



บมจ. อะมานะฮ์ ลีสซิ่ง

# Management Discussion and Analysis

For Quarter 3, 2023 End of September 30<sup>th</sup>, 2023

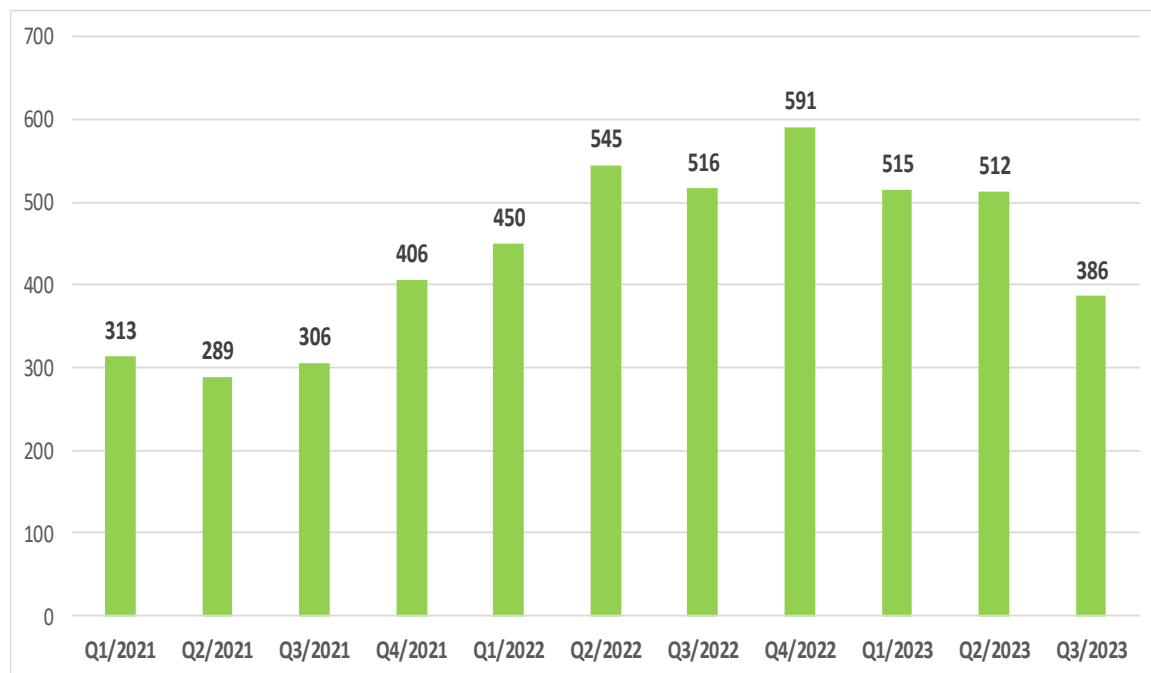


## Management Discussion and Analysis

### 1. Overview

In Q2 2023, the company generated the new lending of 386 MB, 126 MB, 24.60% decrease from the previous quarter. As for the 9 months of 2023, the company generated the total new lending of 1,414 MB, 98 MB lower compared to the 9 months' new lending of the previous year. (The total new lending for the 9 months of the previous year was 1,512 MB.) The quarterly new lending from Q1 2021 to Q3 2023 were illustrated in the graph below. The lower new lending in Q3 2023 resulted from the 2 factors. The first one resulted from the intensive credit screening by the credit department in response to the slowdown economy. The approval rate declined, while the rejection rate increased. The second one resulted from the debt restructuring program which consumed some working hours from the marketing staff. However, the company still aimed at generating 2,000 - 2,100 MB. the total new lending for the year 2023.

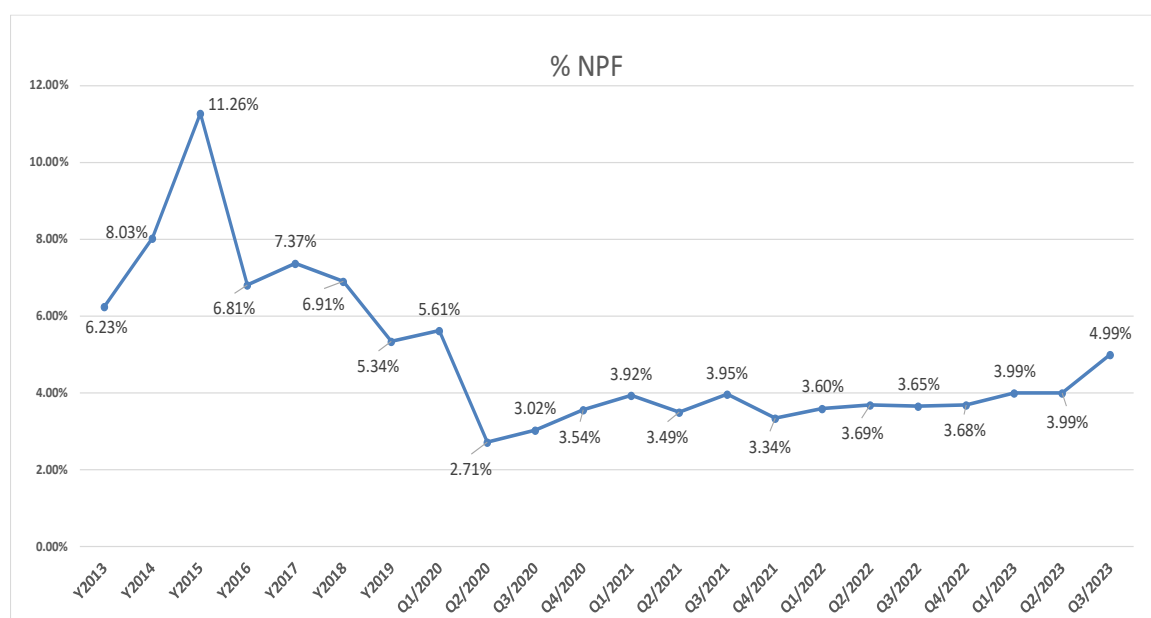
**Graph 1: Quarterly New Lending from Q1 2021 – Q3 2023**



As for the quality of the loan portfolio, company's NPF at stood at 4.99 % figure in Q3 2023. This NPF figure increased from the 3.99% in the previous quarter. The movement of NPF figures were illustrated in the graph below. Starting in Q3 2023, the company implemented a change in policy regarding the maximum allowance for NPF figure. The new policy relaxed the controlling of NPF figure in response to the existing economy. Due to the economic condition together with the market conduct measure (enforced by the BOT), the NPF figures of all the lending-institutions were forced to go higher. The struggle economy caused the repayment ability of the borrowers to be less. The market conduct measure caused the cost of being overdue for

the customers to be insignificant. Consequently, the customers were motivated to be less punctual in making their repayments. From the past, the tool that the company used in controlling the NPF figure was the premature written-off of the bad debt. The written-off helped the company in reducing the NPF figure because the written-off loans were removed from the total loan portfolio. In doing so, the company also obtained the benefit from the tax-saving from the loan written-off. However, the written-off also caused additional expected credit loss expense and depressed the company's operating result. The new policy raised the maximum allowance for the NPF figure not to exceed 5 % for the year 2023. (The old policy targeted the NPF figure not being greater than 4%.) The NPF figures for 2025, and 2026 were targeted at 4.5% and 4%, respectively.

**Graph 2: NPF figures from 2013 to Q3 2023**

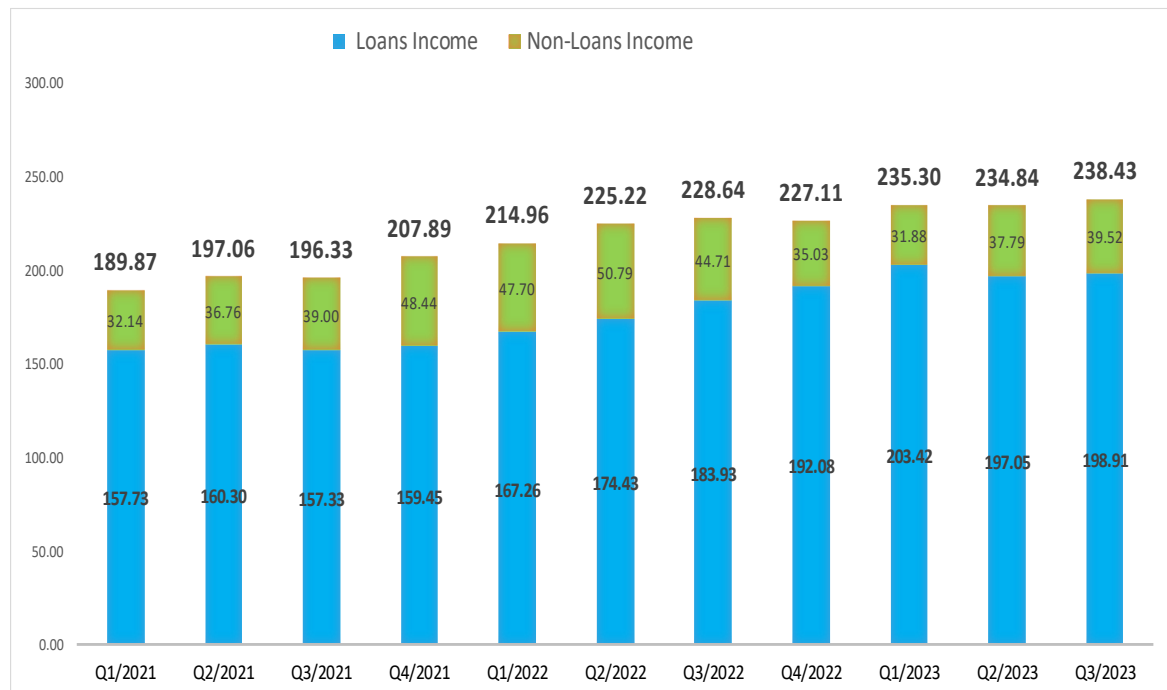


As for the company's operating result, in Q3 2023 the company generated the net profit of 53.48 MB, 19.55 MB, 57.63% increase from the previous quarter. The major factor contributed to the increase in this net profit figure was the reduction in expected credit loss (ECL) expense. The company's Q3 2023 expected credit loss expense decreased by 29.75 MB, 41.19% decrease from the previous quarter. The decreased resulted from the change in debt collection measure. The new measure aimed at converting the overdue customers in to non-overdue customers by collecting more than one due payment, enforcing more intense effort from the outsource collectors in making debt collection, assigning the loan portfolio's quality as KPI in addition to the marketing KPI to all the marketing staffs, and encouraging the overdue customers to do debt restructuring.

As for the revenue from lending, the revenue from lending in Q3 2023 increased by 1.86 MB, 1%, increase from the previous quarter (increased from 197.05 MB to 198.91 MB). (The quarterly revenues from lending were as illustrated in the Graph 3.) The small increase in

revenue from lending resulted from the lower new lending in Q3 2023 together with the written-off of the bad debt. The written-off of the bad debt in Q3 2023 resulted in the reversal of the revenue from lending by 1.07 MB.

**Graph 3: Quarterly Revenue from Lending from Q1 2021 - Q3 2023**



## 2. Operating Result and Profitability

### 2.1 The Company's Operating Result Ending 30 September 2023

Unit in thousand baht

Continuing operations:	Q3/2023	Q2/2023	Q3/2022	QoQ	YoY	nine-month / 2023		nine-month / 2022		YoY	
						amount	%	amount	%	+ / -	%
Income from hire-purchase contracts	110,232	140,777	183,910	-21.70%	-40.06%	420,569	59.36%	525,605	78.68%	(105,036)	-19.98%
Income from loans	88,675	56,276	23	57.57%	385444%	178,811	25.24%	22	0.00%	178,789	807367%
Income from inventory finance receivables	868	737	642	17.85%	35.31%	2,451	0.35%	1,835	0.27%	616	33.54%
Fee and service income	6,644	8,037	18,153	-17.33%	-63.40%	23,686	3.34%	57,052	8.54%	(33,367)	-58.48%
Other income	32,006	29,008	25,916	10.34%	23.50%	83,042	11.72%	83,530	12.50%	(488)	-0.58%
<b>Total income</b>	<b>238,426</b>	<b>234,835</b>	<b>228,644</b>	<b>1.53%</b>	<b>4.28%</b>	<b>708,559</b>	<b>100.00%</b>	<b>668,045</b>	<b>100.00%</b>	<b>40,514</b>	<b>6.06%</b>
Selling expenses	920	1,056	2,072	-12.86%	-55.57%	3,353	0.47%	4,257	0.64%	(903)	-21.23%
Administrative expenses	89,250	90,454	87,260	-1.33%	2.28%	264,428	37.32%	257,486	38.54%	6,942	2.70%
Expected credit losses (Bad debt and doubtful accounts)	42,476	72,227	34,736	-41.19%	22.28%	175,386	24.75%	88,463	13.24%	86,923	98.26%
Impairment loss and loss on sales of properties foreclosed	9,438	1,162	6,973	712.58%	35.35%	21,811	3.08%	3,020	0.45%	18,791	622.26%
Finance costs	30,630	27,725	20,891	10.48%	46.62%	81,815	11.55%	56,020	8.39%	25,796	46.05%
<b>Total expenses</b>	<b>172,714</b>	<b>192,624</b>	<b>151,932</b>	<b>-10.34%</b>	<b>13.68%</b>	<b>546,793</b>	<b>77.17%</b>	<b>409,246</b>	<b>61.26%</b>	<b>137,547</b>	<b>33.61%</b>
<b>Profit (loss) before income tax expenses</b>	<b>65,712</b>	<b>42,211</b>	<b>76,712</b>	<b>55.68%</b>	<b>-14.34%</b>	<b>161,766</b>	<b>22.83%</b>	<b>258,799</b>	<b>38.74%</b>	<b>(97,033)</b>	<b>-37.49%</b>
Income tax (expenses)	12,236	8,281	15,286	47.76%	-19.95%	31,058	4.38%	41,812	6.26%	(10,754)	-25.72%
<b>Profit (loss) for the period</b>	<b>53,476</b>	<b>33,930</b>	<b>61,426</b>	<b>57.61%</b>	<b>-12.94%</b>	<b>130,708</b>	<b>18.45%</b>	<b>216,987</b>	<b>32.48%</b>	<b>(86,279)</b>	<b>-39.76%</b>

#### Q3 2023's Operating Result Compared to Q3 2022's Operating Result (YoY)

In Q3 2023, the company generated the net profit of 53.48 MB, 7.95 MB, 12.93% decrease from the Q3 2022's. The major factor that contributed to the lower net profit was the increase in total expense by 20.78 MB, 13.67% increase. The major expenses that increased were the expected credit loss expense and the financial cost expense. The expected credit loss expense increased by 7.74 MB, 22.28%, increase (increased from 34.74 MB to 42.48 MB). The factors that contributed to the increase in credit loss expenses were the struggle economic condition and the market conduct measure. The market conduct measure caused the customers' behavior to

change. The customers were motivated to delayed their repayments due to the insignificant late repayment charges. The financial cost increased by 9.74 MB, 46.62% increase (from 20.89 MB to 30.63 MB). The increase in financial cost resulted from the increase in cost of borrowing by 0.25% charged by the financial institution. In addition, the company made more borrowing to finance the increase in lending portfolio. Upon this, the company's total revenue increased by 9.79 MB, 4.28% increase. The major increase in total revenue resulted from the increase in revenue from lending. The revenue from lending increased by 14.98 MB, 8.14% increase (increase from 183.93 MB to 198.91 MB). The revenue from fees and services decreased by 11.51 MB, 63.40%, decrease (decrease from 18.15 MB to 6.64 MB). The major decrease in revenue from fees and services resulted from the decrease in late repayment fee that the company could charge from the customers.

### **Q3 2023's Operating Result compared to Q2 2023's Operating Result (QoQ)**

In Q3 2023, the company generated the net profit of 53.48 MB, 19.55 MB, 57.61% increase from the previous quarter. (The net profit of the previous quarter was 33.93 MB.) Considering the net profit before tax of Q3 2023, the net profit before tax of Q3 2023 was 65.71 MB, 23.50 MB, 55.68% increase from the previous quarter. (The net profit before tax of the previous quarter was 42.21 MB.) The total revenue increased by 3.59 MB, 1.53% increase from the previous quarter (increase from 234.84 MB to 238.43 MB). In Q3 2023, the revenue that increased was the revenue from lending, 1.86 MB, 1% increase from the previous quarter. The small increase in revenue from lending resulted from the lower new lending in Q3 2023, due the 2 factors: the more selective and credit screening under the present economic condition, and the utilization of some marketing staffs to do debt restructuring. In addition, the written-off of some bad debt resulted in the reversal of the lending revenue by 1.07 MB.

As for the company's expenses, the company total expense declined by 19.91 MB, 10.34% decline from the previous quarter (from 192.62 MB to 172.71 MB). The major decrease in total expense was the decrease in expected credit loss expense which decreased by 29.75 MB, 41.19% decrease (from 72.23 MB to 42.48 MB). The decrease resulted from the change in collection measure. The expense that increased was the impairment losses and losses on sales of properties foreclosed. The impairment losses and losses on sales of properties foreclosed increased by 8.28 MB, 712.58% increase, resulting from the decline of prices of used car in the auction market together with the company's more active automobile seizer from the NPF customers. The finance cost increased by 2.90 MB, 10.48% increase (from 27.73 MB to 30.63 MB). The increase in finance cost resulted from the 0.25% increase in financial cost charged by the financial institutions. In addition, the company's borrowing also increased to finance the increase in lending portfolio.

## Financial Position

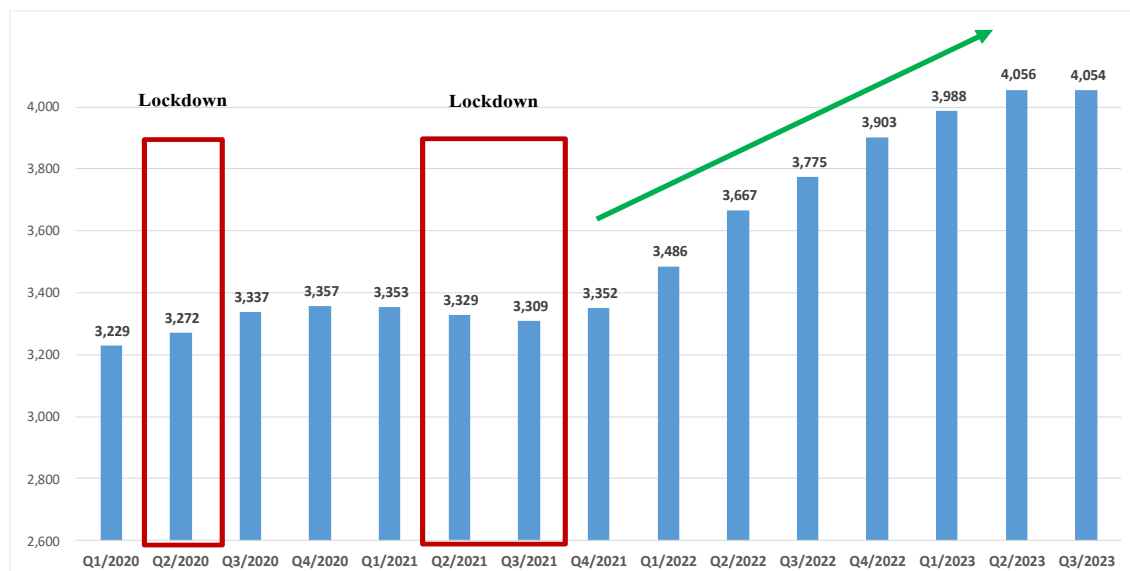
Unit in Million baht

Statements of financial position	Q3/2023	Q2/2023	QOQ	Q3/2022	YOY
Cash and cash equivalents	144.64	75.79	90.84%	59.05	144.94%
Hire-purchase receivables	4,054.16	4,056.03	-0.05%	3,780.26	7.25%
Inventory finance receivables	20.75	34.57	-39.97%	30.50	-31.96%
Properties and equipment	29.92	30.76	-2.71%	26.99	10.87%
Properties foreclosed	320.77	239.79	33.77%	117.97	171.91%
Deferred tax assets	65.59	56.03	17.06%	51.08	28.40%
Others	46.35	44.27	4.72%	44.25	4.74%
<b>Total assets</b>	<b>4,682.18</b>	<b>4,537.23</b>	<b>3.19%</b>	<b>4,110.10</b>	<b>13.92%</b>
Short-term loan from major shareholder	2,776.04	2,694.79	3.01%	2,191.59	26.67%
Others	117.14	106.91	9.57%	143.77	-18.52%
<b>Total liabilities</b>	<b>2,893.17</b>	<b>2,801.70</b>	<b>3.26%</b>	<b>2,335.36</b>	<b>23.89%</b>
<b>Shareholders' equity</b>	<b>1,789.01</b>	<b>1,735.53</b>	<b>3.08%</b>	<b>1,774.75</b>	<b>0.80%</b>

Financial Ratio	Q3/2023	Q2/2023	Q3/2022
Liquidity Ratio (multiple)	0.40	0.46	0.53
Debt to Equity Ratio (multiple)	1.62	1.61	1.32
NPF (%)	4.99%	3.99%	3.65%

As for the company's financial position, in Q3 2023 the company had the total asset of 4,682.18 MB, 144.95 MB, 3.19% increase from the previous quarter. Compared to the same quarter of the previous year, in Q3 2023 the company's total asset increased by 572.08 MB, 13.92% increase. The Q3 2023's lending portfolio was 4,054 MB, equivalent to the previous quarter's. The stable lending portfolio resulted from the lower lending in Q3 2023 explained earlier. Graph 4 below illustrated the company's quarterly lending portfolio.

**Graph 4: Quarterly Lending Portfolios from Q1 2020 - Q3 2023**



The company assets foreclosed increased by 80.98 MB, 33.77% increase from the previous quarter. The increase resulted from the more active seizer of the automobiles from the NPF customers. Currently, the company was in the process of minimizing the impairment losses and losses on sales of properties foreclosed. The inventory finance loan decreased by 13.82 MB, 39.97% decrease. The decrease resulted from the change in loan disbursement by the customer.

In Q3 2023, the company had the total liabilities of 2,893.17 MB, 91.47 MB, 3.26% increase from the previous quarter. The company's major liabilities were the borrowing from the financial institutions. As of 30<sup>th</sup> September 2023, the borrowing from the financial institutions was 2,776.04 MB, consisting of short-term loan (P/N) from Islamic Bank of Thailand, long-term loan from the Islamic Bank of Thailand, and long-term loan from the Government Saving Bank of 2,369.49 MB, 35.06 MB, and 321.49 MB, respectively and Bank Overdraft 50 MB.

In Q3 2023, the company had the total equity of 1,789.01 MB, 53.48 MB, 3.08% increase from the previous quarter. The increase in the total equity resulted from the increase in retained-earning. In Q3 2023, the company's D/E ratio was 1.61 time, while in Q2 2023 the company's D/E ratio was 1.62 times.