

NGERN TID LOR PLC

No. 58/2021
5 August 2021

FINANCIAL INSTITUTIONS

Company Rating:	A
Issue Ratings:	
Senior unsecured	A
Outlook:	Stable

Last Review Date: 27/05/21

Company Rating History:

Date	Rating	Outlook/Alert
27/05/21	A	Stable
11/01/21	A-	Alert Developing
06/12/18	A-	Stable
12/10/18	A	Alert Developing
19/09/16	A	Stable
24/04/14	A-	Stable

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RATIONALE

TRIS Rating affirms the company rating on Ngern Tid Lor PLC (TIDLOR) and the ratings on TIDLOR's outstanding senior unsecured debentures at "A". At the same time, TRIS Rating assigns the "A" rating to TIDLOR's proposed issue of up to THB5 billion in senior unsecured debentures, inclusive of a THB2 billion green shoe option, due within two years. The company intends to use the proceeds from the proposed issue to fund its operation and refinance its existing debts.

The ratings incorporate a one-notch enhancement from TIDLOR's stand-alone credit profile (SACP) assessed at "a-" level. The enhancement reflects our assessment of TIDLOR's status as a "strategic" affiliate of Bank of Ayudhya PLC (BAY, rated "AAA/Stable" by TRIS Rating). The ratings take into consideration the business and financial support TIDLOR receives from BAY.

On a stand-alone basis, the ratings reflect TIDLOR's solid market position as one of the leading lenders of auto title loans. Other factors taken into account include the company's strong capital base, healthy asset quality achieved through prudent risk management practices, and ample funding and liquidity. However, the intense competition in the consumer finance segment remains a constraint on the ratings to some extent.

Following the completion of its initial public offering (IPO) in early May 2021 that raised THB7.7 billion fresh capital for the company, TIDLOR's risk-adjusted capital (RAC) ratio rose to approximately 37% from 23% at the end of 2020. The capital level post-IPO is assessed as strong and a positive factor for the ratings. We expect the company will be able to maintain its RAC ratio above 25% in the longer-term.

At the end of the first quarter of 2021, TIDLOR's outstanding loan portfolio stood at THB53.3 billion, a 3.9% growth year-to-date (YTD). Net income was THB783 million, an increase of 12% year-on-year (Y-o-Y), driven by lower provisions on expected credit loss. Asset quality remains strong, with the non-performing loan (NPL) ratio falling slightly to 1.5% from 1.7% at the end of 2020. The NPL coverage ratio remained stable at 329%, compared to 325% at the end of 2020.

RATING OUTLOOK

The "stable" outlook is based on our expectation that TIDLOR will maintain its strong capital base and leading market position and deliver satisfactory financial performance. We also expect TIDLOR to control its asset quality at an acceptable level, and that the company, as a strategic entity of the BAY group, will continue receiving supports from its parent bank, especially financial support.

RATING SENSITIVITIES

The ratings could be upgraded if the company improves business stability by continuously strengthening its market position while maintaining strong asset quality and sound financial performance.

The ratings could be revised downward if TIDLOR's competitive position or asset quality deteriorates significantly causing the RAC ratio to fall below 25%.

If there are any changes in TRIS Rating's view on the degree of importance of TIDLOR to the BAY Group, the ratings could also be revised to reflect the revised view.

RELATED CRITERIA

- Issue Rating Criteria, 15 June 2021
- Group Rating Methodology, 13 January 2021
- Nonbank Financial Institution Methodology, 17 February 2020

Ngern Tid Lor PLC (TIDLOR)

Company Rating:	A
Issue Ratings:	
TIDLOR21DA: THB1,500 million senior unsecured debentures due 2021	A
TIDLOR221A: THB4,000 million senior unsecured debentures due 2022	A
TIDLOR224A: THB3,400 million senior unsecured debentures due 2022	A
TIDLOR22DA: THB450 million senior unsecured debentures due 2022	A
TIDLOR234A: THB1,000 million senior unsecured debentures due 2023	A
TIDLOR244A: THB2,500 million senior unsecured debentures due 2024	A
Up to THB5,000 million senior unsecured debentures due within 2 years	A
Outlook:	Stable

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