Bangkok Commercial Asset (BAM TB) - BUY, Price Bt17.8, TP Bt27

Results Comment

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Weak 1Q22 profits as expected

- BAM's 1Q22 profits came in weak as we had assumed. Profits were Bt312m, (up 26% y-y but down 68% q-q) versus our preliminary estimates of Bt322m.
- Y-Y increase was due higher cash collection of 7%. A q-q plunge was due to seasonality and a 36% decline in the collection.
- Despite 1Q is low season, the collections were still 14% short of its target of Bt3.7bn.
- BAM spent Bt1.35bn to acquire NPLs in the quarter. This was mainly financed by its own cashflow so interest expenses were down 2% q-q and up only 1% y-y.
- 1Q22 profits make up 10% of our full year forecast. We expect better collections in coming quarters and maintain our projection as is.
- Re-iterate BUY.

Income Statement					(consolidated)
Yr-end Dec (Bt m)	**1Q21**	**2Q21**	**3Q21**	**4Q21**	**1Q22**
Interest & dividend income	2,136	2,388	2,460	2,585	2,151
Interest expense	615	670	644	629	620
Net interest income	**1,520**	**1,718**	**1,816**	**1,956**	**1,531**
Non-interest income	636	1,135	808	1,158	497
Total income	2,156	2,853	2,624	3,114	2,028
Operating expense	591	655	714	767	598
Pre-provisioning profit	**1,566**	**2,198**	**1,910**	**2,347**	**1,430**
Provision for bad&doubtful debt	1,253	1,214	1,186	1,112	1,058
Profit before tax	312	984	724	1,236	372
Tax	65	194	147	249	60
Profit after tax	247	790	576	987	312
Equity income	-	-	-	-	-
Minority interests	-	-	-	-	-
Extra items	-	-	-	-	-
Net profit	**247**	**790**	**576**	**987**	**312**
Normalized profit	**247**	**790**	**576**	**987**	**312**
PPP/share (Bt)	0.5	0.7	0.6	0.7	0.4
EPS (Bt)	0.1	0.2	0.2	0.3	0.1
Norm EPS (Bt)	0.1	0.2	0.2	0.3	0.1
BV/share (Bt)	13.0	12.7	12.9	13.2	13.3

Income Statement			3M as		
(Bt m)	**q-q%**	**y-y%**	**% 2022F**	**2022F**	**2023F**
Interest & dividend income	(17)	1	20	10,544	11,579
Interest expense	(2)	1	23	2,742	3,116
Net interest income	**(22)**	**1**	**20**	**7,802**	**8,463**
Non-interest income	(57)	(22)	13	3,808	3,816
Total income	(35)	(6)	17	11,610	12,279
Operating expense	(22)	1	21	2,853	2,957
Pre-provisioning profit	**(39)**	**(9)**	**16**	**8,757**	**9,322**
Provision for bad&doubtful debt	(5)	(16)	23	4,684	4,532
Profit before tax	(70)	19	9	4,073	4,791
Tax	(76)	(8)	7	815	958
Profit after tax	(68)	26	10	3,259	3,832
Equity income	neg	neg		-	-
Minority interests	neg	neg		-	-
Extra items	neg	neg		-	-
Net profit	**(68)**	**26**	**10**	**3,259**	**3,832**
Normalized profit	**(68)**	**26**	**10**	**3,259**	**3,832**
PPP/share (Bt)	(39)	(9)	16	2.7	2.9
EPS (Bt)	(68)	26	10	1.0	1.2
Norm EPS (Bt)	(68)	26	10	1.0	1.2
BV/share (Bt)	1	2	13	13.6	14.0

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	**1Q21**	**2Q21**	**3Q21**	**4Q21**	**1Q22**
Cash and Interbank	473	4,496	2,003	3,433	1,619
Other liquid items	-	-	-	-	-
Total liquid items	473	4,496	2,003	3,433	1,619
Gross loans and accrued interes	2,500	2,270	2,240	2,241	2,148
Provisions	1,604	1,235	1,202	1,191	1,160
Net loans	718	844	833	833	771
Fixed assets	30,035	30,400	30,635	30,822	31,682
Other assets	17,004	17,141	17,572	17,411	18,065
Total assets	124,347	127,271	124,281	125,904	124,805
Accrued interest payable	416	546	547	553	562
Provisions for employee benefits	1,005	1,024	1,041	987	1,005
Total liquid items	1,421	1,569	1,588	1,540	1,566
Lease liabilities	14	17	17	1	1
Borrowings	79,800	83,488	79,966	80,154	78,610
Other liabilities	1,068	1,020	960	1,455	1,569
Minority interest	-	-	-	-	-
Shareholders' equity	**42,058**	**41,193**	**41,768**	**42,756**	**43,059**
Total Liabilities & Equity	**124,347**	**127,271**	**124,281**	**125,904**	**124,805**

Financial Ratios					
(%)	**1Q21**	**2Q21**	**3Q21**	**4Q21**	**1Q22**
Gross loan purchased (YTD)	2.2	1.6	(0.0)	1.3	0.3
Gross loan purchased (q-q)	(0.4)	(0.6)	(0.0)	1.4	0.3
Borrowing growth (YTD)	(0.2)	4.4	(4.2)	(4.0)	(1.9)
Borrowing growth (q-q)	(8.7)	4.6	(4.2)	0.2	(1.9)
Non-interest income (y-y)	160.1	138.9	9.3	13.3	(21.8)
Non-interest income (q-q)	(37.8)	78.6	(28.8)	43.3	(57.1)
Avg cost of fund	2.9	3.3	3.2	3.1	3.1
NII / operating income	70.5	60.2	69.2	62.8	75.5
Non-II / operating income	29.48	39.79	30.80	37.19	24.51
Normalized net margin	11.46	27.69	21.96	31.68	15.38
Cost-to-income	27.4	23.0	27.2	24.6	29.5
Pretax Profits/ total assets	1.0	3.1	2.3	3.9	1.2
Pretax Profits / total equity	3.0	9.6	6.9	11.6	3.5
Avg assets/avg equity (leverage)	1.51	1.48	1.51	1.51	1.53
ROA	0.79	2.48	1.85	3.13	1.00
ROE	2.35	7.67	5.52	9.23	2.90
Receivables to borrowing ratio	1.2	1.1	1.2	1.2	1.2
Debt to equity ratio	1.9	2.0	1.9	1.9	1.8

Sources: Company data, Thanachart estimates

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