TRIS TRIS RATING Credit News ข่าวเครดิต

[Note: NFS changed company name to Thanachart Capital PLC (TCAP) on 3 Apr. 2006]

National Finance Public Company Limited

Announcement No. 333 14 July 2005

Company Rating:	A
Issue Ratings:	
NF083A: Bt1,000 million senior debentures due 2008	A
NF103A: Bt4,000 million senior debentures due 2010	A
Rating Outlook:	Stable

Rationale: TRIS Rating assigns the ratings of National Finance PLC (NFS) and its two tranches of senior debentures at "A". The ratings reflect NFS's capable management team, its strong market position in the hire purchase business, its sufficient risk management system, continued improvement in its financial performance, and its diversification into fee-based income. The ratings also take into consideration retail market prospects that have room for market expansion, and stock market prospects in the medium term that will be correlated with overall economy. These strengths are partially constrained by slower economic growth, uncertainty in the securities industry and intensifying competition in the consumer finance industry, which might limit the group's business expansion and profitability.

In terms of consolidated asset size, NFS ranked tenth among all Thai commercial banks and listed finance companies. With long experience in the finance industry, NFS has developed a proficient management team that has enabled the company to compete in this very competitive industry. On 22 April 2005, the company was approved a new status as a financial holding company by the Ministry of Finance. Under its new structure, NFS will be an operating holding company until the existing hire-purchase receivables gradually run down approximately over the next three years. NFS has also centralized its group's business operations and management systems to gain overall control of the group's business to improve cost efficiency.

The reorganization process is expected to have some effect on NFS's financial returns during the transition period, but it will enhance the company's position by providing the company with long-term opportunities in commercial banking businesses. The company's risk management system is deemed adequate and its experienced management team has a proven track record. These strengths should mitigate future downside risk that might arise from adverse changes in its business environment.

Rating Outlook: NFS's "stable" outlook reflects the likelihood that the company will deliver medium-term financial performance as expected. The company's reorganization to a financial holding structure is expected to be smoothly executed. Its acceptable risk management system and adequate capital base will help mitigate future downside risks.

TRIS Rating Co., Ltd.
Tel: 66 (0) 2231-3011, Fax: 66 (0) 2231-3012, http://www.trisrating.com