

RATCHTHANI LEASING PLC

No. 11/2018

30 January 2019

FINANCIAL INSTITUTIONS

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

Last Review Date: 10/10/18

Company Rating History:

Date	Rating	Outlook/Alert
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), as well as the ratings on THANI's outstanding senior unsecured debentures and the proposed issues of up to Bt2,500 million in senior unsecured debentures, due within three years, at "A-". At the same time, TRIS Rating also assigns the rating on THANI's additional proposed issues of up to Bt465 million in senior unsecured debentures due within three 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 operating processes and risk management systems.

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

However, the strengths are weighted down by concerns over intense competition and a heavy reliance on commercial truck loans. These factors might constrain the company's profitability.

According to the unaudited financial performance, THANI's loan portfolio was Bt46,412 million at the end of 2018, up 14.8% from 2017. The return on average assets improved to 3.77% in 2018 from 3.09% in 2017. The ratio of non-performing loans (NPLs) to total loans was 3.83% at the end of September 2018.

RATING OUTLOOK

The "stable" outlook reflects TRIS Rating's expectation that THANI will expand the loan portfolio and maintain its market position in the target market segments. Loan quality is expected to be controlled and maintained at an acceptable level. In addition, profitability is expected to hold steady. The support THANI receives from its parent bank is expected to continue, especially the provision of credit facilities.

RATING SENSITIVITIES

The possible credit upside case is contingent on significant improvements in THANI's business and financial profiles. In contrast, THANI's ratings or outlook could be revised downward if its business position weakens steadily or if asset quality or capitalization deteriorates substantially, affecting profitability. Any material change in the degree of strategic importance of THANI to TBANK, which would alter the support TBANK provides to THANI, would also affect the ratings and/or outlook.

RELATED CRITERIA

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

Ratchthani Leasing PLC (THANI)

Company Rating:	A-
Issue Ratings:	
THANI193A: Bt2,000 million senior unsecured debentures due 2019	A-
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-
THANI212A: Bt1,800 million senior unsecured debentures due 2021	A-
Up to Bt2,500 million senior unsecured debentures due within 3 years	A-
Up to Bt465 million senior unsecured debentures due within 3 years	A-
Rating Outlook:	Stable

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