



Date 20 February 2023

Subject Discussion and Analysis of the Company's Performance for the Interim Financial Reporting for the  
Nine-Month Ended 30 September 2022

To President  
The Stock Exchange of Thailand

Enclosures Management Discussion and Analysis of the Company's Performance for the Interim  
Financial Reporting for the Nine-Month Ended 30 September 2022 Financial Statements in  
Thai and English, one copy each

Chase Asia Public Company Limited (the "Company") would like to submit the interim financial reporting for the nine-month period ended 30 September 2022 which were reviewed by certified public accountants to the Stock Exchange of Thailand.

For the Company's performance for the interim financial reporting for the nine-month period ended 30 September 2022, it had a net profit of 121.90 million baht. In the regard, the Company would like to explain the reasons for its performance in nine-month period ended 30 September 2022, details which appear as attached.

Please be informed accordingly  
Respectfully yours,

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Ms. Waraluck Chaisuwan  
Chief Financial Officer

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**Management Discussion and Analysis of the Company's Performance for the Nine-Month Period Ended  
30 September 2022  
Chase Asia Public Company Limited**

**1. Business Overview**

Chase Asia Public Company Limited ("Company") and its subsidiaries (collectively referred to as "Group") operate two businesses i.e. (1) debt collection business and (2) asset management of transferred Non-Performing Loans ("NPLs"). However, the Group has suspended providing additional Hope Loan as from 31 December 2022 onwards. Courts Megastore (Thailand) Company Limited ("COURTS") and Resolution Way Company Limited ("RWAY") will continue to collect all their outstanding debts under the terms and conditions agreed upon.

**(A) Debt Collection Business**

The Group provides debt collection service to financial institutions (commercial banks) and non-financial institutions (collectively referred to as "Employer") to collect the debts in accordance to terms and conditions set out by the Employer. There are multiple types of services under the scope of debt collection that the Group provided to financial institutions including personal loan and credit card loan. While the similar services provide to the non-financial institution Employers for the collection of outstanding service fees. In addition to debt collection business, the Group also provide prosecution services to the Employer.

In order to ensure that debt collection service of the Group complies with the Group and Bank of Thailand's regulations, the Company's policy requires all collectors to pass training course conducted by Debt Collection Business to Financial Institutions Association or the Group. Additionally, all of the Group's collectors must be registered with the Lawyers Council.

For this particular service, the Group's service fee will be based on the agreed rate with the Employer – a percentage to total collected amount which is subject to level of complexity in debt collection, and professional fee in accordance to prosecution service by number of prosecuted cases.

**(B) Asset Management of Transferred of NPLs**

The Group provides asset management of transferred of NPLs for both secured and unsecured portfolio through 2 subsidiaries namely, C F Asia Asset Management Company Limited ("CFAM") which was granted with license from the Bank of Thailand under the Emergency Decree on Asset Management Companies and Resolution Way Company Limited ("RWAY"). CFAM focuses on acquiring NPLs from financial institutions while RWAY focuses on acquiring NPLs from non-financial institutions under the supervision of the Bank of Thailand.

After the Group received secured and unsecured NPLs from financial and non-financial institutions, the Group will collect debt from such NPLs by providing advices for debt repayment and/or debt restructuring by utilizing the Group experience in debt collection.

## 2. Business Performance Analysis

Currently, the Group operates two businesses i.e. (1) debt collection business and (2) asset management of transferred NPLs. As at the nine-month periods ended 30 September 2021 and 2022, the Group's revenue from service and professional fees were 518.67 million baht and 516.67 million baht – decreased by 2.53 million baht or 0.49%.

For the nine-month periods ended 30 September 2021 and 2022, the Group's received its major source of revenue from revenue from debt collection and asset management of transferred NPLs. During such periods, the Group's revenues from debt collection service were at 41.26% and 34.30% of its total interest revenue and revenue from service and professional fees; while the revenues from asset management of transferred NPLs were at 50.98% and 59.81% of the total interest revenue and revenue from service and professional fees. For the nine-month periods ended 30 September 2021 and 2022, the table shows data and details of the total revenue by type of business as follows:

Revenue by Type of Business	For the nine-month periods ended 30 September			
	2021		2022	
	THBmm	Percent <sup>1</sup>	THBmm	Percent <sup>1</sup>
Debt Collection Business	213.98	41.26	177.01	34.30
Asset Management of Transferred NPLs	264.40	50.98	308.70	59.81
- Interest revenue	206.16	39.75	301.83	58.48
- Profit from derecognition of loans to NPLs <sup>2</sup>	58.25	11.23	6.87	1.33
Others <sup>2</sup>	40.28	7.77	30.43	5.89
- Interest revenue from Hope Loan <sup>3</sup>	39.42	7.60	30.08	5.83
- Interest revenue from bank deposits	0.86	0.17	0.34	0.07
<b>Total Interest Revenue and Revenue from Service and Professional Fees</b>	<b>518.67</b>	<b>100.00</b>	<b>516.14</b>	<b>100.00</b>

Notes : <sup>1</sup> Percentage of total interest revenue and revenue from service and professional fees

<sup>2</sup> Profit from derecognition of loans to NPLs derived from refinancing in which the debtors of CFAM/RWAY borrow from COURTS

<sup>3</sup> The Board of Directors' Meeting on 14 November 2022 considered the risk from the ability-to-repay of Hope Loan debtors and resolved to limit Hope Loan credit program only to debtors already being advised by the Group and under a negotiating process with former creditors, and new credit will be suspended as from 31 December 2022 onwards. For outstanding debtors, the Group will continue to collect the debts according to the terms and conditions agreed upon.

## (A) Interest Revenue

The Group's interest revenue comprised of (1) interest revenue from loans to NPLs, (2) interest revenue from bank deposit, and (3) interest revenue from Hope Loan<sup>3</sup>

For the nine-month periods ended 30 September 2021 and 2022, the Group's interest revenue were 304.69 million baht and 339.13 million baht. The Group's interest revenue were mainly from interest revenue from loans to NPLs which were 67.66% and 89.00% of total interest revenue. Details of the Group's interest revenue are as follows:

Interest Revenue by Source of Revenue	For the nine-month periods ended 30			
	September			
	2021		2022	
	THBmm	Percent <sup>1</sup>	THBmm	Percent <sup>1</sup>
Asset Management of Transferred NPLs	264.40	86.78	308.70	91.03
- Interest revenue	206.16	67.66	301.83	89.00
- Profit from derecognition of loans to NPLs <sup>2</sup>	58.25	19.12	6.87	2.03
Interest revenue from bank deposits	0.86	0.28	0.34	0.10
Interest revenue from Hope Loan <sup>3</sup>	39.42	12.94	30.08	8.87
<b>Total</b>	<b>304.69</b>	<b>100.00</b>	<b>339.13</b>	<b>100.00</b>

Notes : <sup>1</sup> Percentage of total interest revenue and revenue from service and professional fees

<sup>2</sup> Profit from derecognition of loans to NPLs derived from refinancing in which the debtors of CFAM/RWAY borrow from COURTS

<sup>3</sup> The Board of Directors' Meeting on 14 November 2022 considered the risk from the ability-to-repay of Hope Loan debtors and resolved to limit Hope Loan credit program only to debtors already being advised by the Group and under a negotiating process with former creditors, and new credit will be suspended as from 31 December 2022 onwards. For outstanding debtors, the Group will continue to collect the debts according to the terms and conditions agreed upon.

### (1) Revenue from Loans to NPLs

#### 1) Interest Revenue from Loans to NPLs

For the nine-month periods ended 30 September 2021 and 2022, the Group's interest revenue from loans to NPLs were 206.16 million baht and 301.83 million baht. For the nine-month periods ended 30 September 2022, the Group's outstanding loans to NPLs (before including effects from accrued interest and Expected Credit Loss ("ECLs")) was 2,053.89 million baht.

Loans to NPLs	For the nine-month periods ended 30 September / As at 30 September
	2022 (THBmm)
Rights to claim based on loan agreements	23,415.95
<b>Outstanding loans to NPLs</b>	<b>2,053.89</b>
Plus: Accrued interest	187.84

Loans to NPLs	For the nine-month periods ended 30 September / As at 30 September
	2022 (THBmm)
Minus: ECLs	(482.14)
<b>Outstanding loans to NPLs – Net as at year-end</b>	<b>1,759.59</b>

The Group has received repayment from debtors as of nine-month periods ended 30 September 2021 and 2022 as follows:

	For the nine-month periods ended 30 September	
	2021 (THBmm)	2022 (THBmm)
Cash flow the Group received from debtors	167.57	287.13

For the nine-month periods ended 30 September 2021 and 2022, the Group's interest revenue from loans to NPLs increased by 95.68 million baht or 46.41%. Such change was mainly caused by the increase in repayment from debtors during the periods ended 30 September 2022. During the nine-month periods ended 30 September 2021 and 2022, the Group has received repayment from debtors at 167.57 million baht and 287.13 million baht. In the event that the Company can collect the repayment more than the cost of each debtor, such margin would be recognized as interest revenue of the Company.

## 2) Profit from Derecognition of Loans to NPLs

For the nine-month periods ended 30 September 2021 and 2022, the Group's profit from derecognition of loans to NPLs were 58.25 million baht and 6.87 million baht. Such change was in line with amount of loan provided for refinancing within the Group. However, according to the Board of Directors' Meeting on 14 November 2022 considered the risk from the ability-to-repay of Hope Loan debtors and resolved to limit Hope Loan credit program only to debtors already being advised by the Group and under a negotiating process with former creditors, and new credit will be suspended as from 31 December 2022 onwards. For outstanding debtors, the Group will continue to collect the debts according to the terms and conditions agreed upon.

The amount of refinancing loans granted to debtors of CFAM/RWAY by borrowing from COURTS for the nine-month periods ended 30 September 2021 and 2022 were 78.69 million baht and 7.49 million baht.

## (2) Interest Revenue from Bank Deposits

For the nine-month periods ended 30 September 2021 and 2022, the Group's interest revenue from bank deposits were 0.86 million baht and 0.34 million baht. Such change was in line with the change in cash and cash equivalents of the Group during that period.

## (3) Other Interest Revenue

For the nine-month periods ended 30 September 2021 and 2022, the Group's interest revenue from Hope Loan were 39.42 million baht and 30.08 million baht. And the Group's outstanding loans to NPLs (before including effects from accrued interest and ECLs) as at 30 September 2022 was 580.52 million baht.

Loans to Debtors	Unit	For the nine-month periods ended 30 September / As at 30 September 2022
Amount of Hope Loan provided to debtors during the period	THBmm	57.41
Number of Hope Loan contracts the Company provided during the period	Contracts	135
<b>Amount of Hope Loan provided to debtors as at year-end</b>	<b>THBmm</b>	<b>580.52</b>
Plus: Accrued interest	THBmm	453.32
Minus: ECLs	THBmm	(667.45)
<b>Amount of Hope Loan provided to debtors – Net as at year-end</b>	<b>THBmm</b>	<b>366.39</b>

For the nine-month periods ended 30 September 2021 and 2022, the Group's interest revenue from Hope Loan decreased by 9.34 million baht or 23.70% which was due to the increased number of credit-impaired debtors (Stage 3).

The Board of Director's Meeting on 14 November 2022 considered the risk from the ability-to-repay of Hope Loan debtors and resolved to limit Hope Loan credit program only to debtors already being advised by the Group and under a negotiating process with former creditors, and new credit will be suspended as from 31 December 2022 onwards. For outstanding debtors, the Group will continue to collect the debts according to the terms and conditions agreed upon.

However, the Group believes that the suspension of Hope Loan will not significantly affect its operation. During the nine-month periods ended 30 September 2022, the Group's interest revenue from Hope Loan was approximately 5.81% of the total revenue.

	Unit	For the nine-month periods ended 30 September 2022
Interest revenue from Hope Loan	THBmm	30.08
The Group's total revenue	THBmm	518.11
Proportion to total revenue	Percent	5.81

Although COURTS and RWAY have suspended new loan approval as from 31 December 2022, the Group still has interest revenue from Hope Loan in the beginning as a result of debt collection of COURTS' and RWAY's existing debtors under the terms and conditions agreed upon. Previously, the Group generally provided Hope Loan tenor of 5 – 7 years and was able to collect the amount exceeding the provided loan within, approximately, the fifth year. The impacts of this include which would result in (1) a gradual decrease in interest revenue from Hope Loan, and (2) a profit from derecognition of loans to NPLs will not appear in the future. Moreover, RWAY has a plan to use cash flow received from Hope Loan debt collection to bid for NPL portfolios.

#### **(B) Revenue from Service and Professional Fees**

The revenue from service and professional fees are comprised of (1) revenue from service fee is granted by the Employer for debt collection business in a percentage to total collected amount – this commission

is subject to level of complexity in debt collection, and (2) revenue from professional fee is granted by the Employer for the prosecution services for the prosecuted cases.

For the nine-month periods ended 30 September 2021 and 2022, the Group's revenue from service and professional fees were 213.98 million baht and 177.01 million baht. Details of the Group's revenue from service and professional fees are as follows:

Revenue from Service and Professional Fees	For the nine-month periods ended 30 September			
	2021		2022	
	THBmm	Percent <sup>1</sup>	THBmm	Percent <sup>1</sup>
Revenue from service fee	163.16	76.25	141.29	79.82
Revenue from professional fee	50.82	23.75	35.72	20.18
<b>Total revenue from service and professional fee</b>	<b>213.98</b>	<b>100.00</b>	<b>177.01</b>	<b>100.00</b>

Notes : <sup>1</sup> Percentage of total interest revenue and revenue from service and professional fees

As at 30 September 2022, the Group provides debt collection service at 15,621.95 million baht and able to collect 652.77 million baht or the commission rate of 21.64%. The commission rate is based on level of complexity in debt collection. Details are summarized as follows:

	Unit	For the nine-month periods ended 30 September / As at 30 September 2022
Number of account	Contract	144,250
Amount of loan that the Group provide debt collection service (as at year-end)	THBmm	15,621.95
Amount of loan that the Group able to collect (for the year-end period)	THBmm	652.77
Service fee	THBmm	141.29
Average commission rate	Percent	21.64
Success rate	Percent	4.99

For the nine-month periods ended 30 September 2021 and 2022, the Group's service fee and professional fee decreased by 36.97 million baht or 17.28%. Such change was mainly caused by (a) a decrease in revenue from service fee because of a decreased amount of debts debts collected due to an economic slowdown as a result of the COVID-19 pandemic, (b) a decrease in revenue from service fee because of a decreased balance of debts under debt collection service as some financial institutions have increasingly changed from debt collection to selling NPLs portfolio, and (c) a decrease in professional fee as some of the financial institutions have increasingly changed from debt collection and litigation to selling NPL portfolio.

Previously, the debt collection business was impacted by the COVID-19 pandemic and debt moratorium to assists debtors suffering from the COVID-19 pandemic ("debt moratorium") in which debt repayments were suspended making the success rate of debt collection lower than usual. Although the debt moratorium by the Bank of Thailand ended on 31 December 2021, the Bank of Thailand on 3 September 2021 has announced additional long-term debt relief measure to support debtors affected by the COVID-19 pandemic ("long-term debt relief measure") which consists 2 main measures i.e. (1) existing debt relief measure in which financial institutions provides assistance to debtors through a long-term debt restructuring program which covers

all types of retail loans such as credit card loans, personal loans and home loans; and (2) measure to maintain and provide new liquidity to retail debtors in which the Bank of Thailand has relaxed regulations regarding credit card loans, supervised personal loans and digital personal loans to alleviate the debt burden by lowering the minimum percentage paid on credit card loans for 2022-2023, and increasing the credit limit on credit card, supervised personal loans (excluding title loans) and digital personal loans until 31 December 2022.

**(C) Gross Profit**

For the nine-month periods ended 30 September 2021 and 2022, the Group's gross profits were at 336.19 million baht and 347.41 million baht, equivalent to the gross profit margins of 64.82% and 67.31%.

The following table shows data and details of total revenue (interest revenue, profit from derecognition of loans to NPLs, and revenue from service and professional fees), cost of service and professional fee and gross profit for the nine-month periods ended 30 September 2021 and 2022.

	For the nine-month periods ended 30 September	
	2021	2022
Interest revenue, profit from derecognition of loans to NPLs, and revenue from service and professional fees	518.67	516.14
Cost of service and professional fee	(182.48)	(168.72)
Gross profit	336.19	347.41

**(D) Net Profit**

For the nine-month periods ended 30 September 2021 and 2022, the Group's net profits were at 183.19 million baht and 121.90 million baht, equivalent to the net profit margins of 35.25% and 23.53%.

**3. Financial Position Analysis**

**(A) Total Assets**

Major assets of the Group comprise (1) loans to non-performing loans – net, (2) loans to customers – net, and (3) land, buildings and equipment. As at 30 September 2022, the Group's total assets were at 2,875.50 million baht.

As at 30 September 2022, loans to non-performing – net were 1,759.59 million baht, or 61.19% of total assets.

As at 30 September 2022, loans to customers – net were 366.39 million baht, or 12.74% of total assets.

As at 30 September 2022, land, buildings and equipment comprised of land, buildings, and building improvements; and assets under construction. The Group's land, buildings, and equipment were 372.79 million baht, or 12.96% of total assets.



**(B) Liabilities**

Major liabilities of the Group comprise (1) short-term borrowings from financial institutions and (2) long-term loans from financial institutions. As at 30 September 2022, the Group's total liabilities were at 835.99 million baht.

As at 31 December 2021 and 30 September 2022, short-term borrowings from financial institutions significantly increased as the Group used the short-term borrowings to pay for NPL portfolios.

As at 30 September 2022, long-term loans from financial institutions were at 248.16 million baht, or 29.68% of total liabilities. The Group uses long-term borrowings from financial institutions as funding capital. As at 31 December 2021 and 30 September 2022, long-term loans decreased by 101.07 million baht or 28.94%.

**(C) Shareholders' equity**

As at 30 September 2022, the Group's Shareholders' Equity were at 2,039.50 million baht.

As at 31 December 2021 and 30 September 2022, the Group's Shareholders' Equity increased by 121.90 million baht or 6.36% - mainly due to the increased of unappropriated retained earnings from net profit for the nine-month periods ended 30 September 2022.