

Bangkok Commercial Asset Pcl (BAM TB) - BUY, Price Bt19.1, TP Bt24 | Results Comment

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Slightly better-than-expected

- BAM's 3Q21 profits of Bt576m were slightly better than our estimates of Bt552m. The cash collections were lower than what we'd assumed but there were offset by better margin. We expect earnings momentum to accelerate in 4Q21. Maintain our forecast and re-iterate BUY.
- Total cash collections were Bt3.9bn slightly lower than 2Q21. The slowdown was from NPAs side while NPLs run rate was stable q-q.
- The collections were below BAM's quarterly target but this was partly because of lockdown impact in July-August 21.
- In the quarter, BAM acquired NPLs of Bt626m and did not acquire any NPAs.
- Interest expenses came down q-q on lower debenture costs.
- Opex increased on higher personnel expenses

Income Statement						Income Statement					
(consolidated)						9M as					
Yr-end Dec (Bt m)	3Q20	4Q20	1Q21	2Q21	3Q21	(Bt m)	q-q %	y-y %	% 2021F	2021F	2022F
Interest & dividend income	2,101	2,542	2,136	2,388	2,460	Interest & dividend income	3	17	75	9,304	9,632
Interest expense	592	637	615	670	644	Interest expense	(4)	9	75	2,557	2,636
Net interest income	1,510	1,905	1,520	1,718	1,816	Net interest income	6	20	75	6,747	6,996
Non-interest income	739	1,039	644	1,135	808	Non-interest income	(29)	9	71	3,657	4,066
Total income	2,249	2,945	2,165	2,853	2,624	Total income	(8)	17	73	10,404	11,061
Operating expense	649	706	599	655	714	Operating expense	9	10	77	2,569	2,644
Pre-provisioning profit	1,600	2,238	1,566	2,198	1,910	Pre-provisioning profit	(13)	19	72	7,836	8,417
Provision for bad&doubtful debt	1,263	1,262	1,253	1,214	1,186	Provision for bad&doubtful debt	(2)	(6)	75	4,840	4,834
Profit before tax	337	976	312	984	724	Profit before tax	(26)	115	67	2,996	3,583
Tax	66	181	65	194	147	Tax	(24)	123	68	599	717
Profit after tax	271	795	247	790	576	Profit after tax	(27)	113	67	2,397	2,867
Equity income	-	-	-	-	-	Equity income	neg	neg	-	-	-
Minority interests	-	-	-	-	-	Minority interests	neg	neg	-	-	-
Extra items	-	-	-	-	-	Extra items	neg	neg	-	-	-
Net profit	271	795	247	790	576	Net profit	(27)	113	67	2,397	2,867
Normalized profit	271	795	247	790	576	Normalized profit	(27)	113	67	2,397	2,867
PPP/share (Bt)	0.5	0.7	0.5	0.7	0.6	PPP/share (Bt)	(13)	19	72	2.4	2.6
EPS (Bt)	0.1	0.2	0.1	0.2	0.2	EPS (Bt)	(27)	113	67	0.7	0.9
Norm EPS (Bt)	0.1	0.2	0.1	0.2	0.2	Norm EPS (Bt)	(27)	113	67	0.7	0.9
BV/share (Bt)	11.4	12.9	13.0	12.7	12.9	BV/share (Bt)	1	13	13	13.2	13.6

Balance Sheet						Financial Ratios					
(consolidated)						%					
Yr-end Dec (Bt m)	3Q20	4Q20	1Q21	2Q21	3Q21	3Q20	4Q20	1Q21	2Q21	3Q21	
Cash and Interbank	824	7,713	473	4,496	2,003	Gross loan purchased (YTD)	7.4	8.8	(0.4)	(1.0)	(1.0)
Other liquid items	-	-	-	-	-	Gross loan purchased (q-q)	1.3	1.3	(0.4)	(0.6)	(0.0)
Total liquid items	824	7,713	473	4,496	2,003	Borrowing growth (YTD)	6.3	15.5	(8.7)	(4.5)	(8.5)
Gross loans and accrued interest	1,953	2,473	2,500	2,270	2,240	Borrowing growth (q-q)	0.6	8.7	(8.7)	4.6	(4.2)
Provisions	1,071	1,586	1,604	1,235	1,202	Non-interest income (y-y)	85.2	(43.5)	163.5	138.9	9.3
Net loans	729	728	718	844	833	Non-interest income (q-q)	55.6	40.6	(38.0)	76.3	(28.8)
Fixed assets	28,717	29,252	30,035	30,400	30,635	Avg cost of fund	2.9	3.0	2.9	3.3	3.2
Other assets	12,498	16,650	17,004	17,141	17,572	Nil / operating income	67.1	64.7	70.2	60.2	69.2
Total assets	120,224	132,070	124,347	127,271	124,281	Non-Il / operating income	32.87	35.29	29.75	39.79	30.80
Accrued interest payable	315	518	416	546	547	Normalized net margin	12.05	27.01	11.41	27.69	21.96
Provisions for employee benefits	1,051	987	1,005	1,024	1,041	Cost-to-income	28.8	24.0	27.7	23.0	27.2
Total liquid items	1,366	1,505	1,421	1,569	1,588	Pretax Profits / total assets	1.1	3.0	1.0	3.1	2.3
Lease liabilities	14	14	14	17	17	Pretax Profits / total equity	3.6	9.3	3.0	9.6	6.9
Borrowings	80,438	87,421	79,800	83,488	79,966	Avg assets/avg equity (leverage)	1.44	1.46	1.51	1.48	1.51
Other liabilities	1,468	1,346	1,068	1,020	960	ROA	0.90	2.41	0.79	2.48	1.85
Minority interest	-	-	-	-	-	ROE	2.93	7.61	2.35	7.67	5.52
Shareholders' equity	36,951	41,797	42,058	41,193	41,768	Receivables to borrowing ratio	1.1	1.1	1.2	1.1	1.2
Total Liabilities & Equity	120,224	132,070	124,347	127,271	124,281	Debt to equity ratio	2.2	2.1	1.9	2.0	1.9

Sources: Company data, Thanachart estimates

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