



## RATING ACTION COMMENTARY

# Fitch Downgrades EASY BUY to 'AA(th)'; Outlook Stable

Wed 08 Apr, 2020 - 10:10 AM ET

Fitch Ratings - Bangkok - 08 Apr 2020: Fitch Ratings (Thailand) has today downgraded EASY BUY Public Company Limited's (EB) National Long-Term Rating to 'AA(th)' from 'AA+(th)'. The Outlook is Stable. The company's National Short-Term Rating was affirmed at 'F1+(th)'.

EB's ratings are driven by our expectations of institutional support from its Japan-based parent, ACOM CO., LTD. (BBB+/Stable). The downgrade in EB's rating is due to a similar rating action for the parent's Long-Term Issuer Default Rating (IDR), which suggests a material reduction in ACOM's ability to support the subsidiary.

## KEY RATING DRIVERS

Fitch believes EB is strategically important to ACOM, which is indicated by high levels of integration, strong operational synergies with the parent, and ongoing evidence of support. ACOM owns 71% of EB, and has management control of the Thai entity. EB has a strong record of profitability in Thailand's personal-loan segment. The operating environment will be challenging for the Thai financial

sector in 2020 due to the coronavirus outbreak. However, Fitch does not expect this to change the parent's propensity to support EB.

EB's National Long-Term Rating also reflects Fitch's assessment of the Thai bank's credit strength after considering institutional support prospects relative to other rated entities on the Thai national rating scale.

## **RATING SENSITIVITIES**

Factors that could, individually or collectively, lead to positive rating action/upgrade:

The parent's increased ability to support EB could lead to an upgrade of its rating. This may be indicated by an upgrade of ACOM's Long-Term IDR, while also taking into consideration EB's ratings relative to the Thai national scale. An increase in the level of EB's strategic importance to the group, such as in terms of EB's contribution to and its role within the group, may also lead to an upgrade.

Factors that could, individually or collectively, lead to negative rating action/downgrade:

A reduction in ACOM's ability to support EB could result in a downgrade of the bank's ratings. This would be indicated by a downgrade in the parent's Long-Term IDR, as well as Fitch's consideration of EB's relative strengths on the Thai national rating scale.

Should Fitch perceive the parent's propensity to support EB is reduced, the company's ratings may also be downgraded. This may be indicated by a substantial reduction in the level of management control, operational integration, and shareholding such as to below 50% with the presence of significant minority shareholders. However, Fitch does not expect these events to occur in the near term.

## **BEST/WORST CASE RATING SCENARIO**

Not applicable.

## REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

## RATING ACTIONS

ENTITY/DEBT	RATING		
EASY BUY Public Company Limited	Natl LT	AA(thu)	Downgrade
	Natl ST	F1+(thu)	Affirmed
● senior unsecured	Natl LT	AA(thu)	Downgrade

### [VIEW ADDITIONAL RATING DETAILS](#)

Additional information is available on [www.fitchratings.com](http://www.fitchratings.com)

## APPLICABLE CRITERIA

[National Scale Ratings Criteria \(pub. 18 Jul 2018\)](#)

[Non-Bank Financial Institutions Rating Criteria \(pub. 29 Feb 2020\) \(including rating assumption sensitivity\)](#)

## ADDITIONAL DISCLOSURES

[Solicitation Status](#)

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## ENDORSEMENT STATUS

EASY BUY Public Company Limited

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Non-Bank Financial Institutions    Asia-Pacific    Thailand

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