

13 December 2019

Subject Management Discussion and Analysis for nine-month period ended 30 September 2019

To The President

The Stock Exchange of Thailand

We, Bangkok Commercial Asset Management Public Company Limited, are pleased to provide your management Discussion and analysis for the years ended December 31, 2016, 2017 and 2018 based on our audited financial statements for the years ended December 31, 2016, 2017 and 2018 and for nine-month periods ended September 30, 2018 and 2019 based on our reviewed interim financial information for nine-month periods ended September 30, 2018 and 2019, our management's assessment of the factors that may affect our prospects and performance in future periods. The following discussion and analysis should be read in conjunction with our financial statements and accompanying notes, as well as our selected operating data, included elsewhere in this Offering Circular. Our financial statements have been prepared and presented in accordance with TFRS, which differs in certain respects from IFRS. Certain principal differences between the requirements of TFRS and IFRS, as they relate to us, are discussed in "Summary of Principal Differences between TFRS and IFRS, as follow:

**Summary of Financial Position and Operation for the Preceding Three Years and the Latest Period:**

	Unit	As of 31 December,			As of 30
		2016	2017	2018	September,
					2019
Total Asset	Million Baht	93,636.7	99,933.4	107,653.0	121,701.3
Total Liabilities	Million Baht	53,114.0	58,874.0	65,804.0	78,126.2
Total Shareholder Equity	Million Baht	40,522.7	41,059.4	41,849.0	43,575.1
Total Revenues	Million Baht	7,518.8	6,003.9	7,981.7	7,681.7
Cost of Goods Sold	Million Baht	2,581.9	2,519.8	2,934.6	2,588.0
Net Profit	Million Baht	4,903.6	4,500.8	5,202.0	4,882.3
Earnings per Share (EPS)	Baht	1.79	1.65	1.90	1.79
Total liability-to-equity ratio (D/E ratio)	Times	1.31	1.43	1.57	1.79
Return on Equity (ROE)	Percentage	12.10	11.03	12.55	15.24 <sup>7</sup>

Specific Ratio for the Business						
Cash collection from NPL management business to net NPLs <sup>1</sup>	percentage	13.32	12.83	14.55	20.55 <sup>7</sup>	
Return on NPL management business <sup>2</sup>	Percentage	4.39	4.78	4.63	11.21 <sup>7</sup>	
Allowance for doubtful accounts to NPLs <sup>3</sup>	Percentage	10.37	8.70	7.69	7.46	
Cash collection from NPA management business to net NPAs <sup>4</sup>	Percentage	31.83	24.88	29.12	16.16 <sup>7</sup>	
Return on NPA management business <sup>5</sup>	Percentage	10.73	6.00	8.72	6.36 <sup>7</sup>	
Allowance for impairment of NPAs to NPAs <sup>6</sup>	Percentage	3.90	2.97	2.47	2.16	
Remark	<p><sup>1</sup> Cash collection from the Company's NPL management business to net NPLs is calculated from the sum of cash collection received from NPL management business divided by credit for purchase of receivables – net (average).</p> <p><sup>2</sup> Return on NPL management business is calculated from net profit from NPL business operation divided by credit for purchase of receivables – net (average)</p> <p><sup>3</sup> Allowance for doubtful accounts to NPLs is calculated from allowance for doubtful accounts of credit for purchase of receivables divided by credit for purchase of receivables ( before deducting allowance for doubtful accounts).</p> <p><sup>4</sup> Cash collection from NPA management business to net NPAs is calculated from the sum of cash collection received from NPA management business divided by the sum of (i) properties foreclosed – net; and (ii) installment sale receivables-net (average).</p> <p><sup>5</sup> Return on NPA management business is calculated from net profit from NPA business operation and investment in securities divided by (i) properties foreclosed – net; (ii) installment sale receivables-net; and (iii) investment in securities – net (average).</p> <p><sup>6</sup> Allowance for impairment of NPAs to NPAs is calculated from allowance for impairment of NPAs divided by properties foreclosed (after revaluation).</p> <p><sup>7</sup> Calculated by annualizing the relevant items in the statement of comprehensive income and statement of cash flows for the nine month period ended 30 September, 2019.</p>					

**Cash Collection Received From NPL and NPA Management Business :**

The Company believes that for their NPL and NPA management business, cash collection is a key performance indicator which is applied by other operators in the same business and various investors. Cash collection is calculated based on key items and recognizable cash items only, and so does not include all cash collection items from the NPL and NPA management business. However, cash 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.

**Cash collection received from NPL management business**

The following table sets forth the cash collection received from NPL management business for the years ended 31 December, 2016, 2017, 2018 and for the nine-month periods ended 30 September, 2018 and 2019

Cash collection received from NPL management business	For the year ended 31 December,			For the nine-month period ended 30 September,	
	2016	2017	2018	2018	2019
	Amount (Baht)	Amount (Baht)	Amount (Baht)	Amount (Baht)	Amount (Baht)
	<i>(in millions)</i>				
Gain on credit for purchase of receivables <sup>1</sup>	1,232.3	1,877.5	1,856.8	3,731.3 <sup>1</sup>	7,816.5 <sup>1</sup>
Gain and loses on purchases	4,224.3	3,509.1	4,438.4	N/A <sup>1</sup>	N/A <sup>1</sup>
Net repayment and adjusted entries	5,829.1	8,418.9	9,081.4	5,925.7	8,322.3
<b>Total</b>	<b>11,285.7</b>	<b>13,805.5</b>	<b>15,376.6</b>	<b>9,657.0</b>	<b>16,138.8</b>
Less the portion of accrued interest receivables repayment from the debtors by collateral	(2,669.5)	(6,029.5)	(6,376.5)	(4,687.6)	(10,972.5)
<b>Cash collected from the debtors during the period<sup>2</sup></b>	<b>8,616.2</b>	<b>7,776.0</b>	<b>9,000.1</b>	<b>4,969.4</b>	<b>5,166.3</b>
Cash collected from the Legal Execution Department during the period <sup>3</sup>	692.9	1,383.4	1,791.1	1,373.0	6,748.1
<b>Total cash collected from NPL</b>	<b>9,309.1</b>	<b>9,159.4</b>	<b>10,791.2</b>	<b>6,342.3</b>	<b>11,914.4</b>

**management business<sup>4</sup>**

Remark <sup>1</sup> “Interest income from loans purchased” and “gain on loans purchased” are presented as two separate line items in the audited financial statements for the years ended 31 December, 2016, 2017 and 2018, but are reclassified to be presented as a combined line item, “interest income from loans purchased” in the reviewed interim financial statements for the nine-month period ended 30 September, 2019. As a result of the reclassification, “gain on loans purchased” is a component of interest income in the reviewed interim financial statements for the nine-month period ended 30 September, 2019. For the nine-month periods ended 30 September, 2018 and 2019, interest income from loans purchased was Baht 3,731.3 million and Baht 7,816.5 million comprising (i) interest income from loans purchased of Baht 1,432.1 million and Baht 1,245.5 million and (ii) gain on loans purchased of Baht 2,299.2 million and Baht 6,571.0 million, respectively.

<sup>2</sup> Cash collected 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>3</sup> Only the portion where a third party purchaser won the auction of the Company debtors’ collateral and once recognized accrued income from auction sale.

<sup>4</sup> Cash collected from NPL management business is calculated from the sum of (i) cash collected from the debtors during the period; and (ii) cash collected from the Legal Execution Department during the period. The Company believe that, the NPL 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 of NPL management businesses. Cash collection from NPL 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 cash collection items from the NPL management business which the Company have not recognized (such as, cash collected from auction sale pending recognition, suspended account for debt repayment, check pending collection and suspended account for write-off). However, cash collection is not an indicator of actual cash flow of the NPL management business nor a standard indicator prescribed by TFRS, and so the methods of calculation may differ from the methods of calculation used by other companies for similar items

For the years ended 31 December, 2016, 2017, 2018 and for the nine-month periods ended 30 September, 2018 and 2019, the Company cash collected from NPL management business was Baht 9,309.1 million, Baht 9,159.4 million, Baht 10,791.2 million, Baht 6,342.3 million and Baht 11,914.4 million, respectively.

The change in cash collected primarily due to the following reasons:

For the years ended December 31, 2016 and 2017, The Company cash collected from NPL management business was Baht 9,309.1 million and Baht 9,159.4 million, respectively. The Company’s cash collected from NPL management business decreased by Baht 149.7 million, or 1.6% primarily due to: (i) the decrease in overall cash collected from the debtors from Baht 8,616.2 million for the year ended 31 December, 2016 to Baht 7,776.0 million for the year ended December 31, 2017. The decrease in debt repayment during such period was due to debtors’ lower ability to repay debts which was consistent with the lower quality of credit in the financial institution system. The total amount of non-performing loans in Thailand increased from Baht 385.6 billion in 2016 to Baht

429.0 billion in 2017 resulting in the increase of gross NPL ration from 2.83% in 2016 to 2.91% in 2017. In addition, there has also been a decrease in the total amount of gross non-performing loans from SMEs, according to the BOT; and (ii) the increase in cash collected from Legal Execution Department increased from Baht 692.9 million for the years ended 31 December, 2016 to Baht 1,383.4 million for the years ended 31 December, 2017. The Company cash collected from the Legal Execution Department increased due to the Company's policy to proactively collect cash from auction sales from Legal Execution Department.

For the years ended 31 December, 2017 and 2018, the Company's cash collected from NPL management business was Baht 9,159.4 million and Baht 10,791.2 million, respectively. Cash collected from NPL management business increased by Baht 1,631.8 million, or 17.8% primarily due to (i) the increase in cash collected from debtors from Baht 7,776.0 million for the year ended 31 December, 2017 to Baht 9,000.1 million for the year ended 31 December, 2018 as a result of increased repayments from significant debtors which the Company believe is impacted by the Company's policy to negotiate and settle debts with significant debtors; and (ii) an increase in cash collected from the Legal Execution Department from Baht 1,383.4 million for the year ended 31 December, 2017 to Baht 1,791.1 million for the years ended 31 December, 2018. The Company's, cash collected from the Legal Execution Department increased due to the Company's policy to increase cash collection from auction sales at the Legal Execution Department.

For nine-month periods ended 30 September, 2018 and 2019, the Company's cash collection received from NPL management business was Baht 6,342.3 million and Baht 11,914.4 million, significantly increased by Baht 5,572.0 million primarily due to the increase of cash collected from the Legal Execution Department from Baht 1,373.0 million for nine-month periods ended 30 September, 2018 to Baht 6,748.1 million for nine-month periods ended 30 September, 2019 which resulted from (i) The Company's policy to proactively continue to collect cash from auction sales from the Legal Execution Department; and (ii) the receipt of the payment of the auction sale from the Legal Execution Department in respect of the sale of collateral assets of one significant debtor during the nine-month period ended 30 September, 2019.

**Cash collection received from NPA management business**

The following table sets forth the cash collection from the Company's NPAs management business for the years ended 31 December, 2016, 2017 and 2018 and for the nine-month periods ended 30 September, 2018 and 2019.

Cash collection received from	Year ended 31 December,			Nine month period ended 30 September,	
	2016	2017	2018	2018	2019
	Amount Baht	Amount Baht	Amount Baht	Amount Baht	Amount Baht
	<i>(in millions)</i>				
<b><u>Outright sales</u></b>					
Gain on sale of properties foreclosed collected in cash	2,362.6	1,740.9	3,105.5	2,506.7	1,130.0
Decreased acquisition or transfer costs of properties foreclosed - net <sup>1</sup>	1,706.1	1,492.2	2,216.8	1,578.5	1,265.0
<b>Total cash collected from sale of properties foreclosed – Outright sales</b>	<b>4,068.7</b>	<b>3,233.1</b>	<b>5,322.3</b>	<b>4,085.2</b>	<b>2,395.0</b>
<b><u>Installment sales</u></b>					
Interest Income	148.6	104.7	89.2	64.7	87.2
Collected debt repayment during the periods (in terms of cost and gain)	1,080.4	1,018.6	366.4	258.5	258.5
<b>Total cash collected from installment sales of properties foreclosed</b>	<b>1,229.1</b>	<b>1,123.3</b>	<b>455.6</b>	<b>323.2</b>	<b>345.7</b>
<b>Total cash collection received from NPA management business<sup>2</sup></b>	<b>5,297.8</b>	<b>4,356.3</b>	<b>5,777.9</b>	<b>4,408.4</b>	<b>2,740.7</b>

Remark <sup>1</sup> For the years ended 31 December, 2016, 2017 and 2018 and for nine-month periods ended 30 September, 2018 and 2019, 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 of Baht 2,148.6 million, Baht 1,897.4 million, Baht 2,873.0 million, Baht 2,073.0 million and Baht 1,611.5 million, respectively; and less (ii) any reversals from revaluation of properties for sale sold during the periods of Baht 442.5 million, Baht 405.3 million, Baht 656.2 million, Baht 494.5 million and Baht 346.6 million, respectively.

<sup>2</sup> Cash collected from NPA management business is calculated from (i) cash collected from outright sales; (ii)

plus cash collected from installment sales. The Company believes that, for the NPA 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 NPA management business. Cash collected from the NPA management business is calculated based on key items only, and so does not include all cash collected from the NPA management business, such as (i) dividends from the Company's investment in securities, (ii) rent, (iii) gains from foreclosures of installment sales and (iv) other income from the breach of agreements, including asset sale agreements. However, cash collection is not an indicator of actual cash flow of the NPA management business or 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.

For the years ended 31 December, 2016, 2017 and 2018 and nine-months ended 30 September, 2018 and 2019, the Company's cash collected from NPA management business was Baht 5,297.8 million, Baht 4,356.3 million, Baht 5,777.9 million, Baht 4,408.4 million and Baht 2,740.7 million, respectively. The change in cash collected was primarily due to the following reasons:

For the years ended 31 December, 2016 and 2017, the Company's cash collection from NPA management business was Baht 5,297.8 million and Baht 4,356.3 million, decreased by Baht 941.5 million, or 17.8% primarily due to (i) the decrease in cash collected from outright sales from Baht 4,068.7 million for the year ended 31 December, 2016 to Baht 3,233.1 million for the year ended 31 December, 2017, primarily due to the decrease in sales which is consistent with real estate market downturns and (ii) The Company's cash collected from the installment sales decreased from Baht 1,229.1 million for the years ended 31 December, 2016 to Baht 1,123.3 million for the years ended 31 December, 2017, primarily as a results of the closure of a significant debtor's account in mid-2017 upon full repayment of installments due under that account.

For the years ended 31 December, 2017 and 2018, the Company's cash collected from NPA management business was Baht 4,356.3 million and Baht 5,777.9 million, increased by Baht 1,421.6 million, or 32.6% primarily due to (i) the increase in cash collected from outright sales from Baht 3,233.1 million for the year ended 31 December, 2017 to Baht 5,322.3 million for the year ended 31 December, 2018, which the Company believes it is primarily due to the strategy in selling high-value assets and improved economic condition and (ii) The Company cash collected from the instalment decreased from Baht 1,123.3 million for the year ended 31 December, 2017 to Baht 455.6 million for the year ended 31 December, 2018, primarily as a result of the closure of a significant debtor's account upon full repayment of installments due under that account for the year ended 31 December, 2017. When selling NPAs, the Company first considers opportunities for outright sales to accelerate cash collection. The Company also considers installment sales primarily for assets with low value to help facilitate repayment from buyers who have the ability to purchase but are unable to obtain financing from financial institutions.

For the nine-month periods ended 30 September, 2018 and 2019, The Company's cash collection

received from NPA management business was Baht 4,408.4 million and Baht 2,740.7 million, decreased by Baht 1,667.7 million or 37.8% primarily due to (i) a decrease in cash collected from sale of properties for sale – outright sales from Baht 4,085.2 million for the nine-month period ended 30 September, 2018 to Baht 2,395.0 million for the nine-month period ended 30 September, 2019, which the Company believes this is due to the impact and uncertainty of land and building tax and stricter lending policies by financial institutions as loan-to-value (LTV) measures and an economic downturn which led to the slowdown of purchases of real properties during the nine-month period ended 30 September, 2019, and (ii) an increase in cash collected from instalment sales of properties for sale from Baht 323.2 million for the nine-month period ended 30 September, 2018 to Baht 345.7 million for the nine-month period ended 30 September, 2019. However, such change was not significant.





**Vintage Analysis:**

The Company maintains a portfolio of credit for the purchase of receivables and properties for sale acquired at various points in time

**Loans Purchased and Foreclosed Collateral Properties:**

The following table sets forth certain details regarding the appraisal value and outstanding balance of the Company's loans purchased and properties for sale that had been converted from collateral ("Foreclosed Collateral Properties") as of 30 September, 2019

Time since acquisition	Less than 1 years	From 1 to less than 2 years	From 2 to less than 3 years	From 3 to less than 4 years	From 4 to less than 5 years	From 5 to less than 6 years	From 6 to less than 7 years	From 7 to less than 8 years	From 8 to less than 9 years	From 9 to less than 10 years	From 10 years and above	Total	Less than 5 years	Less than 5 years (percentage)
<i>(Baht in millions, except for ratios)</i>														
<b>Loans purchased:</b>														
Outstanding balance	14,288.9	12,059.2	9,298.6	7,660.1	11,314.6	4,850.7	4,343.8	4,140.8	1,517.3	1,221.5	14,817.8	85,513.4	54,621.4	63.87
Appraisal value <sup>1</sup>	31,436.5	25,552.2	18,151.0	15,941.5	23,156.4	9,698.2	10,435.1	19,863.4	4,233.7	3,588.5	33,497.8	195,554.3	114,237.6	58.42
Appraisal value / Outstanding balance (x)	2.20	2.12	1.95	2.08	2.05	2.00	2.40	4.80	2.79	2.94	2.26	2.29	2.09	
<b>Foreclosed Collateral Properties:</b>														
Outstanding balance <sup>2</sup>	131.3	850.8	916.8	1,624.6	2,669.8	1,722.0	2,279.6	1,310.0	1,010.7	1,028.9	5,481.5	19,026.0	6,193.3	32.55
Appraisal value	255.3	1,676.8	1,637.4	2,898.8	4,926.4	3,178.2	4,837.6	3,807.0	2,031.9	2,476.6	11,972.5	39,698.4	11,394.6	28.70
Appraisal Value/ Outstanding balance (x)	1.94	1.97	1.79	1.78	1.85	1.85	2.12	2.91	2.01	2.41	2.18	2.09	1.84	

Remark <sup>1</sup> Collateral value before depreciation according to the BOT criteria, calculated based on the appraisal price in accordance with the latest resolution of the committee on the appraisal price (notwithstanding that some of the appraisal price may have been appraised more than 3 years ago).

<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 as of 30 September, 2019 is approximately two times the outstanding balance across different vintages.

As of 30 September, 2019, assets that the Company had acquired within the past five years accounted for approximately 63.87% and 32.55% of total outstanding balance of loans purchased and Foreclosed Collateral Properties, respectively. The total appraised value of such assets was 2.09x and 1.84x of the total outstanding balance of loans purchased and Foreclosed Collateral Properties, respectively.

The following table sets forth certain details regarding cash collection and acquisition cost for portfolios of loans purchased and Foreclosed Collateral Properties with various holding periods as of 30 September, 2019

Time since acquisition	Less than 1 years	From 1 to less than 2 years	From 2 to less than 3 years	From 3 to less than 4 years	From 4 to less than 5 years	From 5 to less than 6 years	From 6 to less than 7 years	From 7 to less than 8 years	From 8 to less than 9 years	From 9 to less than 10 years	From 10 years and above	Total
<i>(Baht in millions, except for ratios)</i>												
<b>Loans purchased and Foreclosed Collateral Properties:</b>												
Total Cash Collection	316.9	1,311.2	2,392.3	3,419.5	4,736.2	3,483.5	8,839.6	23,963.4	4,342.8	6,767.2	140,055.0	199,627.4
Distressed debt assets cash collection	316.1	1,227.5	2,322.4	3,170.4	4,257.8	3,140.2	6,748.0	22,594.8	3,364.7	5,407.6	103,619.8	156,169.4
Foreclosed Collateral Properties cash collection	0.8	83.7	69.9	249.0	478.4	343.3	2,091.6	1,368.6	978.1	1,359.5	36,435.2	43,458.0
Acquisition Cost .....	14,728.5	13,997.3	11,907.9	11,011.8	16,620.9	8,575.9	10,957.5	16,310.0	4,673.9	5,259.3	108,598.3	222,641.2
Cash collection / acquisition cost (%)	2.15	9.37	20.09	31.05	28.50	40.62	80.67	146.92	92.92	128.67	128.97	89.66

Cash collection tends to gradually increase within the first five years of an asset's acquisition as the Company carry out preparation, negotiation and restructuring activities, and then accelerates in the recovery period. As of 30 September, 2019, total cash collection for assets acquired within the last three years is 9.89% which is lower than the total cash collection for assets acquired more than 10 years ago of 128.97%

For example, from the portfolios of loans purchased that have been acquired in the 1 to 2 years prior to 30 September, 2019 of Baht 13,997.3 million, the Company collected Baht 1,311.2 million (of which Baht 1,227.5 million was from distressed debt assets and Baht 83.7 million was from Foreclosed Collateral Properties). As of 30 September, 2019, the Company had a total balance of Baht 12,909.9 million of loans purchased which had been acquired within one to two years before (of which Baht 12,059.2 million is from distressed debt assets and Baht 850.8 million is from Foreclosed Collateral Properties), with a total appraisal value of Baht 27,229.1 million (of which Baht 25,552.2 million is from distressed debt assets and Baht 1,676.8 million is from Foreclosed Collateral Properties).



**Directly Acquired Foreclosed Properties:**

The following table sets forth certain details regarding the appraisal value and outstanding balance of foreclosed properties that have been directly acquired (“Directly Acquired Foreclosed Properties”) as of 30 September, 2019

Time since acquisition	Less than 1 years	From 1 to less than 2 years	From 2 to less than 3 years	From 3 to less than 4 years	From 4 to less than 5 years	From 5 to less than 6 years	From 6 to less than 7 years	From 7 to less than 8 years	From 8 to less than 9 years	From 9 to less than 10 years	From 10 years and above	Total	Less than 5 years	Less than 5 years (percentage)
<i>(Baht in millions, except for ratios)</i>														
<b>Directly Acquired Foreclosed Properties:</b>														
Outstanding balance	1,242.1	277.8	217.3	280.8	29.8	0.0	753.6	952.6	214.3	77.3	2,228.9	6,274.2	2,047.7	32.64
Appraisal value	2,237.8	508.1	519.2	619.4	47.3	0.0	2,484.0	3,205.0	440.1	256.6	7,260.3	17,577.6	3,931.7	22.37
Appraisal value / Outstanding balance (x)	1.80	1.83	2.39	2.21	1.59	N/A	3.30	3.36	2.05	3.32	3.26	2.80	1.92	

As of 30 September, 2019, assets that have been acquired within the past five years accounted for approximately 32.64% of total outstanding balance of Directly Acquired Foreclosed Properties. The total appraised value of the assets that have acquired within the past 5 years is 1.92x of the total outstanding balance of Directly Acquired Foreclosed Properties.

The following table sets forth certain details regarding cash collection and acquisition cost for portfolios of Directly Acquired Foreclosed Properties with various holding periods as of 30 September, 2019

Time since acquisition	Less than 1 years	From 1 to less than 2 years	From 2 to less than 3 years	From 3 to less than 4 years	From 4 to less than 5 years	From 5 to less than 6 years	From 6 to less than 7 years	From 7 to less than 8 years	From 8 to less than 9 years	From 9 to less than 10 years	From 10 years and above	Total	
<i>(Baht in millions, except for ratios)</i>													
<b>Direct properties for sale:</b>													
Cash collection		17.3	28.0	34.0	465.4	19.9	3.4	1,892.8	4,745.9	1,316.8	1,389.2	32,863.8	42,776.5
Acquisition cost		1,378.1	317.3	265.4	607.4	44.0	3.2	1,475.4	2,615.7	934.0	782.0	17,542.2	25,964.7
Cash collection/acquisition cost (%)		1.26	8.81	12.80	76.62	45.23	105.38	128.29	181.44	140.99	177.63	187.34	164.75



As of 30 September, 2019, cash collection for Directly Acquired Foreclosed Properties is 4.04% of the acquisition cost of assets acquired within the last three years as compared with 187.34% of that of assets acquired more than 10 years ago.

For example, the Company had collected Baht 28.0 million from the foreclosed properties that the Company directly acquired 1 to 2 years prior to 30 September, 2019 for Baht 317.3 million. The foreclosed properties which had been acquired one to two years before had a total outstanding balance of Baht 227.8 million and a total appraisal value of Baht 508.0 million.

**Explanation on Operating Performance:**

For the years ended 31 December, 2016, 2017 and 2018 and for nine-month period ended 30 September, 2018 and 2019. The Company has a revenue structure consisting of (1) Interest income – net (2) Gain/loss on investment in securities - net (3) Gain on credit for purchase of receivables (4) Gain on sale of properties foreclosed (5) Gain on installment sales and (6) Other operating income. Total operating income was Baht 7,518.8 Million, Baht 6,003.9 Million, Baht 7,981.7 Million, Baht 5,103.6 Million and Baht 7,681.7 Million, respectively. A decrease of Baht 1,514.9 Million or 20.1% in 2017, an increase of Baht 1,977.9 Million or 32.9% in 2018 and an increase of Baht 2,578.1 Million or 50.5% for the nine-month period ended 30 September 2019.

With to the following reasons:

For the years ended 31 December, 2016 and 2017:

- The Company recorded an increase in net interest income of Baht 247.8 million, or 156.6%
- Gain on credit for purchase of receivables decreased by Baht 715.2 million, or 16.9%, primarily as a result of lower margins between cash payments received and cost of credit for purchase of receivables.
- Gain on sale of properties foreclosed decreased by Baht 621.7 million, or 26.3%, primarily due to the decrease of sale of properties foreclosed arising from decreased demand of customers.

For the years ended 31 December, 2017 and 2018:

- The Company recorded a loss in net interest income of Baht 199.9 million or 49.2%
- Gain on credit for purchase of receivables increased by Baht 929.2 million, or 26.5%, primarily as a result of the higher margins between cash payments received and cost of credit for purchase of receivables.
- Gain on sale of properties foreclosed increase by Baht 1,364.6 million, or 78.4%, primarily due to the launch of the new campaign “BAM’s 20<sup>th</sup> Anniversary” in 2018 to promote the sale of properties foreclosed by selecting over 500 properties for sale to customers at discounted price with special conditions.

For nine-month period ended 30 September, 2018 and 2019:

- The Company recorded an increase in net interest income by Baht 3,922.4 million or 156.8%
- Gain on sale of properties for sale decreased by Baht 1,376.7 million, or 54.9, primarily due to a decrease in sales and uncertainty of land and building tax and stricter lending policies by financial institutions and loan-to-value (LTV) measures.

For the years ended 31 December, 2016, 2017 and 2018 and for nine-month period ended 30 September, 2018 and 2019. The Company has totaled other operating expenses consisting of (1) Employee expenses (2) Director’s remuneration (3) Premises and equipment expenses (4) Tax and duties (5)

Impairment loss on properties for sale (reversal) (6) Properties for sale expenses (7) Other expenses. Total other operating expenses was Baht 2,581.9 million, Baht 2,519.8 million, Baht 2,934.6 million, Baht 2,054.9 million and Baht 2,588.0 million, respectively. A decrease of baht 62.1 million or 2.4% in 2017 and an increase of Baht 414.9 million or 16.5% in 2018 and an increase of Baht 533.1 million or 25.9% for nine-month period ending September 30, 2019. With the following reasons:

For the years ended 31 December, 2016 and 2017:

- The Company's other operating expenses decreased by Baht 62.1 million, or 2.4% from Baht 2,581.9 million in 2016 to Baht 2,519.8 million in 2017, primarily due to reversals of impairment loss on properties for sale in 2016 which resulted from the revaluation of the appraised value of properties for sale, partially offset by an increase of certain taxes on revenue from accrued income from auction sale.

For the years ended 31 December, 2017 and 2018:

- Total other operating expenses increased by Baht 414.9 million, or 16.5%, to Baht 2,934.6 million in 2018 from Baht 2,519.8 million in 2017, primarily due to an increase in performance-based bonus payments to employees in accordance with the Company's bonus policy.

For nine-month period ended 30 September, 2018 and 2019:

- The Company's other operating expenses increased by Baht 533.1 million, or 25.9%, to Baht 2,588.0 million for the nine-month period ended 30 September, 2019 from Baht 2,054.9 million for the nine-month period ended 30 September, 2018, primarily due to an increase in performance-based bonus payments to employees in accordance bonus policy, record of increased employee expenses in accordance with the Notification of State Enterprise Labor Relation. The Company Relations Committee Entitled Minimum Standards of Employment Conditions in State Enterprise (No. 4) and special business tax on cash payments received from a significant debtor.

Changes in the Company's revenue structure and other operating expenses in the period made the Company recorded net profit of Baht 4,903.6 million, Baht 4,500.8 million, Baht 5,202.0 million, Baht 3,310.8 million and Baht 4,882.3 million for the years ended 31 December, 2016, 2017, 2018 and nine-month ended 30 September, 2018 and 2019, respectively. A decrease in Baht 402.8 million, or 8.2% for 2017. An increase of Baht 701.2 million or 15.6% for 2018 and an increase of Baht 1,571.5 million or 47.5% for the nine-month period ended 30 September, 2019.

**Explanation on Financial Position:**

As of 31 December, 2016, 2017 and 2018 and 30 September, 2019, the Company's total assets was Baht 93,636.7 million, Baht 99,933.4 million, Baht 107,653.0 million and Baht 121,701.3 million, respectively.

The Company's total liabilities mainly involves issuances and borrowing of debt consisting of: (a) Notes payable (b) borrowings and (c) debentures which is an important source of fund for the Company for purchase of NPLs and NPAs

As of 31 December, 2016, 2017 and 2018 and 30 September, 2019, the Company's debt issued and borrowing was Baht 50,329.1 million, Baht 56,868.5 million, Baht 57,709.1 million and Baht 75,060.1, respectively. The change was primarily due to the following reasons:

- As of 31 December, 2016, 2017 and 2018, notes payable decreased primarily due to maturing notes payable. Notes payable increased from 31 December, 2018 to 30 September, 2019 primarily due to the issuance of short term notes payable for the repayment of credit purchase of receivables.
- As of 31 December, 2016, 2017 and 2018, total borrowing decrease due to the repayment amount of maturing loans exceeds additional loan amount. Total borrowing increased from 31 December, 2018 to 30 September, 2019 primarily due to additional loans made for the purpose of repayment of credit for purchase of receivables.
- As of 31 December, 2016, 2017 and 2018, the Company's debenture have continuously increased between 2016 and 2018 primarily due to the issue of new debentures to manage liquidity and purchase of new portfolios are more than repayment of maturing debentures. The Company's debenture increased to Baht 48,143.2 million from 31 December, 2018 to 30 September, 2019 primarily due to The Company issuance of debentures of Baht 20,000.0 million.

As of 31 December, 2016 and 2017, the Company's total shareholders' equity was Baht 40,522.7 million and Baht 41,059.4 million, respectively, increased by Baht 536.7 million or 1.3%, primarily due to net profit of Baht 4,500.8 million and dividend payment in the amount of Baht 3,961.7 million for year ended December 31, 2017. As of 31 December, 2017 and 2018, the Company's total shareholders' equity were Baht 41,059.4 million and Baht 41,849.0 million, respectively, increased by Baht 789.6 million, or 1.9% primarily due to the Company net profit of Baht 5,202.0 million and dividend payment in the amount of Baht 4,400.6 million for year ended 31 December, 2018.

As of 31 December, 2018 and September 30, 2019, the Company's total shareholders' equity was Baht 41,849.0 million and Baht 43,575.1 million, respectively, increased by Baht 1,726.1 million, primarily due to recognition of net profit of Baht 4,882.3 million and dividend payment of baht 3,121.5 million for the nine-month period ended 30 September, 2019.

Upon the completion of the financial statement for the nine-month period ended September 30, 2019, the Extraordinary General Meeting of Shareholders No. 3/2019 held on 12 November 2019 considered and approved the payment of an interim dividend prior to the initial public offering in the amount of Baht 13,000.00 million, or Baht 4.75 per share from the Company's retained earnings. The Company shareholders' equity value as of 30 September, 2019 was Baht 15.93 per share.

The Company's payment of an interim dividend above may result in a decrease in unappropriated retained earnings and shareholders' equity by Baht 13,000.00 million and an increase in liabilities from an increase of dividend payable in the amount of Baht 13,000.00 million, which may result in a change in financial ratio relating to capital structure for the nine-month period ended 30 September, 2019 as follows:

Financial ratio	For the nine-month period ended 30 September, 2019	After the payment of an interim dividend <sup>2</sup>
Return on equity (percentage)	15.24 <sup>1</sup>	17.98 <sup>1</sup>
Liability-to-equity ratio (times)	1.79	2.98
Interest bearing debt to equity ratio (times)	1.72	2.88

Remark <sup>1</sup> Calculated by annualizing the relevant items in the statement of comprehensive income for the nine-month period ended 30 September, 2019.

<sup>2</sup> Financial ratio after the payment of an interim dividend calculated from financial statement for the nine-month period ended 30 September, 2019 without considering the Company record after the payment of an interim dividend.

Please be informed accordingly,

Your sincerely,

(Mr. Suntis Wattanakul)

Senior Executive Vice President,  
Operational Supporting Group and  
Senior Executive Vice President (CFO)