	10.5	11.1	11.2	10.8
Dividend yield (%)	8.1	8.1	8.1	8.4
Price/book (x)	1.8	1.8	1.7	1.7
ROE (%)	17.1	16.1	15.6	15.9
ROA (%)	2.6	2.4	2.3	2.3



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(0.8)	(4.3)	(0.3)
Relative to country (%)	(1.9)	0.4	11.7
Mkt cap (USD m)	2,119		
3m avg. daily turnover (USD m)	11.3		
Free float (%)	80		
Major shareholder	Thai NVDR (11%)		
12m high/low (THB)	103.50/94.00		
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 maintain our unfavorable view on TISCO's business, with the high-yield segment remaining its critical growth driver in 2H24, but more stringent credit policy as follows:

- Its tighter lending, especially in high-yield segments, would help slow loan deterioration, but it may pressure loan growth, yields, and NIM in 2024.
- Rising credit costs should be a key source of pressure on the 2024 net profit, given the lower-than-expected non-NII, particularly the FVTPL investment gains.
- Fee income pressures following the sluggish growth in the core business, particularly auto hire purchases should continue in 2024-25.
- TISCO is fully valued, trading close to its 5-year average P/BV of 1.79x, and offers no upside to our revised 2024 GGM-based TP of THB96. Despite that, we view TISCO as a dividend stock from its attractive dividend yield of c8% p.a.

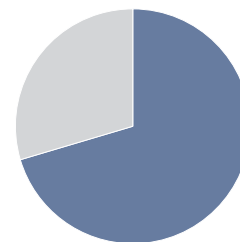
## Company profile

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](http://www.tisco.co.th)

## Principal activities (revenue, 1H24)

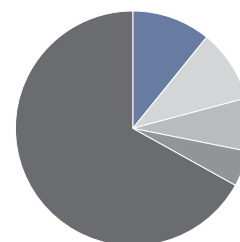
- Net interest income - 70.4 %
- Non-interest income - 29.6 %



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
Oct 2024	3Q24 results announcement

## Key assumptions

	2024E	2025E	2026E
Net profit (THB m)	6,935	6,846	7,081
EPS (THB)	8.66	8.55	8.84
Net profit growth (%)	(5.0)	(1.3)	3.4
ROE (%)	16.1	15.6	15.9
NIM (%)	4.82	4.84	4.87
Loan growth (%)	2.0	3.0	5.0
Fee growth (%)	(2.2)	2.0	4.0
Non-NII growth (%)	4.6	2.1	0.3
Credit cost (bp)	70.0	100.0	100.0
Cost to income (%)	47.1	45.1	45.1

Source: FSSIA estimates

## Earnings sensitivity

			2024E	
<b>Loan growth</b>	<b>±2ppt</b>	<b>0.0</b>	<b>2.0</b>	<b>4.0</b>
% change in net profit		(2.0)	-	2.0
<b>NIM (%)</b>	<b>±5bp</b>	<b>4.77</b>	<b>4.82</b>	<b>4.87</b>
% change in net profit		(1.9)	-	1.9
<b>Credit cost (bp)</b>	<b>±10bp</b>	<b>60</b>	<b>70</b>	<b>80</b>
% change in net profit		2.7	-	(2.7)

Source: FSSIA estimates

## Key takeaways from the 2Q24 analyst meeting

The focus of the 2Q24 analyst meeting was on 1) pressures on the core business and the strategy to manage them; and 2) the asset quality trend, as summarized below:

**1) Pressures on its core business** - TISCO admitted that the overall business in 2Q24 was similar to 1Q24 when most businesses slowed down, mainly hire purchases. The industry's new car sales dropped significantly by 23.8% y-y in 5M24, which aligned with TISCO's expectations and thus shrunk its hire purchase loans. Meanwhile, the high-yield segment, which it is attempting to accelerate, turned weaker than expected following its stringent credit quality measures.

Thanks to the lower-than-anticipated cost of funds, which was able to offset the loan impacts and alleviate the NII, the repricing interest rate impacts might linger for another quarter and stabilize in 2H24 at c2.50%. The situation is better than TISCO's expectation for the cost of funds to approach 3.00% in 2025. For non-NII, the unfavorable hire purchases and market situation forced most related fees – bancassurance, brokerages, and asset management – to wither. In addition, the lower cost-to-income ratio (CIR) reflected the cost control efficiency, in terms of personal and variable expenses. TISCO also guides that the expected CIR would be managed down to 45% in 2025 from 48-49% in 2024 (our expectation is 47.1%).

TISCO considers that its business trend might turn around and banks might return to accelerating loan growth depending on 1) signs of better debt collection; and 2) market interest rates revert to a downtrend.

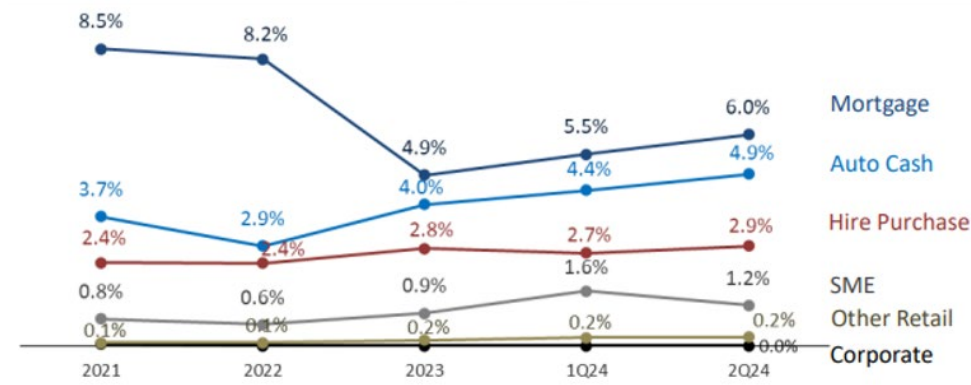
### Exhibit 1: TISCO – Loan growth by segment

	2018	2019	2020	2021	2022	2023	1H24
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)
HP	139,785	137,990	127,110	112,401	110,264	106,852	103,050
% y-y		-1.3%	-7.9%	-11.6%	-1.9%	-3.1%	-5.3%
Auto title	17,581	35,660	33,889	31,674	36,348	41,720	42,446
% y-y		102.8%	-5.0%	-6.5%	14.8%	14.8%	8.0%
Housing	34,867	16,996	13,872	11,940	10,230	8,536	7,755
% y-y		-51.3%	-18.4%	-13.9%	-14.3%	-16.6%	-19.4%
Others	1,751	2,286	2,472	2,659	3,489	5,101	5,523
% y-y		30.5%	8.2%	7.6%	31.2%	46.2%	49.1%
Retail loans	193,984	192,932	177,343	158,673	160,331	162,209	158,774
% y-y		-0.5%	-8.1%	-10.5%	1.0%	1.2%	-1.8%
Corporate	31,805	36,694	37,434	35,802	44,369	58,964	59,855
% y-y		15.4%	2.0%	-4.4%	23.9%	32.9%	6.6%
Commercial	14,866	13,200	10,035	8,474	14,303	13,642	14,819
% y-y		-11.2%	-24.0%	-15.6%	68.8%	-4.6%	16.6%
Total loans	240,654	242,826	224,812	202,950	219,004	234,815	233,448
% y-y		0.9%	-7.4%	-9.7%	7.9%	7.2%	1.3%

Sources: TISCO; FSSIA's compilation

**2) Asset quality trend** - TISCO addressed the rising NPLs, particularly for title loans, which rose for three consecutive quarters following the bank's weaker-risk customer profile. However, the bank insisted on the justified risk-reward ratio of the high-yield segment compared to others, but with more credit quality control. Regarding the rising stage 2 loans to 8.44% from 8.25% as of 1Q24, TISCO explained that the issue arose from title loans, which is a typical characteristic of this group of customers, and the BoT's responsible lending rule, which delayed the relegation to stage 3 loans for almost two months. The bank also revised its 2024 credit cost guidance up to c70bp (from 50bp).

Exhibit 2: TISCO – NPLs by segment



Sources: TISCO

Exhibit 3: TISCO – 2Q24 operating summary

	2Q23	3Q23	4Q23	1Q24	2Q24	--- Change ---		1H23	1H24	Change	% of	2024E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)	24E	(THB m)	(y-y%)
Net interest income	3,420	3,557	3,565	3,395	3,387	(0.2)	(0.9)	6,707	6,783	1.1	48	14,067	1.7
Non-interest income	1,324	1,250	1,260	1,307	1,550	18.6	17.1	2,707	2,857	5.5	52	5,457	4.6
Fee income - net	1,152	1,198	1,251	1,168	1,232	5.4	7.0	2,418	2,400	(0.8)	50	4,759	(2.2)
Total operating income	4,743	4,807	4,825	4,703	4,937	5.0	4.1	9,414	9,640	2.4	49	19,524	2.5
Total operating expenses	2,378	2,329	2,353	2,263	2,353	4.0	(1.0)	4,659	4,615	(0.9)	50	9,195	(1.6)
PPOP before tax	2,366	2,478	2,473	2,440	2,585	5.9	9.3	4,755	5,025	5.7	49	10,329	6.4
Expected credit loss	63	147	250	279	409	46.4	547.8	218	688	214.8	41	1,660	169.8
Income tax	449	457	442	428	427	(0.2)	(4.8)	889	855	(3.9)	49	1,734	(3.1)
<b>Net profit</b>	<b>1,854</b>	<b>1,874</b>	<b>1,780</b>	<b>1,733</b>	<b>1,749</b>	<b>0.9</b>	<b>(5.7)</b>	<b>3,646</b>	<b>3,482</b>	<b>(4.5)</b>	<b>50</b>	<b>6,935</b>	<b>(5.0)</b>
EPS (THB)	2.32	2.34	2.22	2.16	2.18	0.9	(5.7)	4.55	4.35	(4.5)	50	8.66	(5.0)
<b>Asset quality ratio</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(q-q%)</b>	<b>(y-y%)</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(y-y%)</b>		<b>(%)</b>	
Gross NPLs (THB m)	5,065	5,213	5,223	5,341	5,697	6.7	12.5	5,065	5,697	12.5		6,300	
Change (% from prior period)	7.9	2.9	3.1	2.5	9.1			13.5	12.5			20.6	
NPL ratios (%) - reported	2.20	2.25	2.22	2.27	2.44			2.20	2.44				
NPL ratio (%)*	2.20	2.25	2.22	2.27	2.44			2.20	2.44			2.63	
Coverage ratio (%) - reported	224	206	190	178	163			224	163				
Coverage ratio (%)*	224	206	190	178	163			224	163			157	
Credit cost (bp)	11.2	25.4	42.9	47.5	69.8			20.1	59.3			70.0	
<b>Profitability ratio</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>			<b>(%)</b>	<b>(%)</b>			<b>(%)</b>	
Cost to income ratio	50.1	48.4	48.8	48.1	47.6			49.5	47.9			47.1	
Average yield (%)	6.44	6.82	6.89	6.71	6.80			6.58	6.90			6.86	
Cost of funds (%)	1.80	2.02	2.24	2.40	2.42			1.77	2.46			2.52	
NIM (%) - reported	5.02	5.14	5.04	4.76	4.88			N/A	N/A				
NIM (%)*	5.01	5.20	5.07	4.77	4.85			5.17	4.92			4.82	
Non-int inc/total income (%)	27.9	26.0	26.1	27.8	31.4			28.8	29.6			28.0	
<b>Loan growth</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>			<b>(%)</b>	<b>(%)</b>			<b>(%)</b>	
q-q	4.7	0.6	1.3	0.2	(0.8)								
y-y	13.4	8.7	7.2	6.9	1.3			13.4	1.3			2.0	
Year-to-date	5.2	5.8	7.2	0.2	(0.6)			5.2	(0.6)				

Sources: TISCO; FSSIA estimates

## Exhibit 4: TISCO – Staged loans and ECL

	2021 (THB b)	2022 (THB b)	2023 (THB b)	2Q24 (THB b)	2021 (%)	2022 (%)	2023 (%)	2Q24 (%)
Staged loans								
Stage 1	176	192	210	208	86.6	87.8	89.3	89.1
Stage 2	22	22	20	20	10.9	10.1	8.5	8.4
Stage 3	5	5	5	6	2.4	2.1	2.2	2.4
Total	203	219	235	233	100.0	100.0	100.0	100.0
Allowance for ECL								
Stage 1	7	7	5	-	3.8	3.6	2.5	-
Stage 2	3	3	3	-	15.0	13.9	14.1	-
Stage 3	2	2	2	-	34.7	39.0	36.7	-
Total	12	12	10	9	5.8	5.4	4.2	4.0
LLR/ Loans	(%)	(%)	(%)	(%)				
Stage 1	3.8	3.6	2.5	-				
Stage 2	15.0	13.9	14.1	-				
Stage 3	34.7	39.0	36.7	-				
Total	5.8	5.4	4.2	4.0				
	(%)	(%)	(%)	(%)				
NPL / TL	2.4	2.1	2.2	2.4				
NPL vs. Stage 2 loans / TL	13.4	12.2	10.7	10.9				
LLR / NPL	237	259	190	163				
LLR / (NPL vs. Stage 2)	43	44	39	37				

Sources: TISCO; FSSIA's compilation

## Exhibit 5: 2024-26E earnings revisions

	Current			Previous			Change		
	2024E	2025E	2026E	2024E	2025E	2026E	2024E (%)	2025E (%)	2026E (%)
Net profit (THB m)	6,935	6,846	7,081	6,732	6,785	6,811	3.0	0.9	4.0
EPS (THB)	8.66	8.55	8.84	8.41	8.47	8.51	3.0	0.9	4.0
Target price (THB)	96.00			97.00			(1.0)		
Net profit growth (%)	(5.0)	(1.3)	3.4	(7.8)	0.8	0.4			
ROE (%)	16.1	15.6	15.9	15.7	15.5	15.4			
NIM (%)	4.82	4.84	4.87	4.69	4.73	4.74			
Loan growth (%)	2.0	3.0	5.0	6.0	6.0	6.0			
Fee growth (%)	(2.2)	2.0	4.0	2.3	2.0	4.0			
Non-NII growth (%)	4.6	2.1	0.3	4.8	2.2	4.0			
Credit cost (bp)	70.0	100.0	100.0	50.0	70.0	90.0			
Cost to income (%)	47.1	45.1	45.1	50.3	49.7	49.1			
NPL ratio	2.63	2.72	2.82	2.41	2.49	2.49			

Source: FSSIA estimates

Exhibit 6: TISCO – GGM-based 2024 TP

Gordon growth model	New	Previous
Sustainable ROE	15.9%	16.0%
G (ROE*B)	1.0%	1.0%
ROE-G	14.9%	15.0%
Beta	0.8	0.8
Risk free rate	3.0%	3.0%
Risk premium	8.0%	8.0%
COE	9.4%	9.4%
COE-g	8.4%	8.4%
PBV (X)	1.77	1.79
Fair value	96.00	97.00

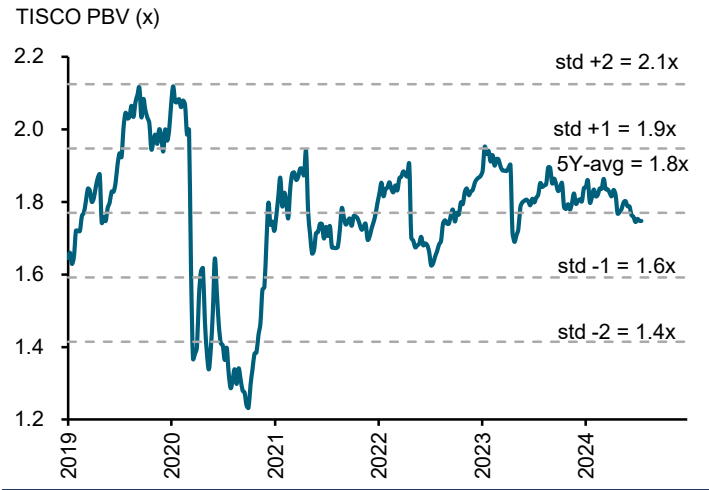
Source: FSSIA estimates

Exhibit 7: Share price performance of banks under coverage, as of 12 July 2024

	Price performance				
	1M	3M	6M	1Y	YTD
	(%)	(%)	(%)	(%)	(%)
BBL TB	0.4	(6.2)	(9.7)	(14.2)	(13.4)
KBANK TB	(1.5)	1.2	(2.7)	(3.4)	(5.2)
KKP TB	(2.6)	(11.8)	(4.6)	(22.1)	(7.0)
KTB TB	(1.1)	2.3	(5.4)	(10.7)	(4.9)
SCB TB	0.5	(7.8)	1.9	(1.8)	0.5
<b>TISCO TB</b>	<b>(0.8)</b>	<b>(4.3)</b>	<b>(4.7)</b>	<b>(1.5)</b>	<b>(4.0)</b>
TTB TB	7.7	(1.1)	12.4	16.0	8.4
<b>SETBANK</b>	<b>0.2</b>	<b>(4.8)</b>	<b>(3.9)</b>	<b>(8.2)</b>	<b>(5.8)</b>
<b>SET</b>	<b>2.0</b>	<b>(4.6)</b>	<b>(5.3)</b>	<b>(12.2)</b>	<b>(5.9)</b>

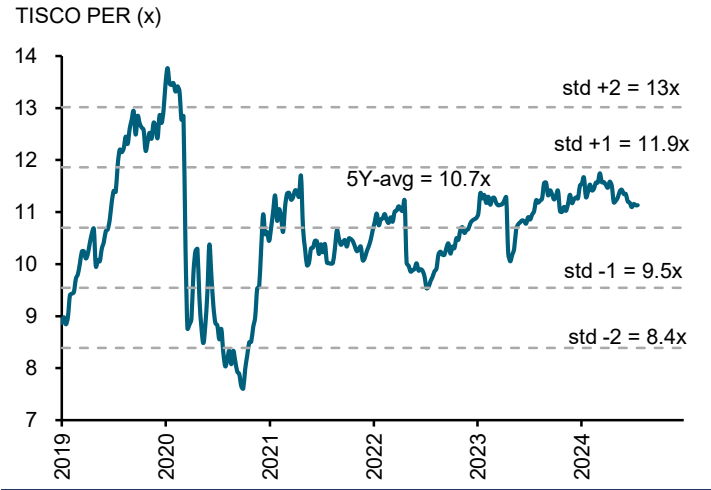
Source: Bloomberg

Exhibit 8: TISCO – one-year prospective P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 9: TISCO – one-year prospective PER band



Sources: Bloomberg; FSSIA estimates

## Exhibit 10: Peer regional banks comparison, as of 12 July 2024

Company name	BBG code	Share price (LCY)	Target price (LCY)	Upside (%)	Market Cap. (USD m)	PE		PBV		ROE		Div yld	
						24E (x)	25E (x)	24E (x)	25E (x)	24E (%)	25E (%)	24E (x)	25E (x)
Thailand													
Bangkok Bank	BBL TB	135.50	157.00	16	7,147	6.2	5.9	0.5	0.4	7.7	7.6	5.4	5.5
Kasikornbank	KBANK TB	128.00	140.00	9	8,381	7.4	6.9	0.5	0.5	7.7	8.0	5.1	5.5
Krung Thai Bank	KTB TB	17.50	19.90	14	6,759	6.5	6.3	0.6	0.5	9.1	8.8	5.1	5.3
SCB X	SCB TB	106.50	120.00	13	9,909	8.1	7.6	0.7	0.7	9.1	9.5	9.8	10.5
TMBThanachart Bank	TTB TB	1.81	2.24	24	4,866	9.0	8.5	0.7	0.7	8.4	8.5	6.1	6.5
Kiatnakin Bank	KKP TB	46.75	50.60	8	1,094	6.8	6.4	0.6	0.6	9.3	9.3	7.0	7.5
Tisco Financial Group	TISCO TB	95.75	96.00	0	2,119	11.1	11.2	1.8	1.7	16.1	15.6	8.1	8.1
Thailand weighted average					5,754	9.1	8.6	0.8	0.7	8.5	8.6	5.4	5.7
Hong Kong													
Industrial & Comm Bank of China	1398 HK	4.48	n/a	n/a	277,344	4.2	4.2	0.4	0.4	10.0	9.6	7.5	7.6
China Construction Bank	939 HK	5.66	n/a	n/a	182,410	4.0	3.8	0.4	0.4	10.7	10.2	7.7	7.9
HSBC Holdings	5 HK	67.90	n/a	n/a	160,218	6.6	7.1	0.9	0.9	15.1	12.0	9.3	7.3
Bank of China	3988 HK	3.59	n/a	n/a	178,007	4.4	4.3	0.4	0.4	9.4	9.1	7.3	7.4
Hong Kong average					199,495	4.8	4.9	0.5	0.5	11.3	10.2	7.9	7.5
China													
Industrial & Comm Bank of China	601398 CH	6.08	n/a	n/a	277,750	6.2	6.1	0.6	0.6	9.9	9.5	5.0	5.1
Agricultural Bank of China	601288 CH	4.60	n/a	n/a	219,747	6.4	6.1	0.6	0.6	10.2	9.9	5.0	5.1
China Construction Bank	601939 CH	7.37	n/a	n/a	182,677	5.7	5.6	0.6	0.6	10.7	10.3	5.3	5.4
Bank of China	601988 CH	4.77	n/a	n/a	178,268	6.4	6.3	0.6	0.5	9.3	8.9	4.9	5.0
China average					214,610	6.2	6.0	0.6	0.6	10.0	9.6	5.0	5.2
South Korea													
KB Financial Group	105560 KS	87,000	n/a	n/a	25,053	6.6	5.8	0.6	0.5	8.7	9.1	3.7	4.2
Shinhan Financial Group	055550 KS	52,400	n/a	n/a	19,146	5.6	5.2	0.5	0.5	8.8	8.8	4.2	4.5
Hana Financial Group	086790 KS	62,400	n/a	n/a	13,157	4.8	4.5	0.4	0.4	9.4	9.3	5.8	6.4
Industrial Bank of Korea	024110 KS	14,020	n/a	n/a	8,047	4.0	3.9	0.3	0.3	9.0	8.6	7.6	8.1
South Korea average					16,351	5.3	4.9	0.5	0.4	8.9	9.0	5.3	5.8
Indonesia													
Bank Central Asia	BBCA IJ	10,075	n/a	n/a	76,750	23.0	21.0	4.7	4.3	21.1	21.2	2.8	3.1
Bank Rakyat Indonesia Persero	BBRI IJ	4,900	n/a	n/a	45,650	11.8	10.7	2.2	2.1	19.3	20.3	6.7	7.1
Bank Mandiri Persero	BMRI IJ	6,425	n/a	n/a	36,952	10.6	9.6	2.1	1.9	20.5	20.8	5.6	5.9
Bank Negara Indonesia Persero	BBNI IJ	5,025	n/a	n/a	11,582	8.4	7.4	1.2	1.1	14.2	14.9	5.6	6.3
Bank Syariah Indonesia	BRIS IJ	2,510	n/a	n/a	7,105	17.1	14.3	2.6	2.2	16.0	16.6	0.9	1.3
Indonesia average					35,608	14.2	12.6	2.5	2.3	18.2	18.8	4.3	4.7
Malaysia													
Malayan Banking	MAY MK	10.04	n/a	n/a	25,994	12.3	11.7	1.3	1.2	10.3	10.6	6.2	6.5
Public Bank	PBK MK	4.11	n/a	n/a	17,083	11.5	10.9	1.4	1.3	12.4	12.2	4.9	5.2
CIMB Group Holdings	CIMB MK	7.13	n/a	n/a	16,380	10.1	9.4	1.1	1.0	10.8	10.9	5.6	6.0
Hong Leong Bank	HLBK MK	19.16	n/a	n/a	8,912	9.7	9.1	1.1	1.0	11.6	11.4	3.6	3.8
RHB Bank	RHBBANK MK	5.60	n/a	n/a	5,274	8.5	8.1	0.8	0.7	9.1	9.2	7.2	7.5
Malaysia average					14,729	10.4	9.8	1.1	1.1	10.8	10.9	5.5	5.8
Singapore													
DBS Group Holdings	DBS SP	37.93	n/a	n/a	80,239	10.1	10.3	1.6	1.6	16.6	15.6	5.9	6.3
Oversea-Chinese Banking	OCBC SP	15.28	n/a	n/a	51,317	9.3	9.3	1.2	1.1	13.3	12.6	5.6	5.7
United Overseas Bank	UOB SP	33.05	n/a	n/a	41,047	9.3	9.1	1.2	1.1	12.9	12.5	5.4	5.6
Singapore average					57,534	9.6	9.5	1.3	1.3	14.3	13.6	5.6	5.9
Regional average (excl. Thailand)					85,844	8.7	8.1	1.1	1.1	12.4	12.2	5.6	5.8
Total average (incl. Thailand)					68,325	8.5	8.0	1.1	1.0	11.8	11.6	5.8	6.0

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	20,007	20,796	21,702
Interest expense	(2,171)	(4,208)	(5,940)	(6,338)	(6,567)
Net interest income	12,734	13,829	14,067	14,458	15,135
Net fees & commission	5,046	4,867	4,759	4,854	5,048
Foreign exchange trading income	0	0	0	0	0
Securities trading income	89	(24)	306	306	106
Dividend income	73	90	94	99	104
Other income	363	284	298	314	330
Non interest income	5,571	5,217	5,457	5,573	5,588
Total income	18,305	19,046	19,524	20,030	20,723
Staff costs	(6,104)	(6,384)	(6,192)	(6,068)	(6,281)
Other operating costs	(2,487)	(2,957)	(3,003)	(2,973)	(3,063)
Operating costs	(8,591)	(9,340)	(9,195)	(9,041)	(9,344)
Pre provision operating profit	9,714	9,705	10,329	10,989	11,380
Expected credit loss	(723)	(615)	(1,660)	(2,431)	(2,529)
Other provisions	-	-	-	-	-
Operating profit	8,991	9,090	8,669	8,558	8,851
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	9,090	8,669	8,558	8,851
Tax	(1,766)	(1,788)	(1,734)	(1,712)	(1,770)
Profit after tax	7,225	7,302	6,935	6,846	7,081
Non-controlling interest	0	0	0	0	0
Preferred dividends	-	-	-	-	-
Other items	0	0	0	0	0
Reported net profit	7,225	7,302	6,935	6,846	7,081
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	7,225	7,302	6,935	6,846	7,081
<b>Per share (THB)</b>					
Recurring EPS *	9.02	9.12	8.66	8.55	8.84
Reported EPS	9.02	9.12	8.66	8.55	8.84
DPS	7.75	7.75	7.75	7.75	8.00
<b>Growth</b>					
Net interest income (%)	2.2	8.6	1.7	2.8	4.7
Non interest income (%)	(12.6)	(6.4)	4.6	2.1	0.3
Pre provision operating profit (%)	(8.0)	(0.1)	6.4	6.4	3.6
Operating profit (%)	5.9	1.1	(4.6)	(1.3)	3.4
Reported net profit (%)	6.5	1.1	(5.0)	(1.3)	3.4
Recurring EPS (%)	6.5	1.1	(5.0)	(1.3)	3.4
Reported EPS (%)	6.5	1.1	(5.0)	(1.3)	3.4
<b>Income Breakdown</b>					
Net interest income (%)	69.6	72.6	72.0	72.2	73.0
Net fees & commission (%)	27.6	25.6	24.4	24.2	24.4
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	0.5	(0.1)	1.6	1.5	0.5
Dividend income (%)	0.4	0.5	0.5	0.5	0.5
Other income (%)	2.0	1.5	1.5	1.6	1.6
<b>Operating performance</b>					
Gross interest yield (%)	5.86	6.51	6.86	6.96	6.99
Cost of funds (%)	1.09	1.89	2.52	2.64	2.64
Net interest spread (%)	4.77	4.62	4.34	4.32	4.35
Net interest margin (%)	5.0	5.0	4.8	4.8	4.9
Cost/income(%)	46.9	49.0	47.1	45.1	45.1
Cost/assets(%)	3.4	3.4	3.1	3.0	3.0
Effective tax rate (%)	19.6	19.7	20.0	20.0	20.0
Dividend payout on recurring profit (%)	85.9	85.0	89.5	90.6	90.5
ROE (%)	17.2	17.1	16.1	15.6	15.9
ROE - COE (%)	6.4	6.3	5.3	4.8	5.1
ROA (%)	2.8	2.6	2.4	2.3	2.3
RORWA (%)	4.0	3.8	3.4	3.2	3.2

\* 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	239,511	246,697	259,032
Allowance for expected credit loss	(11,845)	(9,916)	(9,876)	(10,107)	(11,036)
interest in suspense	1,722	1,929	1,916	1,974	2,072
<b>Net customer loans</b>	<b>208,881</b>	<b>226,828</b>	<b>231,551</b>	<b>238,563</b>	<b>250,068</b>
Bank loans	40,272	48,490	49,459	50,449	52,971
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	1,299	1,137	1,497
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
<b>Total assets</b>	<b>265,414</b>	<b>290,724</b>	<b>297,464</b>	<b>306,002</b>	<b>321,126</b>
Customer deposits	188,266	208,645	210,731	214,946	225,693
Bank deposits	6,195	8,506	8,932	9,378	9,566
Other interest bearing liabilities	15,757	17,286	17,805	18,695	19,630
Non interest bearing liabilities	12,405	13,839	16,507	18,772	21,363
Hybrid Capital	-	-	-	-	-
<b>Total liabilities</b>	<b>222,623</b>	<b>248,276</b>	<b>253,974</b>	<b>261,791</b>	<b>276,252</b>
Share capital	8,007	8,007	8,007	8,007	8,007
Reserves	34,782	34,438	35,480	36,201	36,864
<b>Total equity</b>	<b>42,788</b>	<b>42,445</b>	<b>43,486</b>	<b>44,207</b>	<b>44,870</b>
Non-controlling interest	3	3	3	4	4
<b>Total liabilities &amp; equity</b>	<b>265,414</b>	<b>290,724</b>	<b>297,464</b>	<b>306,002</b>	<b>321,126</b>
<b>Supplementary items</b>					
Risk weighted assets (RWA)	188,747	195,650	209,632	221,898	225,322
Average interest earning assets	254,501	277,069	291,668	298,865	310,671
Average interest bearing liabilities	199,901	222,328	235,952	240,243	248,954
CET 1 capital	32,372	35,026	36,068	36,789	37,252
Total capital	38,920	41,239	42,281	43,001	43,665
Gross non performing loans (NPL)	4,577	5,223	6,300	6,700	7,300
<b>Per share (THB)</b>					
Book value per share	53.44	53.01	54.31	55.21	56.04
Tangible book value per share	53.32	52.91	54.22	55.12	55.94
<b>Growth</b>					
Gross customer loans	7.9	7.2	2.0	3.0	5.0
Average interest earning assets	(1.9)	8.9	5.3	2.5	4.0
Total asset (%)	8.9	9.5	2.3	2.9	4.9
Risk weighted assets (%)	8.1	3.7	7.1	5.9	1.5
Customer deposits (%)	13.0	10.8	1.0	2.0	5.0
<b>Leverage &amp; capital measures</b>					
Customer loan/deposits (%)	111.0	108.7	109.9	111.0	110.8
Equity/assets (%)	16.1	14.6	14.6	14.4	14.0
Tangible equity/assets (%)	16.1	14.6	14.6	14.4	13.9
RWA/assets (%)	71.1	67.3	70.5	72.5	70.2
CET 1 CAR (%)	17.2	17.9	17.2	16.6	16.5
Total CAR (%)	20.6	21.1	20.2	19.4	19.4
<b>Asset Quality (FSSIA's calculation)</b>					
Change in NPL (%)	(7.7)	14.1	20.6	6.3	9.0
NPL/gross loans (%)	2.1	2.2	2.6	2.7	2.8
Allowance for ECL/gross loans (%)	5.4	4.2	4.1	4.1	4.3
Allowance for ECL/NPL (%)	258.8	189.9	156.8	150.9	151.2
<b>Valuation</b>					
Recurring P/E (x) *	10.6	10.5	11.1	11.2	10.8
Recurring P/E @ target price (x) *	10.6	10.5	11.1	11.2	10.9
Reported P/E (x)	10.6	10.5	11.1	11.2	10.8
Dividend yield (%)	8.1	8.1	8.1	8.1	8.4
Price/book (x)	1.8	1.8	1.8	1.7	1.7
Price/tangible book (x)	1.8	1.8	1.8	1.7	1.7
Price/tangible book @ target price (x)	1.8	1.8	1.8	1.7	1.7

\* 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	<b>A mixed track record of managing the most significant ESG risks and opportunities relative to industry peers.</b>
★★★	>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](https://www.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
<b>ESG financial materiality scores - ESG score</b>	<b>2.48</b>	<b>2.46</b>	<b>3.70</b>	<b>3.73</b>	<b>3.72</b>	<b>3.69</b>	<b>3.78</b>	<b>3.57</b>
BESG environmental pillar score	0.00	0.00	0.00	0.00	0.00	0.08	0.08	0.08
BESG social pillar score	2.88	2.94	6.10	6.14	6.29	5.96	6.16	6.16
BESG governance pillar score	5.54	5.29	5.28	5.36	5.08	5.25	5.32	4.47
<b>ESG disclosure score</b>	<b>42.20</b>	<b>43.38</b>	<b>44.93</b>	<b>45.75</b>	<b>42.97</b>	<b>45.33</b>	<b>45.44</b>	<b>44.21</b>
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
<b>Environmental</b>								
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 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	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
<b>Social</b>								
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
<b>Governance</b>								
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
<b>Sustainability governance</b>								
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 <b>THSI inclusion</b> , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. <b>SETTHSI Index</b> is extended from the THSI companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.																				
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&amp;A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)</i>	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																				
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 Sustainability	The Sustainability's ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality &amp; peer reviews.</i>	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table><tr><th>NEGL</th><th>Low</th><th>Medium</th><th>High</th><th>Severe</th></tr><tr><td>0-10</td><td>10-20</td><td>20-30</td><td>30-40</td><td>40+</td></tr></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><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></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; &gt;25 to 50 = satisfactory; &gt;50 to 75 = good; and &gt;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

## GENERAL DISCLAIMER

### ANALYST(S) CERTIFICATION

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

The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

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Company	Ticker	Price	Rating	Valuation & Risks
Tisco Financial	TISCO TB	THB 95.75	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 135.50	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 128.00	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.
Kiatnakin Phatra Bank	KKP TB	THB 46.75	HOLD	Downside risks to our GGM-based target price include weakened asset quality and lower fee income. By contrast, upside risks include better capital market conditions, higher used car prices, and strengthened asset quality.
Krung Thai Bank	KTB TB	THB 17.50	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.
SCB X	SCB TB	THB 106.50	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 1.81	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand.

Source: FSSIA estimates

#### Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finansia Syrus Securities Public Company Limited.

All share prices are as at market close on 12-Jul-2024 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.