



## Management Discussion and Analysis

For the three-month and six-month period ended June 30, 2023

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## Executive Summary

The Company reported a net profit in Q2/2023 of Baht 425 million, increasing by 59.5% qoq and decreasing by 48.8% yoy, as a result of 1) receipt of repayment from a large-sized debtor in Q2/2022 in the amount of Baht 526 million; 2) a decrease in interest income from weak NPL collection; 3) an increase in total expenses; and 4) an increase in expected credit loss as a result of purchase of collateral (for debt settlement) from Legal Execution Department's auction sale at low prices.

Total collection in Q2/2023 of Baht 4,127 million (92.5% of the quarterly target), increasing by 4.2% yoy, divided into NPA Collection of Baht 2,114 million which increased by 37.4% yoy, as a result of continuous growth in NPA sales (average selling price is 87.4% of the appraisal value). Also, NPL collection of Baht 2,013 million decreased by 16.9% yoy. Debt collection from retail debtors has slowed down. However, the debt repayment of SMEs and medium-sized debtors remains at a good level.

In Q2/2022, the Company received a repayment from a large-sized debtor in the amount of Baht 526 million and incurred expenses in managing a property for sale contaminated with chemicals in the amount of Baht 68 million. If the performance is viewed by excluding the aforementioned items, the Company's total operating income in Q2/2022 amounted to Baht 1,878 million while a net profit amounted to Baht 405 million. Comparing operating results in Q2/2023 to operations in Q2/2022 (excluding large-sized debtor), the Company's total operating income in Q2/2023 of Baht 2,142 million showed an increase by 14.1% yoy, and the Company's net profit in Q2/2023 of 425 million showed an increase by 4.9% yoy. Details in the table below.

Unit: Baht million	Q2/2022	Q2/2022 (Excl. large-sized)	Q2/2023	%YoY	%YoY (Excl. large-sized)
Total operating income	2,378	1,878	2,142	(9.9)	14.1
Total operating expenses	737	669	742	0.7	10.9
Interest expenses	651	651	722	10.9	10.9
Profit from operation before income tax expenses and ECL	990	558	678	(31.5)	21.5
Expected credit loss-additional	81	81	162	100.0	100.0
Profit from operation before income tax expenses	909	477	514	(43.5)	7.8
Total income tax expenses	79	72	88	11.4	22.2
<b>Net profit</b>	<b>830</b>	<b>405</b>	<b>425</b>	<b>(48.8)</b>	<b>4.9</b>

The Company recorded total expected credit loss in Q2/2023 in the amount of Baht 1,125 million, an increase of 3.9% yoy, which can be divided into loans purchased of receivables - accrued interest receivables in the amount of Baht 960 million and expected credit loss - additional in the amount of Baht 162 million which was mainly from the purchase of collateral for debt settlement at low prices (lower than the cost of NPLs) of which the Company set aside the full amount of expected credit loss based on the remaining NPLs cost in the period in which the transaction occurred. However, the Company foresees that the purchase of collateral for debt settlement at low prices will increase the opportunity to sell foreclosed properties for more profit.

For the first half of 2023, the Company reported a net profit of Baht 692 million, decreasing by 39.5% yoy, and total collection of Baht 7,357 million, increasing by 3.3% yoy. This was mainly because NPA collection increased by 25.9% yoy from the pricing strategy, campaigns and promotions to stimulate sales as well as the right of ownership transfer and mortgage fee reduction by the government to stimulate sales of residential properties priced not over Baht 3 million. Furthermore, NPL collection decreased by 10.3% yoy, indicating a decrease in debtors' ability to repay debts due to inflation, rising interest rates, the trend of economic slowdown and the problem of household debt in the country.

Regarding the overview of current supply and acquisition, financial institutions have auctioned out bad debts with the claim amount of Baht 138,171 million, increasing by 143.5% yoy. The Company sees that the amount of bad debts will increase continuously. Moreover, The Company won the auction in the first half of 2023 with the claim amount of Baht 22,408 million at an acquisition cost of Baht 7,373 million. The Company is at the moment waiting for auction results and conducting the due diligence of the claim amount of Baht 71,203 million more.

## 1. Key Highlights in Q2/2023

### 1.1 BAM issued a debenture no.1/2023

On May 17, 2023, BAM issued a debenture no.1/2023 of Baht 5,550 million in total for institutional investors and high-net-worth investors. There were 4 series consisting of a 3-year tenure with an interest rate of 3.24% per year, a 5-year tenure with an interest rate of 3.55% per year, a 7-year tenure with an interest rate of 3.60% per year, and a 10-year tenure with an interest rate of 4.22% per year. In addition, on April 19, 2023, TRIS Rating affirmed company rating and the ratings on its outstanding senior unsecured debentures at “A-” with “stable” outlook.

### 1.2 Promotional activities for NPA customers

BAM organized the “Midyear Shock Price” campaign between May 1-June 15, 2023, by selecting good quality and location of NPAs to put up for sale at big special discounts. In addition, customers who made the right of ownership transfer within 30 days would receive special promotions including free right of ownership transfer and gift vouchers. Moreover, BAM participated in an exhibition booth of the “Money Expo 2023”, under the concept of “Green Finance for Green Living”, between May 11-14, 2023, at Impact Muang Thong Thani.

### 1.3 Annual general meeting of shareholders for the year 2023

BAM held the annual general meeting of shareholders for the year 2023 on April 24, 2023, via electronic method at the headquarters’ conference room on the 17<sup>th</sup> floor.

### 1.4 Dividend payment for the year 2022

On May 23, 2023, BAM paid the cash dividend of the Company’s business operation of the year ended December 31, 2022, at the rate of Baht 0.55 per share (before any applicable withholding tax) to shareholders, totaling Baht 1,777,623,265.00 or equivalent to 65.24% of the net profit.

## 2. Sustainability Performance in Q2/2023

In 2023, the Company operates according to the ESG concept, which includes environmental, social and governance aspects. To drive the organization towards sustainability, the details of ESG operations are as follows:

1. **Thailand Sustainability Investment (THSI) Project:** with the goal in 2023 being “BAM uplifts assessment of THSI in 2023 to be at a level not lower than BBB and have a higher score than the previous year.”

In May 2023, BAM has submitted the THSI Sustainability Assessment for the year 2023 (data of the year 2022) to the Stock Exchange of Thailand (SET). The company is currently in the process of fine-tuning its ESG operations to continue uplifting the performance to be in line with the sustainability assessment going forward.

2. **Care the Wild Project:** In 2023, the goal is to plant 2,000 trees, to measure carbon dioxide (CO<sub>2</sub>) absorption of 18,000 kgCO<sub>2</sub> (or 18 TonCO<sub>2</sub>/year).

In May 2023, BAM received a plaque for community forest supporters on National Community Forest Day from the Royal Forest Department. Moreover, in June 2023, BAM planted more than 2,000 trees in an area of 10 rai at Ban Khok Pluang Community Forest, Hin Khon Sub-district, Chakkarat District, Nakhon Ratchasima Province in collaboration with SET, the Royal Forest Department and local communities.

3. **Go Green Together Project:** BAM has carried out the 8R project (Rethink, Recover, Repair, Refuse, Recycle, Reuse, Reduce, and Regift) and the Green Office project. In Q2/2023, the details are as follows:

- Organized activities / public relations “BAM HAPPY EARTH HOUR” turning off lights to save the world for 1 hour.
- Waste Separation/Plastic Cup Project
- Tidy Office - Happy Life 2023 Project
- Organized the Pan Kan activity with the Yuvabadhana Foundation to mobilize leftover items in good condition both first-hand and second hand to be a scholarship for youth who lack opportunities.
- Organized an activity to reduce photocopying costs for the year 2023.

4. **Human Rights Awards Project:** BAM aims to participate in the Human Rights Awards in 2024.

In April 2023, BAM submitted the Human Rights Model Organization Assessment to Rights and Liberties Protection Department, Ministry of Justice (Performance of the year 2022). ESG department has summarized the areas of improvement based on the criteria for assessing model organizations on human rights that are not covered and coordinated with relevant departments, with a preparation process to participate in the Human Rights Awards Model Organization contest.

5. **Good Governance Project:** BAM is committed to efficient corporate governance and internal governance while creating a culture of ethical principles.

BAM has produced public relations materials on good corporate governance and compliance through e-mail, promoting anti-sexual harassment and anti-corruption policy to create continuous awareness for employees.

### 3. Management Discussion and Analysis

#### 3.1 Selected Financial Position

##### Significant items in Balance Sheet (for the three-month and six-month period ended June 30, 2023)

**Assets** As of June 30, 2023, the Company had total assets of Baht 132,448 million, decreasing by 0.3% from the year ended 2022.

- The Company has interbank and money market items – deposits at financial institutions of Baht 992 million, decreasing by 85.1% from the year ended 2022. This is the Company acquired NPLs (loans purchased of receivables) of Baht 7,373 million and did not acquire any NPAs (properties for sale) from financial institutions.
- Right-of-use assets – net of Baht 38 million decreased by 20.3% from the year ended 2022, mainly due to the decrease in depreciation of assets.
- Intangible assets - net of Baht 160 million increased by 20.1% from the year ended 2022, mainly due to the Company's software system development.
- Accrued income from auction sale – net of Baht 13,036 million increased by 6.0% from the year ended 2022 and advance for expenses on asset acquisition and others – net of Baht 953 million increased by 29.9% from the year ended 2022. This was mainly because the Company acquired assets from the Legal Execution Department's auction sale.
- Other assets - net of Baht 130 million decreased by 40.2% from the year ended 2022, mainly due to recording dividend receivables of Baht 95 million in Q4/2022. They are dividends from securities held by the Company. Such securities are not considered as investments in subsidiaries or associate companies.

**Liabilities** As of June 30, 2023, the Company had total liabilities of Baht 89,655 million, increasing by 0.6% from the year ended 2022, and has the debt-equity ratio or D/E of 2.10 times.

- Most of the Company's liabilities are debts issued and borrowings which are significant sources of funds to acquire NPLs and NPAs. The details are as follows:
  1. Total notes payable of Baht 2,673 million increased by 13.2% and total borrowings of Baht 10,762 million increased by 5.7% from the year ended 2022. This is because of more investment in NPLs / NPAs' acquisition.
  2. Net debentures of Baht 73,507 million increased by 0.7% from the year ended 2022 because the Company issued and offered debentures no.1/2023 of Baht 5,550 million in total for institutional and high-net-worth investors. They comprised of 4 series with ranging from 3 to 10-year tenures and interest rates from 3.24% to 4.22% per year. In addition, the Company repaid 2 debentures, total amount issued Baht 5,050 million. Moreover, the Company has 2 debentures due in 2023 as follows:
    - Debenture No.2/2017, Series 3, amount issued Baht 3,800 million, maturity date September 8, 2023.
    - Debenture No.1/2016, Series 3, amount issued Baht 1,100 million, maturity date December 22, 2023.
- Tax payables of Baht 510 million decreased by 21.9% from the year ended 2022, mainly because the Company paid corporate income tax for the year 2022 in Q2/2023.
- Accrued expenses of Baht 169 million decreased by 50.4% from the year ended 2022, mainly due to recording bonus payment of the business performance for the year 2022.
- Financial institutions creditors for loan purchased of Baht 0 million decreased by 100.0% from the year ended 2022. This was because the Company paid the purchase payables of NPLs under the asset transfer agreement in June 2023.
- Other liabilities of Baht 545 million increased by 45.2% from the year ended 2022, mainly due to an increase in deposit and marginal deposit from properties for sale which indicates an upward trend in sales.

**Equity** As of June 30, 2023, the Company had total equity of Baht 42,794 million, decreasing by 2.1% from the year ended 2022.

### Interest Income –net

This table mainly presents items that have significant changes.

Unit: Baht in Million	Q 2/2023	Q 1/2023	qoq % Inc. (Dec.)	Q 2/2022	yoy % Inc. (Dec.)	6 months 2023	6 months 2022	yoy % Inc. (Dec.)
<b>Interest Income - net</b>	<b>1,517</b>	<b>1,452</b>	<b>4.5</b>	<b>1,990</b>	<b>(23.8)</b>	<b>2,969</b>	<b>3,521</b>	<b>(15.7)</b>
<b>Total Interest Income</b>	<b>2,239</b>	<b>2,145</b>	<b>4.4</b>	<b>2,641</b>	<b>(15.2)</b>	<b>4,384</b>	<b>4,792</b>	<b>(8.5)</b>
Deposit at financial institutions	10	11	(9.1)	3	233.3	21	4	425.0
Loans purchased of receivables	2,211	2,114	4.6	2,637	(16.2)	4,325	4,765	(9.2)
- Part of amount received	647	706	(8.4)	524	23.5	1,353	1,017	33.0
- Part of accrued receivables	960	842	14.0	1,002	(4.2)	1,802	2,022	(10.9)
- Gain on loans purchased of receivables	604	566	6.7	1,111	(45.6)	1,170	1,726	(32.2)
Installment sale receivables	22	33	(33.3)	25	(12.0)	55	55	0.0
<b>Total interest expenses</b>	<b>723</b>	<b>693</b>	<b>4.3</b>	<b>651</b>	<b>11.1</b>	<b>1,416</b>	<b>1,271</b>	<b>11.4</b>
Debt issued – debentures	631	615	2.6	561	12.5	1,246	1,075	15.9
Debt issued – promissory notes	17	17	0.0	24	(29.2)	34	49	(30.6)
Borrowings	74	61	21.3	66	12.1	135	147	(8.2)

- In Q2/2023, the Company had **interest income – net** of Baht 1,517 million, decreasing by 23.8% yoy, this was due to a decrease in interest income on loans purchased of receivables (recognizing higher interest income - part of amount received but lower gain on loans purchased of receivables). In addition, interest expenses increased by 11.1% yoy, mainly because debentures increased 12.5% yoy and borrowings increased 12.1% yoy.
- **Compared to Q1/2023** Interest income – net increased 4.5% qoq, because income from loans purchased of receivables increased according to seasonality.
- **First half of 2023** The Company had **interest income – net** of Baht 2,969 million, decreasing by 15.7% yoy. This was due to a decrease in interest income on loans purchased of receivables (recognizing higher interest income - part of amount received but lower gain on loans purchased of receivables). In addition, the Company had interest expenses, particularly debentures increased by 15.9% yoy. As of June 30, 2023, the Company had fixed interest rate debt of 89.6% and floating interest rate debt of 10.4%, and an average cost of funds was 3.28% (as of 2022: 3.19%).

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

- For three-month period ended June 30, 2023, the Company had gain on sale of properties for sale (outright sale) of Baht 576 million, decreasing by 11.7% yoy. In addition, The Company had gain on installment sale of Baht 275 million, increasing by 310.4 % yoy, due to a complete payment from a large installment buyer.
- **Compared to Q1/2023** Gain on sale of properties for sale (outright sale) increased 17.8% qoq and gain on installment sale increased 685.7% qoq which indicates an upward trend in NPAs sale according to seasonality and various promotional strategies.
- **First half of 2023** The Company had gain on sale of properties for sale (outright sale) of Baht 1,065 million, increasing by 0.2% yoy and gain on installment sale of Baht 310 million, increasing by 113.8% yoy.

### Other operating income

- In Q2/2023, the Company had **other operating income** of Baht 14 million, decreasing by 28.9% yoy, mainly due to receiving overpayments of the legal expenses which decreased when compared to the preceding year.
- **Compared to Q1/2023** Other operating income decreasing 23.2% qoq, mainly due to receiving overpayments of the legal expenses and the forfeiture of the marginal deposit for the purchase of properties for sale which decreased when compared to the preceding year.
- **First half of 2023** The Company had other operating income of Baht 32 million, increasing by 18.6% yoy, mainly due to rental income, income returned from specific business tax and the forfeiture of the marginal deposit.

### Other Operating Expenses

Unit: Baht in Million	Q 2/2023	Q 1/2023	qoq % Inc. (Dec.)	Q 2/2022	yoy % Inc. (Dec.)	6 months 2023	6 months 2022	yoy % Inc. (Dec.)
<b>Other operating expenses</b>	<b>742</b>	<b>684</b>	<b>8.5</b>	<b>737</b>	<b>0.7</b>	<b>1,426</b>	<b>1,334</b>	<b>6.9</b>
Employee expenses	397	385	3.1	394	0.8	782	722	8.3
Directors' remunerations	2	2	0.0	2	0.0	4	4	8.3
Premises and equipment expenses	51	41	24.4	47	8.5	92	89	3.4
Taxes and duties	172	132	30.3	125	37.6	305	245	24.5
Impairment loss on properties for sale (reversal)	(23)	(5)	360.0	7	(428.6)	(28)	18	(255.6)
Properties for sale expenses	55	40	37.5	113	(51.3)	95	166	(42.8)
Other expenses	88	88	0.0	50	76.0	175	91	92.3

- In Q2/2023, **other operating expenses** of Baht 742 million increased by 0.7% yoy, mainly due to an increase in taxes and duties from the specific business tax on the auction sale of the Legal Execution Department and other expenses from the recording of appraisal value according to market conduct. However, there were reversals of impairment losses which were returned from the revision of the appraisal value and NPA sales that were previously recorded impairment loss on properties for sale. Moreover, properties for sale expenses decreased by 51.3% yoy because the Company incurred expenses in handling chemical contamination of a property.
- **Compared to Q1/2023** Other operating expenses increased by 8.5 qoq, mainly due to insurance and vehicle rental expenses and taxes and duties.
- **First half of 2023** Other operating expenses increased by 6.9 qoq, mainly due to reversals of impairment losses and appraisal value according to Market Conduct as mentioned above.

### Expected credit loss

For three-month period ended June 30, 2023, the Company recorded the expected credit loss of Baht 1,125 million, increasing by 3.9% yoy, divided into loans purchased of receivables - accrued interest receivables of Baht 960 million and additional amount of Baht 162 million according to debt quality, purchase of collateral (for debt settlement) from Legal Execution Department's auction sale and more debt acquisition.

For six-month period ended June 30, 2023, the Company recorded the expected credit loss of Baht 2,112 million, decreasing by 1.4% yoy.



### 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, 2020, 2021, and 2022, and for the six-month period ended June 30, 2021, 2022, and 2023.

Collection received from NPLs management business	Year ended December 31,			Six-month period ended June 30,		
	2020	2021	2022	2021	2022	2023
	Baht (Million)	Baht (Million)	Baht (Million)	Baht (Million)	Baht (Million)	Baht (Million)
Interest income from loans purchased <sup>1</sup>	5,887.9	6,047.2	6,076.7	3,664.4	3,039.1	3,155.8
Gain on loans purchased of receivables	3,835.4	3,322.1	3,702.8	1,417.0	1,726.1	1,169.7
Net repayment and adjusted entries	8,319.2	7,907.5	8,925.5	3,998.2	4,000.0	4,017.8
<b>Total</b>	<b>18,042.5</b>	<b>17,276.8</b>	<b>18,705.0</b>	<b>9,079.6</b>	<b>8,765.1</b>	<b>8,343.3</b>
Less the portion of accrued interest receivables and receivables repayment from the debtors by collateral <sup>2</sup>	(12,245.0)	(11,234.1)	(12,274.3)	(6,336.1)	(5,889.2)	(5,981.7)
<b>Collection from the debtors during the period<sup>3</sup></b>	<b>5,797.5</b>	<b>6,042.7</b>	<b>6,430.7</b>	<b>2,743.5</b>	<b>2,875.9</b>	<b>2,361.6</b>
Collection from the Legal Execution Department during the period <sup>4</sup>	2,598.8	2,675.9	3,683.8	1,252.5	1,568.6	1,624.1
<b>Total Collection from NPLs management business<sup>5</sup></b>	<b>8,396.3</b>	<b>8,718.6</b>	<b>10,114.5</b>	<b>3,996.0</b>	<b>4,444.5</b>	<b>3,985.7</b>

Notes: <sup>1</sup> In Notes to Financial Statements for the six-month period ended June 30, 2023, "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 of receivables"

<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.

For six-month period ended June 30, 2023, the Company's collection received from NPLs management business was Baht 3,985.7 million which consisted of collection from the debtors during the period of Baht 2,361.6 million and collection from the Legal Execution Department of Baht 1,624.1 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, 2020, 2021, and 2022 and for the six-month period ended June 30, 2021, 2022, and 2023.

Collection received from NPAs management business	Year ended December 31,			Six-month period ended June 30,		
	2020	2021	2022	2021	2022	2023
	Baht (Million)	Baht (Million)	Baht (Million)	Baht (Million)	Baht (Million)	Baht (Million)
<b>Outright sales</b>						
Gain on sale of properties for sale collected in cash	1,997.9	2,963.2	2,535.2	1,247.0	1,063.6	1,064.7
Decreased acquisition or transfer costs of properties for sale – net <sup>1</sup>	1,881.5	3,280.8	3,381.2	1,255.9	1,218.3	1,730.4
<b>Total collection from sale of properties for sale-Outright sales</b>	<b>3,879.4</b>	<b>6,244.0</b>	<b>5,916.4</b>	<b>2,502.9</b>	<b>2,281.9</b>	<b>2,795.1</b>
<b>Installment sales</b>						
Interest income	95.0	115.0	112.0	62.0	54.8	55.3
Collected debt repayment during the period (in terms of cost and gain)	724.0	917.0	688.6	616.9	328.4	502.5
<b>Total collection from installment sales of properties for sale</b>	<b>819.0</b>	<b>1,032.0</b>	<b>800.6</b>	<b>678.9</b>	<b>383.2</b>	<b>557.8</b>
<b>Total collection received from NPAs Management business<sup>2</sup></b>	<b>4,698.4</b>	<b>7,276.0</b>	<b>6,717.0</b>	<b>3,181.8</b>	<b>2,665.1</b>	<b>3,352.9</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.

For six-month period ended June 30, 2023, the Company's collection received from NPAs management business was Baht 3,352.9 million which consisted of Baht 2,795.1 million from outright sales and Baht 557.8 million from installment sales, and the Company's other incomes, such as rents and forfeiture of the marginal deposit of Baht 18.1 million, totaling Baht 3,371.0 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 June 30, 2023:

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	12,629.9	4,938.6	4,001.6	8,726.2	8,412.6	6,222.9	6,850.6	5,234.7	5,875.2	3,116.3	18,184.5	84,193.2
Appraisal value <sup>1</sup>	25,916.8	9,682.4	9,960.2	15,932.2	15,632.4	13,377.4	12,967.6	10,951.3	12,039.2	6,664.4	50,525.0	183,648.8
<b>Appraisal value/</b>												
Outstanding balance (x)	2.1	2.0	2.5	1.8	1.9	2.1	1.9	2.1	2.0	2.1	2.8	2.2
<b>Foreclosed collateral properties: (Time since transferred to NPAs)</b>												
Outstanding balance <sup>2</sup>	5,868.9	4,457.8	3,879.3	3,713.3	3,029.2	2,169.2	1,542.3	956.6	1,277.9	312.7	2,147.7	29,354.8
Appraisal value	10,371.9	8,146.1	6,946.6	7,428.9	6,077.4	4,345.8	3,258.0	2,280.1	2,288.3	869.5	4,483.8	56,496.3
<b>Appraisal value/</b>												
Outstanding balance (x)	1.8	1.8	1.8	2.0	2.0	2.0	2.1	2.4	1.8	2.8	2.1	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 was 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 June 30, 2023:

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.....	560.7	1,919.1	3,101.7	6,159.1	8,044.9	7,742.3	8,324.9	9,438.8	9,430.7	9,038.4	187,461.7	251,222.3
Distressed debt asset collection.....	124.8	669.6	936.5	3,164.6	3,932.0	4,531.2	5,093.9	6,117.5	6,558.6	6,965.2	151,420.6	189,514.5
Foreclosed collateral properties collection.....	436.0	1,249.5	2,165.2	2,994.5	4,112.9	3,211.1	3,231.0	3,321.3	2,872.1	2,073.2	36,041.1	61,707.8
Acquisition cost.....	12,755.0	5,649.2	4,812.2	11,764.1	13,272.1	11,980.0	13,177.1	12,843.5	13,655.8	11,988.3	141,232.3	253,129.8
<b>Collection/ Acquisition cost</b> <b>(%).....</b>	4.4	34.0	64.5	52.4	60.6	64.6	63.2	73.5	69.1	75.4	132.7	99.2

Collection tends to gradually increase within the first 2 to 3 years after an asset acquisition as we carry out preparation, negotiation and restructuring activities, and then accelerates in the recovery period. As of June 30, 2023, total collection for assets acquired from 2 - less than 3 years is 64.5% which was lower than the total collection for assets acquired over 10 years ago of 132.7%

From the portfolios of loans purchase that the Company have acquired in the 1 to 2 years prior to June 30, 2023 of Baht 1,919.1 million (of which Baht 669.6 million was from distressed debt assets and Baht 1,249.5 million was from foreclosed collateral properties) and had a total balance of Baht 9,396.4 million of loans purchased which we had acquired within 1 to 2 years before (of which Baht 4,938.6 million is from distressed debt assets and Baht 4,457.8 million is from foreclosed collateral properties), with a total appraisal value of Baht 17,828.5 million (of which Baht 9,682.4 million from distressed assets and Baht 8,146.1 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 June 30, 2023.

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.....	166.8	9.4	29.6	1,052.5	880.7	120.1	87.1	154.8	36.8	11.9	2,025.7	4,575.3
Appraisal value.....	352.2	17.9	70.6	2,122.3	1,692.4	233.8	238.6	297.2	65.5	95.9	7,592.1	12,778.6
Appraisal value/ outstanding balance (x)	2.1	1.9	2.4	2.0	1.9	1.9	2.7	1.9	1.8	8.1	3.7	2.8

As of June 30, 2023, 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 June 30, 2023.

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.....	3.9	0.0	39.9	823.9	270.4	174.9	240.0	746.5	27.3	450.5	46,825.5	49,602.8
Acquisition cost.....	169.9	10.1	50.5	1,801.6	1,270.1	232.2	227.7	607.4	56.3	123.7	23,233.9	27,783.4
Collection/acquisition cost (%)	2.3	0.0	79.1	45.7	21.3	75.3	105.4	122.9	48.4	364.2	201.5	178.5

As of June 30, 2023, collection for Directly Acquired Properties for sale is 79.1% of the acquisition cost of assets acquired from 2 – less than 3 years as compared with 201.5% of that of assets acquired more than 10 years.

We had collected Baht 39.9 million from the properties for sale that we directly acquired 2 to less than 3 years prior to June 30, 2023. The Company had total outstanding balance of Baht 29.6 million and total appraisal value of Baht 70.6 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,			Six-month period ended June 30,
	2020	2021	2022	2023
	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	558	558	558	558
Debtor 4	389	389	389	389
Debtor 5	334	334	323	324
Debtor 6	324	323	291	291
Debtor 7	290	290	287	288
Debtor 8	287	287	260	260
Debtor 9	261	261	223	255
Debtor 10	224	224	204	224
<b>Sub-total</b>	<b>6,291</b>	<b>6,291</b>	<b>6,160</b>	<b>6,212</b>
<b>Total NPLs</b>	<b>77,726</b>	<b>73,406</b>	<b>72,384</b>	<b>75,511</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.

### 3.5 NPAs Concentration by Region and by Type

Our NPAs are located throughout Thailand. As of June 30, 2023, 37.8% of net value of our NPAs are located in Bangkok and its vicinity and 55.6% 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,			As of June 30,
	2020	2021	2022	2023
	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	12,255	11,976	12,225	12,619
Central and Eastern Thailand	6,582	6,893	7,532	7,809
Northern Thailand	3,742	4,089	4,360	4,571
Northeast Thailand	2,698	3,034	3,553	3,779
Southern Thailand	2,587	3,450	4,245	4,540
Moveable assets	214	224	111	98
<b>Total</b>	<b>28,078</b>	<b>29,666</b>	<b>32,026</b>	<b>33,417</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,			As of June 30,
	2020	2021	2022	2023
	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	6,023	5,415	5,168	5,111
Hotels	591	697	636	700
Commercial properties	7,186	7,720	8,362	8,930
Residential properties	14,065	15,610	17,749	18,577
Movable assets	214	224	111	98
<b>Total</b>	<b>28,078</b>	<b>29,666</b>	<b>32,026</b>	<b>33,417</b>

As of June 30, 2023, the Company had net NPAs value of Baht 33,417 million and the appraisal NPAs value of Baht 69,275 million (of which Baht 69,132 million for immovable assets and Baht 143 million for movable assets).