

# NGERN TID LOR PLC

No. 1/2021  
11 January 2021

## FINANCIAL INSTITUTIONS

|                  |    |
|------------------|----|
| Company Rating:  | A- |
| Issue Ratings:   |    |
| Senior unsecured | A- |

Last Review Date: 26/11/20

### 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 places CreditAlert with a “developing” implication on the company rating currently assigned to Ngern Tid Lor PLC (NTL) and the ratings on NTL’s outstanding senior unsecured debentures at “A-”. The CreditAlert follows the announcement made by Bank of Ayudhya (BAY, rated “AAA/Stable” by TRIS Rating), NTL’s major shareholder, through the Stock Exchange of Thailand (SET) regarding an on-going process of NTL’s initial public offering (IPO) and share listing on the SET. The objective of the IPO and the listing of NTL is to expand its funding base and strengthen the balance sheet of NTL.

The CreditAlert with a “developing” implication means that the event could result in positive or negative action on the ratings and/or outlook, or the ratings and/or outlook could be affirmed at the level before the CreditAlert is placed.

NTL expects BAY’s post-IPO stake to decline, at maximum, to no less than 30% from 50%, while the shareholding of Siam Asia Credit Access Pte Ltd’s (SACA) will decline, at maximum, to no less than 25% from 50%. After NTL shares are listed, a one-year lock-up period will be in place, where both BAY and SACA are not allowed to further divest their stakes in NTL. In the medium term, BAY intends to maintain its shareholding of at least 30% even after the lock-up period ends.

The ratings on NTL currently incorporates a rating enhancement from the stand-alone rating as we view NTL as a strategically important subsidiary of BAY, taking into account business and financial support NTL has been receiving. On a stand-alone basis, the ratings reflect NTL’s solid market position as one of the largest lenders of auto title loans with strong brand recognition, healthy asset quality, strong profitability and robust capital, as well as ample funding and liquidity.

A capital increase is generally a positive credit event. However, it may or may not result in a positive rating action on NTL, depending on the amount of capital being raised and, more importantly, NTL’s ability to demonstrate that the strengthened capital will be preserved over the longer horizon.

With regards to the group support, our view on NTL’s group status as a strategically important member of BAY remains unchanged at this point, presuming that NTL would receive support from BAY in the foreseeable future. Should this view remain valid after the dilution of BAY’s shareholding in NTL, the rating enhancement currently in place could be maintained. Conversely, should we hold the view that the support from BAY would be weakening or would have the propensity to be weakening, it could result in the rating enhancement being removed, which might lead to a negative rating action.

TRIS Rating expects to resolve the CreditAlert upon NTL’s completion of the IPO and listing process or when available data is sufficient to enable us to conclude on an appropriate rating action.

## RELATED CRITERIA

- Nonbank Financial Institution Rating Methodology, 17 February 2020
- Group Rating Methodology, 10 July 2015



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## Ngern Tid Lor PLC (NTL)

|  |            |
|--|------------|
| <b>Company Rating:</b>   | A-         |
| <b>Issue Ratings:</b>  |            |
| NTL21DA: THB1,500 million senior unsecured debentures due 2021 | A-         |
| NTL217A: THB1,900 million senior unsecured debentures due 2021 | A-         |
| NTL221A: THB4,000 million senior unsecured debentures due 2022 | A-         |
| NTL22DA: THB450 million senior unsecured debentures due 2022   | A-         |
| NTL224A: THB3,400 million senior unsecured debentures due 2022 | A-         |
| <b>CreditAlert:</b>  | Developing |

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