



Management Discussion and Analysis

For the Third Quarter of 2023 ended September 30, 2023

(Unreviewed Consolidated Financial Statements)

Investor Relations

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Economic Conditions and Movement of Financial Market

In the third quarter of 2023, domestic economy continued its gradual recovery, led by a growth in tourism sector with the number of foreign tourist arrivals for the first 9 months over 19 million tourists, despite the lower-than-expected number of Chinese tourist arrivals. Private consumption improved in tourism and travel-related service sector, while consumer confidence remained weak amid the concern on political uncertainty after the general election, coupled with the pressure from high cost of living and high household debt level. After the formation of new government, consumer confidence showed sign of recovery during the end of the quarter. The headline inflation for the third quarter of 2023 slowed and increased by only 0.52% (YoY) due to lower energy prices backed by government support measures. The domestic car sale for the first 8 months of 2023 totaled 524,784 units, declined by 6.2% comparing to the same period of last year resulted from tightened loan underwriting by financial institutions. In summary, the full-year economic outlook was weaker than projected despite clearer political development after government formation and the initiatives of fiscal policies to stimulate economic growth, but export sector remained subdued. Therefore, the Company has revised GDP growth for 2023 to 3.0%.

During the quarter, the Bank of Thailand (BOT) raised the policy rate 2 times from 2.00% to 2.50% to control the inflation level and ensure long-term economic stability. Commercial banks thereby have increased their interest rates to reflect the rising interest rate cycle. The average 3-month fixed deposit rates of Top-4 commercial banks increased from 0.92% to 0.98% (QoQ). The lending rates of Top-4 commercial banks also increased, comprising of the average minimum lending rate (MLR) increased from 6.87% to 6.93% (QoQ), the average minimum overdraft rate (MOR) increased from 7.31% to 7.37% (QoQ) and the average minimum retail rate (MRR) increased from 7.12% to 7.18% (QoQ).

The capital market in the third quarter of 2023 continued to be volatile despite the new government formation, but investor confidence weakened amid the concern on unclear fiscal policies, as well as the rising US bond yield. SET index closed at 1,471.43 points, dropped by 31.67 points or 2.1% (QoQ). Meanwhile, market trading volume recovered from the previous quarter but declined comparing to the third quarter of last year, with the average daily turnover of 49,899.25 million baht, mainly caused by foreign fund outflows.

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 third quarter of 2023 on a standalone basis totaling 155.89 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 Third Quarter of 2023

The net profit of the Company for the third quarter of 2023 was reported at 1,874.49 million baht, increased by 101.06 million baht or 5.7% from the third quarter of 2022. Total operating revenue increased by 7.6% (YoY) mainly driven by an improvement in net interest income by 10.4% (YoY) following the loan expansion of 8.7% (YoY), whereas cost of fund rose from 1.08% to 2.00% (YoY) corresponding with rising market interest rate. Non-interest income from core businesses weakened by 4.7% (YoY) caused by a slower-than-expected recovery in bancassurance business following lower new business volume on the back of uneven economic recovery. Moreover, brokerage business slowed down following a significant decline in market trading volume amid volatile capital market. Meanwhile, asset management basic fee income increased along with a growth in assets under management. Operating expenses increased by 8.6% (YoY) mainly related to the Company’s long-term business expansion plan.

Comparing to the second quarter of 2023, net profit increased by 20.60 million baht or 1.1% (QoQ), contributed by increasing net interest income by 4.0% (QoQ) aligning with loan growth of 0.6% (QoQ). Furthermore, fee income from core businesses recovered by 1.4% (QoQ) from all areas, however the Company recorded a loss on financial instruments measured at fair value through profit or loss (FVTPL) comparing to a gain in the previous quarter owing to capital market volatility. Operating expenses decreased by 2.1% (QoQ) resulted from a seasonal decline in marketing expenses.

Basic earnings per share for the third quarter of 2023 equaled 2.34 baht per share, increased from 2.21 baht per share in the third quarter of 2022, and increased from 2.32 baht per share in the previous quarter. The return on average equity (ROAE) was reported at 18.6%.

Table 1.1 : Statement of Comprehensive Income (Quarterly)

Statement of Comprehensive Income					
Unit: Million baht	3Q2023	2Q2023	%QoQ	3Q2022	%YoY
Interest income					
Interest on loans	2,707.93	2,476.67	9.3	1,904.84	42.2
Interbank and money market items	199.79	171.50	16.5	45.81	336.1
Hire purchase and financial lease income	1,712.77	1,708.86	0.2	1,784.76	(4.0)
Investments	45.90	40.43	13.5	19.21	139.0
Total interest income	4,666.38	4,397.46	6.1	3,754.62	24.3
Interest expenses	(1,109.74)	(977.83)	13.5	(533.19)	108.1
Net interest income	3,556.64	3,419.63	4.0	3,221.43	10.4
Fee income	1,305.12	1,260.02	3.6	1,360.10	(4.0)
Fee expenses	(107.18)	(108.39)	(1.1)	(102.69)	4.4
Net fee income	1,197.94	1,151.63	4.0	1,257.41	(4.7)
Gain (Loss) on the financial instruments measured at fair value through PL	(43.61)	64.80	(167.3)	(107.59)	(59.5)
Gain (Loss) on Investments	0.77	2.18	(64.5)	0.50	53.5
Share of profit from investment under equity method	11.06	10.27	7.7	12.97	(14.7)
Other operating income	83.96	94.75	(11.4)	83.83	0.2
Total operating income	4,806.77	4,743.26	1.3	4,468.55	7.6
Operating expenses	(2,328.59)	(2,377.54)	(2.1)	(2,143.73)	8.6
Expected credit loss	(146.60)	(63.08)	132.4	(118.63)	23.6
Profit before tax and minority interest	2,331.58	2,302.64	1.3	2,206.18	5.7
Corporate income tax expenses	(456.97)	(448.63)	1.9	(432.64)	5.6
Profit before minority interest	1,874.61	1,854.02	1.1	1,773.54	5.7
Non-controlling interests of subsidiaries	(0.13)	(0.13)	(4.0)	(0.12)	7.3
Net profit	1,874.49	1,853.89	1.1	1,773.43	5.7

Operating Results for the First 9 Months of 2023

The net profit for the first 9 months of 2023 was reported at 5,520.95 million baht, increased by 1.9% (YoY). Total operating revenue increased by 5.8% (YoY) driven by a growth in net interest income by 9.3% (YoY) following loan expansion, even though cost of fund rose by 90.8% (YoY) aligning with rising market interest rates and the resumption of Financial Institutions Development Fund (FIDF) cost back to 0.46% per year. Meanwhile, non-interest income decreased by 2.4% (YoY) due to a slowdown in brokerage business amid volatile capital market, together with weakened banking business on the back of uneven economic recovery. Operating expenses increased by 9.9% (YoY) owing to long-term investment plan for business expansion, whereas expected credit loss (ECL) increased by 6.2% (YoY).

Basic earnings per share for the first 9 months of 2023 equalled 6.90 baht per share, increased from 6.77 baht per share in the first 9 months of 2022. The return on average equity (ROAE) was reported at 17.7%.

Table 1.2 : Statement of Comprehensive Income (9 Months)

Statement of Comprehensive Income			
Unit: Million baht	9M2023	9M2022	%YoY
Interest income			
Interest on loans	7,438.65	5,379.12	38.3
Interbank and money market items	511.56	116.48	339.2
Hire purchase and financial lease income	5,138.64	5,367.30	(4.3)
Investments	109.43	64.41	69.9
Total interest income	13,198.28	10,927.30	20.8
Interest expenses	(2,935.05)	(1,537.97)	90.8
Net interest income	10,263.23	9,389.34	9.3
Fee income	3,943.59	4,034.59	(2.3)
Fee expenses	(327.53)	(340.64)	(3.8)
Net fee income	3,616.06	3,693.95	(2.1)
Gain (Loss) on the financial instruments measured at fair value through PL	38.98	33.34	16.9
Gain (Loss) on Investments	4.86	1.53	217.9
Share of profit from investment under equity method	31.45	41.01	(23.3)
Other operating income	265.94	283.19	(6.1)
Total operating income	14,220.53	13,442.36	5.8
Operating expenses	(6,987.80)	(6,357.94)	9.9
Expected credit loss	(365.07)	(343.84)	6.2
Profit before tax and minority interest	6,867.67	6,740.57	1.9
Corporate income tax expenses	(1,346.34)	(1,322.89)	1.8
Profit before minority interest	5,521.33	5,417.69	1.9
Non-controlling interests of subsidiaries	(0.37)	(0.34)	10.3
Net profit	5,520.95	5,417.35	1.9

Details of Financial Performance for the Third Quarter of 2023 comparing to the Third Quarter of 2022

Net Interest Income

In the third quarter of 2023, the net interest income totaled 3,556.64 million baht, increased by 335.21 million baht (10.4% YoY). Total interest income was 4,666.38 million baht, increased by 911.77 million baht (24.3% YoY) following loan expansion and rising lending rates. Whilst, interest expense was at 1,109.74 million baht, increased by 576.56 million baht (108.1% YoY) from higher funding cost aligning with the policy rate increase.

Yield on loans increased from 7.05% to 7.59% (YoY) following the increased proportion of high-yield loans and the adjustment of floating interest rates. The cost of fund rose from 1.08% to 2.00% (YoY) owing to an increase in funding cost amid rising interest rate environment. Therefore, loan spread declined from 5.97% to 5.59% (YoY) and is likely to decline further as deposit rates continue to increase and reprice faster than lending rates.

Table 2 : Loan Spread

Unit: %	2022	3Q2022	2Q2023	3Q2023
Yield on Loans	7.03	7.05	7.42	7.59
Cost of Fund	1.11	1.08	1.80	2.00
Loan Spread	5.92	5.97	5.62	5.59
Net Interest Margin (NIM)	5.09	5.15	5.02	5.14

Non-Interest Income

Non-interest income totaled 1,250.13 million baht, increased by 0.2% (YoY). Non-interest income from core businesses softened from banking business and brokerage business, whereas other income improved from a decrease in loss on financial instruments measured at fair value through profit or loss (FVTPL).

Non-interest income from core businesses totaled 1,351.63 million baht, declined by 4.7% (YoY), driven by a slowdown in banking business and brokerage business. Banking fee income declined by 51.62 million baht to 800.42 million baht (6.1% YoY), mainly caused by weakened bancassurance business following lower new business volume on the back of uneven economic recovery. Brokerage fee income totaled 138.84 million baht, decreased by 26.83 million baht (16.2% YoY) due to lower market trading volume amid volatile capital market. On the positive side, asset management basic fee was reported at 409.87 million baht, increased by 11.59 million baht (2.9% YoY) aligning with the growth in assets under management.

During the quarter, the Company recognized a loss on financial instruments measured at fair value through profit or loss (FVTPL) amounting 43.61 million baht, decreased from a loss of 107.59 million baht in the third quarter of last year.

Table 3 : Non-Interest Income Breakdown

Type of Incomes Unit: Million baht	3Q2023	2Q2023	%QoQ	3Q2022	%YoY
Banking Fee	800.42	787.32	1.7	852.05	(6.1)
<i>Bancassurance Fee</i>	<i>615.30</i>	<i>593.67</i>	<i>3.6</i>	<i>664.24</i>	<i>(7.4)</i>
<i>Other Banking Fee</i>	<i>185.12</i>	<i>193.65</i>	<i>(4.4)</i>	<i>187.81</i>	<i>(1.4)</i>
Asset Management Basic Fee	409.87	408.62	0.3	398.28	2.9
Brokerage Fee	138.84	137.16	1.2	165.67	(16.2)
Investment Banking Fee	2.50	0.35	614.3	2.27	10.0
Non-Interest Income from Core Businesses	1,351.63	1,333.45	1.4	1,418.27	(4.7)
Gain (Loss) on Financial Instruments measured at fair value through PL	(43.61)	64.80	(167.3)	(107.59)	(59.5)
Gain (Loss) on Investments	0.77	2.18	(64.5)	0.50	53.5
Share Profit from subsidiaries	11.06	10.27	7.7	12.97	(14.7)
Dividend Income	32.07	19.54	64.2	25.84	24.1
Asset Management Performance Fee	5.38	1.78	201.7	(0.19)	(2,955.2)
Fee Expenses	(107.18)	(108.39)	(1.1)	(102.69)	4.4
Total Non-Interest Income	1,250.13	1,323.63	(5.6)	1,247.12	0.2

Operating Expenses

Operating expenses totaled 2,328.59 million baht, increased by 184.86 million baht (8.6% YoY), resulted from expenses related to the long-term investment plan for business expansion, coupled with 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 48.4%.

Expected Credit Loss

Expected credit loss (ECL) was reported at 146.60 million baht, increased comparing with 118.63 million baht in the third quarter of 2022, and accounted for 0.3% of average loans. The setup of ECL aimed to cushion against higher credit risks in retail segment caused by the growth strategy into high yield loans, as well as the pressure from high household debt level and rising cost of living. At the end of the third quarter, non-performing loans (NPLs) increased to 2.25%, and loan loss coverage ratio stood at 205.8%.

Corporate Income Tax

The corporate income tax for the third quarter of 2023 was 456.97 million baht, equivalent to the effective tax rate of 19.6%.

Financial Positions

Assets

As of September 30, 2023, the Company's total assets were 273,932.58 million baht, decreased by 0.2% (QoQ), from a decline in interbank and money market by 7.9% (QoQ) totaling 34,625.98 million baht. Meanwhile, loans expanded by 0.6% (QoQ) totaling 231,794.08 million baht. Financial assets measured at fair value through Profit or Loss amounted 2,108.44 million baht, increased by 3.5% (QoQ), and investments amounted 4,862.50 million baht, increased by 37.5% (QoQ).

Table 4 : Assets Breakdown

Assets Unit: Million baht	As of Sep 30, 2023	As of Jun 30, 2023	%QoQ	As of Dec 31, 2022	%YTD
Cash	797.64	947.59	(15.8)	1,005.07	(20.6)
Interbank and money market items	34,625.98	37,581.56	(7.9)	40,272.42	(14.0)
Derivatives	-	-	n.a.	147.49	(100.0)
Financial assets measured at fair value through Profit or Loss	2,108.44	2,036.38	3.5	2,172.39	(2.9)
Investments - net	4,862.50	3,537.53	37.5	3,989.88	21.9
Investments in subsidiaries and JV	894.68	883.84	1.2	872.81	2.5
Loans	231,794.08	230,494.38	0.6	219,003.80	5.8
Accrued interest receivables	1,917.77	1,803.97	6.3	1,722.32	11.3
Allowance for expected credit loss	(10,728.39)	(11,345.01)	(5.4)	(11,844.73)	(9.4)
Loans and accrued interest receivables – net	222,983.46	220,953.35	0.9	208,881.38	6.8
Other assets	7,659.88	8,418.64	(9.0)	8,073.00	(5.1)
Total assets	273,932.58	274,358.89	(0.2)	265,414.44	3.2

Liabilities

As of September 30, 2023, total liabilities were 233,453.25 million baht, decreased by 0.3% (QoQ). Total deposits increased by 0.7% (QoQ) to 200,833.23 million baht, while debentures dropped by 16.6% (QoQ) to 11,640.00 million baht.

Table 5 : Liabilities Breakdown

Liabilities Unit: Million baht	As of Sep 30, 2023	As of Jun 30, 2023	%QoQ	As of Dec 31, 2022	%YTD
Deposits	200,833.23	199,392.55	0.7	188,302.73	6.7
Interbank and money market items	7,284.08	6,513.56	11.8	6,195.46	17.6
Debentures	11,640.00	13,950.00	(16.6)	15,720.00	(26.0)
Others	13,695.94	14,289.92	(4.2)	12,405.63	10.4
Total liabilities	233,453.25	234,146.02	(0.3)	222,623.81	4.9

Shareholders' Equity

As of September 30, 2023, shareholders' equity was 40,479.33 million baht, increased by 266.46 million baht (0.7% QoQ) from an increase in retained earnings of the third quarter of 2023, partly of which was taken to pay interim dividend at 2.00 baht per common and preferred share in September 2023. The total dividend payment was 1,601 million baht. As a result, the book value per share (BVPS) as of September 30, 2023 was 50.56 baht per share.

Business Segment Operations

(1) Banking Business

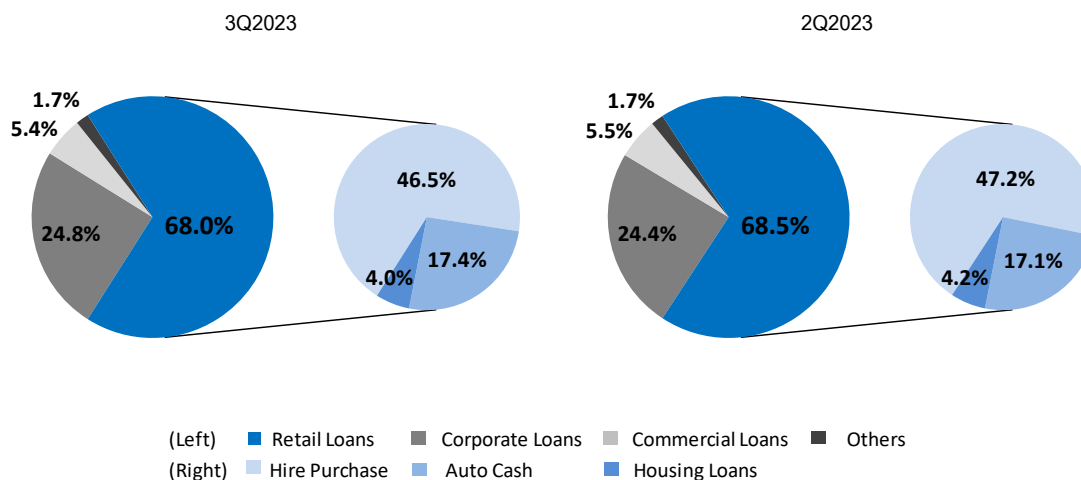
1.1 Loans

Total loans and receivables as of September 30, 2023 totaled 231,794.08 million baht, expanded by 0.6% (QoQ) and 5.8% (YTD), contributed by corporate loans, auto title loans and used car hire purchase loans.

Table 6 : Loans

Loans Unit: Million baht	As of Sep 30, 2023	As of Jun 30, 2023	%QoQ	As of Dec 31, 2022	%YTD
Hire purchase	107,875.78	108,839.94	(0.9)	110,264.21	(2.2)
Loans against auto licenses	40,425.13	39,310.69	2.8	36,348.09	11.2
Housing loans	9,333.43	9,627.03	(3.0)	10,230.17	(8.8)
Retail loans	157,634.34	157,777.66	(0.1)	156,842.47	0.5
Corporate loans	57,573.82	56,130.73	2.6	44,369.14	29.8
Commercial loans	12,569.14	12,709.36	(1.1)	14,303.41	(12.1)
Others	4,016.78	3,876.63	3.6	3,488.78	15.1
Total loans	231,794.08	230,494.38	0.6	219,003.80	5.8

Loan Breakdown



Retail Lending portfolio totaled 157,634.34 million baht, slightly declined by 0.1% (QoQ). The total retail portfolio as of September 30, 2023 consisted of 68.4% car and motorcycle hire purchase loans, 25.6% loans against auto licenses and 5.9% housing loans. The outstanding hire purchase loans totaled 107,875.78 million baht, dropped by 0.9% (QoQ) from a decline in new car hire purchase by 1.7% (QoQ) following cautious underwriting policy amid intense market competition. The domestic car sale for the first 8 months of 2023 was 524,784 units, decreased by 6.2%, compared to 559,537 units in the first 8 months of 2022 due to tightened loan underwriting by the financial institutions. The car penetration rate of TISCO for the first 8 months of 2023 was at 4.7%, declined from 4.8% in the same period of last year. Meanwhile, used

car hire purchase continued to grow by 3.7% (QoQ), and motorcycle hire purchase increased by 2.8% (QoQ) following the high-yield loan expansion strategy.

Loans against auto licenses ("Auto Cash") totaled 40,425.13 million baht, grew by 2.8% (QoQ) following the growth strategy into high yield businesses and branch network expansion strategy, particularly loans through "Somwang" channels which further grew by 4.7% (QoQ) totaling 26,499.70 million baht and accounted for 65.6% of total loans against auto licenses. During the quarter, "Somwang" has opened 52 new loan offices with total number of 587 branches nationwide.

Housing loans totaled 9,333.43 million baht, dropped by 3.0% (QoQ) following highly competitive market condition and rising risk.

Corporate Lending portfolio totaled 57,573.82 million baht, increased by 2.6% (QoQ), driven by loan drawdown from public utilities and service sector.

Commercial Lending portfolio totaled 12,569.14 million baht, declined by 1.1% (QoQ) from the repayment in car inventory financing business.

Other Loans portfolio totaled 4,016.78 million baht, increased by 3.6% (QoQ).

1.2 Asset Quality and Expected Credit Loss

In the third quarter of 2023, the Company reported NPLs amounting 5,213.31 million baht, increased by 2.9% (QoQ), and accounted for NPL ratio of 2.25% of total loans, increased from 2.20% (QoQ). The rising NPLs were mostly caused by the growth strategy into high yield businesses, together with the pressure from high household debt level and rising cost of living. These risks were in accordance with the Company's forecast, and the Company have maintained a sufficient level of loan loss reserves against credit risks from the business growth strategy and macroeconomic factors.

Total allowance for expected credit loss of the Company reported at 10,728.39 million baht, and loan loss coverage ratio stood at 205.8%.

Table 7 : Loan Classification

Loan Classification* Unit: Million baht	As of Sep 30, 2023	As of Jun 30, 2023	%QoQ	As of Dec 31, 2022	%YTD
Stage 1 loans (Performing)	204,383.67	203,369.97	0.5	192,339.28	6.3
Stage 2 loans (Under-performing)	22,197.10	22,059.55	0.6	22,088.00	0.5
Non-performing loans (NPLs)	5,213.31	5,064.86	2.9	4,576.52	13.9
Total loans	231,794.08	230,494.38	0.6	219,003.80	5.8

*Excluding accrued interest in accordance with BOT's guideline

Table 8 : NPLs Breakdown

NPLs* Unit: Million baht, %	As of Sep 30, 2023		As of Jun 30, 2023		As of Dec 31, 2022	
	Million baht	%	Million baht	%	Million baht	%
Hire purchase	2,836.83	2.63	2,782.68	2.56	2,605.71	2.36
Loans against auto licenses	1,483.91	3.67	1,406.55	3.58	1,039.76	2.86
Housing loans	794.24	8.51	802.66	8.34	840.23	8.21
NPLs - Retail loans	5,114.98	3.24	4,991.90	3.16	4,485.70	2.86
NPLs - Corporate loans	-	-	-	-	-	-
NPLs - Commercial loans	92.35	0.73	66.13	0.52	87.45	0.61
Others	5.99	0.15	6.83	0.18	3.37	0.10
Total NPLs	5,213.31	2.25	5,064.86	2.20	4,576.52	2.09

*Excluding accrued interest in accordance with BOT's guideline

1.3 Deposits and Borrowings

Total deposits and borrowings amounted 212,473.23 million baht, decreased by 0.4% (QoQ). Total deposits reported at 200,833.23 million baht, increased by 1,440.68 million baht (0.7% QoQ) in tandem with loan expansion, whereas debentures totaled 11,640.00 million baht, decreased by 2,310.00 million baht (16.6% QoQ). As of September 2023, the Bank had high-quality liquid assets according to the Liquidity Coverage Ratio (LCR) of 38,134 million baht, decreased by 4.5% (QoQ). Thus, the high-quality liquid assets were accounted for 17.9% of total deposits and borrowings, and LCR ratio was at 136.4%.

Table 9 : Deposit Structure

Deposits Unit: Million baht	As of Sep 30, 2023	As of Jun 30, 2023	%QoQ	As of Dec 31, 2022	%YTD
Current accounts	1,422.83	1,468.65	(3.1)	1,820.83	(21.9)
Saving accounts	31,767.22	33,656.00	(5.6)	42,929.52	(26.0)
Fixed accounts	61,671.33	56,442.40	9.3	42,925.39	43.7
Negotiate certificate deposits	105,935.73	107,789.38	(1.7)	100,590.08	5.3
Short-term borrowings	36.12	36.12	0.0	36.92	(2.2)
Total deposits	200,833.23	199,392.55	0.7	188,302.73	6.7

(2) Securities Business

In the third quarter of 2023, market trading volume significantly declined comparing to the third quarter of 2022 amid volatile capital market condition. Average daily turnover of TISCO Securities decreased accordingly from 1,574.35 million baht in the third quarter of last year to 1,422.28 million baht. As a result, brokerage fee income of TISCO Securities declined by 16.2% (YoY) to 138.84 million baht.

TISCO Securities' overall market share was at 1.6%, improved from the same period of last year but slightly decreased from the previous quarter. TISCO brokerage volume comprised of 56.8% of local institutions, 7.0% of foreign institutions, and 36.3% of retail investors.

(3) Asset Management Business

As of September 30, 2023, assets under management of TISCO Asset Management totaled 379,791.21 million baht, grew by 1.1% (QoQ) derived from the increased contributions in provident fund and private fund. Basic fee income reported at 409.87 million baht, increased by 2.9% (YoY) and by 0.3% (QoQ) following a growth in assets under management.

The composition of total asset under management was 66.0% provident fund, 19.9% private fund, and 14.1% mutual fund. Total market share of TISCO Asset Management as of August 31, 2023 was 4.4%, ranking 9th in the market. The market share of provident fund was 17.8%, ranking 1st in the market. The market share of private fund was 3.4%, ranking 6th in the market and the market share of mutual fund was 1.1%, ranking 12th in the market.

Table 10 : Assets under Management Breakdown

Funds Unit: Million baht	As of Sep 30, 2023	As of Jun 30, 2023	%QoQ	As of Dec 31, 2022	%YTD
Provident fund	250,707.03	247,596.49	1.3	247,652.36	1.2
Private fund	75,526.57	72,620.22	4.0	72,717.00	3.9
Mutual fund	53,557.60	55,578.54	(3.6)	53,694.41	(0.3)
Total AUMs	379,791.21	375,795.25	1.1	374,063.77	1.5

Risk Management

As of September 30, 2023, TISCO Group's internal capital (ICAAP) stood at 36,985.25 million baht comprising of Tier-I capital and available reserve adjustment. The integrated risk capital rose by 846.33 million baht from the end of the second quarter of 2023 to 13,839.97 million baht mainly resulting from an increase in credit risk capital. In addition, the capital surplus remained strong at 23,145.28 million baht or 62.6% of total capital.

Comparing to the end of June 2023, the credit risk capital increased by 832.49 million baht, or 8.2%, to 11,011.75 million baht mostly resulting from loan expansion in corporate and auto cash portfolios. Total loan portfolio of TISCO Group expanded by 0.6% (QoQ), while non-performing loans stood at 2.2%. Meanwhile, TISCO Group still maintains a high level of allowance for expected credit loss as cushion for future uncertainties.

The market risk capital increased by 13.84 million baht during the quarter, from 272.93 million baht at the end of June 2023 to 286.77 million baht, which resulted from a decline in stock market's return during the period. Meanwhile, the overall duration gap increased from 0.66 year to 0.68 year, which was in a manageable level. The assets duration slightly declined from 1.13 year to 1.12 year, while the liabilities duration decreased from 0.47 year to 0.44 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	
	Sep 30, 2023	Jun 30, 2023	Sep 30, 2023	Jun 30, 2023
Assets	1.12	1.13	1,363.60	1,355.79
Liabilities	0.44	0.47	(1,465.47)	(1,417.02)
Net gap	0.68	0.66	(101.87)	(61.23)

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 September 2023, the projected regulatory capital based on IRB approach of the Bank was 41,309.76 million baht, while the projected capital adequacy ratio (BIS ratio) stood at 22.6%, remaining higher than 11.0% required by the Bank of Thailand. The projected Tier-I and Tier-II ratios of the Bank stood at 19.0% and 3.5%, respectively, in which Tier-I ratio also remained higher than the minimum requirement at 8.5%. For TISCO Group, the projected regulatory capital based on IRB approach was 40,090.40 million baht, with projected BIS ratio, Tier-I and Tier-II ratios at 19.9%, 16.6% and 3.3%, respectively, which also remained higher than the minimum capital requirement. Meanwhile, the net capital rule (NCR) of TISCO Securities Co., Ltd. stood at 102.3%, which was higher than the minimum required ratio by the SEC of 7.0%.

Table 12 : Regulatory Capital Requirement

Capital Adequacy Unit: %	As of Sep 30, 2023	As of Jun 30, 2023	As of Dec 31, 2022
TISCO Financial Group			
Tier-I	16.6	16.9	17.1
Tier-II	3.3	3.3	3.5
BIS Ratio	19.9	20.2	20.6
TISCO Bank			
Tier-I	19.0	19.4	19.6
Tier-II	3.5	3.6	3.7
BIS Ratio	22.6	23.0	23.4