

BANGKOK COMMERCIAL ASSET MANAGEMENT PLC

No. 57/2024
1 July 2024

FINANCIAL INSTITUTIONS

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

Last Review Date: 22/03/24

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 assigns a rating of “A-” to Bangkok Commercial Asset Management PLC’s (BAM) proposed issue of up to THB3 billion senior unsecured debentures maturing within ten years with over-allotment option of up to THB3 billion. The company intends to use the proceeds from the new debentures for debt refinancing and business expansion.

At the same time, TRIS Rating affirms the company rating on BAM and the ratings on its outstanding senior unsecured debentures at “A-”, with a “stable” outlook.

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

BAM’s ratings are partly constrained by several risk factors. Apart from macro risk and uncertain cashflow, other key risks are related to the company’s real estate exposure including asset pricing risk and concentration risk. These risks could have a significant impact on the company’s financial performance if not well managed. However, 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, in our view.

BAM’s financial performance in the first quarter of 2024 (1Q24) is below our expectation due to high expected credit loss (ECL) and lower cash collections which led to lower revenue. In 1Q24, BAM’s net profit increased by 59% year-on-year (y-o-y) but declined by 8% q-o-q to THB424 million.

In 1Q24, BAM’s total cash collection was THB3.5 billion, 9% higher y-o-y but 10% lower quarter-on-quarter (q-o-q). The cash collection remains below our forecast even with the y-o-y improvement. The persistently weak economic growth has impacted debt serviceability, pressuring cash collections from non-performing loan (NPL) segment.

Additionally, stricter bank lending policies have slowed cash collections from non-performing assets (NPA) as buyers face greater difficulty in obtaining financing for NPA. Consequently, this stringent lending environment has further suppressed property sales.

While these factors could continue to pose challenges for distressed asset management companies throughout the remainder of 2024, we expect BAM’s performance to gradually improve as active marketing campaigns and the government’s property stimulus measures should help support cash collections from NPA.

In 1Q24, BAM acquired NPLs in total of THB1.2 billion, declining by 55% y-o-y. We believe the slowdown in acquisition reflects the company’s selective acquisition strategy. Despite that, we believe BAM’s acquisition should remain close to the company’s target of THB10 billion for 2024, given the increased supply of distressed assets disposed by financial institutions.

Including the new debenture issuance, BAM’s debt-to-equity (D/E) ratio is estimated to be at 2.2 times from 2.1 times at the end of March 2024 (excluding debt repayments in 2024). The company has no priority debt as of March 2024.

RATING OUTLOOK

The “stable” outlook is based on TRIS Rating’s expectation that BAM will recover its cash collection in 2024, maintaining 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 for a sustained period.

The ratings and/or outlook could be revised downward if BAM’s 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 ROAA falling below 1.5% on a sustained basis.

RELATED CRITERIA

- Issue Rating Criteria, 15 June 2021
- Financial Institution Rating Methodology, 24 November 2023

Bangkok Commercial Asset Management PLC (BAM)

Company Rating:	A-
Issue Ratings:	
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-
BAM250A: THB1,334 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-
BAM264B: THB240 million senior unsecured debentures due 2026	A-
BAM265A: THB3,200 million senior unsecured debentures due 2026	A-
BAM267A: THB405 million senior unsecured debentures due 2026	A-
BAM260A: THB209 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-
BAM274B: THB1,535 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-
BAM285A: THB350 million senior unsecured debentures due 2028	A-
BAM286A: THB2,400 million senior unsecured debentures due 2028	A-
BAM280A: THB903 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-
BAM294B: THB845 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-
BAM305A: THB300 million senior unsecured debentures due 2030	A-
BAM307A: THB1,050 million senior unsecured debentures due 2030	A-

BAM300A: THB670 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-
BAM335A: THB1,700 million senior unsecured debentures due 2033	A-
BAM330A: THB1,734 million senior unsecured debentures due 2033	A-
BAM344A: THB1,240 million senior unsecured debentures due 2034	A-
BAM347A: THB1,000 million senior unsecured debentures due 2034	A-
Up to THB3,000 million senior unsecured debentures with over-allotment option of up to THB3,000 million 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 2024, 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