



Management Discussion and Analysis

For the Second Quarter of 2024 ended June 30, 2024

(Unreviewed Consolidated Financial Statements)

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Economic Conditions and Movement of Financial Market

In the second quarter of 2024, the domestic economy expanded gradually led by a growth in export sector in line with improved economies of trading partners. Tourism sector continued to grow with the number of foreign tourist arrivals totaled 17.5 million for the first half of 2024, resulting in boosted private consumption from related service sector. Nonetheless, consumer confidence slowed down amid a concern on the high cost of living and a slower-than-expected economic recovery. Headline inflation in the second quarter of 2024 rose by 0.78% driven by rising oil and food prices. Furthermore, the domestic car sale for the first 5 months of 2024 declined by 23.8% comparing to the same period of last year, partly resulted from tightened loan underwriting by financial institutions, together with weaker credit quality. Government spending and investment started to recover following the approval of the 2024 Budget Act effective in April 2024.

During the quarter, the Bank of Thailand (BOT) maintained the policy rate at 2.50%. The average 3-month fixed deposit rates of Top-4 commercial banks remained stable from the end of the first quarter of 2024 at 1.14%. The lending rates of Top-4 commercial banks comprised of the average minimum lending rate (MLR) which remained stable at 7.12% (YoY), and the average minimum overdraft rate (MOR) stood at 7.56% (YoY). Whilst, the average minimum retail rate (MRR) dropped from 7.37% to 7.31% (QoQ) following the interest rate reduction by the commercial banks to help vulnerable customers including both individuals and SMEs for 6 months.

The capital market in the second quarter of 2024 remained weak from the slower-than-expected economic recovery, coupled with political uncertainty, causing the SET index to close at 1,300.96 points, decreased by 76.98 points or 5.6% from the end of the previous quarter. Meanwhile, market trading volume further contracted, with the average daily turnover of 43,074.07 million baht, decreased from 43,821.44 million baht in the first quarter of 2024.

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 second quarter of 2024 on a standalone basis totaling 1,985.47 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 a shareholder in other companies and no other major business. Therefore, the analysis was based on the Company’s consolidated operating performance and financial position which was comprised of 2 main businesses: commercial banking business and capital market businesses.

Operating Results for the Second Quarter of 2024

The net profit of the Company for the second quarter of 2024 was reported at 1,748.99 million baht, decreased by 104.90 million baht or 5.7% from the second quarter of 2023 mainly due to the setup of expected credit loss (ECL). Total operating income increased by 5.5% (YoY) mostly derived from investment banking fee and a recognition of gain on financial instruments measured at fair value through profit or loss (FVTPL), resulting in a growth in non-interest income by 17.1% (YoY). Net interest income increased by 0.9% (YoY) following portfolio expansion, although cost of funds remained on a rising trend. Meanwhile, banking fee and asset management basic fee recovered from the same period of last year, whereas brokerage business was weak amid subdued market trading volume. Expected credit loss increased to 0.7% of average loans, which was set up to reflect higher consumer credit risks arising from the growth into high-yield businesses and fragile economic factors.

Comparing to the first quarter of 2024, net profit increased by 15.97 million baht or 0.9% (QoQ), driven by investment banking fee and a gain on financial instruments measured at fair value through profit or loss (FVTPL), leading to an increase in non-interest income by 18.6% (QoQ). Moreover, banking fee and asset management fee improved from the previous quarter, while brokerage business remained subdued. Net interest income declined by 0.2% (QoQ) following increasing cost of funds corresponding with the policy rate increase since last year. ECL expense rose from the previous quarter to cushion against higher risks.

Basic earnings per share for the second quarter of 2024 equaled 2.18 baht per share, decreased from 2.32 baht per share in the second quarter of 2023, but improved from 2.16 baht per share in the previous quarter. The return on average equity (ROAE) was reported at 16.4%.

Table 1.1 : Statement of Comprehensive Income (Quarterly)

Statement of Comprehensive Income					
Unit: Million baht	2Q2024	1Q2024	%QoQ	2Q2023	%YoY
Interest income					
Interest on loans	2,898.40	2,862.57	1.3	2,476.67	17.0
Interbank and money market items	224.88	271.90	(17.3)	171.50	31.1
Hire purchase and financial lease income	1,573.41	1,591.35	(1.1)	1,645.22	(4.4)
Investments	47.79	47.95	(0.3)	40.43	18.2
Total interest income	4,744.48	4,773.77	(0.6)	4,333.82	9.5
Interest expenses	(1,357.03)	(1,378.31)	(1.5)	(977.83)	38.8
Net interest income	3,387.45	3,395.46	(0.2)	3,355.99	0.9
Fee income	1,345.38	1,273.30	5.7	1,260.02	6.8
Fee expenses	(113.62)	(105.18)	8.0	(108.39)	4.8
Net fee income	1,231.76	1,168.11	5.4	1,151.63	7.0
Gain (Loss) on the financial instruments measured at fair value through PL	218.89	45.49	381.1	64.80	237.8
Gain (Loss) on Investments	0.88	0.57	56.0	2.18	(59.5)
Share of profit from investment under equity method	6.79	9.53	(28.8)	10.27	(33.9)
Other operating income	91.65	83.49	9.8	94.75	(3.3)
Total operating income	4,937.42	4,702.66	5.0	4,679.63	5.5
Operating expenses	(2,352.64)	(2,262.77)	4.0	(2,377.54)	(1.0)
Expected credit loss	(408.63)	(279.04)	46.4	0.56	n.a.
Profit before tax and minority interest	2,176.14	2,160.85	0.7	2,302.64	(5.5)
Corporate income tax expenses	(427.03)	(427.71)	(0.2)	(448.63)	(4.8)
Profit before minority interest	1,749.11	1,733.13	0.9	1,854.02	(5.7)
Non-controlling interests of subsidiaries	(0.12)	(0.11)	3.3	(0.13)	(9.9)
Net profit	1,748.99	1,733.02	0.9	1,853.89	(5.7)

Operating Results for the First Half of 2024

The net profit for the first half of 2024 was reported at 3,482.01 million baht, declined by 164.45 million baht of 4.5% (YoY), mainly from an increase in expected credit loss (ECL) to 0.6% of average loans. Total operating revenue increased by 3.8% (YoY) thanks to a growth in net interest income of 3.1% (YoY) following loan expansion, nonetheless, cost of funds remained on an upcycle, increasing by 49.9% (YoY). Non-interest income grew by 5.5% (YoY) due to a record of investment banking fee and a recognition of gain on financial instruments measured at fair value through profit or loss (FVTPL). On the other hand, brokerage business and banking business slowed down amid a slower-than-expected economic recovery.

Basic earnings per share for the first half of 2024 were 4.35 baht per share, declined from 4.55 baht per share in the first half of 2023. The return on average equity (ROAE) was reported at 16.6%.

Table 1.2 : Statement of Comprehensive Income (Half Year)

Statement of Comprehensive Income			
Unit: Million baht	1H2024	1H2023	%YoY
Interest income			
Interest on loans	5,760.97	4,730.72	21.8
Interbank and money market items	496.78	311.77	59.3
Hire purchase and financial lease income	3,164.76	3,297.91	(4.0)
Investments	95.73	63.53	50.7
Total interest income	9,518.25	8,403.94	13.3
Interest expenses	(2,735.34)	(1,825.31)	49.9
Net interest income	6,782.91	6,578.63	3.1
Fee income	2,618.68	2,638.47	(0.8)
Fee expenses	(218.81)	(220.35)	(0.7)
Net fee income	2,399.88	2,418.12	(0.8)
Gain (Loss) on the financial instruments measured at fair value through PL	264.38	82.59	220.1
Gain (Loss) on Investments	1.45	4.09	(64.6)
Share of profit from investment under equity method	16.32	20.39	(20.0)
Other operating income	175.14	181.97	(3.8)
Total operating income	9,640.07	9,285.81	3.8
Operating expenses	(4,615.42)	(4,659.21)	(0.9)
Expected credit loss	(687.67)	(90.51)	659.8
Profit before tax and minority interest	4,336.99	4,536.09	(4.4)
Corporate income tax expenses	(854.74)	(889.37)	(3.9)
Profit before minority interest	3,482.24	3,646.72	(4.5)
Non-controlling interests of subsidiaries	(0.23)	(0.25)	(6.6)
Net profit	3,482.01	3,646.47	(4.5)

Details of Financial Performance for the Second Quarter of 2024 comparing to the Second Quarter of 2023

Net Interest Income

In the second quarter of 2024, the net interest income totaled 3,387.45 million baht, increased by 31.46 million baht (0.9% YoY). Total interest income was 4,744.48 million baht, increased by 410.66 million baht (9.5% YoY) following loan expansion and increased lending rates during interest rate upcycle. Meanwhile, interest expense was at 1,357.03 million baht, increased by 379.20 million baht (38.8% YoY) from higher funding cost aligning with the policy rate increases.

Yield on loans increased from 7.31% to 7.66% (YoY) in relation to the increased proportion of high-yield loans and the adjustment of floating interest rates. The cost of funds rose from 1.80% to 2.43% (YoY) owing to a continuing increase in funding cost following deposit rate repricing. Therefore, loan spread declined from 5.50% to 5.23% (YoY), and net interest margin (NIM) decreased from 4.92% to 4.88% (YoY).

Table 2 : Loan Spread

Unit: %	2023	2Q2023	1Q2024	2Q2024
Yield on Loans	7.42	7.31	7.63	7.66
Cost of Funds	1.92	1.80	2.39	2.43
Loan Spread	5.50	5.50	5.24	5.23
Net Interest Margin (NIM)	4.95	4.92	4.76	4.88

¹ Revised 2023 figures

Non-Interest Income

Non-interest income totaled 1,549.97 million baht, grew by 17.1% (YoY) derived from investment banking fee following IPO underwriting activity, together with a recognition of gain on financial instruments measured at fair value through profit or loss (FVTPL).

Non-interest income from core businesses totaled 1,412.03 million baht, increased by 5.9% (YoY), mainly contributed by a record of investment banking fee amounting 87.68 million baht from being an IPO lead underwriter during the quarter. Banking fee income totaled 795.84 million baht, increased by 1.1% (YoY) from banking transaction fee, whereas bancassurance business was stable comparing to the same period of last year. Asset management basic fee totaled 418.61 million baht, increased by 2.4% (YoY) in line with the expansion of assets under management. On the contrary, brokerage fee income totaled 109.90 million baht, decreased by 19.9% (YoY) resulting from a significant reduction in market trading volume amid volatile capital market.

During the quarter, the Company recognized a gain on financial instruments measured at fair value through profit or loss (FVTPL) amounting 218.89 million baht, comparing to a gain of 64.80 million baht in the second quarter of 2023, reflecting an improved investment value.

Table 3 : Non-Interest Income Breakdown

Type of Incomes Unit: Million baht	2Q2024	1Q2024	%QoQ	2Q2023	%YoY
Banking Fee	795.84	780.59	2.0	787.32	1.1
<i>Bancassurance Fee</i>	<i>595.19</i>	<i>594.73</i>	<i>0.1</i>	<i>593.67</i>	<i>0.3</i>
<i>Other Banking Fee</i>	<i>200.65</i>	<i>185.86</i>	<i>8.0</i>	<i>193.65</i>	<i>3.6</i>
Asset Management Basic Fee	418.61	412.90	1.4	408.62	2.4
Brokerage Fee	109.90	124.30	(11.6)	137.16	(19.9)
Investment Banking Fee	87.68	0.11	n.a.	0.35	n.a.
Non-Interest Income from Core Businesses	1,412.03	1,317.89	7.1	1,333.45	5.9
Gain (Loss) on Financial Instruments measured at fair value through PL	218.89	45.49	381.1	64.80	237.8
Gain (Loss) on Investments	0.88	0.57	56.0	2.18	(59.5)
Share Profit from subsidiaries	6.79	9.53	(28.8)	10.27	(33.9)
Dividend Income	23.53	36.95	(36.3)	19.54	20.4
Asset Management Performance Fee	1.47	1.95	(24.7)	1.78	(17.7)
Fee Expenses	(113.62)	(105.18)	8.0	(108.39)	4.8
Total Non-Interest Income	1,549.97	1,307.20	18.6	1,323.63	17.1

Operating Expenses

Operating expenses totaled 2,352.64 million baht, declined by 24.90 million baht (1.0% YoY), resulted from a decrease in variable expenses associated with revenue and profit reduction. The Company still maintained effective operating cost control with cost to income ratio at 47.6%.

Expected Credit Loss

Expected credit loss (ECL) was reported at 408.63 million baht, increased from the second quarter of last year and the previous quarter, and accounted for 0.7% of average loans. The setup of ECL expense was to reflect higher consumer credit risks arising from the growth into high-yield businesses as well as fragile economic factors and household debt issue. Non-performing loans (NPLs) increased from the last quarter to 2.44%, and loan loss coverage ratio declined to 162.7%.

Corporate Income Tax

The corporate income tax for the second quarter of 2024 was at 427.03 million baht, equivalent to the effective tax rate of 19.6%.

Financial Positions

Assets

As of June 30, 2024, the Company's total assets were 280,601.48 million baht, decreased by 0.6% (QoQ), mainly due to a contraction in loans by 0.8% (QoQ) totaling 233,447.59 million baht and a decline in interbank and money market items by 2.3% (QoQ) totaling 38,807.79 million baht. Financial assets measured at fair value through Profit or Loss amounted 2,350.05 million baht, increased by 10.7% (QoQ), and investments amounted 3,534.04 million baht, increased by 6.5% (QoQ).

Table 4 : Assets Breakdown

Assets Unit: Million baht	As of Jun 30, 2024	As of Mar 31, 2024	%QoQ	As of Dec 31, 2023	%YTD
Cash	973.56	971.91	0.2	918.26	6.0
Interbank and money market items	38,807.79	39,738.41	(2.3)	48,489.70	(20.0)
Derivatives	-	-	n.a.	-	n.a.
Financial assets measured at fair value through Profit or Loss	2,350.05	2,122.64	10.7	2,081.77	12.9
Investments - net	3,534.04	3,319.56	6.5	3,313.59	6.7
Investments in subsidiaries and JV	897.51	891.24	0.7	891.49	0.7
Loans	233,447.59	235,217.77	(0.8)	234,815.18	(0.6)
Accrued interest receivables	1,940.56	1,949.78	(0.5)	1,928.55	0.6
Allowance for expected credit loss	(9,269.08)	(9,498.29)	(2.4)	(9,915.97)	(6.5)
Loans and accrued interest receivables – net	226,119.07	227,669.26	(0.7)	226,827.76	(0.3)
Other assets	7,919.48	7,691.99	3.0	8,201.68	(3.4)
Total assets	280,601.48	282,405.01	(0.6)	290,724.25	(3.5)

Liabilities

As of June 30, 2024, total liabilities were 239,250.38 million baht, increased by 0.4% (QoQ), from an increase in debentures by 27.7% (QoQ) totaling 7,840.00 million baht and an increase in interbank and money market items by 7.4% (QoQ) totaling 10,261.07 million baht. Meanwhile, total deposits dropped by 0.8% (QoQ) totaling 206,859.51 million baht.

Table 5 : Liabilities Breakdown

Liabilities Unit: Million baht	As of Jun 30, 2024	As of Mar 31, 2024	%QoQ	As of Dec 31, 2023	%YTD
Deposits	206,859.51	208,623.51	(0.8)	208,680.79	(0.9)
Interbank and money market items	10,261.07	9,551.65	7.4	8,506.34	20.6
Debentures	7,840.00	6,140.00	27.7	17,250.00	(54.6)
Others	14,289.80	13,881.41	2.9	13,839.14	3.3
Total liabilities	239,250.38	238,196.57	0.4	248,276.27	(3.6)

Shareholders' Equity

As of June 30, 2024, shareholders' equity was 41,351.10 million baht, decreased by 2,857.34 million baht (6.5% QoQ) as the Company paid annual dividend from operating result for the year 2023 at 5.75 baht per common and preferred share in May 2024. The total dividend payment was 4,604 million baht, therefore the book value per share (BVPS) as of June 30, 2024 was 51.64 baht per share.

Business Segment Operations

(1) Banking Business

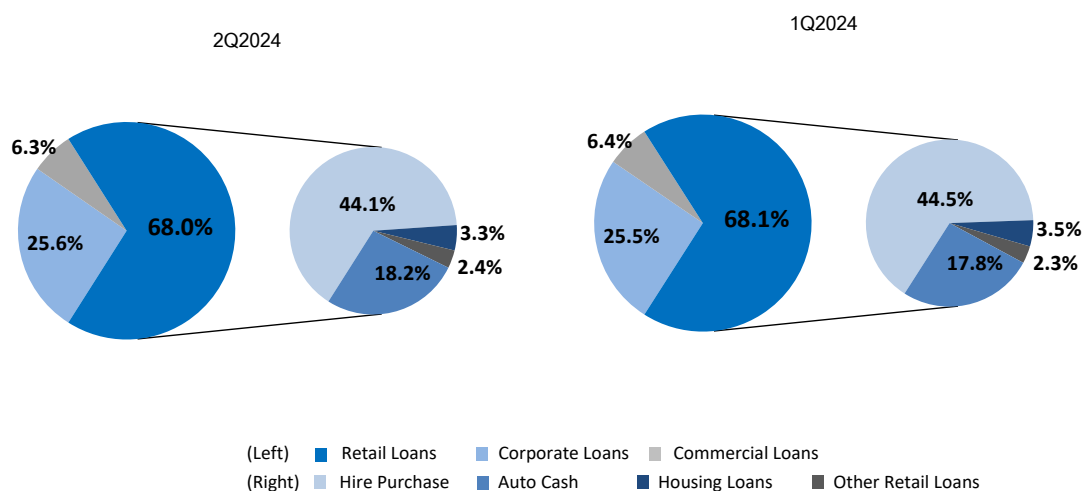
1.1 Loans

Total loans and receivables as of June 30, 2024 totaled 233,447.59 million baht, declined by 0.8% (QoQ), caused by hire purchase loans, commercial loans and corporate loans.

Table 6 : Loans

Loans Unit: Million baht	As of Jun 30, 2024	As of Mar 31, 2024	%QoQ	As of Dec 31, 2023	%YTD
Hire purchase	103,050.10	104,728.01	(1.6)	106,851.35	(3.6)
Loans against auto licenses	42,445.71	41,890.55	1.3	41,719.93	1.7
Housing loans	7,755.16	8,125.60	(4.6)	8,536.27	(9.2)
Others	5,522.88	5,398.27	2.3	5,100.97	8.3
Retail loans	158,773.86	160,142.43	(0.9)	162,208.52	(2.1)
Corporate loans	59,854.97	60,011.55	(0.3)	58,964.25	1.5
Commercial loans	14,818.76	15,063.79	(1.6)	13,642.41	8.6
Total loans	233,447.59	235,217.77	(0.8)	234,815.18	(0.6)

Loan Breakdown



Retail Lending portfolio totaled 158,773.86 million baht, contracted by 0.9% (QoQ). The total retail portfolio as of June 30, 2024 consisted of 64.9% car and motorcycle hire purchase loans, 26.7% loans against auto licenses, 4.9% housing loans and 3.5% other retail loans.

The outstanding hire purchase loans totaled 103,050.10 million baht, declined by 1.6% (QoQ) from a contraction in new car hire purchase of 2.5% (QoQ) following cautious underwriting policy. The domestic car sale for the first 5 months of 2024 totaled 260,365 units, decreased by 23.8% compared to 341,691 units in the first 5 months of 2023, due partly to tightened loan underwriting by the financial institutions, coupled with the weakened credit quality. The car penetration rate of TISCO for the first 5 months of 2024

was stable at 4.6% compared to the same period of last year. Meanwhile, used car hire purchase and motorcycle hire purchase expanded by 2.2% and 2.7% (QoQ) respectively.

Loans against auto licenses ("Auto Cash") totaled 42,445.71 million baht, increased by 1.3% (QoQ) following the loan growth derived from "Somwang" branch network, of which delivered growth from this channel of 2.7% (QoQ) totaling 29,891.28 million baht and accounted for 70.4% of total loans against auto licenses. During the second quarter of 2024, "Somwang" opened 60 new loan offices with a total number of 734 branches nationwide, which continued according to the long-term business strategy. Nevertheless, during this time, the Company conducted new loan underwriting with cautiousness and prudence amid high household debt level and slow economic recovery.

Housing loans totaled 7,755.16 million baht, dropped by 4.6% (QoQ) following highly competitive market condition and rising risks. Other retail loans totaled 5,522.88 million baht, increased by 2.3% (QoQ).

Corporate Lending portfolio totaled 59,854.97 million baht, decreased by 0.3% (QoQ), driven by loan repayment from clients in public utilities sector.

Commercial Lending portfolio totaled 14,818.76 million baht, declined by 1.6% (QoQ) from loan repayment in car inventory financing.

1.2 Asset Quality and Expected Credit Loss

In the second quarter of 2024, the Company reported NPLs amounting 5,696.58 million baht, increased by 6.7% (QoQ), and accounted for NPL ratio of 2.44% of total loans, increased from 2.27% at the end of the first quarter of 2024. The rising NPLs were partly caused by the growth strategy into high-yield businesses, together with the fragile economic conditions and customer credit profile.

Total allowance for expected credit loss of the Company reported at 9,269.08 million baht, and loan loss coverage ratio was at 162.7%.

Table 7 : Loan Classification

Loan Classification ¹ Unit: Million baht	As of Jun 30, 2024	As of Mar 31, 2024	%QoQ	As of Dec 31, 2023	%YTD
Stage 1 loans (Performing)	208,053.62	210,480.21	(1.2)	209,708.78	(0.8)
Stage 2 loans (Under-performing)	19,697.39	19,396.50	1.6	19,883.50	(0.9)
Non-performing loans (NPLs)	5,696.58	5,341.07	6.7	5,222.91	9.1
Total loans	233,447.59	235,217.77	(0.8)	234,815.18	(0.6)

¹Excluding accrued interest in accordance with BOT's guideline.

Table 8 : NPLs Breakdown

NPLs ¹ Unit: Million baht, %	As of Jun 30, 2024		As of Mar 31, 2024		As of Dec 31, 2023	
	Million baht	%	Million baht	%	Million baht	%
Hire purchase	2,951.28	2.86	2,781.68	2.66	2,982.41	2.79
Loans against auto licenses	2,090.57	4.93	1,863.74	4.45	1,687.47	4.04
Housing loans	468.85	6.05	446.21	5.49	417.63	4.89
Others	13.70	0.25	13.00	0.24	8.30	0.16
NPLs - Retail loans	5,524.39	3.48	5,104.63	3.19	5,095.81	3.14
NPLs - Corporate loans	-	-	-	-	-	-
NPLs - Commercial loans	172.19	1.16	236.44	1.57	127.09	0.93
Total NPLs	5,696.58	2.44	5,341.07	2.27	5,222.91	2.22

¹Excluding accrued interest in accordance with BOT's guideline

1.3 Deposits and Borrowings

Total deposits and borrowings amounted 214,699.51 million baht, remained stable (QoQ). Total deposits reported at 206,859.51 million baht, decreased by 0.8% (QoQ), whereas debentures totaled 7,840.00 million baht, increased by 27.7% (QoQ). As of June 2024, the Bank had high-quality liquid assets according to the Liquidity Coverage Ratio (LCR) of 41,228.20 million baht, decreased by 3.6% (QoQ). Thus, the high-quality liquid assets accounted for 19.2% of total deposits and borrowings, and the projected LCR ratio was at 150.4%.

Table 9 : Deposit Structure

Deposits Unit: Million baht	As of Jun 30, 2024	As of Mar 31, 2024	%QoQ	As of Dec 31, 2023	%YTD
Current accounts	1,634.33	1,736.19	(5.9)	1,529.43	6.9
Saving accounts	25,623.23	27,017.31	(5.2)	28,987.69	(11.6)
Fixed accounts	70,193.08	69,754.29	0.6	64,142.81	9.4
Negotiate certificate deposits	109,372.76	110,079.60	(0.6)	113,984.75	(4.0)
Short-term borrowings	36.12	36.12	0.0	36.12	0.0
Total deposits	206,859.51	208,623.51	(0.8)	208,680.79	(0.9)

(2) Securities Business

In the second quarter of 2024, market trading volume significantly declined comparing to the second quarter of 2023 amid subdued capital market condition, which consequently resulted in a decrease in average daily turnover of TISCO Securities from 1,531.83 million baht to 1,204.71 million baht (YoY). Brokerage fee income of TISCO Securities also dropped by 19.9% (YoY) to 109.90 million baht. Meanwhile, in this quarter, the Company recorded investment banking fee amounting 87.68 million baht derived from being an IPO lead underwriter. TISCO Securities' overall market share declined from last year but remained stable from the previous quarter at 1.5%. TISCO brokerage volume comprised of 55.5% of local institutions, 8.5% of foreign institutions, and 36.0% of retail investors.

(3) Asset Management Business

As of June 30, 2024, assets under management of TISCO Asset Management totaled 400,676.27 million baht, grew by 1.0% (QoQ) from an expansion in provident fund business. Thereby, asset management basic fee income amounted 418.61 million baht, improved by 1.4% (QoQ) and 2.4% (YoY). The composition of total assets under management was 67.7% provident fund, 18.5% private fund, and 13.8% mutual fund. Total market share of TISCO Asset Management as of May 31, 2024 was 4.4%, ranking 9th in the market. The market share of provident fund was 18.7%, ranking 1st in the market. The market share of private fund was 3.2%, ranking 6th in the market and the market share of mutual fund was 1.0%, ranking 14th in the market.

Table 10 : Assets under Management Breakdown

Funds Unit: Million baht	As of Jun 30, 2024	As of Mar 31, 2024	%QoQ	As of Dec 31, 2023	%YTD
Provident fund	271,256.86	265,554.44	2.1	262,352.77	3.4
Private fund	74,120.33	74,999.83	(1.2)	74,839.44	(1.0)
Mutual fund	55,299.08	56,277.14	(1.7)	54,936.11	0.7
Total AUMs	400,676.27	396,831.40	1.0	392,128.31	2.2

Risk Management

As of June 30, 2024, TISCO Group's internal capital (ICAAP) stood at 36,576.92 million baht comprising of Tier-I capital and available reserve adjustment. The integrated risk capital rose by 913.71 million baht from the end of the first quarter of 2024 to 16,390.80 million baht mainly resulting from an increase in credit risk capital. In addition, the capital surplus remained strong at 20,186.12 million baht or 55.2% of total capital.

Compared to the end of March 2024, the credit risk capital increased by 1,037.16 million baht, or 8.2%, to 13,656.50 million baht, partly resulting from loan expansion in Auto Cash portfolio which is in the high-yield segment, as well as the increasing risks of overall loan portfolio caused by economic pressures. Total loan portfolio of TISCO Group contracted by 0.8% (QoQ), while non-performing loans increased from 2.3% at the end of March 2024 to 2.4% at the end of June 2024. Meanwhile, TISCO Group still maintained a sufficient level of allowance for expected credit loss as cushion for future uncertainties.

The market risk capital decreased by 138.61 million baht during the quarter, from 304.55 million baht to 165.94 million baht, primarily due to a decrease in risk capital of the underwriting position during the period. Meanwhile, the overall duration gap decreased from 0.74 year to 0.68 year, which was in a manageable level. The assets duration slightly declined from 1.11 year to 1.10 year, while the liabilities duration increased from 0.38 year to 0.42 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	
	Jun 30, 2024	Mar 31, 2024	Jun 30, 2024	Mar 31, 2024
Assets	1.10	1.11	1,420.34	1,416.44
Liabilities	0.42	0.38	(1,386.25)	(1,504.92)
Net gap	0.68	0.74	34.10	(88.48)

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 June 2024, the projected regulatory capital based on IRB approach of the Bank was 39,148.59 million baht, while the projected capital adequacy ratio (BIS ratio) stood at 20.6%, remaining higher than 11.0% required by the Bank of Thailand. The projected Tier-I and Tier-II ratios of the Bank stood at 18.6% and 2.0%, 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 39,414.40 million baht, with projected BIS ratio, Tier-I and Tier-II ratios at 18.8%, 16.9% and 1.9%, respectively, which also remained higher than the minimum capital requirement. Meanwhile, the net capital rule (NCR) of TISCO Securities Co., Ltd. stood at 79.5%, which was higher than the minimum required ratio by the SEC of 7.0%.

Table 12 : Regulatory Capital Requirement

Capital Adequacy Unit: %	As of Jun 30, 2024 ¹	As of Mar 31, 2024	As of Dec 31, 2023
TISCO Financial Group			
Tier-I	16.9	16.2	16.3
Tier-II	1.9	2.0	3.2
BIS Ratio	18.8	18.2	19.5
TISCO Bank			
Tier-I	18.6	18.7	18.9
Tier-II	2.0	2.1	3.5
BIS Ratio	20.6	20.9	22.3

¹ Projected figures