



Management Discussion and Analysis

For the Second Quarter of 2022 ended June 30, 2022

(Reviewed Consolidated Financial Statements)

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Economic Conditions and Movement of Financial Market

In the second quarter of 2022, Thai economy continued its recovery following an improvement in economic activities after the COVID-19 situation eased down, which resulted in an expansion in private consumption. The domestic car sale for the first 6 months of 2022 totaled 427,296 units, increased by 14.5% comparing to the same period of last year. Whilst, consumer confidence weakened from the ongoing concern about rising costs of living and high inflation situation that caused by Russia-Ukraine conflict. Thus, the headline inflation in the second quarter of 2022 increased by 6.5% (YoY) driven by rising oil price. Export sector continued to grow in line with expanding demands from trading partners. Moreover, tourism sector showed a good recovery with increasing number of incoming tourist arrivals thanks to the travel restriction easing. Meanwhile, industrial manufacturing sector remained sluggish due to parts shortage problem.

The Bank of Thailand maintained the policy rate at 0.50%. However, the rising policy rate trend is more prominent after the latest MPC meeting in June 2022, concerning the higher risk of inflation. In this quarter, the average 3-month fixed deposit rates of Top-4 commercial remained stable at 0.33% (QoQ). The lending rates of Top-4 commercial banks also stood unchanged, comprising of the average minimum lending rate (MLR) at 5.31%, the average minimum overdraft rate (MOR) at 5.85% and the average minimum retail rate (MRR) at 6.03%.

The capital market in the second quarter of 2022 was highly volatile from rising global inflation rates, together with potential risks from interest rate hikes in many countries and Quantitative Tightening (QT) by US Federal Reserve. SET index closed at 1,568.33 points, decreased by 126.91 points or 7.5% (QoQ) resulted from fund outflow especially by local institutions. Market trading volume dropped from the previous quarter with the average daily turnover of 70,593.38 million baht, decreased from 89,304.11 million baht in the first quarter of 2022.

Operating Results

TISCO Financial Group Public Company Limited (“the Company”) had net profit from operations in the second quarter of 2022 on a standalone basis totaling 163.65 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 Second Quarter of 2022

The net profit for the second quarter of 2022 was reported at 1,848.43 million baht, increased by 182.38 million baht or 10.9% comparing to the second quarter of 2021. The growth was mainly contributed by an expansion in consumer loans especially Auto Cash loans via “Somwang” channels aligning with branch expansion strategy. Moreover, bancassurance business recovered well by 21.5% (YoY) following an increase in new business volume. In addition, expected credit loss (ECL) decreased (YoY) in line with an effective asset quality control. Meanwhile, total operating income slowed down due to businesses related to capital market. Brokerage fee decreased by 29.0% (YoY) following lower market trading volume amid volatile capital market. Asset management basic fee income declined by 15.5% (YoY) owing to a decrease in new fund issuances during an unfavorable capital market condition. Additionally, there was a decline in gain on investment value during the quarter.

Comparing to the first quarter of 2022, net profit increased by 52.94 million baht or 2.9% (QoQ), mainly due to the growth in consumer lending and the recognition of gain on financial instruments measured at fair value through profit or loss (FVTPL) amounting 173.12 million baht, comparing to loss of 32.18 million baht in the first quarter. Whereas, fee income weakened mostly from capital market businesses. Brokerage fee income decreased by 26.9% (QoQ) following lower market trading volume, and asset management basic fee declined by 6.1% (QoQ) amid unfavorable capital market condition.

Expected credit loss (ECL) remained low at 0.3% of average loans, in line with a well-controlled asset quality with reported NPL ratio at 2.20% of total loans. Additionally, the risk from COVID-19 pandemic has reduced in tandem with the improvement in the outbreak situation. Together with the highly sufficient provision level of the Company, the setup of ECL expense consequently declined comparing to the same period of last year and reflected the credit quality of loan portfolio. Whilst, loan loss coverage ratio remained strong at 253.1%.

Basic earnings per share for the second quarter of 2022 were 2.31 baht per share, increased from 2.08 baht per share (YoY) and from 2.24 baht per share (QoQ). The return on average equity (ROAE) was reported at 18.0%.

Table 1.1 : Statement of Comprehensive Income (Quarterly)

Statement of Comprehensive Income					
Unit: Million baht	2Q2022	1Q2022	%QoQ	2Q2021	%YoY
Interest income					
Interest on loans	1,778.74	1,695.54	4.9	1,798.65	(1.1)
Interbank and money market items	35.63	35.03	1.7	42.21	(15.6)
Hire purchase and financial lease income	1,779.21	1,803.33	(1.3)	1,897.85	(6.3)
Investments	22.91	22.29	2.7	15.20	50.7
Total interest income	3,616.49	3,556.19	1.7	3,753.91	(3.7)
Interest expenses	(509.86)	(494.92)	3.0	(604.93)	(15.7)
Net interest income	3,106.63	3,061.28	1.5	3,148.98	(1.3)
Fee income	1,276.56	1,407.40	(9.3)	1,355.34	(5.8)
Fee expenses	(108.58)	(129.36)	(16.1)	(130.46)	(16.8)
Net fee income	1,167.98	1,278.03	(8.6)	1,224.88	(4.6)
Gain (Loss) on the financial instruments measured at fair value through PL	173.12	(32.18)	(637.9)	255.70	(32.3)
Gain (Loss) on Investments	2.63	(1.61)	(263.8)	0.82	222.2
Share of profit from investment under equity method	14.65	13.39	9.4	10.78	35.9
Other operating income	99.01	100.36	(1.3)	73.48	34.7
Total operating income	4,564.02	4,419.27	3.3	4,714.64	(3.2)
Operating expenses	(2,124.55)	(2,099.14)	1.2	(2,079.97)	2.1
Expected credit loss	(139.87)	(85.33)	63.9	(555.35)	(74.8)
Profit before tax and minority interest	2,299.60	2,234.79	2.9	2,079.32	10.6
Corporate income tax expenses	(451.05)	(439.20)	2.7	(413.17)	9.2
Profit before minority interest	1,848.55	1,795.60	2.9	1,666.15	10.9
Non-controlling interests of subsidiaries	(0.11)	(0.11)	5.1	(0.09)	21.7
Net profit	1,848.43	1,795.49	2.9	1,666.06	10.9

Operating Results for the First Half of 2022

The net profit for the first half of 2022 was reported at 3,643.92 million baht, increased by 214.24 million baht or 6.2% (YoY), mainly from a growth in consumer loans particularly Auto Cash loans that grew by 4.5% from 2021. Moreover, bancassurance business showed a recovery of 16.0% (YoY), while expected credit loss (ECL) decreased by 83.9% (YoY) following improved asset quality. In terms of core operation, total operation income softened by 8.5% (YoY) mainly resulted from businesses related to capital market, which included lower market trading volume and fewer new fund issuances comparing to the first half of 2021, as well as declining gain on financial instruments.

Basic earnings per share for the first half of 2022 were 4.55 baht per share, increased from 4.28 baht per share (YoY). The return on average equity (ROAE) was reported at 18.1%.

Table 1.2 : Statement of Comprehensive Income (Half Year)

Statement of Comprehensive Income			
Unit: Million baht	1H2022	1H2021	%YoY
Interest income			
Interest on loans	3,474.28	3,604.79	(3.6)
Interbank and money market items	70.66	85.44	(17.3)
Hire purchase and financial lease income	3,582.54	3,800.22	(5.7)
Investments	45.20	39.74	13.7
Total interest income	7,172.69	7,530.20	(4.7)
Interest expenses	(1,004.78)	(1,270.92)	(20.9)
Net interest income	6,167.91	6,259.28	(1.5)
Fee income	2,683.96	3,090.38	(13.2)
Fee expenses	(237.95)	(322.63)	(26.2)
Net fee income	2,446.01	2,767.75	(11.6)
Gain (Loss) on the financial instruments measured at fair value through PL	140.94	568.32	(75.2)
Gain (Loss) on Investments	1.03	4.24	(75.8)
Share of profit from investment under equity method	28.04	23.94	17.1
Other operating income	199.36	192.55	3.5
Total operating income	8,983.28	9,816.07	(8.5)
Operating expenses	(4,223.68)	(4,134.87)	2.1
Expected credit loss	(225.21)	(1,398.04)	(83.9)
Profit before tax and minority interest	4,534.39	4,283.17	5.9
Corporate income tax expenses	(890.25)	(853.30)	4.3
Profit before minority interest	3,644.14	3,429.87	6.2
Non-controlling interests of subsidiaries	(0.22)	(0.18)	22.0
Net profit	3,643.92	3,429.68	6.2

Details of Financial Performance for the Second Quarter of 2022 comparing to the Second Quarter of 2021

Net Interest Income

In the second quarter of 2022, the net interest income totaled 3,106.63 million baht, decreased by 42.35 million baht (1.3% YoY). Total interest income was 3,616.49 million baht, declined by 137.42 million baht (3.7% YoY) following loan contraction. Whilst, interest expense was 509.86 million baht, declined by 95.07 million baht (15.7% YoY) from an effective cost management.

Yield on loans increased from 6.82% to 7.02% (YoY) following an increased proportion of high-yield loans. The cost of fund decreased from 1.16% to 1.06% (YoY) owing to an effective cost management during a low interest rate environment. Consequently, loan spread improved from 5.67% to 5.96% (YoY) whereas the net interest margin also increased to 5.05%.

Table 2 : Loan Spread

Unit: %	2021	2Q2021	1Q2022	2Q2022
Yield on Loans	6.83	6.82	6.99	7.02
Cost of Fund	1.15	1.16	1.06	1.06
Loan Spread	5.69	5.67	5.93	5.96
Net Interest Margin (NIM)	4.84	4.79	5.09	5.05

Non-Interest Income

Non-interest income totaled 1,457.38 million baht, dropped by 108.28 million baht or 6.9% (YoY) caused by a slowdown in businesses related to capital market, coupled with declining gain on investment. Brokerage fee income declined by 64.61 million baht (29.0% YoY) to 158.45 million baht following lower market trading volume amid volatile capital market condition. Asset management basic fee decreased by 72.05 million baht (15.5% YoY) totaling 392.87 million baht due to a decrease in new fund issuances as well as declining assets under management amid unfavorable capital market. Nevertheless, banking fee income totaled 807.82 million baht, grew by 84.68 million baht (11.7% YoY) following an improvement in bancassurance business by 21.5% (YoY), which was partly from an increase in new business volume in line with the recovery of economic activities after the COVID-19 pandemic eased. Meanwhile, gain on financial instruments measured at fair value through profit or loss (FVTPL) amounted 173.12 million baht, decreased from gain of 255.70 million baht in the second quarter of 2021.

Table 3 : Non-Interest Income Breakdown

Type of Incomes Unit: Million baht	2Q2022	1Q2022	%QoQ	2Q2021	%YoY
Banking Fee	807.82	813.69	(0.7)	723.13	11.7
<i>Bancassurance Fee</i>	<i>595.61</i>	<i>604.16</i>	<i>(1.4)</i>	<i>490.33</i>	<i>21.5</i>
<i>Other Banking Fee</i>	<i>212.21</i>	<i>209.53</i>	<i>1.3</i>	<i>232.80</i>	<i>(8.8)</i>
Asset Management Basic Fee	392.87	418.30	(6.1)	464.92	(15.5)
Brokerage Fee	158.45	216.63	(26.9)	223.06	(29.0)
Investment Banking Fee	2.55	25.28	(89.9)	1.44	76.8
Non-Interest Income from Core Businesses	1,361.69	1,473.90	(7.6)	1,412.55	(3.6)
Gain (Loss) on Financial Instruments measured at fair value through PL	173.12	(32.18)	(637.9)	255.70	(32.3)
Gain (Loss) on Investments	2.63	(1.61)	(263.8)	0.82	222.2
Share Profit from subsidiaries	14.65	13.39	9.4	10.78	35.9
Dividend Income	13.88	33.25	(58.2)	12.88	7.7
Asset Management Performance Fee	(0.01)	0.60	(100.9)	3.39	(100.2)
Fee Expenses	(108.58)	(129.36)	(16.1)	(130.46)	(16.8)
Total Non-Interest Income	1,457.38	1,357.99	7.3	1,565.66	(6.9)

Operating Expenses

Operating expenses totaled 2,124.55 million baht, increased by 44.58 million baht (2.1% YoY), resulting from an increase in variable expenses associated with revenue and profit growth. The Company still maintained effective operating cost control with cost to income ratio at 46.5%.

Expected Credit Loss

Expected credit loss (ECL) totaled 139.87 million baht, declined (YoY) comparing with 555.35 million baht in the second quarter of 2021, and accounted for 0.3% of average loans. This was resulted from well-controlled asset quality with a reported low level of NPL ratio at 2.20% of total loans. Additionally, the risk from COVID-19 pandemic has reduced in tandem with the improvement in the outbreak situation. Together with the highly sufficient provision level of the Company, the setup of ECL expense consequently declined comparing to the same period of last year and reflected the credit quality of loan portfolio. Whilst, loan loss coverage ratio remained strong at 253.1%.

Corporate Income Tax

The corporate income tax for the second quarter of 2022 was 451.05 million baht, equivalent to the effective tax rate of 19.6%.

Financial Positions

Assets

As of June 30, 2022, the Company's total assets were 244,722.37 million baht, decreased by 0.7% (QoQ). Loan portfolio slightly dropped to 203,341.40 million baht (0.1% QoQ), and interbank and money market was stable at 32,554.07 million baht. Meanwhile, financial assets measured at fair value through profit or loss increased by 9.8% (QoQ) to 2,242.60 million baht, while net investments decreased by 17.2% (QoQ) to 7,023.16 million baht.

Table 4 : Assets Breakdown

Assets Unit: Million baht	As of Jun 30, 2022	As of Mar 31, 2022	%QoQ	As of Dec 31, 2021	%YTD
Cash	1,021.23	1,094.48	(6.7)	1,103.43	(7.4)
Interbank and money market items	32,554.07	32,510.67	0.1	30,489.21	6.8
Derivatives	-	3.60	n.a.	-	n.a.
Financial assets measured at fair value through Profit or Loss	2,242.60	2,042.78	9.8	2,081.05	7.8
Investments - net	7,023.16	8,484.46	(17.2)	8,042.76	(12.7)
Investments in subsidiaries and JV	847.06	827.26	2.4	809.63	4.6
<i>Loans</i>	<i>203,341.40</i>	<i>203,552.69</i>	<i>(0.1)</i>	<i>202,949.67</i>	<i>0.2</i>
<i>Accrued interest receivables</i>	<i>1,633.51</i>	<i>1,657.99</i>	<i>(1.5)</i>	<i>1,712.50</i>	<i>(4.6)</i>
<i>Allowance for expected credit loss</i>	<i>(11,297.69)</i>	<i>(11,497.21)</i>	<i>(1.7)</i>	<i>(11,740.17)</i>	<i>(3.8)</i>
Loans and accrued interest receivables - net	193,677.22	193,713.46	(0.0)	192,922.00	0.4
Other assets	7,357.03	7,772.22	(5.3)	8,173.86	(10.0)
Total assets	244,722.37	246,448.94	(0.7)	243,621.93	0.5

Liabilities

As of June 30, 2022, total liabilities were 205,471.68 million baht, increased by 1.0% (QoQ). Total deposits decreased by 1.5% (QoQ) to 168,915.61 million baht, and interbank and money market decreased by 12.0% (QoQ) to 6,883.92 million baht. Whilst, debentures increased by 52.7% (QoQ) to 17,090.00 million baht.

Table 5 : Liabilities Breakdown

Liabilities Unit: Million baht	As of Jun 30, 2022	As of Mar 31, 2022	%QoQ	As of Dec 31, 2021	%YTD
Deposits	168,915.61	171,471.88	(1.5)	166,578.85	1.4
Interbank and money market items	6,883.92	7,821.36	(12.0)	8,080.70	(14.8)
Debentures	17,090.00	11,190.00	52.7	14,925.00	14.5
Others	12,582.15	12,966.94	(3.0)	12,837.01	(2.0)
Total liabilities	205,471.68	203,450.19	1.0	202,421.55	1.5

Shareholders' Equity

As of June 30, 2022, shareholders' equity was 39,250.69 million baht, decreased by 3,748.07 million baht (8.7% QoQ) as the Company paid annual dividend from operation result for the year 2021 at 7.15 baht per common and preferred share in May 2022. The total dividend payment was 5,725 million baht with dividend payout ratio of 84.4%. As a result, the book value per share (BVPS) as of June 30, 2022 was 49.02 baht per share.

Business Segment Operations

(1) Banking Business

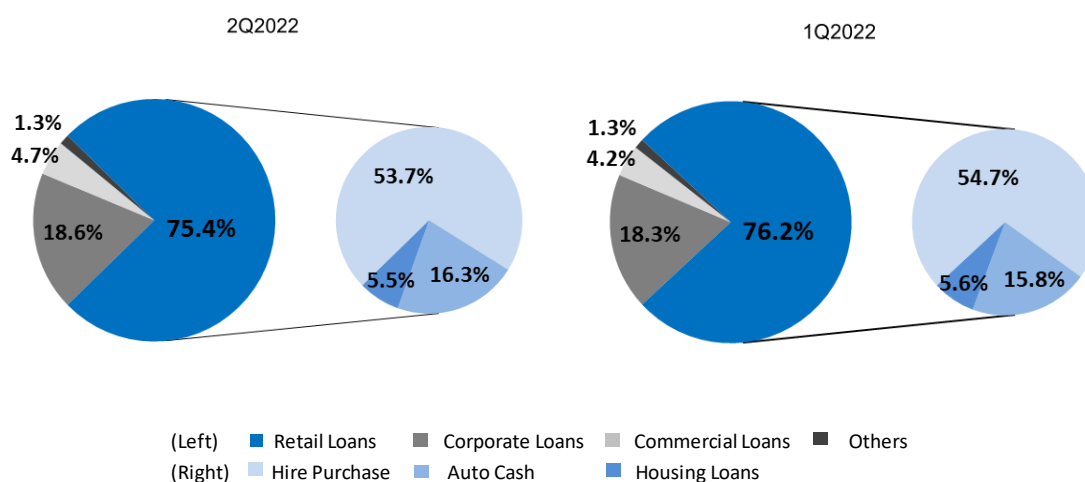
1.1 Loans

Total loans and receivables as of June 30, 2022 were 203,341.40 million baht, slightly decreased from the previous quarter, driven by a contraction in retail loan portfolio.

Table 6 : Loans

Loans Unit: Million baht	As of Jun 30, 2022	As of Mar 31, 2022	%QoQ	As of Dec 31, 2021	%YTD
Hire purchase	109,172.93	111,432.38	(2.0)	112,400.47	(2.9)
Loans against auto licenses	33,091.09	32,165.15	2.9	31,674.29	4.5
Housing loans	11,097.28	11,497.09	(3.5)	11,939.75	(7.1)
Retail loans	153,361.30	155,094.62	(1.1)	156,014.51	(1.7)
Corporate loans	37,753.31	37,199.88	1.5	35,802.01	5.5
Commercial loans	9,503.70	8,588.04	10.7	8,474.30	12.1
Others	2,723.09	2,670.15	2.0	2,658.85	2.4
Total loans	203,341.40	203,552.69	(0.1)	202,949.67	0.2

Loan Breakdown



Retail Lending portfolio totaled 153,361.30 million baht, decreased by 1.1% (QoQ). The total retail portfolio as of June 30, 2022 consisted of 71.2% car and motorcycle hire purchase loans, 21.6% loans against auto licenses and 7.2% housing loans. The outstanding hire purchase loans totaled 109,172.93 million baht, dropped by 2.0% (QoQ) resulted from a decline in new car hire purchase by 2.6% (QoQ) aligning with cautious underwriting policy. The domestic car sale for the first 6 months of 2022 was 427,296 units, increased by 14.5% (YoY), compared to 373,191 units in the first 6 months of 2021. Therefore, the car penetration rate of TISCO for the first 6 months of 2022 declined to 4.7%. On the other hand, used car hire purchase and motorcycle hire purchase grew by 1.5% and 0.9% (QoQ) respectively, which was a result of a growth strategy into high-yield businesses.

Loans against auto licenses ("Auto Cash") totaled 33,091.09 million baht, increased by 2.9% (QoQ) following a growth strategy into high-yield businesses and network expansion strategy, particularly loans from "Somwang" channels which grew by 4.2% (QoQ) totaling 19,219.28 million baht and accounted for 58.1% of total loans against auto licenses. At the end of the second quarter of 2022, the number of "Somwang" loan offices increased by 24 new branches, totaling 392 branches nationwide.

Housing loans totaled 11,097.28 million baht, dropped by 3.5% (QoQ) following highly competitive market condition and rising risk.

Corporate Lending portfolio totaled 37,753.31 million baht, increased by 1.5% (QoQ), mainly from loan drawdown from real estate and construction sector.

Commercial Lending portfolio totaled 9,503.70 million baht, increased by 10.7% (QoQ) from an increase in car inventory financing business.

Other Loans portfolio totaled 2,723.09 million baht, increased by 2.0% (QoQ).

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 the second quarter of 2022, the outstanding loans under the assistance programs accounted for 6.3% of total loans, and the outstanding retail loans under the program was 2.4% of total loans. In terms of liquidity support for SMEs clients through Soft Loans scheme, the outstanding soft loans totaled approximately 2,800 million baht.

1.2 Asset Quality and Expected Credit Loss

In the second quarter of 2022, the Company reported NPLs amounting 4,463.77 million baht, increased by 77.39 million baht (1.8% QoQ), and accounted for NPL ratio of 2.20% of total loans which stood low in relative to the previous quarter. The asset quality remained well-controlled thanks to effective credit quality control measure.

Table 7 : Loan Classification

Loan Classification Unit: Million baht	As of Jun 30, 2022	As of Mar 31, 2022	%QoQ	As of Dec 31, 2021	%YTD
Stage 1 loans (Performing)	177,512.30	177,926.56	(0.2)	175,837.30	1.0
Stage 2 loans (Under-performing)	21,365.33	21,239.74	0.6	22,155.06	(3.6)
Non-performing loans (NPLs)	4,463.77	4,386.38	1.8	4,957.31	(10.0)
Total loans	203,341.40	203,552.69	(0.1)	202,949.67	0.2

Table 8 : NPLs Breakdown

NPLs Unit: Million baht, %	As of Jun 30, 2022		As of Mar 31, 2022		As of Dec 31, 2021	
	Million baht	%	Million baht	%	Million baht	%
Hire purchase	2,382.91	2.18	2,308.68	2.07	2,681.63	2.39
Loans against auto licenses	1,017.67	3.08	1,029.97	3.20	1,173.22	3.70
Housing loans	924.88	8.33	967.43	8.41	1,015.48	8.51
NPLs - Retail loans	4,325.46	2.82	4,306.08	2.78	4,870.34	3.12
NPLs - Corporate loans	-	-	-	-	19.04	0.05
NPLs - Commercial loans	135.22	1.42	78.24	0.91	65.71	0.78
Others	3.09	0.11	2.06	0.08	2.22	0.08
Total NPLs	4,463.77	2.20	4,386.38	2.15	4,957.31	2.44

Total allowance for expected credit loss of the Company reported at 11,297.69 million baht, and loan loss coverage ratio increased to 253.1%.

1.3 Deposits and Borrowings

Total deposits and borrowings amounted 186,005.61 million baht, increased by 1.8% (QoQ). Total deposits reported at 168,915.61 million baht, decreased by 2,556.27 million baht (1.5% QoQ) due to the maturity of fixed deposits. Whereas, debentures totaled 17,090.00 million baht, increased by 5,900.00 million baht (52.7% QoQ) due to new issuance of senior debentures. As of June 2022, the Bank had high-quality liquid assets according to the Liquidity Coverage Ratio (LCR) of 37,942 million baht, increased by 2.2% (QoQ). Thus, the high-quality liquid assets were accounted for 20.4% of total deposits and borrowings, and LCR ratio was at 178.1%.

Table 9 : Deposit Structure

Deposits Unit: Million baht	As of Jun 30, 2022	As of Mar 31, 2022	%QoQ	As of Dec 31, 2021	%YTD
Current accounts	2,211.58	2,206.87	0.2	2,162.08	2.3
Saving accounts	46,443.95	46,008.79	0.9	46,931.70	(1.0)
Fixed accounts	36,065.70	34,651.15	4.1	34,891.07	3.4
Negotiate certificate deposits	84,157.46	88,568.14	(5.0)	82,557.06	1.9
Short-term borrowings	36.92	36.92	0.0	36.92	0.0
Total deposits	168,915.61	171,471.88	(1.5)	166,578.85	1.4

(2) Securities Business

In the second quarter of 2022, average daily turnover of TISCO Securities decreased from 2,332.86 million baht in the second quarter of 2021 to 1,638.05 million baht aligning with lower market trading volume amid volatile capital market condition. Consequently, brokerage fee income of TISCO Securities declined by 29.0% (YoY) to 158.45 million baht. TISCO Securities' overall market share slightly declined (QoQ) to 1.3%. The market share of local institutions (excluding proprietary trading) decreased from 6.8% to 6.7% (QoQ), and the market share of foreign institutions remained stable at 0.2% (QoQ). Whereas, the market share of retail investors increased from 1.4% to 1.6% (QoQ). TISCO brokerage volume comprised of 45.8% of local institutions, 7.2% of foreign institutions, and 47.1% of retail investors.

(3) Asset Management Business

As of June 30, 2022, assets under management of TISCO Asset Management totaled 347,732.99 million baht, declined by 1.6% (QoQ) caused by local and foreign capital market volatility. Basic fee income reported at 392.87 million baht, decreased by 15.5% (YoY) due to lower new fund issuances, as well as declining assets under management. The composition of total asset under management was 66.4% provident fund, 17.7% private fund, and 15.8% mutual fund. Total market share of TISCO Asset Management as of June 30, 2022 was 4.3%, ranking 8th in the market. The market share of provident fund was 17.4%, ranking 1st in the market. The market share of private fund was 3.2%, ranking 5th in the market and the market share of mutual fund was 1.1%, ranking 14th in the market.

Table 10 : Assets under Management Breakdown

Funds Unit: Million baht	As of Jun 30, 2022	As of Mar 31, 2022	%QoQ	As of Dec 31, 2021	%YTD
Provident fund	230,999.86	231,590.15	(0.3)	227,117.13	1.7
Private fund	61,652.58	60,432.00	2.0	66,740.15	(7.6)
Mutual fund	55,080.56	61,302.99	(10.2)	67,019.55	(17.8)
Total AUMs	347,732.99	353,325.14	(1.6)	360,876.82	(3.6)

Risk Management

As of June 30, 2022, TISCO Group's internal capital (ICAAP) stood at 37,656.57 million baht comprising of Tier-I capital and available reserve adjustment. The integrated risk capital declined by 2.09 million baht from the end of the first quarter of 2022 to 11,426.61 million baht mainly resulting from a decrease in operational risk capital which was partly offset by increasing credit and market risk capital. In addition, the capital surplus remained strong at 26,229.96 million baht or 69.7% of total capital.

Comparing to the end of March 2022, the credit risk capital increased by 24.13 million baht, or 0.3%, to 8,531.47 million baht mostly resulting from loan expansion in corporate portfolio. However, with retail loan contraction, total loan portfolio of TISCO Group contracted by 0.1%, while non-performing loans remained at 2.2%. Moreover, TISCO Group maintained an effective asset quality control including long-term debt restructuring and debt relief programs.

The market risk capital slightly increased from 282.61 million baht to 286.79 million baht, which resulted from an offset between an increase in market volatility and rebound in China stock market's return during the period. Meanwhile, the overall duration gap slightly decreased from 0.60 year to 0.59 year, which was in a manageable level. The assets duration remained stable at 1.23 year, while the liabilities duration excluding saving and current accounts, which are less sensitive to the interest rate movement, increased from 0.63 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	
	Jun 30, 2022	Mar 31, 2022	Jun 30, 2022	Mar 31, 2022
Assets	1.23	1.23	1,111.08	1,122.15
Liabilities ¹	0.64	0.63	(831.88)	(835.34)
Net gap	0.59	0.60	279.20	286.81

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 at sufficient levels to cushion for the expansion of assets in the future. At the end of June 2022, the regulatory capital based on IRB approach of the Bank was 40,198.40 million baht, while the capital adequacy ratio (BIS ratio) stood at 25.3%, remaining higher than 11.0% required by the Bank of Thailand. The Tier-I and Tier-II ratios of the Bank stood at 21.0% and 4.3%, 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 39,545.38 million baht, with BIS ratio, Tier-I and Tier-II ratios at 22.2%, 18.2% and 4.0%, respectively, which also remained higher than the minimum capital requirement. Meanwhile, the net capital rule (NCR) of TISCO Securities Co., Ltd. stood at 69.9%, 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, 2022	As of Mar 31, 2022	As of Dec 31, 2021
TISCO Financial Group			
Tier-I	18.2	18.4	18.6
Tier-II	4.0	4.0	4.6
BIS Ratio	22.2	22.4	23.3
TISCO Bank			
Tier-I	21.0	20.0	20.2
Tier-II	4.3	4.4	5.0
BIS Ratio	25.3	24.3	25.2