

# NGERN TID LOR PLC

No. 29/2022  
18 March 2022

## FINANCIAL INSTITUTIONS

|                        |        |
|------------------------|--------|
| <b>Company Rating:</b> | A      |
| <b>Issue Ratings:</b>  |        |
| Senior unsecured       | A      |
| <b>Outlook:</b>        | Stable |

**Last Review Date:** 30/11/21

### 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" with "stable" outlook. At the same time, TRIS Rating assigns the "A" rating to TIDLOR's proposed issue of up to THB8.3 billion in senior unsecured debentures, inclusive of a THB3 billion greenshoe option, maturing 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 and insurance brokers. Other factors taken into account include the company's strong capital base, healthy asset quality achieved through prudent risk management practices, as well as ample funding and liquidity. However, the intense competition in the consumer finance segment remains a constraint on the ratings to some extent.

The company's performance is in line with our projection. At the end of 2021, TIDLOR's outstanding loan portfolio stood at THB61.5 billion, a 19.7% growth year-on-year (y-o-y). Net income was THB3.2 billion, an increase of 31.2% y-o-y, driven by higher interest income from strong credit growth and fee income from the insurance business. Its well-controlled asset quality also helps lower provisions on expected credit loss. The non-performing loan (NPL) ratio fell to 1.19% at the end of 2021 from 1.66% at the end of 2020. This was the result of a combination of lower NPL formation and an expanded loan base in 2021. The NPL coverage ratio remained high at 357%, compared with 325% at the end of 2020.

TIDLOR's capitalization remains at a strong level and is a positive factor for the ratings. At the end of 2021, the company's risk-adjusted capital (RAC) ratio rose strongly to 35.8% from 22.6% at the end of 2020, driven by the proceeds from its initial public offering (IPO) in May 2021. With a projected loan portfolio growth of around 15% per year, we estimate the company's RAC ratio will stay above 33% over the medium term.

## RATING OUTLOOK

The "stable" outlook is based on our expectation that TIDLOR will maintain its strong capital base and leading market position while delivering satisfactory financial performance. We also expect TIDLOR to control its asset quality at an acceptable level.

## 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 material 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 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)

|   |        |
|---|--------|
| <b>Company Rating:</b>  | A      |
| <b>Issue Ratings:</b>   |        |
| TIDLOR224A: THB3,400 million senior unsecured debentures due 2022     | A      |
| TIDLOR22DA: THB450 million senior unsecured debentures due 2022       | A      |
| TIDLOR228A: THB1,000 million senior unsecured debentures due 2022     | A      |
| TIDLOR234A: THB1,000 million senior unsecured debentures due 2023     | A      |
| TIDLOR238A: THB4,000 million senior unsecured debentures due 2023     | A      |
| TIDLOR244A: THB2,500 million senior unsecured debentures due 2024     | A      |
| Up to THB8,300 million senior unsecured debentures due within 2 years | A      |
| <b>Rating Outlook:</b>  | Stable |

### TRIS Rating Co., Ltd.

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