

RATCHTHANI LEASING PLC

No. 35/2019
24 May 2019

FINANCIAL INSTITUTIONS

Company Rating:	A-
Issue Ratings:	
Senior unsecured	A-
CreditAlert:	Negative

Last Review Date: 14/03/19

Company Rating History:

Date	Rating	Outlook/Alert
14/03/19	A-	Alert Negative
19/10/16	A-	Stable
25/01/12	BBB+	Stable

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RATIONALE

TRIS Rating affirms the company rating on Ratchthani Leasing PLC (THANI) and the ratings on THANI's outstanding senior unsecured debentures at "A-". At the same time, TRIS Rating also assigns the rating on THANI's proposed issues of up to Bt4,000 million in senior unsecured debentures due within five years at "A-".

The ratings reflect sustained improvements in THANI's market position and financial performance. The ratings also reflect the steady recovery in THANI's asset quality as a result of continuous developments in the company's operating processes and risk management systems.

The ratings take into consideration the business and financial supports THANI receives from its major shareholder, Thanachart Bank PLC (TBANK). THANI's ratings are enhanced from its stand-alone rating because TRIS Rating holds the view that the company is a strategically important subsidiary of TBANK.

According to unaudited financial performance reports, THANI's loan portfolio was Bt49,989 million as of March 2019, up 3% from December 2018. The return on average assets (ROAA) improved to 4.11% in the first quarter of 2019 (annualized), from 3.83% in 2018. The ratio of non-performing loans (NPLs) to total loans decreased to 3.59% as of March 2019, from 3.69% December 2018.

CREDIT ALERT

TRIS Rating has placed CreditAlert with a "negative" implication on the company rating and the senior unsecured debenture ratings of THANI since 14 March 2019. The CreditAlert follows the signing of a non-binding memorandum of understanding (MOU) by five parties, including: TMB Bank PLC (TMB), TBANK, Thanachart Capital PLC (TCAP), ING Groep N.V. (ING), and The Bank of Nova Scotia (BNS) on 26 February 2019 to proceed with a merger between TMB and TBANK.

The "negative" CreditAlert on THANI is due to TRIS Rating's concern that THANI's ratings could be downgraded or remain unchanged from the current level. This is because THANI's ratings may no longer benefit from its linkage to TBANK as a majority-owned parent of THANI, once TBANK is amalgamated with TMB to form a new bank and/or THANI becomes a controlled subsidiary of TCAP. THANI's ratings will depend largely on its stand-alone financial performance and profile and/or its relationship with TCAP.

TRIS Rating expects to resolve the CreditAlerts upon completion of the transaction or when available data is sufficient to enable us to make in-depth analysis and conclusion on the ratings of THANI.

RELATED CRITERIA

- Nonbank Lending Company, 7 May 2018
- Group Rating Methodology, 10 July 2015

Ratchthani Leasing PLC (THANI)

Company Rating:	A-
Issue Ratings:	
THANI201A: Bt1,510 million senior unsecured debentures due 2020	A-
THANI203A: Bt1,450 million senior unsecured debentures due 2020	A-
THANI205A: Bt1,000 million senior unsecured debentures due 2020	A-
THANI206A: Bt2,000 million senior unsecured debentures due 2020	A-
THANI208A: Bt1,500 million senior unsecured debentures due 2020	A-
THANI209B: Bt665 million senior unsecured debentures due 2020	A-
THANI20DA: Bt1,400 million senior unsecured debentures due 2020	A-
THANI20DB: Bt600 million senior unsecured debentures due 2020	A-
THANI20DC: Bt2,500 million senior unsecured debentures due 2020	A-
THANI211A: Bt175 million senior unsecured debentures due 2021	A-
THANI212A: Bt1,800 million senior unsecured debentures due 2021	A-
THANI212D: Bt720 million senior unsecured debentures due 2021	A-
THANI221A: Bt2,070 million senior unsecured debentures due 2022	A-
Up to Bt4,000 million senior unsecured debentures due within 5 years	A-
CREDIT ALERT:	Negative

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