

# BANGKOK COMMERCIAL ASSET MANAGEMENT PLC

No. 33/2022  
5 April 2022

## FINANCIAL INSTITUTIONS

<b>Company Rating:</b>	A-
<b>Issue Ratings:</b>	
Senior unsecured	A-
<b>Outlook:</b>	Stable

**Last Review Date:** 29/03/22

### Company Rating History:

Date	Rating	Outlook/Alert
17/02/20	A-	Stable

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## RATIONALE

TRIS Rating affirms the company rating on Bangkok Commercial Asset Management PLC (BAM) and the ratings on its outstanding senior unsecured debentures at “A-” with a “stable” rating outlook. At the same time, TRIS Rating assigns an “A-” rating to BAM’s proposed issue of up to THB15 billion in senior unsecured debentures with a tenor of up to 10 years.

The ratings reflect the company’s long experience and dominant market position as the top ranked distressed asset management company. The ratings also take into consideration BAM’s moderate financial leverage and earnings capability together with diversified funding sources.

BAM’s ratings are partly constrained by the macro risk and concentration risk related to its real estate exposure. These risks could have material impact its financial performance if not well managed. However, we view that BAM’s expertise in asset pricing, selective investment strategy, and diversification in terms of types and locations of assets help mitigate these risks to some extent.

For the year ended 2021, BAM’s net profit increased by 41.3% year-on-year (y-o-y) to THB2.6 billion. The improvement was primarily a result of recovery in non-performing asset (NPA) management. Revenue from NPA sales grew 50.9% to THB3.8 billion in 2021 following marketing and promotional campaigns, retail focus and the use of digital platforms. Cash collection from NPAs also increased by 53.6% y-o-y. This subsequently helped improve the company’s total cash collection to THB16 billion, up 22% y-o-y. As for NPL management, BAM’s overall performance in terms of revenue and cash collection both remained flat y-o-y. We expect further improvement in the NPL business, which is likely to be the earnings driver in 2022, while NPA’s performance is likely to remain strong with similar levels of performance as in 2021

The company has scaled back asset acquisitions in 2021. This was due to the lower supply of NPLs as financial institutions delayed their asset sales because of the debt relief measures implemented by the Bank of Thailand (BOT), and the company’s selective investment strategy. The NPLs supply from financial institutions in 2021 were approximately 33.6% lower than the same period of 2020. In 2021, the company acquired THB3.7 billion worth of NPLs and NPAs, a decline of 68.8% y-o-y. The lower asset acquisitions had led to a decline in fund need, hence a decrease in financial leverage. BAM’s debt to equity (D/E) ratio fell to 1.94 times at the end of 2021 from 2.16 times at the end of 2020. Inclusive of the proposed debentures issuance, D/E ratio would be around 2.30 times.

## RATING OUTLOOK

The “stable” outlook is based on our expectation that BAM will maintain its strong financial performance and moderate financial leverage.

## RATING SENSITIVITIES

The ratings and/or outlook could be revised upward if financial performance improves steadily, with the D/E ratio falling below 1.5 times on a sustained period.

The ratings and/or outlook could be revised downward if leverage increases significantly due to aggressive expansion, with the D/E ratio rising above 2.75 times for a sustained period or a prolonged deterioration in financial performance with the return on average assets (ROAA) falling below 1.5% on a sustained basis.

#### RELATED CRITERIA

- Issue Rating Criteria, 15 June 2021
- Nonbank Financial Institution Methodology, 17 February 2020

#### Bangkok Commercial Asset Management PLC (BAM)

<b>Company Rating:</b>	A-
<b>Issue Ratings:</b>	
BAM224A: THB2,000 million senior unsecured debentures due 2022	A-
BAM226A: THB1,400 million senior unsecured debentures due 2022	A-
BAM227A: THB3,000 million senior unsecured debentures due 2022	A-
BAM234A: THB1,000 million senior unsecured debentures due 2023	A-
BAM235A: THB4,050 million senior unsecured debentures due 2023	A-
BAM239A: THB3,800 million senior unsecured debentures due 2023	A-
BAM23DA: THB1,100 million senior unsecured debentures due 2023	A-
BAM244A: THB1,000 million senior unsecured debentures due 2024	A-
BAM246A: THB1,400 million senior unsecured debentures due 2024	A-
BAM247A: THB4,500 million senior unsecured debentures due 2024	A-
BAM24DA: THB500 million senior unsecured debentures due 2024	A-
BAM256A: THB370 million senior unsecured debentures due 2025	A-
BAM259A: THB3,200 million senior unsecured debentures due 2025	A-
BAM25NA: THB5,370 million senior unsecured debentures due 2025	A-
BAM264A: THB6,000 million senior unsecured debentures due 2026	A-
BAM26DA: THB1,300 million senior unsecured debentures due 2026	A-
BAM276A: THB1,500 million senior unsecured debentures due 2027	A-
BAM279A: THB5,000 million senior unsecured debentures due 2027	A-
BAM284A: THB1,300 million senior unsecured debentures due 2028	A-
BAM286A: THB2,400 million senior unsecured debentures due 2028	A-
BAM28DA: THB1,200 million senior unsecured debentures due 2028	A-
BAM297A: THB5,000 million senior unsecured debentures due 2029	A-
BAM304A: THB700 million senior unsecured debentures due 2030	A-
BAM30NA: THB580 million senior unsecured debentures due 2030	A-
BAM317A: THB3,500 million senior unsecured debentures due 2031	A-
BAM347A: THB1,000 million senior unsecured debentures due 2034	A-
Up to THB15,000 million senior unsecured debentures due within 10 years	A-
<b>Rating Outlook:</b>	Stable

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