

Bangkok Commercial Asset Pcl (BAM TB) - BUY, Price Bt17.2, TP Bt24 | Results Comment

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Decent profits, in line

- BAM reported strong profits turnaround of Bt790m, up 620% y-y and 220% q-q. The jump in profitability was due to better cash collection of NPLs and also NPAs.
- 1H21 profits made up 50% of our full-year forecast. Despite stronger 2H performance in nature, we prefer to keep our forecast as is. Maintain BUY.
- Cash collection of NPLs improved markedly 27% q-q, thanks to higher gain on sales of 9% q-q and 38% y-y in 2Q21.
- As for NPAs, the collection also jumped 65% q-q on lumpy gain of sales of Bt650m, increasing 50% y-y and 9% q-q.
- BAM acquired NPLs of only Bt419m. Interest expenses grew 16% y-y and 9% q-q as it issued debentures of Bt12bn in the quarter.
- Opex rose at slower than income as most costs is fixed.
- With high leverage effect, net margin expanded nicely to 28%.

Income Statement						Income Statement					
(consolidated)						6M as					
Yr-end Dec (Bt m)	2Q20	3Q20	4Q20	1Q21	2Q21	(Bt m)	q-q%	y-y%	% 2021F	2021F	2022F
Interest & dividend income	2,225	2,101	2,542	2,136	2,388	Interest & dividend income	12	7	46	9,820	10,346
Interest expense	582	592	637	615	670	Interest expense	9	15	50	2,589	2,781
Net interest income	1,644	1,510	1,905	1,520	1,718	Net interest income	13	5	45	7,231	7,565
Non-interest income	475	743	1,035	644	1,135	Non-interest income	76	139	55	3,264	3,642
Total income	2,119	2,253	2,940	2,165	2,853	Total income	32	35	48	10,494	11,207
Operating expense	622	653	702	599	655	Operating expense	9	5	43	2,887	2,994
Pre-provisioning profit	1,497	1,600	2,238	1,566	2,198	Pre-provisioning profit	40	47	49	7,608	8,213
Provision for bad&doubtful debt	1,376	1,263	1,262	1,253	1,214	Provision for bad&doubtful debt	(3)	(12)	48	5,145	5,140
Profit before tax	120	337	976	312	984	Profit before tax	215	718	53	2,463	3,072
Tax	11	39	208	65	194	Tax	197	1,742	66	394	492
Profit after tax	110	298	768	247	790	Profit after tax	220	620	50	2,069	2,581
Equity income	-	-	-	-	-	Equity income	neg	neg	-	-	-
Minority interests	-	-	-	-	-	Minority interests	neg	neg	-	-	-
Extra items	-	-	-	-	-	Extra items	neg	neg	-	-	-
Net profit	110	298	768	247	790	Net profit	220	620	50	2,069	2,581
Normalized profit	110	298	768	247	790	Normalized profit	220	620	50	2,069	2,581
PPP/share (Bt)	0.5	0.5	0.7	0.5	0.7	PPP/share (Bt)	40	47	49	2.4	2.5
EPS (Bt)	0.0	0.1	0.2	0.1	0.2	EPS (Bt)	220	620	50	0.6	0.8
Norm EPS (Bt)	0.0	0.1	0.2	0.1	0.2	Norm EPS (Bt)	220	620	50	0.6	0.8
BV/share (Bt)	11.3	11.4	12.9	13.0	12.7	BV/share (Bt)	(2)	12	13	12.6	13.0

Balance Sheet						Financial Ratios					
(consolidated)						%					
Yr-end Dec (Bt m)	2Q20	3Q20	4Q20	1Q21	2Q21	2Q20	3Q20	4Q20	1Q21	2Q21	
Cash and Interbank	781	824	7,713	473	4,496	Gross loan purchased (YTD)	1.0	2.3	3.7	3.3	
Other liquid items	-	-	-	-	-	Gross loan purchased (q-q)	1.0	1.3	1.3	(0.4)	
Total liquid items	781	824	7,713	473	4,496	Borrowing growth (YTD)	6.0	6.6	15.8	5.7	
Gross loans and accrued interest	1,768	1,953	2,473	2,500	2,270	Borrowing growth (q-q)	6.0	0.6	8.7	(8.7)	
Provisions	962	1,071	1,586	1,604	1,235	Non-interest income (y-y)	(4.8)	86.3	(43.7)	163.5	
Net loans	669	729	728	718	844	Non-interest income (q-q)	94.4	56.5	39.2	(37.8)	
Fixed assets	28,237	28,717	29,252	30,035	30,400	Avg cost of fund	3.0	2.9	3.0	2.9	
Other assets	12,440	12,498	16,650	17,004	17,141	NII / operating income	77.6	67.0	64.8	70.2	
Total assets	119,678	120,224	132,070	124,347	127,271	Non-II / operating income	22.42	33.00	35.20	29.75	
Accrued interest payable	470	315	518	416	546	Normalized net margin	5.18	13.24	26.12	11.41	
Provisions for employee benefits	1,032	1,051	987	1,005	1,024	Cost-to-income	29.4	29.0	23.9	27.7	
Total liquid items	1,502	1,366	1,505	1,421	1,569	Pretax Profits / total assets	0.4	1.1	3.0	1.0	
Lease liabilities	28	14	14	14	17	Pretax Profits / total equity	1.3	3.6	9.3	3.0	
Borrowings	79,983	80,438	87,421	79,800	83,488	Avg assets/avg equity (leverage)	1.44	1.44	1.46	1.51	
Other liabilities	1,531	1,468	1,346	1,068	1,020	ROA	0.37	0.99	2.33	0.79	
Minority interest	-	-	-	-	-	ROE	1.20	3.23	7.35	2.35	
Shareholders' equity	36,662	36,951	41,797	42,058	41,193	Receivables to borrowing ratio	1.1	1.1	1.1	1.2	
Total Liabilities & Equity	119,678	120,224	132,070	124,347	127,271	Debt to equity ratio	2.2	2.2	2.1	1.9	

Sources: Company data, Thanachart estimates

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