

BANGKOK COMMERCIAL ASSET MANAGEMENT PLC

No. 95/2021

22 November 2021

FINANCIAL INSTITUTIONS

Company Rating:	A-
Issue Ratings:	
Senior unsecured	A-
Outlook:	Stable

Last Review Date: 11/03/21

Company Rating History:

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

Contacts:

Sithakam Tongphiphat, CFA, FRM

sithakam@trisrating.com

Pawin Thachasongtham

pawin@trisrating.com

Jittrapan Pantaleard

jittrapan@trisrating.com

Taweechok Jiamsakunthum

taweechok@trisrating.com

Narumol Charnchanavivat

narumol@trisrating.com



WWW.TRISRATING.COM

RATIONALE

TRIS Rating affirms the company rating on Bangkok Commercial Asset Management PLC (BAM) and the ratings on BAM's 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 THB3 billion in senior unsecured debentures with a tenor of up to 10 years.

The ratings reflect the company's expertise and dominant market position in the distressed asset management industry. The company intends to use the proceeds from the proposed debenture issue to refinance its debt and acquire non-performing loans (NPLs).

The ratings also take into account BAM's moderate leverage and earnings capability as well as diversified funding sources. These strengths are partly offset by the risk factors, primarily pricing risk and concentration risk, related to its real estate exposure. Nonetheless, we believe BAM's expertise in asset pricing and diversification in terms of type and location of assets help mitigate such risks to a large extent.

For the first nine months of 2021 (9M21), BAM's net profit increased by 54% year-on-year (y-o-y) to THB1.6 billion. The improvement was primarily a result of efficient non-performing asset (NPA) management. Revenue from NPA sales grew at 181% to THB2.5 billion in 9M21 following marketing and promotional campaigns and the use of digital platforms. Cash collection from NPAs also increased to 69% y-o-y. This subsequently helped improve the company's total cash collection to THB11 billion, up 21% y-o-y. As for NPL management, BAM's overall performance in terms of revenue and cash collection both remained flat y-o-y. Revenues from NPLs have steadily improved in the past two quarters following an active debt restructuring strategy to increase recurring interest income. Moreover, the reopening of the Legal Execution Department (LED) after the city lockdowns should continue to provide positive momentum for NPL management.

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). The NPLs supply from financial institutions in 9M21 were approximately 24% lower than the same period of 2020. In 9M21, the company acquired THB1.38 billion worth of NPLs, a decline of 85% y-o-y. Given the lower asset acquisitions resulting in decreased leverage, BAM's debt to equity (D/E) ratio fell to 1.98 times at the end of September 2021 from 2.16 times at the end of 2020.

RATING OUTLOOK

The "stable" outlook is based on TRIS Rating's 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 the company's financial performance improves steadily, while the D/E ratio remains below 1.5 times for a sustained period.

The ratings and/or outlook could be revised downward if leverage increases significantly due to aggressive expansion, with D/E ratio rising above 2.75 times for a sustained period or following a sustained deterioration in financial performance.

RELATED CRITERIA

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

Bangkok Commercial Asset Management PLC (BAM)

Company Rating:	A-
Issue Ratings:	
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-
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-
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-
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 THB3,000 million senior unsecured debentures due within 10 years	A-
Rating Outlook:	Stable

TRIS Rating Co., Ltd.

Silom Complex Building, 24th Floor, 191 Silom Road, Bangkok 10500, Thailand Tel: 02-098-3000

© Copyright 2021, TRIS Rating Co., Ltd. All rights reserved. Any unauthorized use, disclosure, copying, republication, further transmission, dissemination, redistribution or storing for subsequent use for any purpose, in whole or in part, in any form or manner or by any means whatsoever, by any person, of the credit rating reports or information is prohibited, without the prior written permission of TRIS Rating Co., Ltd. The credit rating is not a statement of fact or a recommendation to buy, sell or hold any debt instruments. It is an expression of opinion regarding credit risks for that instrument or particular company. The opinion expressed in the credit rating does not represent investment or other advice and should therefore not be construed as such. Any rating and information contained in any report written or published by TRIS Rating has been prepared without taking into account any recipient's particular financial needs, circumstances, knowledge and objectives. Therefore, a recipient should assess the appropriateness of such information before making an investment decision based on this information. Information used for the rating has been obtained by TRIS Rating from the company and other sources believed to be reliable. Therefore, TRIS Rating does not guarantee the accuracy, adequacy, or completeness of any such information and will accept no liability for any loss or damage arising from any inaccuracy, inadequacy or incompleteness. Also, TRIS Rating is not responsible for any errors or omissions, the result obtained from, or any actions taken in reliance upon such information. All methodologies used can be found at www.trisrating.com/rating-information/rating-criteria