

KRUNGSRIAYUDHYA CARD CO., LTD.

No. 20/2023
2 February 2023

FINANCIAL INSTITUTIONS

Company Rating:	AAA
Issue Ratings:	
Senior unsecured	AAA
Outlook:	Stable

Last Review Date: 28/10/22

Company Rating History:

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

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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 the "AAA" rating to KCC's proposed issue of up to THB9 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 on KCC are equivalent to the company rating on BAY (rated "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.

KCC has continued to maintain its strong market position in credit card business over the past few years. The company's market share in outstanding credit card receivables remains at around 10% over the past few years. The outstanding loans stood at THB46.9 billion at the end of 2022, a 4% increase year-on-year (y-o-y). In 2022, KCC's credit card spending totaled THB193 billion (an increase of 14% y-o-y), in line with the industry. This is due to the recovery in consumption following the relaxation of COVID-19 control measures. We believe KCC's loan portfolio expansion will continue in the next 2-3 years supported by more active and efficient marketing campaigns and collaboration with BAY.

The company's asset quality remains healthy. KCC maintained its non-performing loan (NPL) ratio (receivables overdue more than 90 days) for credit cards below 1% over the past few years, lower than the industry average of 2% as of the end of September 2022 (latest data reported by the BOT).

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.

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

KCC's credit profile 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

- Group Rating Methodology, 7 September 2022
- Issue Rating Criteria, 15 June 2021
- Nonbank Financial Institution Methodology, 17 February 2020

Krungsriyudhya Card Co., Ltd. (KCC)

Company Rating:	AAA
Issue Ratings:	
KCC233A: THB4,500 million senior unsecured debentures due 2023	AAA
KCC239A: THB5,000 million senior unsecured debentures due 2023	AAA
KCC249A: THB5,500 million senior unsecured debentures due 2024	AAA
Up to THB9,000 million senior unsecured debentures due within 3 years	AAA
Rating Outlook:	Stable

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