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TIDLOR HOLDINGS PLC

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FINANCIAL INSTITUTIONS

Company Rating: A+
Outlook: Stable

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RATIONALE

TRIS Rating assigns a company rating of "A+" to TIDLOR Holdings PLC (TIDLOR) with a "stable" outlook. The rating on TIDLOR is equivalent to the group credit profile (GCP) of TIDLOR Group, assessed at "A+". The GCP incorporates a one-notch enhancement from the group stand-alone credit profile (group SACP) assessed at "a".

The enhancement reflects our view of the status of TIDLOR Group (represented by TIDLOR) as a strategic affiliate of Bank of Ayudhya PLC (BAY, rated "AAA/Stable"). The rating takes into consideration the business and financial support TIDLOR and its major subsidiary, Ngern Tid Lor (NTL), are likely to receive continuously from BAY.

Our assessment of the GCP of TIDLOR Group is based on the consolidated credit profile of TIDLOR. The GCP largely reflects NTL's credit profile as its assets and earnings represent more than 95% of the group's total assets and net profit.

KEY RATING CONSIDERATIONS

Strategic affiliate of BAY

Following an organization restructuring, BAY remains the largest shareholder of TIDLOR with a 30% stake. The board members of TIDLOR mirror those of NTL, reflecting continuity in governance. TIDLOR's strategy and operations have been guided through its board representation, with four out of 11 members being representatives from BAY. The bank's Chief Risk Officer (CRO) serves as the chairman of the board.

TIDLOR remains part of BAY's non-solo consolidated group under the Bank of Thailand's (BOT) consolidated supervision. Furthermore, BAY's CRO chairs TIDLOR's risk management committee, ensuring alignment with the group's risk management policies according to the consolidated supervision guidelines. We believe BAY is likely to extend extraordinary support to TIDLOR, if needed, considering the reputational risk of the group.

BAY's commitment to the company is evidenced by its financial support in the form of readily accessible credit facilities provided to NTL. At the end of March 2025, total credit facilities from BAY to NTL amounted to THB25 billion. In the future, we believe TIDLOR will also be able to receive financial support from BAY.

Strong business position

TIDLOR's 'strong' business position is supported by NTL's solid market position as a leading operator in both the title loan and insurance brokerage businesses. Business stability is underpinned by steady income growth and increasing revenue diversification in insurance brokerage business.

As of March 2025, NTL's outstanding loans stood at THB104.7 billion, reflecting a 0.8% year-to-date (YTD) and 4.5% year-on-year (y-o-y) growth. Considering the weak macroeconomic outlook in Thailand, we expect TIDLOR to remain cautious in its loan expansion, with growth likely staying below 10% in 2025 and 2026.

Revenue diversification supports business position

TIDLOR stands out among other title loan operators in terms of revenue diversification. The group generates meaningful non-interest income from its non-life insurance brokerage business, accounting for 17% of total consolidated income. TRIS Rating expects TIDLOR's insurance brokerage business to grow in the range of 10%-20% in the medium term, which would continue to support the group's overall business position. This is backed by strong and diverse relationships with non-life insurers, established digital infrastructure, efficient back-office operations, and multi-channel platforms.

TIDLOR Group's insurance sales platforms include traditional channels via NTL's branch network under the 'Shield Insurance' (or 'Prakantidloh') brand and telesales. The group also has an Insurtech platform under the 'heygoody' and 'Areegator' brands.

Areegator is an online insurance platform that supports members who are individual insurance sub-brokers, by allowing them to access insurance sales management systems. The platform offers insurance buyers a zero-interest installment program without the members having to use their own funds for upfront payments. It also allows the members to recommend NTL's auto title loans to their customers. Currently, Areegator has over 6,000 members.

heygoody is a self-service digital platform that enables insurance buyers to compare and buy insurance products, covering auto insurance (including EVs), travel insurance, personal accident insurance, fire insurance for residential properties, health insurance, and life insurance (mainly endowment and annuity). Insurance premiums generated through the heygoody platform remain small but have growth potential.

In 2024, the group's income from insurance brokerage totaled THB3.5 billion, a 10% increase y-o-y, of which 63% was derived from non-life products and 37% from life insurance. The company currently ranks as the second-largest non-life insurance broker, with insurance premiums of THB10.2 billion and a 3.4% market share in 2024. In the first quarter of 2025 (1Q25) non-interest income to total revenue was 17.4%, keeping pace with growth in the core lending business.

Strong capitalization

The strong capital position remains one of the key factors supporting TIDLOR Group's ratings. TRIS Rating expects the group to maintain a strong capital position over the next few years, thanks to steady profit accumulation and prudent dividend payouts. As of March 2025, TIDLOR's consolidated risk-adjusted capital (RAC) ratio increased to 29.8% from 28.7% at the end of 2024. We expect the company to maintain its RAC ratio above 25% through 2027.

Profitability stabilizing

TRIS Rating expects TIDLOR to sustain its earnings capability with EBT/ARWA exceeding 5% through 2027. In our view, TIDLOR has demonstrated earnings resilience through the cycles with the lowest profitability volatility among industry peers. In 1Q25, net income reached THB1.2 billion (up 10.3% y-o-y) with annualized EBT/ARWA improving to 5.8% from 5.2% in 2024, primarily due to lower credit costs.

Loan yield is likely to remain at approximately 18%, while funding costs are expected to peak in 2H25 before declining with the downward policy rate cycle (TRIS Rating anticipates another policy rate cut in 2H25), which should further enhance TIDLOR's profitability.

Despite potential profitability pressures in 2026 from U.S. tariff impacts, TIDLOR is well-positioned to maintain its resilient performance through improved yields, declining funding costs, substantial reserves, and strengthened portfolio quality.

Manageable asset quality despite economic uncertainties

We believe TIDLOR is positioned to maintain relatively stable asset quality amid ongoing economic uncertainties. Our view is underpinned by the extensive experience of management, adequate database capabilities, and established risk management practices that should help the company navigate through challenging conditions.

TIDLOR's ability to manage asset quality is reflected in the company's improving performance metrics. Non-performing loan (NPL) formation has declined steadily from a peak of 4.3% in 2Q24 to 2.1% in 4Q24 and 1Q25. The improvement suggests the effectiveness of the more conservative underwriting standards and enhanced collection process implemented during the past 18 months.

Meanwhile, the company has maintained prudent reserve levels, with allowance for expected credit loss (ECL) to total loans rising above 4% throughout 2024 and 1Q25, compared to the 2%-3% range typical among major peers. This approach has resulted in TIDLOR having the highest NPL coverage in the title loan sector at 256% as of 1Q25. Management has indicated the likelihood of additional reserve strengthening in 2025.

Ample funding and liquidity

TIDLOR Group is likely to continue receiving funding support from BAY. We expect both TIDLOR and NTL to be able to access credit facilities directly and on a timely basis from BAY in times of need. The group should also be able to maintain existing strong relationships with domestic and foreign commercial banks, and international development financial institutions, including the International Finance Corporation (IFC) and the Asian Development Bank (ADB). These connections are broader than most title loan operators and other rated non-bank financial institutions.

As of December 2024, NTL had total credit lines of around THB67 billion, sufficient to repay NTL's outstanding debentures of THB19.4 billion maturing in 2025. The secured credit lines from BAY and other financial institutions should be more than sufficient to meet the group's liquidity needs.

TIDLOR Group's debt structure

Under the new organizational structure, all existing debt obligations of the group are held entirely at the operating entity, NTL, and thus NTL's debts are classified as priority debt of TIDLOR group. TIDLOR's debt is therefore structurally subordinated. Should TIDLOR issue senior unsecured debentures, its issue rating would be one notch below the company rating, as the priority debt ratio well exceeds the 50% threshold according to TRIS Rating's "Issue Rating Methodology". This reflects the significantly disadvantaged position that TIDLOR's unsecured creditors would have compared to NTL's bondholders in the event of claims against TIDLOR's assets.

BASE-CASE ASSUMPTIONS

TRIS Rating's base-case assumptions for TIDLOR's operations over the period 2025-2027 are as follows:

- Outstanding loans to grow below 10% per annum.
- RAC ratio to remain above 25%.
- Overall loan yield to remain around 18%.
- Credit cost[1] to remain below 3% in 2025, 3.5% in 2026 and below 3% in 2027.
- Operating expense to total income[2] ratio to remain below 50%.

RATING OUTLOOK

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

RATING SENSITIVITIES

A rating upgrade is unlikely in the near term. Over the longer term, TIDLOR's rating could be upgraded if the group SACP is upgraded. This could be the case where TIDLOR, on a consolidated basis, improves its business position by continuously strengthening its market position in both lending and insurance brokerage businesses while maintaining strong asset quality and sound financial performance. Further rating enhancement due to group support is unlikely.

The rating of TIDLOR may be downgraded if there is a downward revision of the group SACP or removal of the rating enhancement. The group SACP could be revised downwards if TIDLOR's business position weakens materially, or asset quality deteriorates to the point that earnings capacity declines significantly or the RAC ratio falls well below 25% for a sustained period. The rating enhancement could be removed if we determine that the importance of TIDLOR to the BAY Group has significantly weakened. This could occur due to a reduction in BAY's shareholding in TIDLOR, or if the level of operational integration and funding support decreases substantially.

COMPANY OVERVIEW

TIDLOR was established in 2024 to act as an investment holding company for TIDLOR Group. The corporate restructuring was completed in May 2025. On 15 May 2025, TIDLOR was listed on the Stock Exchange of Thailand (SET). Following the restructuring, BAY remains the largest shareholder with a 30% stake in TIDLOR.

Currently, TIDLOR has one key subsidiary which is NTL. The primary contributions to the group's performance are driven by NTL.

NTL's main business covers title loans secured against vehicles and insurance brokerage. NTL provides lending services for low-income customers (underbanked) who have little or no formal income documentation. NTL's customers can use their

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[1] Credit cost = Expected credit loss/average loans
[2] Total income = Interest income + non-interest income

vehicles' title on cars, pick-up trucks, commercial trucks, motorcycles, and tractors, as collateral. NTL operates its insurance brokerage business under the Shield Insurance brand, with a primary focus on non-life insurance.

BAY, the parent bank of TIDLOR is a foreign majority-owned commercial bank. Thus, NTL's status is also that of a foreign company. Under the Foreign Business Act, NTL is required to maintain enough capital to keep the amount of debt equal to or no more than 7 times the amount of registered capital.

FINANCIAL STATISTICS AND KEY FINANCIAL RATIOS*

Unit: Mil. THB

	------- Year Ended 31 December ---		
	2024	2023	2022
Total assets	106,535	100,148	84,727
Total loans	103,934	97,457	81,265
Allowance for expected credit loss	4,554	3,981	3,199
Short-term debts	28,435	32,779	20,149
Long-term debts	43,131	36,399	36,602
Shareholders' equity	30,527	28,424	25,422
Net interest income	15,945	13,703	11,297
Expected credit loss	3,421	2,986	1,583
Non-interest income	3,792	3,427	2,742
Operating expenses	11,033	9,401	7,923
Earnings before taxes	5,283	4,744	4,533
Net profit	4,230	3,790	3,640

* *Pro forma financial statements, submitted to Securities and Exchange Commission (SEC)*

Unit: %

	------Year Ended 31 December -----		
	2024	2023	2022
Profitability			
Net interest income/average assets	15.43	14.82	14.94
Non-interest income/average assets	3.67	3.71	3.63
Operating expenses/total income	49.79	49.55	51.87
Operating profit/average assets	5.11	5.13	5.99
Earnings before taxes/average risk-weighted assets	5.23	5.27	6.30
Return on average assets	4.09	4.10	4.81
Return on average equity	14.35	14.08	15.22
Asset Quality			
Non-performing loans (NPL)/total loans	1.81	1.45	1.58
Expected credit loss/average loans	3.40	3.34	2.22
Allowance for expected credit loss/NPL	242.67	282.07	248.90
Capitalization			
Risk-adjusted capital ratio	28.73	28.46	30.34
Debt to equity (times)	2.49	2.52	2.33
Funding and Liquidity			
Stable funding ratio	106.60	98.64	115.38
Liquidity coverage measure (times)	0.06	0.05	0.11
Short-term debts/total liabilities	37.41	45.70	33.97

* *Pro forma financial statements, submitted to Securities and Exchange Commission (SEC)*

RELATED CRITERIA

- Financial Institution Rating Methodology, 25 September 2024
- Group Rating Methodology, 7 September 2022

TIDLOR Holdings PLC (TIDLOR)

Company Rating:	A+
Rating Outlook:	Stable

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