

# NGERN TID LOR CO., LTD.

No. 29/2019  
18 April 2019

## FINANCIAL INSTITUTIONS

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

Last Review Date : 06/12/18

### Company Rating History:

Date	Rating	Outlook/Alert
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 Co., Ltd. (NTL) and the ratings on NTL's outstanding senior unsecured debentures at "A-" with a "stable" outlook. At the same time, TRIS Rating assigns a "A-" rating to NTL's proposed issues of up to Bt4,900 million in senior unsecured debentures and the additional greenshoe portion of up to Bt3,000 million. The company will use the proceeds from the proposed issues to fund its operation and refinance its existing debts.

The ratings reflect the business and financial support NTL receives from its major shareholder, Bank of Ayudhya PLC (BAY). The ratings on NTL are enhanced from the stand-alone rating based on the company's status as an important subsidiary of BAY.

The ratings continue to reflect the sustained improvements NTL has made in market position and proven financial performance. A steady asset quality and healthy loan loss reserve is achieved through prudent risk management practices. The ratings also reflect the strong brand name, "Ngern Tid Lor", of its core product secured personal loans. The brand name is widely recognizable by its target customers. However, a high level of competition in the consumer finance segment still constrains the ratings.

NTL's operating results for year ended 2018 remained sound and in line with our expectations. For year ended 2018, the company reported outstanding loans at Bt39.7 billion, up by 50.3% year-on-year (y-o-y). The ratio of NTL's non-performing loans to total loans fell slightly to 1.11%, improving from 1.24% in 2017.

Net income has risen continuously, climbing to Bt1.3 billion, up 4.7% y-o-y. The lower growth was contributed by higher loan loss provision expense which increased to 3.1% of average total loans in 2018 from 2.2% in 2017. The effort was to maintain NTL's loan loss provision to total loans above 6.25%, NTL's provisioning policy. For year ended 2018, NTL's loan loss provision to total loans stood at 6.7%, this demonstrated a prudent risk management policy of NTL. NTL's earnings before tax excluding loan loss provision expense was at Bt2.7 billion, up 28% y-o-y.

## RATING OUTLOOK

The "stable" outlook is based on TRIS Rating's expectation that NTL will maintain its market position and deliver satisfactory performance. Loan quality is expected to be controlled at an acceptable level. The support NTL receives from its parent bank is expected to continue, especially the credit facilities and business support.

## RATING SENSITIVITIES

The rating upside case would arise if NTL improves its market position, keeps growing, continues to deliver strong financial performance, and controls credit cost at an acceptable level. The ratings could be revised downward if NTL's competitive position or asset quality deteriorates significantly. In addition, if there are any changes in degree of importance of NTL to the BAY Group, the ratings may change.

**RELATED CRITERIA**

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

**Ngern Tid Lor Co. Ltd. (NTL)**

<b>Company Rating:</b>	A-
<b>Issue Ratings:</b>	
NTL195A: Bt1,300 million senior unsecured debentures due 2019	A-
NTL197A: Bt1,700 million senior unsecured debentures due 2019	A-
NTL190A: Bt600 million senior unsecured debentures due 2019	A-
NTL19DA: Bt275 million senior unsecured debentures due 2019	A-
NTL19DB: Bt1,300 million senior unsecured debentures due 2019	A-
NTL205A: Bt1,700 million senior unsecured debentures due 2020	A-
NTL20NA: Bt1,000 million senior unsecured debentures due 2020	A-
NTL20DA: Bt400 million senior unsecured debentures due 2020	A-
NTL21DA: Bt1,500 million senior unsecured debentures due 2021	A-
NTL22DA: Bt450 million senior unsecured debentures due 2022	A-
Up to Bt7,900 million senior unsecured debentures due within 3 years	A-
<b>Rating Outlook:</b>	Stable

**TRIS Rating Co., Ltd.**

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