



Management Discussion and Analysis

For the year 2023 ended December 31, 2023

(Audited Consolidated Financial Statements)

Investor Relations
TISCO Financial Group Public Company (Limited)
Tel: 02 633 6868
Email: ir@tisco.co.th
Website: www.tisco.co.th

Economic Conditions and Movement of Financial Market

In 2023, domestic economy showed a slower-than-expected recovery, and the economic growth faced challenges in multiple fronts. Export value was deemed to contract in the mid of fragile economies of trading partners, along with the geopolitical conflicts among several countries, which consequently resulted in sluggish expansion in private investment sector. Additionally, the government spending slackened due to a delay in the 2024 Budgetary Procedures Act. Tourism sector, on the other hand, was a key driver contributing to Thai economic recovery, witnessed over 28 million foreign tourist arrivals despite lower-than-expected number of Chinese tourist arrivals. This helped support an expansion in employment and private consumption. Nonetheless, consumer confidence remained weak amid concerns on political uncertainty, together with pressure from high cost of living and elevated household debt levels. The headline inflation stayed high at the beginning of the year, but gradually eased down during the second half of the year thanks to policy rate increases and government support measures, resulting in an increased inflation rate for the year 2023 at only 1.23% (YoY). The domestic car sale for the year 2023 totaled 775,780 units, declined by 8.7% comparing to last year, partly resulted from tightened loan underwriting by financial institutions. Thus, GDP growth of the year 2023 was reported at 1.9%.

To control inflation level and ensure long-term economic stability, throughout 2023, the Bank of Thailand (BOT) raised the policy rate 5 times from 1.25% to 2.50%. Commercial banks thereby 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 0.61% to 1.14% (YoY). The lending rates of Top-4 commercial banks also increased, comprising of the average minimum lending rate (MLR) increased from 5.83% to 7.12% (YoY), the average minimum overdraft rate (MOR) increased from 6.34% to 7.56% (YoY) and the average minimum retail rate (MRR) increased from 6.21% to 7.37% (YoY).

The capital market in 2023 was highly volatile due to interest-rate increases by major central banks worldwide, rising US bond yields, geopolitical conflicts, as well as weaker investor confidence amid concerns on Thailand's economic recovery and political uncertainty. The SET index closed at 1,415.85 points, decreased by 252.81 points or 15.2% from the end of last year. Meanwhile, market trading volume declined, with the average daily turnover decreased from 71,226.81 million baht in 2022 to 51,082.48 million baht, mainly from 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 year 2023 on a standalone basis totaling 6,684.14 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 2023

The net profit for the year 2023 was reported at 7,301.11 million baht, increased by 77.03 million baht or 1.1% (YoY), mainly driven by a growth in net interest income by 8.6% (YoY) aligning with loan expansion of 7.2% (YoY). This was despite a rise in cost of fund by 93.9% (YoY) following interest rate upcycle, along with the resumption of Financial Institutions Development Fund (FIDF) cost to normal rate of 0.46% per year. Meanwhile, non-interest income weakened by 6.4% (YoY) due to a slowdown in capital market businesses. Brokerage fee income declined by 16.5% (YoY) from highly volatile capital market, which also led to a loss on financial instruments measured at fair value through profit or loss (FVTPL). Furthermore, banking fee income showed a slower-than-expected recovery, especially in bancassurance business that slowed down in relation to lower new business volume. On the positive side, asset management business expanded well at 5.4% (YoY) consisting of an increase in basic fee income in line with AUMs growth, as well as the recognition of asset management performance fee.

Operating expenses increased by 8.7% (YoY) owing to long-term investment plan for business expansion, whereas expected credit loss (ECL) decreased (YoY) and remained low at 0.3% of average loans.

Basic earnings per share for the year 2023 equaled 9.12 baht per share, increased from 9.02 baht per share in 2022. The return on average equity (ROAE) was reported at 17.1%.

Table 1.1 : Statement of Comprehensive Income (Yearly)

Statement of Comprehensive Income			
Unit: Million baht	2023	2022	%YoY
Interest income			
Interest on loans	10,286.35	7,473.71	37.6
Interbank and money market items	767.48	211.89	262.2
Hire purchase and financial lease income	6,824.12	7,131.90	(4.3)
Investments	159.09	86.80	83.3
Total interest income	18,037.04	14,904.30	21.0
Interest expenses	(4,208.39)	(2,170.67)	93.9
Net interest income	13,828.64	12,733.63	8.6
Fee income	5,310.86	5,498.92	(3.4)
Fee expenses	(443.37)	(453.27)	(2.2)
Net fee income	4,867.49	5,045.65	(3.5)
Gain (Loss) on the financial instruments measured at fair value through PL	(29.16)	86.42	(133.7)
Gain (Loss) on Investments	5.36	2.80	91.3
Share of profit from investment under equity method	28.89	55.48	(47.9)
Other operating income	344.58	380.80	(9.5)
Total operating income	19,045.79	18,304.78	4.0
Operating expenses	(9,340.44)	(8,590.84)	8.7
Expected credit loss	(615.35)	(722.68)	(14.9)
Profit before tax and minority interest	9,090.00	8,991.26	1.1
Corporate income tax expenses	(1,788.39)	(1,766.72)	1.2
Profit before minority interest	7,301.60	7,224.54	1.1
Non-controlling interests of subsidiaries	(0.49)	(0.46)	6.0
Net profit	7,301.11	7,224.08	1.1

Operating Results for the Fourth Quarter of 2023

The net profit of the Company for the fourth quarter of 2023 was reported at 1,780.16 million baht, decreased by 26.57 million baht or 1.5% from the fourth quarter of 2022, mainly due to weakened non-interest income by 17.0% (YoY). This was contributed by weak capital market businesses including a decline in brokerage fee income and a record of loss on financial instruments, together with a slowdown in banking business amid subdued economic conditions. On the upside, net interest income increased by 6.6% (YoY) following loan expansion. Operating expenses increased by 5.4% (YoY) in relation to the Company's long-term business expansion plan, while expected credit loss decreased from the same period of last year.

Comparing to the third quarter of 2023, net profit decreased by 94.33 million baht or 5.0% (QoQ), caused by the setup of expected credit loss to cushion against future risks. Total operating income increased by 0.4% (QoQ) due to an increase in net interest income by 0.2% (QoQ) and an increase in non-interest income by 0.8% (QoQ). Banking fee income recovered from the previous quarter, as well as the Company recognized asset management performance fee amounting 51.39 million baht in this quarter. Meanwhile, businesses related to capital market weakened, consisting of brokerage fee, asset management basic fee

and a loss of financial instruments caused by market volatility. Operating expenses increased by 1.0% (QoQ) resulted from seasonal expenses.

Basic earnings per share for the fourth quarter of 2023 equaled 2.22 baht per share, declined from 2.26 baht per share in the fourth quarter of 2022, and decreased from 2.34 baht per share in the previous quarter. The return on average equity (ROAE) was reported at 17.2%.

Table 1.2 : Statement of Comprehensive Income (Quarterly)

Statement of Comprehensive Income					
Unit: Million baht	4Q2023	3Q2023	%QoQ	4Q2022	%YoY
Interest income					
Interest on loans	2,847.70	2,707.93	5.2	2,094.59	36.0
Interbank and money market items	255.92	199.79	28.1	95.42	168.2
Hire purchase and financial lease income	1,685.48	1,712.77	(1.6)	1,764.60	(4.5)
Investments	49.65	45.90	8.2	22.39	121.8
Total interest income	4,838.75	4,666.38	3.7	3,977.00	21.7
Interest expenses	(1,273.34)	(1,109.74)	14.7	(632.70)	101.3
Net interest income	3,565.41	3,556.64	0.2	3,344.30	6.6
Fee income	1,367.26	1,305.12	4.8	1,464.33	(6.6)
Fee expenses	(115.84)	(107.18)	8.1	(112.63)	2.9
Net fee income	1,251.42	1,197.94	4.5	1,351.70	(7.4)
Gain (Loss) on the financial instruments measured at fair value through PL	(68.15)	(43.61)	56.3	53.08	(228.4)
Gain (Loss) on Investments	0.49	0.77	(36.3)	1.27	(61.2)
Share of profit from investment under equity method	(2.56)	11.06	(123.1)	14.47	(117.7)
Other operating income	78.64	83.96	(6.3)	97.62	(19.4)
Total operating income	4,825.26	4,806.77	0.4	4,862.42	(0.8)
Operating expenses	(2,352.65)	(2,328.59)	1.0	(2,232.90)	5.4
Expected credit loss	(250.28)	(146.60)	70.7	(378.84)	(33.9)
Profit before tax and minority interest	2,222.33	2,331.58	(4.7)	2,250.69	(1.3)
Corporate income tax expenses	(442.05)	(456.97)	(3.3)	(443.84)	(0.4)
Profit before minority interest	1,780.28	1,874.61	(5.0)	1,806.85	(1.5)
Non-controlling interests of subsidiaries	(0.12)	(0.13)	(6.6)	(0.12)	(5.7)
Net profit	1,780.16	1,874.49	(5.0)	1,806.73	(1.5)

Details of Financial Performance for the year 2023 comparing to the year 2022

Net Interest Income

In 2023, the net interest income totaled 13,828.64 million baht, increased by 1,095.01 million baht (8.6% YoY). Total interest income was 18,037.04 million baht, increased by 3,132.74 million baht (21.0% YoY) following loan expansion and increased lending rates during interest rate upcycle. Meanwhile, interest expense was at 4,208.39 million baht, increased by 2,037.73 million baht (93.9% YoY) from higher funding cost aligning with the policy rate increases.

Yield on loans increased from 7.03% to 7.53% (YoY) following the increased proportion of high-yield loans and the adjustment of floating interest rates. The cost of fund rose from 1.11% to 1.92% (YoY) owing to an increase in funding cost amid rising interest rate environment. Therefore, loan spread declined from 5.92% to 5.61% (YoY), and net interest margin (NIM) decreased from 5.09% to 5.04% (YoY).

Table 2 : Loan Spread

Unit: %	2022	3Q2023	4Q2023	2023
Yield on Loans	7.03	7.59	7.72	7.53
Cost of Fund	1.11	2.00	2.24	1.92
Loan Spread	5.92	5.59	5.48	5.61
Net Interest Margin (NIM)	5.09	5.14	5.04	5.04

Non-Interest Income

Non-interest income totaled 5,217.15 million baht, dropped by 6.4% (YoY) due to a slowdown in core businesses amid uneven economic recovery, constituted of banking business, capital market businesses and the loss recognized from financial instruments measured at fair value through profit or loss (FVTPL).

Non-interest income from core businesses totaled 5,506.03 million baht, declined by 5.1% (YoY), mainly driven by a slowdown in banking business and brokerage business. Banking fee income declined by 146.26 million baht to 3,276.43 million baht (4.3% YoY), due to weakened bancassurance business following lower new business volume, coupled with a decline in loan-related fee corresponding with the regulatory amendments. Brokerage fee income totaled 572.09 million baht, decreased by 113.13 million baht (16.5% YoY) following a significant reduction in market trading volume amid volatile capital market. In addition, investment banking fee softened by 67.9% (YoY) totaling 32.07 million baht. On the positive side, asset management basic fee was reported at 1,625.44 million baht, increased by 30.08 million baht (1.9% YoY) aligning with the growth in assets under management.

The Company recognized a loss on financial instruments measured at fair value through profit or loss (FVTPL) amounting 29.16 million baht, comparing to a gain of 86.42 million baht in 2022, caused by lower investment value. Meanwhile, there was a record of asset management performance fee of 59.53 million baht, comparing to 3.71 million baht in the previous year.

Table 3 : Non-Interest Income Breakdown

Type of Incomes Unit: Million baht	2023	2022	%YoY
Banking Fee	3,276.43	3,422.69	(4.3)
<i>Bancassurance Fee</i>	2,523.58	2,608.92	(3.3)
<i>Other Banking Fee</i>	752.85	813.77	(7.5)
Asset Management Basic Fee	1,625.44	1,595.35	1.9
Brokerage Fee	572.09	685.22	(16.5)
Investment Banking Fee	32.07	99.77	(67.9)
Non-Interest Income from Core Businesses	5,506.03	5,803.04	(5.1)
Gain (Loss) on Financial Instruments measured at fair value through PL	(29.16)	86.42	(133.7)
Gain (Loss) on Investments	5.36	2.80	91.3
Share Profit from subsidiaries	28.89	55.48	(47.9)
Dividend Income	89.87	72.98	23.2
Asset Management Performance Fee	59.53	3.71	1,505.8
Fee Expenses	(443.37)	(453.27)	(2.2)
Total Non-Interest Income	5,217.15	5,571.15	(6.4)

Operating Expenses

Operating expenses totaled 9,340.44 million baht, increased by 749.60 million baht (8.7% YoY), resulted from expenses related to the long-term investment plan for business expansion, together 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 49.0%.

Expected Credit Loss

Expected credit loss (ECL) was reported at 615.35 million baht, decreased comparing to 722.68 million baht in 2022, and accounted for 0.3% of average loans. The setup of ECL this year was at a low level and was sufficient to cushion against any potential risks. Non-performing loans (NPLs) increased from 2.09% to 2.22% (YoY), and loan loss coverage ratio was reported at 189.9%.

Corporate Income Tax

The corporate income tax for 2023 was at 1,788.39 million baht, equivalent to the effective tax rate of 19.7%.

Financial Positions

Assets

As of December 31, 2023, the Company's total assets were 290,724.25 million baht, increased by 9.5% (YoY), from a growth in loans by 7.2% (YoY) totaling 234,815.18 million baht, and an increase in interbank and money market items by 20.4% (YoY) totaling 48,489.70 million baht. Meanwhile, financial assets measured at fair value through Profit or Loss amounted 2,081.77 million baht, decreased by 4.2% (YoY), and investments amounted 3,313.59 million baht, decreased by 17.0% (YoY).

Table 4 : Assets Breakdown

Assets Unit: Million baht	As of Dec 31, 2023	As of Sep 30, 2023	%QoQ	As of Dec 31, 2022	%YoY
Cash	918.26	797.64	15.1	1,005.07	(8.6)
Interbank and money market items	48,489.70	34,625.98	40.0	40,272.42	20.4
Derivatives	-	-	n.a.	147.49	(100.0)
Financial assets measured at fair value through Profit or Loss	2,081.77	2,108.44	(1.3)	2,172.39	(4.2)
Investments - net	3,313.59	4,862.50	(31.9)	3,989.88	(17.0)
Investments in subsidiaries and JV	891.49	894.68	(0.4)	872.81	2.1
Loans	234,815.18	231,794.08	1.3	219,003.80	7.2
Accrued interest receivables	1,928.55	1,917.77	0.6	1,722.32	12.0
Allowance for expected credit loss	(9,915.97)	(10,728.39)	(7.6)	(11,844.73)	(16.3)
Loans and accrued interest receivables – net	226,827.76	222,983.46	1.7	208,881.38	8.6
Other assets	8,201.68	7,659.88	7.1	8,073.00	1.6
Total assets	290,724.25	273,932.58	6.1	265,414.44	9.5

Liabilities

As of December 31, 2023, total liabilities were 248,276.27 million baht, increased by 11.5% (YoY). Total deposits increased by 10.8% (YoY) to 208,680.79 million baht. Interbank and money market items increased by 37.3% (YoY) to 8,506.34 million baht, and debentures increased by 9.7% (YoY) to 17,250.00 million baht.

Table 5 : Liabilities Breakdown

Liabilities Unit: Million baht	As of Dec 31, 2023	As of Sep 30, 2023	%QoQ	As of Dec 31, 2022	%YoY
Deposits	208,680.79	200,833.23	3.9	188,302.73	10.8
Interbank and money market items	8,506.34	7,284.08	16.8	6,195.46	37.3
Debentures	17,250.00	11,640.00	48.2	15,720.00	9.7
Others	13,839.14	13,695.94	1.0	12,405.63	11.6
Total liabilities	248,276.27	233,453.25	6.3	222,623.81	11.5

Shareholders' Equity

As of December 31, 2023, shareholders' equity was 42,447.98 million baht, declined by 342.64 million baht (0.8% YoY), as in 2023, the Company adjusted the dividend policy from paying annual dividend once a year to adding interim dividend which this year was paid in September 2023. As a result, the book value per share (BVPS) as of December 31, 2023 was at 53.01 baht per share.

Business Segment Operations

(1) Banking Business

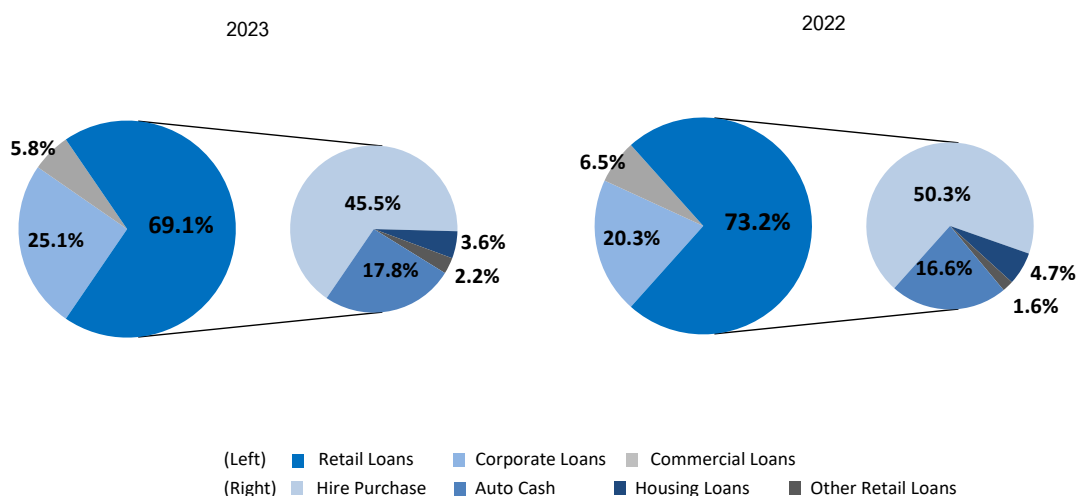
1.1 Loans

Total loans and receivables as of December 31, 2023 totaled 234,815.18 million baht, grew by 7.2% (YoY), contributed by the growth in corporate loans, auto title loans and used car hire purchase loans.

Table 6 : Loans

Loans Unit: Million baht	As of Dec 31, 2023	As of Sep 30, 2023	%QoQ	As of Dec 31, 2022	%YoY
Hire purchase	106,851.35	107,875.78	(0.9)	110,264.21	(3.1)
Loans against auto licenses	41,719.93	40,425.13	3.2	36,348.09	14.8
Housing loans	8,536.27	9,333.43	(8.5)	10,230.17	(16.6)
Other retail loans	5,100.97	4,016.78	27.0	3,488.78	46.2
Retail loans	162,208.52	161,651.12	0.3	160,331.25	1.2
Corporate loans	58,964.25	57,573.82	2.4	44,369.14	32.9
Commercial loans	13,642.41	12,569.14	8.5	14,303.41	(4.6)
Total loans	234,815.18	231,794.08	1.3	219,003.80	7.2

Loan Breakdown



Retail Lending portfolio totaled 162,208.52 million baht, increased by 1.2% (YoY). The total retail portfolio as of December 31, 2023 consisted of 65.9% car and motorcycle hire purchase loans, 25.7% loans against auto licenses, 5.3% housing loans and 3.1% other retail loans. The outstanding hire purchase loans totaled 106,851.35 million baht, declined by 3.1% (YoY) from a contraction in new car hire purchase by 5.9% (YoY) following cautious underwriting policy amid intense market competition. The domestic car sale for the year 2023 totaled 775,780 units, decreased by 8.7% compared to 849,388 units in 2022, due partly to tightened loan underwriting by the financial institutions. The car penetration rate of TISCO for the year 2023 was at 4.6%, declined from 4.9% at the previous year. Meanwhile, used car hire purchase and

motorcycle hire purchase expanded by 15.3% and 7.2% (YoY) respectively, following the high-yield loan expansion strategy.

Loans against auto licenses ("Auto Cash") totaled 41,719.93 million baht, grew by 14.8% (YoY) following the growth strategy into high yield businesses and branch network expansion strategy, particularly loans through "Somwang" channels which expanded by 25.7% (YoY) totaling 28,387.78 million baht and accounted for 68.0% of total loans against auto licenses. In 2023, "Somwang" opened 195 new loan offices with total number of 645 branches nationwide.

Housing loans totaled 8,536.27 million baht, dropped by 16.6% (YoY) following highly competitive market condition and rising risks. Other retail loans totaled 5,100.97 million baht, increased by 46.2% (YoY).

Corporate Lending portfolio totaled 58,964.25 million baht, expanded by 32.9% (YoY), driven by loan drawdown in public utilities and service sector and real estate and construction sector.

Commercial Lending portfolio totaled 13,642.41 million baht, declined by 4.6% (YoY) from a contraction in car inventory financing businesses.

1.2 Asset Quality and Expected Credit Loss

In 2023, the Company reported NPLs amounting 5,222.91 million baht, increased by 14.1% (YoY), and accounted for NPL ratio of 2.22% of total loans, increased from 2.09% at the end of last year. The rising NPLs were mostly caused by the growth strategy into high yield businesses, together with the impact from high household debt level and rising cost of living.

Total allowance for expected credit loss of the Company reported at 9,915.97 million baht, and loan loss coverage ratio stood at 189.9%.

Table 7 : Loan Classification

Loan Classification* Unit: Million baht	As of Dec 31, 2023	As of Sep 30, 2023	%QoQ	As of Dec 31, 2022	%YoY
Stage 1 loans (Performing)	209,708.78	204,383.67	2.6	192,339.28	9.0
Stage 2 loans (Under-performing)	19,883.50	22,197.10	(10.4)	22,088.00	(10.0)
Non-performing loans (NPLs)	5,222.91	5,213.31	0.2	4,576.52	14.1
Total loans	234,815.18	231,794.08	1.3	219,003.80	7.2

*Excluding accrued interest in accordance with BOT's guideline

Table 8 : NPLs Breakdown

NPLs* Unit: Million baht, %	As of Dec 31, 2023		As of Sep 30, 2023		As of Dec 31, 2022	
	Million baht	%	Million baht	%	Million baht	%
Hire purchase	2,982.41	2.79	2,836.83	2.63	2,605.71	2.36
Loans against auto licenses	1,687.47	4.04	1,483.91	3.67	1,039.76	2.86
Housing loans	417.63	4.89	794.24	8.51	840.23	8.21
Other retail loans	8.30	0.16	5.99	0.15	3.37	0.10
NPLs - Retail loans	5,095.81	3.14	5,120.96	3.17	4,489.07	2.80
NPLs - Corporate loans	-	-	-	-	-	-
NPLs - Commercial loans	127.09	0.93	92.35	0.73	87.45	0.61
Total NPLs	5,222.91	2.22	5,213.31	2.25	4,576.52	2.09

*Excluding accrued interest in accordance with BOT's guideline

1.3 Deposits and Borrowings

Total deposits and borrowings amounted 225,930.79 million baht, increased by 10.7% (YoY). Total deposits reported at 208,680.79 million baht, increased by 20,378.07 million baht (10.8% YoY) in tandem with loan expansion, whereas debentures totaled 17,250.00 million baht, increased by 1,530.00 million baht (9.7% YoY). As of December 2023, the Bank had high-quality liquid assets according to the Liquidity Coverage Ratio (LCR) of 50,943 million baht, increased by 17.6% (YoY). Thus, the high-quality liquid assets were accounted for 22.6% of total deposits and borrowings, and LCR ratio was at 166.8%.

Table 9 : Deposit Structure

Deposits Unit: Million baht	As of Dec 31, 2023	As of Sep 30, 2023	%QoQ	As of Dec 31, 2022	%YoY
Current accounts	1,529.43	1,422.83	7.5	1,820.83	(16.0)
Saving accounts	28,987.69	31,767.22	(8.7)	42,929.52	(32.5)
Fixed accounts	64,142.81	61,671.33	4.0	42,925.39	49.4
Negotiate certificate deposits	113,984.75	105,935.73	7.6	100,590.08	13.3
Short-term borrowings	36.12	36.12	0.0	36.92	(2.2)
Total deposits	208,680.79	200,833.23	3.9	188,302.73	10.8

(2) Securities Business

In 2023, market trading volume significantly declined comparing to the year 2022 amid highly volatile capital market condition throughout the year, which consequently resulted in a decrease in average daily turnover of TISCO Securities from 1,681.67 million baht in 2022 to 1,459.80 million baht. Furthermore, brokerage fee income of TISCO Securities also dropped by 16.5% (YoY) to 572.09 million baht. Nevertheless, TISCO Securities' overall market share improved from 1.3% to 1.5% (YoY) from all investor types. TISCO brokerage volume comprised of 55.5% of local institutions, 8.1% of foreign institutions, and 36.4% of retail investors.

(3) Asset Management Business

As of December 31, 2023, assets under management of TISCO Asset Management totaled 392,128.31 million baht, grew by 4.8% (YoY) in all business segments. This led to an increase in asset management basic fee income by 1.9% (YoY) amounting 1,625.44 million baht. Moreover, TISCO Asset Management recorded performance fee income totaling 59.53 million baht, mostly recognized in the fourth quarter, therefore total asset management fee income was reported at 1,684.96 million baht, improved by 5.4% (YoY).

The composition of total asset under management was 66.9% provident fund, 19.1% private fund, and 14.0% mutual fund. Total market share of TISCO Asset Management as of December 31, 2023 was 4.5%, ranking 9th in the market. The market share of provident fund was 18.4%, ranking 1st in the market. The market share of private fund was 3.4%, ranking 5th in the market and the market share of mutual fund was 1.1%, ranking 13th in the market.

Table 10 : Assets under Management Breakdown

Funds Unit: Million baht	As of Dec 31, 2023	As of Sep 30, 2023	%QoQ	As of Dec 31, 2022	%YoY
Provident fund	262,352.77	250,707.03	4.6	247,652.36	5.9
Private fund	74,839.44	75,526.57	(0.9)	72,717.00	2.9
Mutual fund	54,936.11	53,557.60	2.6	53,694.41	2.3
Total AUMs	392,128.31	379,791.21	3.2	374,063.77	4.8

Risk Management

As of December 31, 2023, TISCO Group's internal capital (ICAAP) stood at 35,750.60 million baht comprising of Tier-I capital and available reserve adjustment. The integrated risk capital rose by 2,992.67 million baht from the end of 2022 to 15,274.30 million baht mainly resulting from an increase in credit risk capital. In addition, the capital surplus remained strong at 20,476.30 million baht or 57.3% of total capital.

Comparing to the end of 2022, the credit risk capital increased by 3,020.03 million baht, or 32.1%, to 12,433.70 million baht mainly resulting from loan expansion in corporate and Auto Cash portfolios. Total loan portfolio of TISCO Group expanded by 7.2% (YoY), while non-performing loans increased from 2.1% at the end of 2022 to 2.2% at the end of 2023. Meanwhile, TISCO Group still maintained a sufficient level of allowance for expected credit loss to cushion against future uncertainties.

The market risk capital decreased by 23.76 million baht during the year, from 314.01 million baht at the end of 2022 to 290.24 million baht at the end of 2023, which resulted from a decrease in investment portfolio during the period. Meanwhile, the overall duration gap increased from 0.73 year to 0.75 year, which was in a manageable level. The assets duration declined from 1.19 year to 1.12 year, while the liabilities duration decreased from 0.46 year to 0.38 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, 2023	Dec 31, 2022	Dec 31, 2023	Dec 31, 2022
Assets	1.12	1.19	1,395.71	1,250.92
Liabilities	0.38	0.46	(1,659.48)	(1,457.60)
Net gap	0.75	0.73	(263.76)	(206.68)

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 2023, the regulatory capital based on IRB approach of the Bank was 41,241.18 million baht, while the capital adequacy ratio (BIS ratio) stood at 22.35%, remaining higher than 11.0% required by the Bank of Thailand. The Tier-I and Tier-II ratios of the Bank stood at 18.87% and 3.48%, 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 40,049.78 million baht, with BIS ratio, Tier-I and Tier-II ratios at 19.51%, 16.29% and 3.22%, respectively, which also remained higher than the minimum capital requirement. Meanwhile, the net capital rule (NCR) of TISCO Securities Co., Ltd. stood at 76.4%, 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, 2023	As of Sep 30, 2023	As of Dec 31, 2022
TISCO Financial Group			
Tier-I	16.29	16.56	17.15
Tier-II	3.22	3.29	3.47
BIS Ratio	19.51	19.85	20.62
TISCO Bank			
Tier-I	18.87	19.02	19.63
Tier-II	3.48	3.51	3.74
BIS Ratio	22.35	22.53	23.37