

# NGERN TID LOR PLC

No. 39/2021  
27 May 2021

## FINANCIAL INSTITUTIONS

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

Last Review Date: 17/03/21

### Company Rating History:

Date	Rating	Outlook/Alert
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

### Contacts:

Sithakarn Tongphiphat, CFA, FRM

sithakarn@trisrating.com

Pawin Thachasongtham

pawin@trisrating.com

Jittrapan Pantaleard

jittrapan@trisrating.com

Taweechok Jiamsakunthum

taweechok@trisrating.com

Narumol Charnchanavivat

narumol@trisrating.com



WWW.TRISRATING.COM

## RATIONALE

TRIS Rating removes the “CreditAlert” with a “developing” implication placed on the company and issue ratings on Ngern Tid Lor PLC (TIDLOR). Simultaneously, TRIS Rating upgrades the company rating and issue ratings on the company’s outstanding senior unsecured debentures to “A” from “A-” with a “stable” outlook. The company rating on TIDLOR incorporates a rating enhancement by one notch from its stand-alone credit profile (SACP) to reflect the company’s status as a ‘strategic’ entity of Bank of Ayudhya PLC (BAY, rated “AAA/Stable” by TRIS Rating).

The SACP is upgraded to ‘a-’ from ‘bbb+’, thanks to its strengthened capital, following the completion of its initial public offering (IPO) in early May 2021 that raised THB7.7 billion fresh capital for the company. The capital increase lifted the risk-adjusted capital (RAC) ratio to approximately 37% from 23% at the end of 2020.

At the same time, we maintain the one-notch rating enhancement as we hold the view that TIDLOR’s group status remains unchanged, despite the dilution of BAY’s shareholding to 30% post-IPO from 50% previously. The company remains part of the BAY group under the Bank of Thailand’s full consolidated supervision even after the IPO. BAY will continue to exercise control over TIDLOR’s business direction, operation, and risk management via representatives on the board of directors and risk management committee. We are of the view that BAY will likely maintain the largest shareholding in TIDLOR and provide business and financial support in the long run, as TIDLOR is positioned as an important microfinance lending arm of the group.

The company’s SACP reflects its solid market position as one of the largest lenders of auto title loans. Other factors taken into account include strong capital position, prudent risk management, and ample funding and liquidity. However, the intense competition in the title loan market constrains the ratings to some extent.

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 non-performing loan (NPL) ratio falling slightly to 1.5% from 1.7% at the end of 2020. NPL coverage ratio remained stable at 329% compare to the 325% at the end of 2020.

## RATING OUTLOOK

The “stable” outlook is based on our expectation that TIDLOR will maintain its strong capital 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 rating upside is unlikely in the near term after the recent upgrade. Nonetheless, in longer term, the ratings could be upgraded if the company strengthens business stability by continuously improving 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**

---

- Group Rating Methodology, 13 January 2021
- Nonbank Financial Institution Rating Methodology, 17 February 2020

## Ngern Tid Lor PLC (TIDLOR)

<b>Company Rating:</b>	A
<b>Issue Ratings:</b>	
TIDLOR217A: THB1,900 million senior unsecured debentures due 2021	A
TIDLOR21DA: THB1,500 million senior unsecured debentures due 2021	A
TIDLOR221A: THB4,000 million senior unsecured debentures due 2022	A
TIDLOR22DA: THB450 million senior unsecured debentures due 2022	A
TIDLOR224A: THB3,400 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
<b>Outlook:</b>	Stable

### TRIS Rating Co., Ltd.

Silom Complex Building, 24th Floor, 191 Silom Road, Bangkok 10500, Thailand Tel: 0-2098-3000

© Copyright 2021, TRIS Rating Co., Ltd. All rights reserved. Any unauthorized use, disclosure, copying, republication, further transmission, dissemination, redistribution or storing for subsequent use for any purpose, in whole or in part, in any form or manner or by any means whatsoever, by any person, of the credit rating reports or information is prohibited, without the prior written permission of TRIS Rating Co., Ltd. The credit rating is not a statement of fact or a recommendation to buy, sell or hold any debt instruments. It is an expression of opinion regarding credit risks for that instrument or particular company. The opinion expressed in the credit rating does not represent investment or other advice and should therefore not be construed as such. Any rating and information contained in any report written or published by TRIS Rating has been prepared without taking into account any recipient's particular financial needs, circumstances, knowledge and objectives. Therefore, a recipient should assess the appropriateness of such information before making an investment decision based on this information. Information used for the rating has been obtained by TRIS Rating from the company and other sources believed to be reliable. Therefore, TRIS Rating does not guarantee the accuracy, adequacy, or completeness of any such information and will accept no liability for any loss or damage arising from any inaccuracy, inadequacy or incompleteness. Also, TRIS Rating is not responsible for any errors or omissions, the result obtained from, or any actions taken in reliance upon such information. All methodologies used can be found at [www.trisrating.com/rating-information/rating-criteria](http://www.trisrating.com/rating-information/rating-criteria)