



# Management Discussion and Analysis

For the Year 2022 ended December 31, 2022

(Audited Consolidated Financial Statements)

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## Economic Conditions and Movement of Financial Market

In 2022, Thai economy continued to recover after the COVID-19 pandemic has subsided, resulting in a strong improvement in economic activities. Tourism sector also resumed its growth momentum owing to the relaxation of international travel restrictions which brought about more than 11 million foreign tourist arrivals this year. Private consumption started to expand along with the revival of household income. Thus, the domestic car sale for the year 2022 totaled 849,388 units, increased by 11.9% comparing to the previous year. Nevertheless, the domestic purchasing power was still pressured by rising cost of living and escalating inflation. The headline inflation in 2022 increased by 6.1% (YoY) aligning with rising oil price which was partly caused by the conflict between Russia and Ukraine. Export sector grew well during the first half of the year, however began to slow down by the end of the year due to the declining demands from trading partners concerning the imminent sign of global economic recession. Whilst, industrial manufacturing sector remained sluggish amid the problem of supply shortage.

In the midst of elevated global inflation, central banks of many countries saw the need to raise interest rates to tackle the severity of inflation issue. Throughout 2022, US Federal Reserve (Fed) raised interest rates in total of 7 times to 4.25-4.50% whereas the Bank of Thailand increased the policy rate 3 times by 0.25% each to 1.25%. Thailand's interest rate increase remained gradual in order to mitigate the impact from inflation spike while support the economic recovery altogether.

In 2022, commercial banks have raised interest rates in correspondence with the policy rate rise. The average 3-month fixed deposit rates of Top-4 commercial increased from 0.33% to 0.61% (YoY). The lending rates of Top-4 commercial banks also increased, comprising of the average minimum lending rate (MLR) increased from 5.31% to 5.83% (YoY), the average minimum overdraft rate (MOR) increased from 5.85% to 6.34% (YoY) and the average minimum retail rate (MRR) increased from 6.03% to 6.21% (YoY).

The capital market in 2022 was highly volatile from rising global inflation and the interest rate increases in many countries, resulting in weakened investor confidence. Market trading volume slowed down from the previous year with the average daily turnover of 71,226.17 million baht, decreased from 88,443.08 million baht in 2021, mainly caused by lower volume contribution from retail clients and local institutions. SET index closed at 1,668.66 points, increased by 11.04 points or 0.7% from the end of 2021.

## Operating Results

TISCO Financial Group Public Company Limited (“the Company”) continuously operates business in line with sustainability strategy and takes all stakeholders into account. The Company has committed to responsible business practices, prudent risk management, enhancing competitiveness to support any changes in economic, social and environmental aspects, as well as promoting well-being in society through various projects such as financial literacy, efficient use of resources, employee development and happy organization.

TISCO Financial Group Public Company Limited, as a parent company of the group, had net profit from operations for the year 2022 on a standalone basis totaling 5,746.21 million baht, mainly contributed by dividend income and service fee income derived from subsidiary companies within the group. As a holding company, TISCO Financial Group Public Company Limited operates as shareholder in other company and no other major business. Therefore, the analysis was based on the Company’s consolidated operating performance and financial position which comprised of 2 main businesses: commercial banking business and capital market businesses.

### Operating Results for the Year 2022

The net profit for the year 2022 was reported at 7,224.08 million baht, increased by 439.49 million baht or 6.5% comparing to 2021, supported by the recovery of banking business and a decline in expected credit loss (ECL). This year, loan portfolio resumed its growth by 7.9% (YoY) from corporate lending, SMEs loans, auto-title loans and used car hire purchase, resulting in increased net interest income by 2.2% (YoY), along with a strong improvement in bancassurance business by 24.0% (YoY) aligning with higher new business volume amid Thai economic recovery. Consequently, overall banking fee income rose by 12.7% from the previous year. Meanwhile, businesses related to capital market weakened comparing to 2021 following the volatile capital market caused by global economic uncertainty. As a result, brokerage fee dropped by 19.2% (YoY) due to lower market trading volume, and asset management basic fee decreased by 15.6% (YoY) owing to a decrease in the sales of new funds.

Furthermore, there was an absence of asset management performance fee this year comparing to the fee of 502.73 million baht recognized during the fourth quarter of last year. Additionally, gain on financial instruments measured at fair value through profit or loss (FVTPL) also declined from 2021.

Expected credit loss (ECL) remained low at 0.3% of average loans, significantly declined from the previous year. This ECL setup has already factored in the portfolio expansion as well as in line with the asset quality that remained well-controlled, as seen from the decline in reported NPL ratio to 2.09% of total loans. Moreover, the Company reduced the setup of ECL expense this year to reflect the reducing risk of COVID-19 situation that has eased down. Loan loss coverage ratio remained strong at 258.8%.

Basic earnings per share for the year 2022 were 9.02 baht per share, increased from 8.47 baht per share (YoY). The return on average equity (ROAE) was reported at 17.2%.

Table 1.1 : Statement of Comprehensive Income (Yearly)

Statement of Comprehensive Income			
Unit: Million baht	2022	2021	%YoY
<b>Interest income</b>			
Interest on loans	7,473.71	7,124.39	4.9
Interbank and money market items	211.89	151.94	39.5
Hire purchase and financial lease income	7,131.90	7,431.94	(4.0)
Investments	86.80	83.42	4.0
<b>Total interest income</b>	<b>14,904.30</b>	<b>14,791.69</b>	<b>0.8</b>
Interest expenses	(2,170.67)	(2,331.86)	(6.9)
<b>Net interest income</b>	<b>12,733.63</b>	<b>12,459.83</b>	<b>2.2</b>
Fee income	5,498.92	6,117.75	(10.1)
Fee expenses	(453.27)	(514.99)	(12.0)
<b>Net fee income</b>	<b>5,045.65</b>	<b>5,602.76</b>	<b>(9.9)</b>
Gain (Loss) on the financial instruments measured at fair value through PL	86.42	403.83	(78.6)
Gain (Loss) on Investments	2.80	6.28	(55.4)
Share of profit from investment under equity method	55.48	7.22	668.8
Other operating income	380.80	343.40	10.9
<b>Total operating income</b>	<b>18,304.78</b>	<b>18,823.31</b>	<b>(2.8)</b>
Operating expenses	(8,590.84)	(8,266.58)	3.9
Expected credit loss	(722.68)	(2,063.98)	(65.0)
<b>Profit before tax and minority interest</b>	<b>8,991.26</b>	<b>8,492.76</b>	<b>5.9</b>
Corporate income tax expenses	(1,766.72)	(1,707.76)	3.5
<b>Profit before minority interest</b>	<b>7,224.54</b>	<b>6,784.99</b>	<b>6.5</b>
Non-controlling interests of subsidiaries	(0.46)	(0.40)	15.2
<b>Net profit</b>	<b>7,224.08</b>	<b>6,784.59</b>	<b>6.5</b>

### Operating Results for the Fourth Quarter of 2022

The net profit for the fourth quarter of 2022 was reported at 1,806.73 million baht, increased by 33.30 million baht or 1.9% from the third quarter of 2022, mainly from banking business. Net interest income increased by 3.8% (QoQ) following the loan growth of 2.7% (QoQ). Non-interest income improved by 21.7% (QoQ) contributed by the continual expansion of bancassurance business, the record of investment banking fee from IPO underwriting, as well as an increase in gain on investment from the previous quarter.

Comparing to the fourth quarter of 2021, net profit increased by 12.15 million baht or 0.7% (YoY) driven by an increase in net interest income increased by 7.6% (YoY) thanks to loan growth, coupled with lower expected credit loss. Whilst, non-interest income weakened by 12.2% (YoY) caused by an absence of asset management performance fee amounting 490.28 million baht recorded in the fourth quarter of last year. On the positive side, core businesses continued to recover, including an expansion in bancassurance business following an economic recovery, together with an increase in asset management basic fee and investment banking fee that picked up late this year.

Expected credit loss was reported at 0.7% of average loans which was partly set up to cushion against any future uncertainties from the global economic recession.

Basic earnings per share for the fourth quarter of 2022 were 2.26 baht per share, increased from 2.21 baht per share (QoQ) and from 2.24 baht per share (YoY). The return on average equity (ROAE) was reported at 17.2%.

*Table 1.2 : Statement of Comprehensive Income (Quarterly)*

<b>Statement of Comprehensive Income</b>					
Unit: Million baht	<b>4Q2022</b>	<b>3Q2022</b>	<b>%QoQ</b>	<b>4Q2021</b>	<b>%YoY</b>
<b>Interest income</b>					
Interest on loans	2,094.59	1,904.84	10.0	1,747.72	19.8
Interbank and money market items	95.42	45.81	108.3	29.27	226.0
Hire purchase and financial lease income	1,764.60	1,784.76	(1.1)	1,817.58	(2.9)
Investments	22.39	19.21	16.6	22.79	(1.8)
<b>Total interest income</b>	<b>3,977.00</b>	<b>3,754.62</b>	<b>5.9</b>	<b>3,617.36</b>	<b>9.9</b>
Interest expenses	(632.70)	(533.19)	18.7	(509.79)	24.1
<b>Net interest income</b>	<b>3,344.30</b>	<b>3,221.43</b>	<b>3.8</b>	<b>3,107.57</b>	<b>7.6</b>
Fee income	1,464.33	1,360.10	7.7	1,820.74	(19.6)
Fee expenses	(112.63)	(102.69)	9.7	(106.86)	5.4
<b>Net fee income</b>	<b>1,351.70</b>	<b>1,257.41</b>	<b>7.5</b>	<b>1,713.87</b>	<b>(21.1)</b>
Gain (Loss) on the financial instruments measured at fair value through PL	53.08	(107.59)	(149.3)	(54.82)	(196.8)
Gain (Loss) on Investments	1.27	0.50	152.2	0.98	29.3
Share of profit from investment under equity method	14.47	12.97	11.6	(3.08)	(569.0)
Other operating income	97.62	83.83	16.5	71.15	37.2
<b>Total operating income</b>	<b>4,862.42</b>	<b>4,468.55</b>	<b>8.8</b>	<b>4,835.67</b>	<b>0.6</b>
Operating expenses	(2,232.90)	(2,143.73)	4.2	(2,169.56)	2.9
Expected credit loss	(378.84)	(118.63)	219.3	(411.60)	(8.0)
<b>Profit before tax and minority interest</b>	<b>2,250.69</b>	<b>2,206.18</b>	<b>2.0</b>	<b>2,254.51</b>	<b>(0.2)</b>
Corporate income tax expenses	(443.84)	(432.64)	2.6	(459.82)	(3.5)
<b>Profit before minority interest</b>	<b>1,806.85</b>	<b>1,773.54</b>	<b>1.9</b>	<b>1,794.69</b>	<b>0.7</b>
Non-controlling interests of subsidiaries	(0.12)	(0.12)	6.2	(0.11)	13.7
<b>Net profit</b>	<b>1,806.73</b>	<b>1,773.43</b>	<b>1.9</b>	<b>1,794.58</b>	<b>0.7</b>

## Details of Financial Performance for the year 2022 comparing to the year 2021

### Net Interest Income

In 2022, the net interest income totaled 12,733.63 million baht, increased by 273.80 million baht (2.2% YoY). Total interest income was 14,904.30 million baht, increased by 112.61 million baht (0.8% YoY) following loan growth and the expansion of high-yield loan products. Whilst, interest expense was 2,170.67 million baht, declined by 161.19 million baht (6.9% YoY) from an effective cost management.

Yield on loans increased from 6.83% to 7.03% (YoY) following an increased proportion of high-yield loans. The cost of fund decreased from 1.15% to 1.11% (YoY) owing to an effective cost management during a low interest rate environment. Albeit, in the fourth quarter, the Company has raised bank interest rates of all products in corresponding with the policy rate increase by the Bank of Thailand. The average minimum lending rate (MLR) increased from 6.45% to 6.95% (YoY), the average minimum overdraft rate (MOR) increased from 6.45% to 6.95% (YoY) and the average minimum retail rate (MRR) increased from 6.725% to 7.10% (YoY). Whereas, deposit rates also increased accordingly, thereby the cost of fund started to pick up during late this year. All in all, loan spread improved from 5.69% to 5.92% (YoY) and the net interest margin increased from 4.84% to 5.09% (YoY).

*Table 2 : Loan Spread*

Unit: %	2021	1Q2022	2Q2022	3Q2022	4Q2022	2022
Yield on Loans	6.83	6.99	7.02	7.05	7.08	7.03
Cost of Fund	1.15	1.06	1.06	1.08	1.22	1.11
<b>Loan Spread</b>	<b>5.69</b>	<b>5.93</b>	<b>5.96</b>	<b>5.97</b>	<b>5.86</b>	<b>5.92</b>
<b>Net Interest Margin (NIM)</b>	<b>4.84</b>	<b>5.09</b>	<b>5.05</b>	<b>5.15</b>	<b>5.09</b>	<b>5.09</b>

### Non-Interest Income

Non-interest income totaled 5,571.15 million baht, decreased by 792.34 million baht or 12.5% (YoY) mainly contributed by a slowdown in capital market businesses particularly the absence of asset management performance fee income which was recognized in the fourth quarter of last year, together with a decline in gain on financial instruments measured at fair value through profit or loss (FVTPL).

Non-interest income from core businesses totaled 5,803.04 million baht, declined by 1.5% (YoY) caused by businesses related to capital market. Brokerage fee totaled 685.22 million baht, decreased by 163.33 million baht (19.2% YoY) following lower market trading volume amid volatile capital market. Asset management basic fee was reported at 1,595.35 million baht, dropped by 294.45 million baht (15.6% YoY) due to a decrease in the sales of new funds during unfavorable market condition. Investment banking fee amounted 99.77 million baht, decreased by 14.31 million baht (12.5% YoY). On the positive side, banking fee income increased by 386.32 million baht, totaling 3,422.69 million baht (12.7% YoY) thanks to a strong improvement in bancassurance business that grew by 24.0% (YoY) following an increase in new business volume in line with the recovery of economic activities.

This year, there was an absence of asset management performance fee comparing to the fee of 502.73 million baht recorded in the previous year. Additionally, a gain on financial instruments measured at fair value through profit or loss (FVTPL) totaled 86.42 million baht, declined from a gain of 403.83 million baht in 2021.

Table 3 : Non-Interest Income Breakdown

Type of Incomes Unit: Million baht	2022	2021	%YoY
Banking Fee	3,422.69	3,036.37	12.7
<i>Bancassurance Fee</i>	<i>2,608.92</i>	<i>2,104.74</i>	<i>24.0</i>
<i>Other Banking Fee</i>	<i>813.77</i>	<i>931.62</i>	<i>(12.7)</i>
Asset Management Basic Fee	1,595.35	1,889.80	(15.6)
Brokerage Fee	685.22	848.56	(19.2)
Investment Banking Fee	99.77	114.08	(12.5)
<b>Non-Interest Income from Core Businesses</b>	<b>5,803.04</b>	<b>5,888.81</b>	<b>(1.5)</b>
Gain (Loss) on Financial Instruments measured at fair value through PL	86.42	403.83	(78.6)
Gain (Loss) on Investments	2.80	6.28	(55.4)
Share Profit from subsidiaries	55.48	7.22	668.8
Dividend Income	72.98	69.61	4.8
Asset Management Performance Fee	3.71	502.73	(99.3)
Fee Expenses	(453.27)	(514.99)	(12.0)
<b>Total Non-Interest Income</b>	<b>5,571.15</b>	<b>6,363.49</b>	<b>(12.5)</b>

#### Operating Expenses

Operating expenses totaled 8,590.84 million baht, increased by 324.27 million baht (3.9% YoY), resulting from an increase in variable expenses associated with revenue and profit growth. The Company still maintained effective operating cost control with cost to income ratio at 46.9%.

#### Expected Credit Loss

Expected credit loss (ECL) was reported at 722.68 million baht, declined (YoY) comparing with 2,063.98 million baht in 2021, and accounted for 0.3% of average loans. This year's ECL expense has already factored in the portfolio expansion as well as aligning with the well-controlled asset quality. Moreover, the Company reduced the setup of ECL expense from last year to reflect the current COVID-19 situation that has eased down. Nonetheless, the Company still maintained a prudent provisioning policy to cushion against potential risks from global economic slowdown. Thus, loan loss coverage ratio remained high at 258.8%.

#### Corporate Income Tax

The corporate income tax for 2022 was 1,766.72 million baht, equivalent to the effective tax rate of 19.6%.

## Financial Positions

### Assets

As of December 31, 2022, the Company's total assets were 265,414.44 million baht, increased by 8.9% (YoY), contributed by loan growth of 7.9% (YoY) totaling 219,003.80 million baht and an increase in interbank and money market by 32.1% (YoY) to 40,272.42 million baht.

Table 4 : Assets Breakdown

Assets Unit: Million baht	As of Dec 31, 2022	As of Sep 30, 2022	%QoQ	As of Dec 31, 2021	%YoY
Cash	1,005.07	979.79	2.6	1,103.43	(8.9)
Interbank and money market items	40,272.42	34,336.66	17.3	30,489.21	32.1
Derivatives	147.49	-	n.a.	-	n.a.
Financial assets measured at fair value through Profit or Loss	2,172.39	2,110.07	3.0	2,081.05	4.4
Investments - net	3,989.88	6,211.76	(35.8)	8,042.76	(50.4)
Investments in subsidiaries and JV	872.81	859.96	1.5	809.63	7.8
<i>Loans</i>	<i>219,003.80</i>	<i>213,187.73</i>	<i>2.7</i>	<i>202,949.67</i>	<i>7.9</i>
<i>Accrued interest receivables</i>	<i>1,722.32</i>	<i>1,698.56</i>	<i>1.4</i>	<i>1,712.50</i>	<i>0.6</i>
<i>Allowance for expected credit loss</i>	<i>(11,844.73)</i>	<i>(11,014.67)</i>	<i>7.5</i>	<i>(11,740.17)</i>	<i>0.9</i>
Loans and accrued interest receivables – net	208,881.38	203,871.62	2.5	192,922.00	8.3
Other assets	8,073.00	7,568.06	6.7	8,173.86	(1.2)
<b>Total assets</b>	<b>265,414.44</b>	<b>255,937.92</b>	<b>3.7</b>	<b>243,621.93</b>	<b>8.9</b>

### Liabilities

As of December 31, 2022, total liabilities were 222,623.81 million baht, increased by 10.0% (YoY) from an increase in total deposits by 13.0% (YoY) to 188,302.73 million baht, and an increase in debentures by 5.3% (YoY) to 15,720.00 million baht.

Table 5 : Liabilities Breakdown

Liabilities Unit: Million baht	As of Dec 31, 2022	As of Sep 30, 2022	%QoQ	As of Dec 31, 2021	%YoY
Deposits	188,302.73	182,576.67	3.1	166,578.85	13.0
Interbank and money market items	6,195.46	4,457.81	39.0	8,080.70	(23.3)
Debentures	15,720.00	15,100.00	4.1	14,925.00	5.3
Others	12,405.63	12,777.86	(2.9)	12,837.01	(3.4)
<b>Total liabilities</b>	<b>222,623.81</b>	<b>214,912.35</b>	<b>3.6</b>	<b>202,421.55</b>	<b>10.0</b>

### Shareholders' Equity

As of December 31, 2022, shareholders' equity was 42,790.62 million baht, increased by 1,590.24 million baht (3.9% YoY) from an increase in retained earnings of the year 2022. As a result, the book value per share (BVPS) as of December 31, 2022 was 53.44 baht per share.



## Business Segment Operations

### (1) Banking Business

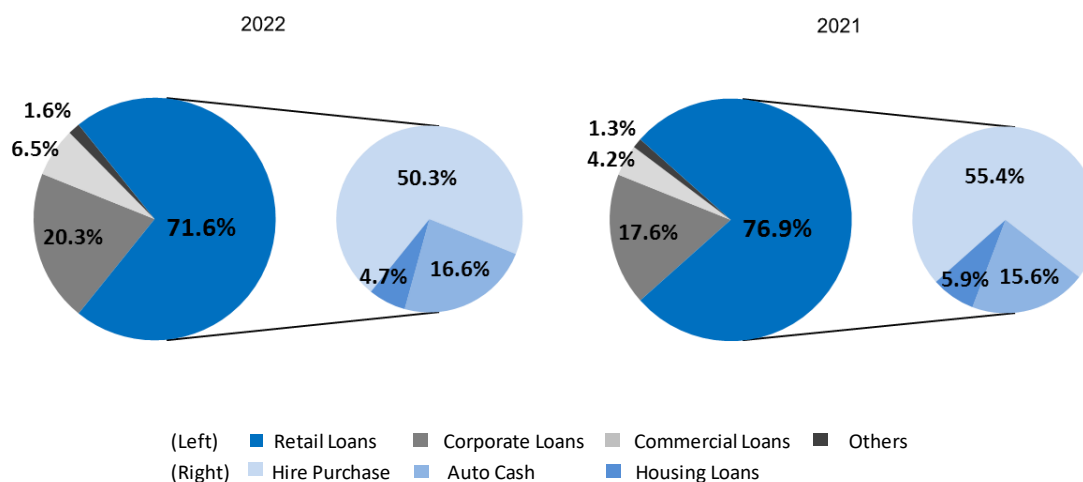
#### 1.1 Loans

Total loans and receivables as of December 31, 2022 were 219,003.80 million baht, grew by 2.7% (QoQ) and 7.9% (YoY), driven by corporate loans, commercial loans, auto title loans and used car hire purchase loans.

Table 6 : Loans

Loans Unit: Million baht	As of Dec 31, 2022	As of Sep 30, 2022	%QoQ	As of Dec 31, 2021	%YoY
Hire purchase	110,264.21	109,075.73	1.1	112,400.47	(1.9)
Loans against auto licenses	36,348.09	34,690.16	4.8	31,674.29	14.8
Housing loans	10,230.17	10,612.85	(3.6)	11,939.75	(14.3)
<b>Retail loans</b>	<b>156,842.47</b>	<b>154,378.74</b>	<b>1.6</b>	<b>156,014.51</b>	<b>0.5</b>
<b>Corporate loans</b>	<b>44,369.14</b>	<b>43,815.70</b>	<b>1.3</b>	<b>35,802.01</b>	<b>23.9</b>
<b>Commercial loans</b>	<b>14,303.41</b>	<b>12,187.57</b>	<b>17.4</b>	<b>8,474.30</b>	<b>68.8</b>
Others	3,488.78	2,805.74	24.3	2,658.85	31.2
<b>Total loans</b>	<b>219,003.80</b>	<b>213,187.73</b>	<b>2.7</b>	<b>202,949.67</b>	<b>7.9</b>

#### Loan Breakdown



**Retail Lending** portfolio totaled 156,842.47 million baht, increased by 0.5% (YoY). The total retail portfolio as of December 31, 2022 consisted of 70.3% car and motorcycle hire purchase loans, 23.2% loans against auto licenses and 6.5% housing loans. The outstanding hire purchase loans totaled 110,264.21 million baht, dropped by 1.9% (YoY) mainly from a decline in new car hire purchase of 3.5% (YoY) amid cautious underwriting policy. The domestic car sale for the year 2022 was 849,388 units, increased by 11.9% (YoY), compared to 759,119 units in 2021. The car penetration rate of TISCO for the year 2022 was at 4.9%, increased from 4.5% in the previous year. Nonetheless, used car hire purchase grew by 12.1% (YoY), and motorcycle hire purchase increased by 0.6% (YoY) following the high-yield loan expansion strategy.

Loans against auto licenses (“Auto Cash”) totaled 36,348.09 million baht, increased by 14.8% (YoY) following a growth strategy into high-yield businesses and branch network expansion strategy, particularly loans through “Somwang” channels which strongly grew by 26.0% (YoY) totaling 22,578.64 million baht and accounted for 62.1% of total loans against auto licenses. Throughout 2022, the number of “Somwang” loan offices were expanded by 94 new branches, totaling 450 branches nationwide.

Housing loans totaled 10,230.17 million baht, dropped by 14.3% (YoY) following highly competitive market condition and rising risk.

**Corporate Lending** portfolio totaled 44,369.14 million baht, increased by 23.9% (YoY), deriving from loan drawdown from public utilities and service sector and real estate and construction sector.

**Commercial Lending** portfolio totaled 14,303.41 million baht, increased by 68.8% (YoY) from an increase in car inventory financing business along with the recovery of Thai economy.

**Other Loans** portfolio totaled 3,488.78 million baht, increased by 31.2% (YoY).

**Debt Relief Programs** TISCO Group continued to provide the assistance programs for all affected customers, mainly focusing on long-term debt restructuring to support sustainable recovery. At the end of 2022, the outstanding loans under the assistance programs accounted for 4.4% of total loans, and the outstanding retail loans under the program was 1.2% of total loans. In terms of liquidity support for SMEs clients through Soft Loans scheme, the outstanding soft loans totaled approximately 3,100 million baht.

## 1.2 Asset Quality and Expected Credit Loss

In 2022, the Company reported NPLs amounting 4,576.52 million baht, decreased by 7.7% (YoY), and accounted for NPL ratio of 2.09% of total loans, declining from 2.44% at the end of 2021. This was resulted from the well-controlled asset quality following an effective credit quality control measures, coupled with the continual offerings of assistance measures with purpose to resolve clients’ financial problem in a sustainable manner.

Table 7 : Loan Classification

Loan Classification* Unit: Million baht	As of Dec 31, 2022	As of Sep 30, 2022	%QoQ	As of Dec 31, 2021	%YoY
Stage 1 loans (Performing)	192,339.28	187,122.11	2.8	175,837.30	9.4
Stage 2 loans (Under-performing)	22,088.00	21,624.06	2.1	22,155.06	(0.3)
Non-performing loans (NPLs)	4,576.52	4,441.56	3.0	4,957.31	(7.7)
<b>Total loans</b>	<b>219,003.80</b>	<b>213,187.73</b>	<b>2.7</b>	<b>202,949.67</b>	<b>7.9</b>

\*Excluding accrued interest in accordance with BOT’s guideline

Table 8 : NPLs Breakdown

NPLs* Unit: Million baht, %	As of Dec 31, 2022		As of Sep 30, 2022		As of Dec 31, 2021	
	Million baht	%	Million baht	%	Million baht	%
Hire purchase	2,605.71	2.36	2,412.64	2.21	2,681.63	2.39
Loans against auto licenses	1,039.76	2.86	1,003.33	2.89	1,173.22	3.70
Housing loans	840.23	8.21	922.28	8.69	1,015.48	8.51
<b>NPLs - Retail loans</b>	<b>4,485.70</b>	<b>2.86</b>	<b>4,338.25</b>	<b>2.81</b>	<b>4,870.34</b>	<b>3.12</b>
<b>NPLs - Corporate loans</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19.04</b>	<b>0.05</b>
<b>NPLs - Commercial loans</b>	<b>87.45</b>	<b>0.61</b>	<b>100.10</b>	<b>0.82</b>	<b>65.71</b>	<b>0.78</b>
Others	3.37	0.10	3.20	0.11	2.22	0.08
<b>Total NPLs</b>	<b>4,576.52</b>	<b>2.09</b>	<b>4,441.56</b>	<b>2.08</b>	<b>4,957.31</b>	<b>2.44</b>

\*Excluding accrued interest in accordance with BOT's guideline

Total allowance for expected credit loss of the Company reported at 11,844.73 million baht, and loan loss coverage ratio remained high at 258.8%.

### 1.3 Deposits and Borrowings

Total deposits and borrowings amounted 204,022.73 million baht, increased by 12.4% (YoY). Total deposits reported at 188,302.73 million baht, increased by 21,723.88 million baht (13.0% YoY) in tandem with loan expansion. Whereas, debentures totaled 15,720.00 million baht, increased by 795.00 million baht (5.3% YoY) due to the new issuances of senior debentures. As of December 2022, the Bank had high-quality liquid assets according to the Liquidity Coverage Ratio (LCR) of 43,331 million baht, increased by 16.7% (YoY). Thus, the high-quality liquid assets were accounted for 21.2% of total deposits and borrowings, and LCR ratio was at 154.6%.

Table 9 : Deposit Structure

Deposits Unit: Million baht	As of Dec 31, 2022	As of Sep 30, 2022	%QoQ	As of Dec 31, 2021	%YoY
Current accounts	1,820.83	2,254.53	(19.2)	2,162.08	(15.8)
Saving accounts	42,929.52	46,207.23	(7.1)	46,931.70	(8.5)
Fixed accounts	42,925.39	35,364.18	21.4	34,891.07	23.0
Negotiate certificate deposits	100,590.07	98,713.80	1.9	82,557.06	21.8
Short-term borrowings	36.92	36.92	0.0	36.92	0.0
<b>Total deposits</b>	<b>188,302.73</b>	<b>182,576.67</b>	<b>3.1</b>	<b>166,578.85</b>	<b>13.0</b>

## (2) Securities Business

In 2022, market trading volume weakened substantially comparing to 2021 in the midst of highly volatile capital market condition, as a result average daily turnover of TISCO Securities decreased to 1,681.67 million baht from 2,073.13 million baht in the previous year. Furthermore, brokerage fee income of TISCO Securities declined by 19.2% (YoY) to 685.22 million baht. TISCO Securities' overall market share remained at the same level as last year at 1.3%. TISCO brokerage volume comprised of 50.0% of local institutions, 5.9% of foreign institutions, and 44.0% of retail investors.

### (3) Asset Management Business

As of December 31, 2022, assets under management of TISCO Asset Management totaled 374,063.77 million baht, expanded by 3.7% (YoY) due to the growth in provident fund and private fund business. Basic fee income reported at 1,595.35 million baht, decreased by 15.6% (YoY) caused by a decrease in the sales of new funds during unfavorable market condition. Whereas, total asset management fee income was at 1,599.06 million baht, dropped by 33.2% (YoY) which was resulted from the absence of performance fee income amounting 502.73 million baht recognized in 2021.

The composition of total asset under management was 66.2% provident fund, 19.4% private fund, and 14.5% mutual fund. Total market share of TISCO Asset Management as of December 31, 2022 was 4.6%, ranking 9<sup>th</sup> in the market. The market share of provident fund was 17.9%, ranking 1<sup>st</sup> in the market. The market share of private fund was 3.7%, ranking 5<sup>th</sup> in the market and the market share of mutual fund was 1.1%, ranking 13<sup>th</sup> in the market.

*Table 10 : Assets under Management Breakdown*

<b>Funds</b> Unit: Million baht	<b>As of Dec 31, 2022</b>	<b>As of Sep 30, 2022</b>	<b>%QoQ</b>	<b>As of Dec 31, 2021</b>	<b>%YoY</b>
Provident fund	247,652.36	238,111.55	4.0	227,117.13	9.0
Private fund	72,717.00	67,540.59	7.7	66,740.15	9.0
Mutual fund	53,694.41	51,840.31	3.6	67,019.55	(19.9)
<b>Total AUMs</b>	<b>374,063.77</b>	<b>357,492.45</b>	<b>4.6</b>	<b>360,876.82</b>	<b>3.7</b>

## Risk Management

As of December 31, 2022, TISCO Group's internal capital (ICAAP) stood at 37,721.91 million baht comprising of Tier-I capital and available reserve adjustment. The integrated risk capital rose by 479.90 million baht from the end of 2021 to 12,267.18 million baht mainly resulting from an increase in credit risk capital. In addition, the capital surplus remained strong at 25,454.73 million baht or 67.5% of total capital.

Comparing to the end of 2021, the credit risk capital increased by 606.58 million baht, or 6.9% (YoY), to 9,404.29.54 million baht mostly resulting from loan expansion in corporate loans, SMEs loans, auto-title loans and used car hire purchase portfolios. Total loan portfolio of TISCO Group expanded by 7.9% (YoY), while non-performing loans decreased from 2.4% to 2.1% during the year. Moreover, TISCO Group maintained an effective asset quality control including long-term debt restructuring and debt relief programs.

The market risk capital decreased from 350.84 million baht to 310.62 million baht, which resulted from a rebound in China's stock market during the period. Meanwhile, the overall duration gap slightly increased from 0.58 year to 0.59 year, which was in a manageable level. The assets duration declined from 1.22 year to 1.19 year, while the liabilities duration excluding saving and current accounts, which are less sensitive to the interest rate movement, decreased from 0.64 year to 0.59 year.

*Table 11 : Average Duration Mismatch of Assets and Liabilities and Its Impact*

	Duration Unit: Years		1-Y Net interest income change to 1% interest rate increase Unit: Million baht	
	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021
Assets	1.19	1.22	1,250.92	1,109.43
Liabilities <sup>1</sup>	0.59	0.64	(991.52)	(844.59)
<b>Net gap</b>	<b>0.59</b>	<b>0.58</b>	<b>259.40</b>	<b>264.84</b>

<sup>1</sup> Excluding current accounts and saving accounts

In terms of regulatory capital requirement of the Bank, TISCO Group, and Securities Company, the positions were strong and sufficient levels to cushion for the expansion of asset in the future. At the end of December 2022, the regulatory capital based on IRB approach of the Bank was 39,557.46 million baht, while the capital adequacy ratio (BIS ratio) stood at 23.4%, remaining higher than 11.0% required by the Bank of Thailand. The Tier-I and Tier-II ratios of the Bank stood at 19.6% and 3.7%, respectively, in which Tier-I ratio also remained higher than the minimum requirement at 8.5%. For TISCO Group, the regulatory capital based on IRB approach was 38,919.70 million baht, with BIS ratio, Tier-I and Tier-II ratios at 20.6%, 17.1% and 3.5%, respectively, which also remained higher than the minimum capital requirement. Meanwhile, the net capital rule (NCR) of TISCO Securities Co., Ltd. stood at 61.1%, which was higher than the minimum required ratio by the SEC of 7.0%.

Table 12 : Regulatory Capital Requirement

Capital Adequacy Unit: %	As of Dec 31, 2022	As of Sep 30, 2022	As of Dec 31, 2021
<b>TISCO Financial Group</b>			
Tier-I	17.1	17.6	18.6
Tier-II	3.5	3.9	4.6
<b>BIS Ratio</b>	<b>20.6</b>	<b>21.5</b>	<b>23.3</b>
<b>TISCO Bank</b>			
Tier-I	19.6	20.2	20.2
Tier-II	3.7	4.2	5.0
<b>BIS Ratio</b>	<b>23.4</b>	<b>24.4</b>	<b>25.2</b>