

KRUNGSRIAYUDHYA CARD CO., LTD.

No. 60/2019

19 August 2019

FINANCIAL INSTITUTIONS

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

Last Review Date: 31/10/18

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 rating on KCC's proposed issues of senior unsecured debentures of up to Bt14 billion due within three years at "AAA". The ratings reflect KCC's status as a core subsidiary of Bank of Ayudhya PLC (BAY), a commercial bank in Thailand rated "AAA" with a "stable" outlook by TRIS Rating. The ratings also reflect KCC's status as a fully-owned, solo-consolidated subsidiary of BAY. KCC is closely supervised and monitored by its parent bank, BAY, and, as such, is indirectly under the supervision of the Bank of Thailand (BOT). KCC has fully integrated its operations with BAY. BAY also supports KCC both in the form of business cooperation and the form of financial assistance through credit facilities.

KCC has maintained its leading market position in the credit card segment. KCC's market share, based on outstanding credit card receivables, has held at 11% over the past few years. The loan portfolio has grown steadily, rising to Bt49.054 billion as of December 2018, from Bt47.203 billion as of December 2017, an increase of 4%.

KCC has strong underwriting and collection systems, as evidenced in the ratio of non-performing loans (NPLs, loans past due more than 90 days) to total loans (NPL ratio). The NPL ratio has stayed below 1% for the past few years, lower than the industry average.

The company has maintained a conservative provisioning policy. KCC set the ratio of the allowance for loan losses against total loans at 6.1% as of December 2018. The conservative policy pushed the NPL coverage ratio (the ratio of the allowance for doubtful accounts to NPLs) up to 734% at the end of 2018, compared with 619% at the end of 2017. TRIS Rating believes this percentage is a sufficient cushion to buffer against any potential adverse changes in market conditions.

KCC's financial performance has been solid. Net income was Bt1.68 billion in 2018, a decrease of 1%, compared with Bt1.70 billion in 2017. The return on average assets (ROAA) was above 3% in the past few years.

RATING OUTLOOK

The "stable" rating outlook reflects the expectation that KCC will maintain its status as a core subsidiary of the BAY Group and will continue receiving a high level of support from the BAY Group.

RATING SENSITIVITIES

KCC's credit profile could be affected if the BAY Group's credit profile changes or if TRIS Rating notices any significant change regarding the degree of support provided by BAY to KCC or the importance of KCC to the BAY Group.

RELATED CRITERIA

- Nonbank Lending Company, 7 May 2018
- Group Rating Methodology, 10 July 2015

Krungsriyudhya Card Co., Ltd. (KCC)

Company Rating:	AAA
Issue Ratings:	
KCC199A: Bt1,900 million senior unsecured debentures due 2019	AAA
KCC199B: Bt8,500 million senior unsecured debentures due 2019	AAA
KCC203A: Bt8,000 million senior unsecured debentures due 2020	AAA
KCC209A: Bt2,900 million senior unsecured debentures due 2020	AAA
KCC213A: Bt365 million senior unsecured debentures due 2021	AAA
Up to Bt14,000 million senior unsecured debentures due within 3 years	AAA
Rating Outlook:	Stable

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