



## Management Discussion and Analysis

For the three-month and year ended December 31, 2022

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## Executive Summary

The overall business performance in 2022 improved, compared to the previous year, as the domestic economy had resumed after the COVID-19 situation around the world and in Thailand improved. Since October 1, 2022, the Ministry of Public Health has downgraded the COVID-19 from a dangerous communicable disease to a communicable disease under surveillance. However, the company has continued to use proactive strategies to manage Non-Performing Loans (NPLs) to incentivize debtors to restructure debts according to their ability and to manage Non-Performing Assets (NPAs) through both offline and online channels.

The Company reported a total collection of Baht 16,591 million and a net profit for 2022 of Baht 2,725 million, an increase of 4.8% from the previous year because of NPLs' revenue expansion and tax benefit management. In 2022, operating income from NPLs amounted to 9,709 million baht, an increase of 2.8% from the previous year due to the expansion of the number of debt-restructuring debtors, especially retail and medium-sized debtors, and to auction sales activities through the Legal Execution Department that had returned to normal. Operating income from NPAs totaled 2,895 million baht, a decrease of 23.2% from the previous year, as a result of the special price strategy to accelerate the sale of NPAs in 2021.

However, the Company reported interest expenses of Baht 2,637 million, an increase of 3.1% as a result of the issuance and offering of debentures and higher financing costs in line with market conditions and reported operating expenses of Baht 2,888 million, an increase of 5.9% from the previous year due to an increase in business activities of NPLs and NPAs. The Company has maintained a proper proportion of expenses to income, with the expenses representing the percentage of 43.2 (Year 2021: 39.7%)

Overall, the non-performing assets industry and trading had been affected by the relief measures for debtors affected by the COVID-19 outbreak and the relaxation of loan classification criteria that slowed down the deterioration in the loan quality of financial institutions. As a result, the amount of non-performing loans (Gross NPLs) of financial institutions did not considerably change from that of the previous year (as of the third quarter of 2022, the figure was Baht 500 billion or 2.76% of total loans).

In 2022, financial institutions put secured NPLs up for sale at the principal amount totaling Baht 58,735 million, an increase of 38.2% from the previous year. In the first half of 2022, financial institutions continued to delay the sale of NPLs and increased the offering in the fourth quarter of 2022, as debt relief measures of the Bank of Thailand were expected to gradually end. However, financial institutions canceled sales totaling Baht 23,544 million, an increase of 17.9% from the previous year, mainly due to the cancellation of NPLs sales of corporate loans. The competition in 2022 did not show unusually high prices from competitors in the bidding process. But the sale of small tranches of portfolios prohibited a concentration of wins by only one single asset management company.

The Company issued and offered debentures 3 rounds in 2022 totaling Baht 17,300 million, which were well-received by institutional investors and high-net-worth investors. (TRIS Rating Co., Ltd. has assigned "A-" rating with "stable" outlook to BAM and to The Company's debt instruments.) The Company's debt-to-equity ratio as of December 31, 2022, equaled 2.04 times (with the lending banks' financial condition for the debt-to-equity ratio not exceeding 3 times).

In 2023, the Company is ready to step into its 25<sup>th</sup> year sustainably by transforming the organization into a digital AMC. In one to two years, the Company will upgrade its services to be convenient and modern and will focus on proactive strategies to reach a broader range of customers as it is likely to be supported by the continued economic recovery. Therefore, it is expected that the Company's performance will grow strongly. In this regard, the Company has the target collection of Baht 17,800 million and aims at investing in NPLs purchase based on market conditions and business opportunities. The investment is expected to be not less than Baht 9,000 million. The Company believes that financial institutions will gradually sell more NPLs, which is in line with the trend of provisions set aside by financial institutions and the increase in the amount of NPLs in the system after the Bank of Thailand's measures to assist debtors come to an end.

The Company has scheduled a meeting of the Board of Directors for February 23, 2023, to call the 2023 Annual General Meeting of Shareholders, in which it will announce the agenda of the shareholders' meeting and propose the dividend payment from the 2022 operating results at the same time.

## 1. Key Highlights in Q4/2022

### 1.1 Debt Relief Fair and NPAs sale

BAM participated in the Debt Relief Fair, with the concept that 'debt problems must be resolved with a sustainable restart', organized by the Ministry of Finance in collaboration with the Bank of Thailand through the support of the Government Financial Institutions Association (GFA) between November 4-6, 2022, at the Impact Exhibition Hall 5, Muang Thong Thani, to help BAM debtors return to their normal economic situation by providing them with lenient conditions through various relief programs including Happy to Have Your Home Back Project, BAM Revitalizes Your SME Businesses Project, and BAM Helps Farmers Resolve Debts Project.

Furthermore, BAM continued to implement proactive NPAs sale strategies for the year 2022 by organizing an event to offer big discounts "BAM SUPER GRAND SALE" between October 25 – November 25, 2022, of which more than 1,600 special price properties nationwide were put up for sale, with special promotions including free right of ownership transfer and gift vouchers.

### 1.2 BAM issued a debenture no.3/2022

On November 25, 2022, BAM issued a debenture no.3/2022 of Baht 4,500 million in total for institutional investors and high-net-worth investors. There were 4 series consisting of a 1.5-year tenure with an interest rate of 2.54% per year, a 3-year tenure with an interest rate of 3.14% per year, a 5-year tenure with an interest rate of 3.83% per year, and an 8-year tenure with an interest rate of 4.23% per year. BAM issued three debentures in 2022, totaling Baht 17,300 million. In addition, TRIS Rating affirmed company and senior unsecured debt ratings on the Company at "A-" with "stable" outlook.

### 1.3 CSR

Corporate social responsibility (CSR) activities are deemed significant, along with our business. BAM supported various projects and activities in this quarter including the "Home & Hope" project for the second consecutive year for which BAM provided financial support to building homes for the underprivileged, the scholarship project organized for the fifteenth consecutive year under the theme "New Thai Generations Take Care of the Environment", and the Innovative Schools for Sustainable Life Project to support the making of agricultural plots in schools for lunch. In addition, the Company offered survival bags and essential items through Warin Chamrap Police Station to assist flood victims in Warin Chamrap District, Ubon Ratchathani Province. Furthermore, BAM had renovated assets which are the company's land as an eco-learning area for communities and to promote nature conservation tourism in Chiang Mai Province, Chachoengsao Province, and Phitsanulok Province.

## 2. Sustainability Performance

In 2022, the Company had determined a corporate sustainability development policy as a management framework, a mark of adherence to business operations in accordance with the Sustainable Development Goals: SDGs, and a guideline for business operations responsible for environment, society, and governance. The policy is deemed important and needs to be implemented continuously. In addition, conducting businesses under such policy creates shared value for stakeholders and maintains responsibility and credibility as well as responding to all groups of stakeholders' expectations, as detailed below.

- The Company is committed to conducting environmental management with maximum efficiency and benefits, supporting and promoting national policies for a reduction in greenhouse gas emissions and carbon neutrality and net zero targets by implementing guidelines on efficient use of resources and supporting the use of renewable energy and eco-friendly technology.
- The Company gives importance to social responsibility by promoting, supporting, assisting, and contributing to the improvement of the quality of life for stakeholders with the goals of educational development for employees and creating opportunities to access products and services for low-income individuals in order to reduce social inequality through the Company's projects and campaigns including NPA Installment Program, Hot Price Condo for ALL by BAM, Resolve Debts Project, etc. Furthermore, the Company also promotes financial literacy for people in society so that they can access appropriate financial services and create activities for society in various forms that lead to the elevation of good quality of life effectively.
- The Company gives importance to the integration of business processes and good corporate governance along with risk management that takes into account all stakeholders. It promotes and supports assessment and monitoring of the impacts it has on the environment, society, and economy, and good corporate governance to reflect transparent business operations which are responsible for the value chain in order to achieve the goal of creating economic value and to grow with society sustainably.

From the sustainability performance in 2022, the Company had been selected to be one of the sustainable stocks on the Stock Exchange of Thailand's Thailand Sustainability Investment (THSI) list for 2022, which is an award of commitment to focusing on sustainable business operations and development. In addition, the Company received the "excellent" rating in the Corporate Governance Report of Thai listed companies (CGR) from the Thai Institute of Directors Association for the year 2022.

As for the direction of the Thai economy in 2023, the Company expects that the Thai economy will continue to be faced with challenges in various aspects, along with high costs and the trend of increasing interest rates. The Company, thus, is required to operate its businesses with caution by taking into account the stakeholders, developing financial products and services to meet the needs of customers, and continuing to adhere to the business practices which are responsible to environmental, social and governance (ESG). The Company is to apply the Sustainable Development Goals (SDGs) to its operational processes thoroughly and equally in line with the vision "to be the leading organization in the revival of assets to drive Thai economy and society towards sustainable growth".

### 3. Management Discussion and Analysis for Q4/2022

#### 3.1 Selected Financial Position Q4/2022

##### Significant items in Balance Sheet (for the year ended December 31, 2022)

##### Assets

As of December 31, 2022, the Company has total assets of Baht 132,805 million, increasing by 5.5% yoy.

- The Company has cash of Baht 86 million, decreasing by 13.0% yoy, and interbank and money market items – deposits at financial institutions of Baht 6,647 million, increasing by 99.4% yoy. This is from the issuance and offering of debentures for acquiring NPLs from financial institutions.
- The Company has loans purchased of receivables and accrued interest receivables – net of Baht 72,384 million, decreasing by 1.4% yoy. In 2022, the Company acquired NPLs (loans purchased of receivables) from financial institutions of Baht 8,079 million and NPAs (properties for sale) from financial institutions of Baht 174 million. (As of 2021, the Company acquired NPLs of Baht 3,663 million and NPAs of Baht 6 million)
- As of December 31, 2022, the Company has accrued income from auction sale – net of Baht 12,299 million, increasing by 20.0% from the year ended 2021, due to the increase in collateral auction activities through the Legal Execution Department.
- As of December 31, 2022, right-of-use assets – net, of Baht 49 million, increased by 497.2% yoy. This is mainly due to recording software lease of Baht 57 million in Q3/2022.
- As of December 31, 2022, other assets, of Baht 217 million, increased by 41.8% yoy, mainly due to recording dividend receivables of Baht 95 million. They are dividends from securities held by the Company. Such securities are not considered as investments in subsidiaries or associate companies.

##### Liabilities

As of December 31, 2022, the Company has total liabilities of Baht 89,097 million, increasing by 7.2% yoy, and has the debt-equity ratio or D/E of 2.04 times.

- Most of the Company's liabilities are debts issued and borrowings which are the significant sources of funds to acquire NPLs and NPAs. The details are as follows:
  1. Total notes payable of Baht 2,361 million decreased by 33.9% and total borrowings of Baht 10,186 million decreased by 29.6% yoy. This is because of less investment in NPLs / NPAs' acquisition and rearrangement of the structure of liabilities according to cost of funds strategy under rising interest rates.
  2. Net debentures of Baht 73,005 million increased by 17.5% yoy. This is because the Company issued and offered debentures to institutional and high-net-worth investors of Baht 17,300 million as follows:
    - Debenture No.1/2022 of Baht 9,500 million. They comprised of 4 debentures with tenure ranging from 2-10 years and interest rates from 2.13% to 4.37%.
    - Debenture No.2/2022 of Baht 3,300 million. They comprised of 3 debentures with tenure ranging from 2.5-8 years and interest rates from 2.88% to 4.08%.
    - Debenture No.3/2022 of Baht 4,500 million. They comprised of 4 debentures with tenure ranging from 1.5-8 years and interest rates from 2.54% to 4.23%.

In addition, the Company repaid 3 debentures which were due in 2022, total amount issued Baht 6,400 million.

- As of December 31, 2022, the Company has accrued interest payables of Baht 656 million, increasing by 18.7% yoy. This is due to issuance and offering of debentures. Furthermore, the Company's average cost of funds is 3.19% (as of 2022: 2.98%).
- The Company has lease liabilities of Baht 39 million, increasing by 2,730.5% yoy, which is the accounting records in accordance with right-of-use assets.

## Equity

As of December 31, 2022, the Company has total equity of Baht 43,708 million, increasing by 2.2% yoy.

## Interest Income –net

This table mainly presents items that have significant changes.

Unit: Baht in Million	Q 4/2022	Q 3/2022	qoq % Inc. (Dec.)	Q 4/2021	yoy % Inc. (Dec.)	2022	2021	yoy % Inc. (Dec.)
<b>Interest Income - net</b>	<b>1,825</b>	<b>1,856</b>	<b>(1.7)</b>	<b>1,955</b>	<b>(6.6)</b>	<b>7,202</b>	<b>7,010</b>	<b>2.7</b>
<b>Total Interest Income</b>	<b>2,519</b>	<b>2,528</b>	<b>(0.4)</b>	<b>2,585</b>	<b>(2.6)</b>	<b>9,839</b>	<b>9,569</b>	<b>2.8</b>
Deposit at financial institutions	9	4	125.0	1	800.0	17	8	112.5
Loans purchased of receivables	2,494	2,520	(1.0)	2,541	(1.8)	9,779	9,369	4.4
- Part of amount received	776	605	28.3	476	63.0	2,398	1,516	58.2
- Part of accrued	746	910	(18.0)	1,059	(29.6)	3,678	4,531	(18.8)
- Gain on loans purchased of receivables	972	1,005	(3.3)	1,006	(3.4)	3,703	3,322	11.5
Installment sale receivables	30	27	11.1	26	15.4	112	115	(2.6)
<b>Total interest expenses</b>	<b>694</b>	<b>672</b>	<b>3.3</b>	<b>630</b>	<b>10.2</b>	<b>2,637</b>	<b>2,559</b>	<b>3.0</b>
Debt issued – debentures	603	582	3.6	506	19.2	2,260	1,959	15.4
Debt issued – promissory notes	23	24	(4.2)	27	(14.8)	96	107	(10.3)
Borrowings	68	66	3.0	97	(29.9)	281	493	(43.0)

- In Q4/2022, the Company has total interest income of Baht 1,825 million, decreasing by 1.7% qoq and 6.6% yoy. For the year ended December 31, 2022, the Company has total interest income of Baht 7,202 million, increasing by 2.7% yoy, mainly due to
  - Interest income on loans purchased of receivables - part of amount received, Baht 776 million in Q4/2022, increased by 28.3% qoq and 63.0% yoy. For the year ended December 31, 2022, the Company has interest income on loans purchased of receivables - part of amount received, Baht 2,398 million, increasing by 58.2% yoy due to the economic conditions, the improvement of the debtors' ability to repay debts, strategy to enhance TDR debtors, and collateral auction activities through the Legal Execution Department that returned to normal.
  - Interest income - part of accrued of Baht 746 million in Q4/2022, decreased by 18.0% qoq and 29.6% yoy. For the year ended December 31, 2022, the Company has interest income - part of amount received, Baht 3,678 million, decreasing by 18.8% yoy, in line with the increase in interest income - part of amount received. In addition, the Company also recorded expected credit losses on the interest income on loan purchased of receivables – part of accrued in accordance with the Company's performance.
  - Gain on loans purchased of receivables in Q4/2022, Baht 972 million, decreased by 3.3% qoq and 3.4% yoy. This is because the proportions of interest income and acquisition cost from debtors' payments had increased, so less profit was recognized, compared to the preceding quarter. For the year ended December 31, 2022, the Company has gain on loans purchased of receivables of Baht 3,703 million, increased by 11.5% yoy, the medium sized debtors and SME' payments had been recovered, compared to the preceding year.

- In Q4/2022, the Company has total interest expenses of Baht 694 million, increasing by 3.3% qoq and 10.2% yoy. Debt issued – debentures of Baht 603 million increased by 19.2% yoy. For the year ended December 31, 2022, the Company has total interest expenses of Baht 2,637 million, increasing by 3.0% yoy. Interest expense - borrowings of Baht 281 million decreased by 43.0% yoy and debt issued – debentures of Baht 2,260 million increased by 15.4%, mainly due to rearrangement of the structure of liabilities according to cost of funds strategy under rising interest rates. As of December 31, 2022, the Company’s average cost of funds is 3.19% (as of 2022: 2.98%).

### Gain on sale of properties for sale and installment sale

For three-month period ended December 31, 2022, the Company has gain on sale of properties for sale (outright sale) of Baht 782 million, increasing by 13.3% qoq and decreasing by 27.0% yoy. For the year ended December 31, 2022, the Company has gain on sale of properties for sale (outright sale) of Baht 2,535 million, decreasing by 14.4% yoy. The Company’s outright sale had improved, compared to the preceding quarter. However, it had decreased when compared to the year 2021 in which the Company used the pricing strategy to accelerate sale of properties.

However, in this quarter, the Company has gain on installment sale of Baht 52 million, increasing by 6.1% qoq and decreasing 3.7% yoy. For the year ended December 31, 2022, the Company has gain on installment sale of Baht 247 million, decreasing by 64.2% yoy, because the Company received a large payment from a debtor which is worth more than the acquisition cost in Q2/2021.

### Other Operating Expenses

Unit: Baht in Million	Q 4/2022	Q 3/2022	qoq % Inc. (Dec.)	Q 4/2021	yoy % Inc. (Dec.)	2022	2021	yoy % Inc. (Dec.)
<b>Other operating expenses</b>	<b>861</b>	<b>692</b>	<b>24.4</b>	<b>787</b>	<b>9.4</b>	<b>2,888</b>	<b>2,727</b>	<b>5.9</b>
Employee expenses	484	372	30.1	490	(1.2)	1,578	1,599	(1.3)
Directors’ remunerations	7	2	250.0	8	(12.5)	14	13	7.7
Premises and equipment expenses	48	47	2.1	52	(7.7)	184	201	(8.5)
Taxes and duties	161	144	11.8	153	5.2	550	531	3.6
Impairment loss on properties for sale	25	(10)	350.0	20	24.4	33	21	57.1
Properties for sale expenses	53	65	(18.5)	38	39.5	285	136	109.6
Other expenses	82	72	13.9	26	215.4	245	226	8.4

- For three-month period ended December 31, 2022, the Company has other operating expenses of Baht 861 million, increasing by 24.4% qoq and 9.4% yoy. For the year ended December 31, 2022, the Company has other operating expenses of Baht 2,888 million, increasing by 5.9% yoy, mainly due to
  - In Q4/2022, the Company has recorded an additional impairment loss on properties for sale (reversal) of Baht 25 million, increasing by 350.0% qoq and 24.4% yoy. For the year ended December 31, 2022, the Company recorded impairment loss on the properties for sale of Baht 33 million, increasing by 57.1% yoy, mainly because of the revision of appraisal value and the increase in the number of NPAs.
  - In Q4/2022, the Company has properties for sale expenses of Baht 53 million, decreasing by 18.5% qoq and increasing 39.5% yoy. For the year ended December 31, 2022, the Company has properties for sale expenses of Baht 285 million, increasing by 109.6% yoy, mainly due to the cost of handling chemical contamination on a property in Q2/2022 and Q4/2022 of Baht 97.47 million and land and building tax.



- In Q4/2022, the Company has other expenses of Baht 82 million, increasing by 13.9% qoq and 215.4% yoy, due to an adjustment in accounting items in Q4/2021. For the year ended December 31, 2022, the Company has other expenses of Baht 245 million, increasing by 8.4% yoy, mainly due to expenses incurred in corporate image, advertising, and marketing promotions.

### Expected credit loss

For the year ended December 31, 2022, the Company recorded the expected credit loss of Baht 4,049 million, decreasing by 15.0% yoy, mainly because the Company had more collection and interest income on loans purchased of receivables - part of amount received, compared to the preceding year. The expected credit loss for “loans purchased of receivables” of Baht 4,009 million, divided into loans purchased of receivables - accrued interest receivables of Baht 3,678 million and additional debt quality of Baht 331 million.

## 3.2 Collection from NPLs and NPAs management businesses

The Company believes that for the NPLs and NPAs management business, collection is a key performance indicator which is applied by other operators in the same business and various investors. Collection is calculated based on key items and so does not include all collection items from NPLs and NPAs management business. However, collection is not a standard indicator prescribed by TFRS, and so the methods of calculation may differ from methods of calculation used by other companies for similar items.

### 3.2.1 Collection Received from NPLs Management Business

The following table sets forth the collection received from NPLs management business for the year ended December 31, 2019, 2020, 2021, and 2022.

Collection received from NPLs management business	Year ended December 31,			
	2019	2020	2021	2022
	Baht (Million)	Baht (Million)	Baht (Million)	Baht (Million)
Interest income from loans purchased <sup>1</sup>	1,518.9	5,887.9	6,047.2	6,076.7
Gain on loans purchased	7,449.6	3,835.4	3,322.1	3,702.8
Net repayment and adjusted entries	10,907.8	8,319.2	7,907.5	8,966.3
<b>Total</b>	<b>19,876.3</b>	<b>18,042.5</b>	<b>17,276.8</b>	<b>18,745.8</b>
Less the portion of accrued interest receivables and receivables repayment from the debtors by collateral <sup>2</sup>	(13,018.2)	(12,245.0)	(11,234.1)	(12,315.1)
<b>Collection from the debtors during the period<sup>3</sup></b>	<b>6,858.1</b>	<b>5,797.5</b>	<b>6,042.7</b>	<b>6,430.7</b>
Collection from the Legal Execution Department during the period <sup>4</sup>	7,200.5	2,598.8	2,675.9	3,683.8
<b>Total Collection from NPLs management business<sup>5</sup></b>	<b>14,058.6</b>	<b>8,396.3</b>	<b>8,718.6</b>	<b>10,114.5</b>

Notes:	<sup>1</sup> In Notes to Financial Statements for the year ended December 31, 2022, “interest income from loans purchased” are presented as two separate line items: (i) part of amount received and (ii) part of accrued receivables. <sup>2</sup> See “Critical Accounting Policies and Estimates- Recognition of interest income and gain on loans purchased” <sup>3</sup> Collection from the debtors during the period is calculated from (i) gain on interest income of loans purchased; (ii) plus gain on loans purchased; (iii) plus net repayment and adjusted entries; and (iv) less the portion of accrued interest receivables and receivables repayment from the debtors by collateral. <sup>4</sup> Collection from the Legal Execution Department is shown as a third-party purchaser won the auction of underlying collateral and the Company has a certainty in receiving and recognizing an income from auction sale. <sup>5</sup> Collection from NPLs management business is calculated from the sum of (i) collection from the debtors during the period; and (ii) cash collected from the Legal Execution Department during the period. We believe that, for our NPLs management business, collection is a key performance indicator which is applied by other operators in the same business and various investors for the estimated collection of NPLs management business. Collection from NPLs management business reflects interest income from loans purchased, gain on loans purchased and net repayment and adjusted entries, and is calculated based on key items only, and so does not include collection items from the NPLs management business which we have recognized (such as collection from auction sale pending recognition, suspended account for debt repayment, check pending collection and suspended account for write-off). However, collection is not an indicator of actual cash flow of our NPLs management business nor a standard indicator prescribed by TFRS, and so our methods of calculation may differ from the methods of calculation used by other companies for similar items.
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For the year ended December 31, 2022, the Company’s collection received from NPLs management business was Baht 10,114.5 million which consisted of collection from the debtors during the period of Baht 6,430.7 million and collection from the Legal Execution Department of Baht 3,683.8 million.

### 3.2.2 Collection from NPAs Management Business

The following table sets forth the collection from the Company’s NPAs management business for the year ended December 31, 2019, 2020, 2021, and 2022.

Collection received from	Year ended December 31,			
	2019	2020	2021	2022
NPAs management business	Baht (Million)	Baht (Million)	Baht (Million)	Baht (Million)
<b>Outright sales</b>				
Gain on sale of properties for sale collected in cash	2,907.3	1,997.9	2,963.2	2,535.2
Decreased acquisition or transfer costs of properties for sale – net <sup>1</sup>	2,316.9	1,881.5	3,280.8	3,381.2
<b>Total collection from sale of properties for sale-Outright sales</b>	<b>5,224.2</b>	<b>3,879.4</b>	<b>6,244.0</b>	<b>5,916.4</b>
<b>Installment sales</b>				
Interest income	108.0	95.0	115.0	112.0
Collected debt repayment during the period (in terms of cost and gain)	341.4	724.0	917.0	768.6
<b>Total collection from installment sales of properties for sale</b>	<b>449.4</b>	<b>819.0</b>	<b>1,032.0</b>	<b>800.6</b>
<b>Total collection received from NPAs</b>				
<b>Management business<sup>2</sup></b>	<b>5,673.6</b>	<b>4,698.4</b>	<b>7,276.0</b>	<b>6,717.0</b>

Notes:	<sup>1</sup> Decreased net acquisition or transfer costs of properties for sale is calculated from (i) the total decreased acquisition, transfer costs of properties for sale and adjustment and (ii) any reversal from revaluation of properties for sale sold during the periods. <sup>2</sup> Collection from NPAs management business is calculated from (i) cash collected from outright sales; (ii) plus cash collected from installment sales. We believe that, for our NPAs management business, cash collection is a key performance indicator which is applied by other operators in the same business and various investors for the estimated cash flow from NPAs management business. Collection from NPAs management business is calculated based on key items only, and so does not include all collection from the NPAs management business, such as (i) dividends from our investment in securities; (ii) rent; (iii) gain from foreclosures of installment sales and (iv) other income from the breach of agreements, including asset sale agreements. However, this collection is not an indicator of actual cash flow of our NPAs management business nor a standard indicator prescribed by TFRS, and so our methods of calculation may differ from methods of calculation used by other companies for similar items.
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For the year ended December 31, 2022, the Company’s collection received from NPAs management business is Baht 6,836.5 million which consisted of Baht 5,916.4 million from outright sales and Baht 800.6 million from installment sales, and the Company’s other incomes, such as rents and forfeited money, amount to Baht 119.5 million.

### 3.3 Vintage Analysis

The company maintains a portfolio of loans purchased and properties for sale acquired at various points in time.

#### 3.3.1 Loans purchased and foreclosed collateral properties

The following table sets forth certain details regarding the appraisal value and outstanding balance of our loans purchased and properties for sale that had been converted from collateral (“Foreclosed Collateral Properties”) as of December 31, 2022:

Time since acquisition	Less than	From 1 – less than 2	From 2 – less	From 3 – less	From 4 – less	From 5 – less	From 6 – less	From 7 – less	From 8 – less	From 9 – less	From 10 years	Total
	1 year	years	than 3 years	than 4 years	than 5 years	than 6 years	than 7 years	than 8 years	than 9 years	than 10 years	and above	
(Baht in million, except for ratios)												
<b>Loans purchased:</b>												
Outstanding balance	7,874.5	3,363.7	8,900.4	9,400.2	7,027.9	5,495.6	6,416.4	6,800.2	5,614.9	2,423.9	17,520.3	80,838.2
Appraisal value <sup>1</sup>	16,296.3	6,647.2	19,224.6	17,484.0	12,759.7	12,814.8	12,240.4	14,596.0	10,964.3	5,596.3	49,797.6	178,421.2
<b>Appraisal value/</b>												
Outstanding balance (x)	2.1	2.0	2.2	1.9	1.8	2.3	1.9	2.1	2.0	2.3	2.8	2.2
<b>Foreclosed collateral properties: (Time since transferred to NPAs)</b>												
Outstanding balance <sup>2</sup>	5,693.5	4,207.8	4,032.6	3,678.3	2,564.0	2,056.8	1,324.7	1,462.9	431.1	667.2	1,683.1	27,802.1
Appraisal value	10,141.9	7,580.6	7,775.5	7,295.0	5,238.3	4,102.8	2,953.2	2,590.1	1,133.8	753.4	4,387.7	53,952.4
<b>Appraisal value/</b>												
Outstanding balance (x)	1.8	1.8	1.9	2.0	2.0	2.0	2.2	1.8	2.6	1.1	2.6	1.9

Notes: <sup>1</sup> Collateral value calculated based on the appraised price in accordance with the latest resolution of the committee on the appraise price (notwithstanding that some of the appraisal price may have been appraised not less than 3 years ago) and if collateral has been auctioned and bids have already been received, based on the bid price less estimated expenses. The collateral value is based on appraisal price before taking into account the accrued debt obligation and the mortgage value.

<sup>2</sup> The actual cost of acquiring the assets before revaluation of properties for sale.

The appraisal value of loans purchased and foreclosed collateral properties is approximately 2.2 and 1.9 times the outstanding balance across different vintages. The Company is diligent in the collection and seeks to maintain levels of collection from both distressed assets and properties for sale. For assets acquired as distressed debt, a portion of the collection is primarily collected through the debt restructuring and sale of properties (both outright and installment sales).

The following table sets forth certain details regarding the company's collection and acquisition cost for portfolios of loans purchased and foreclosed collateral properties with various holding periods as of December 31, 2022:

Time since acquisition	Less than 1 year	From 1 – less than 2 years	From 2 – less than 3 years	From 3 – less than 4 years	From 4 – less than 5 years	From 5 – less than 6 years	From 6 – less than 7 years	From 7 – less than 8 years	From 8 – less than 9 years	From 9 – less than 10 years	From 10 years and above	Total
<i>(Baht in million, except for ratios)</i>												
<b>Loans purchased and foreclosed collateral properties</b>												
Total collection.....	667.7	1,643.2	3,887.6	7,086.0	5,878.0	7,427.8	7,588.3	9,833.8	8,997.9	7,775.9	182,276.5	243,062.6
Distressed debt asset collection.....	244.9	271.0	1,747.3	3,331.3	2,880.2	4,442.2	4,735.0	7,090.2	6,414.8	5,304.9	149,085.6	185,547.3
Foreclosed collateral properties collection.....	422.8	1,372.2	2,140.3	3,754.7	2,997.7	2,985.6	2,853.3	2,743.6	2,583.1	2,470.9	33,190.9	57,515.3
Acquisition cost.....	8,120.0	3,663.9	10,619.7	12,790.2	11,006.8	10,678.2	12,634.7	15,203.0	13,852.3	8,333.4	138,854.7	245,757.0
<b>Collection/ Acquisition cost (%).....</b>	8.2	44.8	36.6	55.4	53.4	69.6	60.1	64.7	65.0	93.3	131.3	98.9

Collection tends to gradually increase within the first 2-3 years of an asset's acquisition as we carry out preparation, negotiation and restructuring activities, and then accelerates in the recovery period. As of December 31, 2022, total collection for assets acquired from 2 - less than 3 years is 36.6% which is lower than the total collection for assets acquired over 10 years ago of 131.3%

From the portfolios of loans purchase that the Company have acquired in the 1 to 2 years prior to December 31, 2022 of Baht 1,643.2 million (of which Baht 271.0 million was from distressed debt assets and Baht 1,372.2 million was from foreclosed collateral properties) and had a total balance of Baht 7,571.5 million of loans purchased which we had acquired within one to two years before (of which Baht 3,363.7 million is from distressed debt assets and Baht 4,207.8 million is from foreclosed collateral properties), with a total appraisal value of Baht 14,227.8 million (of which Baht 6,647.2 million from distressed assets and Baht 7,580.6 million from foreclosed collateral properties).

### 3.3.2 Directly Acquired Properties for sale

The following table sets forth certain details regarding the appraisal value and outstanding balance of properties for sale acquired directly (“Directly Acquired Properties for Sale”) as of December 31, 2022.

Time since acquisition	Less than 1 year	From 1 – less than 2 years	From 2 – less than 3 years	From 3 – less than 4 years	From 4 – less than 5 years	From 5 – less than 6 years	From 6 – less than 7 years	From 7 – less than 8 years	From 8 – less than 9 years	From 9 – less than 10 years	From 10 years and above	Total
Directly Acquired Properties for sale:	<i>(Baht in million, except for ratios)</i>											
Outstanding balance.....	173.1	5.5	921.0	283.0	867.6	158.0	175.3	88.8	7.0	272.0	1,813.7	4,765.0
Appraisal value.....	316.5	9.8	1,952.0	544.0	1,583.7	370.2	363.0	167.9	13.2	764.2	7,194.7	13,279.1
Appraisal value/ outstanding balance (x)	1.8	1.8	2.1	1.9	1.8	2.3	2.1	1.9	1.9	2.8	4.0	2.8

As of December 31, 2022, the total appraised value of the assets is 2.8x of the total outstanding balance of Directly Acquired Properties for sale.

The following table sets forth certain details regarding the Company’s collection and acquisition cost of the portfolios of Directly Acquired Properties for sale with various holding periods as of December 31, 2022:

Time since acquisition	Less than 1 year	From 1 – less than 2 years	From 2 – less than 3 years	From 3 – less than 4 years	From 4 – less than 5 years	From 5 – less than 6 years	From 6 – less than 7 years	From 7 – less than 8 years	From 8 – less than 9 years	From 9 – less than 10 years	From 10 years and above	Total
Direct properties for sale:	<i>(Baht in million, except for ratios)</i>											
Collection.....	0.0	0.0	439.4	333.6	232.3	186.2	737.8	115.8	14.7	3,504.1	42,365.9	47,929.7
Acquisition cost.....	174.0	6.0	1,340.9	583.3	1,223.6	283.8	629.4	170.1	17.9	1,475.4	21,875.1	27,779.5
Collection/acquisition cost (%)	0.00	0.00	32.8	57.2	19.0	65.6	117.2	68.1	81.8	237.5	193.7	172.5

As of December 31, 2022, collection for Directly Acquired Properties for sale is 32.8% of the acquisition cost of assets acquired from 2 – less than 3 years as compared with 193.7% of that of assets acquired more than 10 years.

We had collected Baht 439.4 million from the properties for sale that we directly acquired 2 to 3 years prior to December 31, 2022. The Company had total outstanding balance of Baht 921.0 million and total appraisal value of Baht 1,952.0 million.

### 3.4 NPLs Concentration by Portfolio

The following table sets forth information regarding our individual debtors with the 10 largest remaining acquisition costs of NPLs as of the dates indicated.

Major Debtors <sup>1</sup>	Year ended December 31,			
	2019	2020 <sup>2</sup>	2021 <sup>2</sup>	2022 <sup>2</sup>
	Baht (Million)	Baht (Million)	Baht (Million)	Baht (Million)
Debtor 1	3,035	3,035	3,035	3,035
Debtor 2	589	589	589	589
Debtor 3	579	558	558	558
Debtor 4	507	389	389	389
Debtor 5	389	334	334	323
Debtor 6	334	324	323	291
Debtor 7	324	290	290	287
Debtor 8	319	287	287	260
Debtor 9	300	261	261	223
Debtor 10	230	224	224	204
<b>Sub-total</b>	<b>6,606</b>	<b>6,291</b>	<b>6,291</b>	<b>6,160</b>
<b>Total NPLs<sup>3</sup></b>	<b>77,375</b>	<b>77,726</b>	<b>73,406</b>	<b>72,384</b>

- Notes:
- <sup>1</sup> Represents our top 10 debtors by remaining acquisition of NPLs as of the dates indicated. Our top 10 debtors may vary from year to year.
  - <sup>2</sup> Information regarding top 10 debtors by remaining acquisition of NPLs for the year ended December 31, 2020, 2021 and 2022 may not be comparable to the previous periods due to the calculation of allowance for expected credit losses on loans purchased (2019: Allowance for doubtful account) as per requirement of TFRS.
  - <sup>3</sup> Due to the new financial report standards, “loans purchased” (NPLs) is reclassified into “loans purchased of receivables and accrued interest receivables- net.”

### 3.5 NPAs Concentration by Region and by Type

Our NPAs are located throughout Thailand. As of December 31, 2022, 38.2% of net value of our NPAs are located in Bangkok and its vicinity and 55.4% of net value of our NPAs are residential properties.

The following table sets forth certain details of our NPAs by region as of the date indicated.

	As of December 31,			
	2019	2020	2021	2022
	Net value	Net value	Net value	Net value
<b>Value of NPAs by Geography of Real estate</b>	<i>(Baht in million)</i>			
Immovable assets				
Bangkok and its vicinity	9,988	12,255	11,976	12,225
Central and Eastern Thailand	6,137	6,582	6,893	7,532
Northern Thailand	3,432	3,742	4,089	4,360
Northeast Thailand	2,158	2,698	3,034	3,553
Southern Thailand	1,969	2,587	3,450	4,245
Moveable assets	215	214	224	111
<b>Total</b>	<b>23,899</b>	<b>28,078</b>	<b>29,666</b>	<b>32,026</b>

The following table sets forth a breakdown of the value of our NPAs by type as of the date indicated

	As of December 31,			
	2019	2020	2021	2022
	Net value	Net value	Net value	Net value
<b>Value of NPAs by Type of Real estate</b>	<i>(Baht in million)</i>			
Immovable assets				
Vacant land	5,243	6,023	5,415	5,168
Hotels	450	591	697	636
Commercial properties	6,453	7,186	7,720	8,362
Residential properties	11,539	14,065	15,610	17,749
Movable assets	215	214	224	111
<b>Total</b>	<b>23,899</b>	<b>28,078</b>	<b>29,666</b>	<b>32,026</b>

As of December 31, 2022, the Company has net NPAs value of Baht 32,026 million and the appraisal NPAs value of Baht 67,231 million (of which Baht 67,072 million for immovable assets and Baht 159 million for movable assets).