

TISCO FINANCIAL TISCO TB
THAILAND / BANKING

BUY

Growth strategy to continue in 2023

- กลยุทธ์การสร้างการเติบโตอย่างต่อเนื่องโดยพุ่งเป้าไปที่การเพิ่มสินเชื่อที่ให้ผลตอบแทนสูงจะช่วยชดเชยผลกระทบจากการขึ้นอัตราดอกเบี้ย
- หนี้ไม่ก่อให้เกิดรายได้ (NPL) มีแนวโน้มเพิ่มขึ้นแต่น่าจะอยู่ในระดับที่จัดการได้
- เราเริ่มด้วยคำแนะนำซื้อที่ราคาเป้าหมายปี 2023 ที่ 111 บาท (GGM)

TARGET PRICE	THB111.00
CLOSE	THB96.00
UP/DOWNSIDE	+15.6%
TP vs CONSENSUS	+3.1%

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Operating profit	8,988	9,328	9,851	10,425
Net profit	7,222	7,462	7,881	8,340
EPS (THB)	9.02	9.32	9.84	10.42
vs Consensus (%)	-	0.1	1.3	1.9
Recurring net profit	7,222	7,462	7,881	8,340
Core EPS (THB)	9.02	9.32	9.84	10.42
EPS growth (%)	6.4	3.3	5.6	5.8
Core P/E (x)	10.6	10.3	9.8	9.2
Dividend yield (%)	8.1	8.3	8.6	8.9
Price/book (x)	1.8	1.8	1.7	1.7
ROE (%)	17.2	17.2	17.8	18.3
ROA (%)	2.8	2.7	2.7	2.6

ตั้งเป้าเพิ่มสินเชื่อที่ให้ผลตอบแทนสูงในปี 2023

เรามีความมั่นใจในแผนธุรกิจของ TISCO สำหรับปี 2023 ซึ่งมีเป้าหมายคงอัตราการเติบโตในปี 2022 ผ่านนโยบายการปล่อยสินเชื่อที่ให้ผลตอบแทนสูง ในช่วงปี 2020-21 บริษัทฯ มีอัตราการเติบโตของสินเชื่อสุทธิเฉลี่ยอยู่ที่ -9% CAGR จากการลดลงอย่างสม่ำเสมอของสินเชื่อที่ให้ผลตอบแทนต่ำ (สินเชื่อบริษัท เช่าซื้อและที่อยู่อาศัย) และสินเชื่อความเสี่ยงสูง (สินเชื่อเพื่อการพาณิชย์) ในขณะที่สินเชื่อที่ให้ผลตอบแทนสูงโดยเฉพาะอย่างยิ่งสินเชื่อรถแลกเงิน (Auto Cash) โตอย่างมีนัยสำคัญโดยมีส่วนเพิ่มขึ้นเป็น 17% ของสินเชื่อรวม ณ สิ้นปี 2022 จาก 11% ณ สิ้นปี 2017 เราคิดว่ากลยุทธ์ดังกล่าวน่าจะช่วยให้ส่วนต่างดอกเบี้ย (NIM) ปรับตัวได้ดีขึ้นในช่วงอัตราดอกเบี้ยขาขึ้น (ตั้งเป้าให้ NIM ในปี 2023 ลดลงไม่เกิน 50bp จาก 5% ในปีที่แล้ว) เนื่องจากพอร์ตส่วนมากเป็นสินเชื่อที่มีอัตราดอกเบี้ยคงที่ (73%) ในขณะที่เงินฝากส่วนมากมีแนวโน้มปรับอัตราดอกเบี้ยขึ้นภายใน 1 ปี

กำไรสุทธิ 2Q23 น่าจะอ่อนตัวจากค่าธรรมเนียมที่ลดลง

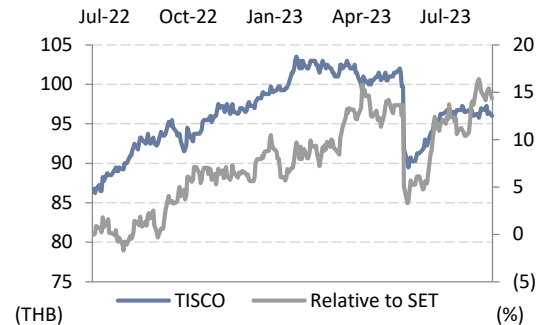
เราคาดว่ากำไรสุทธิ 2Q23 ไว้ที่ 1.76 พัน ลบ. ลดลง 2% q-q และ 5% y-y จากรายได้ค่าธรรมเนียมที่ลดลง โดยเฉพาะอย่างยิ่งในธุรกิจหลักทรัพย์และบริหารสินทรัพย์ในท่ามกลางสภาวะตลาดทุนที่ตกต่ำรวมถึงธุรกิจ Bancassurance ซึ่งอยู่ในฤดูที่ซบเซา ในขณะที่รายได้ดอกเบี้ยสุทธิน่าจะโตดีโดยมีอัตราการเติบโตของสินเชื่อสุทธิใน 2Q23 อยู่ที่ 5% q-q และ 13.7% y-y (หลังโต 4% ในช่วง 5M23) ส่วนมากจากสินเชื่อบริษัทและสินเชื่อเพื่อโครงการสาธารณูปโภค สินเชื่อที่ให้ผลตอบแทนสูงและ Auto Cash โดยคาดว่า NIM จะอ่อนตัวลงเล็กน้อยมาอยู่ที่ 4.84% (-5bp) ในช่วงดังกล่าวจากต้นทุนดอกเบี้ยที่สูงขึ้น

NPL น่าจะปรับขึ้นแต่ต้นทุนความเสี่ยงในการปล่อยสินเชื่อ (Credit cost) น่าจะอยู่ในระดับที่จัดการได้

จากนโยบายเพิ่มสินเชื่อที่ให้ผลตอบแทนสูง NPL มีแนวโน้มปรับขึ้นแต่น่าจะยังอยู่ในเป้าของธนาคารฯ ในปี 2023 ที่ 2.50% (จาก 2.13% ใน 1Q23) อย่างไรก็ตามก็ยังคงตั้งเป้าว่าไม่น่าจะสร้างภาระให้แก่ Credit cost จากนโยบายการจัดสรรสำรองจำนวนมากในตอนต้น (Front-loading) อันเข้มงวดที่มีมาตั้งแต่เกิดโรคระบาด ด้วยเหตุดังกล่าวสัดส่วนสำรองต่อหนี้ต่อคุณภาพ (Coverage ratio) ณ สิ้นไตรมาส 1Q23 ยังทรงตัวในระดับสูงถึง 248% ซึ่งแม้ธนาคารฯ จะมองว่าสูงเกินไป ตัวเลขดังกล่าวได้มีส่วนช่วยลดความกังวลเกี่ยวกับภาระผลขาดทุนทางเครดิตที่คาดว่าจะเกิดขึ้น (ECL) ในปี 2023 ได้อย่างมีนัยสำคัญโดย TISCO คาดว่า ECL จะทรงตัวในระดับต่ำที่ 34bp ในปี 2023 (เรคาดไว้ที่ 30bp)

เริ่มด้วยคำแนะนำซื้อที่ราคาเป้าหมาย 111 บาท

เราเริ่ม TISCO ด้วยคำแนะนำซื้อ ราคาเป้าหมายปี 2023 ของเราที่ 111 บาท (GGM) คิดเป็นค่า P/BV ที่ 2.02x และอาจมี Upside อีก 15% พร้อมผลตอบแทนในรูปเงินปันผลต่อปีที่สูงถึง 8-9% ในช่วงปี 2023-25



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(0.8)	(5.0)	11.0
Relative to country (%)	3.1	1.2	15.5
Mkt cap (USD m)	2,187		
3m avg. daily turnover (USD m)	12.0		
Free float (%)	80		
Major shareholder	Thai NVDR (11%)		
12m high/low (THB)	104.00/86.00		
Issued shares (m)	801		

Sources: Bloomberg consensus; FSSIA estimates



Usanee Liurut, CISA

usanee.l@fssia.com
+66 2646 9967

PREPARED BY FSS INTERNATIONAL INVESTMENT ADVISORY SECURITIES CO LTD (FSSIA). ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES CAN BE FOUND AT THE END OF THIS REPORT

บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 11 กรกฎาคม 2023

Investment thesis

We like TISCO despite its exposure to the upward trend in interest rates due to:

- 1) We think the bank should be able to efficiently manage the potential impact on its net interest margin (NIM) by growing its balance sheet in the high-yield loan segment.
- 2) Its competitive strength. TISCO created a sufficient coverage ratio via front loading during the Covid pandemic. This should help reduce its expected credit loss (ECL) burden during a period when non-performing loans (NPLs) may accelerate.
- 3) TISCO is still trading at only 1.76x 2023E P/BV while offering very attractive dividend yields.

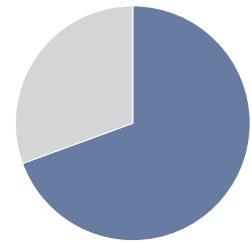
Company profile

TISCO was the first Thai investment bank (in 1969) and the first finance company to be upgraded to a commercial bank (in 2005). At present, TISCO is a financial group holding company with a sustainable development operating framework. TISCO's businesses are both retail banking and corporate banking.

www.tisco.co.th

Principal activities (revenue, 2022)

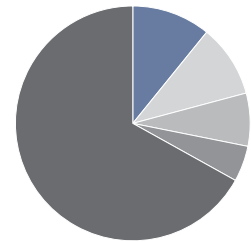
- Net interest income - 69.4 %
- Non-interest income - 30.6 %



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 Cash 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.

Event calendar

Date	Event
12 Jul 2023	2Q23 results announcement

Key assumptions

	2023E	2024E	2025E
	(%)	(%)	(%)
Net profit (THB m)	7,462	7,881	8,340
Net profit growth (%)	3.3	5.6	5.8
NIM (%)	4.89	4.90	4.91
Loan growth (%)	8.0	8.0	8.0
Fee growth (%)	1.1	1.0	1.0
Non-interest income growth (%)	0.7	1.3	1.3
Credit cost (bp)	30.0	30.0	30.0
Cost to income (%)	47.6	47.5	47.5

Source: FSSIA estimates

Earnings sensitivity

		2023E		
Loan growth (%)	±2ppt	6	8	10
<i>% change in net profit</i>		(2)		+2
NIM (%)	±5bp	4.84	4.89	4.94
<i>% change in net profit</i>		(2)		+2
Credit cost (bp)	±10bp	20	30	40
<i>% change in net profit</i>		+2		(2)

Source: FSSIA estimates

Growth strategy to continue in 2023

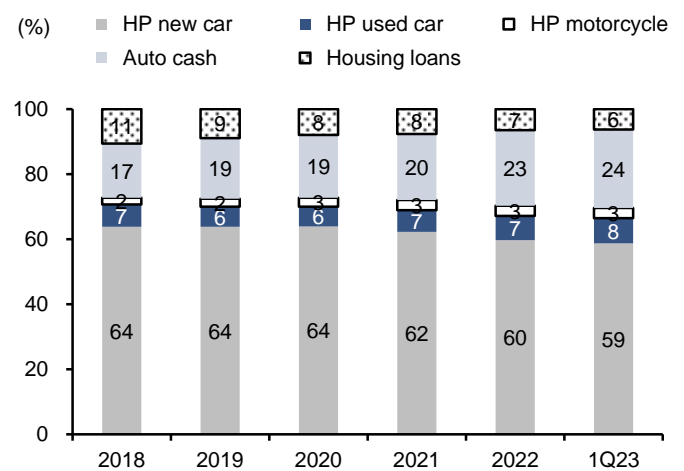
We are optimistic about TISCO's 2023 business strategy of continuing the growth seen in 2022 via a high-yield lending policy. Its average net loan growth during 2020-21 was -9% CAGR, with a consistent decline in the low-yield (corporate, hire purchase and housing) and high-risk (commercial) segments. Meanwhile, we have seen significant growth in high-yield loans, especially Auto Cash, with the proportion rising to 17% of total loans at the end of 2022 from 11% at the end of 2017. We think this strategy should favour NIM improvement during a period of rising interest rates (the 2023 NIM target is a reduction of no more than 50bp from 5% last year) as much of its portfolio is fixed-rate loans (73%), while most of its deposits are poised to rise within a year.

Exhibit 1: Loan growth (five-year CAGR during 2018-22)

	2019	2020	2021	2Y-CAGR (2020-21)	2022	Change (2022/21)
	(THB b)	(THB b)	(THB b)	(%)	(THB B)	(y-y %)
Corporate	37	37	36	-1%	44	24%
Commercial	13	10	8	-20%	14	69%
Retail & others	193	177	159	-9%	160	1%
HP	138	127	112	-10%	110	-2%
Housing	17	14	12	-16%	10	-14%
Auto title	36	34	32	-6%	36	15%
Others	4	2	3	-23%	3	31%
Total	243	225	203	-9%	219	8%

Sources: TISCO; FSSIA's compilation

Exhibit 2: Retail loan portfolio breakdown



Sources: TISCO; FSSIA's compilation

2Q23 net profit should be weaker from lower fees

We predict a net profit in 2Q23 of THB1.76b, down 2% q-q and 5% y-y, driven by weaker fee income, especially for brokerage and asset management fees due to capital market conditions, as well as the bancassurance low season. Meanwhile, net interest income should continue rising, driven by net loan growth in 2Q23 of 5% q-q and 13.7% y-y (5M23 increased 4% YTD), mainly due to corporate and utilities loans (project financing) and high-yield loans in the growing Auto Cash segment through the expansion of its Somwang branches (year-end 2023 target was 650 branches, rising from 518 branches at the end of May 23). The bank expects its NIM to weaken slightly to 4.84% (-5bp) in this period due to higher interest costs. We expect 1H23 net profit to reach THB3.55b, accounting for 48% of our full-year forecast.

NPLs to tick up while credit cost remains manageable

The high-yield loan growth policy should lead to NPLs trending higher but remaining within the bank's 2023 target of 2.50% from 2.13% in 1Q23. We think this should not burden TISCO's credit costs due to the bank's strict front-loading policies that have been in place since the pandemic. As a result, at the end of 1Q23, the coverage ratio remained as high as 248%. Although this seemed excessive from the bank's point of view, it has significantly reduced concerns about the ECL burden in 2023, with TISCO expecting it to remain low at 34bp in 2023 (we project 30bp).

Exhibit 3: Loan classification breakdown

	Loan classification							% of total gross loans					
	2018 (THB b)	2019 (THB b)	2020 (THB b)	2021 (THB b)	2022 (THB b)	5Y-CAGR (%)	1Q23 (THB b)	2018 (%)	2019 (%)	2020 (%)	2021 (%)	2022 (%)	1Q23 (%)
Stage 1 - Performing	217.8	220.2	189.7	175.8	192.3	-3.4%	194.0	90.5	90.7	84.4	86.6	87.8	88.2
Stage 2 - Under-performing	16.0	16.8	29.5	22.2	22.1	5.8%	21.4	6.6	6.9	13.1	10.9	10.1	9.7
Stage 3 - Non-performing	6.9	5.8	5.6	5.0	4.6	-4.7%	4.7	2.9	2.4	2.5	2.4	2.1	2.1
Total	240.7	242.8	224.8	202.9	219.0	-2.7%	220.1	100.0	100.0	100.0	100.0	100.0	100.0

Sources: TISCO; FSSIA's compilation

Exhibit 4: Allowance for ECL breakdown by stage

	Allowance for ECL							% of gross loans*					
	2018 (THB b)	2019 (THB b)	2020 (THB b)	2021 (THB b)	2022 (THB b)	5Y-CAGR (%)	1Q23 (THB b)	2018 (%)	2019 (%)	2020 (%)	2021 (%)	2022 (%)	1Q23 (%)
Stage 1 - Performing	6.1	6.2	6.5	6.7	7.0	3.0%	6.8	2.5	2.6	2.9	3.3	3.2	3.1
Stage 2 - Under-performing	3.2	2.5	3.7	3.3	3.1	-3.1%	3.0	1.3	1.0	1.6	1.6	1.4	1.4
Stage 3 - Non-performing	2.4	2.0	1.7	1.7	1.8	1.0%	1.9	1.0	0.8	0.8	0.8	0.8	0.9
Total	11.7	10.7	11.8	11.7	11.8	0.9%	11.6	4.8	4.4	5.3	5.8	5.4	5.3

Sources: TISCO; FSSIA's compilation

Exhibit 5: TISCO's GGM-based TP

Target price (THB)	111.0
Sustainable ROE	17.8%
g	1.0%
ROE-g	16.8%
Beta	0.85
RF	2.5%
MRP	8.0%
COE	9.3%
COE-g	8.3%
ROE-g/COE-g (PBV)	2.02x

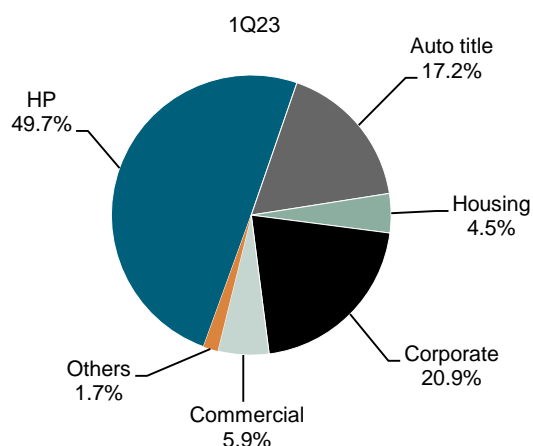
Source: FSSIA estimates

Exhibit 6: TISCO's 2023 financial guidance vs FSSIA's forecasts

	TISCO 2023E	FSSIA 2023E
Loan growth	5-10%	8.0%
NPL ratio (gross)	< 2.5%	2.1%
Net interest margin	~ 4.6%	4.89%
Net fee income growth	Stable	1.1%
Cost to income	~ 50%	47.6%
Credit cost	34	30

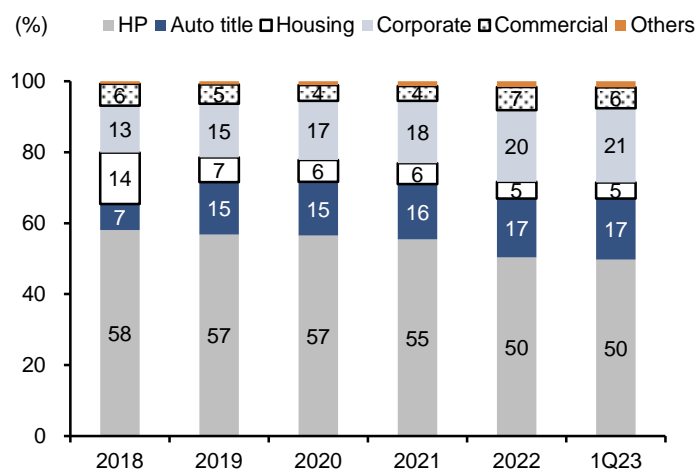
Sources: BBL; FSSIA estimates

Exhibit 7: Loan breakdown, 1Q23



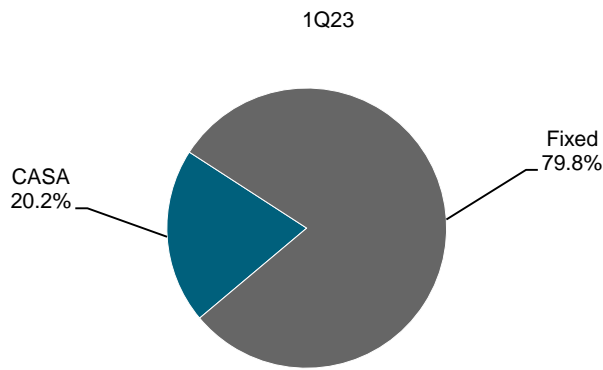
Sources: TISCO; FSSIA's compilation

Exhibit 8: Loan breakdown, 2018-1Q23



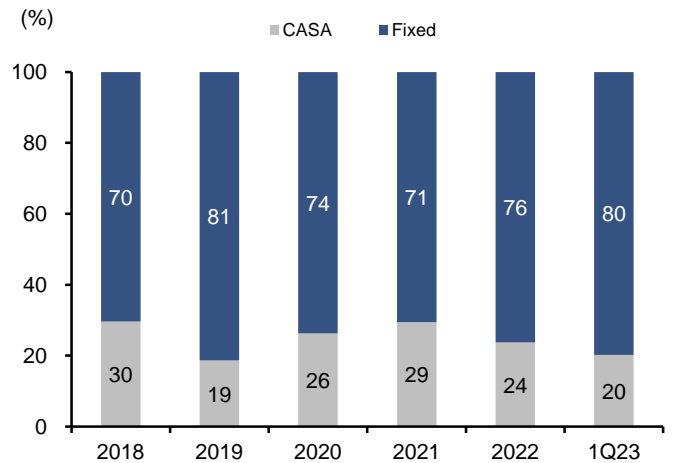
Sources: TISCO; FSSIA's compilation

Exhibit 9: Deposit structure, 1Q23



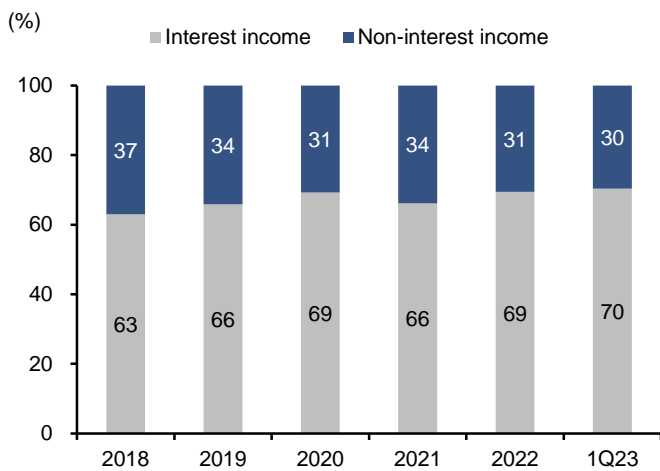
Sources: TISCO; FSSIA's compilation

Exhibit 10: Deposit structure, 2018 to 1Q23



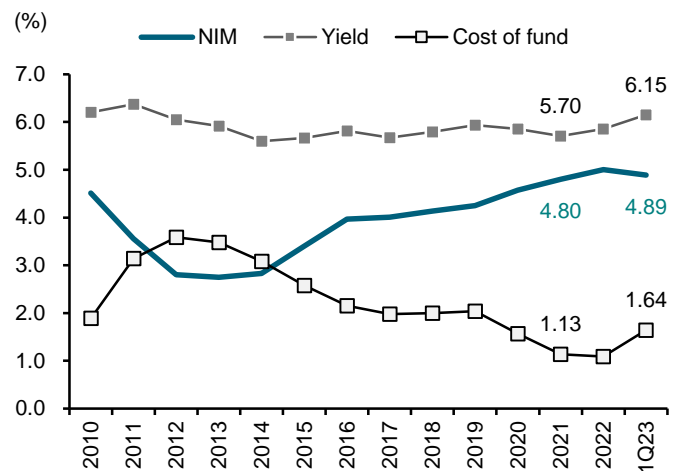
Sources: TISCO; FSSIA's compilation

Exhibit 11: Revenue breakdown



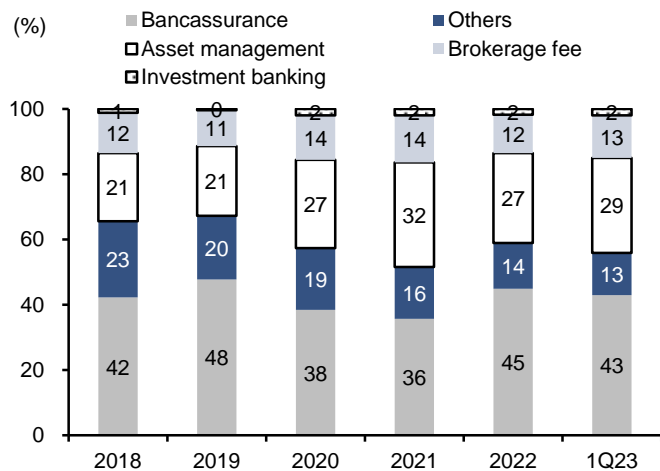
Sources: TISCO; FSSIA's compilation

Exhibit 12: NIM, yield, and cost of funds



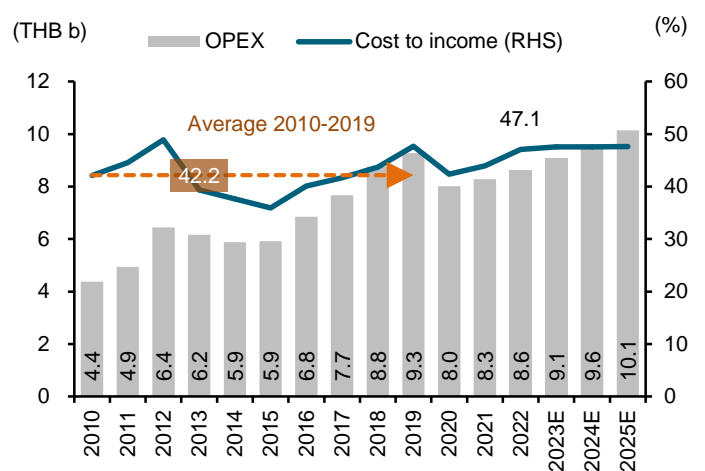
Sources: TISCO; FSSIA's calculation

Exhibit 13: Fee income breakdown



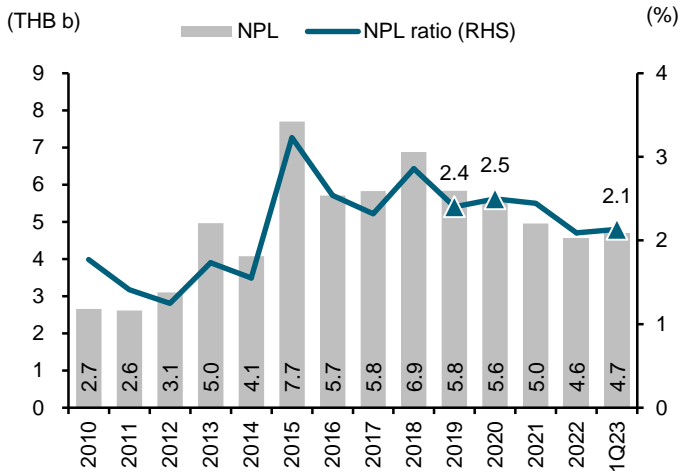
Sources: TISCO; FSSIA's compilation

Exhibit 14: Cost-to-income



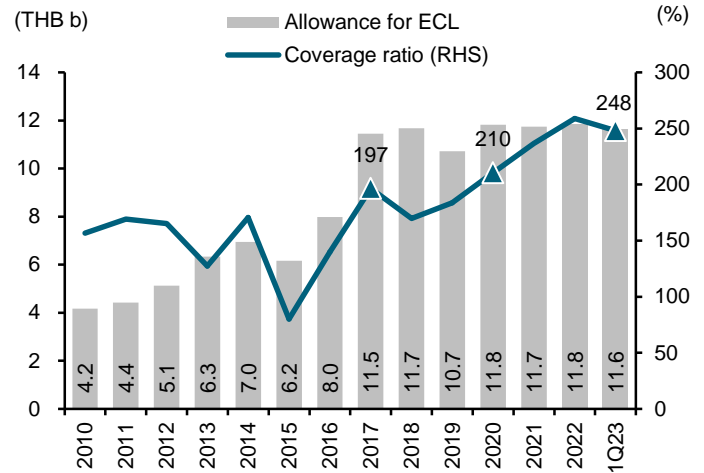
Sources: TISCO; FSSIA estimates

Exhibit 15: NPLs and NPL ratio*



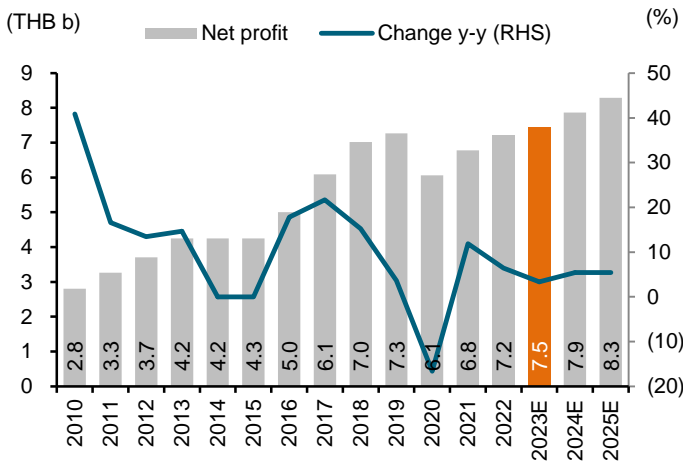
Sources: TISCO; *FSSIA's calculation

Exhibit 16: Coverage ratio



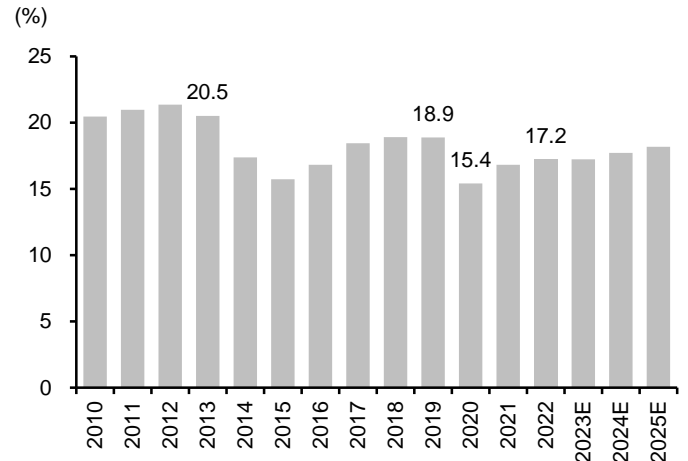
Sources: TISCO; FSSIA's calculation

Exhibit 17: Net profit and growth



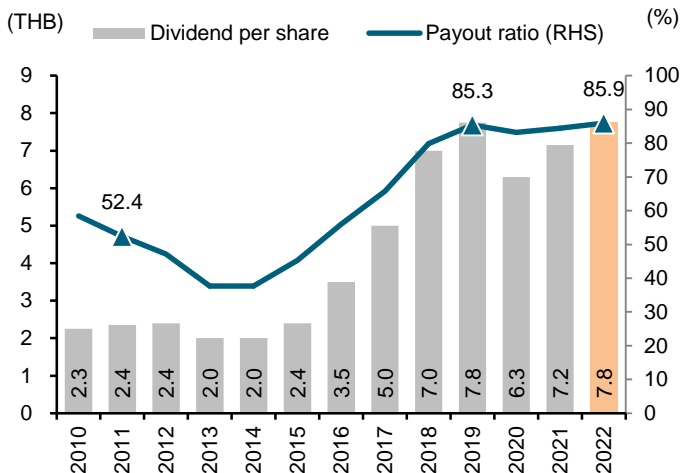
Sources: TISCO; FSSIA estimates

Exhibit 18: ROE



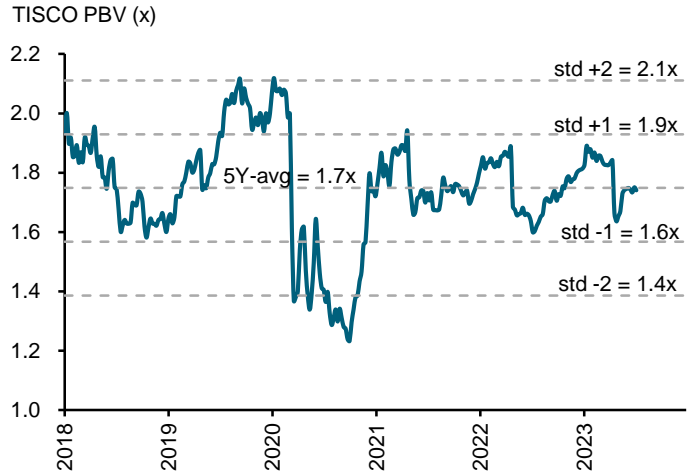
Sources: TISCO; FSSIA estimates

Exhibit 19: Dividend and payout ratio



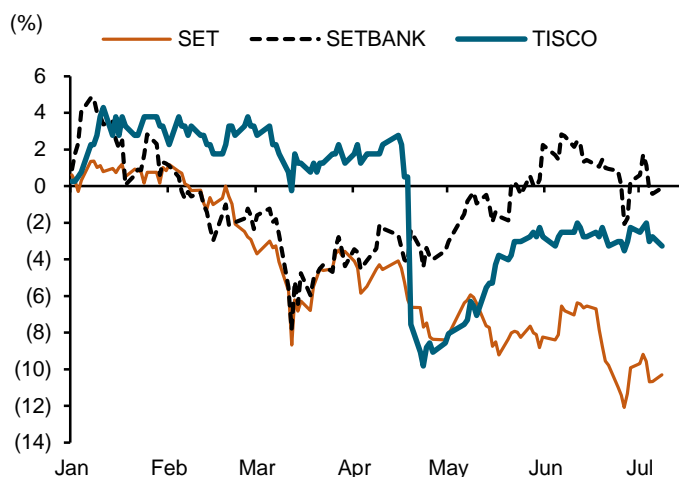
Sources: TISCO; FSSIA's compilation

Exhibit 20: One-year forward rolling P/BV



Sources: Bloomberg; FSSIA estimates

Exhibit 21: YTD share price performance (as of 10 July 2023)



Source: Bloomberg

Exhibit 22: Share price performance of major Thai banks (as of 10 July 2023)

BBG	Price performance				
	1M (%)	3M (%)	6M (%)	1Y (%)	YTD (%)
BBL TB	(4.0)	(0.6)	(0.3)	19.9	5.7
KBANK TB	(1.5)	(3.3)	(15.8)	(10.6)	(11.5)
KKP TB	(4.4)	(7.8)	(21.3)	(4.4)	(19.7)
KTB TB	(1.0)	12.2	8.4	29.5	9.0
SCB TB	0.9	2.4	(3.6)	6.4	1.4
TISCO TB	(0.8)	(5.0)	(5.9)	11.0	(3.3)
TTB TB	(7.2)	6.2	6.9	31.6	9.2
SET Index	(3.7)	(6.3)	(11.2)	(3.9)	(10.3)
SETBANK Index	(2.8)	2.1	(4.0)	7.4	(0.1)

Source: Bloomberg

Exhibit 23: Network expansion

	2018	2019	2020	2021	2022	1Q23
	(no.)	(no.)	(no.)	(no.)	(no.)	(no.)
Branches	299	347	405	411	504	538
Change y-y (RHS)	46	48	58	6	93	34
- Bank	61	60	58	55	54	54
Change y-y (RHS)	1	(1)	(2)	(3)	(1)	0
- Somwang*	238	287	347	356	450	484
Change y-y (RHS)	45	49	60	9	94	34
Employees	4,837	5,031	5,013	4,879	5,090	5,112
Change y-y (RHS)	241	194	(18)	(134)	211	22

* Somwang provides Auto Cash loans
Sources: TISCO; FSSIA's compilation

Exhibit 24: Total operating income by business*, 2022

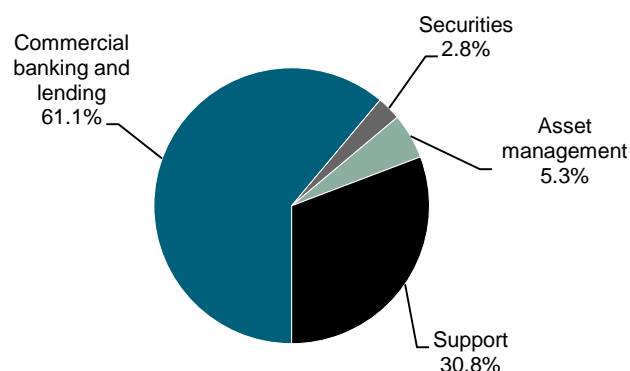
* Before eliminations
Sources: TISCO; FSSIA's compilation

Exhibit 25: Segment operations, 2022

	Business type				Total (THB m)	Eliminations (THB m)	Total (THB m)
	Commercial banking & lending (THB m)	Securities (THB m)	Asset management (THB m)	Support (THB m)			
Reported revenues	17,025	785	1,482	8,573	27,865	(9,560)	18,305
Operating income							
Net interest	12,703	16	4	8	12,731	3	12,734
Net fees & services	3,810	744	1,467	1,146	7,167	(2,121)	5,046
Others	512	25	11	7,419	7,967	(7,442)	525
Total operating income	17,025	785	1,482	8,573	27,865	(9,560)	18,305
Profit before income tax	7,091	193	829	6,117	14,230	(5,239)	8,991
% of segment revenue	42%	25%	56%	71%	51%	55%	49%
% of total revenues	79%	2%	9%	68%	158%	-58%	100%
Total assets	258,872	3,111	1,534	33,943	297,460	(32,046)	265,414
% of total assets	98%	1%	1%	13%	112%	-12%	100%

Sources: TISCO; FSSIA's compilation

Exhibit 26: 2Q23 earnings preview

Year-end Dec 31	2Q22	1Q23	2Q23E	--- Change ---		1H22	1H23E	Chg.	%of	2022	2023E	Chg.
	(THB m)	(THB m)	(THB m)	(y-y%)	(q-q%)	(THB m)	(THB m)	(y-y %)	23E	(THB m)	(THB m)	(y-y %)
Net interest income	3,107	3,287	3,342	8	2	6,168	6,629	7	49	12,734	13,451	6
Non-interest income	1,457	1,384	1,294	(11)	(6)	2,815	2,678	(5)	47	5,607	5,644	1
<i>Fee income - net</i>	1,168	1,266	1,195	2	(6)	2,446	2,461	1	48	5,081	5,137	1
Total operating income	4,564	4,671	4,637	2	(1)	8,983	9,307	4	49	18,341	19,094	4
Total operating expenses	2,125	2,282	2,283	7	0	4,224	4,565	8	50	8,630	9,083	5
PPOP before tax	2,439	2,389	2,354	(4)	(1)	4,760	4,743	(0)	47	9,711	10,011	3
Expected credit loss	140	155	160	14	3	225	315	40	46	723	683	(5)
Income tax	451	441	432	(4)	(2)	890	873	(2)	47	1,766	1,866	6
Non-controlling interest	0	0	0			0				0	0	
Net profit	1,848	1,793	1,762	(5)	(2)	3,644	3,554	(2)	48	7,222	7,462	3
EPS (THB)	2.31	2.24	2.20	(5)	(2)	4.55	4.44	(2)	48	9.02	9.32	3
Key ratios	2Q22	1Q23	2Q23E	(y-y%)	(q-q%)	1H22	1H23E			2022	2023E	
Asset quality ratio												
Gross NPLs (THB m)	4,464	4,694	4,794	7	2	4,464	4,794			4,577	5,034	
<i>Change (% from prior period)</i>	1.8	2.6	2.1				7.4			(7.7)	10.0	
NPL ratios (%) - reported	2.20	2.13				2.20				2.09		
NPL ratio (%)*	2.20	2.13	2.07			2.20	2.07			2.09		
Coverage ratio (%) - reported	169	152				169				154		
Coverage ratio (%)*	253	248				253	236			259		
Credit cost (bp)	28	28	28			22	28			34	30	
Profitability ratio	(%)	(%)	(%)							(%)	(%)	
Cost to income ratio	46.5	48.9	49.2			47.0	49.0			47.1	47.6	
Average yield (%)	5.88	6.15	6.11			5.83	6.05			5.86	6.18	
Cost of fund (%)	1.04	1.64	1.62			2.06	3.18			1.09	1.63	
NIM (%) - reported	5.05	4.98								5.09		
NIM (%)*	5.05	4.89	4.84			5.02	4.80			5.00	4.89	
Non-int inc/total income (%)	31.9	29.6	27.9			31.3	28.8			30.6	29.6	
Loan growth	(%)	(%)	(%)							(%)	(%)	
Year-to-date	0.2	0.5	5.5			0.2	5.5					
y-y	(5.0)	8.1	13.7							7.9	8.0	
q-q	(0.1)	0.5	5.0									

* FSSIA's calculation

Sources: TISCO; FSSIA estimates

Exhibit 27: Regional peers comparison

Company	BBG	Rec	Share price	Market	PE		PBV		ROE		Div yld	
			Current (LCY)	Cap (USD m)	23E (x)	24E (x)	23E (x)	24E (x)	23E (%)	24E (%)	23E (x)	24E (x)
Thailand												
Tisco Financial Group*	TISCO TB	BUY	96.00	2,187	10.3	9.8	1.8	1.7	17.2	17.8	8.3	8.6
Bangkok Bank	BBL TB	n/a	156.50	8,516	7.8	6.9	0.6	0.5	7.2	7.6	3.8	4.2
Kasikornbank	KBANK TB	n/a	130.50	8,815	7.6	6.7	0.6	0.5	7.8	8.3	3.4	3.9
Kiatnakin Bank	KKP TB	n/a	59.25	1,430	6.4	5.9	0.8	0.7	13.0	13.2	6.6	7.2
Krung Thai Bank	KTB TB	n/a	19.30	7,690	7.1	6.8	0.7	0.6	9.6	9.5	4.4	4.7
SCB X	SCB TB	n/a	108.50	10,415	8.4	7.7	0.8	0.7	9.2	9.7	5.8	6.2
TMBThanachart Bank	TTB TB	n/a	1.54	4,249	9.2	8.5	0.7	0.6	7.2	7.4	5.1	5.3
Thailand average				43,302	8.1	7.5	0.8	0.8	10.2	10.5	5.4	5.7
Hong Kong												
Industrial & Comm Bank of China	1398 HK	n/a	3.59	217,782	3.3	3.1	0.3	0.3	11.0	10.8	9.5	10.0
China Construction Bank	939 HK	n/a	4.38	142,782	3.0	2.8	0.3	0.3	11.8	11.6	9.9	10.5
HSBC Holdings	5 HK	n/a	60.95	154,191	6.5	6.5	0.9	0.8	14.3	13.5	7.7	9.1
Bank of China	3988 HK	n/a	2.75	142,840	3.4	3.2	0.3	0.3	10.4	10.1	9.4	10.0
Hong Kong average				657,596	4.0	3.9	0.5	0.4	11.8	11.5	9.2	9.9
China												
Industrial & Comm Bank of China	601398 CH	n/a	4.77	217,781	4.7	4.4	0.5	0.5	11.0	10.7	6.6	7.0
Agricultural Bank of China	601288 CH	n/a	3.51	165,321	4.7	4.4	0.5	0.5	11.4	11.0	6.6	7.0
China Construction Bank	601939 CH	n/a	6.22	142,781	4.6	4.4	0.5	0.5	11.7	11.5	6.5	6.8
Bank of China	601988 CH	n/a	3.89	142,840	5.0	4.8	0.5	0.5	10.6	10.2	6.1	6.5
China average				668,722	4.8	4.5	0.5	0.5	11.2	10.9	6.4	6.8
South Korea												
KB Financial Group	105560 KS	n/a	46,750	14,524	3.8	3.7	0.3	0.3	9.5	9.0	7.0	7.5
Shinhan Financial Group	055550 KS	n/a	32,700	13,050	3.7	3.6	0.3	0.3	9.3	8.9	6.5	7.0
Hana Financial Group	086790 KS	n/a	37,950	8,646	3.0	2.9	0.3	0.3	10.0	9.5	9.3	9.7
Industrial Bank of Korea	024110 KS	n/a	10,180	6,250	2.9	2.8	0.3	0.3	9.8	9.3	10.0	10.3
South Korea average				42,469	3.3	3.2	0.3	0.3	9.7	9.2	8.2	8.6
Indonesia												
Bank Central Asia	BBCA IJ	n/a	9,050	73,441	23.5	21.6	4.5	4.1	20.1	19.7	2.4	2.7
Bank Rakyat Indonesia Persero	BBRI IJ	n/a	5,400	53,875	13.8	12.4	2.5	2.3	18.8	19.5	5.4	6.1
Bank Mandiri Persero	BMRI IJ	n/a	5,175	31,795	10.3	9.4	1.9	1.7	19.5	19.6	5.6	6.1
Bank Negara Indonesia Persero	BBNI IJ	n/a	9,050	11,110	7.8	7.0	1.1	1.0	14.9	15.0	4.0	5.1
Bank Syariah Indonesia	BRIS IJ	n/a	1,715	5,208	14.5	12.0	2.1	1.8	15.5	16.6	1.2	1.3
Indonesia average				175,429	14.0	12.4	2.4	2.2	17.8	18.1	3.7	4.3
Malaysia												
Malayan Banking	MAY MK	n/a	8.67	22,384	11.1	10.5	1.2	1.1	10.6	10.7	7.2	7.5
Public Bank	PBK MK	n/a	3.86	16,047	11.0	10.6	1.4	1.3	13.1	12.8	4.7	4.8
CIMB Group Holdings	CIMB MK	n/a	5.19	11,855	8.3	7.8	0.8	0.8	10.0	10.1	6.2	6.8
Hong Leong Bank	HLBK MK	n/a	18.82	8,738	10.1	9.5	1.2	1.1	12.1	12.0	3.5	3.8
RHB Bank	RHBBANK MK	n/a	5.42	4,976	7.5	7.1	0.8	0.7	10.2	10.3	7.7	8.1
Malaysia average				64,000	9.6	9.1	1.1	1.0	11.2	11.2	5.8	6.2
Singapore												
DBS Group Holdings	DBS SP	n/a	30.91	59,298	8.2	8.3	1.3	1.2	16.8	15.8	6.0	6.5
Oversea-Chinese Banking	OCBC SP	n/a	12.09	40,421	7.9	7.9	1.0	0.9	12.7	12.0	6.5	6.6
United Overseas Bank	UOB SP	n/a	27.40	34,125	8.2	7.8	1.0	1.0	12.9	12.9	5.9	6.2
Singapore average				133,844	8.1	8.0	1.1	1.0	14.1	13.6	6.1	6.4
Regional average				1,742,060	7.6	7.1	1.0	1.0	12.7	12.5	6.5	6.9
Total average				1,785,362	7.7	7.1	1.0	0.9	12.0	11.9	6.1	6.6

Share prices as of 10 July 2023

Sources: *Bloomberg consensus; FSSIA estimates, simple average

Corporate Governance – TISCO

Board structure, 2022

Independent Directors (ID)	5 of 13 board members, 3 female
Percentage of IDs on the board	38.5%
ID attendance at board meetings	100%
ID in audit/remuneration committee	3/3 in audit committee and 2/4* in remuneration committee
ID terms	Nine-consecutive years

Additional information: 1) Chairman of the Board is a non-executive director, and not a member in any other committee; 2) the Board comprised four executive directors (31%); 3) number of independent non-executive directors is set to be more than executive directors; 4) the two non-ID audit committee are non-executive directors.

Compensation and remuneration

Directors' remuneration vs earnings/ROE/share performance	In 2022, THB20.27m, or 0.28% of net profit
Changes/stability in senior management	None
Incidents of termination of senior management	None
Track record on insider sales	None

ESG and sustainability management

E/S/G	2022 Indicators	2022 sustainability achievement	2023-2025 sustainability target
Environment	Power consumption efficiency	207.48 KW-Hour per square metre	Under 250 KW/Hour per square metre, and over 3% reduction from 2022
	Water consumption	30,320 cubic metres per year	Under 30,000 cubic metres per year and over 5% reduction from 2022
	Paper consumption	83 tonnes, a 24.55% reduction from the previous year	Under 100 tonnes per year. and over 3% reduction from 2022
	Greenhouse gas emissions from head office building (Scope 1&2)	19.37% reduction in Greenhouse gas emissions from head office building (Scope 1&2) from the base year	Over 14% reduction in Greenhouse gas emissions from head office building (Scope 1&2) from the base year (2017)
	Lending service for EV	Extending loans for 1,325 EV cars, representing 13.69% of the newly registered EVs	Loans for over 10% of newly registered EVs
	Support for large-scale environmentally friendly lending projects	20.99% of large-scale lending projects	Over 20% of large-scale lending projects
Social	Customer satisfaction (Net Promoter Score - NPS)	37%	45%
	Educating interested customers and general public with financial knowledge	526,954 persons	Over 500,000 persons per year
	Building financial skills in the young generations to support growth in the "Somwang Ngern Sang Dai" brand	"Karn Ngern Som Wang Camp" Project, with 31 children participation	At least 1 project per year
	Providing educational opportunities to children	TISCO Ruam Jai 12 Project saw the construction of a building and canteen for Ban Khlong Sipsam School, Sakaew, with a total value of THB9.3m	At least 1 project per year
	Investment in communities	Total investment of THB44.9m	Ongoing projects
	Creating a happy organisation	87% employee satisfaction	Over 85% employee satisfaction
		93.4% retention rate	Over 90% retention rate
Governance	Corporate governance and upholding good and accepted business ethics	Excellent CG assessment of 96 out of 100 points from the Institute of Directors	Excellent evaluation scores by external agencies
	Data breach cases with customer impact	Zero cases	Zero cases
	Promoting sustainability with partners	Conduct a safety driving training program with partners who provide document delivery services	Conduct a safety driving training program with partners who provide document delivery services
	Implementation of responsible lending guidelines	All corporate financial loans are assessed for social and environmental impact	100% of corporate financial loans are assessed for social and environmental impact

Additional information: None

Source: [TISCO](#); FSSIA's compilation

Audit Practices

Auditor	EY Office Limited
Length of service	More than five years
Reporting incidents	None
Fee track record	THB10.93m, +2.8% from 2021
Policy on change of audit firm	To review every five years

Additional information: None

Shareholders' rights

Practice	Activity
Communication - shareholder participation in AGMs/EGMs	AGM once annually, EGM when appropriated and in accordance with SEC guidelines
Related party transactions	In accordance with SEC guidelines
Voting issues - policies, incidents of rejected proposals	None

Financial Statements

Tisco Financial

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Interest Income	14,792	14,904	17,002	18,382	19,821
Interest expense	(2,332)	(2,171)	(3,551)	(3,914)	(4,248)
Net interest income	12,460	12,734	13,451	14,467	15,573
Net fees & commission	5,615	5,081	5,137	5,189	5,240
Foreign exchange trading income	0	0	0	0	0
Securities trading income	410	89	89	90	90
Dividend income	70	73	77	81	85
Other income	281	363	340	358	377
Non interest income	6,376	5,607	5,644	5,717	5,792
Total income	18,836	18,341	19,094	20,184	21,365
Staff costs	(5,727)	(6,107)	(6,351)	(6,605)	(6,869)
Other operating costs	(2,552)	(2,523)	(2,732)	(2,990)	(3,274)
Operating costs	(8,279)	(8,630)	(9,083)	(9,595)	(10,143)
Pre provision operating profit	10,557	9,711	10,011	10,589	11,222
Expected credit loss	(2,064)	(723)	(683)	(738)	(797)
Other provisions	-	-	-	-	-
Operating profit	8,493	8,988	9,328	9,851	10,425
Recurring non operating income	0	0	0	0	0
Associates	-	-	-	-	-
Goodwill amortization	-	-	-	-	-
Non recurring items	0	0	0	0	0
Profit before tax	8,493	8,988	9,328	9,851	10,425
Tax	(1,708)	(1,766)	(1,866)	(1,970)	(2,085)
Profit after tax	6,785	7,222	7,462	7,881	8,340
Non-controlling interest	0	0	0	0	0
Preferred dividends	-	-	-	-	-
Other items	0	0	0	0	0
Reported net profit	6,785	7,222	7,462	7,881	8,340
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	6,785	7,222	7,462	7,881	8,340
Per share (THB)					
Recurring EPS *	8.47	9.02	9.32	9.84	10.42
Reported EPS	8.47	9.02	9.32	9.84	10.42
DPS	7.15	7.75	8.00	8.25	8.50
Growth					
Net interest income (%)	(4.9)	2.2	5.6	7.6	7.6
Non interest income (%)	9.8	(12.1)	0.7	1.3	1.3
Pre provision operating profit (%)	(3.1)	(8.0)	3.1	5.8	6.0
Operating profit (%)	12.3	5.8	3.8	5.6	5.8
Reported net profit (%)	11.9	6.4	3.3	5.6	5.8
Recurring EPS (%)	11.9	6.4	3.3	5.6	5.8
Reported EPS (%)	11.9	6.4	3.3	5.6	5.8
Income Breakdown					
Net interest income (%)	66.1	69.4	70.4	71.7	72.9
Net fees & commission (%)	29.8	27.7	26.9	25.7	24.5
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	2.2	0.5	0.5	0.4	0.4
Dividend income (%)	0.4	0.4	0.4	0.4	0.4
Other income (%)	1.5	2.0	1.8	1.8	1.8
Operating performance					
Gross interest yield (%)	5.70	5.86	6.18	6.23	6.25
Cost of funds (%)	1.13	1.09	1.63	1.67	1.69
Net interest spread (%)	4.57	4.77	4.55	4.56	4.56
Net interest margin (%)	4.8	5.0	4.9	4.9	4.9
Cost/income(%)	44.0	47.1	47.6	47.5	47.5
Cost/assets(%)	3.2	3.4	3.3	3.2	3.2
Effective tax rate (%)	20.1	19.6	20.0	20.0	20.0
Dividend payout on recurring profit (%)	84.4	85.9	85.8	83.8	81.6
ROE (%)	16.8	17.2	17.2	17.8	18.3
ROE - COE (%)	6.0	6.4	6.4	7.0	7.5
ROA (%)	2.6	2.8	2.7	2.7	2.6
RORWA (%)	3.8	4.0	3.8	3.7	3.7

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Tisco Financial; FSSIA estimates

Financial Statements

Tisco Financial

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Gross customer loans	202,950	219,004	236,524	255,446	275,882
Allowance for expected credit loss	(11,740)	(11,845)	(11,628)	(12,566)	(13,563)
interest in suspense	1,713	1,722	1,892	2,044	2,207
Net customer loans	192,922	208,881	226,788	244,924	264,526
Bank loans	30,489	40,272	42,165	44,105	46,178
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	2,891	3,045	2,699	2,816	2,938
Cash & equivalents	1,103	1,005	1,249	1,129	1,001
Other interesting assets	8,043	3,990	4,189	4,399	4,619
Tangible fixed assets	2,781	2,786	2,926	3,072	3,225
Associates	-	-	-	-	-
Goodwill	131	100	100	100	100
Other intangible assets	-	-	-	-	-
Other assets	5,262	5,334	5,571	5,802	6,047
Total assets	243,622	265,414	285,687	306,346	328,634
Customer deposits	166,542	188,266	202,386	219,589	238,693
Bank deposits	8,081	6,195	7,187	7,546	7,923
Other interest bearing liabilities	15,236	16,014	16,692	15,602	14,445
Non interest bearing liabilities	12,563	12,148	15,580	18,651	21,263
Hybrid Capital	-	-	-	-	-
Total liabilities	202,422	222,623	241,845	261,387	282,324
Share capital	8,007	8,007	8,007	8,007	8,007
Reserves	33,191	34,782	35,832	36,949	38,299
Total equity	41,197	42,788	43,839	44,955	46,305
Non-controlling interest	3	3	4	4	4
Total liabilities & equity	243,622	265,414	285,687	306,346	328,634
Supplementary items					
Risk weighted assets (RWA)	174,636	188,747	203,164	217,856	233,706
Average interest earning assets	259,356	254,501	275,059	295,259	317,251
Average interest bearing liabilities	205,845	199,901	218,010	234,015	251,365
CET 1 capital	32,421	32,372	36,410	37,326	38,476
Total capital	40,481	38,920	42,823	43,940	45,290
Gross non performing loans (NPL)	4,957	4,577	5,034	5,638	6,315
Per share (THB)					
Book value per share	51.45	53.44	54.75	56.15	57.83
Tangible book value per share	51.29	53.32	54.63	56.02	57.71
Growth					
Gross customer loans	(9.7)	7.9	8.0	8.0	8.0
Average interest earning assets	(9.4)	(1.9)	8.1	7.3	7.4
Total asset (%)	(11.6)	8.9	7.6	7.2	7.3
Risk weighted assets (%)	(5.7)	8.1	7.6	7.2	7.3
Customer deposits (%)	(18.2)	13.0	7.5	8.5	8.7
Leverage & capital measures					
Customer loan/deposits (%)	115.8	111.0	112.1	111.5	110.8
Equity/assets (%)	16.9	16.1	15.3	14.7	14.1
Tangible equity/assets (%)	16.9	16.1	15.3	14.6	14.1
RWA/assets (%)	71.7	71.1	71.1	71.1	71.1
CET 1 CAR (%)	18.6	17.2	17.9	17.1	16.5
Total CAR (%)	23.2	20.6	21.1	20.2	19.4
Asset Quality (FSSIA's calculation)					
Change in NPL (%)	(11.8)	(7.7)	10.0	12.0	12.0
NPL/gross loans (%)	2.4	2.1	2.1	2.2	2.3
Total provisions/gross loans (%)	5.8	5.4	4.9	4.6	4.9
Total provisions/NPL (%)	236.8	258.8	231.0	222.9	214.8
Valuation					
Recurring P/E (x) *	11.3	10.6	10.3	9.8	9.2
Recurring P/E @ target price (x) *	13.1	12.3	11.9	11.3	10.7
Reported P/E (x)	11.3	10.6	10.3	9.8	9.2
Dividend yield (%)	7.4	8.1	8.3	8.6	8.9
Price/book (x)	1.9	1.8	1.8	1.7	1.7
Price/tangible book (x)	1.9	1.8	1.8	1.7	1.7
Price/tangible book @ target price (x)	2.2	2.1	2.0	2.0	1.9

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Tisco Financial; FSSIA estimates

Public disclosures related to sustainable development evaluation of Thai listed companies

[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**" by the Thai Institute of Directors Association (Thai IOD); 2) "**AGM Checklist**" by the Thai Investors Association (TIA), a "**CAC certified member**" of the Thai Private Sector Collective Action Against Corruption (CAC); and 3) **Sustainability Investment List (THSI)** by the Stock Exchange of Thailand. The ratings are updated on an annual basis. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such ratings.

CG Score by the Thai Institute of Directors Association (Thai IOD)¹

The [CG Score](#) indicates corporate governance (CG) strength in the sustainable development of Thai listed companies. Annually, the Thai IOD, with support from the Stock Exchange of Thailand (SET), surveys and assesses the CG practices of companies and publishes the results on the [Thai IOD website](#) in a bid to promote and enhance the CG of Thai listed companies in order to promote compliance with international standards for better investment decisions. The results are from the perspective of a third party, not an evaluation of operations, as of the date appearing in the report, and may be changed after that date.

The [five underlying categories and weighting](#) used for the CG scoring in 2022 include the rights of shareholders and equitable treatment of shareholders (weight 25% combined), the role of stakeholders (25%), disclosure and transparency (15%), and board responsibilities (35%).

The CGR report rates CG in six categories: 5 for Excellent (score range 90-100), 4 for Very Good (score range 80-89), 3 for Good (Score range 70-79), 2 for Fair (score range 60-69), 1 for Pass (score range 60-69), and not rated (score below 50).

AGM Checklist by the Thai Investors Association (TIA)²

The "[AGM Checklist](#)" quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and the extent to which information is sufficiently disclosed and the level of its transparency. All the considered factors form important elements of two out of five the CG components. Annually, the TIA, with support from the SEC, leads the project to evaluate the quality of Annual General Meetings of Shareholders (AGMs) and to rate quality of the meetings.

The [Checklist](#) contains the minimum requirements under law that companies must comply with, or best practices according to international CG guidance. Representatives of the TIA will attend the meetings and perform the evaluation. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating of how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.

The results are classified into four categories: 5 for Excellent (score 100), 4 for Very Good (score 90-99), 3 for Fair (score 80-89), and not rated (score below 79).

CAC certified member by the Thai Private Sector Collective Action Against Corruption (CAC)³

A [CAC certified member](#) is a listed company whose Checklist satisfies the CAC Certification's criteria and is approved by the CAC Council. The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. Note that the CAC does not certify the behaviour of the employees nor whether the companies have engaged in bribery, and Certification is good for three years.

Companies deciding to become a CAC certified member [start with](#) by submitting a Declaration of Intent signed by the Chairman of the Board to kick off the 18-month deadline for companies to submit the CAC Checklist for Certification. The 18-month provision is for risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.

The checklist document will be reviewed by the CAC Certification Committee for adequate information and evidence. It is worth noting that the committee consists of nine professionals in business law, corporate governance, internal audit, financial audit and experienced representatives from certified members.

A passed Checklist will move on to the [CAC Council](#) for granting certification approvals. The CAC Council consists of twelve prominent individuals who are highly respected in professionalism and ethical achievements. Among them are former ministers, a former central bank governor, the former head of the Thai Listed Companies Association, Chairman of Anti-Corruption Organizations (Thailand), Chairman of Thai Institute of Directors, and reputable academic scholars.

Sustainability Investment (THSI)⁴ by the Stock Exchange of Thailand (SET)

Thailand Sustainability Investment ([THSI](#)) quantifies responsibility in **E**nvironmental, and **S**ocial issues, by managing business with transparency in **G**overnance. The THSI serves as another choice for investors who desire to adopt a responsible investment approach, according to the SET.

Annually, the SET will announce the voluntary participation of the company candidates which pass the preemptive criteria, and whose two key crucial conditions are met, i.e. no irregular trading of the board members and executives and a free float of >150 by the number of shareholders, and combined holding must >15% of paid-up capital. Some key disqualifying criteria include a CG score of below 70%; independent directors and free float violation; executives' wrongdoing related to CG, social and environmental impacts, equity in negative territory, and earnings in the red for more than three years in the last five years. To become eligible for THSI, the candidate must pass three indicators in data declaration: **E**conomic (CG, risk management, customer relation management, supply chain management, and innovation); **E**nvironmental (environmental management, eco-efficiency, and climate risk); **S**ocial (human rights, talent attraction, operational health & safety, community development, and stakeholder engagement); and the incorporation of ESG in business operations.

To be approved for THSI inclusion, verified data must be scored at a 50% minimum for each indicator, unless the company is a part of the Dow Jones Sustainability Indices⁵ (DJSI) during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality.

Note that, from the [THSI list](#), the SET further developed a sustainability [SETTHSI Index](#) in June 2018 from selected THSI companies whose 1) market capitalisation > 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.

Sources: [SEC](#); [Thai IOD](#); [Thai CAC](#); [SET](#); FSSIA's compilation

Disclaimer:

¹ Thai Institute of Directors Association ([Thai IOD](#)) was established in December 1999 and is a membership organisation that strives to promote professionalism in directorship. The Thai IOD offers directors certification and professional development courses, provides a variety of seminars, forums and networking events, and conducts research on board governance issues and practices. Membership comprises board members from companies ranging from large publicly listed companies to small private firms.

² Thai Investors Association ([TIA](#)) was established in 1983 with a mission to promote investment knowledge and to protect the investment rights of Thai investors. In 2002, the association was appointed by the Securities and Exchange Commission (SEC) to represent individual shareholders. To obtain information for evaluation, the association recruits volunteer investors to join AGMs and score the meetings. Weightings for each meeting are at a 45:45:10 ratio. They have been applied since 2017 and subject to change.

³ Thai Private Sector Collective Action against Corruption ([CAC](#)) was founded in 2010 and is 100% privately funded. It is an initiative by the Thai private sector to take part in tackling corruption problems via collective action. The CAC promotes the implementation of effective anti-corruption policies in order to create a transparent business ecosystem by developing a unique certification program for large/medium/small companies to apply for and to control corruption risk systematically and efficiently. The CAC's operations are sponsored by the US-based Center for Private Enterprise (CIPE) and the UK Prosperity Fund.

⁴ Sustainability Investment List ([THSI](#)), created by the Stock Exchange of Thailand in 2015, comprises the listed companies that conduct sustainable business operations.

⁵ Dow Jones Sustainability Indices – [Wikipedia](#) – Launched in 1999, DJSI evaluates the sustainability performance of companies based on corporate economic, environmental, and social performance.

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

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

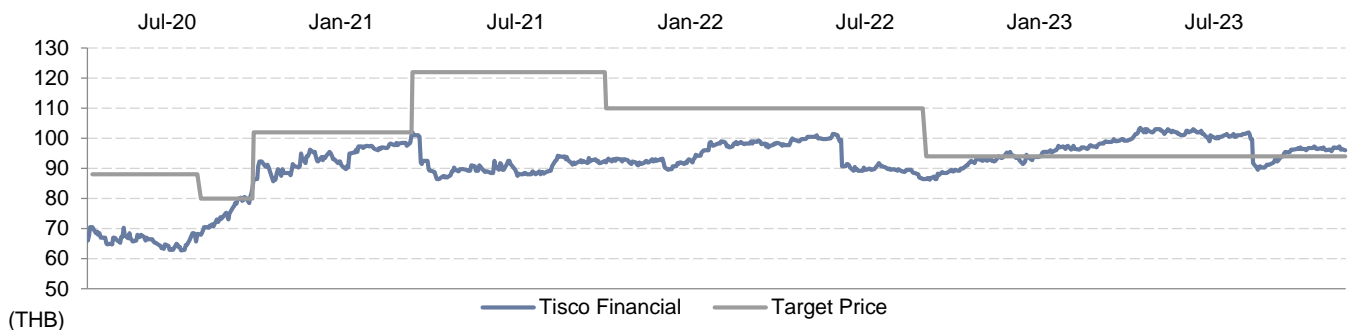
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

This report has been prepared by FSS International Investment Advisory Company Limited (FSSIA). The information herein has been obtained from sources believed to be reliable and accurate; however FSS makes no representation as to the accuracy and completeness of such information. Information and opinions expressed herein are subject to change without notice. FSS has no intention to solicit investors to buy or sell any security in this report. In addition, FSS does not guarantee returns nor price of the securities described in the report nor accept any liability for any loss or damage of any kind arising out of the use of such information or opinions in this report. Investors should study this report carefully in making investment decisions. All rights are reserved.

This report may not be reproduced, distributed or published by any person in any manner for any purpose without permission of FSSIA. Investment in securities has risks. Investors are advised to consider carefully before making investment decisions.

History of change in investment rating and/or target price

Tisco Financial (TISCO TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
16-Jul-2020	BUY	88.00	03-Dec-2020	BUY	102.00	05-Oct-2021	BUY	110.00
16-Oct-2020	BUY	80.00	20-Apr-2021	BUY	122.00	08-Jul-2022	HOLD	94.00

Usanee Liurut, CISA started covering this stock from 11-Jul-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Tisco Financial	TISCO TB	THB 96.00	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.

Source: FSSIA estimates

Additional Disclosures

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

FSSIA may incorporate the recommendations and target prices of companies currently covered by FSS Research into equity research reports, denoted by an 'FSS' before the recommendation. FSS Research is part of Finansia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 10-Jul-2023 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as $(\text{target price}^* - \text{current price}) / \text{current price}$.

BUY (B). The upside is 10% or more.

HOLD (H). The upside or downside is less than 10%.

REDUCE (R). The downside is 10% or more.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

Industry Recommendations

Overweight. The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.

Neutral. The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.

Underweight. The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

Country (Strategy) Recommendations

Overweight (O). Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Neutral (N). Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Underweight (U). Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.