



No. GL 12/2020

MAY 15th, 2020

Subject: Clarification for the operating result of Q1/2020 (Reviewed)

Attention: The President
The Stock Exchange of Thailand

Duplicate: The Secretary General
The Securities and Exchange Commission

Group Lease Public Company Limited (“the Company or GL”) would like to clarify the operating result for the Q1/2020 for the consolidated and separate financial statements as follow:

Consolidated Financial Statements

The Company reported reviewed operating results for Q1/2020, with consolidated net loss of Baht 115.42 million, decrease of Baht 227.23 million from the net profit of Baht 111.81 million in Q1/2019. The decrease in net profit was driven from 2 factors. Firstly, a decrease in revenue reflecting the Company’s strategy to shrink portfolio because of the ongoing litigation. From March 2020 onward, the Company will continue with conservative strategy to be very careful to operate our business. Secondly, the Company has set aside provisions of Baht 82.08 million in Q1/2020 not only to cover new NPL formation but also to comply with the new accounting standard on asset impairment during economic downturn.

1. GL’s consolidated hire purchase interest income was Baht 385.69 million, decreased by Baht 94.16 million or 20% compared to Q1/2019. The breakdown of hire purchase interest income can be explained by:
 - GLF Finance Plc. (Cambodia) showed a decrease of Baht 18.05 million or 20%, resulting from the new conservative strategy to decrease portfolio in Cambodia by tightening our screening of potential customers to improve loan quality.
 - GL (Thailand) showed a decrease of Baht 63.68 million or 19%, resulting from the new conservative strategy to decrease portfolio and improve the quality of the portfolio.
 - GL Leasing (Lao) Ltd showed a decrease of Baht 4.85 million or 22%, resulting from the mix product between automotive/Honda.
 - PT Group lease Indonesia (GLFI) showed a decrease of Baht 3.42 million, mainly from the discontinuation of this joint operation due to current dispute with partner in Indonesia.
 - Thanaban Company Limited “TNB” (Thailand) showed an decrease of 4.15 million or 13%.
2. Loan interest income was Baht 23.99 million, decreasing by Baht 11.38 million or 32%, resulting from the decrease in portfolio of TNB.



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3. Microfinance interest income was Baht 52.24 million, increasing by Baht 9.99 million or 24%, compared to the same period last year.
 - BG Microfinance Myanmar Co.,Ltd. (BGMM) recorded Microfinance interest income of Baht 41.49 million in Q1/2020, increasing Baht 7.51 million or 22%.
 - PT Group lease Indonesia (GLFI) recorded Microfinance interest income of Baht 9.56 million in Q1/2020, increasing Baht 1.29 million or 16%, mainly from the increasing in microfinance portfolio operated by GLFI without joint financing.
 - GL Leasing (Lao) Ltd recorded Microfinance interest income of Baht 1.15 million in Q1/2020.
4. Hire purchase service fee income was Baht 24.98 million, increased by Baht 1.96 million or 9%, mainly from increasing number of contracts. Hire purchase service fee income relates to operational leasing services provided by GL-AMMK (Myanmar subsidiary) in partnership with Century Finance (Myanmar financial institution).
5. Other income related to the activities of hire purchase increased by Baht 1.87 million or 3%, mainly resulting of bad debt recovery, collection fee, penalty income and, registration fee, implying to a better performance of collection team.
6. Other income related to the activities of microfinance increased by Baht 2.23 million or 96%, mainly resulting from an increasing size of microfinance portfolio.
7. Loss on exchange rate was Baht 51.90 million, mainly resulting from the revalue of USD liabilities when appreciation of the USD, comparing from Q4/2019 to Q1/2020.
8. GL's consolidated service and administrative expenses totaled Baht 294.16 million, stable when compared to Q1/2019. However, excluding legal fee, which is not operating expense, service and administrative expenses decreased by Baht 9.69 million or 4%, showing the efficient cost management.
9. Expected credit loss and loss arising from derecognition & bad debts and doubtful accounts increased by Baht 108.52 million or 101%, mainly resulting of an increase in provision expense by Baht 59.90 million and an increase in written-off bad-debt expense by Baht 48.62 million.
10. There was a decrease in loss on disposal of foreclosed asset from Baht 77.39 million to Baht 60.08 million representing a decrease of Baht 17.31 million or 22%, which resulted from a lower repossession rate in Thailand.
11. Share of profit from a 29.99% ownership of Commercial Credit and Finance PLC "CCF" which is an associated company in Sri Lanka, was Baht 20.49 million, decreasing by Baht 18.64 million of 48% from Baht 39.13 million in Q1/2019, mostly due to a slowing-down economy in Sri Lanka and the depreciation of the Sri Lankan Rupee.
12. GL's consolidated finance cost was Baht 83.14 million, decreased by Baht 12.70 million or 13% from last year, resulting from the repayment of THB bond in Q3/2019.



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Separate Financial Statements

The company reported the net loss of Baht 135.46 million in Q1/2020, decreasing from net profit of Baht 93.02 million in Q1/2019, which are resulted from the major factors as follows:

1. The hire-purchase interest income decreased by Baht 63.68 million or 19% from Baht 332.84 million in Q1/2019 to Baht 269.16 million in Q1/2020, resulting from the new conservative strategy to decrease portfolio and improve the quality of the portfolio.
2. Other interest income decreased from Baht 91.72 million to Baht 85.02 million, representing a decrease by Baht 6.70 million or 7%, because of a decrease amount of loan to subsidiary.
3. Management fee increased by Baht 4.5 million, mainly from increasing management fee charges to Thanaban Company Limited “TNB” (Thailand)
4. Other income related to the activities of hire purchase decreased by Baht 2.45 million or 8%, resulting from the decreasing portfolio size.
5. Loss on exchange rate was Baht 150.18 million, mainly resulting from the revalue of USD liabilities when appreciation of the USD, comparing from Q4/2019 to Q1/2020.
6. Service and administrative expenses was Baht 153.83 million, slightly decreasing by Baht 1.85 million or 1% compare to same period last year. However, excluding legal fee, which is not operating expense, service and administrative expenses decreased by Baht 13.08 million or 9%, showing the efficient cost management.
7. Expected credit loss and loss arising from derecognition & bad debts and doubtful accounts were Baht 121.18 million, increasing by Baht 46.74 million or 63% compare to Q1/2019, which resulted from the written-off bad-debt expense increased by Baht 56.66 million or 82%. However, the overall provision expense decreased by Baht 9.92 million from a decrease in portfolios size in Thailand.
8. Loss on disposal of foreclosed assets was Baht 51.42 million, decreasing by Baht 16.39 million or 24%, which resulted from the repossessed units decreased by 35% from Q1/2019.
9. Finance cost was Baht 80.51 million, decreased by Baht 13.77 million or 15% from Q1/2019, resulting from the repayment of THB bond in Q3/2019.

Please be informed accordingly.

Yours sincerely,

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(Mr. Tatsuya Konoshita)

Director