

BSL LEASING CO., LTD.

No. 73/2020
25 September 2020

FINANCIAL INSTITUTIONS

Company Rating: BBB+
Outlook: Stable

Last Review Date: 20/02/20

Company Rating History:

Date	Rating	Outlook/Alert
04/02/09	BBB	Stable

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RATIONALE

TRIS Rating upgrades the company rating on BSL Leasing Co., Ltd. (BSL) to “BBB+” from “BBB” with a “stable” rating outlook. The rating incorporates an enhancement from the stand-alone rating, following Bangkok Bank PCL’s (BBL) announcement on 17 September 2020 regarding the bank’s acquisition of additional stake in BSL from 35.9% to 90.0%. The remaining 10% is held by Sumitomo Mitsui Banking Corporation (SMBC). The rating upgrade reflects a change of BSL’s status within BBL’s group to a subsidiary from an associated company previously. We believe that with BSL becoming part of BBL’s prudentially-regulated financial group, BBL is likely to exert control and monitor BSL more closely. We also expect BSL to receive additional support from BBL.

In terms of BSL’s financial performance, the company’s business has slowed down moderately given the economic fallout from the Coronavirus 2019 (COVID-19) pandemic. At the end of August 2020, the company’s total asset stood at THB7.7 billion (based on unaudited financials), a decrease from THB8.6 billion at the end of 2019. Its debt to equity ratio (D/E), nonetheless, declined to 2.18 times at the end of August 2020 from 2.9 times at the end of 2019. Despite the slowdown, the company’s performance remains in line with our expectation. Net profit for the first eight months of 2020 reached THB224 million compare to full-year net profit in 2019 of THB153 million.

RATING OUTLOOK

The “stable” outlook is based on the expectation that the capital base will remain strong enough to cushion against any deterioration in asset quality, and BSL’s financial performance will be in line with TRIS Rating’s expectations.

RATING SENSITIVITIES

The rating and/or outlook could be revised upward if the company’s stand-alone credit profile improves significantly. This includes strengthening of market position while financial performance and asset quality are maintained. The rating could also be upgraded if we view that there is a further upward change in BSL’s status within BBL’s group.

On the contrary, the rating and/or outlook could be revised downward if there is a significant deterioration in the company’s stand-alone profile, i.e. a deterioration of capital position or asset quality.

Table 1: Shareholders of BSL

Shareholders	% before the transaction	% after the transaction
Bangkok Bank PLC and affiliates	50.00	90.00
Bangkok Bank PLC	35.88	90.00
Jatubhut Holding Co., Ltd.	11.30	-
Others	2.82	-
Sumitomo Mitsui Banking Corporation Group	40.00	10.00
Sumitomo Mitsui Banking Corporation	10.00	10.00
SBCS Co., Ltd.	25.00	-
Others	5.00	-
JA Mitsui Leasing, Ltd.	10.00	-
Total	100.00	100.00

Source: BSL

RELATED CRITERIA

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

BSL Leasing Co., Ltd. (BSL)

Company Rating:

BBB+

Rating Outlook:

Stable

TRIS Rating Co., Ltd.

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