

Thanachart Capital Public Company Limited

Management Discussion and Analysis of the first half of year 2006

Economy and the Finance & Banking Sector Outlooks

The increase in the oil price, interest rate and cost of living, along with the political instability and problem in 3 southern provinces all contribute to the discouragement of the consumers and investors in a high degree. This reflects on the series of decreasing in the business sentiment index and consumer confidential index. Hence, the Thai economy is facing the slowdown in the consumption and investment from public sector. At the same time, the average inflation rate on the second quarter had been arrived 6.0%, comparing to the 5.7% of the first quarter

The import-export sector is still being expanded consistently. However, the significant increase in the gross value of the imported oil, as a consequence of the rising oil price, has been the major factor of the deficit balance of trade during this quarter. Nevertheless, the balance of payment is still at surplus, at the lesser amount, though.

During the second quarter, because of the shift of fund by foreign investors, the stock exchange index and the currency exchange rate had been fluctuated in a wide range.

From 2005 the interest rate has been increased continuously due to the market situation and the intense competition can be observed throughout. During this quarter, the Bank had adjusted its deposit rate for 5 times, which contributed to the average increase of 0.75 – 1.75% in each type of deposit rate. At the same time, the business loan and hire purchase loan rate had been adjusted accordingly

Major events in the 2nd quarter 2006

For the 2nd quarter of 2006, there were considerable events affected to the performance of the Company and its subsidiaries as follows:

1. National Finance Public Company Limited has become a Financial Holding Company and returned its Finance Business License on March 31, 2006. In addition, the Company changed its name to “Thanachart Capital Public Company Limited” on April 3, 2006 and also its securities name and symbol in trading system to “TCAP” on April 10, 2006.
2. On April 27, 2006, the Annual General Shareholders Meeting had a resolution approving the dividend payment of Baht 0.50 per share, amounting to Baht 667 million.
3. Thanachart Bank, a subsidiary company, opened 26 new branches in the first half of the year 2006. As a result, as of the end of the 2nd quarter of 2006, Thanachart Bank had 92 branches (excluding the head

office) in total. Of all branches, 52 of them were in Bangkok and its surroundings while the remaining 40 branches were in the regions. In addition, the Bank had 149 ATMs and 23 exchange booths in total.

The Company Overview

The Group's consolidated financial statement as of the end of the 2nd quarter of 2006 shows total assets of Baht 289,425 million, representing an increase of 26.9% from Baht 228,073 million at the end of last year. Most of this increase was due to the increase in deposits from Baht 148,371 million at the end of 2005 to Baht 210,084 million, representing an increase of 41.6%. These public deposits were the main sources of funds to support the continuously high growth of the hire purchase business, which had more customers by 19.4% from the end of last year. In addition, the market share increased all along resulted in the market leader of the new car hire purchase. Therefore, the expansion of the public deposits made Thanachart Bank have high level of excess liquidity and interest expenses. The Bank would consider tuning down the liquidity to a suitable level for reducing the expenses. Moreover, the Bank continued to expand its branches in order to build up the confidence of its own business progression.

For the first half of year 2006, the operations of the Company and its subsidiaries resulted in earnings before income tax and minority interest were Baht 1,772 million, representing a decrease of 8.9% or Baht 173 million. The corporate income tax increased by 28.3% or Baht 133 million. This was due to the allowance for doubtful accounts that increasingly provided, could not be used as tax expenses after returning the finance business license to the Ministry of Finance. In addition, the subsidiary companies had no tax shield left. As a result, the net earnings of the Company and its subsidiaries amounted to Baht 1,109 million, representing a decrease of 24.5% or Baht 359 million. The earning per share was Baht 0.83. The decrease of the net earnings was due to the acceleration in expanding banking branches. Although the growth in many areas delivered more income, the Bank, at the same time, had high expenses with the increase in the interest expenses at increasing rate compared with the increase in the interest income from hire purchase. This squeezed the interest rate margin because of the fixed interest rate on income side and the floating market interest rate on expense side. The other reason was that the increase in securities purchased under resale agreements of the Company that had lower yield than other earning assets. However, Thanachart Group expects that the interest rate tends to slow down conforming with the policy to reduce the excess liquidity, which would be the benefit to the interest rate spread in the future. Moreover, the Company and its subsidiaries had higher operating expenses in line with the branch expansion and the development of the information technology system for building up strong fundamental to support future business expansion.

For the operational results of the subsidiary companies, the Assets Management Companies could have more debt restructuring which resulted in the improvement of their performance compared with the same period last

year. The profits of Thanachart Assurance increased by 130.0% from the same period last year, due to its higher than last year insurance premium. Thanachart Insurance experienced high growth as insurance premium income increased year on year by 64.2%, however due to high levels of insurance reserves in line with the accounting method, Thanachart Insurance made no gains. As a result of the decrease in volume traded of the Stock Exchange of Thailand, the investment banking and securities brokerage businesses declined which caused Thanachart Securities having slightly gains compared with the same period last year.

As of June 30, 2006, the non-performing loans (NPLs) of the Company and its subsidiaries amounted to Baht 9,708 million, representing a decrease of Baht 421 million or 4.2% from the end of last year. Thus, the percentage of Group's NPLs to total Group's lending decreased from 6.2% at the end of 2005 to 5.2 % at the end of the 2nd quarter of 2006.

The Company and its subsidiaries had the allowance for doubtful accounts amounting to Baht 6,925 million which divided into the specific reserve of Baht 5,224 million and the allowance for future risk of Baht 1,701 million.

Operating Results of the Company and its subsidiaries

Operating Results

Statements of Earnings of the Company and its subsidiaries

(Unit: Baht million)

	2 nd quarter of 2006	1 st quarter of 2006	% Change	6-month period of 2006	6-month period of 2005	% Change
Interest and Dividend Income	4,285	3,406	25.8	7,691	5,028	53.0
Expenses on Borrowings	(2,565)	(1,670)	53.6	(4,235)	(1,939)	118.4
Net Interest and Dividend Income	1,720	1,736	(0.9)	3,456	3,089	11.9
Reversal of Bad Debt and Doubtful Accounts						
(Bad Debts and Doubtful Accounts)	82	(49)	(267.3)	33	146	(77.4)
Loss on Debt Restructuring	(34)	(14)	(142.9)	(48)	(284)	(83.1)
Net Interest and Dividend Income after Bad Debts and Doubtful Accounts and Loss on Debt Restructuring	1,768	1,673	5.7	3,441	2,951	16.6
Non-Interest Income	1,459	2,103	(30.6)	3,562	2,425	46.9
Operating Expenses	(2,612)	(2,618)	(0.2)	(5,231)	(3,431)	52.5
Earnings before Income Tax and Minority Interest	615	1,158	(46.9)	1,772	1,945	(9.0)
Corporate Income Tax	(213)	(391)	(45.5)	(603)	(470)	28.3
Earnings before Minority Interest	402	767	(47.6)	1,169	1,475	(20.8)
Minority Interest in Net Earnings in Subsidiary Companies	(41)	(19)	115.8	(60)	(7)	757.1
Net Earnings	361	748	(51.7)	1,109	1,468	(24.5)

The operations of the Company and its subsidiaries resulted in net earnings as of the end of the 2nd quarter of 2006 were Baht 361 million, representing a decrease of 51.7% or Baht 387 million from the 2nd quarter last year. For the first half of 2006, the net earnings were Baht 1,109 million, representing a decrease of 24.5% or Baht 359 million from first half last year. The decreases were attributable to the following factors:

- **Interest and Dividend Income**

For the 2nd quarter of 2006, the interest and dividend income of the Company and its subsidiaries amounted to Baht 4,285 million, representing an increase of 25.8% or Baht 879 million from the 1st quarter of 2006. For the 6-month period of 2006, the interest and dividend income amounted to Baht 7,691 million, representing an increase of 53.0% or Baht 2,663 million from the same period last year. The related three main factors were:

- The interest on loans and the interbank and money market items of the Company and its subsidiaries for the 2nd quarter of 2006 increased by 64.1% from Baht 875 million at the end of the 1st quarter 2006 to Baht 1,436 million. For the first half of 2006, the interest on loans and the interbank and money market items amounted to Baht 2,311 million, an increase of 88.2% or Baht 1,083 million from the same period last year, mostly from the increase of the interest income from the interbank and money market items.

- For the 2nd quarter of 2006, the automobile hire purchase income amounted to Baht 2,524 million, representing an increase of 14.4% or Baht 318 million from the 1st quarter of 2006. This was due to the Company's growth in the automobile hire purchase business for both new and used cars. For the first half of 2006, the automobile hire purchase income amounted to Baht 4,731 million, representing an increase of 44.9% or Baht 1,467 million from the first half last year.

- As of the end of the 2nd quarter of 2006, interest and dividend income from investment was Baht 325 million, almost unchanged from the 1st quarter of 2006. For the first half of 2006, interest and dividend income from investment was Baht 649 million, representing an increase of 21.1% or Baht 113 million from the first half last year. This was due to the increase in the debt securities.

- **Expenses on Borrowings and Deposits**

The expenses on borrowings and deposits of the Company and its subsidiaries were Baht 2,565 million, an increase of 53.6% or Baht 895 million from Baht 1,670 million of the 1st quarter of 2006. For the first half of 2006, the expenses on borrowings and deposits were Baht 4,235 million, an increase of 118.4% or Baht 2,296 million from the first half last year. This was due to the increase of total borrowings and deposits, and the rise on the interest rate. While the total borrowings and deposits of the Company and its subsidiaries as of the end of the 2nd quarter of 2006 was Baht 252,896 million, increased by Baht 77,446 million from Baht 175,450 million of the 2nd quarter last year, representing an increase of 44.1%.

- **Bad debts and doubtful accounts**

For the 2nd quarter of 2006, the Company and its subsidiaries had the reversal of bad debts and doubtful accounts amounted to Baht 82 million while in the first quarter of 2006, the Company and its subsidiaries had the bad debts and doubtful accounts amounted to Baht 49 million. For the first half of year 2006, the reversal of bad debts and doubtful accounts amounted to Baht 33 million, representing a decrease of 77.4% or Baht 113 million. This was due to debt restructuring and closures of some lending accounts of the Company and its subsidiaries and the transfer of the automobile hire purchase business to Thanachart Bank.

- **Non-interest income**

For the 2nd quarter of 2006, the non-interest income of the Company and its subsidiaries amounted to Baht 1,459 million, a decrease of 30.6% or Baht 644 million from the 1st quarter 2006. The most important determinants were:

- 1) Insurance premium / Life Insurance premium income amounted to Baht 637 million, an increase of 10.0% or Baht 58 million.
- 2) Discounted income on insurance premium amounted to Baht 144 million, a decrease of 15.3% or Baht 26 million.
- 3) Brokerage fee was Baht 132 million, a decrease of 35.6% or Baht 73 million.
- 4) Fees and charges amounted to Baht 113 million, an increased of 6.6% or Baht 7 million.
- 5) Gains on investment amounted to Baht 83 million, a decrease of 51.5% or Baht 88 million.
- 6) Share of profit from investment in associated companies amounted to Baht 64 million, an increase of 12.3% or Baht 7 million.
- 7) Gain on debt settlement/property transferred in settlement of debts amounted to Baht 56 million, a decrease of 78.9% or Baht 209 million.

For the first half of 2006, the non-interest income of the Company and its subsidiaries amounted to Baht 3,562 million, an increase of 46.9% or Baht 1,137 million from the same period last year. The most important determinants were:

- 1) Insurance premium / Life Insurance premium income amounted to Baht 1,216 million, an increase of 68.0% or Baht 492 million.
- 2) Gains on property foreclosed were Baht 351 million, an increase of 174.2% or Baht 223 million.
- 3) Brokerage fee was Baht 337 million, an increase of 20.8% or Baht 58 million.
- 4) Discounted income on insurance premium amounted to Baht 313 million, an increase of 26.2% or Baht 65 million.

- 5) Gains on investment amounted to Baht 254 million, an increased of 135.2% or Baht 146 million.
- 6) Fees and charges amounted to Baht 220 million, an increased of 44.7% or Baht 68 million.
- 7) Share of profit from investment in associated companies amounted to Baht 120 million, an increase of 42.9% or Baht 36 million.
- 8) Gain on debt settlement/property transferred in settlement of debts amounted to Baht 321 million, a decrease of 25.7% or Baht 111 million.

- **Operating Expenses**

As of the end of the 2nd quarter of 2006, the Company and its subsidiaries had the operating expenses of Baht 2,612 million, representing a decrease of 0.2% or Baht 6 million from the 1st quarter this year.

For the first half of 2006, the operating expenses of the Company and its subsidiaries amounted to Baht 5,231 million, representing an increase of 52.5% or Baht 1,800 million from the first half last year. Premises and equipment expenses and personnel expenses increased by 26.9% and 28.1%, respectively. This was the result of the expansion of banking branches of Thanachart Bank. As of the end of the 2nd quarter of 2006, Thanachart Bank had 92 branches, compared with only 36 branches at the end of the 2nd quarter last year. In addition, as of the end of the 2nd quarter of 2006, the Company and its subsidiaries had 5,356 staff members, representing an increase of 38.3% or 1,483 staff members from 3,873 staff members as of the end of the 2nd quarter last year. This was due to the expansion of the Company and its subsidiaries for supporting the future business growth. While commission charged on hire purchase and other operating expenses for hire purchase increased by 74.7%, as a result of the immense growth of the Company's hire purchase portfolio as previously explained. Insurance / Life Insurance expenses increased by 76.7% or Baht 444 million from the first half last year.

Financial Status

Total Assets

(Unit: Baht million)

	Jun 30, 06	Dec 31, 05	Changes from 2005	
			Increase(Decrease)	% Change
Interbank and Money Market Items -Interest Bearing	852	348	504	144.8
Securities Purchased under Resale Agreements	55,700	19,700	36,000	182.7
Investments-net	35,680	33,203	2,477	7.5
Loans	185,433	162,722	22,711	14.0
Total Earning Assets	277,665	215,973	61,692	28.6
Other Assets	11,760	12,100	(340)	(2.8)
Total Assets	289,425	228,073	61,352	26.9

● Assets

The Group's assets grew from Baht 228,073 million at the end of 2005 to Baht 289,425 million at the end of the 2nd quarter of 2006, representing an increase of 26.9%. The majority of this increase was a result of the combination of loans and accrued interest receivable which amounted to Baht 178,596 million or accounted for 61.7% of the total assets, while the net investment accounted for Baht 35,680 million or 12.3% of all assets, with details as follows:

□ As of the end of the 2nd quarter of 2006, the total outstanding hire purchase loans were Baht 144,727 million, accounting for 78.0% of all total loans, representing an increase of 40.6% from Baht 102,911 million from the same quarter last year. The total outstanding hire purchase loans for the 2nd quarter of 2006 were Baht 21,936 million compared to Baht 16,650 million from the same quarter last year, representing an increase of 31.8%. The total contracts of hire purchase as of the end of the 2nd quarter of 2006 amounted to 508,481 units, an increase of 82,416 units from the end of 2005 or 152,869 units from the 2nd quarter last year, which resulted in a considerable increase in hire purchase income of the 2nd quarter this year.

□ Securities purchased under resale agreements amounted to Baht 55,700 million, representing an increase of 182.7% or Baht 36,000 million from the end of 2005. Taking into consideration the expansion of hire purchase loans and the increase in the interest rates, the Company needed to set a high level of the excess liquidity.

□ The net investment as of the end of the 2nd quarter of 2006 was Baht 35,680 million, representing an increase of 7.5% or Baht 2,477 million from the end of year 2005. This was due to an increase of 19.4% in debt securities investment to Baht 27,329 million from Baht 22,883 million as of the end of year 2005. The details of investments were as follows:

(Unit: Baht million)

	Jun 30, 06	%	Dec 31, 05	%
1) Debt* (Bonds and Debentures)	27,329	76.6%	22,883	68.9%
2) Equity	6,803	19.1%	8,551	25.8%
3) Investment in Receivables Purchased	1,548	4.3%	1,769	5.3%
Total Investment	35,680	100.0%	33,203	100.0%
Note:* Debt on June 30, 2006 composes of Treasury Bill and BOT Bonds 34.4%, Government Bonds (less than 5 years) 24.8%, Government Bonds (over 5 years) 34.2% and Debentures 6.6% of total investment in debt securities.				

□ Property foreclosed as of the end of the 2nd quarter of 2006 was valued at Baht 8,070 million, a decrease of Baht 75 million from the end of year 2005. For the end of the 2nd quarter of 2006, the Company and its subsidiaries registered gains of Baht 27 million on property foreclosed. For the first half of 2006, the Company and its subsidiaries registered gains of Baht 351 million on property foreclosed and appropriated a reserve of Baht 875 million, an increase of Baht 150 million from the end of 2005, for covering the related risks.

• Liabilities and shareholders' equity

(Unit: Baht million)

	Changes from 2005			
	Jun 30, 06	Dec 31, 05	Increase(Decrease)	% Change
Deposits	210,084	148,371	61,713	41.6
Interbank and Money Market Items -Interest Bearing	1,874	2,556	(682)	(26.7)
Short Term Borrowings	516	1,254	(738)	(58.9)
Long Term borrowings	40,393	40,696	(303)	(0.7)
Total Interest Bearing Liabilities	252,867	192,877	59,990	31.1
Other Liabilities	12,600	11,810	790	6.7
Total Liabilities	265,467	204,687	60,780	29.7
Total Shareholders' Equity	23,958	23,386	572	2.5
Total Liabilities and Shareholders' Equity	289,425	228,073	61,352	26.9

As of June 30, 2006, the Company and its subsidiaries had the total liabilities of Baht 265,467 million, representing an increase of 29.7% or Baht 60,780 million from the end of year 2005. The related main factors were:

- Deposits as of the 2nd quarter of 2006 increased from Baht 148,371 million at the end of 2005 to Baht 210,084 million, representing an increase of 41.6% or Baht 61,713 million.
- Total borrowings amounted to Baht 40,909 million, which consisted of short-term borrowings amounting to Baht 516 million and long-term borrowings amounting to Baht 40,393 million. The Company and its subsidiaries used the long-term borrowings for the financial restructuring in order to match the uses of funds. Therefore, the Company and its subsidiaries' total borrowings decreased from Baht 41,950 million at the end of 2005, representing a decrease of 2.5% or Baht 1,041 million.

As of the end of the 2nd quarter of 2006, the Company and its subsidiaries had shareholders' equity of Baht 23,958 million, a 2.5% increase from Baht 23,386 million at the end of year 2005. This increase was a result of the performance of the Company and its subsidiaries.

Quality of Assets

The loans and accrued interest receivables of the Company and its subsidiaries increased by 13.9% from Baht 162,961 million at the end of year 2005 to Baht 185,673 million at the end of the 2nd quarter of 2006.

- The total outstanding loans and accrued interest receivables

Breakdowns by type of business were as follows:

(Unit: Baht million)

	Jun 30, 06	%	Dec 31, 05	%
1) Manufacturing & Commerce	6,905	3.7%	7,082	4.4%
2) Real Estate & Construction	5,479	3.0%	5,113	3.1%
3) Public Utilities & Services	9,375	5.0%	10,281	6.3%
4) Retail				
4.1 Hire Purchase	144,727	78.0%	121,251	74.4%
4.2 Housing loans	10,524	5.7%	11,120	6.8%
5) Others	9,149	4.9%	8,616	5.3%
<u>Less</u> Inter-company profits from loans receivables transferred	(486)	(0.3)%	(502)	(0.3)%
Total	185,673	100.0%	162,961	100.0%

- Non-performing Loans (NPLs)

As of the end of the 2nd quarter of 2006, the NPLs of the Company and its subsidiaries amounted to Baht 9,708 million, which accounted for 5.2% of all total loans.

Breakdowns of the Group's NPLs by type of loans were as follows:

(Unit: Baht million)

	Jun 30, 06	% Group loan	Dec 31, 05	% Group loan
Hire Purchase	1,914	1.0%	1,425	0.9%
Others *	7,794	4.2%	8,704	5.3%
Total	9,708	5.2%	10,129	6.2%

Note: * the major portion of these NPLs belongs to the AMC.

Breakdowns of the Group's NPLs by company were as follows:

(Unit: Baht million)

	Jun 30, 06	% Group loan	Dec 31, 05	% Group loan
Thanachart Capital Plc.	1,647	0.9%	1,498	0.9%
Thanachart Bank Plc.	3,147	1.7%	3,582	2.2%
Thanachart Securities Plc.	307	0.2%	319	0.2%
NFS-AMC	3,956	2.1%	4,244	2.6%
MAX-AMC	517	0.2%	398	0.2%
Others	134	0.1%	88	0.1%
Total	9,708	5.2%	10,129	6.2%

Allowance for Doubtful Accounts

As of the end of the 2nd quarter of 2006, the Company's total allowance for doubtful accounts amounted to Baht 2,876 million, which was the specific reserve of Baht 1,725 million, and higher than the BOT requirement of Baht 1,151 million. It is the Company's conservative policy to build up the level of reserves to protect against all types of risk in order to prevent a serious impact on the operating results. This will, in turn, lead to stability in the Company's long-term performance.

The Company's loans and accrued interest receivables as of June 30, 2006 were as follows:

(Unit: Baht million)

	Outstanding		Total Company's Reserve		
	Amount	Percent	Required by BOT	Addition	Total
Normal	55,441	85.6	543	1,085	1,628
Special Mention	7,688	11.9	154	-	154
Substandard	526	0.8	100	-	100
Doubtful	330	0.5	162	-	162
Doubtful of Loss	791	1.2	766	-	766
Total Outstanding	64,776	100.0			
Total Specific Reserve			1,725	1,085	2,810
General Reserve			-	66	66
Total Company's Reserve			1,725	1,151	2,876

Note: The Company's outstanding balances and receivables of the normal loans and special mention loans did not include accrued interest receivables

The consolidated allowance for doubtful accounts of the Company and its subsidiaries as of the end of the 2nd quarter of 2006 amounted to Baht 6,925 million, a decrease of Baht 32 million or 0.5% from the end of 2005. They consisted of a specific reserve of Baht 5,224 million and a reserve of Baht 1,701 million for future potential risks.

The following table shows a breakdown of the Group's allowance for doubtful accounts by type of loans

	(Unit: Baht million)			
	Jun 30, 06	% : NPL	Dec 31, 05	% : NPL
Hire Purchase	2,647	138.3%	2,150	150.9%
Others	2,577	33.1%	2,671	30.7%
Reserve for Potential Risks in the Future	1,701	-	2,136	-
Total	6,925	71.3%	6,957	68.7%

The total allowance of the doubtful accounts of the Groups was Baht 6,925 million, or 71.3% of the Group's NPLs. It can be broken down by company as follows:

	(Unit: Baht million)			
	Jun 30, 06	% : NPL	Dec 31, 05	% : NPL
Thanachart Capital Plc.	2,876	174.6%	3,245	216.6%
Thanachart Bank Plc.	2,000	63.6%	1,591	44.4%
Thanachart Securities Plc.	307	100.0%	320	100.3%
NFS-AMC	1,489	37.6%	1,533	36.1%
MAX-AMC	127	24.6%	184	46.2%
Others	126	94.0%	84	95.5%
Total	6,925	71.3%	6,957	68.7%

The allowance of doubtful debts for Thanachart Bank Plc. amounted to Baht 2,000 million with its specific reserve amounting to Baht 1,843 million and its general reserve amounting to Baht 157 million.

Operating Results of the Subsidiary Companies

(Unit: Baht million)

Subsidiary Companies	% of direct holding	2 nd quarter of 2006	1 st quarter of 2006	6-month period of 2006	6-month period of 2005
Thanachart Bank Plc.	99.4%	143.1	50.4	193.5	265.5
Thanachart Securities Plc.	100.0%	44.2	22.9	67.1	65.8
Thanachart Fund Management	75.0%	15.1	15.3	30.4	7.8
Thanachart Insurance	70.0%	16.9	(32.7)	(15.9)	22.8
Thanachart Life Assurance	100.0%	30.1	31.6	61.7	26.8
NFS-AMC	100.0%	57.9	388.4	446.4	310.6
MAX-AMC	58.5%	86.2	60.1	146.4	7.9

Risk Management

The Company's risk policy and guidelines were approved by the Board of Directors. The Company has established a department responsible for regularly controlling and monitoring the implementation of the risk policy and guidelines. Having appropriate monitoring tools, the Company conducts analyses of risks in different areas including, among others, credit risk, market risk, interest rate risk, and operation risk, for the purpose of measuring the risks. Risk limits and warning signals have also been established in order to prevent the staff concerned from exceeding the established risk limits. The Executive Board and the Board of Directors will monitor the performance of the implementation of the risk management policy monthly.

For the 2nd quarter of 2006, the automobile hire purchase business considerably expanded while excess liquidity increased from the expansion of the public deposit. Moreover, the rising trend of interest rates will create interest rate volatility in the money market. Thus it will create higher risk in bond and debenture investments. The Company, therefore, decided to adjust its investment portfolios to be in line with the rising trend of the interest rate.

Although each type of risk will be increased as a result of the rapid growth of the Company's business, the overall risk of the Company will remain under the risk limit. Taking into account the risk measures mentioned above, the Company's shareholders' equity is still adequate to accommodate the established future plan of expansion.