

# KRUNGSRIAYUDHYA CARD CO., LTD.

No. 14/2024  
16 February 2024

## FINANCIAL INSTITUTIONS

<b>Company Rating:</b>	AAA
<b>Issue Ratings:</b>	
Senior unsecured	AAA
<b>Outlook:</b>	Stable

Last Review Date: 31/10/23

### Company Rating History:

Date	Rating	Outlook/Alert
15/11/16	AAA	Stable

### Contacts:

Siriwan Weeramethachai  
siriwan@trisrating.com

Jantana Taveeratanasilp  
jantana@trisrating.com

Jittrapan Pantaleard  
jittrapan@trisrating.com

Taweekok Jiamsakunthum  
taweekok@trisrating.com

Narumol Charnchanavivat  
narumol@trisrating.com



WWW.TRISRATING.COM

## RATIONALE

TRIS Rating affirms the company rating on Krungsriayudhya Card Co., Ltd. (KCC) and the ratings on KCC's outstanding senior unsecured debentures at "AAA". At the same time, TRIS Rating assigns a "AAA" rating to KCC's proposed issue of up to THB6 billion senior unsecured debentures due within three years. The rating outlook remains "stable". The proceeds from this latest proposed debenture issue are intended for use in business operations and debt repayment.

The ratings on KCC reflect the company's status as a core subsidiary of Bank of Ayudhya PLC (BAY). The ratings primarily reflect the company's status as a core subsidiary of Bank of Ayudhya PLC (BAY). The ratings on KCC are equivalent to the company rating on BAY, "AAA/stable". As a wholly owned, solo-consolidated subsidiary of BAY, KCC is fully controlled by BAY, and as such, is indirectly under the supervision of the Bank of Thailand (BOT) in accordance with the regulation on Consolidated Supervision.

KCC is positioned as the bank's principal credit card business unit under the "Krungsri" brand. KCC is operationally integrated with BAY. BAY also supports KCC in the form of business collaboration and financial assistance by making available credit facilities which help enhance KCC's liquidity profile.

We expect KCC to maintain its strong market position in credit cards, thanks to its active marketing and strong brand. KCC ranks among the top-tier credit card issuers including banks and non-banks, with a 9.5% market share in outstanding credit card receivables at the end of June 2023.

KCC's total receivables, including credit cards and personal loans, rose to THB49.5 billion at the end of December 2022, up 4% year-on-year (y-o-y). At the end of June 2023, credit card outstanding loans expanded by 6% y-o-y, while card spending in the first half of 2023 (1H23) recovered with growth of 13% y-o-y. This was in line with the industry and mainly underpinned by the recovery in consumption. We believe KCC's loan portfolio will continue to expand in the next 2-3 years supported by new card acquisitions due to more active and efficient marketing campaigns and collaboration with BAY.

We expect KCC's asset quality to remain healthy in the medium term, backed by prudent and effective risk management system. As part of BAY's solo consolidated group, KCC adopts a similar risk framework as that of the bank. KCC has maintained its non-performing loan (NPL) ratio (receivables overdue more than 90 days) for credit cards below 1%, lower than the industry average of 2%. Similarly for personal loans, KCC reported an NPL ratio of 2% at the end of 2022 and June 2023, also less than the industry average of 3%.

We expect the increase in minimum payment for credit card loans to 8% in 2024 and 10% in 2025 from the current 5% to have minimal impact on KCC's asset quality. Nonetheless, any potential rise in NPLs should be absorbed by KCC's high level of allowance for expected credit loss (ECL). At the end of December 2022, the company's NPL coverage ratio was healthy at 191%.

We expect KCC's capital to be maintained at a high level which should help support the company's business expansion and absorb any potential rise in credit losses amid uncertain economic environment.

**CreditUpdate**, reviews ratings of companies or debt issues that have already been rated by TRIS Rating. The CreditUpdate occurs when new debt instruments are issued or if significant events have taken place that may impact a company's current ratings or when current ratings are cancelled. The CreditUpdate announces whether a rating has been "upgraded," "downgraded," "affirmed" or "cancelled." The update includes information to supplement the previously published ratings.

Credit Updates are part of TRIS Rating's monitoring process. TRIS Rating monitors every rating it assigns until either the debt instrument matures or the rating contract ends. To keep the public informed of changing situations, TRIS Rating periodically issues announcements about the credit ratings it monitors.

## RATING OUTLOOK

The “stable” rating outlook reflects our expectation that KCC will maintain its status as a core subsidiary of the BAY Group and will continue to receive strong support from BAY.

## RATING SENSITIVITIES

The ratings on KCC could be revised downward if the BAY Group’s credit profile changes or we see any material change in KCC’s importance to the BAY Group or the degree of support provided by BAY to KCC.

## RELATED CRITERIA

- Financial Institution Rating Methodology, 24 November 2023
- Group Rating Methodology, 7 September 2022
- Issue Rating Criteria, 15 June 2021

## Krungsriyudhya Card Co., Ltd. (KCC)

<b>Company Rating:</b>	AAA
<b>Issue Ratings:</b>	
KCC243A: THB3,000 million senior unsecured debentures due 2024	AAA
KCC249A: THB5,500 million senior unsecured debentures due 2024	AAA
KCC259A: THB2,600 million senior unsecured debentures due 2025	AAA
Up to THB6,000 million senior unsecured debentures due within 3 years	AAA
<b>Rating Outlook:</b>	Stable

## TRIS Rating Co., Ltd.

Silom Complex Building, 24th Floor, 191 Silom Road, Bangkok 10500, Thailand Tel: +66 2 098 3000

© Copyright 2024, 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)