

## กำไรตามคาดแต่คุณภาพสินทรัพย์แย่ลง

- แม้ว่ากำไรสุทธิ 2Q24 จะออกมาตามคาด หนี้ต่อคุณภาพและต้นทุนความเสี่ยงในการปล่อยสินเชื่อ (Credit cost) ที่สูงกว่าคาดกลับสะท้อนคุณภาพสินทรัพย์ที่เสื่อมลง
- เราปรับประมาณการกำไรสุทธิปี 2024-26 ของเราเล็กน้อยเพื่อสะท้อนส่วนต่างดอกเบี้ย (NIM) และ Credit cost ที่สูงขึ้น ปรับราคาเป้าหมายปี 2024 ลงเหลือ 96 บาท
- เราคำนวณแนะนำถือเพื่อรับผลตอบแทนในรูปเงินปันผลที่น่าสนใจที่ประมาณ 8%

## ธุรกิจหลักที่ตกต่ำกดดันกำไร 2Q24

TISCO ประกาศกำไรสุทธิ 2Q24 ออกมาตามคาด กำไรดังกล่าวเพิ่มขึ้น 0.9% q-q แต่ลดลง 5.7% y-y มาอยู่ที่ 1.75 พัน ลบ. กำไรก่อนหักสำรอง (PPOP) อยู่ที่ 2.59 พัน ลบ. เพิ่มขึ้น 5.9% q-q และ 9.3% y-y โดยได้ปัจจัยหนุนจากรายได้ที่ไม่ใช่ดอกเบี้ย (Non-NII) ซึ่งโตดีกว่าคาด นอกจากกำไรจากการปรับมูลค่าเงินลงทุนในสินทรัพย์ FVTPL ให้เป็นราคาตลาดแล้ว รายได้ค่าธรรมเนียมสุทธิยังเพิ่มตามคาดส่วนมากจากค่าธรรมเนียมธุรกิจพาณิชย์ที่เพิ่มขึ้นจากหุ้น IPO ของ NEO (80 ลบ.) รายได้ดอกเบี้ยสุทธิ (NII) อ่อนแอหลังสินเชื่อหดตัว 0.8% q-q แต่ยังคงได้จากกลุ่มสินเชื่อที่ให้ผลตอบแทนสูงอันประกอบด้วยสินเชื่อเช่าซื้อรถมือสองและรถจักรยานยนต์รวมถึงสินเชื่อทะเบียนรถยนต์ ในทางตรงกันข้ามกับกลุ่มสินเชื่อที่ให้ผลตอบแทนต่ำ สินเชื่อเช่าซื้อรถใหม่และสินเชื่อที่อยู่อาศัยหดตัวต่อเนื่องจากอัตราส่วนความเสี่ยงต่อผลตอบแทนที่ไม่สมเหตุสมผล NIM เพิ่มขึ้น 8bp q-q เป็น 4.85% จากต้นทุนในการกู้ยืม (Cost of funds) ที่ต่ำกว่าคาด อัตราส่วนค่าใช้จ่ายในการดำเนินงานต่อรายได้ (Cost-to-income ratio) ลดลงเหลือ 47.6% สอดคล้องกับค่าใช้จ่ายผันแปรที่ลดลง ในภาพรวมกำไรสุทธิ 1H24 ลดลง 4.5% y-y มาอยู่ที่ 3.48 พัน ลบ. คิดเป็น 50% ของประมาณการกำไรสุทธิปี 2024 ที่ปรับใหม่ของเรา

## คุณภาพสินทรัพย์อ่อนตัวลงพร้อม ECL และหนี้ต่อคุณภาพที่ปรับขึ้น

คุณภาพสินทรัพย์อ่อนตัวลงอย่างต่อเนื่องใน 2Q24 และอ่อนตัวลงมากกว่าคาดโดยมีสัดส่วนหนี้ต่อคุณภาพเพิ่มเป็น 2.44% สอดคล้องกับเป้าหมายการของธนาคารฯ ในปี 2024 ที่ 2.50-2.75% ซึ่งทำให้ Credit cost เพิ่มขึ้น 70bp สูงกว่าเป้าหมายการของธนาคารฯ ในปี 2024 ที่ต่ำกว่า 50bp เพื่อรับมือกับหนี้ต่อคุณภาพที่ปรับขึ้นจากกลุ่มสินเชื่อรายย่อยส่วนมากซึ่งทำให้สัดส่วนสำรองต่อหนี้ต่อคุณภาพ (Coverage ratio) ลดลงเหลือ 163% จาก 178% ใน 1Q24

## ปรับประมาณการกำไรปี 2024-26 เล็กน้อย

เราปรับประมาณการกำไรปี 2024-26 ของเราเล็กน้อยโดยคาดว่าจะกำไรจะลดลง 5.0% y-y และ 1.3% y-y ในปี 2024-25 แต่เพิ่มขึ้น 3.4% y-y ในปี 2026 เพื่อสะท้อนเป้าหมายการ Credit cost ในปี 2024 ที่เพิ่มขึ้นเป็น 70bp จาก 50bp นอกจากนี้เรายังปรับลดสมมติฐานการเติบโตของสินเชื่อของเราแต่ปรับเพิ่มประมาณการ NIM เพื่อสะท้อน Cost of funds ที่ต่ำกว่าคาด

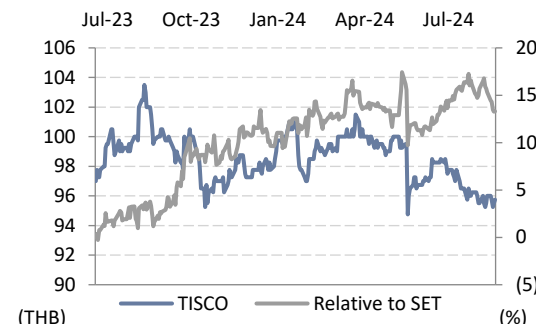
## คงคำแนะนำถือที่ราคาเป้าหมายปี 2024 ที่ 96 บาท

เราปรับลดราคาเป้าหมายปี 2024 ของเราเป็น 96 จาก 97 บาท (GGM) คิดเป็นค่า P/BV อยู่ที่ 1.77x (จาก 1.79x) ภายใต้สมมติฐานค่า L-T ROE ที่ 15.9% (จาก 16.0%) และค่า COE อยู่ที่ 9.4% เราคำนวณแนะนำถือเนื่องจากราคาปัจจุบันไม่มี Upside มีเพียงผลตอบแทนในรูปเงินปันผลต่อปีที่น่าสนใจที่ประมาณ 8%

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

## KEY STOCK DATA

| YE Dec (THB m)       | 2023  | 2024E | 2025E | 2026E |
|----------------------|-------|-------|-------|-------|
| Operating profit     | 9,090 | 8,669 | 8,558 | 8,851 |
| Net profit           | 7,302 | 6,935 | 6,846 | 7,081 |
| EPS (THB)            | 9.12  | 8.66  | 8.55  | 8.84  |
| vs Consensus (%)     | -     | (0.2) | (3.4) | (5.1) |
| Recurring net profit | 7,302 | 6,935 | 6,846 | 7,081 |
| Core EPS (THB)       | 9.12  | 8.66  | 8.55  | 8.84  |
| Chg. In EPS est. (%) | -     | 3.0   | 0.9   | 4.0   |
| EPS growth (%)       | 1.1   | (5.0) | (1.3) | 3.4   |
| Core P/E (x)         | 10.5  | 11.1  | 11.2  | 10.8  |
| Dividend yield (%)   | 8.1   | 8.1   | 8.1   | 8.4   |
| Price/book (x)       | 1.8   | 1.8   | 1.7   | 1.7   |
| ROE (%)              | 17.1  | 16.1  | 15.6  | 15.9  |
| ROA (%)              | 2.6   | 2.4   | 2.3   | 2.3   |



| Share price performance        | 1 Month         | 3 Month | 12 Month |
|--------------------------------|-----------------|---------|----------|
| Absolute (%)                   | (0.8)           | (4.3)   | (0.3)    |
| Relative to country (%)        | (1.9)           | 0.4     | 11.7     |
| Mkt cap (USD m)                | 2,119           |         |          |
| 3m avg. daily turnover (USD m) | 11.3            |         |          |
| Free float (%)                 | 80              |         |          |
| Major shareholder              | Thai NVDR (11%) |         |          |
| 12m high/low (THB)             | 103.50/94.00    |         |          |
| Issued shares (m)              | 801             |         |          |

Sources: Bloomberg consensus; FSSIA estimates



Usanee Liurut, CISA

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

Maeta Cherdsatirakul

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

## Investment thesis

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

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

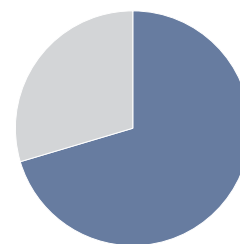
## Company profile

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

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

## Principal activities (revenue, 1H24)

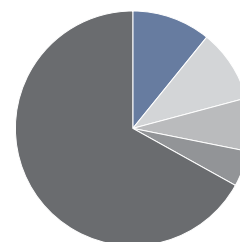
- Net interest income - 70.4 %
- Non-interest income - 29.6 %



Source: Tisco Financial

## Major shareholders

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



Source: Tisco Financial

## Catalysts

Potential share price catalysts for TISCO include:

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

## Risks to our call

Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand. Upside risks are 1) aggressive loan growth; and 2) well-controlled asset quality.

## Event calendar

| Date     | Event                     |
|----------|---------------------------|
| Oct 2024 | 3Q24 results announcement |

## Key assumptions

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

Source: FSSIA estimates

## Earnings sensitivity

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

Source: FSSIA estimates

## Key takeaways from the 2Q24 analyst meeting

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

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

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

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

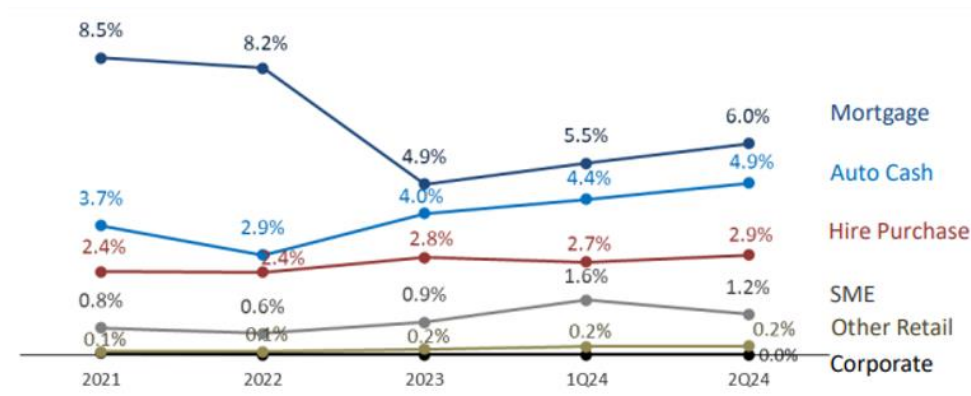
### Exhibit 1: TISCO – Loan growth by segment

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

Sources: TISCO; FSSIA's compilation

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

Exhibit 2: TISCO – NPLs by segment



Sources: TISCO

Exhibit 3: TISCO – 2Q24 operating summary

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

Sources: TISCO; FSSIA estimates

## Exhibit 4: TISCO – Staged loans and ECL

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

Sources: TISCO; FSSIA's compilation

## Exhibit 5: 2024-26E earnings revisions

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

Source: FSSIA estimates

Exhibit 6: TISCO – GGM-based 2024 TP

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

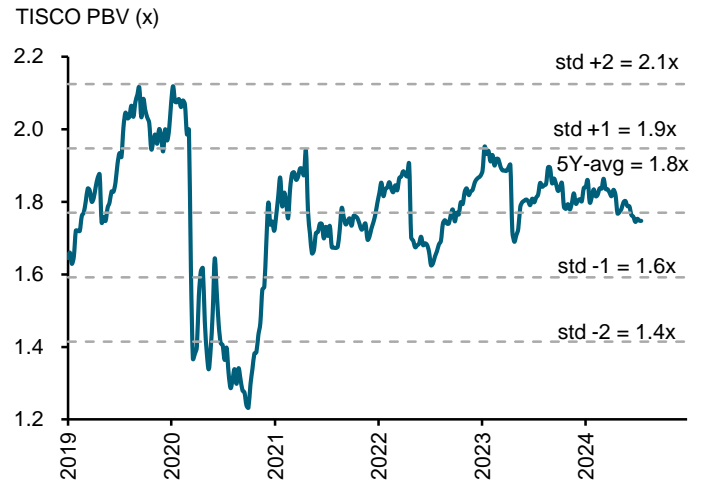
Source: FSSIA estimates

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

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

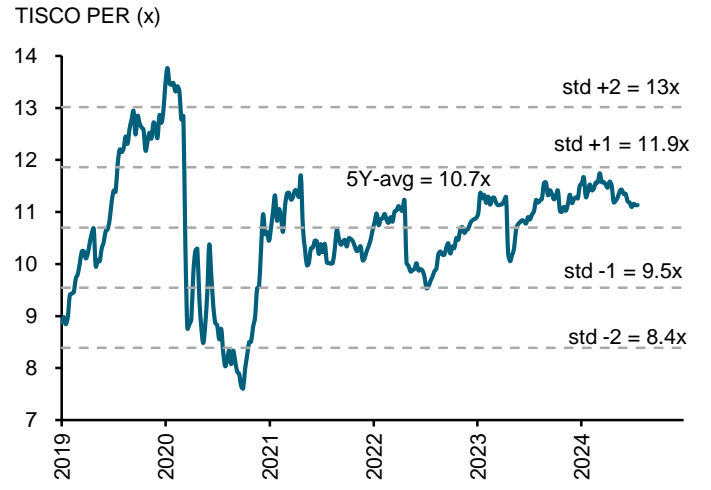
Source: Bloomberg

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



Sources: Bloomberg; FSSIA estimates

Exhibit 9: TISCO – one-year prospective PER band



Sources: Bloomberg; FSSIA estimates

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

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

Sources: Bloomberg; FSSIA estimates



## Financial Statements

### Tisco Financial

| Profit and Loss (THB m) Year Ending Dec | 2022    | 2023    | 2024E   | 2025E   | 2026E   |
|-----------------------------------------|---------|---------|---------|---------|---------|
| Interest Income                         | 14,904  | 18,037  | 20,007  | 20,796  | 21,702  |
| Interest expense                        | (2,171) | (4,208) | (5,940) | (6,338) | (6,567) |
| Net interest income                     | 12,734  | 13,829  | 14,067  | 14,458  | 15,135  |
| Net fees & commission                   | 5,046   | 4,867   | 4,759   | 4,854   | 5,048   |
| Foreign exchange trading income         | 0       | 0       | 0       | 0       | 0       |
| Securities trading income               | 89      | (24)    | 306     | 306     | 106     |
| Dividend income                         | 73      | 90      | 94      | 99      | 104     |
| Other income                            | 363     | 284     | 298     | 314     | 330     |
| Non interest income                     | 5,571   | 5,217   | 5,457   | 5,573   | 5,588   |
| Total income                            | 18,305  | 19,046  | 19,524  | 20,030  | 20,723  |
| Staff costs                             | (6,104) | (6,384) | (6,192) | (6,068) | (6,281) |
| Other operating costs                   | (2,487) | (2,957) | (3,003) | (2,973) | (3,063) |
| Operating costs                         | (8,591) | (9,340) | (9,195) | (9,041) | (9,344) |
| Pre provision operating profit          | 9,714   | 9,705   | 10,329  | 10,989  | 11,380  |
| Expected credit loss                    | (723)   | (615)   | (1,660) | (2,431) | (2,529) |
| Other provisions                        | -       | -       | -       | -       | -       |
| Operating profit                        | 8,991   | 9,090   | 8,669   | 8,558   | 8,851   |
| Recurring non operating income          | 0       | 0       | 0       | 0       | 0       |
| Associates                              | -       | -       | -       | -       | -       |
| Goodwill amortization                   | -       | -       | -       | -       | -       |
| Non recurring items                     | 0       | 0       | 0       | 0       | 0       |
| Profit before tax                       | 8,991   | 9,090   | 8,669   | 8,558   | 8,851   |
| Tax                                     | (1,766) | (1,788) | (1,734) | (1,712) | (1,770) |
| Profit after tax                        | 7,225   | 7,302   | 6,935   | 6,846   | 7,081   |
| Non-controlling interest                | 0       | 0       | 0       | 0       | 0       |
| Preferred dividends                     | -       | -       | -       | -       | -       |
| Other items                             | 0       | 0       | 0       | 0       | 0       |
| Reported net profit                     | 7,225   | 7,302   | 6,935   | 6,846   | 7,081   |
| Non recurring items & goodwill (net)    | -       | -       | 0       | 0       | 0       |
| Recurring net profit                    | 7,225   | 7,302   | 6,935   | 6,846   | 7,081   |
| <b>Per share (THB)</b>                  |         |         |         |         |         |
| Recurring EPS *                         | 9.02    | 9.12    | 8.66    | 8.55    | 8.84    |
| Reported EPS                            | 9.02    | 9.12    | 8.66    | 8.55    | 8.84    |
| DPS                                     | 7.75    | 7.75    | 7.75    | 7.75    | 8.00    |
| <b>Growth</b>                           |         |         |         |         |         |
| Net interest income (%)                 | 2.2     | 8.6     | 1.7     | 2.8     | 4.7     |
| Non interest income (%)                 | (12.6)  | (6.4)   | 4.6     | 2.1     | 0.3     |
| Pre provision operating profit (%)      | (8.0)   | (0.1)   | 6.4     | 6.4     | 3.6     |
| Operating profit (%)                    | 5.9     | 1.1     | (4.6)   | (1.3)   | 3.4     |
| Reported net profit (%)                 | 6.5     | 1.1     | (5.0)   | (1.3)   | 3.4     |
| Recurring EPS (%)                       | 6.5     | 1.1     | (5.0)   | (1.3)   | 3.4     |
| Reported EPS (%)                        | 6.5     | 1.1     | (5.0)   | (1.3)   | 3.4     |
| <b>Income Breakdown</b>                 |         |         |         |         |         |
| Net interest income (%)                 | 69.6    | 72.6    | 72.0    | 72.2    | 73.0    |
| Net fees & commission (%)               | 27.6    | 25.6    | 24.4    | 24.2    | 24.4    |
| Foreign exchange trading income (%)     | -       | -       | -       | -       | -       |
| Securities trading income (%)           | 0.5     | (0.1)   | 1.6     | 1.5     | 0.5     |
| Dividend income (%)                     | 0.4     | 0.5     | 0.5     | 0.5     | 0.5     |
| Other income (%)                        | 2.0     | 1.5     | 1.5     | 1.6     | 1.6     |
| <b>Operating performance</b>            |         |         |         |         |         |
| Gross interest yield (%)                | 5.86    | 6.51    | 6.86    | 6.96    | 6.99    |
| Cost of funds (%)                       | 1.09    | 1.89    | 2.52    | 2.64    | 2.64    |
| Net interest spread (%)                 | 4.77    | 4.62    | 4.34    | 4.32    | 4.35    |
| Net interest margin (%)                 | 5.0     | 5.0     | 4.8     | 4.8     | 4.9     |
| Cost/income(%)                          | 46.9    | 49.0    | 47.1    | 45.1    | 45.1    |
| Cost/assets(%)                          | 3.4     | 3.4     | 3.1     | 3.0     | 3.0     |
| Effective tax rate (%)                  | 19.6    | 19.7    | 20.0    | 20.0    | 20.0    |
| Dividend payout on recurring profit (%) | 85.9    | 85.0    | 89.5    | 90.6    | 90.5    |
| ROE (%)                                 | 17.2    | 17.1    | 16.1    | 15.6    | 15.9    |
| ROE - COE (%)                           | 6.4     | 6.3     | 5.3     | 4.8     | 5.1     |
| ROA (%)                                 | 2.8     | 2.6     | 2.4     | 2.3     | 2.3     |
| RORWA (%)                               | 4.0     | 3.8     | 3.4     | 3.2     | 3.2     |

\* Pre-exceptional, pre-goodwill and fully diluted

Sources: Tisco Financial; FSSIA estimates



## Financial Statements

### Tisco Financial

| Balance Sheet (THB m) Year Ending Dec      | 2022           | 2023           | 2024E          | 2025E          | 2026E          |
|--------------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Gross customer loans                       | 219,004        | 234,815        | 239,511        | 246,697        | 259,032        |
| Allowance for expected credit loss         | (11,845)       | (9,916)        | (9,876)        | (10,107)       | (11,036)       |
| interest in suspense                       | 1,722          | 1,929          | 1,916          | 1,974          | 2,072          |
| <b>Net customer loans</b>                  | <b>208,881</b> | <b>226,828</b> | <b>231,551</b> | <b>238,563</b> | <b>250,068</b> |
| Bank loans                                 | 40,272         | 48,490         | 49,459         | 50,449         | 52,971         |
| Government securities                      | -              | -              | -              | -              | -              |
| Trading securities                         | 2,172          | 2,082          | 2,186          | 2,295          | 2,410          |
| Investment securities                      | 4,863          | 4,205          | 4,398          | 4,599          | 4,810          |
| Cash & equivalents                         | 1,005          | 918            | 1,299          | 1,137          | 1,497          |
| Other interesting assets                   | -              | -              | -              | -              | -              |
| Tangible fixed assets                      | 2,786          | 3,179          | 3,338          | 3,505          | 3,680          |
| Associates                                 | -              | -              | -              | -              | -              |
| Goodwill                                   | 100            | 79             | 79             | 79             | 79             |
| Other intangible assets                    | -              | -              | -              | -              | -              |
| Other assets                               | 5,334          | 4,944          | 5,153          | 5,375          | 5,611          |
| <b>Total assets</b>                        | <b>265,414</b> | <b>290,724</b> | <b>297,464</b> | <b>306,002</b> | <b>321,126</b> |
| Customer deposits                          | 188,266        | 208,645        | 210,731        | 214,946        | 225,693        |
| Bank deposits                              | 6,195          | 8,506          | 8,932          | 9,378          | 9,566          |
| Other interest bearing liabilities         | 15,757         | 17,286         | 17,805         | 18,695         | 19,630         |
| Non interest bearing liabilities           | 12,405         | 13,839         | 16,507         | 18,772         | 21,363         |
| Hybrid Capital                             | -              | -              | -              | -              | -              |
| <b>Total liabilities</b>                   | <b>222,623</b> | <b>248,276</b> | <b>253,974</b> | <b>261,791</b> | <b>276,252</b> |
| Share capital                              | 8,007          | 8,007          | 8,007          | 8,007          | 8,007          |
| Reserves                                   | 34,782         | 34,438         | 35,480         | 36,201         | 36,864         |
| <b>Total equity</b>                        | <b>42,788</b>  | <b>42,445</b>  | <b>43,486</b>  | <b>44,207</b>  | <b>44,870</b>  |
| Non-controlling interest                   | 3              | 3              | 3              | 4              | 4              |
| <b>Total liabilities &amp; equity</b>      | <b>265,414</b> | <b>290,724</b> | <b>297,464</b> | <b>306,002</b> | <b>321,126</b> |
| <b>Supplementary items</b>                 |                |                |                |                |                |
| Risk weighted assets (RWA)                 | 188,747        | 195,650        | 209,632        | 221,898        | 225,322        |
| Average interest earning assets            | 254,501        | 277,069        | 291,668        | 298,865        | 310,671        |
| Average interest bearing liabilities       | 199,901        | 222,328        | 235,952        | 240,243        | 248,954        |
| CET 1 capital                              | 32,372         | 35,026         | 36,068         | 36,789         | 37,252         |
| Total capital                              | 38,920         | 41,239         | 42,281         | 43,001         | 43,665         |
| Gross non performing loans (NPL)           | 4,577          | 5,223          | 6,300          | 6,700          | 7,300          |
| <b>Per share (THB)</b>                     |                |                |                |                |                |
| Book value per share                       | 53.44          | 53.01          | 54.31          | 55.21          | 56.04          |
| Tangible book value per share              | 53.32          | 52.91          | 54.22          | 55.12          | 55.94          |
| <b>Growth</b>                              |                |                |                |                |                |
| Gross customer loans                       | 7.9            | 7.2            | 2.0            | 3.0            | 5.0            |
| Average interest earning assets            | (1.9)          | 8.9            | 5.3            | 2.5            | 4.0            |
| Total asset (%)                            | 8.9            | 9.5            | 2.3            | 2.9            | 4.9            |
| Risk weighted assets (%)                   | 8.1            | 3.7            | 7.1            | 5.9            | 1.5            |
| Customer deposits (%)                      | 13.0           | 10.8           | 1.0            | 2.0            | 5.0            |
| <b>Leverage &amp; capital measures</b>     |                |                |                |                |                |
| Customer loan/deposits (%)                 | 111.0          | 108.7          | 109.9          | 111.0          | 110.8          |
| Equity/assets (%)                          | 16.1           | 14.6           | 14.6           | 14.4           | 14.0           |
| Tangible equity/assets (%)                 | 16.1           | 14.6           | 14.6           | 14.4           | 13.9           |
| RWA/assets (%)                             | 71.1           | 67.3           | 70.5           | 72.5           | 70.2           |
| CET 1 CAR (%)                              | 17.2           | 17.9           | 17.2           | 16.6           | 16.5           |
| Total CAR (%)                              | 20.6           | 21.1           | 20.2           | 19.4           | 19.4           |
| <b>Asset Quality (FSSIA's calculation)</b> |                |                |                |                |                |
| Change in NPL (%)                          | (7.7)          | 14.1           | 20.6           | 6.3            | 9.0            |
| NPL/gross loans (%)                        | 2.1            | 2.2            | 2.6            | 2.7            | 2.8            |
| Allowance for ECL/gross loans (%)          | 5.4            | 4.2            | 4.1            | 4.1            | 4.3            |
| Allowance for ECL/NPL (%)                  | 258.8          | 189.9          | 156.8          | 150.9          | 151.2          |
| <b>Valuation</b>                           |                |                |                |                |                |
| Recurring P/E (x) *                        | 10.6           | 10.5           | 11.1           | 11.2           | 10.8           |
| Recurring P/E @ target price (x) *         | 10.6           | 10.5           | 11.1           | 11.2           | 10.9           |
| Reported P/E (x)                           | 10.6           | 10.5           | 11.1           | 11.2           | 10.8           |
| Dividend yield (%)                         | 8.1            | 8.1            | 8.1            | 8.1            | 8.4            |
| Price/book (x)                             | 1.8            | 1.8            | 1.8            | 1.7            | 1.7            |
| Price/tangible book (x)                    | 1.8            | 1.8            | 1.8            | 1.7            | 1.7            |
| Price/tangible book @ target price (x)     | 1.8            | 1.8            | 1.8            | 1.7            | 1.7            |

\* Pre-exceptional, pre-goodwill and fully diluted

Sources: Tisco Financial; FSSIA estimates

# Tisco Financial Group PCL (TISCO TB)

## FSSIA ESG rating


**61.17 /100**

### Exhibit 11: FSSIA ESG score implication

| Rating | Score   | Implication                                                                                                                                                                                                                                            |
|--------|---------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ★★★★★  | >79-100 | Leading its industry peers in managing the most significant ESG risks which not only better cost efficiency but also lead to higher profitability.                                                                                                     |
| ★★★★★  | >59-79  | <b>A mixed track record of managing the most significant ESG risks and opportunities relative to industry peers.</b>                                                                                                                                   |
| ★★★    | >39-59  | Relevant ESG materiality matrix has been constructively addressed, well-managed and incorporated into day-to-day operations, in which targets and achievements are evaluated annually.                                                                 |
| ★★     | >19-39  | Relevant ESG materiality matrix has been identified with key management in charge for progress to be followed up on and to provide intensive disclosure. Most targets are conventional and achievable.                                                 |
| ★      | 1-19    | The company has adopted the United Nations Sustainable Development Goals (UN SDGs), established sustainability management guidelines and fully complies with regulations or ESG suggested guidance from related organizations such as the SET and SEC. |

Sources: FSSIA estimates

### Exhibit 12: ESG – peer comparison

|          | FSSIA<br>ESG<br>score | Domestic ratings |             |      |             |              |           | Global ratings          |             |      |         |           | Bloomberg     |              |                     |
|----------|-----------------------|------------------|-------------|------|-------------|--------------|-----------|-------------------------|-------------|------|---------|-----------|---------------|--------------|---------------------|
|          |                       | DJSI             | SET<br>THSI | THSI | CG<br>score | AGM<br>level | Thai CAC  | Morningstar<br>ESG risk | ESG<br>Book | MSCI | Moody's | Refinitiv | S&P<br>Global | ESG<br>score | Disclosure<br>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               |
| KTBB     | 63.10                 | --               | Y           | Y    | 5.00        | 5.00         | Certified | Medium                  | 53.59       | BBB  | 34.00   | 64.64     | 64.00         | 2.12         | 61.33               |
| SCB      | 62.57                 | Y                | Y           | Y    | 5.00        | 4.00         | --        | High                    | --          | A    | --      | --        | 86.00         | 3.43         | --                  |
| KKP      | 62.96                 | --               | Y           | Y    | 5.00        | 5.00         | Certified | Medium                  | 52.81       | BBB  | --      | 77.56     | 26.00         | 2.18         | 45.90               |
| TISCO    | 61.17                 | --               | Y           | Y    | 5.00        | 5.00         | Certified | Medium                  | 61.41       | --   | --      | 66.13     | 29.00         | 3.57         | 44.21               |
| TTB      | 63.69                 | --               | Y           | Y    | 5.00        | 5.00         | Certified | Medium                  | 53.98       | --   | 36.00   | 56.17     | 71.00         | 3.20         | 52.96               |

Sources: [SETTRADE.com](https://www.settrade.com); FSSIA's compilation

### Exhibit 13: ESG score by Bloomberg

| FY ending Dec 31                                    | FY 2015      | FY 2016      | FY 2017      | FY 2018      | FY 2019      | FY 2020      | FY 2021      | FY 2022      |
|-----------------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>ESG financial materiality scores - ESG score</b> | <b>2.48</b>  | <b>2.46</b>  | <b>3.70</b>  | <b>3.73</b>  | <b>3.72</b>  | <b>3.69</b>  | <b>3.78</b>  | <b>3.57</b>  |
| BESG environmental pillar score                     | 0.00         | 0.00         | 0.00         | 0.00         | 0.00         | 0.08         | 0.08         | 0.08         |
| BESG social pillar score                            | 2.88         | 2.94         | 6.10         | 6.14         | 6.29         | 5.96         | 6.16         | 6.16         |
| BESG governance pillar score                        | 5.54         | 5.29         | 5.28         | 5.36         | 5.08         | 5.25         | 5.32         | 4.47         |
| <b>ESG disclosure score</b>                         | <b>42.20</b> | <b>43.38</b> | <b>44.93</b> | <b>45.75</b> | <b>42.97</b> | <b>45.33</b> | <b>45.44</b> | <b>44.21</b> |
| Environmental disclosure score                      | 18.24        | 19.57        | 22.41        | 23.07        | 23.07        | 30.14        | 30.47        | 30.47        |
| Social disclosure score                             | 27.12        | 29.32        | 31.14        | 32.95        | 24.61        | 24.61        | 24.61        | 24.61        |
| Governance disclosure score                         | 81.10        | 81.10        | 81.10        | 81.10        | 81.10        | 81.10        | 81.10        | 81.10        |
| <b>Environmental</b>                                |              |              |              |              |              |              |              |              |
| Emissions reduction initiatives                     | No           | No           | No           | Yes          | Yes          | Yes          | Yes          | Yes          |
| Climate change policy                               | No           | No           | No           | Yes          | Yes          | Yes          | Yes          | Yes          |
| Climate change opportunities discussed              | No           | No           | No           | No           | No           | No           | No           | No           |
| Risks of climate change discussed                   | No           | No           | No           | No           | No           | No           | Yes          | Yes          |
| GHG scope 1                                         | —            | —            | 0            | 0            | 0            | 0            | 0            | 0            |
| GHG scope 2 location-based                          | —            | —            | 4            | 4            | 4            | 4            | 3            | 3            |
| GHG Scope 3                                         | —            | —            | —            | —            | —            | —            | —            | —            |
| Carbon per unit of production                       | —            | —            | —            | —            | —            | —            | —            | —            |
| Biodiversity policy                                 | No           | No           | No           | No           | No           | No           | No           | No           |
| Energy efficiency policy                            | Yes          | Yes          | Yes          | Yes          | Yes          | Yes          | Yes          | Yes          |
| Total energy consumption                            | —            | —            | —            | —            | —            | —            | —            | —            |
| Renewable energy use                                | —            | —            | —            | —            | —            | —            | —            | —            |
| Electricity used                                    | 12           | 12           | 12           | 9            | 9            | 8            | 7            | 2            |
| Fuel used - natural gas                             | —            | —            | —            | —            | —            | —            | —            | —            |

Sources: Bloomberg; FSSIA's compilation

**Exhibit 14: ESG score by Bloomberg (cont.)**

| FY ending Dec 31                              | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 |
|-----------------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|
| Fuel used - crude oil/diesel                  | No      | No      | No      | No      | No      | No      | No      | No      |
| Waste reduction policy                        | No      | Yes     | Yes     | Yes     | Yes     | Yes     | Yes     | Yes     |
| Hazardous waste                               | —       | —       | —       | —       | —       | 0       | 0       | 0       |
| Total waste                                   | —       | —       | —       | —       | —       | —       | —       | —       |
| Waste recycled                                | —       | —       | —       | —       | —       | —       | —       | —       |
| Waste sent to landfills                       | —       | —       | —       | —       | —       | —       | —       | —       |
| Environmental supply chain management         | Yes     | Yes     | Yes     | Yes     | Yes     | Yes     | Yes     | Yes     |
| Water policy                                  | No      | Yes     | Yes     | Yes     | Yes     | Yes     | Yes     | Yes     |
| Water consumption                             | —       | —       | —       | —       | —       | 29      | 29      | 30      |
| <b>Social</b>                                 |         |         |         |         |         |         |         |         |
| Human rights policy                           | Yes     | Yes     | Yes     | Yes     | Yes     | Yes     | Yes     | Yes     |
| Policy against child labor                    | No      | No      | No      | No      | No      | No      | No      | No      |
| Quality assurance and recall policy           | No      | No      | No      | No      | No      | No      | No      | No      |
| Consumer data protection policy               | Yes     | Yes     | Yes     | Yes     | Yes     | Yes     | Yes     | Yes     |
| Equal opportunity policy                      | No      | Yes     | Yes     | Yes     | Yes     | Yes     | Yes     | Yes     |
| Gender pay gap breakout                       | No      | No      | No      | No      | No      | No      | No      | No      |
| Pct women in workforce                        | 62      | 63      | 63      | 64      | 64      | 65      | 65      | 65      |
| Pct disabled in workforce                     | —       | —       | —       | —       | —       | —       | —       | —       |
| Business ethics policy                        | Yes     | Yes     | Yes     | Yes     | Yes     | Yes     | Yes     | Yes     |
| Anti-bribery ethics policy                    | Yes     | Yes     | Yes     | Yes     | Yes     | Yes     | Yes     | Yes     |
| Health and safety policy                      | Yes     | Yes     | Yes     | Yes     | Yes     | Yes     | Yes     | Yes     |
| Lost time incident rate - employees           | —       | —       | —       | 0       | 0       | 0       | 0       | 0       |
| Total recordable incident rate - employees    | —       | —       | 0       | 0       | 0       | 0       | 0       | 0       |
| Training policy                               | Yes     | Yes     | Yes     | Yes     | Yes     | Yes     | Yes     | Yes     |
| Fair remuneration policy                      | No      | No      | No      | No      | No      | No      | No      | No      |
| Number of employees – CSR                     | 4,250   | 4,525   | 4,986   | 4,837   | 5,031   | 4,548   | 4,532   | 5,090   |
| Employee turnover pct                         | 11      | 10      | 15      | 7       | 6       | 4       | 5       | 7       |
| Total hours spent by firm - employee training | 88,528  | 93,260  | 99,022  | 161,266 | 132,667 | 123,069 | 99,704  | 99,102  |
| Social supply chain management                | Yes     | Yes     | Yes     | Yes     | Yes     | Yes     | Yes     | Yes     |
| <b>Governance</b>                             |         |         |         |         |         |         |         |         |
| Board size                                    | 12      | 12      | 12      | 11      | 12      | 12      | 13      | 13      |
| No. of independent directors (ID)             | 6       | 7       | 6       | 6       | 6       | 6       | 7       | 5       |
| No. of women on board                         | 4       | 5       | 5       | 5       | 3       | 3       | 3       | 3       |
| No. of non-executive directors on board       | 8       | 8       | 8       | 8       | 8       | 8       | 9       | 9       |
| Company conducts board evaluations            | Yes     | Yes     | Yes     | Yes     | Yes     | Yes     | Yes     | Yes     |
| No. of board meetings for the year            | 6       | 7       | 6       | 7       | 7       | 8       | 8       | 7       |
| Board meeting attendance pct                  | 93      | 97      | 94      | 99      | 100     | 96      | 99      | 94      |
| Board duration (years)                        | 1       | 1       | 1       | 1       | 1       | 1       | 1       | 1       |
| Director share ownership guidelines           | No      | No      | No      | No      | No      | No      | No      | No      |
| Age of the youngest director                  | 38      | 39      | 40      | 41      | 42      | 43      | 46      | 47      |
| Age of the oldest director                    | 69      | 70      | 71      | 72      | 73      | 74      | 75      | 76      |
| No. of executives / company managers          | 41      | 40      | 36      | 40      | 39      | 39      | 38      | 39      |
| No. of female executives                      | 18      | 17      | 14      | 17      | 18      | 15      | 16      | 15      |
| Executive share ownership guidelines          | No      | No      | No      | No      | No      | No      | No      | No      |
| Size of audit committee                       | 3       | 3       | 3       | 3       | 3       | 3       | 3       | 3       |
| No. of ID on audit committee                  | 3       | 3       | 3       | 3       | 3       | 3       | 3       | 3       |
| Audit committee meetings                      | 12      | 12      | 12      | 12      | 14      | 14      | 12      | 12      |
| Audit meeting attendance %                    | 100     | 97      | 100     | 100     | 100     | 100     | 100     | 100     |
| Size of compensation committee                | 4       | 3       | 3       | 3       | 4       | 4       | 4       | 4       |
| No. of ID on compensation committee           | 1       | 2       | 2       | 2       | 3       | 3       | 3       | 2       |
| No. of compensation committee meetings        | 7       | 8       | 6       | 6       | 4       | 5       | 7       | 9       |
| Compensation meeting attendance %             | 75      | 89      | 83      | 100     | 100     | 95      | 100     | 100     |
| Size of nomination committee                  | 4       | 3       | 3       | 3       | 4       | 4       | 4       | 4       |
| No. of nomination committee meetings          | 7       | 8       | 6       | 6       | 4       | 5       | 7       | 9       |
| Nomination meeting attendance %               | 75      | 89      | 83      | 100     | 100     | 95      | 100     | 100     |
| <b>Sustainability governance</b>              |         |         |         |         |         |         |         |         |
| Verification type                             | No      | No      | No      | No      | No      | No      | No      | No      |

Sources: Bloomberg; FSSIA's compilation

## Disclaimer for ESG scoring

| ESG score                                                                     | Methodology                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Rating                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                               |              |         |                                                                                   |        |             |       |             |       |             |          |                                                                                                                               |    |             |   |             |     |             |          |                                                                                             |
|-------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|--------------|---------|-----------------------------------------------------------------------------------|--------|-------------|-------|-------------|-------|-------------|----------|-------------------------------------------------------------------------------------------------------------------------------|----|-------------|---|-------------|-----|-------------|----------|---------------------------------------------------------------------------------------------|
| The Dow Jones Sustainability Indices (DJSI) By S&P Global                     | The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.                                                                                                                                                                                                                                                                                                           |                                                                                                                               |              |         |                                                                                   |        |             |       |             |       |             |          |                                                                                                                               |    |             |   |             |     |             |          |                                                                                             |
| Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET) | THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.                                                                                                                                                                                                                                                                                                                                                                | To be eligible for <b>THSI inclusion</b> , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality.<br><b>SETTHSI Index</b> is extended from the THSI companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks. |                                                                                                                               |              |         |                                                                                   |        |             |       |             |       |             |          |                                                                                                                               |    |             |   |             |     |             |          |                                                                                             |
| CG Score by Thai Institute of Directors Association (Thai IOD)                | An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).                                                                                                                                                                                                                            |                                                                                                                               |              |         |                                                                                   |        |             |       |             |       |             |          |                                                                                                                               |    |             |   |             |     |             |          |                                                                                             |
| AGM level By Thai Investors Association (TIA) with support from the SEC       | It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <i>(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&amp;A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)</i>                                                                                                                                                                                                                                      | The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                               |              |         |                                                                                   |        |             |       |             |       |             |          |                                                                                                                               |    |             |   |             |     |             |          |                                                                                             |
| Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC)    | The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years.<br><i>(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                  | The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                               |              |         |                                                                                   |        |             |       |             |       |             |          |                                                                                                                               |    |             |   |             |     |             |          |                                                                                             |
| Morningstar Sustainability                                                    | The Sustainability's ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality &amp; peer reviews.</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table><tr><th>NEGL</th><th>Low</th><th>Medium</th><th>High</th><th>Severe</th></tr><tr><td>0-10</td><td>10-20</td><td>20-30</td><td>30-40</td><td>40+</td></tr></table>                                                                                                                                                                                                                                                                                                                               | NEGL                                                                                                                          | Low          | Medium  | High                                                                              | Severe | 0-10        | 10-20 | 20-30       | 30-40 | 40+         |          |                                                                                                                               |    |             |   |             |     |             |          |                                                                                             |
| NEGL                                                                          | Low                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Medium                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | High                                                                                                                          | Severe       |         |                                                                                   |        |             |       |             |       |             |          |                                                                                                                               |    |             |   |             |     |             |          |                                                                                             |
| 0-10                                                                          | 10-20                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 20-30                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 30-40                                                                                                                         | 40+          |         |                                                                                   |        |             |       |             |       |             |          |                                                                                                                               |    |             |   |             |     |             |          |                                                                                             |
| ESG Book                                                                      | The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                               |              |         |                                                                                   |        |             |       |             |       |             |          |                                                                                                                               |    |             |   |             |     |             |          |                                                                                             |
| MSCI                                                                          | MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. <table><tr><td>AAA</td><td>8.571-10.000</td><td rowspan="3">Leader:</td><td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td></tr><tr><td>AA</td><td>7.143-8.570</td></tr><tr><td>A</td><td>5.714-7.142</td></tr><tr><td>BBB</td><td>4.286-5.713</td><td rowspan="3">Average:</td><td rowspan="3">a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td></tr><tr><td>BB</td><td>2.857-4.285</td></tr><tr><td>B</td><td>1.429-2.856</td></tr><tr><td>CCC</td><td>0.000-1.428</td><td>Laggard:</td><td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td></tr></table> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | AAA                                                                                                                           | 8.571-10.000 | Leader: | leading its industry in managing the most significant ESG risks and opportunities | AA     | 7.143-8.570 | A     | 5.714-7.142 | BBB   | 4.286-5.713 | Average: | a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers | BB | 2.857-4.285 | B | 1.429-2.856 | CCC | 0.000-1.428 | Laggard: | lagging its industry based on its high exposure and failure to manage significant ESG risks |
| AAA                                                                           | 8.571-10.000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Leader:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | leading its industry in managing the most significant ESG risks and opportunities                                             |              |         |                                                                                   |        |             |       |             |       |             |          |                                                                                                                               |    |             |   |             |     |             |          |                                                                                             |
| AA                                                                            | 7.143-8.570                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                               |              |         |                                                                                   |        |             |       |             |       |             |          |                                                                                                                               |    |             |   |             |     |             |          |                                                                                             |
| A                                                                             | 5.714-7.142                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                               |              |         |                                                                                   |        |             |       |             |       |             |          |                                                                                                                               |    |             |   |             |     |             |          |                                                                                             |
| BBB                                                                           | 4.286-5.713                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Average:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers |              |         |                                                                                   |        |             |       |             |       |             |          |                                                                                                                               |    |             |   |             |     |             |          |                                                                                             |
| BB                                                                            | 2.857-4.285                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                               |              |         |                                                                                   |        |             |       |             |       |             |          |                                                                                                                               |    |             |   |             |     |             |          |                                                                                             |
| B                                                                             | 1.429-2.856                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                               |              |         |                                                                                   |        |             |       |             |       |             |          |                                                                                                                               |    |             |   |             |     |             |          |                                                                                             |
| CCC                                                                           | 0.000-1.428                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Laggard:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | lagging its industry based on its high exposure and failure to manage significant ESG risks                                   |              |         |                                                                                   |        |             |       |             |       |             |          |                                                                                                                               |    |             |   |             |     |             |          |                                                                                             |
| Moody's ESG solutions                                                         | Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                               |              |         |                                                                                   |        |             |       |             |       |             |          |                                                                                                                               |    |             |   |             |     |             |          |                                                                                             |
| Refinitiv ESG rating                                                          | Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. <i>(Score ratings are 0 to 25 = poor; &gt;25 to 50 = satisfactory; &gt;50 to 75 = good; and &gt;75 to 100 = excellent.)</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                               |              |         |                                                                                   |        |             |       |             |       |             |          |                                                                                                                               |    |             |   |             |     |             |          |                                                                                             |
| S&P Global                                                                    | The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                               |              |         |                                                                                   |        |             |       |             |       |             |          |                                                                                                                               |    |             |   |             |     |             |          |                                                                                             |
| Bloomberg                                                                     | ESG Score                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.                                                                                                                                                                                                                                                              |                                                                                                                               |              |         |                                                                                   |        |             |       |             |       |             |          |                                                                                                                               |    |             |   |             |     |             |          |                                                                                             |
| Bloomberg                                                                     | ESG Disclosure Score                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                               |              |         |                                                                                   |        |             |       |             |       |             |          |                                                                                                                               |    |             |   |             |     |             |          |                                                                                             |

[Rating](#) regarding the sustainable development of Thai listed companies, both on the SET and MAI, are publicly available on the website of the Securities and Exchange Commission of Thailand (SEC). Currently, ratings available are 1) "**CG Score**"; 2) "**AGM Level**"; 3) "**Thai CAC**"; and 4) **THSI**. The ratings are updated on an annual basis. FSSIA does not confirm nor certify the accuracy of such ratings.

Source: FSSIA's compilation

## GENERAL DISCLAIMER

### ANALYST(S) CERTIFICATION

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

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

This report has been prepared by FSS International Investment Advisory Securities Company Limited (FSSIA). The information herein has been obtained from sources believed to be reliable and accurate; however FSSIA makes no representation as to the accuracy and completeness of such information. Information and opinions expressed herein are subject to change without notice. FSSIA has no intention to solicit investors to buy or sell any security in this report. In addition, FSSIA 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.

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

Source: FSSIA estimates

### Additional Disclosures

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

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

## RECOMMENDATION STRUCTURE

### Stock ratings

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

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

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

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

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

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

### Industry Recommendations

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

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

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

### Country (Strategy) Recommendations

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

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

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