

BANGKOK COMMERCIAL ASSET MANAGEMENT PLC

No. 31/2023
7 March 2023

FINANCIAL INSTITUTIONS

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

Last Review Date: 01/11/22

Company Rating History:

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

Contacts:

Sithakarn Tongphiphat, CFA, FRM

sithakarn@trisrating.com

Pawin Thachasongtham

pawin@trisrating.com

Jittrapan Pantaleard

jittrapan@trisrating.com

Taweekok Jiamsakunthum

taweekok@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 its outstanding senior unsecured debentures at "A-" with a "stable" outlook. At the same time, TRIS Rating assigns a rating of "A-" to BAM's proposed issue of up to THB3 billion senior unsecured debentures due within 10 years. The proceeds will be used for debt repayment, funding its operation, and business expansion.

The ratings reflect BAM's long experience and dominant position as Thailand's largest distressed asset management company by assets. The ratings also take into consideration its moderate financial leverage and earnings capability together with diversified funding sources.

BAM's ratings are partly constrained by concentration risk related to its real estate exposure given that most of non-performing loan (NPL) collaterals are lands and properties. Nonetheless, we view that BAM's expertise in asset valuation, selective investment strategy, and diversification in terms of types and locations of assets help mitigate the risk. BAM's on-line marketing platform for non-performing assets (NPA) also help the company manage NPAs by expediting the sale process.

BAM's financial performance in 2022 is slightly below our expectation due to the lower cash collections from NPAs. In 2022, its net profit increased by 4.8% year-on-year (y-o-y) to THB2.7 billion, thanks to the improvement in NPL business that helped reduce the impact of fallen NPA revenue. In 2022, its total cash collection improves 6% y-o-y, NPL cash collection improved 16% y-o-y, while NPA cash collection dropped by 6% y-o-y. The decline in NPA cash collection was due to less aggressive pricing strategy and more selective promotional activities compared with 2021. NPL cash collection improved from cash received from Legal Execution Department (LED) and long-term debt restructuring.

In 2022, BAM acquired NPLs in total of THB8.1 billion, 121% higher y-o-y. This was largely due to increased supply of NPLs in the market. We expect supply of NPLs to increase, driven by the fact that debt relief measures for banks that allow for relaxation of loan classification would be expiring by the end of 2023. This could prompt commercial banks to dispose NPLs more rapidly in the second half of 2023 and support BAM's asset acquisition plan.

The key challenge for BAM in 2023 is the pressure from rising interest rates as financing cost remains as one of the company's main expenses comprising nearly half of the company's total expenses. Nonetheless, the impact on its funding cost will be gradual as most of the company's borrowing costs have already been fixed by long-term debentures.

At the end of 2022, the company still had plenty of liquidity in forms of cash and cash equivalents amounting to THB7.2 billion. Including the new debenture issuance, BAM's debt-to-equity (D/E) ratio is estimated to be at 2.1 times from 2.0 times at the end of 2022 (excluding debt repayments in 2023).

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 BAM’s 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)

Company Rating:	A-
Issue Ratings:	
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-
BAM245A: THB650 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-
BAM251A: THB1,845 million senior unsecured debentures due 2025	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-
BAM25NB: THB1,000 million senior unsecured debentures due 2025	A-
BAM264A: THB6,000 million senior unsecured debentures due 2026	A-
BAM267A: THB405 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-
BAM27NA: THB850 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-
BAM307A: THB1,050 million senior unsecured debentures due 2030	A-
BAM30NA: THB580 million senior unsecured debentures due 2030	A-
BAM30NB: THB2,000 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 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: +66 2 098 3000

© Copyright 2023, 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