

## **Management Discussion and Analysis For the First Quarter ended March 31, 2010**

(This report discusses principal changes in the unreviewed consolidated financial statement for the first quarter ended March 31, 2010)

---

### **Major Events**

In 2010, TISCO Group has continuously expanded its branch coverage. TISCO Bank has opened 3 new branches during the first quarter of 2010, Tesco-Korat, The Mall Tha-phra, and Central Bangna branches. Currently, TISCO Bank has 45 branches throughout the country, which was in line with the group's strategy to strongly expand customer base, increase business volume for both saving and loan product, and to facilitate and serve growing customer's needs. Moreover, TISCO has successfully expanded its hire purchase business in this quarter, which was contributed by successful business partnerships with Ford, Mazda, and Chevrolet in previous year. In addition, the automobile industry was highly active following the 31<sup>st</sup> Bangkok International Motor Show during the first quarter of 2010.

### **Movement of Money Market and Capital Market**

After the policy rate adjustments for 3 times during last year in attempt to stimulate the domestic economy, the government carried the economy stabilization plan during the first quarter of 2010 by maintaining the policy rate at 1.25%. Meanwhile, average 3-Month fixed deposit rates and the average minimum lending rate of Top 5 commercial banks were maintained at the same rate as the end of previous year at 0.69 and 5.94, respectively.

In the first quarter of 2010, the domestic economy has recovered since last year due to several government spending projects, improvement in investor's confidence, and increase in public consumption. The capital market was highly active due to significant fund inflow from foreign investors. However, the political unrest was the significant risk factor that substantially affected the volatility of capital market during this quarter. The SET index improved from the first quarter of 2009 ending at 787.98 points, increased by 356.48 points. The average daily turnover significantly increased from 8,659.71 million baht to 19,323.24 million baht.

## Operating Results

**The Management Discussion and Analysis compares operating performance and financial position as of March 31, 2010 and December 31, 2009.**

TISCO Financial Group Public Company Limited had net profit from operations on a standalone basis totaling 72.70 million baht. 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.

During the first quarter of 2010, TISCO Group had the net profit before minority interest at 716.28 million baht, increased by 258.38 million baht (56.4% YoY) contributed by a significant increase in net interest and dividend income of 40.3% following strong expansion in corporate and retail lending businesses of 9.8%YoY together with an improvement in loan spread from 4.1% to 5.3%. Non-interest income was reported at 792.10 million baht, increased by 264.42 million baht (50.1%YoY), contributed by growth in banking fee of 38.4% (YoY) following strong loan growth, as well as the growth in asset management fee of 47.7% (YoY) , which was mainly contributed by significant increase in variable performance and incentive fee. In addition, the brokerage income increased by 93.3% (YoY) following an improvement in capital market condition, while TISCO Group recorded gain from investment totaling 19.64 million baht, comparing to loss on investment of 5.23 million baht in 2008. Overall, net profit after minority interest for the first quarter of 2010 totaled 712.28 million baht.

Diluted earnings per share for the first three-month-period of 2010 were 0.98 baht, significantly increased from 0.56 baht (YoY). Return on average equity (ROAE) was 22.1% compared with 15.5% (YoY).

### **Net Interest and Dividend Income**

Net interest and dividend income in this quarter was 1,747.31 million baht, increased by 502.22 million baht (40.3% YoY), while interest and dividend income was 2,255.43 million baht, increased by 180.39 million baht (8.7% YoY), following strong expansion in loan portfolio. Meanwhile, interest expense decreased by 321.82 million baht (38.8% YoY), to 508.12 million baht, following the downward interest rate environment since last year year and the significant increase in portion of saving accounts and current accounts to total deposits from 15.8% to 36.2% in this quarter (YoY).

TISCO Group was able to increase loan spread to 5.3%, compared to 4.1% (YoY) through its ability to manage assets and liabilities mix as TISCO Group has pursued the strategy to penetrate in high-yield loan segments under prudent risk management. Meanwhile, cost of fund significantly lowered following downward interest rate environment and strong growth in retail deposit base.

TISCO Group reported net interest and dividend income after bad debts and doubtful account for the first quarter of 2010 of 1,435.14 million baht, increased by 482.98 million baht (50.7% YoY). Bad debts and doubtful account was 312.17 million baht, which is considered as normal level in supporting future loan growth, compared to 292.94 million baht YoY.

### **Non-interest Income**

Non-interest income of TISCO Group's core businesses was recorded at 772.46 million baht, increased by 239.55 million baht (45.0% YoY), following an increase in banking fee of 131.62 million baht (38.4% YoY), to 474.14 million baht as contributed by strong loan growth, especially hire-purchase loan. The fee income from asset management business increased by 52.11 million baht (47.7% YoY), mainly contributed by the successful in asset management business in expanding the asset under management and significant increase in variable performance and incentive fee of 28.96 million baht. In addition, Brokerage income increased by 62.85 million baht (93.3% YoY) due to capital market improvement. Meanwhile, TISCO Group recorded gain from investment totaling 19.64 million baht, comparing to loss on investment of 5.23 million baht in 2008. As a result, the total non-interest income increased by 264.42 million baht (50.1% YoY) to 792.10 million baht.

TISCO Group sold properties foreclosed with total book value of 211.13 million baht during the first quarter of 2010. TISCO Group recorded gain on sales of properties foreclosed based on cash basis totaling 14.53 million baht in this quarter. The remaining gain totaling 114.86 million baht will be recorded in the second quarter of 2010. The reserve for this properties foreclosed was fully set up in 2009. However, TISCO Group did not reverse the reserve as income, but transferred the whole amount to general reserve.

### **Non-interest Expenses**

Non-interest expenses for this quarter were 1,230.35 million baht, increased by 390.83 million baht (46.6% YoY). The increase was due to higher personal expenses and other expenses which were variable to business growth and increase in income. In this quarter, the cost to income ratio was maintained at 48.5%, comparing to the first quarter of 2009.

### **General Reserve Expenses**

In the first quarter of 2010, TISCO Group set provision for bad debts and doubtful accounts totaling 312.17 million baht which accounted for 1.1% of total average loan portfolio. The amount was derived from the best estimate of expected credit losses from the portfolio over the next 12 months. However, the asset quality significantly improved with NPL ratio decreased from 2.5% to 2.2%, while the loss from sales of car repossession decreased, following the improvement of automobile industry. Therefore, TISCO Group booked the reserve expenses as general reserve totaling 291.54 million baht. In addition, TISCO Group also transferred the reserve for properties foreclosed, which had been disposed during the period, to general reserve, totaling 211.13 million baht. As a result, the general reserve increased for 502.67 million baht to 1,230.51 million baht as of the end of this quarter.

In the first quarter of 2010, the general reserve for foreclosed properties was 297.19 million baht, which accounted for 100% of total foreclosed properties as of the end of this quarter.

### **Corporate Income Tax**

In the first quarter of 2010, the corporate income tax was 280.61 million baht, equivalent to the effective tax rate of 28.1%, compared to 28.5% (YoY).

## **Financial Status**

**The Management Discussion and Analysis on operating results on financial status is a comparison between the financial positions as of March 31, 2010 and December 31, 2009.**

### **Assets**

TISCO Group's total assets as of March 31, 2010 were 139,806.46 million baht, increased by 1,002.11 million baht (0.7% QoQ) following strong loan growth from 113,232.98 million baht to 117,830.76 million baht (4.1% QoQ) while the interbank and money market items decreased by 2,874.97 million baht or 22.6% QoQ

### **Liabilities**

Total liabilities as of March 31, 2010 increased by 0.2%QoQ, from 126,285.64 million baht to 126,510.78 million baht. The liabilities mix comprised of 86.3% total deposit including short-term borrowing, 5.5% interbank and money market items, 4.3% long-term borrowings, and 4.0% other liabilities.

### **Shareholders' Equity**

Shareholder's equity as of March 31, 2010 were 13,295.69 million baht, increased by 776.97 million baht (6.2% QoQ) arising from retained earnings in the first quarter of 2010. As a result, book value per share (BVPS) as of March 31, 2010 was 18.29 baht per share, increased from 17.22 baht per share (QoQ). In the first quarter of 2010, the Bank had paid-up shares amounting 726.90 million shares, comprising 726.76 million common shares and 0.14 million preference shares.

## **Business Segment Performance**

### **(1) Banking Business**

#### **Loans**

Total consolidated loans and receivables were 117,830.76 million baht, up by 4,597.78 million baht (4.1% QoQ), following growth in corporate and retail loan. After including the hire purchase portfolio which was recorded as investment, the loan increased by 3.3% QoQ. The composition of loan portfolio was 78.7% of retail loans, 15.7% of corporate loans, and 5.5% of other loans.

**Retail lending** portfolio totaled 92,777.20 million baht, consisted of 98.4% car, motorcycle, and other hire purchase and 1.6% mortgage loans. The outstanding hire purchase loans equaled 91,310.74 million baht, rose by 4,678.56 million baht (5.4% QoQ). Car hire purchase new business volume amounted 13,383.72 million baht, increased by 4,042.32 million baht (43.3% YoY), while the domestic car sales in the first 2 months of 2010 reported at 103,735 units increased from 66,446 units (56.1% YoY). The car penetration rate was reported at 12.6%, which was in the high level comparing with average penetration rate of 12.0% in 2009.

**Corporate lending** portfolio totaled 18,528.76 million baht, decreased by 862.91 million baht (4.4% QoQ), mainly due to a decrease in loans to Manufacturing and commerce and real estate and construction.

**Other loan** portfolio totaled 6,524.80 million baht, increased by 791.49 million baht (13.8% QoQ), mainly due to a increase in TISCO Auto Cash loan for 516.27 million baht ( 19.7% QoQ), from 2,624.24 million baht to 3,140.51 million baht.

### **Deposit**

Total deposit totaled 109,129.61 million baht, decreased by 1,377.81 million baht (1.2% QoQ) following the maturity of short-term bill of exchanges during the first quarter of 2010. However, the deposit at the end of this quarter increased by 8,142.69 million baht (14.3% QoQ) due to strong expansion in saving accounts and current accounts following the Bank's success in launching new deposit product, "Super Saving", in early of this year. The portion of saving accounts and current accounts of total deposits significantly increased from 22.9% at the end of 2009 to 36.2% at the end of this quarter. In addition, the portion of retail deposit with deposit amount less than 10 million baht to total funding in terms of clients significantly improved from 18.2% as of the end of 2009 to 26.6% as of the end of this quarter.

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

TISCO Group has prudently managed non-performing loans (NPLs) with effective risk management tools and stringent practice of loan collection, debt restructuring and write-off process. NPL ratio was reported at 2.2% as of March 31, 2010, decreased from 2.5% as of December 31, 2009. Additionally, NPL ratio of retail loan and corporate loan was 1.6% and 3.7%, respectively with total NPLs of 2,633.47 million baht which decreased by 6.2%QoQ or 173.10 million baht during the period. (NPLs of the Bank was 2,319.44 million baht and there was NPLs of 314.03 million baht from other subsidiaries).

TISCO Group has applied Collective Approach for loan loss provisioning to the car hire-purchase portfolio following the Basel II framework. The loan loss reserve was derived from the best estimate of expected credit losses from the portfolio over the next 12 months, based historical loss data incorporating with adjustment for the recent market situation. As of March 31, 2010, loan loss reserve of TISCO Group was 2,834.86 million baht or 107.6% of NPLs. Total loan loss reserve of the Bank was 2,522.49 million baht with specific reserve for classified loan of 1,291.97 million baht and general reserve of 1,230.51 million baht. Total reserve was higher than the minimum loan loss reserve required by the Bank of Thailand at 1,257.54 million baht, reflecting the prudent provisioning policy to mitigate potential risk.

## **(2) Securities Business**

At the end of the first quarter of 2010, the SET index ended at 787.98 points, increased by 356.48 points, comparing to the first quarter of 2009. The average daily turnover for the first quarter of 2010 was 19,323.24 million baht, increased from 8,659.71 million baht (123.1 % YoY) due to more active investment climate as supported by retail investors and local institutional investors, following the improvement in economic condition.

Average daily turnover of TISCO Securities Co., Ltd. was 968.11 million baht, increased by 128.45% (YoY) resulting in a growth in brokerage fee by 62.85 million baht, ending at 130.23 million baht (93.3% YoY). However, TISCO Securities' average market share increased from the first quarter of 2009 from 2.4% to 2.5%, mainly resulted by the increase in market share of local and foreign institutional sectors. Meanwhile, TISCO brokerage volume in this quarter comprised of 20.5% of foreign institutions, 30.9% of local institutions, and 48.6% of retail customers. In this quarter, the fee income from investment banking business was 6.73 million baht, comparing to 13.75 million baht (YoY). Moreover, TISCO Securities were recently appointed as an advisor to the Financial Institutions Development Fund (FIDF) for the sale of its stake in Siam City Bank PLC.

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

As of February 28, 2010, asset management industry decreased from December 31, 2009 by 24,907.33 million baht (1.0% QoQ) due to worsen capital market condition in early of the year 2010. TISCO's assets under management as of 31 March 2010 were 129,933.38 million baht, increased by 6,646.98 million baht (5.4% QoQ). Total market share of TISCO Asset Management Co., Ltd. as of February 28, 2010 was 5.3%, ranking 7th in the market. The market share of provident fund and private fund was 14.1% and 17.2%, both ranking 2rd in the market respectively. For mutual fund, the market share was 0.9%, ranking 15th in the market.

Fee income from asset management totaled 161.36 million baht, increased by 52.11 million baht (47.7% YoY) with the increase in variable performance and incentive fee for 28.96 million baht and the increase in basic fee by 23.12 million baht ( 21.3% YoY), following an increase in asset under management and improvement of fund performance. The composition of total asset under management was 56.8% of provident fund, 31.7% of private fund, and 11.5% of mutual fund.

## Risk Management

As of March 31, 2010, TISCO Group's capital based on Internal Rating Based Approach (IRB) stood at 14,789.57 million baht comprising of Tier-I, Tier-II capital and adjustment from reserve. The integrated risk capital decreased by 69.52 million baht or 1.2% from the end of 2009 to 5,567.89 million baht following improved credit quality over the quarter. In addition, the capital surplus was remarkably strong at 9,221.68 million baht or 62.4%.

Comparing to the end of 2009, the credit risk capital declined by 223.42 million baht to 2,920.68 million baht following the continually improving credit quality during the quarter with a drop in the portion of non-performing loan in retail lending business from 1.9% at the end of 2009 to 1.6% at the end of first quarter. In addition, as the core business in retail lending, the retail loan portfolio still expanded by 5.3% from 88,108.00 million baht in 2009 to 92,777.20 million baht at the end of first quarter. Meanwhile, the market risk capital in the first quarter increased by 91.01 million baht from 1,746.40 million baht to 1,837.41 million baht, resulting from an increase in interest rate in banking book following the portfolio expansion offsetting by a decrease of listed-equity risk capital corresponding to a rise in stock market during the quarter.

In the meantime, the overall interest rate risk in banking book slightly increased following the portfolio expansion. As the assets duration remained stable at 1.61 years of 2009, however, the liabilities duration excluding saving and current accounts which are less sensitive to the interest rate movement increased from 0.62 year to 0.67 year mainly due to longer maturity of deposit and borrowing profiles. Therefore, the duration gap of assets and liabilities decreased from 0.99 year to 0.94 year which was still manageable in the range of 12 months.

In terms of regulatory capital requirement of the Bank and Securities Company, the positions were still in strong and sufficient levels to cushion for the expansion of asset in the future. At the end of first quarter, the regulatory capital adequacy ratio based on IRB approach (BIS ratio) after an adjustment of capital floor stood at 16.74% remaining higher than the 8.50% required by the Bank of Thailand. While Tier-I and Tier-II projected capital adequacy ratio before an adjustment of capital floor stood at 14.82% and 6.17%, respectively, Tier-I capital adequacy ratio also remained higher than the minimum requirement at 4.25%. Meanwhile, the net capital rule (NCR) of TISCO Securities Co., Ltd. stood at 54.96%, higher than the minimum required ratio by the SEC of 7.00%.

**Table 1: Consolidated Revenue Structure**

Type of Revenue	1Q09		1Q10		Change
	Amount (Bt. million)	%	Amount (Bt. Million)	%	% YoY
Interest and dividend income					
Interest on loans	317.21	17.9	317.84	12.5	0.2
Interest on interbank and money market items.	68.68	3.9	45.31	1.8	(34.0)
Hire purchase and financial lease income	1,555.66	87.8	1,706.48	67.2	9.7
Investments	133.49	7.5	185.80	7.3	39.2
<b>Total interest and dividend income</b>	<b>2,075.04</b>	<b>117.1</b>	<b>2,255.43</b>	<b>88.8</b>	<b>8.7</b>
Interest expenses	(829.9)	(46.8)	(508.1)	(20.0)	(38.8)
<b>Net interest and dividend income</b>	<b>1,245.10</b>	<b>70.2</b>	<b>1,747.31</b>	<b>68.8</b>	<b>40.3</b>
Non-interest income					
Brokerage Fees	67.38	3.8	130.23	5.1	93.3
Gain on securities	(5.23)	(0.3)	19.6	0.8	(475.3)
Fees and services income	330.56	18.6	494.27	19.5	49.5
Others	134.98	7.6	147.96	5.8	9.6
<b>Total non-interest income</b>	<b>527.68</b>	<b>29.8</b>	<b>792.10</b>	<b>31.2</b>	<b>50.1</b>
<b>Total income before bad debts and doubtful accounts</b>	<b>1,772.78</b>	<b>100.0</b>	<b>2,539.41</b>	<b>100.0</b>	<b>43.2</b>
Bad debt and doubtful accounts	(292.94)		(312.17)		
Bad debt written back revenue	-		-		
<b>Total income – net of bad debts and doubtful accounts</b>	<b>1,479.84</b>		<b>2,227.24</b>		
Non-interest expenses	(839.52)		(1,230.35)		
<b>Profit before income tax and minority interest</b>	<b>640.32</b>		<b>996.89</b>		
Corporate income tax	(182.42)		(280.61)		
<b>Profit before minority interest</b>	<b>457.90</b>		<b>716.28</b>		
Minority interest in net earnings in subsidiary company	(3.93)		(4.00)		
<b>Net Profit</b>	<b>453.97</b>		<b>712.28</b>		

**Table 2: Interest Spread**

%	2008	2009	1Q09	1Q10
Yield on Loans	7.3	7.1	7.1	7.0
Cost of fund	3.5	2.1	3.0	1.7
<b>Loan spread</b>	<b>3.7</b>	<b>5.0</b>	<b>4.1</b>	<b>5.3</b>



**Table 3: Assets Breakdown**

Assets	December 31, 2009		March 31, 2010		% Change
	Amount (Bt. million)	%	Amount (Bt. million)	%	
Cash	826.53	0.6	664.40	0.5	(19.6)
Interbank and Money Market Items	12,708.24	9.2	9,833.27	7.0	(22.6)
Securities purchased under resale agreements	0.00	0.0	0.00	0.0	0.0
Fixed income	3,512.55	2.5	3,770.91	2.7	7.4
Equity	5,925.40	4.3	5,166.32	3.7	(12.8)
Corporate Loans	19,391.66	14.0	18,528.76	13.3	(4.4)
Retail Loans	88,108.00	63.5	92,777.20	66.4	5.3
Other Loans	5,733.31	4.1	6,524.80	4.7	13.8
Allowance for doubtful accounts and for loss on debt restructuring	(2,425.28)	(1.7)	(2,834.86)	(2.0)	16.9
Other Assets	<b>5,023.94</b>	<b>3.6</b>	<b>5,375.67</b>	<b>3.8</b>	<b>7.0</b>
<b>Total – The Company and Subsidiaries</b>	<b>138,804.36</b>	<b>100.0</b>	<b>139,806.46</b>	<b>100.0</b>	<b>0.7</b>

**Table 4: Liabilities Breakdown by Area**

Type of Borrowings	December 31, 2009		March 31, 2010		Change %
	Amount (Bt. million)	%	Amount (Bt. million)	%	
Total deposits	110,507.42	87.5	109,129.61	86.3	(1.2)
Interbank and money market items	6,380.22	5.1	6,896.37	5.5	8.1
Long-term borrowings	5,429.75	4.3	5,407.09	4.3	(0.4)
Others	3,968.25	3.1	5,077.71	4.0	28.0
<b>Total – The Company and Subsidiaries</b>	<b>126,285.64</b>	<b>100.0</b>	<b>126,510.78</b>	<b>100.0</b>	<b>0.2</b>

**Table 5: Loans and Receivables Breakdown**

Type of Business	December 31, 2009		March 31, 2010		% Change
	Amount (Bt. million)	%	Amount (Bt. million)	%	
Manufacturing and commerce	10,185.79	9.0	8,592.95	7.3	(15.6)
Real estate and construction	6,237.64	5.5	6,184.10	5.2	(0.9)
Public utilities and services	2,833.16	2.5	3,615.64	3.1	27.6
Agriculture and mining	135.07	0.1	136.07	0.1	0.7
<b>Commercial Lending</b>	<b>19,391.66</b>	<b>17.1</b>	<b>18,528.76</b>	<b>15.7</b>	<b>(4.4)</b>
Hire purchase	86,632.18	76.5	91,310.74	77.5	5.4
Housing	1,475.83	1.3	1,466.46	1.2	(0.6)
<b>Retail Lending</b>	<b>88,108.00</b>	<b>77.8</b>	<b>92,777.20</b>	<b>78.7</b>	<b>5.3</b>
<b>Others</b>	<b>5,733.31</b>	<b>5.1</b>	<b>6,524.80</b>	<b>5.5</b>	<b>13.8</b>
<b>Total – The Company and Subsidiaries</b>	<b>113,232.98</b>	<b>100.0</b>	<b>117,830.76</b>	<b>100.0</b>	<b>4.1</b>

**Table 6: Deposits Structure**

Type of Deposits	December 31, 2009		March 31, 2010		% Change
	Amount (Bt. million)	%	Amount (Bt. million)	%	
Current accounts	7,430.53	6.7	7,601.54	7.0	2.3
Saving accounts	17,920.36	16.2	31,870.33	29.2	77.8
Fixed accounts	1,939.79	1.8	1,332.33	1.2	(31.3)
Negotiate certificate deposit	29,515.42	26.7	24,144.60	22.1	(18.2)
Promissory notes and Bill of exchange	2.38	0.0	2.38	0.0	0.0
Short-term borrowings	53,698.94	48.6	44,178.44	40.5	(17.7)
<b>Total deposits</b>	<b>110,507.42</b>	<b>100.0</b>	<b>109,129.61</b>	<b>100.0</b>	<b>(1.2)</b>

**Table 7: NPL Breakdown by Area**

Type of Business	December 31, 2009			March 31, 2010			% Change
	% NPL	Amount (Bt.)	%	% NPL	Amount (Bt.)	%	
Manufacturing and commerce	1.4	139.80	5.0	1.4	122.94	4.7	(12.1)
Real estate and construction	7.2	446.99	15.9	7.0	432.78	16.4	(3.2)
Public utilities and services	2.9	82.95	3.0	3.7	133.49	5.1	60.9
Agriculture and mining	2.3	3.10	0.1	3.9	5.24	0.2	68.8
<b>Total NPL - Commercial Lending</b>	<b>3.5</b>	<b>672.85</b>	<b>24.0</b>	<b>3.7</b>	<b>694.45</b>	<b>26.4</b>	<b>3.2</b>
Hire purchase	1.7	1,497.31	53.4	1.5	1,373.46	52.2	(8.3)
Housing	11.6	170.50	6.1	9.7	142.35	5.4	(16.5)
<b>Total NPL - Retail Lending</b>	<b>1.9</b>	<b>1,667.82</b>	<b>59.4</b>	<b>1.6</b>	<b>1,515.81</b>	<b>57.6</b>	<b>(9.1)</b>
<b>Others</b>	<b>6.9</b>	<b>465.90</b>	<b>16.6</b>	<b>5.6</b>	<b>423.21</b>	<b>16.1</b>	<b>(9.2)</b>
<b>Total NPL – The Company and Subsidiaries</b>	<b>2.5</b>	<b>2,806.57</b>	<b>100.0</b>	<b>2.2</b>	<b>2,633.47</b>	<b>100.0</b>	<b>(6.2)</b>

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

Type of Fund	December 31, 2009		March 31, 2010		% Change
	Amount (Bt. million)	%	Amount (Bt. million)	%	
Provident Fund	70,461.35	57.2	73,852.84	56.8	4.8
Private Fund	37,797.42	30.7	41,141.70	31.7	8.8
Mutual Fund	15,027.62	12.2	14,938.84	11.5	(0.6)
<b>Total</b>	<b>123,286.40</b>	<b>100.0</b>	<b>129,933.38</b>	<b>100.0</b>	<b>5.4</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	
	December 31, 2009	March 31, 2010	December 31, 2009	March 31, 2010
	Assets	1.61	1.61	432.73
Liabilities	0.62	0.67	(737.17)	(605.29)
<b>Net Gap</b>	<b>0.99</b>	<b>0.94</b>	<b>(304.44)</b>	<b>(193.67)</b>

Note : \* Exclude saving and current account