

## Management Discussion and Analysis For the Third Quarter ended September 30, 2017

(This report discusses principal changes in the reviewed consolidated financial statement for the third quarter ended September 30, 2017)

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### Movement of Money Market and Capital Market

In the third quarter of 2017, the domestic economy continued to improve mainly due to the expansion in export sector, private consumption and tourism sector. Meanwhile, household spending started to pick up, resulting in the domestic car sale in the first 9 months of 2017 increased by 11.5% (YoY), totaled 620,712 units. Nonetheless, the private investment and public investment remained stable. Overall, the headline inflation for the quarter was reported at 0.5%, following an increase in oil prices.

The Bank of Thailand (BOT) maintained the policy rate at 1.50%. The average 3-month fixed deposit rates of Top-4 commercial banks remained stable at 0.93% (QoQ), while the average minimum lending rate of Top-4 commercial banks stood at 6.20%.

The capital market in the third quarter of 2017 improved comparing to the previous quarter, following higher market trading volume especially from local institutional sector. The average daily turnover increased from 39,923.93 million baht in the second quarter of 2017 to 46,803.82 million baht, led by the domestic economy that showed sign of improvement. Consequently, SET index closed at 1,673.16 points, increased by 98.42 points or 6.2% comparing to 1,574.74 points in the previous quarter.

### Major Events

On October 1, 2017, TISCO Bank Public Company Limited and All-Ways Company Limited have completed the transfer of retail banking business from Standard Chartered Bank (Thai) Public Company Limited successfully. Since October 1, 2017, the Company is ready to provide full services to the transferred customers, including mortgage loan, personal loan, small business loan, wealth management, bancassurance, deposit service and credit card business.

## Operating Results

### The Management Discussion and Analysis compares operating performance of the third quarter of 2017 and 2016

TISCO Financial Group Public Company Limited ("the Company") had net profit from operations on a standalone basis totaling 65.36 million baht, mainly contributed by service fee income 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 securities business.

In the third quarter of 2017, the net profit attributed to owners of the Company totaled 1,572.37 million baht, increased by 322.41 million baht (25.8% YoY), contributed by improved net interest income and non-interest income from core business<sup>1</sup>, together with the lower provision expense comparing to the same period of last year. Net interest income increased by 0.5% (YoY) from the ability to maintain overall loan yield and the effective cost management. Non-interest income from core business improved by 8.5% (YoY), mainly resulting from the increase in banking fee by 7.8% (YoY) following the improvement in bancassurance business. Asset management basic fee grew by 19.2% (YoY) from the issuance of funds corresponding to the customer demand and the improvement in capital market condition. Moreover, the Company recorded investment banking fee from underwriting service during the quarter. Nevertheless, brokerage fee income dropped by 17.6% (YoY) following lower market trading volume.

In addition, the Company recorded extraordinary income from dividend of equity investment and performance fee income from asset management business amid improving capital market. Meanwhile, provision expense declined by 44.0% (YoY) from the further improved asset quality, where in this quarter, the NPL ratio decreased to 2.3%.

Basic earnings per share for the third quarter of 2017 was at 1.96 baht per share, increased from 1.51 baht per share in the third quarter of 2016. Meanwhile, the return on average equity (ROAE) was at 19.5%, increased from 17.1% (YoY).

### Net Interest Income

Net interest income in the third quarter of 2017 was 2,772.20 million baht, increased by 14.52 million baht (0.5% YoY). Total interest income was 3,980.58 million baht, remained stable (YoY), while interest expense declined by 9.38 million baht (0.8% YoY) to 1,208.39 million baht, owing to a further decline in cost of fund and the Company's effective cost management.

Yield on loan improved from 6.7% to 7.0% (YoY) from the shift in loan portfolio mix from hire purchase loan to consumer loans that offer higher yield. While, cost of fund remained stable at 2.1% (YoY). Consequently, loan spread increased from 4.5 to 4.9% (YoY). The net interest margin declined from 4.2% to 4.1% (YoY).

<sup>1</sup> Non-interest income from core business was net of promotion expenses relating to the hire purchase business.

The Company reported net interest income after impairment loss of loans and debt securities totaled 2,160.70 million baht, increased by 494.60 million baht (29.7% YoY). Impairment losses on loans totaled 611.50 million baht, decreased comparing with 1,091.57 million baht in the third quarter of 2016, resulting from the improved asset quality following the effective credit control.

**Non-interest Income**

Non-interest income of the Company's core businesses reported at 1,738.38 million baht, increased by 135.68 million baht (8.5% YoY), from the increase in banking fee income of 72.73 million baht (7.8% YoY) to 1,003.53 million baht following the improvement in bancassurance business. Asset management basic fee reported at 324.98 million baht, grew by 52.26 million baht (19.2% YoY) from the issuance of funds corresponding to the customer demand and the improved capital market condition. Additionally, the Company recorded the investment banking fee amounting 34 million baht from underwriting service during the quarter. Meanwhile, brokerage fee income decreased by 43.31 million baht (17.6% YoY) to 202.53 million baht following lower market trading volume. In addition, in this quarter, the Company recorded extraordinary income from dividend of equity investment amounting 99 million baht, together with performance fee income from asset management business amounting 69 million baht.

**Non-interest Expenses**

Non-interest expenses were 1,918.01 million baht, increased by 266.50 million baht (16.1% YoY), mainly from the increase in variable expenses associated with revenue and profit growth. The Company still maintained effective operating cost control, resulting in low cost to income ratio at 42.8%.

**Corporate Income Tax**

In the third quarter of 2017, the corporate income tax was 371.95 million baht, equivalent to the effective tax rate of 19.1%, decreased from 20.1% (YoY).

## Financial Position

**The Management Discussion and Analysis on operating results on financial status is a comparison between the financial positions as of September 30, 2017 and June 30, 2017**

### Assets

As of September 30, 2017, the Company's total assets were 270,706.17 million baht, stable from the previous quarter. Interbank and money market increased from 46,118.06 million baht to 46,796.06 million baht (1.5% QoQ). Whereas, total loan portfolio declined from 216,148.52 million baht to 215,038.49 million baht (0.5% QoQ).

### Liabilities

As of September 30, 2017, total liabilities were 237,550.45 million baht, decreased by 0.6% (QoQ) due to the decrease in interbank and money market from 3,917.81 million baht to 3,825.10 million baht (2.4% QoQ) and the decrease in debentures from 62,594.00 million baht to 59,244.20 million baht (5.4% QoQ). Meanwhile, total deposits increased from 161,399.18 million baht to 163,277.20 million baht (1.2% QoQ). The liabilities mix comprised of 68.7% total deposits including bill of exchange, 1.6% interbank and money market items, 24.9% debentures, and 4.7% other liabilities.

### Shareholders' Equity

As of September 30, 2017, shareholders' equity was 33,155.72 million baht, increased by 1,623.73 million baht (5.1% QoQ) from an increase in retained earnings of the third quarter of 2017. As a result, the book value per share (BVPS) as of September 30, 2017 was 41.41 baht per share, rose from 39.38 baht per share (QoQ).

## Business Segment Performance

### (1) Banking Business

#### Loans

Total loans and receivables as of September 30, 2017 were 215,038.49 million baht, declined by 1,110.03 million baht (0.5% QoQ), following the prudent lending policy. The composition of loan portfolio was 71.4% of retail loans, 21.9% of corporate loans, 6.1% of commercial loans and 0.7% of other loans.

**Retail Lending** portfolio totaled 153,497.05 million baht or decreased by 1.0% (QoQ), where the portfolio consisted of 82.1% car and motorcycle hire purchase, 17.3% consumer loans and 0.6% mortgage loans. The outstanding hire purchase loans totaled 126,018.39 million baht, declined by 2.6% (QoQ), resulting from the prudent lending policy amid high level of household debt. The domestic car sale in the first 8 months of 2017 was 543,120 units, increased by 10.2% (YoY), compared to 492,884 units in the first 8 months of 2016. The car penetration rate of TISCO for the first 8 months declined from 8.4% to 7.3% (YoY).

Moreover, consumer loans amounted 26,575.00 million baht, increased by 1,906.37 million baht (7.7% QoQ), especially from the expansion of new customer acquisition through "Somwang" channel of 949.30 million baht (11.5% QoQ) to total of 9,227.23 million baht, which accounted for 34.7% of total consumer loans. Hence, at the end of the third quarter of 2017, "Somwang" loan offices totaled 177 branches nationwide.

**Corporate Lending** portfolio totaled 47,021.51 million baht, increased by 496.35 million baht (1.1% QoQ), primarily due to the loan drawdown from the clients in real estate and construction sector.

**Commercial Lending** portfolio totaled 13,045.69 million baht, declined by 155.10 million baht (1.2% QoQ) mainly from the decline in loan demand from logistic sector.

**Other Loans** portfolio totaled 1,474.24 million baht, increased by 30.72 million baht (2.1% QoQ).

#### Deposits and Borrowings

Total deposits and borrowings totaled 222,521.40 million baht, declined by 0.7% (QoQ). Total deposits totaled 163,277.20 million baht, grew by 1,878.03 million baht (1.2% QoQ), while debentures totaled 59,244.20 million baht, decreased by 3,349.80 million baht (5.4% QoQ). As of September 30, 2017, the Bank had liquid assets totaling 48,560.80 million baht, decreased by 1,841.73 million baht (3.7% QoQ). Thus, the liquid assets were 21.8% of total deposits and borrowings.

#### Non-Performing Loans (NPLs) and Loan Loss Provision

In the third quarter of 2017, total NPLs reported at 5,029.86 million baht, decreased by 169.51 million baht (3.3% QoQ), driven by the improved credit quality of the overall loan portfolio and the effective credit control. The NPLs comprised of 4,516.29 million baht from the Bank and 513.57 million baht from other subsidiaries. The NPL ratio was reported at 2.34%, decreased from 2.41% (QoQ). NPL ratio of retail loan, corporate loan, and commercial loan were 2.71%, 0.88%, and 3.53% respectively.

The Company set up provision for the quarter at 611.50 million baht, accounted for 1.13% of average loan, and decreased comparing with 1,091.57 million baht (YoY). The setup of required provision in this quarter remained low, following the improved credit quality and the contraction of loan portfolio. Thus, the provision set up for this quarter was partly general reserve for countercyclical buffer, reflecting the Company's prudent policy to cushion against business volatility. In the third quarter, the setup of excess loan loss reserve was 332 million baht. As a result, the loan loss provision coverage ratio at the end of the quarter increased to 186.2%.

At the end of the third quarter of 2017, loan loss reserve of the Company was 9,363.39 million baht while total loan loss reserve of the Bank was 8,818.13 million baht which was higher than the minimum loan loss reserve required by the Bank of Thailand at 4,247.93 million baht or accounted 207.6% of minimum loan loss reserve requirement.

## **(2) Securities Business**

In the third quarter of 2017, average daily turnover of TISCO Securities was 2,120.22 million baht, declined by 16.8% (YoY) from 2,549.28 million baht, following lower market trading volume. Consequently, TISCO Securities reported declined brokerage fee income by 17.6% (YoY) totaling 202.53 million baht. Nonetheless, TISCO Securities' market share slightly improved to 2.5% (YoY). The market share of local institution sector (excluding proprietary trading) increased from 6.1% to 6.2% (YoY) while the market share of foreign institution sector dropped from 2.6% to 1.9% (YoY). Whereas, the market share of retail investors increased from 1.7% to 2.1% (YoY). All in all, TISCO brokerage volume comprised of 32.7% of local institutions, 27.1% of foreign institutions, and 40.3% of retail customers.

## **(3) Asset Management Business**

As of September 30, 2017, assets under management of TISCO Asset Management Co., Ltd. reported at 225,762.90 million baht, increased by 2.9% (QoQ), mainly from the growth in all business areas. The basic fee income from asset management totaled 324.98 million baht, grew by 19.2% (YoY). Furthermore, there was the record of performance fee income during the quarter, resulting in the total fee income increased by 16.2% (YoY) totaling 393.95 million baht. The growth was mainly contributed by the continual issuance of various types of funds corresponding to market demands, along with the improved capital market condition.

The composition of total asset under management was 63.9% provident fund, 17.7% private fund, and 18.4% mutual fund. Total market share of TISCO Asset Management Co., Ltd. as of August 31, 2017 was 3.4%, ranking 9<sup>th</sup> in the market. The market share of provident fund was 13.7%, ranking 3<sup>rd</sup> in the market. The market share of private fund was 5.1%, ranking 5<sup>th</sup> in the market. For mutual fund, the market share was 0.9%, ranking 15<sup>th</sup> in the market.

## **Risk Management**

As of September 30, 2017, TISCO Group's internal capital stood at 32,366.22 million baht comprising of Tier-I capital and available reserve adjustment. The integrated risk capital increased by 201.31 million

baht from the end of June 2017 to 10,394.72 million baht, mainly resulting from an increase in credit and market risk capital. In addition, the capital surplus remained strong at 21,971.50 million baht or 67.9% of total capital.

Comparing to the end of the second quarter, the credit risk capital stood at 7,858.04 million baht, which increased by 158.24 million baht or 2.1%, while loan portfolio contracted by 0.5% during the quarter. The non-performing loan of TISCO Group decreased from 2.4% to 2.3% mainly resulting from improved credit profile, particularly HP and SME businesses.

The market risk capital increased from 107.04 million baht to 150.11 million baht, resulting from an increase in risk capital of investment. Meanwhile, the overall duration gap remained at 0.80 year, which was in a manageable level. The assets duration was stable at 1.47 year, while the liabilities duration excluding saving and current accounts, which are less sensitive to the interest rate movement, rose from 0.67 year to 0.68 year.

In terms of regulatory capital requirement of the Bank and Securities Company, the positions were strong and sufficient levels to cushion for the expansion of asset in the future. At the end of September 2017, the regulatory capital adequacy ratio based on IRB approach (BIS ratio) of the bank stood at 20.44%, remaining higher than the 9.75% required by the Bank of Thailand. The Tier-I and Tier-II capital adequacy ratio stood at 15.55% and 4.88%, respectively, in which Tier-I capital adequacy ratio also remained higher than the minimum requirement at 7.25%. Meanwhile, the net capital rule (NCR) of TISCO Securities Co., Ltd. stood at 61.46%, which was higher than the minimum required ratio by the SEC of 7.0%.

**Business Transfer Update for the third quarter of 2017**The success of the transfer of retail banking business from Standard Chartered Bank (Thai) Public Company Limited

On October 1, 2017, TISCO Bank Public Company Limited and All-Ways Company Limited have completed the transfer of retail banking business from Standard Chartered Bank (Thai) Public Company Limited successfully. The transferred clients consisted of 200,000 retail lending accounts and 74,000 individual deposit accounts. The transferred assets were approximately 36,000 million baht, which mainly comprised of around 24,000 million baht of mortgage loan, 5,000 million baht of personal loan, 3,400 million baht of small business loan and 3,300 million baht of credit card loan, whereas total deposit was approximately 15,000 million baht. The asset quality of the transferred assets from Standard Chartered Bank (Thai) reported approximate NPL ratio at 3.0%. In addition, the transfer included the acquisition of 5 bank branches and around 300 transferred staff.

The Company is ready to provide comprehensive financial products and services to existing and new customers thoroughly, together with extending the business growth via new financial product introduction that matches customer needs. TISCO Bank is fully prepared to offer all types of lending products, as well as wealth management and bancassurance service. Whilst, credit card business will be operated by All-Ways, which has Transition Service Agreement with Standard Chartered Bank (Thai) to be a service provider for 1 more year.



**Table 1: Consolidated Revenue Structure**

Type of Revenue	3Q2016		3Q2017		Change % YoY
	Amount (Bt. million)	%	Amount (Bt. million)	%	
Interest income					
Interest on loans	1,407.65	32.6	1,525.92	34.1	8.4
Interest on interbank and money market items	108.13	2.5	181.99	4.1	68.3
Hire purchase and financial lease income	2,409.40	55.8	2,226.66	49.7	(7.6)
Investments	50.26	1.2	46.01	1.0	(8.5)
<b>Total interest income</b>	<b>3,975.44</b>	<b>92.0</b>	<b>3,980.58</b>	<b>88.9</b>	<b>0.1</b>
Interest expenses	(1,217.77)	(28.2)	(1,208.39)	(27.0)	(0.8)
<b>Net interest income</b>	<b>2,757.67</b>	<b>63.8</b>	<b>2,772.20</b>	<b>61.9</b>	<b>0.5</b>
Fee income					
Fee income	1,462.92	33.9	1,535.90	34.3	5.0
Fee expenses	(56.28)	(1.3)	(55.06)	(1.2)	(2.2)
<b>Net fee income</b>	<b>1,406.64</b>	<b>32.6</b>	<b>1,480.84</b>	<b>33.1</b>	<b>5.3</b>
Gain on investment and foreign exchange transaction	(6.73)	(0.2)	(12.23)	(0.3)	81.7
Share of profit from invest in subsidiaries	21.81	0.5	34.63	0.8	58.8
Other operating income	205.15	4.7	451.14	10.1	119.9
<b>Total operating income</b>	<b>4,384.53</b>	<b>101.5</b>	<b>4,726.58</b>	<b>105.6</b>	<b>7.8</b>
Expenses to business promotion relating to the business	(65.36)	(1.5)	(248.66)	(5.6)	
<b>Total net operating income</b>	<b>4,319.17</b>	<b>100.0</b>	<b>4,477.92</b>	<b>100.0</b>	<b>3.7</b>
Other operating expenses	(1,651.51)		(1,918.01)		
Bad debt and doubtful account and impairment loss of debt securities	(1,091.57)		(611.50)		
<b>Profit before income tax and minority interest</b>	<b>1,576.08</b>		<b>1,948.41</b>		<b>23.6</b>
Corporate income tax expenses	(316.90)		(371.95)		
<b>Profit before minority interest</b>	<b>1,259.18</b>		<b>1,576.46</b>		<b>25.2</b>
Non-controlling interests of the subsidiaries	(9.22)		(4.09)		
<b>Net profit</b>	<b>1,249.96</b>		<b>1,572.37</b>		<b>25.8</b>

**Table2: Interest Spread**

%	2016	3Q16	2Q17	3Q17
Yield on Loans	6.7	6.7	6.8	7.0
Cost of fund	2.2	2.1	2.1	2.1
<b>Loan spread</b>	<b>4.5</b>	<b>4.5</b>	<b>4.8</b>	<b>4.9</b>

**Table 3: Assets Breakdown**

Assets	June 30, 2017		September 30, 2017		% Change
	Amount (Bt. million)	%	Amount (Bt. million)	%	
Cash	1,011.10	0.4	1,270.18	0.5	25.6
Interbank and Money Market Items	46,118.06	17.0	46,796.06	17.3	1.5
Derivative Asset	0.00	0.0	0.00	0.0	n/a
Investment – Net	7,359.10	2.7	7,695.32	2.8	4.6
Investments in subsidiaries, associate and joint venture	506.22	0.2	541.37	0.2	6.9
Corporate Loans	46,525.16	17.2	47,021.51	17.4	1.1
Retail Loans	154,979.06	57.3	153,497.05	56.7	(1.0)
Commercial Loans	13,200.79	4.9	13,045.69	4.8	(1.2)
Other Loans	1,443.52	0.5	1,474.24	0.5	2.1
Allowance for doubtful accounts and for loss on debt restructuring	(8,962.81)	(3.3)	(9,363.39)	(3.5)	4.5
Other Assets	8,403.98	3.1	8,728.13	3.2	3.9
<b>Total – The Company</b>	<b>270,584.17</b>	<b>100.0</b>	<b>270,706.17</b>	<b>100.0</b>	<b>0.0</b>

Table 4: Loans and Receivables Breakdown

Type of Business	June 30, 2017		September 30, 2017		% Change
	Amount (Bt. million)	%	Amount (Bt. million)	%	
Manufacturing and commerce	9,080.81	4.2	9,452.43	4.4	4.1
Real estate and construction	13,231.30	6.1	14,415.68	6.7	9.0
Public utilities and services	22,554.87	10.4	21,326.68	9.9	(5.4)
Agriculture and mining	1,658.18	0.8	1,826.72	0.8	10.2
<b>Corporate Loans</b>	<b>46,525.16</b>	<b>21.5</b>	<b>47,021.51</b>	<b>21.9</b>	<b>1.1</b>
<b>Commercial Loans</b>	<b>13,200.79</b>	<b>6.1</b>	<b>13,045.69</b>	<b>6.1</b>	<b>(1.2)</b>
Hire purchase	129,393.06	59.9	126,018.39	58.6	(2.6)
Mortgage	917.36	0.4	903.67	0.4	(1.5)
Consumer	24,668.63	11.4	26,575.00	12.4	7.7
<b>Retail Loans</b>	<b>154,979.06</b>	<b>71.7</b>	<b>153,497.05</b>	<b>71.4</b>	<b>(1.0)</b>
Others	1,443.52	0.7	1,474.24	0.7	2.1
<b>Total – The Company</b>	<b>216,148.52</b>	<b>100.0</b>	<b>215,038.49</b>	<b>100.0</b>	<b>(0.5)</b>

Table 5: NPL Breakdown by Area

Type of Business	June 30, 2017			September 30, 2017			% Change
	% NPL	Amount (Bt. million)	%	% NPL	Amount (Bt. million)	%	
Manufacturing and commerce	1.73	157.02	3.0	1.85	174.92	3.5	11.4
Real estate and construction	0.56	74.54	1.4	0.51	73.98	1.5	(0.8)
Public utilities and services	0.56	125.94	2.4	0.65	139.51	2.8	10.8
Agriculture and mining	1.46	24.17	0.5	1.31	24.00	0.5	(0.7)
<b>Total NPL - Corporate Loans</b>	<b>0.82</b>	<b>381.68</b>	<b>7.3</b>	<b>0.88</b>	<b>412.41</b>	<b>8.2</b>	<b>8.1</b>
<b>NPL-Commercial Loans</b>	<b>3.95</b>	<b>521.63</b>	<b>10.0</b>	<b>3.53</b>	<b>460.27</b>	<b>9.2</b>	<b>(11.8)</b>
Hire purchase	2.80	3,617.78	69.6	2.74	3,452.19	68.6	(4.6)
Mortgage	9.45	86.65	1.7	10.08	91.12	1.8	5.2
Consumer	2.39	589.03	11.3	2.30	611.15	12.2	3.8
<b>Total NPL - Retail Loans</b>	<b>2.77</b>	<b>4,293.45</b>	<b>82.6</b>	<b>2.71</b>	<b>4,154.46</b>	<b>82.6</b>	<b>(3.2)</b>
Others	0.18	2.61	0.1	0.18	2.72	0.1	4.1
<b>Total NPL – The Company</b>	<b>2.41</b>	<b>5,199.37</b>	<b>100.0</b>	<b>2.34</b>	<b>5,029.86</b>	<b>100.0</b>	<b>(3.3)</b>

Table 6: Liabilities Breakdown by Area

Type of Borrowings	June 30, 2017		September 30, 2017		% Change
	Amount (Bt. million)	%	Amount (Bt. million)	%	
Deposits	161,399.18	67.5	163,277.20	68.7	1.2
Interbank and money market items	3,917.81	1.6	3,825.10	1.6	(2.4)
Debentures	62,594.00	26.2	59,244.20	24.9	(5.4)
Others	11,141.20	4.7	11,203.94	4.7	0.6
<b>Total – The Company and Subsidiaries</b>	<b>239,052.18</b>	<b>100.0</b>	<b>237,550.45</b>	<b>100.0</b>	<b>(0.6)</b>

Table 7: Deposits Structure

Type of Deposits	June 30, 2017		September 30, 2017		% Change
	Amount (Bt. million)	%	Amount (Bt. million)	%	
Current accounts	2,586.69	1.6	3,380.55	2.1	30.7
Saving accounts	52,787.04	32.7	53,017.86	32.5	0.4
Fixed accounts	20,474.60	12.7	20,654.74	12.7	0.9
Negotiate certificate deposit	80,013.93	49.6	77,912.14	47.7	(2.6)
Short-term borrowings	5,536.92	3.4	8,311.92	5.1	50.1
<b>Total deposits</b>	<b>161,399.18</b>	<b>100.0</b>	<b>163,277.20</b>	<b>100.0</b>	<b>1.2</b>

**Table 8: Assets under Management Breakdown by Type of Fund**

Type of Fund	June 30, 2017		September 30, 2017		% Change
	Amount (Bt. million)	%	Amount (Bt. million)	%	
Provident Fund	139,883.25	63.7	144,293.46	63.9	3.2
Private Fund	39,491.01	18.0	39,958.10	17.7	1.2
Mutual Fund	40,058.49	18.3	41,511.33	18.4	3.6
<b>Total</b>	<b>219,432.74</b>	<b>100.0</b>	<b>225,762.90</b>	<b>100.0</b>	<b>2.9</b>

**Table 9: Average Duration Mismatch of Assets and Liabilities and Its Impact**

Type of Fund	Duration (years)		1-Y Net interest income change to 1% interest rate increase (MB)	
	June 30, 2017	September 30, 2017	June 30, 2017	September 30, 2017
Assets	1.47	1.47	1,132.36	1,131.43
Liabilities*	0.67	0.68	(1,021.32)	(1,016.38)
<b>Net Gap</b>	<b>0.80</b>	<b>0.80</b>	<b>111.04</b>	<b>115.05</b>

Note: \* Exclude saving and current account