



Management Discussion and Analysis

For the Year 2021 ended December 31, 2021

(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 2021, the world including Thailand encountered the spread of COVID-19 Delta variant which was severe and caused the government to reimpose the business lockdown measure throughout the nation. Thai economy was severely affected by a slowdown in economic activities and declining household income, coupled with decreasing private consumption and investment. Meanwhile, COVID-19 vaccination progress continued to improve throughout the year, along with a sign of lower new cases from the pandemic. Accordingly, in the fourth quarter, the government started to reopen the country for tourist arrival.

Nevertheless, at the end of 2021, there was a new COVID-19 Omicron variant spreading all over the world. To response to the new variant, the government has increased the control measures while maintained the country reopening. Tourism sector started to recover at a slow pace, while export sector expanded substantially thanks to growing demands from trading partners and weakened Thai Baht. The domestic car sale for 2021 totaled 759,119 units, decreased by 4.2% comparing to last year. The headline inflation for the year 2021 increased by 1.2% from rising oil price. TISCO has projected economic growth (GDP) for 2021 at 1.1%.

On the banking industry, the Bank of Thailand has continued the assistance programs to support affected clients by extending the program period to offer comprehensive assistance, namely debt moratorium for SMEs and retail clients, Soft Loans program, Asset Warehousing scheme and particularly long-term debt restructuring for sustainable recovery. The Bank of Thailand has supported the financial institutions by allowing relaxation on asset classification for loans under assistance programs. In addition, the FIDF contribution from commercial banks that has been reduced from 0.46% to 0.23% ending in 2021 is now extended to the end of 2022.

The Bank of Thailand's policy rate remained unchanged at 0.50% in 2021. The average 3-month fixed deposit rates of Top-4 commercial banks declined from 0.37% to 0.33% (YoY). For the lending rates of Top-4 commercial banks, the average minimum lending rate (MLR) and the average minimum overdraft rate (MOR) remained stable at 5.31% and 5.85% respectively from the previous year. Whilst, the average minimum retail rate (MRR) increased from 5.98% to 6.03% (YoY).

The capital market in 2021 was volatile amid the intensified COVID-19 pandemic during the middle of the year, rising global inflation rates and increasing potential from US Federal Reserve to speed up an increase in interest rate and Quantitative Tightening (QT). Nonetheless, domestic capital market showed a sign of improved investor sentiment from the unraveled COVID-19 situation and the increasing number of vaccination rate. Therefore, market trading volume increased from the previous year with the average daily turnover of 88,443.08 million baht, increased from 67,334.80 million baht in 2020. SET index closed at 1,657.62 points, increased by 208.27 points or 14.4% (YoY).

Operating Results

TISCO Financial Group Public Company Limited (“the Company”) had net profit from operations in the year 2021 on a standalone basis totaling 4,760.92 million baht, mainly contributed by dividend income. 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 business.

Operating Results for the year 2021

The net profit for the year 2021 was reported at 6,784.59 million baht, increased by 721.11 million baht or 11.9% (YoY), primarily contributed by a growth in capital market businesses especially asset management business, the recognition of gain on investment and lower expected credit loss (ECL). In 2021, non-interest income expanded by 9.8% (YoY), which consisted of asset management fee growth of 47.3% (YoY) driven by the successful issuances of new mutual funds that received good responses, coupled with fund performance fee that was recognized in the fourth quarter. Brokerage fee also increased by 8.1% (YoY) following higher market trading volume. Moreover, the Company recorded gain on financial instruments measured at fair value through profit or loss (FVTPL) that increased in value. On the contrary, banking fee softened caused by a slowdown in economic activities amid the lockdown during the year, and the regulatory adjustment on the reduction of fee ceiling rate.

Net interest income decreased by 4.9% (YoY) aligning with loan portfolio contraction. Meanwhile, ECL expense declined (YoY) to 1.0% of average loans which was in consistence with well-controlled asset quality amid the unraveled pandemic situation, together with prudent provisioning policy that has set up the upfront provisions in advance since last year. Non-performing loans (NPLs) declined to 2.4% of loans, resulting in loan loss coverage ratio at 236.8%.

Basic earnings per share for the year 2021 were 8.47 baht per share, increased from 7.57 baht per share in 2020. The return on average equity (ROAE) was reported at 16.8%.

Table 1.1 : Statement of Comprehensive Income

Statement of Comprehensive Income			
Unit: Million baht	2021	2020	%YoY
Interest income			
Interest on loans	7,124.39	8,002.72	(11.0)
Interbank and money market items	151.94	251.33	(39.5)
Hire purchase and financial lease income	7,431.94	8,360.38	(11.1)
Investments	83.42	142.27	(41.4)
Total interest income	14,791.69	16,756.71	(11.7)
Interest expenses	(2,331.86)	(3,659.00)	(36.3)
Net interest income	12,459.83	13,097.71	(4.9)
Fee income	6,130.36	5,512.09	11.2
Fee expenses	(514.99)	(366.06)	40.7
Net fee income	5,615.37	5,146.03	9.1
Gain (Loss) on the financial instruments measured at fair value to PL and investments	410.11	269.86	52.0
Share of profit from investment under equity method	7.22	(1.72)	(520.4)
Other operating income	343.40	392.06	(12.4)
Total operating income	18,835.92	18,903.94	(0.4)
Operating expenses	(8,279.19)	(8,011.82)	3.3
Expected credit loss	(2,063.98)	(3,330.60)	(38.0)
Profit before tax and minority interest	8,492.76	7,561.52	12.3
Corporate income tax expenses	(1,707.76)	(1,497.65)	14.0
Profit before minority interest	6,784.99	6,063.86	11.9
Non-controlling interests of subsidiaries	(0.40)	(0.38)	5.7
Net profit	6,784.59	6,063.48	11.9

Operating Results for the Fourth Quarter of 2021

The net profit attributed to owners of the Company for the fourth quarter of 2021 was reported at 1,794.58 million baht or increased by 15.0% (QoQ), mainly driven by the recognition of performance fee from asset management business that was recorded in the fourth quarter. Meanwhile, banking fee improved (QoQ) from the recovering bancassurance business after the ease of lockdown. Net interest income increased by 0.5% (QoQ) from decreased funding cost. Whilst, expected credit loss (ECL) increased to 0.8% of average loans. Despite the decreasing NPLs, the Company maintained the provisioning to cushion against the potential risks from the spread of COVID-19 Omicron variant toward the year end.

Comparing to the fourth quarter of 2020, net profit increased by 9.7% (YoY) from asset management performance fee, whereas other core businesses remained sluggish. Net interest income dropped following loan contraction. Banking fee was affected by the decreased loan-related fee caused by the regulatory changes. Brokerage fee and investment banking fee also softened comparing to the same period of last year. Whilst, ECL dropped (YoY) in line with decreasing NPLs.

Basic earnings per share for the fourth quarter of 2021 were 2.24 baht per share, increased from 2.04 baht per share in the fourth quarter of 2022 and increased from 1.95 baht per share in the third quarter of 2021. The return on average equity (ROAE) was at 17.8%.

Table 1.2 : Statement of Comprehensive Income

Statement of Comprehensive Income					
Unit: Million baht	4Q2021	3Q2021	%QoQ	4Q2020	%YoY
Interest income					
Interest on loans	1,747.72	1,771.87	(1.4)	1,901.53	(8.1)
Interbank and money market items	29.27	37.23	(21.4)	38.44	(23.9)
Hire purchase and financial lease income	1,817.58	1,814.14	0.2	2,026.60	(10.3)
Investments	22.79	20.89	9.1	33.15	(31.2)
Total interest income	3,617.36	3,644.13	(0.7)	3,999.72	(9.6)
Interest expenses	(509.79)	(551.14)	(7.5)	(740.48)	(31.2)
Net interest income	3,107.57	3,092.98	0.5	3,259.25	(4.7)
Fee income	1,827.21	1,212.77	50.7	1,497.02	22.1
Fee expenses	(106.86)	(85.50)	25.0	(115.09)	(7.1)
Net fee income	1,720.35	1,127.27	52.6	1,381.93	24.5
Gain (Loss) on the financial instruments measured at fair value to PL and investments	(53.84)	(108.62)	(50.4)	229.46	(123.5)
Share of profit from investment under equity method	(3.08)	(13.64)	(77.4)	(32.66)	(90.6)
Other operating income	71.15	79.70	(10.7)	95.83	(25.8)
Total operating income	4,842.15	4,177.70	15.9	4,933.81	(1.9)
Operating expenses	(2,176.03)	(1,968.28)	10.6	(2,120.11)	2.6
Expected credit loss	(411.60)	(254.34)	61.8	(770.65)	(46.6)
Profit before tax and minority interest	2,254.51	1,955.07	15.3	2,043.05	10.4
Corporate income tax expenses	(459.82)	(394.64)	16.5	(406.49)	13.1
Profit before minority interest	1,794.69	1,560.44	15.0	1,636.56	9.7
Non-controlling interests of subsidiaries	(0.11)	(0.11)	(0.9)	(0.08)	28.9
Net profit	1,794.58	1,560.33	15.0	1,636.47	9.7

Details of Financial Performance for the year 2021 comparing to the year 2020

Net Interest Income

In 2021, the net interest income totaled 12,459.83 million baht, decreased by 637.88 million baht (4.9% YoY). Total interest income was 14,791.69 million baht, dropped by 1,965.02 million baht (11.7% YoY) following loan contraction. Whilst, interest expense was 2,331.86 million baht, declined by 1,327.14 million baht (36.3% YoY).

Yield on loans decreased from 7.08% in 2020 to 6.83% following lower proportion of high-yield loans. The cost of fund decreased from 1.58% to 1.15% (YoY) owing to an effective cost management during a declining interest rate environment. Consequently, loan spread improved from 5.50% to 5.69% (YoY) whereas the net interest margin also increased from 4.62% to 4.84%.

Table 2 : Loan Spread

Unit: %	2020	3Q2021	4Q2021	2021
Yield on Loans	7.08	6.82	6.94	6.83
Cost of Fund	1.58	1.10	1.07	1.15
Loan Spread	5.50	5.72	5.87	5.69
Net Interest Margin (NIM)	4.62	4.88	5.08	4.84

Non-Interest Income

Non-interest income totaled 6,376.10 million baht, grew by 9.8% (YoY) mainly caused by asset management fees which included basic fee deriving from new fund issuances, and fund performance fee that occurred in the fourth quarter. Non-interest income from core businesses totaled 5,901.42 million baht, increased by 2.0% (YoY). Asset management basic fee increased by 322.30 million baht (20.6% YoY) totaling 1,889.80 million baht driven by successful issuances of new funds that received good responses. Brokerage fee income increased by 63.76 million baht (8.1% YoY) to 848.56 million baht following higher market trading volume. Whereas, banking fee declined by 271.43 million baht (8.2% YoY) to 3,048.98 million baht due to a slowdown in bancassurance business that was affected by a slowdown in economic activities amid the lockdown, as well as a decrease in loan-related fee following the regulatory adjustments on the reduction of fee ceiling rate.

For other non-interest income, the Company recorded asset management performance fee amounting 502.73 million baht that mostly occurred during the fourth quarter, comparing with 56.95 million baht in the same period of 2020. Furthermore, in 2021, there was gain on financial instruments measured at fair value through profit or loss (FVTPL) amounting 403.83 million baht, compared to gain of 257.49 million baht in 2020, contributed by an increase in investment value.

Table 3 : Non-Interest Income Breakdown

Type of Incomes Unit: Million baht	2021	2020	%YoY
Banking Fee	3,048.98	3,320.41	(8.2)
<i>Bancassurance Fee</i>	<i>2,104.74</i>	<i>2,222.94</i>	<i>(5.3)</i>
<i>Other Banking Fee</i>	<i>944.23</i>	<i>1,097.47</i>	<i>(14.0)</i>
Asset Management Basic Fee	1,889.80	1,567.50	20.6
Brokerage Fee	848.56	784.80	8.1
Investment Banking Fee	114.08	115.60	(1.3)
Non-Interest Income from Core Businesses	5,901.42	5,788.31	2.0
Gain (Loss) from Financial Instruments and Net Investments	410.11	269.86	52.0
Share Profit from subsidiaries	7.22	(1.72)	(520.4)
Dividend Income	69.61	58.90	18.2
Asset Management Performance Fee	502.73	56.95	782.8
Fee Expenses	(514.99)	(366.06)	40.7
Total Non-Interest Income	6,376.10	5,806.23	9.8

Operating Expenses

Operating expenses totaled 8,279.19 million baht, increased by 267.36 million baht (3.3% 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 44.0%.

Expected Credit Loss

Expected credit loss (ECL) totaled 2,063.98 million baht, declined (YoY) comparing with 3,330.60 million baht in 2020, and accounted for 1.0% of average loans. This was resulting from effective asset quality control in light of the pandemic improvement as well as the increased rate of domestic vaccination. Despite the ongoing risk of Omicron variant during the year end, the uncertainty level remained within the ECL estimation where the provision level comparing to the asset quality was still highly sufficient. Therefore, the Company reduced the ECL expense comparing to last year, and reflecting the improved credit quality of loan portfolio. With the sufficient level of provision, coverage ratio stood at 236.8%.

Corporate Income Tax

The corporate income tax for 2021 was 1,707.76 million baht, equivalent to the effective tax rate of 20.1%.

Financial Positions

Assets

As of December 31, 2021, the Company's total assets were 243,621.93 million baht, decreased by 11.6% (YoY). Loan portfolio declined to 202,949.67 million baht (9.7% YoY), interbank and money market decreased to 30,489.21 million baht (20.2% YoY), financial assets measured at fair value through profit or loss decreased to 2,081.05 million baht (4.2% YoY), and net investments dropped to 8,042.76 million baht (19.2% YoY).

Table 4 : Assets Breakdown

Assets Unit: Million baht	As of Dec 31, 2021	As of Sep 30, 2021	%QoQ	As of Dec 31, 2020	%YoY
Cash	1,103.43	1,052.74	4.8	1,220.21	(9.6)
Interbank and money market items	30,489.21	27,077.08	12.6	38,212.03	(20.2)
Derivatives	-	-	n.a.	62.09	(100.0)
Financial assets measured at fair value through Profit or Loss	2,081.05	2,130.20	(2.3)	2,173.02	(4.2)
Investments - net	8,042.76	11,012.96	(27.0)	9,953.26	(19.2)
Investments in subsidiaries and JV	809.63	810.18	(0.1)	804.92	0.6
<i>Loans</i>	<i>202,949.67</i>	<i>204,408.14</i>	<i>(0.7)</i>	<i>224,811.55</i>	<i>(9.7)</i>
<i>Accrued interest receivables</i>	<i>1,712.50</i>	<i>1,820.08</i>	<i>(5.9)</i>	<i>1,901.98</i>	<i>(10.0)</i>
<i>Allowance for expected credit loss</i>	<i>(11,740.17)</i>	<i>(11,975.49)</i>	<i>(2.0)</i>	<i>(11,825.54)</i>	<i>(0.7)</i>
Loans and accrued interest receivables – net	192,922.00	194,252.73	(0.7)	214,887.99	(10.2)
Other assets	8,173.86	8,298.81	(1.5)	8,129.70	0.5
Total assets	243,621.93	244,634.71	(0.4)	275,443.21	(11.6)

Liabilities

As of December 31, 2021, total liabilities were 202,421.55 million baht, decreased by 14.2% (YoY). Total deposits decreased to 166,578.85 million baht (18.1% YoY), whereas interbank and money market increased to 8,080.70 million baht (39.1% YoY), and debentures increased to 14,925.00 million baht (16.7% YoY).

Table 5 : Liabilities Breakdown

Liabilities Unit: Million baht	As of Dec 31, 2021	As of Sep 30, 2021	%QoQ	As of Dec 31, 2020	%YoY
Deposits	166,578.85	168,850.39	(1.3)	203,509.74	(18.1)
Interbank and money market items	8,080.70	7,597.22	6.4	5,807.65	39.1
Debentures	14,925.00	14,925.00	0.0	12,789.00	16.7
Others	12,837.01	13,852.01	(7.3)	13,874.74	(7.5)
Total liabilities	202,421.55	205,224.62	(1.4)	235,981.13	(14.2)

Shareholders' Equity

As of December 31, 2021, shareholders' equity was 41,200.38 million baht, increased by 1,738.30 million baht (4.4% YoY) from an increase in retained earnings of the year 2021. As a result, the book value per share (BVPS) as of December 31, 2021 was 51.46 baht per share.

Business Segment Operations

(1) Banking Business

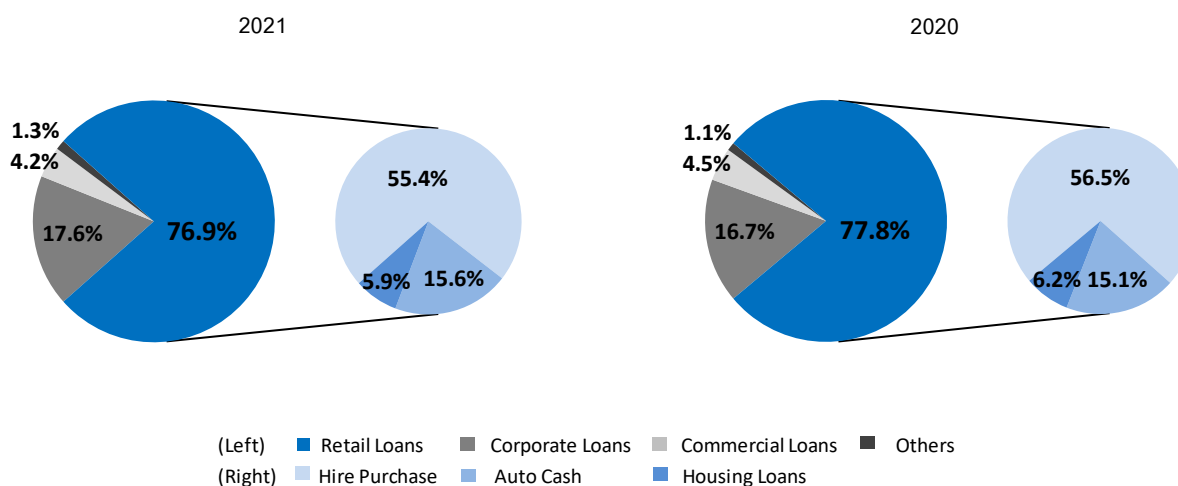
1.1 Loans

Total loans and receivables as of December 31, 2021 were 202,949.67 million baht, declined by 9.7% (YoY) mainly due to the cautious lending policy amid rising risks from the intensified COVID-19 situation throughout the year 2021.

Table 6 : Loans

Loans Unit: Million baht	As of Dec 31, 2021	As of Sep 30, 2021	%QoQ	As of Dec 31, 2020	%YoY
Hire purchase	112,400.47	114,511.31	(1.8)	127,110.32	(11.6)
Loans against auto licenses	31,674.29	31,735.07	(0.2)	33,889.01	(6.5)
Housing loans	11,939.75	12,362.40	(3.4)	13,871.64	(13.9)
Retail loans	156,014.51	158,608.78	(1.6)	174,870.98	(10.8)
Corporate loans	35,802.01	34,811.81	2.8	37,433.59	(4.4)
Commercial loans	8,474.30	8,640.78	(1.9)	10,035.11	(15.6)
Others	2,658.85	2,346.77	13.3	2,471.87	7.6
Total loans	202,949.67	204,408.14	(0.7)	224,811.55	(9.7)

Loan Breakdown



Retail Lending portfolio totaled 156,014.51 million baht, decreased by 10.8% (YoY). The total retail portfolio as of December 31, 2021 consisted of 72.0% car and motorcycle hire purchase loans, 20.3% loans against auto licenses and 7.7% housing loans. The outstanding hire purchase loans totaled 112,400.47 million baht, dropped by 11.6% (YoY) following a prudent loan underwriting policy amid economic slowdown caused by the spread of COVID-19 and rising risks. The domestic car sale for the year 2021 was 759,119 units, decreased by 4.2% (YoY), compared to 792,110 units in 2020. The car penetration rate of TISCO for the year 2021 declined to 4.5% (YoY) aligning with cautious lending policy.

Loans against auto licenses (“Auto Cash”) totaled 31,674.29 million baht, contracted by 6.5% (YoY) following the cautious underwriting policy amid declining purchasing power and household income. Loans from “Somwang” channels amounted 17,922.50 million baht, declined by 0.7% (YoY), and accounted for 56.6% of total loans against auto licenses. At the end of 2021, “Somwang” loan offices totaled 356 branches nationwide.

Housing loans totaled 11,939.75 million baht, dropped by 13.9% (YoY) following highly competitive market condition and rising risk.

Corporate Lending portfolio totaled 35,802.01 million baht, declined by 4.4% (YoY), mainly due to early loan repayment of one client in public utilities and services sector.

Commercial Lending portfolio totaled 8,474.30 million baht, declined by 15.6% (YoY) from a slowdown in car inventory financing business.

Other Loans portfolio totaled 2,658.85 million baht, increased by 7.6% (YoY).

COVID-19 Debt Relief Programs according to the BOT guideline, TISCO Group continued to provide the assistance programs for all affected customers throughout the year, mainly focusing on long-term debt restructuring for retail clients to support sustainable recovery. At the end of 2021, the outstanding loans under the assistance programs accounted for 7.8% of total loans, and the outstanding retail loans under the program was 4.2% of total loans. In terms of liquidity support for SMEs clients through Soft Loans scheme, the outstanding soft loans totaled approximately 2,900 million baht. Furthermore, “Car Debt Haircut” program, which is a special program that was launched to help clients who were severely affected by COVID-19 and can no longer service their debts, was opened for applications for 2 phases. As of December 31, 2021, total approved loans in this program were approximately 3,800 accounts.

1.2 Asset Quality and Expected Credit Loss

At the end of 2021, the Company reported NPLs amounting 4,957.31 million baht, decreased by 661.18 million baht (11.8% YoY), and accounted for NPL ratio of 2.4% of total loans, declined from 2.5% at the end of the previous year. The asset quality was improved thanks to effective credit quality control, together with long-term assistance programs that enabled restructured clients of hire purchase and Auto Cash loans to resume debt serviceability after the outbreak unraveled. Despite the resurgence of new variant at the end of the year, NPLs of the group remained better than anticipated. Throughout the year, the Company maintained the stringent loan classification to be in accordance with TFRS 9.

Table 7 : Loan Classification

Loan Classification Unit: Million baht	As of Dec 31, 2021	As of Sep 30, 2021	%QoQ	As of Dec 31, 2020	%YoY
Stage 1 loans (Performing)	175,837.30	174,087.72	1.0	189,675.65	(7.3)
Stage 2 loans (Under-performing)	22,155.06	24,226.02	(8.5)	29,517.41	(24.9)
Non-performing loans (NPLs)	4,957.31	6,094.40	(18.7)	5,618.48	(11.8)
Total loans	202,949.67	204,408.14	(0.7)	224,811.55	(9.7)

Table 8 : NPL Breakdown

NPLs Unit: Million baht, %	As of Dec 31 2021		As of Sep 30, 2021		As of Dec 31, 2020	
	Million baht	%	Million baht	%	Million baht	%
Hire purchase	2,681.63	2.39	3,451.54	3.01	3,267.99	2.57
Loans against auto licenses	1,173.22	3.70	1,513.20	4.77	1,295.44	3.82
Housing loans	1,015.48	8.51	1,047.29	8.47	986.35	7.11
NPLs - Retail loans	4,870.34	3.12	6,012.03	3.79	5,549.77	3.17
NPLs - Corporate loans	19.04	0.05	-	-	-	-
NPLs - Commercial loans	65.71	0.78	80.38	0.93	64.03	0.64
Others	2.22	0.08	1.99	0.08	4.68	0.19
Total NPLs	4,957.31	2.44	6,094.40	2.98	5,618.48	2.50

At the end of 2021, total allowance for expected credit loss of the Company was 11,740.17 million baht, and excess reserve was fully amortized for 2 years in accordance with the Bank of Thailand's guideline. Loan loss coverage ratio further increased to 236.8%.

1.3 Deposits and Borrowings

Total deposits and borrowings amounted 181,503.85 million baht, decreased by 16.6% (YoY). Total deposits reported at 166,578.85 million baht, decreased by 36,930.90 million baht (18.1% YoY) aligning with the contraction of loan portfolio, while debentures totaled 14,925.00 million baht, increased by 2,136.00 million baht (16.7% YoY). As of December 2021, the Bank had high-quality liquid assets according to the Liquidity Coverage Ratio (LCR) of 37,128 million baht, decreased by 20.9% (YoY). Thus, the high-quality liquid assets were accounted for 20.5% of total deposits and borrowings, and LCR ratio was at 168.4%.

Table 9 : Deposit Structure

Deposits Unit: Million baht	As of Dec 31, 2021	As of Sep 30, 2021	%QoQ	As of Dec 31, 2020	%YoY
Current accounts	2,162.08	2,221.31	(2.7)	3,199.91	(32.4)
Saving accounts	46,931.70	47,655.54	(1.5)	50,319.59	(6.7)
Fixed accounts	34,891.07	35,233.15	(1.0)	43,882.32	(20.5)
Negotiate certificate deposits	82,557.06	83,703.47	(1.4)	106,071.01	(22.2)
Short-term borrowings	36.92	36.92	0.0	36.92	0.0
Total deposits	166,578.85	168,850.39	(1.3)	203,509.74	(18.1)

(2) Securities Business

In 2021, brokerage fee income of TISCO Securities increased by 8.1% (YoY) to 848.56 million baht (YoY) following higher market trading volume. Average daily turnover of TISCO Securities increased from 1,768.61 million baht in 2020 to 2,073.13 million baht. Nonetheless, TISCO Securities' overall market share declined to 1.3% from a decline in the market share of retail investors from 1.5% to 1.4% (YoY). On the other hand, the market share of local institutions (excluding proprietary trading) increased from 6.7% to 6.9% (YoY), and the market share of foreign institutions increased from 0.03% to 0.2% (YoY). TISCO brokerage volume comprised of 41.1% of local institutions, 6.8% of foreign institutions, and 52.1% of retail investors.

(3) Asset Management Business

As of December 31, 2021, assets under management of TISCO Asset Management reported at 360,876.82 million baht, grew by 13.3% (YoY) from all business areas, particularly mutual fund business following the issuances of new funds that received good responses from investors. Consequently, basic fee income grew by 20.6% (YoY), totaling 1,889.80 million baht. Additionally, TISCO Asset Management recorded fund performance fee amounting 502.73 million baht mostly happened in the fourth quarter.

The composition of total asset under management was 62.9% provident fund, 18.5% private fund, and 18.6% mutual fund. Total market share of TISCO Asset Management as of December 31, 2021 was 4.1%, ranking 8th in the market. The market share of provident fund was 17.0%, ranking 1st in the market. The market share of private fund was 3.3%, ranking 5th in the market and the market share of mutual fund was 1.3%, ranking 13th in the market.

Table 10 : Assets under Management Breakdown

Funds Unit: Million baht	As of Dec 31, 2021	As of Sep 30, 2021	%QoQ	As of Dec 31, 2020	%YoY
Provident fund	227,117.13	220,254.91	3.1	205,993.72	10.3
Private fund	66,740.15	63,148.12	5.7	59,240.02	12.7
Mutual fund	67,019.55	68,670.78	(2.4)	53,333.79	25.7
Total AUMs	360,876.82	352,073.81	2.5	318,567.53	13.3

Risk Management

As of December 31, 2021, TISCO Group's internal capital (ICAAP) stood at 37,851.67 million baht comprising of Tier-I capital and available reserve adjustment. The integrated risk capital declined by 1,241.72 million baht from the end of 2020 to 11,778.56 million baht mainly resulting from a decrease in credit risk capital. In addition, the capital surplus remained strong at 26,073.11 million baht or 68.9% of total capital.

Comparing to the end of 2020, the credit risk capital decreased by 1,386.17 million baht, or 13.6%, to 8,802.61 million baht mostly resulting from a decrease in loan base. Loan portfolio contracted by 9.7% (YoY) mostly in retail portfolio, while non-performing loans of TISCO Group decreased from 2.5% to 2.4% (YoY) mainly due to an effective asset quality control.

The market risk capital increased from 73.09 million baht to 350.81 million baht as a result of an increase in exposures of investment portfolio, as well as higher volatility in both domestic and offshore markets during the period. Meanwhile, the overall duration gap decreased from 0.70 year to 0.58 year, which remained in a manageable level. The assets duration fell from 1.27 year to 1.22 year, while the liabilities duration excluding saving and current accounts, which was less sensitive to the interest rate movement, increased from 0.57 year to 0.64 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, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020
Assets	1.22	1.27	1,109.43	1,218.16
Liabilities ¹	0.64	0.57	(844.59)	(1,095.93)
Net gap	0.58	0.70	264.84	122.23

¹ 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 in sufficient levels to cushion for the expansion of assets in the future. At the end of December 2021, the regulatory capital based on IRB approach of the Bank was 39,213.44 million baht, while the capital adequacy ratio (BIS ratio) stood at 25.2%, higher than 11.0% required by the Bank of Thailand. The Tier-I and Tier-II ratios of the Bank stood at 20.2% and 5.0%, 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 40,480.72 million baht, with BIS ratio, Tier-I and Tier-II ratios at 23.2%, 18.6% and 4.6%, respectively, which also remained higher than the minimum capital requirement. Meanwhile, the net capital rule (NCR) of TISCO Securities Co., Ltd. stood at 33.14%, 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, 2021	As of Sep 30, 2021	As of Dec 31, 2020
TISCO Financial Group			
Tier-I	18.6	18.3	17.5
Tier-II	4.6	4.6	4.4
BIS Ratio	23.2	22.9	21.9
TISCO Bank			
Tier-I	20.2	19.7	18.1
Tier-II	5.0	5.0	4.7
BIS Ratio	25.2	24.7	22.8