

Management Discussion and Analysis For the Third Quarter ended September 30, 2018

(This report discusses principal changes in the reviewed consolidated financial statement for the third quarter ended September 30, 2018)

Movement of Money Market and Capital Market

In the third quarter of 2018, the domestic economy continued to expand albeit the export sector and tourism grew at a softer pace. Private consumption improved alongside with the continued growth in private investment and public spending following the ongoing government's economic stimulus measures. The domestic car sale in the first 9 months of 2018 increased by 20.3% (YoY), totaled 746,584 units. The headline inflation for the third quarter of 2018 reported at 1.5%, following an increase in oil prices.

The global economic conditions remained highly volatile with the US Federal Reserve raised interest rate for the third time to 2.00 – 2.25% in 2018. Meanwhile, the prolonged trade war between US and China consequently affected the stock markets and currencies in emerging markets. Nonetheless, Thai Baht remained strong owing to positive current account surplus given fund inflow from growing tourism sector.

The Bank of Thailand (BOT) has 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 was also stable at 6.20% (QoQ).

The capital market in the third quarter of 2018 remained subdued from the previous quarter with lower market trading volume reflecting the decrease in average daily turnover from 58,680.57 million baht in the second quarter of 2018 to 52,078.13 million baht. SET index closed at 1,756.41 points, increased by 160.83 points or 10.1% comparing to 1,595.58 points at the end of the previous quarter driven by investment from local institution investors.

Major Events

All-Ways Company Limited, the subsidiaries of TISCO Financial Group Company and a credit card operator of TISCO Group, has completed the sale of credit card business to Citibank N.A., Bangkok Branch successfully, effective starting from September 23, 2018.

Operating Results

The Management Discussion and Analysis compares operating performance of the third quarter of 2018 and 2017

TISCO Financial Group Public Company Limited (“the Company”) had net profit from operations on a standalone basis totaling 75.39 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.

Operating results for the third quarter of 2018

In the third quarter of 2018, the net profit attributed to owners of the Company totaled 1,814.86 million baht, increased by 242.49 million baht (15.4% YoY), contributed by an increase in income from core business and the record of extraordinary income from investment and business sale. Net interest income increased by 12.2% (YoY) from the ability to maintain overall loan yield and the effective cost management. In addition, non-interest income increased by 9.0% (YoY) of which in this quarter, the Company recorded gain on selling investment amounting 229 million baht and gain from sale of credit card business amounting 211 million baht. However, non-interest income from core business declined by 3.1% (YoY), from decreasing brokerage fee income and investment banking fee income.

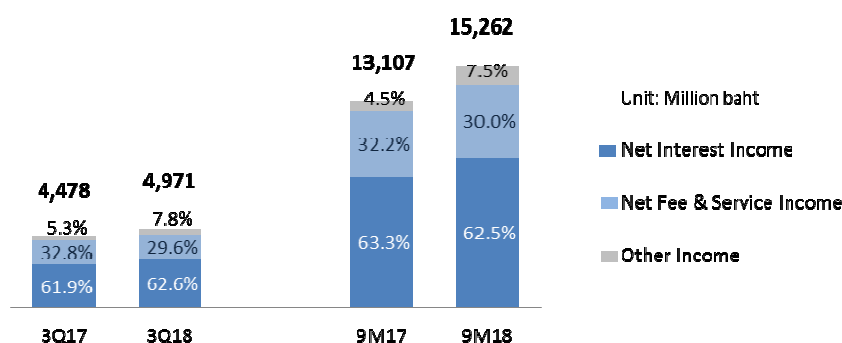
Operating results for the first 9 months of 2018

The net profit of the Company for the first 9 months of 2018 comparing with the first 9 months of 2017 increased by 15.8% (YoY) to 5,290.10 million baht, from the growth in net interest income and non-interest income from core business. Net interest income increased by 14.9% (YoY) following the ability to maintain overall loan yield and the transfer of retail banking business from Standard Chartered Bank (Thai) Public Company Limited. Non-interest income from core business improved by 6.2% (YoY) from all business sectors. Banking fee grew by 9.0% (YoY) through the improvement in bancassurance business. Brokerage fee increased by 11.7% (YoY) and asset management basic fee rose by 15.6% (YoY), together with the record of gain on selling investment and gain from sale of credit card business during the first 9 months of 2018. Nonetheless, provision expense increased by 17.4% (YoY) following the setup of provisions for the increased portfolio.

Table 1 : Consolidated Revenue Structure

Type of Revenue (Million baht)	3Q2018	3Q2017	%YoY	9M2018	9M2017	%YoY
Interest income						
Interest on loans	1,991.93	1,525.92	30.5	6,096.96	4,446.39	37.1
Interest on interbank and money market items	192.88	181.99	6.0	515.31	440.48	17.0
Hire purchase and financial lease income	2,167.59	2,226.66	(2.7)	6,554.78	6,797.83	(3.6)
Investments	55.97	46.01	21.7	143.59	149.01	(3.6)
Total interest income	4,408.37	3,980.58	10.7	13,310.63	11,833.71	12.5
Interest expenses	(1,298.29)	(1,208.39)	7.4	(3,774.72)	(3,536.94)	6.7
Net interest income	3,110.08	2,772.20	12.2	9,535.91	8,296.76	14.9
Fee income						
Fee income	1,531.65	1,523.04	0.6	4,756.51	4,388.10	8.4
Fee expenses	(57.98)	(55.06)	5.3	(182.40)	(169.45)	7.6
Net fee income	1,473.67	1,467.98	0.4	4,574.10	4,218.65	8.4
Gain on investment and foreign exchange transaction	212.69	(12.23)	n.a.	495.75	(34.28)	n.a.
Share of profit from invest in subsidiaries	22.22	34.63	(35.8)	191.53	97.65	96.1
Other operating income	152.65	215.34	(29.1)	464.33	527.84	(12.0)
Total operating income	4,971.32	4,477.92	11.0	15,261.62	13,106.62	16.4
Other operating expenses	(2,179.42)	(1,918.01)	13.6	(6,605.83)	(5,524.42)	19.6
Bad debt and doubtful account and impairment loss of debt securities	(788.36)	(611.50)	28.9	(2,236.94)	(1,906.14)	17.4
Profit before income tax and minority interest	2,003.54	1,948.41	2.8	6,418.85	5,676.07	13.1
Corporate income tax expenses	(392.23)	(371.95)	5.5	(1,229.66)	(1,092.64)	12.5
Profit from continuing operations	1,611.31	1,576.46	2.2	5,189.20	4,583.43	13.2
Profit/Loss from discontinued operations	210.73	-	n.a.	128.31	-	n.a.
Profit before minority interest	1,822.04	1,576.46	15.6	5,317.50	4,583.43	16.0
Non-controlling interests of the subsidiaries	(7.18)	(4.09)	75.5	(27.40)	(15.16)	80.7
Net profit	1,814.86	1,572.37	15.4	5,290.10	4,568.26	15.8

Composition of Operating Income



Basic earnings per share for the third quarter of 2018 was 2.27 baht per share, increased from 1.96 baht per share in the third quarter of 2017. Meanwhile, the return on average equity (ROAE) increased from 19.5% in the third quarter of 2017 to 20.8% (YoY).

For the first 9 months of 2018, basic earnings per share was 6.61 baht per share, increased from 5.71 baht per share in the first 9 months of 2017. The return on average equity (ROAE) increased from 19.0% to 20.0% (YoY).

Net Interest Income

Net interest income in the third quarter of 2018 was 3,110.08 million baht, increased by 337.88 million baht (12.2% YoY). Total interest income was 4,408.37 million baht, increased by 427.79 million baht (10.7% YoY), while interest expense increased by 89.91 million baht (7.4% YoY) to 1,298.29 million baht.

Yield on loan dropped from 7.0% to 6.9% (YoY) from the increase in mortgage loan portion that offers lower yield. While, the cost of fund stood at 2.1% following the Company's effective cost management. Consequently, loan spread declined from 4.9% to 4.8% (YoY). The net interest margin remained stable at 4.1% (YoY).

Table 2 : Loan Spread

%	2017	3Q2017	2Q2018	3Q2018
Yield on Loans	6.9	7.0	7.1	6.9
Cost of fund	2.1	2.1	2.0	2.1
Loan spread	4.9	4.9	5.1	4.8

The Company reported the net interest income after impairment loss of loans and debt securities totaled 2,321.72 million baht, increased by 161.02 million baht (7.5% YoY). Impairment losses on loans totaled 788.36 million baht, increased comparing with 611.50 million baht in the third quarter of 2017 following the setup of provisions for the increased portfolio and the setup of excess reserve to cushion against business volatility.

Non-interest Income

In the third quarter of 2018, non-interest income of the Company reported at 1,919.22 million baht, increased by 9.0% (YoY), comprising non-interest income from core businesses of 1,684.30 million baht, decreased by 54.08 million baht (3.1% YoY) following the decline in brokerage fee income and investment banking fee income. Brokerage fee income dropped by 7.66 million baht (3.8% YoY) to 194.87 million baht stemming from weaker market share of TISCO Securities, along with the decrease in investment banking fee from the absence of underwriting fee in the third quarter of 2017. Nevertheless, banking fee income rose by 37.21 million baht (3.7% YoY) to 1,040.74 million baht from the continued improvement in bancassurance business. Asset management basic fee reported at 338.21 million baht, grew by 13.22 million baht (4.1% YoY) from the issuance of new funds corresponding to the customer demand during the volatile capital market.

Furthermore, in this quarter, the Company recorded the gain on selling investment amounting 229 million baht and gain from sale of credit card business which was reported under "Profit from discontinued operations" amounting 211 million baht.

Non-interest Expenses

Non-interest expenses were 2,179.42 million baht, increased by 261.41 million baht (13.6% YoY), mainly from an increase in variable expenses associated with revenue and profit growth. Nevertheless, the Company still maintained effective operating cost control, resulting in low cost-to-income ratio at 43.8%.

Corporate Income Tax

In the third quarter of 2018, the corporate income tax was 392.23 million baht, equivalent to the effective tax rate of 19.6%, increased from 19.1% (YoY).

Financial Positions

The Management Discussion and Analysis on operating results on financial status is a comparison between the financial positions as of September 30, 2018 and June 30, 2018

Assets

As of September 30, 2018, the Company's total assets were 306,365.43 million baht, decreased by 1.3% (QoQ), mainly due to the decline in interbank and money market from 61,171.02 million baht to 56,322.97 million baht (7.9% QoQ). Meanwhile, loan portfolio grew from 237,367.30 million baht to 240,051.37 million baht (1.1% QoQ), and investment increased from 9,770.24 million baht to 11,706.19 million baht (19.8% QoQ).

Table 3 : Assets Breakdown

Assets	September 30, 2018		June 30, 2018		Change (%QoQ)
	Amount (Bt. million)	%	Amount (Bt. million)	%	
Cash	1,190.33	0.4	1,288.27	0.4	(7.6)
Interbank and Money Market Items	56,322.97	18.4	61,171.02	19.7	(7.9)
Investment – Net	11,706.19	3.8	9,770.24	3.1	19.8
Investments in subsidiaries, associate and JV	768.58	0.3	745.60	0.2	3.1
Corporate Loans	45,846.02	15.0	46,388.24	15.0	(1.2)
Retail Loans	177,197.16	57.8	177,607.06	57.2	(0.2)
Commercial Loans	15,374.74	5.0	11,842.26	3.8	29.8
Other Loans	1,633.44	0.5	1,529.75	0.5	6.8
Allowance for doubtful accounts and for loss on debt restructuring	(12,521.39)	(4.1)	(11,818.70)	(3.8)	5.9
Assets classified as held for sale	-	-	2,218.57	0.7	n.a.
Other Assets	8,844.19	2.9	9,518.58	3.1	(7.1)
Total Assets	306,365.43	100.0	310,260.87	100.0	(1.3)

Liabilities

As of September 30, 2018, total liabilities were 270,456.75 million baht, decreased by 2.1% (QoQ) due to the decrease in interbank and money market from 11,960.99 million baht to 4,021.25 million baht (66.4% QoQ) and the decrease in debentures from 58,174.00 million baht to 55,261.00 million baht (5.0% QoQ). Whereas, total deposits increased from 192,060.48 million baht to 197,859.42 million baht (3.0% QoQ). The liabilities mix comprised of total deposits including bill of exchange at 73.2%, interbank and money market items at 1.5%, debentures at 20.4% and 4.9% of other liabilities.

Table 4 : Liabilities Breakdown

Liabilities	September 30, 2018		June 30, 2018		Change (%QoQ)
	Amount (Bt. million)	%	Amount (Bt. million)	%	
Deposits	197,859.42	73.2	192,060.48	69.5	3.0
Interbank and money market items	4,021.25	1.5	11,960.99	4.3	(66.4)
Debentures	55,261.00	20.4	58,174.00	21.1	(5.0)
Others	13,315.09	4.9	14,010.69	5.1	(5.0)
Total Liabilities	270,456.75	100.0	276,206.16	100.0	(2.1)

Shareholders' Equity

As of September 30, 2018, shareholders' equity was 35,908.68 million baht, increased by 1,853.96 million baht (5.4% QoQ) from an increase in retained earnings for the third quarter of 2018. As a result, the book value per share (BVPS) as of September 30, 2018 was 44.85 baht per share, grew from 42.53 baht per share (QoQ).

Business Segment Operations

(1) Banking Business

Loans¹

Total loans and receivables as of September 30, 2018 were 240,051.37 million baht, increased by 2,684.07 million baht (1.1% QoQ), driven by the expansion of commercial loan portfolio. The composition of loan portfolio was 75.5% of retail loans, 17.0% of corporate loans, 6.4% of commercial loans and 1.1% of other loans.

Retail Lending portfolio totaled 181,152.89 million baht, decreased by 0.4% (QoQ). The total retail portfolio as of September 30, 2018 consisted of 71.2% car and motorcycle hire purchase loans, 17.2% loans against auto license, 10.1% mortgage loans and 1.5% home-equity loans. The outstanding hire purchase loans totaled 129,068.93 million baht, declined by 0.8% (QoQ). The domestic car sale for the first 9 months of 2018 was 746,584 units, increased by 20.3% (YoY), compared to 620,712 units in the first 9 months of 2017. The car penetration rate of TISCO for the first 9 months dropped from 7.3% to 6.7% (YoY).

Loans against auto license ("Auto Cash") amounted 31,103.55 million baht, grew by 1,130.23 million baht (3.8% QoQ), from the increased new business through all channels – bank branches and loan offices – especially from the expansion through "Somwang" channels which resulted in loan growth of 1,086.52 million baht (8.9% QoQ) to total of 13,267.76 million baht, which accounted for 42.7% of total loans against auto license. All in all, at the end of the third quarter of 2018, "Somwang" loan offices totaled 227 branches nationwide.

Mortgage loans totaled 18,328.46 million baht, dropped by 3.3% (QoQ) while home-equity loans amounted 2,651.95 million baht, declined by 4.3% (QoQ) amidst the highly competitive market condition.

Corporate Lending portfolio totaled 40,784.32 million baht, declined by 194.35 million baht (0.5% QoQ), due to the loan repayment from the clients in agriculture and mining sector.

Commercial Lending portfolio totaled 15,374.74 million baht, rose by 3,532.48 million baht (29.8% QoQ) mainly from the growth in car inventory financing.

Other Loans portfolio totaled 2,739.42 million baht, unchanged from the previous quarter.

¹ Remark: Loans Breakdown analyzed by product types referring to Table 5.2

Table 5.1 : Loans Breakdown (in accordance with Notes to Financial Statement)

Type of Business	September 30, 2018		June 30, 2018		Change (%QoQ)
	Amount (Bt. million)	%	Amount (Bt. million)	%	
Manufacturing and Commerce	9,806.92	4.1	10,122.49	4.3	(3.1)
Real Estate and Construction	12,671.73	5.3	12,372.75	5.2	2.4
Public Utilities and Services	22,657.84	9.4	22,478.51	9.5	0.8
Agriculture and Mining	709.54	0.3	1,414.48	0.6	(49.8)
Corporate Loans	45,846.02	19.1	46,388.24	19.5	(1.2)
Commercial Loans	15,374.74	6.4	11,842.26	5.0	29.8
Hire Purchase	129,068.93	53.8	130,115.09	54.8	(0.8)
Mortgage Loans	18,328.46	7.6	18,947.96	8.0	(3.3)
Loans against auto license	27,147.82	11.3	25,774.24	10.9	5.3
Home-Equity Loans	2,651.95	1.1	2,769.77	1.2	(4.3)
Retail Loans	177,197.16	73.8	177,607.06	74.8	(0.2)
Others	1,633.44	0.7	1,529.75	0.6	6.8
Total Loans	240,051.37	100.0	237,367.30	100.0	1.1

Table 5.2 : Loans Breakdown (by product types)

Type of Business	September 30, 2018		June 30, 2018		Change (%QoQ)
	Amount (Bt. million)	%	Amount (Bt. million)	%	
Manufacturing and Commerce	6,593.32	2.7	6,663.36	2.8	(1.1)
Real Estate and Construction	12,343.01	5.1	12,047.00	5.1	2.5
Public Utilities and Services	21,645.04	9.0	21,404.07	9.0	1.1
Agriculture and Mining	202.95	0.1	864.23	0.4	(76.5)
Corporate Loans	40,784.32	17.0	40,978.67	17.3	(0.5)
Commercial Loans	15,374.74	6.4	11,842.26	5.0	29.8
Hire Purchase	129,068.93	53.8	130,115.09	54.8	(0.8)
Mortgage Loans	18,328.46	7.6	18,947.96	8.0	(3.3)
Loans against auto license	31,103.55	13.0	29,973.31	12.6	3.8
Home-Equity Loans	2,651.95	1.1	2,769.77	1.2	(4.3)
Retail Loans	181,152.89	75.5	181,806.13	76.6	(0.4)
Others	2,739.42	1.1	2,740.25	1.2	(0.0)
Total Loans	240,051.37	100.0	237,367.30	100.0	1.1

Deposits and Borrowings

Total deposits and borrowings amounted 253,120.42 million baht, increased by 1.2% (QoQ). Total deposits reported at 197,859.42 million baht, increased by 5,798.93 million baht (3.0% QoQ) while debentures totaled 55,261.00 million baht, decreased by 2,913.00 million baht (5.0% QoQ). As of September 30, 2018, the Bank had liquid assets totaling 64,946.16 million baht, decreased by 3,504.43 million baht (5.1% QoQ). Thus, the liquid assets were 25.7% of total deposits and borrowings.

Table 6 : Deposits Structure

Type of Deposits	September 30, 2018		June 30, 2018		Change (% QoQ)
	Amount (Bt. million)	%	Amount (Bt. million)	%	
Current accounts	2,624.46	1.3	2,652.03	1.4	(1.0)
Saving accounts	57,542.19	29.1	60,636.64	31.6	(5.1)
Fixed accounts	35,753.08	18.1	28,366.01	14.8	26.0
Negotiate certificate deposit	95,112.76	48.1	93,363.89	48.6	1.9
Short-term borrowings	6,826.92	3.5	7,041.92	3.7	(3.1)
Total Deposits	197,859.42	100.0	192,060.48	100.0	3.0

Non-Performing Loans (NPLs) and Loan Loss Provision

In the third quarter of 2018, NPL ratio remained stable at 2.70% from the previous quarter. NPL ratio of retail loans, corporate loans, and commercial loans were 2.91%, 1.08%, and 4.64% respectively. The Company reported NPLs amounting 6,470.68 million baht, increased by 78.75 million baht (1.2% QoQ), which comprised of 5,913.90 million baht from the Bank and 556.78 million baht from other subsidiaries.

The Company set up provision at 788.36 million baht, accounted for 1.3% of average loan, and increased comparing with 611.50 million baht (YoY), mainly contributed by the setup of provision for increased loan portfolio and in accordance with the Company's prudent policy. In this quarter, the Company set up excess loan loss reserve of 437 million baht from the previous quarter to cushion against future business volatility. Thus, if excluded the setup of excess reserve, the provision would report at 0.6% of average loan.

The Company still maintained cautious credit policy, together with effective credit control. Therefore, at the end of the third quarter of 2018, loan loss reserve of the Company was 12,521.39 million baht while total loan loss reserve of the Bank was 11,917.09 million baht which was higher than the minimum loan loss reserve required by the Bank of Thailand at 4,969.02 million baht or accounted 239.8% of minimum loan loss reserve requirement. As a result, the loan loss provision coverage ratio at the end of the third quarter of 2018 further improved to 193.5%.

Table 7 : NPLs Breakdown

Type of NPLs	September 30, 2018			June 30, 2018			Change (%QoQ)
	% NPL	Amount (Bt. million)	%	% NPL	Amount (Bt. million)	%	
Manufacturing and Commerce	2.48	242.82	3.8	2.28	231.14	3.6	5.1
Real Estate and Construction	0.55	69.08	1.1	0.60	74.20	1.2	(6.9)
Public Utilities and Services	0.72	162.58	2.5	0.62	138.85	2.2	17.1
Agriculture and Mining	3.23	22.95	0.4	1.76	24.89	0.4	(7.8)
NPLs - Corporate Loans	1.08	497.42	7.7	1.01	469.08	7.3	6.0
NPLs - Commercial Loans	4.64	712.81	11.0	6.22	736.04	11.5	(3.2)
Hire Purchase	2.64	3,411.44	52.7	2.58	3,360.90	52.6	1.5
Mortgage Loans	4.05	743.18	11.5	3.88	735.35	11.5	1.1
Consumer Loans	3.36	999.88	15.5	3.42	975.13	15.3	2.5
NPLs - Retail Loans	2.91	5,154.50	79.7	2.86	5,071.38	79.3	1.6
Others	6.49	105.95	1.6	7.55	115.43	1.8	(8.2)
Total NPLs	2.70	6,470.68	100.0	2.69	6,391.93	100.0	1.2

(2) Securities Business

In the third quarter of 2018, average daily turnover of TISCO Securities was 2,271.83 million baht, increased by 7.2% (YoY) from 2,120.22 million baht, following an increase in market trading volume amid the capital market volatility. However, brokerage fee income declined by 3.8% (YoY), totaling 194.87 million baht from the weaker TISCO Securities' market share to 2.5% (YoY). The market share of retail investors dropped from 2.1% to 1.7% (YoY). Meanwhile, the market share of local institution sector (excluding proprietary trading) increased from 6.2% to 6.4% (YoY) and the market share of foreign institution sector increased from 1.9% to 2.2% (YoY). All in all, TISCO brokerage volume comprised of 32.3% of local institutions, 37.6% of foreign institutions, and 30.1% of retail customers.

(3) Asset Management Business

As of September 30, 2018, assets under management of TISCO Asset Management Co., Ltd. reported at 251,877.56 million baht, increased by 2.8% (QoQ), from the growth in all business areas. The basic fee income from asset management totaled 338.21 million baht, grew by 4.1% (YoY) owing to the issuance of various types of mutual funds corresponding to market demands amidst the volatile capital market.

The composition of total asset under management was 63.7% provident fund, 16.9% private fund, and 19.4% mutual fund. Total market share of TISCO Asset Management Co., Ltd. as of September 30, 2018 was 3.5%, ranking 8th in the market. The market share of provident fund was 14.0%, ranking 2nd in the market. The market share of private fund was 4.1%, ranking 5th in the market and the market share of mutual fund was 1.0%, ranking 14th in the market.

Table 8 : Assets under Management Breakdown

Type of Funds	September 30, 2018		June 30, 2018		Change (%QoQ)
	Amount (Bt. million)	%	Amount (Bt. million)	%	
Provident Fund	160,475.26	63.7	155,202.61	63.3	3.4
Private Fund	42,650.61	16.9	42,317.58	17.3	0.8
Mutual Fund	48,751.69	19.4	47,511.75	19.4	2.6
Total AUMs	251,877.56	100.0	245,031.94	100.0	2.8

Risk Management

As of September 30, 2018, TISCO Group's internal capital stood at 36,210.77 million baht comprising of Tier-I capital and available reserve adjustment. The integrated risk capital decreased by 280.01 million baht from the end of June 2018 to 13,671.99 million baht, mainly resulting from a decrease in credit and market risk capital. In addition, the capital surplus remained strong at 22,538.78 million baht or 62.2% of total capital.

Comparing to the end of the second quarter, the credit risk capital stood at 10,910.72 million baht, which decreased by 165.91 million baht or 1.5%, while loan portfolio expanded by 1.1% during the quarter. The non-performing loan of TISCO Group remained at 2.7%.

The market risk capital decreased from 302.56 million baht to 188.45 million baht resulting from an increase in SET index. Meanwhile, the overall duration gap increased from 0.73 year to 0.78 year, which was in a manageable level. The assets duration rose from 1.41 year to 1.42 year, while the liabilities duration excluding saving and current accounts, which are less sensitive to the interest rate movement, decreased from 0.68 year to 0.64 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 2018, the regulatory capital adequacy ratio based on IRB approach (BIS ratio) of the bank stood at 22.59%, remaining higher than the 10.375% required by the Bank of Thailand. The Tier-I and Tier-II capital adequacy ratio stood at 17.58% and 5.01%, respectively, in which Tier-I capital adequacy ratio also remained higher than the minimum requirement at 7.875%. Meanwhile, the net capital rule (NCR) of TISCO Securities Co., Ltd. stood at 72.61%, which was higher than the minimum required ratio by the SEC of 7.0%.

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

	Duration (years)		1-Y Net interest income change to 1% interest rate increase (MB)	
	September 30, 2018	June 30, 2018	September 30, 2018	June 30, 2018
Assets	1.42	1.41	1,427.58	1,465.87
Liabilities*	0.64	0.68	(1,113.03)	(1,025.70)
Net Gap	0.78	0.73	314.55	440.17

*Note: * Exclude saving and current account*

Business Updates for the Third Quarter of 2018

The Sale of Credit Card Business

All-Ways Company Limited, the subsidiaries of TISCO Financial Group Company and a credit card operator of TISCO Group, has completed the sale of credit card business to Citibank N.A., Bangkok Branch successfully, effective starting from September 23, 2018. The sale included approximately 120,000 credit card accounts with credit card portfolio around 2,300 million baht.