

BANGKOK COMMERCIAL ASSET MANAGEMENT PLC

No. 70/2022
5 July 2022

FINANCIAL INSTITUTIONS

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

Last Review Date: 05/04/22

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 a “A-” rating to BAM’s proposed issue of up to THB5 billion senior unsecured debentures due within eight 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 on 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 first quarter of 2022 (1Q22), BAM’s net profit increased by 26.0% year-on-year (y-o-y) to THB312 million. Revenue from non-performing assets (NPA) dropped by 20.8% to THB520 million due to the slower demand for property in 1Q22. However, total cash collection rose by 6.7% to THB3.2 billion, thanks to the improvement in cash collection from non-performing loans (NPL) which grew 14.6% y-o-y. We expect further improvement in the NPL business and recovery in NPA which should strengthen BAM’s performance for the rest of the year.

Asset acquisitions have accelerated in the past few quarters. The company acquired THB1.4 billion of NPL and NPA in 1Q22, an increase of 306% y-o-y. We continue to see more NPLs being auctioned off by financial institutions as debt relief measures implemented by the Bank of Thailand (BOT) ended. This should be a positive development for BAM’s asset acquisition plan in 2022. The NPL supply in the 1Q22 was approximately 212% higher than the same period in 2021. The company issued THB9.5 billion debentures in 2Q22 given its anticipation of increased asset acquisition in 2022. The newly proposed debenture issuance of up to THB5 billion will provide funding source for additional asset acquisitions. Including the THB9.5 billion debentures and the proposed new issue, BAM’s D/E ratio would have increased to 2.24 times from 1.9 times at the end of March 2022 (exclude debt repayment).

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 debt-to-equity (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.

CreditUpdate, reviews ratings of companies or debt issues that have already been rated by TRIS Rating. The CreditUpdate occurs when new debt instruments are issued or if significant events have taken place that may impact a company’s current ratings or when current ratings are cancelled. The CreditUpdate announces whether a rating has been “upgraded,” “downgraded,” “affirmed” or “cancelled.” The update includes information to supplement the previously published ratings.

Credit Updates are part of TRIS Rating’s monitoring process. TRIS Rating monitors every rating it assigns until either the debt instrument matures or the rating contract ends. To keep the public informed of changing situations, TRIS Rating periodically issues announcements about the credit ratings it monitors.

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:	
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-
BAM244B: THB3,750 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-
BAM274A: THB2,545 million senior unsecured debentures due 2027	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-
BAM294A: THB1,065 million senior unsecured debentures due 2029	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-
BAM324A: THB2,140 million senior unsecured debentures due 2032	A-
BAM347A: THB1,000 million senior unsecured debentures due 2034	A-
Up to THB5,000 million senior unsecured debentures due within 8 years	A-
Rating Outlook:	Stable

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