



Bangkok Commercial Asset Management Public Company Limited

## Management Discussion and Analysis

For the three-month period ended

March 31, 2024

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## EXECUTIVE SUMMARY

The Company reported **Q1/2024 Net Profit** of Baht 423 million, increasing by 58.7 percent yoy, as a result of the total operating income of Baht 2,297 million which increased by 15.2 percent yoy, of which interest income and gains from managing NPLs and NPAs increased from collection from debtors and NPAs buyers. Additionally, total expenses increased from interest expenses of debentures and borrowings. However, other operating expenses remained consistent because of strict expense management schemes. After addition and subtraction, the net profit of the Company continued to show a growing trend.

Total Collection in Q1/2024 of Baht 3,535 million increased by 9.4 percent yoy, divided into NPLs collection in the amount of Baht 2,169 million which increased by 10.0 percent yoy mostly from improved repayment by both retail debtors and some large-sized debtors after they had postponed repayment from the year 2023. Meanwhile, the NPAs collection of Baht 1,366 million increased by 8.6 percent yoy with an average sale price of 90.2 percent of an appraisal price (Q1/2023: 90.6 percent and Y2023: 89.9 percent).

**Compared to Q4/2023**, Q1/2024 net profit decreased by 7.8 percent qoq with income from NPLs increasing by 5.3 percent qoq and income from NPAs decreasing by 13.8 percent qoq. A decrease in property sales and right of ownership transfer might occur from high interest rates and some potential customers awaiting new measures to boost an economy through real estate sector. The new measures have been approved by the cabinet and will be effective from April 9, 2024 to the end of the year.

Regarding expected credit loss, the Company recorded a total of Baht 1,099 million, an increase of 11.4 percent yoy and 6.9 percent qoq, with the majority of the recorded expected credit loss coming from loans purchased of receivables-part of accrued receivables, a total of Baht 926 million, and an additional amount of Baht 164 million. Most of the additional amount came from purchase of collateral (for debt settlement) at low prices (lower than the cost of NPLs), regarding which the Company records a full expected credit loss based on the remaining NPLs cost in the period in which a transaction occurs. The Company sees that such purchase of collateral will increase the opportunity to sell properties for a greater profit.

As of March 31, 2024, the Company had a debt-to-equity ratio equal to 2.10 times (December 31, 2023: 2.15 times). The Company's liability mostly revolves around an investment to purchase non-performing assets, for which the Company takes into account ensuring appropriate debt-to-equity ratio and financial cost figures. Moreover, in April 2024, the Company issued and offered a round of debentures, consisting of 4 tranches with an average tenure of 5.62 years, totaling Baht 3,860 million, which received a positive response from institutional investors and high-net-worth investors. Furthermore, the Company received an affirmation on company and senior unsecured debt credit ratings by TRIS Rating at "A-" with "stable" outlook.

## 1. KEY HIGHLIGHTS Q1/2024

### 1.1 Corporate credit rating

On March 22, 2024, TRIS Rating affirmed company and senior unsecured debt ratings on the Company at “A-” with “stable” outlook. This reflects TRIS Rating's expectation that the Company will be able to recover its collection in 2024 and maintain its strong financial performance as well as moderate levels of leverage. Important factors taken into consideration for this rating review include: 1) alleviated profitability pressure in 2024 due to economic recovery; 2) expected collection recovery over the next 2-3 years; 3) the Company’s “strong” market position; 3) a stable debt-to-equity ratio; and 4) diversified funding sources.

### 1.2 Promotional activities for NPA customers

BAM organized the campaign "BAM NPAs for All Lifestyles" between February 1 - March 1, 2024, offering over 5,000 properties located nationwide to customers with a bundle of three exclusive offers: gift sets, free right of ownership transfer, and gift vouchers. Under this campaign, BAM joined forces with financial institutions to offer loans with special interest rates and collaborated with Nai Chang by Dohome to provide discounts on property renovation as well as offering installment purchase for home decoration items. In addition, BAM organized a booth at the 45<sup>th</sup> “House Condo Show” event at Queen Sirikit National Convention Center on March 21-24, 2024.

### 1.3 BAM receives ISO/IEC 27001:2022 certification for information security management system

On January 4, 2024, BAM received the ISO/IEC 27001:2022 certification for information security management system (which represents the latest version of the information security management system standard) from BSI Group (Thailand) Company Limited, a representative of the British Standard Institution (BSI), the national accreditation institute of England (certification body), who conducted assessment for certification in the scope of data center. This certification reflects BAM's information system which has a good and efficient internal control system with confidentiality and integrity.

### 1.4 BAM and Beaverman announces partnership to uplift second-hand home renovation using AI

On January 5, 2024, BAM and Beaverman announced partnership to uplift second-hand home renovation using AI (Artificial Intelligence). The partnership aims at uplifting the customer experience when it comes to second-hand home purchase. Under this collaboration, property buyers can see images of their future homes before actually renovating them. Meanwhile, Beaverman provides consulting services for renovating single houses, townhouses, condos, and commercial buildings to BAM's customers, along with helping select professional contractors listed in the system, which has a secured payment system that prevents abandonment of work, a contract, and engineers to help monitor and follow up on work as well as inspecting the actual construction site to see its readiness and to prepare a BOQ (bill of quantities).

## 2. SUSTAINABILITY PERFORMANCE

For the year 2024, the Company continues to focus on elevating business operations for sustainability in the environmental, social and governance dimensions in order to reach sustainable development. The Company, therefore, has details of activities consistent with driving the business towards sustainability as follows:

### SET ESG Rating Project

BAM participates in the assessment of sustainability performance of companies listed on the Stock Exchange of Thailand (SET) that focus on the environment, society, and governance (ESG) along with having good financial performance. In 2024, the company aims to receive SET ESG Rating evaluation results at a level not lower than AAA and have an evaluation score of not less than 90 points.

### Environmental dimension operations

BAM has a management plan to reduce environmental impacts and climate change, such as changing the way the Company uses fuel, using electric vehicles, increasing the use of renewable energy, installing solar cells in regional offices, and waste management and recycling. The current progress of various projects is as follows:

- Changing the use of fuel and using electric vehicles: The Company rents 4 electric vehicles (EVs) to use in place of petrol ones at the headquarters and regional offices.
- Increasing the use of renewable energy: The Company is currently inspecting the actual area for installation of renewable energy sources to estimate costs and value per kilowatt in each area of the working space. The inspection will be completed by April 2024.
- Creating public relations media and organizing activities to create awareness and participation of people in the organization, such as the 5Sor+ activity, activities to reduce the use of plastic bags and plastic containers, activities to encourage employees to "save bottle caps for children" to be sent to Mahidol University for upcycling to make tables and chairs, a program to deliver plastic waste to network partners for recycling, etc.

In addition, BAM has also collaborated with the Stock Exchange of Thailand and the Royal Forest Department to run the **Care the Wild** project to deal with climate change and solve global warming problems as well as creating participation with communities in order for people in such communities to have income and be able to rely on themselves. BAM has participated in the project for the second year, which is scheduled for Saturday, May 18, 2024, at Ban Sok Luek Community, Chai Nat Province.

### Social dimension operations

**The Human Rights Award program** BAM is committed to promoting basic human rights in the treatment of employees and all stakeholders, with equality and equity. Last year, the Company has been selected as a model organization in human rights (Human Rights Awards) at the level of "Good", and in 2024, the Company aims at reaching a level beyond "Good".

The Company has always given importance to respecting human rights through its participation in various activities: the audiobook "Smile Voice: the Voice for Smiles" to promote knowledge and to create imagination, happiness, and enjoyment for the visually impaired and a project to support employment of people with disabilities to promote BAM's human rights and sustainability policy through an MOU with Vulcan Coalition, a company that creates careers in technology for people with disabilities (for developing artificial intelligence (AI) to screen company employees for the risk of depression).

### Good governance dimension operations

**The CAC Change Agent Project** The project is set to uplift BAM as an organization whose business network is transparent and free from corruption (CAC Change Agent). The Company is committed to ensuring that business partners have efficient corporate governance and internal control and enabling them to have a culture that adheres to ethical principles. BAM expects to have at least 20 business partners (SMEs) join in to declare their intentions with CAC.

Conducting business amidst challenges, BAM believes that operating under the principle of “Sustainability” or ESG (Environmental, Social, and Governance) is an important part that leads to prosperous and sustainable growth. This will help BAM effectively and comprehensively take care of not only the business but also the environment, society, and corporate governance, along with operating with social responsibility.

## 3. MANAGEMENT DISCUSSION AND ANALYSIS

### 3.1 Selected Financial Position

#### Significant items in Balance Sheet (for the three-month period ended March 31, 2024)

##### Assets

As of March 31, 2024, the Company had total assets of Baht 136,745 million, decreasing by 0.4% from the year ended 2023.

- The Company has cash of Baht 126 million, increasing by 16.8% from the year ended 2023. Interbank and money market items - deposits at financial institutions – net of Baht 768 million, decreasing by 52.8% from the year ended 2023. This is due to operating cash reserves and investment (NPLs and NPAs’ acquisition).
- Right-of-use assets – net of Baht 24 million decreased by 16.6% from the year ended 2023, mainly due to assets’ depreciation for the contract in which the Company has rented computer program for operation.
- Other assets – net of Baht 136 million increased by 21.7% from the year ended 2023, mainly due to advance on expenses and deferred expenses such as common fee charge, signboard tax, and land and building tax.

##### Liabilities

As of March 31, 2024, the Company had total liabilities of Baht 92,686 million, decreasing by 1.1% from the year ended 2023, 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 876 million decreased by 45.5% from the year ended 2023.
  2. Total borrowings of Baht 15,179 million decreased by 1.8 % from the year ended 2023.
  3. Net debentures of Baht 73,465 million increased by 0.01% from the year ended 2023.
- Accrued interest payables of Baht 826 million increased by 24.4% from the year ended 2023, mainly due to interest expenses from term loans and debentures and also an increase in the average financial cost.
- Tax payable of Baht 782 million increased by 31.0% from the year ended 2023, mainly due to corporate income tax that aligned with an increase in operating income.
- Accrued expenses of Baht 88 million decreased by 75.3% from the year ended 2023, mainly due to employee bonus payments for 2023 operating results.

- Financial institutions creditors for loan purchased of Baht 310 million increased by 23.0% from the year ended 2023. This was because the Company has a payment for NPLs acquisition due in June 2024.
- Other liabilities of Baht 379 million decreased by 19.5% from the year ended 2023. This was due to the Company adjusting a suspense account for debt repayment that could be recorded.

## Equity

As of March 31, 2024, the Company had total equity of Baht 44,059 million, increasing by 1.0% from the year ended 2023.

## Interest Income –net

This table mainly presents items that have significant changes.

Unit: Baht in Million	Q1 2024	Q4 2023	qoq % Inc. (Dec.)	Q1 2023	yoy % Inc. (Dec.)
<b>Interest Income - net</b>	<b>1,748</b>	<b>1,749</b>	<b>(0.1)</b>	<b>1,452</b>	<b>20.4</b>
<b>Total Interest Income</b>	<b>2,519</b>	<b>2,505</b>	<b>0.6</b>	<b>2,145</b>	<b>17.4</b>
Deposit at financial institutions	1	2	(50.0)	11	(90.9)
Loans purchased of receivables	2,489	2,481	0.3	2,114	17.7
- Part of amount received	874	845	3.4	706	23.8
- Part of accrued receivables	926	999	(7.3)	842	10.0
- Gain on loans purchased of receivables	689	637	8.2	566	21.7
Installment sale receivables	46	35	31.4	33	39.4
<b>Total interest expenses</b>	<b>771</b>	<b>756</b>	<b>2.0</b>	<b>693</b>	<b>11.3</b>
Debt issued – debentures	646	656	(1.5)	615	5.0
Debt issued – promissory notes	9	13	(30.8)	17	(47.1)
Borrowings	116	87	33.3	61	90.2

- In Q1/2024, the Company had **interest income – net** of Baht 1,748 million, increasing by 20.4% yoy, this was due to an increase in interest income on loans purchased of receivables (recognizing higher interest income - part of amount received and gain on loans purchased of receivables). Meanwhile, interest expenses increased by 11.3% yoy, mainly because interest expenses for debentures and borrowings increased 5.0% yoy and 90.2% yoy respectively.
- Compared to Q4/2023** Interest income – net decreased by 0.1% qoq, as a result of the total interest expenses increasing by 2.0% qoq.
- As of March 31, 2024, the Company had fixed interest rate debt of 83.0% and floating interest rate debt of 17.0%, and an average cost of funds was 3.40% (as of December 31, 2023: 3.38%).

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

- For the three-month period ended March 31, 2024, the Company had gain on sale of properties for sale (outright sale) and installment sale of Baht 537 million, increasing by 2.5% yoy, divided into gain on sale of properties for sale (outright sale) of Baht 443 million and installment sale of Baht 94 million.
- Compared to Q4/2023** Gain on sale of properties for sale (outright sale) decreased by 10.7% qoq and gain on installment sale decreased by 26.0% qoq which was a result of a slower pace of NPAs sale in Q1/2024 and delayed purchase of NPAs due to high interest rates and some of potential customers awaiting new measures to boost an economy through real estate sector.

## Other operating income

- In Q1/2024, the Company had **other operating income** of Baht 12 million, decreasing by 33.3% yoy, because the Company recorded a decrease in income from rents and forfeiture of the marginal deposit for the purchase of properties for sale.
- **Compared to Q4/2023** Other operating income decreased by 89.9% qoq, mainly due to the same reason as mentioned above.

## Other Operating Expenses

Unit: Baht in Million	Q1	Q4	qoq	Q1	yoy
	2024	2023	% Inc. (Dec.)	2023	% Inc. (Dec.)
<b>Other operating expenses</b>	<b>680</b>	<b>824</b>	<b>(17.5)</b>	<b>684</b>	<b>(0.6)</b>
Employee expenses	335	391	(14.3)	385	(13.0)
Directors' remunerations	3	3	0.0	2	50.0
Premises and equipment expenses	44	50	(12.0)	41	7.3
Taxes and duties	144	146	(1.4)	132	9.1
Impairment loss on properties for sale (reversal)	22	15	46.7	-5	540.0
Properties for sale expenses	43	77	(44.2)	40	7.5
Other expenses	89	143	(37.8)	88	1.1

- In Q1/2024, **other operating expenses** of Baht 680 million decreased by 0.6% yoy, this was because employee expenses decreased by 13.0% yoy. Meanwhile, the recording of impairment loss on properties for sale increased by 540.0% yoy because the new appraisal value has decreased in value, making the appraisal value lower than the cost. In addition, the Company had properties for sale expenses increasing 7.5% yoy, due to an increase of collateral transfer/expenses related to properties for sale, common area fees, and insurance premiums (particularly for properties from collateral transfer in satisfaction of debt to the Company. Moreover, other expenses increased by 1.1% yoy due to marketing activities.
- **Compared to Q4/2023** Other operating expenses decreased by 17.5% qoq, mainly due to a decrease in expenses related to properties for sale and common area fees.

## Expected credit loss

For the three-month period ended March 31, 2024, the Company recorded the expected credit loss of Baht 1,099 million, increasing by 11.4% yoy and 6.9% qoq, mainly due to the Company's purchase of collateral from the Legal Execution Department or collateral transfer in satisfaction of debt by debtors, changing from collateral underlying NPLs to NPAs of which the full amount of remaining cost must be reserved. Additionally, the Company's collection and interest income from loans purchased of receivables – part of amount received increased yoy. Expected credit loss on loans purchased of receivables of Baht 1,090 million can be divided into loans purchased of receivables - accrued interest receivables of Baht 926 million and additional amount of Baht 164 million according to debt quality. The Company had considered setting aside the additional amount based on the principle of caution and expected that it would be sufficient under current economic uncertainty.



### 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, 2021, 2022, and 2023, and for the three-month period ended March 31, 2022, 2023, and 2024.

Collection received from NPLs management business	Year ended December 31,			Three-month period ended March 31,		
	2021	2022	2023	2022	2023	2024
	Baht (Million)	Baht (Million)	Baht (Million)	Baht (Million)	Baht (Million)	Baht (Million)
Interest income from loans purchased <sup>1</sup>	6,047.2	6,076.7	6,703.7	1,512.4	1,547.6	1,800.2
Gain on loans purchased of receivables	3,322.1	3,702.8	2,348.1	614.4	566.3	688.7
Net repayment and adjusted entries	7,907.5	8,925.5	8,850.9	2,049.2	2,078.6	2,199.9
<b>Total</b>	<b>17,276.8</b>	<b>18,705.0</b>	<b>17,902.7</b>	<b>4,176.0</b>	<b>4,192.5</b>	<b>4,688.8</b>
Less the portion of accrued interest receivables and receivables repayment from the debtors by collateral <sup>2</sup>	(11,234.1)	(12,274.3)	(12,770.1)	(2,983.7)	(3,150.3)	(3,475.8)
<b>Collection from the debtors during the period<sup>3</sup></b>	<b>6,042.7</b>	<b>6,430.7</b>	<b>5,132.6</b>	<b>1,192.3</b>	<b>1,042.2</b>	<b>1,213.0</b>
Collection from the Legal Execution Department during the period <sup>4</sup>	2,675.9	3,683.8	3,319.0	829.5	930.1	956.4
<b>Total Collection from NPLs management business<sup>5</sup></b>	<b>8,718.6</b>	<b>10,114.5</b>	<b>8,451.6</b>	<b>2,021.8</b>	<b>1,972.3</b>	<b>2,169.4</b>

- Notes:
- <sup>1</sup> In Notes to Financial Statements, “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 the three-month period ended March 31, 2024, the Company’s collection received from NPLs management business was Baht 2,169.4 million which consisted of collection from the debtors during the period of Baht 1,213.0 million and collection from the Legal Execution Department of Baht 956.4 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, 2021, 2022, and 2023, and for the three-month period ended March 31, 2022, 2023, and 2024.

Collection received from NPAs management business	Year ended December 31,			Three-month period ended March 31,		
	2021	2022	2023	2022	2023	2024
	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	2,963.2	2,535.2	2,164.8	441.4	489.0	443.5
Decreased acquisition or transfer costs of properties for sale – net <sup>1</sup>	3,280.8	3,381.2	3,424.8	507.0	670.0	758.1
<b>Total collection from sale of properties for sale-Outright sales</b>	<b>6,244.0</b>	<b>5,916.4</b>	<b>5,589.6</b>	<b>918.4</b>	<b>1,159.0</b>	<b>1,201.6</b>
<b>Installment sales</b>						
Interest income	115.0	112.0	128.5	30.0	35.0	94.2
Collected debt repayment during the period (in terms of cost and gain)	917.0	688.6	943.3	187.9	54.8	68.4
<b>Total collection from installment sales of properties for sale</b>	<b>1,032.0</b>	<b>800.6</b>	<b>1,071.8</b>	<b>217.9</b>	<b>89.8</b>	<b>162.6</b>
<b>Total collection received from NPAs Management business<sup>2</sup></b>	<b>7,276.0</b>	<b>6,717.0</b>	<b>6,661.4</b>	<b>1,136.3</b>	<b>1,248.8</b>	<b>1,364.2</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 the three-month period ended March 31, 2024, the Company's collection received from NPAs management business was Baht 1,364.2 million which consisted of Baht 1,201.6 million from outright sales and Baht 162.6 million from installment sales, and the Company's other incomes, such as rents and forfeiture of the marginal deposit of Baht 1.7 million, thus collections totaling Baht 1,365.9 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 March 31, 2024:

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
<b>Loans purchased:</b>												
(Baht in million, except for ratios)												
Outstanding balance	12,556.9	8,583.8	3,734.6	4,517.2	9,176.1	6,008.8	5,691.4	5,951.5	5,333.7	5,592.9	18,422.1	85,569.1
Appraisal value <sup>1</sup>	30,544.4	16,036.1	7,158.9	10,821.1	15,762.5	11,064.8	12,660.4	11,156.7	11,321.5	10,622.3	50,706.6	187,855.5
<b>Appraisal value/ Outstanding balance (x)</b>												
	2.4	1.9	1.9	2.4	1.7	1.8	2.2	1.9	2.1	1.9	2.8	2.2
<b>Foreclosed collateral properties:</b>												
(Time since transferred to NPAs)												
Outstanding balance <sup>2</sup>	6,279.7	5,243.4	3,883.9	3,392.7	3,422.5	2,683.1	1,920.6	1,316.0	744.4	1,209.7	2,278.6	32,374.7
Appraisal value	11,203.0	9,288.2	7,030.6	6,293.1	6,722.0	5,391.6	3,842.2	2,836.8	1,731.8	2,083.6	4,894.6	61,317.5
<b>Appraisal value/ Outstanding balance (x)</b>												
	1.8	1.8	1.8	1.9	2.0	2.0	2.0	2.2	2.3	1.7	2.1	1.9

Notes: 1 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 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.

2 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.

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 March 31, 2024:

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
<b>Loans purchased and foreclosed collateral properties</b>												
(Baht in million, except for ratios)												
Total collection	669.5	2,310.4	2,903.3	4,419.1	8,981.1	7,215.0	9,383.2	8,768.8	10,229.9	10,528.8	194,482.9	259,892.1
Distressed debt asset collection	340.4	913.9	841.4	1,672.0	4,570.7	3,630.0	5,718.5	5,686.7	7,364.9	7,301.1	158,021.6	196,061.2
Foreclosed collateral properties collection	329.0	1,396.6	2,062.0	2,747.1	4,410.5	3,585.0	3,664.6	3,082.0	2,865.0	3,227.8	36,461.3	63,830.9
Acquisition cost	12,862.2	9,422.6	4,678.0	6,040.8	14,204.1	10,628.6	12,376.4	13,260.6	14,109.3	14,825.8	148,860.5	261,268.7
Collection/ Acquisition cost (%)	5.2	24.5	62.1	73.2	63.2	67.9	75.8	66.1	72.5	71.0	130.6	99.5

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 March 31, 2024, total collection for assets acquired from 2 - less than 3 years is 62.1% which was lower than the total collection for assets acquired over 10 years ago of 130.6%

From the portfolios of loans purchase that the Company have acquired in the 1 to 2 years prior to March 31, 2024 of Baht 2,310.4 million (of which Baht 913.9 million was from distressed debt assets and Baht 1,396.6 million was from foreclosed collateral properties) and had a total outstanding balance of Baht 13,827.2 million (of which Baht 8,583.8 million is from distressed debt assets and Baht 5,243.4 million is from foreclosed collateral properties), with a total appraisal value of Baht 25,324.3 million (of which Baht 16,036.1 million from distressed assets and Baht 9,288.2 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 March 31, 2024.

	Time since acquisition											Total
	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	
Outstanding balance	24.1	158.2	5.5	29.2	945.3	835.5	117.2	177.5	86.8	6.7	1,810.7	4,196.6
Appraisal value	50.2	337.8	9.8	68.7	1,886.0	1,530.5	263.1	374.1	155.4	15.1	6,948.2	11,639.0
Appraisal value/ outstanding balance(x)	2.1	2.1	1.8	2.4	2.0	1.8	2.2	2.1	1.8	2.2	3.8	2.8

As of March 31, 2024, 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 March 31, 2024.

	Time since acquisition											Total
	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	
Collection	0.0	24.4	0.0	57.0	1,148.2	240.0	202.5	836.1	116.9	14.2	47,018.7	49,658.2
Acquisition cost	24.1	174.0	6.0	62.6	1,861.6	1,198.0	243.0	695.8	168.5	16.3	23,308.9	27,758.8
Collection/acquisition cost (%)	0.0	14.0	0.0	91.2	61.7	20.0	83.4	120.2	69.4	87.3	201.7	178.9

As of March 31, 2024, collection for Directly Acquired Properties for sale is 14.0% of the acquisition cost of assets acquired from 1 – less than 2 years as compared with 201.7% of that of assets acquired more than 10 years.

We had collected Baht 24.4 million from the properties for sale that we directly acquired 1 to less than 2 years prior to March 31, 2024. The Company had total outstanding balance of Baht 158.2 million and total appraisal value of Baht 337.8 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>	Baht in millions Year ended December 31,			Baht in millions Three-month period ended March 31,
	2021	2022	2023	2024
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	323	324	324
Debtor 6	323	291	291	291
Debtor 7	290	287	288	288
Debtor 8	287	260	260	260
Debtor 9	261	223	255	255
Debtor 10	224	204	224	224
<b>Sub-total</b>	<b>6,291</b>	<b>6,160</b>	<b>6,213</b>	<b>6,213</b>
<b>Total NPLs</b>	<b>73,406</b>	<b>72,384</b>	<b>77,959</b>	<b>76,810</b>

Notes: 1 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 March 31, 2024, 37.3% of net value of our NPAs are located in Bangkok and its vicinity and 56.4% 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.

Value of NPAs by Geography of Real estate	Baht in millions As of December 31,			Baht in millions As of March 31,
	2021	2022	2023	2024
Immovable assets				
Bangkok and its vicinity	11,976	12,225	12,933	13,421
Central and Eastern Thailand	6,893	7,532	8,220	8,479
Northern Thailand	4,089	4,360	4,717	4,714
Northeast Thailand	3,034	3,553	4,090	4,291
Southern Thailand	3,450	4,245	4,909	5,047
Moveable assets	224	111	78	74
<b>Total</b>	<b>29,666</b>	<b>32,026</b>	<b>34,947</b>	<b>36,026</b>

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

Value of NPAs by Type of Real estate	Baht in millions As of December 31,			Baht in millions As of March 31,
	2021	2022	2023	2024
Immovable assets				
Vacant land	5,415	5,168	5,172	5,141
Hotels	697	636	784	785
Commercial properties	7,720	8,362	9,301	9,722
Residential properties	15,610	17,749	19,612	20,304
Moveable assets	224	111	78	74
<b>Total</b>	<b>29,666</b>	<b>32,026</b>	<b>34,947</b>	<b>36,026</b>

As of March 31, 2024, the Company had net NPAs value of Baht 36,026 million and the appraisal NPAs value of Baht 72,958 million (of which Baht 72,861 million for immovable assets and Baht 97 million for movable assets).

## 4. SOURCES AND USES OF FUNDS

As of March 31, 2024, the capital structure according to the financial statements consists of debt of Baht 92,686 million and equity of Baht 44,059 million, representing a debt-to-equity ratio equal to 2.1 times. Important components of debt funding sources include debt instruments. Most of them are debentures totaling Baht 73,520 million and borrowings totaling Baht 15,179 million, accounting for 83.0 percent and 17.0 percent of total debt, respectively.

The Company has an important use of sources of funds, i.e. loans purchased of receivables from financial institutions. In Q1/2024, the Company purchased NPLs for a total claim amount of Baht 6,919 million, and as of March 31, 2024, the Company had loans purchased of receivables and net accrued interest receivables of Baht 76,810 million, with a total claim amount of Baht 496,022 million.

For the issuance and offering of the Company's debentures limit, the 2024 Annual General Meeting of Shareholders resolved to approve a 1-year extension of the issuance and offering of debentures limit for the year 2023-2024 in the remaining amount of Baht 22,300 million with the extension terminating on December 31, 2025, and the issuance and offering of debentures for the year 2024-2025 in the additional amount of not exceeding Baht 10,000 million. The Company will issue and offer them as deemed necessary and appropriate.

In April 2024, the Company issued and offered debenture no.1/2024 of Baht 3,860 million, comprising of tranches with an average tenure of 5.62 years, which received a positive response from institutional investors and high-net-worth investors. In addition, the Company has 6 tranches of debentures due for redemption in 2024, with a total value of Baht 11,800 million, details as follows.

	Maturity Date	No.	Series	Number issued (million units)	Amount Issued (Baht in millions)	Maturity Period	Interest Rate (% p.a.)
1	9 April 2024	1/2021	3	1.00	1,000	3 years	2.11
2	27 April 2024	1/2022	1	3.75	3,750	2 years	2.13
3	25 May 2024	3/2022	1	0.65	650	1 year 6 months	2.54
4	23 June 2024	1/2017	4	1.40	1,400	7 years	3.64
5	18 July 2024	1/2019	3	4.50	4,500	5 years	2.90
6	2 December 2024	2/2021	1	0.50	500	3 years	1.67
<b>Total</b>				<b>11.80</b>	<b>11,800</b>		



## 5. ECONOMIC TRENDS AND NPLS IN THE FINANCIAL INSTITUTIONS SYSTEM

### 5.1 Economic Situation in Q1/2024 and Q2/2024

**In the first quarter of 2024**, the global economy showed a continuous recovery trend. Although it was still affected by tight monetary policy, especially in housing and credit markets, it was supported by receding inflation, reducing pressure on the supply chain environment, and the strength of labor markets in major economies. These factors allowed a positive effect on national income, consumer spending, and other economic activities. In addition, the fact that major economies such as the United States being able to maintain good growth momentum and the Chinese economy receiving positive factors from stronger production and investment activities made the overall world economy have a better trend. For the Thai economy, it saw improvement from the 4th quarter of 2023 thanks to the tourism sector, but expansion was still limited due to insufficient economic liquidity, high household debt levels, slowdown of industrial production, and competition from China. The Bank of Thailand estimated that the Thai economy in the first quarter grew at 1%.

**Outlook for the second quarter:** The global economy will grow at a lower level than that before the COVID-19 situation while there will also be many factors putting pressure on it such as the new wave of inflation, high policy interest rates, and expanding geopolitical problems. In addition, the global public debt crisis is another issue that must be watched. For the Thai economy, there is a tendency for growth to slow down from the first quarter. The tourism sector and government spending are important economic drivers while the recovery of the export sector will benefit from the growth of the Chinese economy. However, the problem of household debt, which is likely to remain stable at 90%, will continue to put pressure on purchasing power. At the same time, limited access to credit for small and medium-sized enterprises may hinder economic growth in the near term. The World Bank has cut its forecast for Thailand's GDP growth this year from 3.2% to 2.8% after the report of negative export figures as well as government investment that is likely to slow down due to the delay in the government's 2024 budget preparation.

### 5.2 Industry Overview

According to the Bank of Thailand's report, as of the first quarter of 2024, there were 81 licensed asset management companies (AMCs) (including BAM) in the financial institutions system with a combined asset of Baht 280,066 million. With BAM reporting a total asset of Baht 136,745 million, accounting for 48.8 percent of the aforementioned combined asset of the industry, this reflects the Company's position as an important player in the asset management business.

In the first quarter, financial institutions continued to auction off 3 main types of NPLs: corporate loans, SMEs loans, and housing loans. Based on the total claim amount auctioned off, it was found that portfolios of corporate loans continued to be seen more in auctions, indicating a similar trend seen in the second half of 2023 and reflecting the diversity of the current non-performing debt portfolios.

### 5.3 NPLs in the Financial Institutions System

The non-performing loans (NPLs) in the financial institutions system as of the end of 2023, according to the Bank of Thailand, comprised of the outstanding balance of Baht 492,833 million (a decrease of 1.3 percent compared to the outstanding NPLs balance as of the end of 2022 of Baht 499,199 million) which accounted for 2.7 percent of gross loans in the system (gross loans as of the end of 2023: Baht 18,544,293 million).

For loans classified as Special Mention Loans (SML) which have overdue principal or interest repayments for more than 1 month but not more than 3 months and are considered to have significant increase in credit risk according to TFRS 9, the balance was Baht 1,085,559 million or 5.9 percent of gross loans as of the end of 2023.

## 6. FACTORS THAT MAY AFFECT THE COMPANY'S OPERATIONS

### 6.1 Regulations to promote joint ventures to address the problem of non-performing assets in the specialized financial institutions system

The Ministry of Finance and the Bank of Thailand saw the need to provide assistance to distressed debtors in the specialized financial institutions system. Therefore, temporary measures have been put in place to encourage specialized financial institutions and asset management companies to invest in joint ventures to manage non-performing assets within a period of 15 years. Establishment of a joint venture is required to be completed by December 31, 2024. A joint venture is to provide assistance to distressed debtors by, for example, debt restructuring that would adjust installments and repayment conditions to suit a debtor's actual problems and circumstances. This will increase opportunities for debtors to manage their debts and reduce barriers to accessing capital going forward. It will also be considered part of the measures under the guidelines for resolving debts throughout the government system.

### 6.2 Measures to stimulate the economy through real estate sector

The cabinet resolved to approve measures to stimulate the economy through the real estate sector and preparations to support the steps to upgrade Thailand to a world-class industrial city (Thailand Vision) with the objectives of supporting homeownership of the public and stimulating the economy through the real estate sector and related businesses. Details can be summarized as follows:

1. An amendment was made to measures to reduce fees for registering ownership right transfer and legal transactions for residences in 2024. The amended measures render the ownership right transfer registration fee for real estate from 2 percent to 0.01 percent and the registration fee for real estate mortgage from 1 percent to 0.01 percent. The reduction is effective only when both registration transactions take place simultaneously. The measures also require that the purchase price and the appraisal value of a property do not exceed Baht 7 million and that the mortgage amount does not exceed Baht 7 million per contract, excluding partial sale cases. The measures are for buyers who are natural persons of Thai nationality and will be effective until December 31, 2024.

2. Measures to reduce personal income tax for those who want to build a house which require natural persons (not including ordinary partnerships or non-juristic persons) to deduct house construction wages for contractors who are VAT registered operators for any payments made for wages according to contracts from April 9, 2024 to December 31, 2025, with a tax deduction of 10,000 baht for every 1 million baht of construction costs, based on the actual amount paid but the total amount not exceeding Bath 100,000 (only applicable to construction costs of not more than one house in the tax year in which the house construction is completed)

3. Happy Home Loans project, with a limit of Baht 20,000 million, by the Government Housing Bank (GHB Bank), has been initiated to provide people with low to middle incomes with loans to enable them to have home ownership through: purchasing land with a building or an apartment; building an establishment or purchasing land to build a building on; and purchasing equipment or related facilities for the benefit of living. The interest rate is fixed at 3 percent per year for a period of 5 years. The maximum loan amount per person is not more than Baht 3 million while the maximum loan term is not more than 40 years.

4. Happy Life Home Loan Project, with a limit of Baht 10,000 million, for which the GHB Bank Bank provide loans to the public to enable them home ownership. The provided loans will allow them: to buy land with a building or apartment; to build a building or buy land to build a building on; to expand or repair an existing building; or to redeem a mortgage from another financial institution. The average interest rate for the first 3 years is 2.98 percent per year. Credit limit per customer is Baht 2.5 million or more.

5. Promotion of housing for low-income earners (BOI Housing Project) by providing tax benefits to real estate entrepreneurs as they will be exempted from corporate income tax for 3 years in an amount not exceeding 100 percent of investment (excluding cost of land and working capital) for building housing for low-income earners, subject to the criteria and conditions set by the Board of Investment (BOI)