

16 OCTOBER 2024

EQUITY RESEARCH - COMPANY REPORT

**TISCO FINANCIAL**  
 THAILAND / BANKING

**TISCO TB**
**FINANSIA**  
 FSS INTERNATIONAL INVESTMENT ADVISORY

FSSIA ESG rating


**HOLD**

UNCHANGED

TARGET PRICE	THB98.00
CLOSE	THB96.75
UP/DOWNSIDE	+1.3%
PRIOR TP	THB98.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	-2.7%

## 3Q24 profit in line; manageable asset quality

- The 3Q24 net profit aligned with expectations. Despite the significant loan contraction, a reduction in ECL offset this.
- The overall asset quality remained weak, consistent with TISCO's 2024 guidance for the NPL ratio, credit costs, and coverage ratio.
- We reiterate our HOLD call for its attractive dividend yield of c8%.

### Sluggish core business resulted in a weak 3Q24 net profit

TISCO's 3Q24 net profit stood at THB1.71b, decreasing by 2.0% q-q and 8.6% y-y, aligning with our and the market's expectations. PPOP reached THB2.50b, down 3.5% q-q but remaining stable y-y. A relatively stable net interest income q-q led to the decline, while the NIM rose by 5bp as expected, reaching 4.90% in the quarter. The loan yield rose partly due to the continued contraction of the loan base, while the cost of funds increased slightly by just 2bps, positively impacting the NIM this quarter. Non-NII declined less than anticipated, mainly due to higher fee income from brokerage transactions, boosted by improved market conditions. However, fee income from IB fell as expected (due to the NEO deal recorded in 2Q24, which did not occur this quarter). Operating expenses declined as expected, mainly due to a reduction in variable costs, with the cost-to-income ratio remaining stable at 47.9% in 3Q24.

### Asset quality remains a concern but is manageable

The NPL ratio remained stable q-q at 2.44% in 3Q24, within the 2.50-2.75% guidance. Changes mainly came from the retail loan segment, with the NPL ratio for auto hire purchase and housing loans decreasing, except for title loans, which increased. SME loans declined, while corporate loans had no NPLs. The proportion of stage 2 loans decreased to 8.26% from 8.77% at the end of 2Q24. Credit costs decreased as expected, reaching 61.9bp from 69.8bp in 2Q24, corresponding with the non-NII decline to minimize this quarter's net profit impact. The NPL coverage ratio also fell as expected, landing at 159% from 163% in 2Q24.

### Still lacking growth catalysts

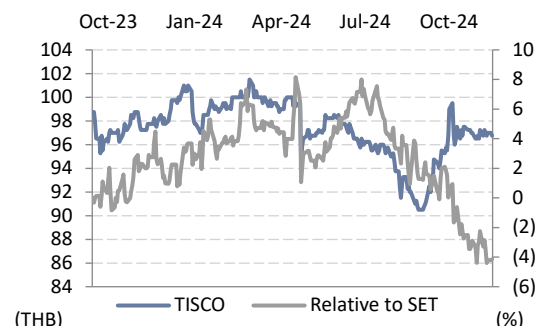
Our 2024-26 earnings forecast remains unchanged, with a projected 5.0% y-y decrease in 2024 net profit and a dip of 1.3% y-y in 2025 before a moderate recovery of 3.4% y-y in 2026. The primary factors contributing to this forecast are 1) a sluggish growth projection in the company's core portfolio – hire-purchase loans; 2) a low-teen fee income growth assumption; 3) a higher credit cost estimate; and 4) a slight decline projected in the cost-to-income ratio.

### Fully valued; reiterate our HOLD call for attractive dividend yield

We retain HOLD due to the limited upside at the current share price, just an attractive annual dividend yield of c8% p.a. Our GGM-based 2025 TP is THB98, implying a P/BV of 1.77x (L-T ROE 15.9% and COE 9.4%).

### 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 (%)	-	1.4	0.9	(0.1)
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. (%)	-	-	-	-
EPS growth (%)	1.1	(5.0)	(1.3)	3.4
Core P/E (x)	10.6	11.2	11.3	10.9
Dividend yield (%)	8.0	8.0	8.0	8.3
Price/book (x)	1.8	1.8	1.8	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)	1.8	(3.3)
Relative to country (%)	(3.5)	(7.4)	(4.2)
Mkt cap (USD m)	2,323		
3m avg. daily turnover (USD m)	11.9		
Free float (%)	80		
Major shareholder	Thai NVDR (11%)		
12m high/low (THB)	101.50/90.00		
Issued shares (m)	801		

Sources: Bloomberg consensus; FSSIA estimates


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## Investment thesis

We maintain our unfavorable view on TISCO's business, with the high-yield segment remaining its critical growth driver in 2H24, but a more stringent credit policy, as follows:

- Its tighter lending, especially in high-yield segments, should 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 2025 GGM-based TP of THB98. Despite that, we view TISCO as a dividend stock due to its attractive dividend yield of c8% p.a.

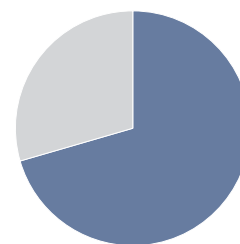
## Company profile

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, 9M24)

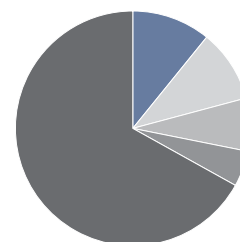
- Net interest income - 70.5 %
- Non-interest income - 29.5 %



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
Jan 2025	4Q24 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

Source: FSSIA estimates

## Earnings sensitivity

			2025E	
Loan growth	±2ppt	1.0	3.0	5.0
% change in net profit		(2.0)		2.0
NIM (%)	±5bp	4.79	4.84	4.89
% change in net profit		(1.8)		1.8
Credit cost (bp)	±10bp	90	100	110
% change in net profit		2.8		(2.8)

Source: FSSIA estimates

## Sluggish core business resulted in a weak 3Q24 net profit

TISCO's 3Q24 net profit stood at THB1.71b, decreasing by 2.0% q-q and 8.6% y-y, aligning with our and the market's expectations. PPOP reached THB2.50b, down 3.5% q-q but remaining stable y-y. Net interest income was relatively stable q-q, while the NIM rose by 5bp as expected, reaching 4.90% in the quarter. The loan yield rose partly due to the continued contraction of the loan base, while the cost of funds increased slightly by just 2bps, positively impacting the NIM this quarter. Non-NII declined less than anticipated, mainly due to higher fee income from brokerage transactions, boosted by improved market conditions. However, fee income from IB fell as expected (due to the NEO deal recorded in 2Q24, which did not occur this quarter).

Overall, loans in 3Q24 contracted by 1.5% q-q, 0.8% y-y, and 2.1% YTD, as expected. This remains significantly lower than TISCO's target range of 0-7% y-y (likely aligning with the lower end) and our estimate of 2.0% y-y. The decline in loans this quarter came from all segments: corporate loans (26%) decreased by 1.8% q-q but remained stable YTD; commercial loans – floor plan (6%) fell by 8.2% q-q but were stable YTD; and retail loans (69%) dropped by 0.8% q-q and 2.9% YTD, driven by auto hire purchase loans (44%) and housing loans (3%). However, the title loan segment (Somwang) (19%) showed growth, but at a much slower pace (up only 1.9% q-q and 3.6% YTD).

Operating expenses declined as expected, mainly due to a reduction in variable costs, with the cost-to-income ratio remaining stable at 47.9% in 3Q24. For 9M24, the cost-to-income ratio stood at 47.9%, aligning with TISCO's 2024 guidance of 48-49%, though slightly higher than our forecast of 47.1%.

Overall, the 9M24 net profit stood at THB5.20b, a decrease of 5.9% y-y, accounting for 75% of our full-year 2024 net profit estimate.

## Exhibit 1: TISCO – 3Q24 operations summary

	3Q23	4Q23	1Q24	2Q24	3Q24	----- Change -----		9M24	Change	%of	2024E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(y-y%)	24E	(THB m)	(y-y%)
Net interest income	3,557	3,565	3,395	3,387	3,385	(0.1)	(4.8)	10,168	(0.9)	72	14,067	1.7
Non-interest income	1,250	1,260	1,307	1,550	1,402	(9.5)	12.2	4,259	7.6	78	5,457	4.6
Fee income - net	1,198	1,251	1,168	1,232	1,261	2.4	5.3	3,661	1.2	77	4,759	(2.2)
Total operating income	4,807	4,825	4,703	4,937	4,788	(3.0)	(0.4)	14,428	1.5	74	19,524	2.5
Total operating expenses	2,329	2,353	2,263	2,353	2,292	(2.6)	(1.6)	6,908	(1.1)	75	9,195	(1.6)
PPOP before tax	2,478	2,473	2,440	2,585	2,495	(3.5)	0.7	7,520	4.0	73	10,329	6.4
Expected credit loss	147	250	279	409	359	(12.2)	144.7	1,046	186.6	63	1,660	169.8
Income tax	457	442	428	427	423	(0.9)	(7.4)	1,278	(5.1)	74	1,734	(3.1)
<b>Net profit</b>	<b>1,874</b>	<b>1,780</b>	<b>1,733</b>	<b>1,749</b>	<b>1,713</b>	<b>(2.0)</b>	<b>(8.6)</b>	<b>5,195</b>	<b>(5.9)</b>	<b>75</b>	<b>6,935</b>	<b>(5.0)</b>
EPS (THB)	2.34	2.22	2.16	2.18	2.14	(2.0)	(8.6)	6.49	(5.9)	75	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>(%)</b>	<b>(y-y%)</b>		<b>(%)</b>	
Gross NPLs (THB m)	5,213	5,223	5,341	5,697	5,618	(1.4)	7.8	5,618	7.8		6,300	
Change (% from prior period)	2.9	3.1	2.5	9.1	5.2			7.8			20.6	
NPL ratios (%) - reported	2.25	2.22	2.27	2.44	2.44			2.44				
NPL ratio (%)	2.25	2.22	2.27	2.44	2.44			2.44			2.63	
Coverage ratio (%) - reported	206	190	178	163	159			159				
Coverage ratio (%)	206	190	178	163	159			159			157	
Credit cost (bp)	25.4	42.9	47.5	69.8	61.9			60.4			70.0	
<b>Profitability ratio</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>			<b>(%)</b>			<b>(%)</b>	
Cost-to-income ratio	48.4	48.8	48.1	47.6	47.9			47.9			47.1	
Average yield (%)	6.82	6.89	6.71	6.80	6.88			6.95			6.86	
Cost of funds (%)	2.02	2.24	2.40	2.42	2.44			2.48			2.52	
NIM (%) - reported	5.14	5.04	4.76	4.88	4.88							
NIM (%)	5.20	5.07	4.77	4.85	4.90			4.95			4.82	
Non-int inc / total income (%)	26.0	26.1	27.8	31.4	29.3			29.5			28.0	
<b>Loan growth</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>			<b>(%)</b>			<b>(%)</b>	
q-q	0.6	1.3	0.2	(0.8)	(1.5)							
y-y	8.7	7.2	6.9	1.3	(0.8)			(0.8)			2.0	
Year-to-date	5.8	7.2	0.2	(0.6)	(2.1)			(2.1)				

Sources: TISCO; FSSIA estimates

## Exhibit 2: TISCO – Loan growth by segment

	2018	2019	2020	2021	2022	2023	9M24
HP	139,785	137,990	127,110	112,401	110,264	106,852	101,156
% y-y		-1.3%	-7.9%	-11.6%	-1.9%	-3.1%	-6.2%
Auto title	17,581	35,660	33,889	31,674	36,348	41,720	43,233
% y-y		102.8%	-5.0%	-6.5%	14.8%	14.8%	6.9%
Housing	34,867	16,996	13,872	11,940	10,230	8,536	7,461
% y-y		-51.3%	-18.4%	-13.9%	-14.3%	-16.6%	-20.1%
Others	1,751	2,286	2,472	2,659	3,489	5,101	5,696
% y-y		30.5%	8.2%	7.6%	31.2%	46.2%	41.8%
Retail loans	193,984	192,932	177,343	158,673	160,331	162,209	157,546
% y-y		-0.5%	-8.1%	-10.5%	1.0%	1.2%	-2.5%
Corporate	31,805	36,694	37,434	35,802	44,369	58,964	58,800
% y-y		15.4%	2.0%	-4.4%	23.9%	32.9%	2.1%
Commercial	14,866	13,200	10,035	8,474	14,303	13,642	13,602
% y-y		-11.2%	-24.0%	-15.6%	68.8%	-4.6%	8.2%
Total loans	240,654	242,826	224,812	202,950	219,004	234,815	229,948
% y-y		0.9%	-7.4%	-9.7%	7.9%	7.2%	-0.8%

Sources: TISCO; FSSIA's compilation

## Asset quality remains a concern but is manageable

The NPL ratio remained stable q-q at 2.44% in 3Q24, within the 2.50-2.75% guidance. Changes mainly came from the retail loan segment, with the NPL ratio for auto hire purchase and housing loans decreasing, except for title loans, which increased. SME loans declined, while corporate loans had no NPLs. The proportion of stage 2 loans in 3Q24 decreased to 8.26% from 8.77% at the end of 2Q24.

Credit costs decreased as expected, reaching 61.9bp from 69.8bp in 2Q24, corresponding with the non-NII decline to minimize this quarter's net profit impact. The NPL coverage ratio also fell as expected, landing at 159% from 163% in 2Q24.

Overall, the 9M24 credit costs stood at 60.4bp, exceeding the 2024 guidance of 50bp but remaining below our 2024 assumption of 70bps. Information from the analyst meeting suggests that the full-year 2024 target for credit costs is likely to be 60bps due to 1) the trend of credit costs moving towards a normalized level of 100bps in 2025; and 2) an increase in LGD from rising losses on repossessed vehicles.

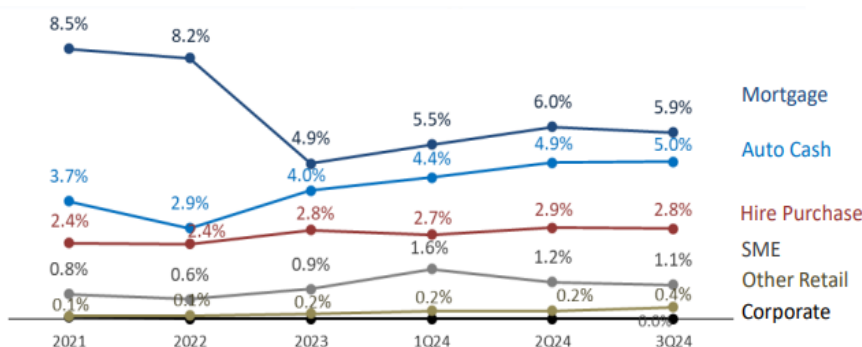
The NPL coverage ratio also fell as expected, landing at 159% in 3Q24 from 163% in 2Q24. TISCO also guides for an optimal ratio of 140% within the next 6-12 months with a c100bp normalized credit cost in 2025.

### Exhibit 3: TISCO – Staged loans and ECL

	2021 (THB b)	2022 (THB b)	2023 (THB b)	3Q24 (THB b)	2021 (%)	2022 (%)	2023 (%)	3Q24 (%)
<b>Staged loans</b>								
Stage 1	176	192	210	205	86.64	87.82	89.31	89.29
Stage 2	22	22	20	19	10.92	10.09	8.47	8.26
Stage 3	5	5	5	6	2.44	2.09	2.22	2.44
Total	203	219	235	230	100.00	100.00	100.00	100.00
<b>Allowance for ECL</b>								
Stage 1	7	7	5	n/a	3.8	3.6	2.5	n/a
Stage 2	3	3	3	n/a	15.0	13.9	14.1	n/a
Stage 3	2	2	2	n/a	34.7	39.0	36.7	n/a
Total	12	12	10	9	5.8	5.4	4.2	3.9
<b>LLR/ Loans</b>								
Stage 1	3.8	3.6	2.5	n/a				
Stage 2	15.0	13.9	14.1	n/a				
Stage 3	34.7	39.0	36.7	n/a				
Total	5.8	5.4	4.2	3.9				
<b>(%)</b>								
NPL / TL	2.4	2.1	2.2	2.4				
NPL vs Stage 2 loans / TL	13.4	12.2	10.7	10.7				
LLR / NPL	237	259	190	159				
LLR / (NPL vs Stage 2)	43	44	39	36				

Sources: TISCO; FSSIA's compilation

### Exhibit 4: TISCO – NPLs by segment



Source: TISCO

## 4Q24 net profit should improve; loan and fee income are the main catalysts

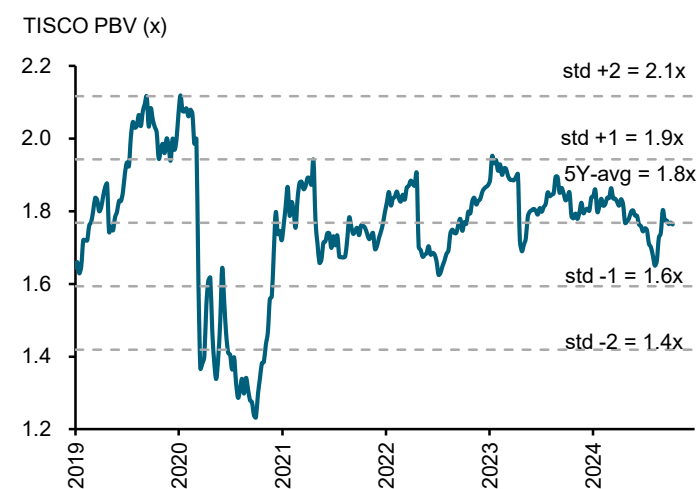
We expect 4Q24 net profit to improve, supported by a continued recovery in the overall capital market. Loan growth should continue its positive trend, as 4Q typically aligns with the motor show season. Corporate loans should grow following the continued drawdowns, while the NIM is likely to remain stable since the cost of funds appears to have peaked in 3Q24. Asset quality should repeat the same pattern, with a slight increase in the NPL ratio and credit costs.

### Exhibit 5: TISCO – 2025 GGM-based TP

Gordon Growth Model	New
Sustainable ROE	15.9%
G (ROE*B)	1.0%
ROE-G	14.9%
Beta	0.8
Risk free rate	3.0%
Risk premium	8.0%
COE	9.4%
COE-g	8.4%
<b>PBV (X)</b>	<b>1.77</b>
<b>Fair value</b>	<b>98.00</b>

Source: FSSIA estimates

### Exhibit 7: TISCO – one-year prospective P/BV band



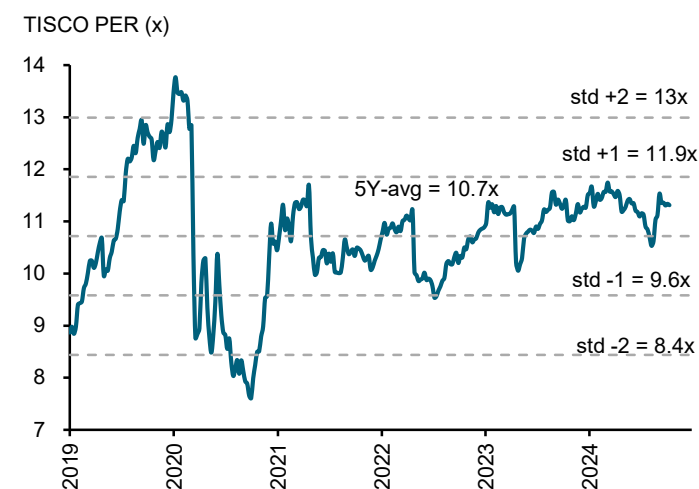
Sources: Bloomberg; FSSIA estimates

### Exhibit 6: Share price performance of banks under coverage, as of 15 October 2024

	Price performance				
	1M (%)	3M (%)	6M (%)	1Y (%)	YTD (%)
BBL TB	(0.6)	15.0	8.7	(6.0)	0.3
KBANK TB	(2.2)	22.7	21.7	22.2	14.1
KKP TB	0.0	14.4	(2.8)	(2.4)	2.5
KTB TB	5.9	24.1	26.3	10.8	17.4
SCB TB	(2.7)	6.3	(5.6)	5.3	2.8
<b>TISCO TB</b>	<b>0.3</b>	<b>1.8</b>	<b>(3.3)</b>	<b>(2.3)</b>	<b>(3.0)</b>
TTB TB	(3.6)	6.2	3.3	9.9	13.2
<b>SETBANK</b>	<b>(0.8)</b>	<b>13.3</b>	<b>6.3</b>	<b>3.4</b>	<b>5.1</b>
<b>SET</b>	<b>2.1</b>	<b>10.9</b>	<b>4.9</b>	<b>2.7</b>	<b>3.5</b>

Source: Bloomberg

### Exhibit 8: TISCO – one-year prospective PER band



Sources: Bloomberg; FSSIA estimates

## Exhibit 9: Peer regional banks comparison, as of 15 October 2024

Company name	BBG code	Share price (LCY)	Target price (LCY)	Upside (%)	Market Cap. (USD m)	----- PE ----- 24E (x) 25E (x)	---- PBV ---- 24E (x) 25E (x)	---- ROE ---- 24E (%) 25E (%)	---- Div yld ---- 24E (x) 25E (x)				
Thailand													
Bangkok Bank	BBL TB	157.00	184.00	17	8,986	7.1 6.8	0.5 0.5	7.7 7.6	4.6 4.8				
Kasikornbank	KBANK TB	154.00	173.00	12	10,941	7.9 7.2	0.6 0.6	8.6 9.0	5.8 6.5				
Krung Thai Bank	KTB TB	21.60	23.50	9	9,052	8.0 7.8	0.7 0.7	9.1 8.8	4.1 4.3				
SCB X	SCB TB	110.00	112.00	2	11,005	9.0 8.6	0.8 0.7	8.6 8.8	8.9 9.3				
TMBThanachart Bank	TTB TB	1.89	2.53	34	5,514	8.6 7.9	0.8 0.7	9.1 9.4	6.4 7.0				
Kiatnakin Bank	KKP TB	51.50	50.30	(2)	1,291	9.9 9.0	0.7 0.7	7.0 7.5	4.9 5.3				
Tisco Financial Group	TISCO TB	96.75	98.00	1	2,323	11.2 11.3	1.8 1.8	16.1 15.6	8.0 8.0				
Thailand weighted average		27.00	n/a	n/a	5,910	6.3 6.0	0.5 0.5	8.1 8.3	3.4 3.7				
Hong Kong													
Industrial & Comm Bank of China	1398 HK	4.72	n/a	n/a	295,164	4.5 4.5	0.4 0.4	9.9 9.4	7.0 7.0				
China Construction Bank	939 HK	6.03	n/a	n/a	200,350	4.3 4.2	0.4 0.4	10.5 10.0	7.0 7.2				
HSBC Holdings	5 HK	67.60	n/a	n/a	159,138	6.9 7.1	0.9 0.9	13.4 12.6	9.1 7.2				
Bank of China	3988 HK	3.77	n/a	n/a	192,653	4.8 4.7	0.4 0.4	9.3 8.9	6.6 6.7				
Hong Kong average					211,826	5.1 5.1	0.6 0.5	10.8 10.2	7.4 7.0				
China													
Industrial & Comm Bank of China	601398 CH	6.26	n/a	n/a	294,930	6.5 6.4	0.6 0.6	9.8 9.3	4.8 4.8				
Agricultural Bank of China	601288 CH	4.92	n/a	n/a	241,286	6.7 6.5	0.7 0.6	10.1 9.8	4.6 4.6				
China Construction Bank	601939 CH	8.22	n/a	n/a	200,191	6.4 6.3	0.6 0.6	10.5 9.9	4.7 4.8				
Bank of China	601988 CH	5.02	n/a	n/a	192,500	6.8 6.7	0.6 0.6	9.3 8.8	4.6 4.7				
China average					232,227	6.6 6.5	0.6 0.6	9.9 9.4	4.7 4.7				
South Korea													
KB Financial Group	105560 KS	95,600	n/a	n/a	27,452	7.2 6.5	0.6 0.6	8.9 9.2	3.3 3.7				
Shinhan Financial Group	055550 KS	57,800	n/a	n/a	21,105	6.0 5.6	0.5 0.5	9.0 9.1	3.8 4.3				
Hana Financial Group	086790 KS	64,400	n/a	n/a	13,793	5.1 4.7	0.5 0.4	9.4 9.4	5.4 5.9				
Industrial Bank of Korea	024110 KS	14,260	n/a	n/a	8,400	4.3 4.1	0.4 0.3	8.8 8.5	7.2 7.7				
South Korea average					17,687	5.6 5.2	0.5 0.5	9.0 9.0	5.0 5.4				
Indonesia													
Bank Central Asia	BBCA IJ	10,625	n/a	n/a	84,237	24.3 22.2	4.9 4.5	21.1 21.2	2.6 2.9				
Bank Rakyat Indonesia Persero	BBRI IJ	4,920	n/a	n/a	48,151	12.3 11.1	2.3 2.2	19.1 19.9	6.6 7.0				
Bank Mandiri Persero	BMRI IJ	7,050	n/a	n/a	42,018	11.6 10.4	2.3 2.1	20.7 20.8	5.1 5.4				
Bank Negara Indonesia Persero	BBNI IJ	5,500	n/a	n/a	13,133	9.2 8.1	1.3 1.2	14.3 15.1	5.2 5.7				
Bank Syariah Indonesia	BRIS IJ	3,020	n/a	n/a	8,930	20.4 16.9	3.1 2.7	16.3 17.0	0.6 0.9				
Indonesia average					39,294	15.6 13.7	2.8 2.5	18.3 18.8	4.0 4.4				
Malaysia													
Malayan Banking	MAY MK	10.66	n/a	n/a	29,727	12.6 12.1	1.3 1.3	10.5 10.6	5.9 6.2				
Public Bank	PBK MK	4.48	n/a	n/a	20,082	12.5 11.7	1.5 1.4	12.4 12.4	4.6 4.8				
CIMB Group Holdings	CIMB MK	8.25	n/a	n/a	20,313	11.2 10.4	1.2 1.2	11.1 11.3	5.6 5.5				
Hong Leong Bank	HLBK MK	21.30	n/a	n/a	10,670	10.6 9.8	1.2 1.1	11.6 11.6	3.2 3.6				
RHB Bank	RHBBANK MK	6.28	n/a	n/a	6,361	9.2 8.7	0.8 0.8	9.3 9.5	6.3 6.6				
Malaysia average					17,430	11.2 10.6	1.2 1.1	11.0 11.1	5.1 5.4				
Singapore													
DBS Group Holdings	DBS SP	39.40	n/a	n/a	85,366	10.3 10.6	1.7 1.6	17.1 15.9	5.7 6.2				
Oversea-Chinese Banking	OCBC SP	15.14	n/a	n/a	52,497	9.2 9.3	1.2 1.1	13.6 12.7	5.8 5.9				
United Overseas Bank	UOB SP	32.36	n/a	n/a	41,529	9.2 8.9	1.2 1.1	12.9 12.6	5.5 5.7				
Singapore average					59,797	9.5 9.6	1.4 1.3	14.5 13.7	5.6 5.9				
Regional average (excl. Thailand)					92,399	9.3 8.7	1.2 1.1	12.4 12.2	5.2 5.4				
Total average (incl. Thailand)					73,721	9.2 8.6	1.1 1.1	11.7 11.6	5.4 5.6				

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	3.1	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	217,572	221,898	221,898
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	43,882	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	11.2	2.0	-
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	73.1	72.5	69.1
CET 1 CAR (%)	17.2	17.9	16.6	16.6	16.8
Total CAR (%)	20.6	21.1	20.2	19.4	19.7
<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) *	10.7	10.6	11.2	11.3	10.9
Recurring P/E @ target price (x) *	10.9	10.7	11.3	11.5	11.1
Reported P/E (x)	10.7	10.6	11.2	11.3	10.9
Dividend yield (%)	8.0	8.0	8.0	8.0	8.3
Price/book (x)	1.8	1.8	1.8	1.8	1.7
Price/tangible book (x)	1.8	1.8	1.8	1.8	1.7
Price/tangible book @ target price (x)	1.8	1.9	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 10: 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.
★★★★★	<b>&gt;59-79</b>	<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 11: 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 12: 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 13: 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>								
<b>Board size</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>11</b>	<b>12</b>	<b>12</b>	<b>13</b>	<b>13</b>
<b>No. of independent directors (ID)</b>	<b>6</b>	<b>7</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>7</b>	<b>5</b>
No. of women on board	4	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
<b>No. of executives / company managers</b>	<b>41</b>	<b>40</b>	<b>36</b>	<b>40</b>	<b>39</b>	<b>39</b>	<b>38</b>	<b>39</b>
No. of female executives	18	17	14	17	18	15	16	15
Executive share ownership guidelines	No	No	No	No	No	No	No	No
<b>Size of audit committee</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
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
<b>Size of compensation committee</b>	<b>4</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>
No. of ID on compensation committee	1	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
<b>Size of nomination committee</b>	<b>4</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>
No. of nomination committee meetings	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 ( <a href="#">DJSI</a> ) 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 ( <a href="#">THSI</a> ) by The Stock Exchange of Thailand ( <a href="#">SET</a> )	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for <b>THSI inclusion</b> , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. <b>SETTHSI Index</b> is extended from the THSI companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.																				
<b>CG Score</b> by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).																				
<b>AGM level</b> By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <i>(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&amp;A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)</i>	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																				
<a href="#">Thai CAC</a> 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.																				
<a href="#">Morningstar Sustainalytics</a>	The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality &amp; peer reviews.</i>	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table><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+																		
<a href="#">ESG Book</a>	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.																				
<a href="#">MSCI</a>	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><b>AAA</b></td><td>8.571-10.000</td><td rowspan="3"><b>Leader:</b></td><td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td></tr><tr><td><b>AA</b></td><td>7.143-8.570</td></tr><tr><td><b>A</b></td><td>5.714-7.142</td></tr><tr><td><b>BBB</b></td><td>4.286-5.713</td><td rowspan="3"><b>Average:</b></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><b>BB</b></td><td>2.857-4.285</td></tr><tr><td><b>B</b></td><td>1.429-2.856</td></tr><tr><td><b>CCC</b></td><td>0.000-1.428</td><td><b>Laggard:</b></td><td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td></tr></table>	<b>AAA</b>	8.571-10.000	<b>Leader:</b>	leading its industry in managing the most significant ESG risks and opportunities	<b>AA</b>	7.143-8.570	<b>A</b>	5.714-7.142	<b>BBB</b>	4.286-5.713	<b>Average:</b>	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	<b>BB</b>	2.857-4.285	<b>B</b>	1.429-2.856	<b>CCC</b>	0.000-1.428	<b>Laggard:</b>	lagging its industry based on its high exposure and failure to manage significant ESG risks	
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<a href="#">Moody's ESG solutions</a>	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.																					
<a href="#">Refinitiv ESG rating</a>	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>																					
<a href="#">S&amp;P Global</a>	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.																					
<b>Bloomberg</b>	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.																				
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.																				

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 96.75	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.
Krung Thai Bank	KTB TB	THB 21.60	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.
Bangkok Bank	BBL TB	THB 157.00	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.
Kasikornbank	KBANK TB	THB 154.00	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.
SCB X	SCB TB	THB 109.00	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 1.89	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand.
Kiatnakin Phatra Bank	KKP TB	THB 51.50	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. Upside risks comprise 1) lower credit cost from better asset quality; and 2) improved market price of used cars and lower loss on sales of NPAs.

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 15-Oct-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.