



Management Discussion and Analysis

For the first quarter ended March 31, 2020

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1. Key Highlights in Q1/2020

1.1 The adoption of the New Financial Reporting Standards (TFRS)

The company has adopted new financial reporting standards (TFRS9 and TFRS16) and interpretations which are effective for fiscal years beginning on or after January 1, 2020.

1.2 IPO Stabilization and Over-allotment option (Greenshoe)

The company's Initial Public Offering (IPO) and its first day trade under "BAM" on 16 December 2019. The overall IPO shares are as follows:

1. Up to 280,000,000 new common shares for the IPO
2. Up to 1,255,000,000 common shares offered by the company's existing shareholder, Financial Institution Development Fund (FIDF)
3. Up to 230,000,000 new common shares for offering to over-allotment agent to accommodate the exercise of rights to over-allotted shares under the over-allotment plan (if any).

Trinity Securities Co., Ltd., as an over-allotment agent, borrowed 230,000,000 shares from FIDF for IPO and secured cash of the stated shares from IPO for the further exercises of stabilization. Trinity Securities must return the total borrowed shares to FIDF within 30 days (due date: 14 January 2020)

On the January 14, 2020, Trinity Securities exercised its rights in purchasing common shares for capital increase from the company in the amount of 217,042,300 shares at Baht 17.50 per share, in order to return all the borrowed shares to FIDF. Therefore, the company had registered the change in the paid-up capital to the Department of Business Development (DBD) with paid up capital of Baht 16,160,211,500 and has the total of 3,232,042,300 issued shares.

After FIDF received the borrowed shares from Trinity securities, FIDF held 1,480,000,000 of BAM's shares in total, or equivalent to 45.8% of the overall issued and paid shares.

1.3 Grand opening of Phuket and Don Mueang branches

The company officially opened the Phuket branch office on January 20, 2020. This branch office is responsible for managing the real estates and customers in Phuket along with the nearby provinces, such as Krabi and Phang-nga.

The company officially opened the Don Mueang branch office on 27 January 2020, for the convenience of the customers in Bangkok.

1.4 Company's credit rating

On February 17, 2020, TRIS Rating Co., Ltd. rated the company for the first time on the Standalone basis at "A-" with a "Stable outlook".

On February 19, 2020, Fitch Ratings Inc. downgraded the company's rating from AA- (tha) to BBB+ (tha) with a stable outlook and withdrawn the Rating Watch Negative.

1.5 Annual General Meeting Arrangement and Approval of Interim Dividend Payment

According to the current situation of COVID-19 that has high possibility to become more severe: spreading widely, Therefore, the conclusions of the Board of Directors (BOD) annual meeting No.5/2020 are as follows:

1. The approval on the adjustment plan in arranging the annual general meeting (AGM), 2020. The Company will consider matters according to date and time for AGM where shareholders have the right to attend the meeting when the situation is resolved and appropriate. Such adjustment will not significantly affect the Company's operations and the shareholders' right to receive dividend.
2. The approval of the interim dividend payment from the 2019 operational results based on the company's latest audited financial statements ended December 31,2019 at the rate of Baht 1.05 per share, totaling of Baht 3,393,644,415. The dividend payment will be paid to the shareholders whose names appeal in the shareholder register book on the record date as of April 9,2020 and the dividend payment will be made on April 24,2020.

2. Key changes to accounting principles (TFRS 9)

The company's first time adoption of the current Thai Financial Reporting Standards or TFRS after January 1, 2020, the stated TFRS was adjusted in order for the contents to be equivalent to the International Financial Reporting Standard (IFRS). The significant changes are summarized as follows:

2.1 TFRS 9 Financial Instruments

The Company reclassified of financial assets and financial liabilities to be consistent with the business model and management of the company's assets and liabilities, based on the facts and situation as of the date these financial reporting standards were initially adopted.

1. Classification and measurement of financial assets

The Company reclassified of financial assets and financial liabilities to be consistent with the business model and management of the Company's assets and liabilities, based on the facts and situation as of the date these financial reporting standards were initially adopted.

- Classification and measurement of investments in equity instruments of non-listed companies

The Company measures investments in equity instruments of non-listed companies at fair value and classifies the investments as financial assets at fair value, through other comprehensive income

- Classification and measurement of investments in available-for-sale equity securities of listed companies

The Company measures the stated investment at fair value through other comprehensive income. The Company has decided to classify these investments as financial assets at fair value through other comprehensive income.

2. Impairment of financial assets

TFRS 9 requires entities to estimate impairment as a result of expected credit losses instead of recognizing losses when they occur under the former accounting policies. When recognizing expected credit losses on the Company's financial assets, it is no longer necessary for a credit-impaired event to have occurred. The Company applies the impairment approach to financial assets that are credit-impaired upon the initial purchase or acquisition and a general approach is applied to calculate expected credit losses on other financial assets.

2.2 TFRS 16 Leases

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases.

3. Management Discussion and Analysis for the first quarter ended March 31, 2020

The presentation of 2019 figures was not made in accordance with the financial reporting standards related to financial instruments and cannot be compared with the financial statements of 2020. However, the cumulative effect of initially applying these standards is recognized as an adjustment to retained earnings as at January 1, 2020.

The Company announced Q1/2020 Performance with Baht 699 million of Net Profit which decreased by 78.5% from Baht 3,247 million of Q1/2019 Net Profit. This results from The Company had received the large amount payment from significant debtors in Q1/2019.

3.1 Selected Financial Position and Operating Results Q1/2020

Assets

As of March 31, 2020, the Company has total assets of Baht 118,978 million, which increased by Baht 3,188 million or 2.8% from year-end 2019.

This table mainly presents items that has significant changes.

Unit: Baht in Million	Q1/2019	Q4/2019	Q1/2020	% Inc. (dec.)	
				yoy	qoq
Total Asset	107,667	115,790	118,978	10.5	2.8
Cash	6	5	6	0.0	20.0
Interbank and money market items – cash at financial institutions	532	1,379	660	24.1	(52.1)
Total loans purchased of receivables and accrued interest receivables	80,959	83,622	87,733	8.4	4.9
<u>Less</u> Allowance for expected credit losses	(6,476)	(6,247)	(9,718)	50.1	55.6
Total loans purchased of receivables and accrued interest receivables - net	74,482	77,375	78,015	4.7	0.8
Installment sale receivables and accrued interest receivables	1,427	1,542	1,637	14.7	6.2
<u>Less</u> Deferred gross profit of installment sale receivables	(732)	(891)	(929)	26.9	4.3
<u>Less</u> Allowance for expected credit losses	(2)	(2)	(52)	2,500.0	2,500.0
Installment sale receivables and accrued interest receivables - net	693	649	656	(5.3)	(1.1)
Deferred tax assets	-	491	1,238	N/A	152.1
Right-of-use assets - net	-	-	25	N/A	N/A

- In Q1/2020, the Company has Loans purchased of receivables and accrued interest receivables (Y2019: Loan purchased) in the amount of Baht 78,015 million, increased by Baht 640 million or 0.8% from Q4/2019. Such changes mainly due to

- The cumulative effect of initially applying new financial reporting standards is recognized as an adjustment to retained earnings as at January 1, 2020. As at 31 December 2019, the Company has loan purchased of receivables Baht 77,375 million. The effect from adopting TFRS9 had reduced the cumulative number of Baht 2,182 million, which resulted in lower loan purchased of receivables and accrued interest receivable, in the amount of Baht 75,193 million, as at January 1, 2020.

- The Company has additional loan purchased Baht 4,911 million in Q1/2020.
- In addition to the cumulative adjustment, the Company has total interest income of Baht 3,077 million in Q1.2020, which is Baht 3,054 million of interest income on loans purchased of receivables (comprised of the part of fully received Baht 202 million and part of account receivable Baht 1,238 million). However, the Company also recorded Expected credit losses on loan purchased of receivables in accordance to present the Company's performance on Cash basis.
- The Company recorded Deferred tax assets that occurred during Q1/2020 at Baht 1,237 million, which increased by Baht 746 million or 151.9%. Such change is mainly resulted from temporary differences relating to past differences in interest income for accounting and tax for purposes – in the part of Allowance for expected credit losses- loans purchased of receivables and Allowance for impairment of properties for sale.
- The Company recorded Right-of-use assets of Baht 28 million in Q1/2020, due to the recognition of lease liability upon initial application of TFRS16 Leases at January 1,2020.

Liabilities

As of 31 March 2020, the Company has Baht 82,455 million in total liabilities, which increased by Baht 3,731 million or 4.7% from Q4/2019, mainly due to the recognition on Baht 3,394 million of Dividend payable.

This table mainly presents items that has significant changes.

Unit: Baht in Million	Q1/2019	Q4/2019	Q1/2020	% Inc. (dec.)	
				yoy	qoq
Total Liabilities	62,573.00	78,724	82,455	31.8	4.7
Accrued interest payables	226.00	504	347	53.5	(31.2)
Dividend payables	-	-	3,394	N/A	N/A
Lease liabilities	-	-	28	N/A	N/A

- Accrued interest payable in Q1/2020 decreased by Baht 121 million or 53.5% from Q1/2019, mainly due to new debentures' issuance in late 2019.
- On March 26,2020, the Company's Board of Directors' Meeting approved payment of an interim dividend Baht of 1.05 per share, totaling Baht 3,394 million, in which the payment date will be made on April 24, 2020. Hence, the Dividend payables was shown as liabilities in Q1/2020
- The Company recorded Right-of-use assets of Baht 28 million in Q1/2020, due to the recognition of lease liability upon initial application of TFRS16 Leases at January 1, 2020.

Equity

As of March 31,2020, the Company has a total equity of Baht 36,523 million, decreased from 2019 by Baht 543 million or 1.5%. Such change was mainly due to a decrease in Retained earnings, dividend payment to shareholders, and the effect of initial adoption of new financial reporting standards.

This table mainly presents items that has significant changes.

Unit: Baht in Million	Q1/2019	Q4/2019	Q1/2020	% Inc. (dec.)	
				yoy	qoq
Total Equity	45,095	37,066	36,523	(19.0)	(1.5)
Share premium	-	3,399	6,044	-	77.8
Other components of equity	(59.00)	(65)	238	503.4	466.2
Retained earnings					
Unappropriated	29,856.00	17,034	12,458	(58.3)	(26.9)

- In Q1/2020, Share Premium increased by Baht 2,645 million or 77.8% from Q4/2019, due to the Company had increased its capital from Baht 15,075 million to Baht 16,160 million by issuing 217 million additional of common shares with a par value of Baht 5 per share and the offering price of Baht 17.50 per share to be sold for private placement based on over-allotment option, totaling Baht 3,798 million with a capital surplus of Baht 2,645 million (net of share offering expenses of Baht 68 million) The Company had registered the increase of its capital to the Ministry of Commerce on 16 January 2020.
- Other components of equity in Q1/2020 increased by Baht 303 million or 466.2% from Q4/2019, due to the effect of initial adoption of new financial reporting standards.
- In Q1/2020, Retained earnings – Unappropriated decreased by Baht 4,576 million of 26.9% from Q4/2019, mainly resulted from recording the Dividend payable of 2019 performance, Baht 3,394 million, and the decrease in cumulative adjustment from adopting TFRS9 by Baht 1,928 million.

Interest Income – net

This table mainly presents items that has significant changes.

Unit: Baht in Million	Q1/2019	Q4/2019	Q1/2020	% Inc. (dec.)	
				yoy	qoq
Interest Income - net	3,986	584	2,496	(27.9)	392.3
Total Interest Income	4,430	1,192	3,077	(30.5)	158.1
Cash at financial institutions	1	6	1	0.0	(83.3)
Loans purchased of receivables	4,407	1,152	3,054	(30.7)	165.1
- Part of fully received	348	-	202	(42.0)	N/A
- Part of account receivable	-	-	1,238	N/A	N/A
- Gain on loans purchased of receivables	4,059	-	1,584	(61.0)	N/A
Installment sale receivables	19	21	22	15.8	4.8
Others	3	4	0	(100.0)	(100.0)
Interest expenses	445	608	581	30.6	(4.4)
Debt issued – debentures	254	401	384	51.2	(4.2)
Debt issued – promissory notes	71	18	20	(71.8)	11.1
Borrowings	120	189	177	47.5	(6.4)
Others	-	-	0	N/A	-

- In Q1/2020, the Company has total interest income Baht 3,077 million, decreased by 30.5% in comparison to Q1/2019, mainly due to
 - The Company has an interest income on loans purchased of receivables - part of fully received of Baht 202 million in Q1/2020, decreased by Baht 146 million or 42.0% comparing to Q1/2019, and an interest income on loans purchased of receivables - part of account receivable on Accrual Basis of Baht 1,238 million, increased from the initial adoption of new financial reporting standard. However, the Company also recorded Expected credit losses on loan purchased of receivables in accordance to present the Company's performance on Cash basis.
 - Gain on loans purchased of receivables in Q1/2020 is Baht 1,584 million, decreased by Baht 2,475 million or 61.0% from Q1/2019, due to the Company had received the large amount of payment from significant debtor in Q1/2019
 - For the three-month period ended 31 March 2019 and 2020, the Company's interest expenses were Baht 445 and 581 million respectively, due to an increase in loan amounts to expand the company's assets and use in an operation in late 2019

Gain on sale of properties for sale

For the three-month period ended March 31, 2019 and 2020, gain on sale of properties for sale were Baht 307 and 226 million respectively, which decreased 26.4% due to the downturn of real estate sector

Other operating expenses

Unit: Baht in Million	Q1/2019	Q4/2019	Q1/2020	% Inc. (dec.)	
				yoy	qoq
Other operating expenses	881	1,169	681	(22.7)	(41.7)
Employee expenses	464	598	391	(15.7)	(34.6)
Directors' remunerations	7	8	1	(85.7)	(87.5)
Premises and equipment expenses	54	56	53	(1.9)	(5.4)
Taxes and duties	288	201	110	(61.8)	(45.3)
Impairment loss on properties for sale (reversal)	(14)	(15)	(12)	(14.3)	(20.0)
Properties for sale expenses	23	23	33	43.5	43.5
Other expenses	58	298	105	81.0	(64.8)

- Other operating expenses on Q1/2020, Baht 681 million, decreased by 22.7% in comparison to Q1/2019 mainly due to lower expenses on employees' benefit and special business tax from debt payment received from a major debtor in Q1/2019

Expected credit losses (2019: Bad debts and doubtful accounts)

For the three-month period ended March 31, 2020, the Company recorded a total expected credit losses Baht 1,298 million. Such change due to financial asset modification on terms of expected credit losses for "loans purchased of receivables" Baht 1,292 million (which is comprised of expected credit losses of accrued interest income on loans purchased of Baht 1,238 million and an impairment on asset quality Baht 54 million)

Therefore, in Q1/2020, the Company has recognized an implied lower impairment on asset quality compared to that of Q1/2019 in which we recorded a bad debts and doubtful accounts of Baht 219 million.

Income Tax

Q1/2020, the income tax expenses on profit and loss statement was Baht 63 million. The Company recorded a current income tax of Baht 414 million and deferred income taxes from temporary difference income of Baht 351 million

For deferred tax benefits that are not recognized as assets in the statement of financial position. Most of this is temporary differences relating to past differences in interest income for accounting and tax for purposes until December 11, 2019 (the last day that the Company was not subject to corporate income tax). As at December 31, 2019, and March 31, 2020, the Company has deferred

tax benefits totaling Baht 5,877 million and Baht 5,871 million respectively. The Company evaluates that there is a remain uncertainty about the future utilization of the related benefit, because they relate to a large amount of historical data and documents. Therefore, for reasons of conservations, the Company did not recognize this amount as an asset in the statement of financial position. The Company will gradually recognize these benefits in the future, when the Company decides that the uncertainty has diminished, which will be when the Company is able to utilize temporary differences as deductions from profit in its annual tax computation, in order to actually decrease its corporate income tax obligation.

3.2. Cash Collection from NPLs and NPAs management businesses

The Company believes that for the NPLs and NPAs 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 NPLs and NPAs 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.

3.2.1 Cash Collection Receive from NPLs Management Business

The following table sets forth the cash collection received from NPLs management business for the years ended December 31, 2017, 2018 and 2019 and three-month ended March 31, 2018, 2019 and 2020.

	Year ended			For the three-month Period ended		
	December 31,			March 31,		
Cash collection received from	2017	2018	2019	2018	2019	2020
NPLs Management business	Baht	Baht	Baht	Baht	Baht	Baht
	(Million)	(Million)	(Million)	(Million)	(Million)	(Million)
Interest income from loans purchased ¹	1,877.52	1,856.82	1,518.8	395.92	348.23	1,440.46
Gain on loans purchased	3,509.15	4,438.35	7,449.6	731.49	4,058.78	1,584.05
Net repayment and adjusted entries	8,418.86	9,081.44	10,907.9	1,670.60	4,287.10	2,038.48
Total	13,805.53	15,376.61	19,876.3	2,798.02	8,694.11	5,062.98
Less the portion of accrued interest receivables and						
receivables repayment from the debtors by collateral ²	(6,029.49)	(6,376.54)	(13,018.2)	(1,314.95)	(7,248.06)	(3,227.99)
Cash collected from the debtors during the period ³	7,776.04	9,000.07	6,858.1	1,483.07	1,446.05	1,834.99
Cash collected from the Legal Execution Department during						
the period ⁴	1,383.38	1,791.13	7,200.5	317.04	5,797.92	796.93
Total Cash collected from NPL management business⁵	9,159.42	10,791.20	14,058.6	1,800.10	7,243.97	2,631.92

Notes:

¹ “Interest income from loans purchased” and “gain on loans purchased” are presented as two separate line items in the audited financial statements for the year ended December 31, 2016, 2017 and 2018. However, these items are presented as combined line item, “Interest income from loans purchased” in the audited financial statement for the year ended December 31, 2019. As a result of reclassification, “gain on loans purchased” However, due to the new financial reporting standard that became effective in the current period, notes to interim financial statements for the three-month period ended March 31, 2020 presents “interest income on loans purchased of receivable” separately into (i) part of fully received and (ii) part of account receivable.

² See “Critical Accounting Policies and Estimates- Recognition of interest income and gain on loans purchased”

³ 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.

⁴ Only the portion where a third party purchaser won the auction of our debtors’ collateral and we once recognized accrued income from auction sales. See “- Accrued income from auction sale”.

⁵ Cash collected from NPLs 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. We believe that, for our NPLs 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 NPLs management business. Cash 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 cash collection items from the NPLs management business which we have 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 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 three-month period ended March 31, 2020, the Company's cash collection received from NPLs management business was Baht 2,631.92 million which consisted of (i) Baht 1,834.99 million from cash collected from the debtors during the period and (ii) Baht 796.93 million from the Legal Execution Department during the period which resulted from the Company's policy to proactively continue to collect cash from auction sales from the Legal Execution Department.

3.2.2 Cash Collection from NPAs Management Business

The following table sets forth the cash collection from the Company's NPAs management business for the years ended December 31, 2017, 2018 and 2019 and for the three-month periods ended March 31, 2018, 2019 and 2020.

Cash collection received from NPA management business	Year ended December 31,			For the three-month Period ended March 31,		
	2017	2018	2019	2018	2019	2020
	Baht (Million)	Baht (Million)	Baht (Million)	Baht (Million)	Baht (Million)	Baht (Million)
Outright sales						
Gain on sale of properties for sale collected in cash	1,740.89	3,105.51	2,907.3	444.46	307.12	226.36
Decreased acquisition or transfer costs of properties for sale – net ¹	1,464.21	2,216.79	2,316.9	362.88	303.15	242.88
Total cash collected from sale of properties for sale-Outright sales	3,233.05	5,322.30	5,224.2	807.37	610.27	469.24
Installment sales						
Interest income	104.66	89.19	108.0	22.25	19.18	21.96
Collected debt repayment during the periods (in terms of cost and gain)	1,018.61	366.41	341.4	90.80	79.01	45.55
Total cash collected from installment sales of properties for sale	1,123.27	455.60	449.4	113.05	98.19	67.51
Total cash collection received from NPA management business²	4,356.32	5,777.90	5,673.6	920.39	708.46	536.75

Notes: ¹ For the year ended December 31, 2017, 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 and (ii) any reversal from revaluation of properties for sale sold during the periods.

² Cash collected 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. Cash collected from NPAs management business is calculated based on key items only, and so does not include all cash collected 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, cash 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 periods ended March 31, 2020, the Company's cash collection received from NPA management business was Baht 536.75 million which consisted of (i) Baht 469.24 million from Outright sales and (ii) Baht 67.51 million from installment sales. The Company believes this is due to the economic downturn which led to the slowdown of purchases of real estate properties since 2019

3.3 NPLs by Portfolio Concentration

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

Major Debtors ¹	As of December 31,			As of March 31,	
	2017	2018	2019	2019	2020 ²
	Baht (Million)	Baht (Million)	Baht (Million)	Baht (Million)	Baht (Million)
Debtor 1	3,097.5	3,064.8	3,034.9	3,064.8	1,950.6
Debtor 2	2,127.4	2,127.4	589.2	586.6	589.0
Debtor 3	893.6	586.6	579.0	579.0	499.1
Debtor 4	586.5	579.0	507.9	507.9	388.4
Debtor 5	507.9	507.9	388.5	323.8	334.1
Debtor 6	322.9	323.7	334.1	317.8	323.7
Debtor 7	317.3	317.4	323.8	303.8	258.2
Debtor 8	308.5	303.8	319.0	229.8	256.0
Debtor 9	229.8	229.8	299.9	219.6	229.7
Debtor 10	205.2	216.6	229.8	217.1	219.5
Sub-total	8,596.9	8,257.0	6,606.1	6,350.2	5,048.4
Total NPLs³	72,885.8	75,433.9	77,374.7	74,482.3	78,139.2

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.

² Information regarding top 10 debtors by remaining acquisition of NPLs for the three-month period ended March 31, 2020 may not be comparable to the previous periods due to the calculation of allowance for expected credit losses on loans purchased (2019: Allowance for doubtful account) as per requirement of TFRS

³ Due to the new financial report standards, "loans purchased" (NPLs) is reclassified into "loans purchased of receivables and accrued interest receivables- net "

3.4 NPAs Concentration by Region by Type

Our NPAs are located throughout Thailand. As of March 31, 2020, 44.0% of net value of our NPAs were located in Bangkok and vicinity and 52.0% of net value of our NPAs were Resident properties.

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

	As of December 31,			As of March 31,	
	2017	2018	2019	2019	2020
	Baht (Million)	Baht (Million)	Baht (Million)	Baht (Million)	Baht (Million)
Value of NPAs by Geography of Real estates					
Bangkok and its vicinity	8,164.8	9,066.4	9,987.9	9,427.7	11,558.2
Central and Eastern Thailand	4,939.0	5,389.9	6,137.0	5,686.0	6,375.4
Northern Thailand	2,297.8	3,041.7	3,432.2	3,145.2	3,540.9
Northeast Thailand	1,231.3	1,638.3	2,158.5	1,735.5	2,363.2
Southern Thailand	916.2	1,244.9	1,968.6	1,522.0	2,201.7
Moveable properties	186.1	214.7	214.9	214.7	215.7
Total	17,735.2	20,595.8	23,899.1	21,731.0	26,255.2

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

	As of December 31,			As of March 31,	
	2017	2018	2019	2019	2020
	Baht (Million)	Baht (Million)	Baht (Million)	Baht (Million)	Baht (Million)
Value of NPAs by Type of Real estates					
Vacant land	5,599.7	5,510.2	5,242.7	5,486.0	6,338.4
Hotels	343.0	367.3	449.9	386.6	477.2
Commercial properties	4,638.1	5,413.7	6,452.8	5,911.3	6,790.8
Residential properties	6,968.4	9,090.0	11,538.8	9,732.5	12,433.0
	186.1	214.7	214.9	214.7	215.7
Total	17,735.2	20,595.8	23,899.1	21,731.0	26,255.2

4. Key Financial Ratios

Financial Ratio	Unit	For 3-month period				
		Year ended			ended	
		December 31,			March 31,	
		2017	2018	2019	2019	2020
Profitability Ratio ¹						
Gross profit margin ²	%	78.67	81.84	82.55	90.72	88.15
Operating profit margin ³	%	59.00	53.37	50.71	67.77	15.54
Cash flow to income ratio ⁴	%	85.09	157.27	(19.27)	(17.17)	(187.40)
Net profit margin ⁵	%	59.02	53.35	53.52	67.77	14.25
Return on equity	%	11.03	12.55	17.67	29.87 ¹⁶	7.60 ¹⁶
Efficiency Ratio ¹						
Return on total assets	%	4.65	5.01	5.86	12.06 ¹⁶	2.38 ¹⁶
Total assets turnover	times	0.08	0.09	0.11	0.18 ¹⁶	0.17 ¹⁶
Financial Policy Ratio ¹						
Total liability-to-equity ratio	times	1.43	1.57	2.12	1.39	2.26
Interest coverage ratio ⁶	times	3.58	5.54	0.37	(0.19)	(0.92)
Debt service coverage ratio (Cash Basis) ⁷	times	0.07	0.25	(0.02)	(0.05)	(0.09)
Dividend payout ratio ⁸	%	80.79	97.77	309.91	N/A	N/A
Interest Bearing Debt to equity ⁹	times	1.39	1.38	2.04	1.32	2.07
Specific Ratio for Business ¹						
Cash collection from NPLs management business to net NPLs ¹⁰	%	12.83	14.55	18.40	38.66 ¹⁶	13.55 ¹⁶
Return on NPLs management business ¹¹	%	4.78	4.63	9.50	15.77 ¹⁶	8.16 ¹⁶
Allowance for doubtful accounts to NPLs ¹²	%	8.70	7.69	7.47	8.00	11.08
Cash collection from NPAs management business to net NPAs ¹³	%	24.88	29.12	24.75	12.96 ¹⁶	8.34 ¹⁶
Return on NPAs management business ¹⁴	%	6.00	8.72	12.35	5.21 ¹⁶	3.64 ¹⁶
Allowance for impairment of NPAs to NPAs ¹⁵	%	2.97	2.47	2.04	2.29	1.82

- Notes:
- 1 The financial statements for the year ended December 31, 2018 used in calculations include reclassification of some items to be consistent with the presentation of the financial statements for the year ended 31 December, 2019. This reclassification has no effect on the operating results of the Company presented in the previous report.
 - 2 Gross profit margin is calculated from the sum of (i) total interest income (excluding interest income on deposits); (ii) gain (loss) on investment in securities– net; (iii) gain on loans purchased; (iv) gain on properties for sale; (v) gain on installment sales; and (vi) other operating income less total interest income and further divided by the sum of (i) – (vi).
 - 3 Operating profit margin is calculated from operating profits before income tax expenses less interest income on deposits and further divided by the sum of (i) total interest income (excluding interest income on deposits); (ii) gain (loss) on investment in securities– net; (iii) gain on credit for purchase of receivables; (iv) gain on sale of properties foreclosed; (v) gain on installment sales; and (vi) other operating income.
 - 4 Cash flow to income ratio is calculated from cash flows operations divided by operating profits before income tax expenses and further less operating profits before income tax expenses.
 - 5 Net profit margin is calculated from net profit divided by the sum of (i) total interest income (ii) gain (loss) on investment securities – net; (iii) gain on loans purchased; (iv) gain on properties for sale; (v) gain on installment sales; and (vi) other operating income.
 - 6 Interest coverage ratio is calculated from cash flows from operating add back cash paid on interest and cash paid on income tax and further divided by cash paid on interest.
 - 7 Debt service coverage ratio (Cash Basis) is calculated from cash flows from operating divided by sum of (i) cash paid on repayment of loans and debt securities; (ii) cash paid on debentures; (iii) cash paid on purchase of property, plant, and equipment; (iv) cash paid on purchase of intangible assets; and (v) cash paid on dividend payment to shareholders.
 - 8 Dividend payout ratio is calculated from cash paid on dividend payment stipulated in statement of cash flows divided by net profit of the preceding year.
 - 9 Interest bearing debt to equity ratio is calculated from debt issued and borrowing divided by shareholders’ equity (average)
 - 10 Cash collection from NPLs management business to net NPLs is calculated from the sum of cash collection received from NPLs management business divided by loans purchased– net (average). See “Cash collection received from our NPLs management business
 - 11 Return on NPLs management business is calculated from net profit from NPLs business operation divided by loans purchased– net (average).
 - 12 Allowance for doubtful accounts to NPLs is calculated from allowance for doubtful accounts of loans purchased divided by loans purchased (before less allowance for doubtful accounts)
 - 13 Cash collection from NPAs management business to net NPAs is calculated from the sum of cash collection received from NPAs management business divided by the sum of (i) properties for sale – net; and (ii) installment and receivables – net (average). See “Cash collection received from our NPAs management business”
 - 14 Return on NPAs management business is calculated from net profit from NPAs business operation and investment in securities divided by (i) properties for sale– net; (ii) installment and receivables – net; and (iii) investment in securities – net (average)
 - 15 Allowance for impairment of NPAs to NPAs is calculated from Allowance for impairment of NPAs divided by properties for sale (after revaluation)
 - 16 Calculate by annualizing the relevant items in the statement of comprehensive income and statement of cash flows for the three-month period ended March 31, 2020.

5. Forward Looking Statements

5.1 BAM's Business Opportunity

Given the COVID-19 outbreak that is widely affecting and continuing, the Company has launched debt moratorium programs to support our debtors. However, although the relief measures would indeed affect the Company's revenue stream, the Company views this as only a temporary and short-term. This is an opportunity to turn crisis into our benefits from (i) More NPLs will be auctioned out, which means a variety of selections and (ii) as more NPLs are building up, there could be a downward pressure to the selling price, the profits could be enhanced, and eventually, the turnaround time could be shortened. Moreover, since an increased NPLs/ NPAs arise from the pandemic outbreak rather than the economic crisis, the Company expects to see more NPLs/NPAs with even higher qualities.

The company believes that NPLs/ NPAs that have been auctioned out during Q1/2020 was not a true reflection from the COVID-19 situation but rather the NPLs/NPAs accumulated from the past. The actual impact of NPLs /NPAs from COVID-19 would likely be seen around year-end 2020 or Q1/2021. The company believes that there would still be an ample supply of secured collateralized NPLs in the market for the company to continue operating efficiently and sustainably going forward.

5.2 COVID-19 Impact

5.2.1 Cash Collection

Even though the COVID-19 situation started to aggravate since the beginning of March 2020, but most of the approved debtors /NPAs purchasers from late 2019, are still be able to perform according to the agreed terms. The company has managed to maintain target cash collection and close to historical 3-years seasonal (Q1) average. However, Cash collection in Q1/2020 is lower than that of Q1/2019 because of the sizeable payment from one significant debtor.

The company forecasted that the actual impact from COVID-19 would come into play in Q2/2020 onwards due to the government's measure to limit transportation, the delay of economic activities, and the temporary unemployment. These will impact the payment ability of debtors and property purchasers and decrease demand for properties.

For the care of COVID-hit debtors/customers, the Company has launched relief measures to support debtors. To receive support, debtors must submit a petition by May 31,2020, and the Company will approve the petition on a case-by-case basis. The Company's three main measures are as follows:

1. 3-months moratorium of principal and interest
2. 3-months moratorium of principal and interest, then, another 3-months moratorium of principle (interest payment only)
3. Principle moratorium (interest payment only) until December 2020

As of April 30, 2020, the company has approved the COVID-19 debt moratorium support programs to 547 restructured debtors with outstanding loan installment value of Baht 1,877.41 million and 122 NPAs installment cases totaling Baht 81.54 million.

1. NPLs		
Type	No. of cases	Outstanding Loan Installment Value as per contract* (Baht in Million)
Housing Loan	472	831.67
Corporate	16	599.66
SME	13	340.21
Personal Loan	46	102.87
Total	547	1,874.41
2. NPAs		
Installment sales	122	81.54

* Outstanding loan installment value includes outstanding loan as per restructured agreements

5.2.2 Purchase of NPLs /NPAs and Market Competition

The Company believes that the cumulative amount of NPLs in the system, coupled with those that arise from the COVID-19 outbreak, will put some pressure on financial institutions to offload an ample supply of NPLs into the market. The Company sees this as an opportunity to select and acquire more NPLs at favorable prices. However, the Company expects to see higher competition in securing and getting NPLs/ NPAs as many players would likely shift their focus towards secured collateralized loans, which deem to be less risky than that of the unsecured personal loans or credit