Bangkok Commercial Asset Management (BAM TB)

Guide For A Surge In Bottom Line In 4Q26

Highlights

- Slightly positive tone during the analyst meeting.
- Establishment of new JV with KTB's subsidiary.
- Maintain HOLD with a target price of Bt7.20.

Analysis

- **A slightly positive tone during the analyst meeting.** We came away from Bangkok Commercial Asset Management's (BAM) analyst meeting on 11 Nov 26 with a slightly positive view.
- **Confidence to complete the deal in 4Q26.** BAM reported 3Q26 net profit of Bt201m, below management's target of Bt600m. The shortfall was mainly due to the postponement of asset sales into 4Q26. Management confirmed that both buyers have provided written payment confirmations and are expected to complete payments in early-Dec 26.
- **Expect a jump in net profit reporting in 4Q26.** BAM expects 4Q26 net profit of Bt1.2b-1.4b, supported by Bt400m from normal operations, Bt400m-500m from deferred 3Q26 transactions, Bt150m from NPL resolution and Bt100m-150m from Credit-adjusted Effective Interest Rate (CEIR). This would bring 2026 net profit to Bt1.65b, representing 83-92% of management's full-year target of Bt1.8b-2.0b. Management is confident in all key contributions except the Bt200m-250m from backlog, which remains challenging. In the worst-case scenario, management expects a 4Q26 net profit of Bt1.0b.
- **To recognise CEIR in 4Q26.** BAM expects to recognise Bt100m-150m from CEIR in 4Q26, reflecting a new calculation method that adjusts the credit risk component in the expected credit loss (ECL) model. Management expects to apply this approach annually which estimates that a cash collection of Bt10b would generate Bt100m-150m in CEIR.
- **Establishment of new JV with KTB's subsidiary.** BAM recently received board approval to establish a new JV asset management company (AMC) with Krungthai Alliance Holding (KTAH), a subsidiary within KTB's financial group. The JV is currently undergoing establishment and licence application procedures. Management expects to obtain BOT approval in 1Q27 and complete its first NPL acquisition by 2Q27. The JV will acquire both secured and unsecured loans, with a focus on secured corporate loans. The first tranche is expected to reach Bt10b, with a target portfolio size of approximately Bt50b. Management expects the new JV to contribute Bt50m-75m in net profit in 2027.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net Interest Income	6,967	6,651	5,241	5,617	5,808
Non-Interest Income	2,612	3,586	1,914	1,997	2,013
Net profit	1,602	1,812	1,641	1,736	1,729
Net profit (adj.)	1,602	1,812	1,641	1,736	1,729
EPS (Bt)	0.5	0.6	0.5	0.5	0.5
PE (x)	13.4	11.9	13.1	12.4	12.4
P/B (x)	0.5	0.5	0.5	0.5	0.5
Dividend yield (%)	5.3	7.5	6.8	7.2	7.2
Net Int margin (%)	0.0	0.0	0.0	0.0	0.0
Cost/income ratio (%)	30.4	32.6	40.9	43.4	45.8
Loan loss cover (%)	n.a.	n.a.	n.a.	n.a.	n.a.
Consensus net profit	-	-	1,765	1,966	2,095
UOBKH/Consensus (x)	-	-	0.93	0.88	0.83

Source: Bangkok Commercial Asset Management, Bloomberg, UOB Kay Hian

Analyst(s)

Thanawat Thangchadakorn
thanawat@uobkh.co.th
+662 090 3360

Assistant Analyst(s)
Panjarat Thaweesriprasert

HOLD (Maintained)

Share Price	Bt6.30
Target Price	Bt7.20
Upside	14.3%

Stock Data

Sector	
Bloomberg ticker	BAM TB
Shares issued (m)	3,232.0
Market cap (Btm)	20,361.9
Market cap (US$m)	602.1
3-mth avg daily t'over (US$m)	2.1

Price Performance (%)

52-week high/low				Bt8.30/Bt6.15
1mth	3mth	6mth	1yr	YTD
0.8	(3.8)	(3.8)	(13.7)	(21.3)

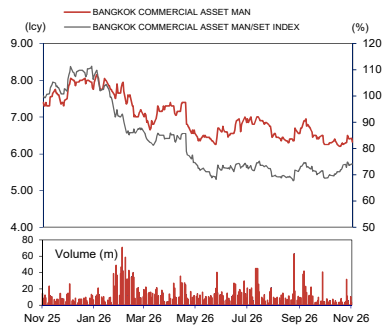
Major Shareholders (%)

FIDF Funds	45.79
Thai NVDR	2.93
South East Asia UK (Type C) Nominees	2.11

Balance Sheet Metrics

FY26 NAV/Share (Bt)	13.7
FY26 Net Debt/Share (Bt)	n.a

Price Chart



Source: Bloomberg

Company Description

Management of NPLs and non-performing assets (NPA).

- **Plan to establish new JV AMC in 2027.** Management expects Ari AMC (partner with Government Saving Bank or GSB) and Arun AMC (partner with Kasikorn Bank or KBANK) to generate 2026 net profits of over Bt150m and Bt100m respectively. BAM also plans to establish five JV AMCs by 2027, targeting a combined market share of 60-70%.
- **Potential to see interim dividend soon.** The CEO guided in the previous meeting that BAM would pay an interim dividend from 2027 onward, with a DPS of approximately Bt0.25. At this time, the CEO said BAM can commit to a dividend payout ratio in the range of 85-90%, but this includes the interim payment. The CEO would like to see BAM as a sustainable investment target for investors.
- **3Q26 results recap.** BAM reported a 3Q26 net profit of Bt201m, down 82% yoy but up 8% qoq. The results were 45% lower than consensus estimates respectively. BAM reported a total cash collection of Bt3.6b in 3Q26 (-2% yoy, +3% qoq). BAM reported provision expenses of Bt699m in 3Q26 (-49% yoy, +5% qoq).
- **Well-recorded share of profit from two JV AMCs.** BAM recognised Bt33m in total share of profit from its two operating JVs, driven by sustained collection efficiency and strong profitability. In 3Q26, ARI AMC, partnered with GSB, and ARUN AMC, partnered with KBANK, recorded net profits of Bt122m and Bt87m, respectively in 3Q26.
- **Low chance of achieving 2026 targets.** BAM set collection target of Bt17.9b and net profit of Bt2b in 2026. Cash collection in 9M26 accounted for 57% of the 2026 target. Meanwhile, net profit in 9M26 accounted for only 33% of the 2026 target. Without big tickets coming in 4Q26, we expect BAM to miss the 2026 financial guidance provided and miss market expectations.

Valuation/Recommendation

- **Maintain HOLD with an unchanged target price of Bt7.20,** based on the Gordon Growth Model (cost of equity: 12.0%, long-term growth: 3%). We rollover target to 2027. This implies 2027F P/B of 0.52x, which is nearly -0.5SD to its five-year mean. Although the valuation is cheap, there is no catalyst to drive the share price up in the near term.

Earnings Revision/Risk

- No earnings revision.

Share Price Catalyst

- A strong momentum in cash collection.

Environment, Social, Governance (ESG) Updates

CG Report: 5

SET ESG Rating: AAA

Environmental

- BAM is committed to environmental management

Social

- BAM is committed to mitigating potential social impacts Your text here

Governance

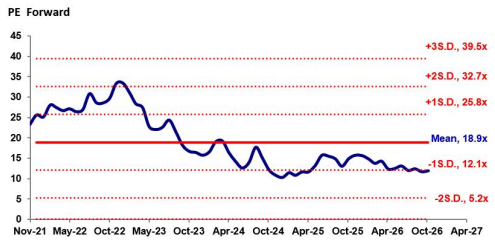
- BAM is committed to conducting its business with integrity and a fairness framework.

2026 Financial Targets

	9M26 Actual	2026 Targets
Total Collection	Bt10.2b	Bt17.9b
Net Profit	Bt652m	Bt2b
Investment portfolio (AUM)	Bt597b	Bt600b

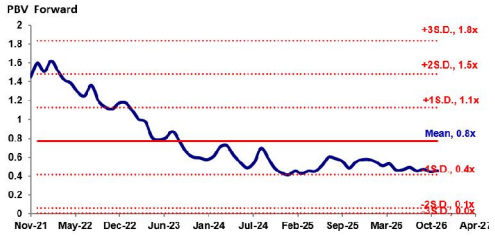
Source: BAM, UOB Kay Hian

PE Band



Source: UOB Kay Hian

P/B Band



Source: UOB Kay Hian

Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Interest Income	9,812	7,997	8,180	8,188
Interest Expense	(3,161)	(2,756)	(2,563)	(2,380)
Net Interest Income	6,651	5,241	5,617	5,808
Fees & Commissions	3,586	1,914	1,997	2,013
Other Income	0	0	0	0
Non-Interest Income	3,586	1,914	1,997	2,013
Total Income	10,237	7,155	7,613	7,821
Staff Costs	(1,643)	(1,329)	(1,456)	(1,497)
Other Operating Expense	(1,691)	(1,597)	(1,851)	(2,089)
Pre-Provision Profit	6,903	4,230	4,307	4,236
Loan Loss Provision	(4,639)	(2,342)	(2,305)	(2,243)
Pretax profit	2,264	1,888	2,002	1,992
Tax	(452)	(246)	(266)	(263)
Minorities	0	0	0	0
Net profit (adj.)	**1,812**	**1,641**	**1,736**	**1,729**

Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Cash With Central Bank	2,121	1,374	1,279	1,267
Govt Treasury Bills & Securities	0	0	0	0
Interbank Loans	0	0	0	0
Customer Loans	69,190	68,078	67,828	67,671
Investment Securities	689	430	430	430
Derivative Receivables	0	0	0	0
Associates & JVs	763	804	804	804
Fixed assets (incl. prop.)	41,764	43,905	49,621	55,253
Other assets	21,500	21,495	21,433	21,373
Total Assets	136,028	136,087	141,397	146,799
Interbank Deposits	0	0	0	0
Customer Deposits	0	0	0	0
Derivative Payables	0	0	0	0
Debt equivalents	88,076	88,750	93,852	99,085
Other Liabilities	3,038	2,548	2,483	2,468
Total Liabilities	91,114	91,298	96,335	101,553
Shareholders' equity	44,914	44,789	45,062	45,246
Minority interest	0	0	0	0
Total liabilities & equity	**136,028**	**136,087**	**141,397**	**146,799**

Operating Ratios

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Capital Adequacy				
Tier-1 CAR	n.a.	n.a.	n.a.	n.a.
Total CAR	n.a.	n.a.	n.a.	n.a.
Total assets/equity (x)	3.0	3.0	3.1	3.2
Tangible assets/tangible common	3.0	3.0	3.1	3.3
Asset Quality				
NPL ratio	n.a.	n.a.	n.a.	n.a.
Loan loss coverage	n.a.	n.a.	n.a.	n.a.
Loan loss reserve/gross loans	32.5	23.4	23.4	23.4
Increase in NPLs	n.a.	n.a.	n.a.	n.a.
Liquidity				
Loan/deposit ratio	n.a.	n.a.	n.a.	n.a.
Liquid assets/short-term liabilities	n.a.	n.a.	n.a.	n.a.
Liquid assets/total assets	1.6	1.0	0.9	0.9

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Growth				
Net interest income, yoy chg	(4.5)	(21.2)	7.2	3.4
Fees & commissions, yoy chg	37.3	(46.6)	4.3	0.8
Pre-provision profit, yoy chg	3.6	(38.7)	1.8	(1.7)
Net profit, yoy chg	13.2	(9.4)	5.8	(0.4)
Net profit (adj.), yoy chg	13.2	(9.4)	5.8	(0.4)
Customer loans, yoy chg	(11.3)	(1.6)	(0.4)	(0.2)
Profitability				
Cost/income ratio	32.6	40.9	43.4	45.8
Adjusted ROA	1.3	1.2	1.3	1.2
Reported ROE	4.1	3.7	3.9	3.9
Adjusted ROE	4.1	3.7	3.9	3.9
Valuation				
P/BV (x)	0.5	0.5	0.5	0.5
P/NTA (x)	15.8	15.8	15.2	14.7
Adjusted P/E (x)	11.9	13.1	12.4	12.4
Dividend Yield	7.5	6.8	7.2	7.2
Payout ratio	89	89	89	89

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