

Bangkok Commercial Asset Pcl (BAM TB) - BUY, Price Bt15, TP Bt27

Results Comment

Sarachada Sornsong | Email: sarachada.sor@thanachartsec.co.th

Below expectation

- BAM's 3Q22 profits of Bt716m, up 20% y-y but down 14% q-q, were below expectation on lower margin and higher tax expenses.
- Cash collection was above its 3Q22's target by 3% to Bt4.4bn, up 14% y-y and 12% q-q. This made total cash collection in 9M22 of Bt11.5bn to account for 65% of the company's target.
- With 9M22 profits making up 57% of our full-year, even we expect higher profits in 4Q22, we see needs to re-visit our earnings and TP. In light of cheap valuation, we maintain BUY.
- While the collection has been progressing well, margin declined from previous quarter with higher corporate tax rate. Tax benefits were lower than what it was in 2Q22.
- NPL's investments was only Bt379m due to fewer debts on sales.
- Opex fell 3% y-y and 6% q-q on good cost control.
- Interest expenses rose 4% y-y and 3% q-q on growing borrowings.

Income Statement						Income Statement					
(consolidated)						9M as					
Yr-end Dec (Bt m)	3Q21	4Q21	1Q22	2Q22	3Q22	(Bt m)	q-q%	y-y%	% 2022F	2022F	2023F
Interest & dividend income	2,460	2,585	2,151	2,642	2,528	Interest & dividend income	(4)	3	69	10,544	11,579
Interest expense	644	629	620	651	672	Interest expense	3	4	71	2,742	3,116
Net interest income	1,816	1,956	1,531	1,990	1,856	Net interest income	(7)	2	69	7,802	8,463
Non-interest income	808	1,177	497	739	752	Non-interest income	2	(7)	52	3,808	3,816
Total income	2,624	3,133	2,028	2,729	2,608	Total income	(4)	(1)	63	11,610	12,279
Operating expense	714	786	598	737	692	Operating expense	(6)	(3)	71	2,853	2,957
Pre-provisioning profit	1,910	2,347	1,430	1,993	1,916	Pre-provisioning profit	(4)	0	61	8,757	9,322
Provision for bad&doubtful debt	1,186	1,112	1,058	1,084	1,048	Provision for bad&doubtful debt	(3)	(12)	68	4,684	4,532
Profit before tax	724	1,236	372	909	868	Profit before tax	(5)	20	53	4,073	4,791
Tax	147	249	60	78	152	Tax	93	3	36	815	958
Profit after tax	576	987	312	831	716	Profit after tax	(14)	24	57	3,259	3,832
Equity income	-	-	-	-	-	Equity income	neg	neg	-	-	-
Minority interests	-	-	-	-	-	Minority interests	neg	neg	-	-	-
Extra items	-	-	-	-	-	Extra items	neg	neg	-	-	-
Net profit	576	987	312	831	716	Net profit	(14)	24	57	3,259	3,832
Normalized profit	576	987	312	831	716	Normalized profit	(14)	24	57	3,259	3,832
PPP/share (Bt)	0.6	0.7	0.4	0.6	0.6	PPP/share (Bt)	(4)	0	61	2.7	2.9
EPS (Bt)	0.2	0.3	0.1	0.3	0.2	EPS (Bt)	(14)	24	57	1.0	1.2
Norm EPS (Bt)	0.2	0.3	0.1	0.3	0.2	Norm EPS (Bt)	(14)	24	57	1.0	1.2
BV/share (Bt)	12.9	13.2	13.3	13.0	13.3	BV/share (Bt)	2	3	13	13.6	14.0

Balance Sheet						Financial Ratios					
(consolidated)						%					
Yr-end Dec (Bt m)	3Q21	4Q21	1Q22	2Q22	3Q22		3Q21	4Q21	1Q22	2Q22	3Q22
Cash and Interbank	2,003	3,433	1,619	2,473	5,634	Gross loan purchased (YTD)	(1.0)	0.3	0.3	0.8	(0.3)
Other liquid items	-	-	-	-	-	Gross loan purchased (q-q)	(0.0)	1.4	0.3	0.5	(1.1)
Total liquid items	2,003	3,433	1,619	2,473	5,634	Borrowing growth (YTD)	(8.5)	(8.3)	(1.9)	0.5	3.8
Gross loans and accrued interest	2,240	2,241	2,148	2,112	2,612	Borrowing growth (q-q)	(4.2)	0.2	(1.9)	2.4	3.3
Provisions	1,202	1,191	1,160	1,134	1,376	Non-interest income (y-y)	9.3	15.2	(21.8)	(33.8)	(6.9)
Net loans	833	833	771	748	992	Non-interest income (q-q)	(27.6)	45.7	(57.8)	48.7	1.8
Fixed assets	30,635	30,822	31,682	32,341	32,699	Avg cost of fund	3.2	3.1	3.1	3.3	3.3
Other assets	17,572	17,411	18,065	18,635	19,577	Nil / operating income	69.2	62.4	75.5	72.9	71.2
Total assets	124,281	125,904	124,805	126,265	128,974	Non-Il / operating income	30.80	37.57	24.51	27.08	28.84
Accrued interest payable	547	553	562	590	681	Normalized net margin	21.96	31.49	15.38	30.43	27.45
Provisions for employee benefits	1,041	987	1,005	1,022	1,044	Cost-to-income	27.2	25.1	29.5	27.0	26.5
Total liquid items	1,588	1,540	1,566	1,612	1,725	Pretax Profits / total assets	2.3	3.9	1.2	2.9	2.7
Lease liabilities	17	1	1	1	38	Pretax Profits / total equity	6.9	11.6	3.5	8.6	8.1
Borrowings	79,966	80,154	78,610	80,528	83,196	Avg assets/avg equity (leverage)	1.51	1.51	1.53	1.50	1.50
Other liabilities	960	1,455	1,569	2,013	1,228	ROA	1.85	3.13	1.00	2.63	2.22
Minority interest	-	-	-	-	-	ROE	5.52	9.23	2.90	7.89	6.69
Shareholders' equity	41,768	42,756	43,059	42,113	42,826	Receivables to borrowing ratio	1.2	1.2	1.2	1.2	1.1
Total Liabilities & Equity	124,281	125,904	124,805	126,265	128,974	Debt to equity ratio	1.9	1.9	1.8	1.9	1.9

Sources: Company data, Thanachart estimates

General Disclaimers And Disclosures:

This report is prepared and issued by Thanachart Securities Public Company Limited (TNS) as a resource only for clients of TNS, Thanachart Capital Public Company Limited (TCAP) and its group companies. Copyright © Thanachart Securities Public Company Limited. All rights reserved. The report may not be reproduced in whole or in part or delivered to other persons without our written consent.

This report is prepared by analysts who are employed by the research department of TNS. While the information is from sources believed to be reliable, neither the information nor the forecasts shall be taken as a representation or warranty for which TNS or TCAP or its group companies or any of their employees incur any responsibility. This report is provided to you for informational purposes only and it is not, and is not to be construed as, an offer or an invitation to make an offer to sell or buy any securities. Neither TNS, TCAP nor its group companies accept any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents.

The information and opinions contained herein have been compiled or arrived at from sources believed reliable. However, TNS, TCAP and its group companies make no representation or warranty, express or implied, as to their accuracy or completeness. Expressions of opinion herein are subject to change without notice. The use of any information, forecasts and opinions contained in this report shall be at the sole discretion and risk of the user.

TNS, TCAP and its group companies perform and seek to perform business with companies covered in this report. TNS, TCAP, its group companies, their employees and directors may have positions and financial interest in securities mentioned in this report. TNS, TCAP or its group companies may from time to time perform investment banking or other services for, or solicit investment banking or other business from, any entity mentioned in this report. Therefore, investors should be aware of conflict of interest that may affect the objectivity of this report.

Note: Thanachart Securities Public Company Limited act as a Market Maker and Derivative Warrants Issuer. At present, TNS has issued 111 Derivative Warrants which are ADVANC16C2302A, ADVANC16C2301A, ADVANC16C2211A, AMATA16C2212A, AMAT16C2209A, AOT16C2302A, AOT16C2212A, AOT16C2209A, BANPU16C2302A, BANPU16C2212A, BBL16C2212A, BCH16C2211A, BH16C2212B, BH16C2212A, BGRIM16C2302A, BGRIM16C2301A, BGRIM16C2212A, BGRI16C2209A, BLA16C2302A, BLA16C2212A, BLA16C2209A, BTS16C2301A, CBG16C2302A, CBG16C2301B, CBG16C2301A, CENTEL16C2209A, COM716C2302A, COM716C2209A, COM716C2211A, COM716C2211B, COM716C2211C, CPALL16C2211A, CPN16C2301A, DTAC16C2212A, DOHOME16C2301A, EA16C2303A, EA16C2209A, EA16C2211A, ESSO16C2302A, ESSO16C2209A, ESSO16C2209B, FORTH16C2211A, GPSC16C2302A, GPSC16C2301A, GPSC16C2209A, GULF16C2302B, GULF16C2302A, GULF16C2301A, GUNKUL16C2302A, GUNKUL16C2301A, GUNK16C2209A, HANA16C2301A, HANA16C2209A, HANA16C2211A, IVL16C2301A, IVL16C2212A, IVL16C2209A, IVL16C2211A, JMART16C2211A, JMT16C2302A, JMT16C2211A, KBANK16C2302A, KBANK16C2301A, KBAN16C2209A, KBANK16C2211A, KCE16C2302A, KCE16C2301B, KCE16C2301A, KCE16C2209A, KCE16C2211A, KTC16C2211A, KTC16C2209A, MINT16C2302A, MINT16C2301A, MINT16C2211A, MTC16C2301A, MTC16C2212A, MTC16C2209A, PSL16C2212A, PTG16C2211A, PTG16C2209A, PTTEP16C2303A, PTTEP16C2212A, PTTE16C2209A, RBF16C2209A, SAWAD16C2211A, S5016C2209A, S5016P2209A, SAWAD16C2302A, SAWA16C2209A, SCB16C2301A, SCB16C2211A, SCGP16C2303A, SCGP16C2212A, SET5016P2212B, SET5016C2212C, SET5016C2212B, SET5016P2212A, SET5016C2209B, SET5016C2212A, SET5016P2209B, SINGER16C2212A, SPRC16C2212A, SPRC16C2209A, STEC16C2209A, TIDLOR16C2212A, TOP16C2211A, TRUE16C2212A, TTA16C2211A, VGI16C2301A, WHA16C2209A (underlying securities are (ADVANC, AMATA, AOT, BANPU, BBL, BCH, BGRIM, BH, BLA, BTS, CBG, CENTEL, COM7, CPALL, CPN, DOHOME, DTAC, EA, ESSO, FORTH, GPSC, GULF, GUNKUL, HANA, IVL, JMART, JMT, KBANK, KCE, KTC, MINT, MTC, PSL, PTG, PTTEP, RBF, SAWAD, SCB, SET50, SCGP, SINGER, SPRC, STEC, TIDLOR, TOP, TRUE, TTA, VGI, WHA) before making investment decisions.

Note: Our major shareholder TCAP (Thanachart Capital Pcl) which holding 89.96% of Thanachart Securities and also TCAP holding 100% of Thanachart SPV1 Co. Ltd. TCAP and Thanachart SPV1 Co. Ltd has stake in THANI for 60% and being the major shareholder of THANI.

Note: Thanachart Capital Public Company Limited (TCAP), TMBThanachart Bank Public Company Limited (TTB), are related companies to Thanachart Securities Public Company Limited (TNS). Thanachart Securities Pcl is a subsidiary of Thanachart Capital Pcl (TCAP) which holds 24.33% of the shareholding in TMBThanachart Bank Pcl.

Note: Thanachart Capital Public Company Limited (TCAP), Ratchthani Leasing Public Company Limited (THANI), MBK PUBLIC COMPANY LIMITED (MBK) and PATUM RICE MILL AND GRANARY PUBLIC COMPANY LIMITED (PRG) are related companies to Thanachart Securities Public Company Limited (TNS) . Since TNS covers those securities in research report, consequently TNS incurs conflicts of interest.

Disclosure of Interest of Thanachart Securities

Investment Banking Relationship

Within the preceding 12 months, Thanachart Securities has lead-managed public offerings and/or secondary offerings (excluding straight bonds) of the securities of the following companies: The One Enterprise Pcl. (ONEE TB)