

## National Finance Public Company Limited

### Management Discussion and Analysis of the first half of 2005

Economic condition of Thailand in the first 6 months had obviously grown at a decelerating rate due to various factors besieging since the end of 2004. The major factors that harmed the producers' and consumers' sentiments and economic growth were the highly soaring retail prices of domestic fuel and the trade deficit that occurred earlier than anticipated. The one-month forward price of crude oil in the Dubai market had constantly adjusted upward from US\$34.53/barrel at the end of 2004 to US\$51.46/barrel in June of 2005. It still seemed to go higher, causing the commodity prices to adjust up in which the average six-month inflation rate of 2005 was 2.9%. This was higher than 2.7% of the average inflation rate in 2004. The main reason was the highly accelerating retail prices of domestic diesel and the later managed float in the end of second quarter of 2005.

These factors had led to the slow down of private consumption and investment which were consistent with the low consumer and business sentiment indices. Meanwhile, the imported fuel volume had increased considerably, causing US\$6,609 million trade deficit for the first five months of 2005. However, the first five-month balance of payment still showed a surplus of US\$767 million, mainly from the tourism sector and capital inflows.

The Baht value in the second quarter of 2005 depreciated, which was consistent with the regional currency value. The average exchange rate of Baht against US dollar had depreciated from Baht 38.61/US dollar in March to Baht 40.73/US dollar in June of 2005 and still showed a weakening trend.

The proportion of government spending and investment to GDP had increased, reflecting the government role in driving the economy against the numerous troublesome factors.

For finance and banking sector, the rising trend of inflation rate caused the Bank of Thailand to increase the 14-day R/P rate twice since the end of 2004. Each time was 0.25% which increased the 14-day R/P rate to 2.50% at the end of June 2005. However, the large commercial banks had not raised the saving and lending rates because the excess liquidity in the banking system was still around Baht 500,000 million. Some small- and medium-sized had already raised their rates.

For the second half of 2005, It was expected that the trend of domestic economic condition would stagnant. Although the government would use the fiscal policy to stimulate the economy, but due to the pressure of rising fuel price, the result may not be completely successful. The direction of deposit and lending rates of commercial banks tends to increase due to pressure from the R/P rate and liquidity extraction of the Bank of Thailand. It was believed that the interest rate in second half would increase by 0.50%.

## Major events in the 2<sup>nd</sup> quarter of 2005

In the 2<sup>nd</sup> quarter of 2005, there were considerable situations affected to the performance of the Company and its subsidiaries as follows:

1. On April 22, 2005, the Ministry of Finance had approved to the implementation of One Presence policy, in accordance with the Financial Master Plan. During the 2<sup>nd</sup> quarter of 2005, the Company borrowed Baht 10,000 million from Thanachart Bank to support deposit transfer from the Company to the bank, which will start to transfer on July 1, 2005.
2. The Company had transferred hire purchase business in Bangkok and surroundings to the bank in May 2005 and other provinces in June 2005. Therefore, the Company will remain the former contracts, and Thanachart Bank will provide new hire purchase loans instead.
3. The Company had transferred most of its hire purchase staffs to Thanachart Bank according to Financial Master Plan.

## The Company Overview

The net earnings of the Company and its subsidiaries for the 2<sup>nd</sup> quarter of 2005 was Baht 781 million, representing a decrease of 2.5% or Baht 20 million from the same quarter last year. For the first 6-month period of 2005, net earnings of the Company and its subsidiaries was Baht 1,468 million, representing an increase of 5.6% or Baht 78 million from the same period last year. The earning per share was Baht 1.10. The main contributing factor that generated significant growth in net profit was the 34.3% expansion of the Company's automobile hire purchase loans which resulted in a 34.0% growth in hire purchase income. In addition, the net income of Thanachart Bank continued to grow even though the operating expenses increased due to the expansion of its bank branches. National Insurance experienced high growth as insurance premium income increased year on year by 66.9%, however due to high levels of insurance reserves, the net income for National Insurance was slightly positive. As a result of the low securities transaction volume including the decrease in the amount of initial public offerings, caused Thanachart Securities income to decrease significantly.

The Group's consolidated financial statement as of the end of the 2<sup>nd</sup> quarter of 2005 shows total assets of Baht 207,275 million, representing an increase of 12.0% or Baht 22,231 million from the end of last year. Most of this increase was a result of the outstanding hire purchase loans expansion, which increased by 15.8% or Baht 14,037 million, while the total net investment amount decreased by 13.0%. The public deposits amounted to Baht 143,076 million, a 7.4% increase or Baht 9,881 million from the end of last year.

At the end of the 2<sup>nd</sup> quarter of 2005, the non-performing loans (NPLs) of the Company and its subsidiaries amounted to Baht 12,118 million, representing an increase of Baht 962 million or 8.6% from the end of the year 2004. Thus, the percentage of Group's NPLs to total Group's lending slightly decreased from 8.6% at the end of 2004 to 8.4% at the end of the 2<sup>nd</sup> quarter of 2005.

The Company and its subsidiaries had the allowance for doubtful accounts amounting to Baht 7,554 million which divided into the specific reserve Baht 4,816 million and the allowance for future risk Baht 2,738 million.

As of the end of 2004, the BIS ratio of the Company was 11.11% which was higher than 8.0% requirement of the BOT.

## Operating Results of the Company and its subsidiaries

### 1. Operating Results

#### Statements of Earnings of the Company and its subsidiaries

	(Unit: Baht million)			
	2 <sup>nd</sup> quarter of 2005	2 <sup>nd</sup> quarter of 2004	6-month period of 2005	6-month period of 2004
Interest and Dividend Income	2,662	2,135	5,028	4,165
Expenses on Borrowings	1,027	828	1,939	1,631
Net Interest and Dividend Income	1,635	1,307	3,089	2,534
Reversal of Bad Debt and Doubtful Accounts				
(Bad Debts and Doubtful Accounts)	330	(109)	146	(596)
Loss on Debt Restructuring	(213)	(23)	(284)	(80)
Net Interest and Dividend Income after Bad Debts and Doubtful Accounts and Loss on Debt Restructuring	1,752	1,175	2,951	1,858
Non-Interest Income	1,259	1,117	2,425	2,363
Operating Expenses	(1,880)	(1,203)	(3,431)	(2,282)
Earnings before Income Tax and Minority Interest	1,131	1,089	1,945	1,939
Corporate Income Tax	(343)	(282)	(470)	(529)
Earnings before Minority Interest	788	807	1,475	1,410
Minority Interest in Net Earnings in Subsidiary Companies	(7)	(6)	(7)	(20)
<b>Net Earnings for the Period</b>	<b>781</b>	<b>801</b>	<b>1,468</b>	<b>1,390</b>

The operations of the Company and its subsidiaries resulted in net earnings for 2<sup>nd</sup> quarter of 2005 were Baht 781 million, representing a decrease of 2.5% or Baht 20 million from the same quarter last year. For the first 6-month period of 2005, net earnings were Baht 1,468 million, increased from the same period last year 5.6% or Baht 78 million. The increases were attributable to the following factors:

- **Interest and Dividend Income**

For the 2<sup>nd</sup> quarter of 2005, the interest and dividend income of the Company and its subsidiaries amounted to Baht 2,662 million, representing an increase of 24.7% or Baht 527 million from the same quarter last year. For the first 6-month period of 2005, the interest and dividend income was Baht 5,028 million, an increase of 20.7% or Baht 863 million from the same period last year. The related three main factors were:

- The loans and deposits income of the Company and its subsidiaries for the 2<sup>nd</sup> quarter of 2005 increased by 28.2% from Baht 550 million from the same quarter last year to Baht 705 million. For the first 6-month period of 2005, the loans and deposits income rose Baht 191 million from the same period last year amounted to Baht 1,228 million or an 18.4% increase, mostly from the increase of the interest income from the interbank and money market item and the interest payment from customers.

- The automobile hire purchase income increased by 32.6% or Baht 416 million from the same quarter last year to Baht 1,691 million for the 2<sup>nd</sup> quarter of 2005. This was due to the Company's growth in the automobile hire purchase business for both new and used cars. For the first 6-month period of 2005, The automobile hire purchase income increased by 34.0% or Baht 828 million from the same period last year to Baht 3,264 million.

- For the 2<sup>nd</sup> quarter of 2005, interest and dividend income from investment was Baht 266 million, a decrease of 14.2% or Baht 44 million from the same quarter last year. For the first 6-month period of 2005, interest and dividend income from investment was Baht 536 million, a decrease of 22.5% or Baht 156 million from the same period last year. This was due to the policy in order to decrease the risk from interest rate volatility.

- **Expenses on Borrowings and Deposits**

Total borrowings and deposits of the Company and its subsidiaries as of the end of the 2<sup>nd</sup> quarter of 2005 was Baht 175,078 million, increased by Baht 22,734 million from Baht 152,344 million of the same quarter last year, representing an increase of 14.9%. While the expenses on borrowings and deposits were Baht 1,027 million, an increase of 24.0% or Baht 199 million from last year, due to the increase of total borrowings and deposits. For the first 6-month period of 2005, the expenses on borrowings and deposits amounted to Baht 1,939 million, an 18.9% increase or Baht 308 million from the same period last year.

- **Bad debts and doubtful accounts**

In the 2<sup>nd</sup> quarter of 2005, the Company and its subsidiaries had the reversal for doubtful accounts amounted to Baht 330 million, a decrease of 402.8% or Baht 439 million from the same quarter last year. For the first half of 2005, the Company and its subsidiaries had the reversal for doubtful accounts amounted to Baht 146 million, a decrease of Baht 742 million from the same period last year. These were due to debt restructuring and closures of some lending accounts of its subsidiaries.

- **Non-interest income**

For the 2<sup>nd</sup> quarter of 2005, the non-interest income of the Company and its subsidiaries amounted to Baht 1,259 million, an increase of 12.7% or Baht 142 million from the same quarter last year. The most important determinants were:

- 1) Insurance premium income was Baht 473 million, an increase of 188.4% or Baht 309 million.
- 2) Gains on property foreclosed increased by 756.3% or Baht 121 million.
- 3) Discounted income on insurance premium amounted to Baht 133 million, an increase of 40.0% or Baht 38 million.
- 4) Brokerage fee was Baht 127 million, a decrease of 12.4% or Baht 18 million.
- 5) Gains on debt settlements decreased Baht 243 million or a decrease of 60.0%
- 6) Gains on investment decreased by 140.0% or Baht 84 million from divesting in debt securities investment.

For the first 6-month period of 2005, the non-interest income of the Company and its subsidiaries amounted to Baht 2,425 million, an increase of 2.6% or Baht 62 million from the same period last year. The most important determinants were:

- 1) Insurance premium income was Baht 724 million, an increase of 132.1% or Baht 412 million.
- 2) Gains on property foreclosed increased by 124.6% or Baht 71 million.
- 3) Discounted income on insurance premium amounted to Baht 248 million, an increase of 29.8% or Baht 57 million.
- 4) Brokerage fee was Baht 279 million, a decrease of 25.4% or Baht 95 million.
- 5) Gains on debt settlements decreased Baht 257 million or a decrease of 51.9%
- 6) Gains on investment decreased by 67.8% or Baht 227 million.

## - Operating Expenses

For the 2<sup>nd</sup> quarter of 2005, the operating expenses of the Company and its subsidiaries amounted to Baht 1,880 million, representing an increase of 56.3% or Baht 677 million from the same quarter last year. Premises and equipment expenses and personnel expenses increased 59.9% and 29.9%, respectively. This was a result of the tremendous expansion of the Company and its subsidiaries to accommodate future businesses. While commission charged on hire purchase and other operating expenses for hire purchase increased by 36.3%, as a result of the immense growth of the Company's hire purchase portfolio as previously explained. Insurance underwriting expenses increased by 201.6% or Baht 256 million from the same quarter last year. For the first 6-month period of 2005, operating expenses amounted to Baht 3,431 million, an increase of 50.4% or Baht 1,149 million. While commission charged on hire purchase and other operating expenses for hire purchase increased by 29.9% or Baht 120 million, premises and equipment expenses and personnel expenses increased 49.8% and 34.1%, respectively. Insurance underwriting expenses increased by 165.6% or Baht 361 million from the same period last year.

## 2. Financial Status

(Unit: Baht million)

	Jun 30, 05	Dec 31, 04	Changes from 2004	
			Increase(Decrease)	% Change
Securities Purchased under Resale Agreements	21,900	10,600	11,300	106.6%
Investments	35,058	40,274	(5,216)	(13.0)%
Loans	144,687	130,187	14,500	11.1%
<b>Total Earnings Assets</b>	<b>201,645</b>	<b>181,061</b>	<b>20,584</b>	<b>11.4%</b>
Other Assets	5,630	3,983	1,647	41.4%
<b>Total Assets</b>	<b>207,275</b>	<b>185,044</b>	<b>22,231</b>	<b>12.0%</b>

## - Assets

The Group's assets grew from Baht 185,044 million at the end of year 2004 to Baht 207,275 million as of the end of the 2<sup>nd</sup> quarter of 2005, representing a 12.0% increase. The majority of this increase was a result of the combination of loans and accrued interest receivable which amounted to Baht 136,200 million or accounted for 65.7% of the total assets, while the net investment accounted for Baht 35,058 million or 16.9% of all assets, with details as follows:

- As of the end of the 2<sup>nd</sup> quarter of 2005, the total outstanding hire purchase loans were Baht 102,911 million, accounting for 71.4% of all total loans, representing an increase of 34.3% from Baht

76,600 million of last year. The total outstanding hire purchase loans in the 2<sup>nd</sup> quarter of 2005 were Baht 16,650 million compared to Baht 13,470 million from the 2<sup>nd</sup> quarter last year, representing an increase of 23.6%. The total contracts for hire purchase as of the end of the 2<sup>nd</sup> quarter of 2005 amounted to 355,612 units, an increase of 58,424 units from the end of 2004 and an increase of 111,638 units from the end of the same quarter last year, which resulted in a considerable increase in hire purchase income in the 2<sup>nd</sup> quarter of 2005.

□ The net investment as of the end of the 2<sup>nd</sup> quarter of 2005 was Baht 35,058 million, representing a decrease of 13.0% or Baht 5,216 million from the end of year 2004. This was mainly due to a considerable decrease of 15.9% in debt securities investment to Baht 23,242 million from Baht 27,643 million as of the end of year 2004. This was in line with the Company's policy to reduce investment in government bonds and debentures in order to decrease the risk from interest rate volatility. The details of investments were as follows:

(Unit: Baht million)

	Jun 30, 05	%	Dec 31, 04	%
1) Debt* (Bonds and Debentures)	23,242	66.3%	27,643	68.6%
2) Equity	9,807	28.0%	10,535	26.2%
3) Investment in Receivables Purchased	2,009	5.7%	2,096	5.2%
<b>Total Investment</b>	<b>35,058</b>	<b>100.0%</b>	<b>40,274</b>	<b>100.0%</b>
Note:* Compose of Treasury Bill and BOT Bonds 14.4%, Government Bonds (less than 5 years) 24.7%, Government Bonds (over 5 years) 53.5% and Debentures 7.4% of total investment in debt securities.				

- Property foreclosed as of the end of the 2<sup>nd</sup> quarter of 2005 was valued at Baht 7,352 million, an increase of Baht 63 million from the end of year 2004. For the 2<sup>nd</sup> quarter of 2005, the Company and its subsidiaries registered gains of Baht 105 million. While the first 6-month period of 2005, the Company and its subsidiaries registered gains of Baht 128 million on property foreclosed and appropriated a reserve of Baht 674 million, an increase of Baht 15 million from the end of 2004, for covering the related risks.



- Liabilities and shareholders' equity

(Unit: Baht million)

	Changes from 2004			
	Jun 30, 05	Dec 31, 04	Increase(Decrease)	% Change
From Public	143,076	133,195	9,881	7.4%
From Financial Institutions	24,359	17,372	6,987	40.2%
From Foreign Countries	87	87	-	-
From Debentures	7,556	7,556	-	-
<b>Total Borrowings and Deposits</b>	<b>175,078</b>	<b>158,210</b>	<b>16,868</b>	<b>10.7%</b>
Other Liabilities	9,848	5,340	4,508	84.4%
<b>Total Liabilities</b>	<b>184,926</b>	<b>163,550</b>	<b>21,376</b>	<b>13.1%</b>
Total Shareholders' Equity	22,349	21,494	855	4.0%
<b>Total Liabilities and Shareholders' Equity</b>	<b>207,275</b>	<b>185,044</b>	<b>22,231</b>	<b>12.0%</b>

Borrowings and public deposits serve as major sources of funds of the Company and its subsidiaries, which are considered normal in the financial sector. The funds have grown consistently each year. As of the end of the 2<sup>nd</sup> quarter of 2005, the borrowings and public deposits of the Company and its subsidiaries which are the major sources of funds to support the substantial growth of the hire purchase loan amounted to Baht 175,078 million, representing a 10.7% increase from the end of year 2004.

As of the end of the 2<sup>nd</sup> quarter of 2005, the Company and its subsidiaries had shareholders' equity of Baht 22,349 million, a 4.0% increase from Baht 21,494 million at the end of year 2004. This increase was a result of the performance of the Company and its subsidiaries. The BIS ratio of the Company as of the end of the 2<sup>nd</sup> quarter of 2005 was 11.11% which was higher than the minimum of 8.0% required by the BOT.

## Quality of Assets

The loans, receivables and accrued interest receivables of the Company and its subsidiaries increased 10.9% from Baht 129,944 million at the end of year 2004 to Baht 144,047 million at the end of the 2<sup>nd</sup> quarter of 2005.

- The total outstanding loans, receivables and accrued interest receivables

Breakdowns by type of business were as follows:

(Unit: Baht million)

	Jun 30, 05	%	Dec 31, 04	%
1) Manufacturing & Commerce	6,706	4.7%	7,138	5.5%
2) Real Estate & Construction	5,553	3.9%	5,008	3.9%
3) Public Utilities & Services	10,715	7.4%	10,701	8.2%
4) Retail				
4.1 Hire Purchase	102,911	71.4%	88,874	68.4%
4.2 Housing loans	11,243	7.8%	11,824	9.1%
5) Others	7,430	5.2%	7,103	5.5%
<u>Less</u> Inter-company profits from loans				
Receivables transferred	(511)	(0.4) %	(704)	(0.6)%
<b>Total</b>	<b>144,047</b>	<b>100.0%</b>	<b>129,944</b>	<b>100.0%</b>

- Non-performing Loans (NPLs)

As of the end of the 2<sup>nd</sup> quarter of 2005, the NPLs of the Company and its subsidiaries amounted to Baht 12,118 million, which accounted for 8.4% of all total loans and receivables.

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

(Unit: Baht million)

	Jun 30, 05	% Group loan	Dec 31, 04	% Group loan
Hire Purchase	1,305	0.9%	1,054	0.8%
Others *	10,813	7.5%	10,102	7.8%
<b>Total</b>	<b>12,118</b>	<b>8.4%</b>	<b>11,156</b>	<b>8.6%</b>

Note: \* The major portion of these NPLs belong to the AMC.

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

(Unit: Baht million)

	Jun 30, 05	% Group loan	Dec 31, 04	% Group loan
National Finance Plc.	1,693	1.2%	1,409	1.1%
Thanachart Bank Plc.	3,856	2.7%	2,622	2.0%
Thanachart Securities Plc.	426	0.3%	435	0.3%
NFS-AMC	5,418	3.7%	5,944	4.6%
MAX-AMC	634	0.4%	658	0.5%
Others	91	0.1%	88	0.1%
<b>Total</b>	<b>12,118</b>	<b>8.4%</b>	<b>11,156</b>	<b>8.6%</b>

## Allowance for Doubtful Accounts

Since the 2<sup>nd</sup> quarter of 2004, the Company had stopped appropriating additional general reserve. In line with the One Presence Policy of the Bank of Thailand, the Company would be required to transfer loans and public deposits to Thanachart Bank Plc. The Company would then change its status to be a holding company. As a result, it would not be necessary for the Company to appropriate a reserve in line with the BOT's regulation thus further. Moreover, the Company's total outstanding loan which was the base for reserve provisions, would be gradually decreased and would finally cut totally. Therefore, the Company's existing general reserve for loan losses would be reversed as its subsidiaries appropriate higher specific reserve and the Company's outstanding loans decreased.

As of the end of the 2<sup>nd</sup> quarter of 2005, the Company's total allowance for doubtful accounts amounted to Baht 3,921 million, which was Baht 2,089 million higher than the specific reserve of Baht 1,832 million required by the BOT. 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, receivables and accrued interest receivables as of June 30, 2005 were as follows:

(Unit: Baht million)

	Outstanding		Total Company's Reserve		
	Amount	Percent	Required by BOT	Addition	Total
Normal	103,773	91.3%	896	1,793	2,689
Special Mention	8,166	7.2%	161	-	161
Substandard	575	0.5%	111	-	111
Doubtful	610	0.5%	172	-	172
Bad Debt	509	0.5%	492	-	492
Total Outstanding	113,633	100%			
Total Specific Reserve			1,832	1,793	3,625
General Reserve			-	296	296
Total Company's Reserve			1,832	2,089	3,921

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 amounted to Baht 7,554 million. They consisted of a specific reserve of Baht 4,816 million and a reserve of Baht 2,738 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)

	30 June, 05	% : NPL	Dec 31, 04	% : NPL
Hire Purchase	1,818	139.3%	1,473	139.8%
Others	2,998	27.7%	3,372	33.4%
Reserve for Potential Risks in the Future	2,738	-	2,799	-
Total	7,554	62.3%	7,644	68.5%

The total allowance of the doubtful accounts of the Groups was Baht 7,554 million, or 62.3% of the Group's NPLs. It can be broken down by company as follows:

(Unit: Baht million)

	30 June, 05	% : NPL	Dec 31, 04	% : NPL
National Finance Plc.	3,921	231.6%	3,589	254.7%
Thanachart Bank Plc.	1,192	30.9%	1,104	42.1%
Thanachart Securities Plc.	434	101.9%	434	99.8%
NFS-AMC	1,712	31.6%	2,233	37.6%
MAX-AMC	191	30.1%	188	28.6%
Others	104	114.3%	96	109.1%
<b>Total</b>	<b>7,554</b>	<b>62.3%</b>	<b>7,644</b>	<b>68.5%</b>

The allowance of doubtful debts for Thanachart Bank Plc. amounted to Baht 1,192 million with its specific reserve amounting to Baht 726 million and its general reserve amounting to Baht 466 million.

## Operating Results of the Subsidiary Companies

(Unit: Baht million)

	% of direct holding	6-month period 2005	6-month period 2004	%Change	Q2, 05	Q2, 04	%Change
Thanachart Bank Plc.	98.9%	265.5	251.3	5.7%	107.6	106.5	1.0%
Thanachart Securities Plc.	100.0%	65.8	197.9	(66.8)%	44.5	56.7	(21.5)%
Thanachart Fund Management	75.0%	7.8	36.6	(78.7)%	7.0	17.5	(60.0)%
Thanachart Insurance	70.0%	0.6	34.9	(98.3)%	(0.1)	6.5	(101.5)%
Thanachart Life Assurance	100.0%	26.8	12.6	112.7%	27.5	(21.3)	229.1%
NFS-AMC	100.0%	310.6	304.4	2.0%	295.9	295.8	-
MAX-AMC	58.5%	7.9	6.9	14.5%	8.4	(1.3)	746.2%

## 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.

In the 2<sup>nd</sup> quarter of 2005, the automobile hire purchase business considerably expanded while excess liquidity decreased. However, liquidity risk at the end of this period was still at the satisfactory level because the Company had long-term source of funds. 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.