Eternal 6 Special Purpose Vehicle Co., Ltd.

New Issue

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Eternal 6 Special Purpose Vehicle Co., Ltd.

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Capital Structure

Class	Rating[a]	Outlook	Amount (THBm)	CE (%)	Interest Rate (%)	Final Maturity	TT[b] (%)	TTLM[c] (x)
Asset-Backed Debentures	A-sf	Stable	2,960	32.1	3.83	June 2018	67.9	8.0
Subordinated Loans	NRsf	n.a.	1,399	0.0	-	-	-	-
Total			**4,359**					

Ratings are not a recommendation to buy, sell or hold any security. The offering circular and other material should be reviewed prior to any purchase
[a] The ratings are based on information provided by the issuer as of 17 May 2013
[b] Tranche thickness (TT) percentage – ratio of class size to collateral balance, excluding the amounts corresponding to the seller loan amounts
[c] Tranche thickness loss multiple – TT% divided by Fitch's base case loss expectation
Tranche thickness metrics provide a point-in-time indication of the extent of losses upon default. The higher the TTLM, the greater the variance in collateral loss needed to impair the tranche. See also Structured Finance Tranche Thickness Metrics, dated 29 July 2011

Transaction Summary

Fitch Ratings has assigned an 'A-sf' rating to the asset-backed debentures (the debentures) issued by Eternal 6 Special Purpose Vehicle Co., Ltd. (the issuer) as listed above. The transaction is a securitisation of credit card receivables originated by AEON Thana Sinsap (Thailand) Public Company Limited (AEONTS, the originator or the seller, BBB+(tha)/ Positive/F2(tha)), a consumer finance operator in Thailand. This is the fifth credit card ABS transaction for AEONTS.

Key Rating Drivers

Asset Performance: Fitch has determined its base-case assumptions for yield at 20%, monthly payment rate (MPR) at 12.5%, and default rate at 8.5%. The base-case assumptions are primarily based on the historical data of the originator's portfolio over nine years, the originator's previous four transactions, as well as Fitch's forward-looking view. For more detail, please see Base-Case Assumptions in Asset Analysis section.

Originator Linkage: The asset performance exhibits a closer link to the ongoing performance of the originator due to the revolving nature of the underlying assets. Fitch conducted an onsite review meeting with AEONTS in January 2013, and the company's origination, credit control, and servicing procedures are considered satisfactory.

CE and Structural Protection: Initial credit enhancement (CE) by subordination is 32.1%, and rapid amortisation structure is in place to protect investors. The structure also includes reserves to protect the transaction from commingling and liquidity risk. In addition, the transaction incorporates minimum balance of the seller loan to absorb dilution risk.

Sovereign Dependency: The rating stresses applied for this transaction as 'A-sf' correspond to the stresses at 'AAAsf(tha)' as the Long-Term Local-Currency Issuer Default Rating (LT LC IDR) of Thailand is currently 'A-'. Therefore, any changes in LT LC IDR of the country may affect the rating of this transaction.

Key Parties

Originator/Servicer: AEON Thana Sinsap (Thailand) Public Company Limited (BBB+(tha)/Positive/F2(tha))

Back-up Servicer: Citicorp Leasing (Thailand) Ltd.

Account Bank: Citibank, N.A. (A/Stable/F1), Bangkok Branch

Related Criteria

Global Structured Finance Rating Criteria (June 2012)

Global Credit Card ABS Rating Criteria (June 2012)

Criteria for Existing Asset Securitisation in Emerging Markets: Sovereign Constraints (June 2012)

Counterparty Criteria for Structured Finance and Covered Bonds (May 2013)

Criteria for Servicing Continuity Risk in Structured Finance (August 2012)

Rating Sensitivity[1]

This section of the report provides a greater insight into the model implied sensitivities the transaction faces when one risk factor is stressed, while holding others equal. The modelling process first uses the estimation and stress of base-case assumptions to reflect asset performance in a stressed environment, and secondly, the structural protection was analysed in a customised proprietary cash-flow model (see Financial Structure and Cash-Flow Modelling). The results below should only be considered as one potential outcome given that the transaction is exposed to multiple risk factors that are all dynamic variables.

Rating Sensitivity to Default Rates

Rating Sensitivity to Increased Default Rate

Original rating	A-sf
Increase base case by 25%	BBBsf
Increase base case by 50%	BBB-sf
Increase base case by 75%	BB+sf

Source: Fitch

Rating Sensitivity to MPR

Rating Sensitivity to Reduced MPR

Original rating	A-sf
Reduce base case by 15%	BBBsf
Reduce base case by 25%	BBsf
Reduce base case by 35%	B+sf

Source: Fitch

Rating Sensitivity to Shifts in Multiple Factors

Rating Sensitivity to Increased Default Rate and Reduced MPR

Original rating	A-sf
Increase base case default rate by 25% and reduce base case MPR by 15%	BB+sf
Increase base case default rate by 50% and reduce base case MPR by 25%	B+sf
Increase base case default rate by 75% and reduce base case MPR by 35%	B-sf

Source: Fitch

Criteria Application, Model and Data Adequacy

Fitch has analysed the risk of the underlying assets using *Global Credit Card ABS Rating Criteria*, dated 22 June 2012. Fitch's proprietary cash-flow model has been used to simulate the transaction under stressed scenarios. The analysis using a cash-flow model is described in the Financial Structure and Cash-Flow Modelling section of this report. Fitch used historical performance data provided by AEONTS covering October 2003 to March 2013, and the data of previous securitisation transactions originated by AEONTS to derive its base-case assumptions of the key performance measures. These include yield, MPR and default rate as described in Asset Analysis section. In accordance with its criteria, *Criteria for Existing Asset Securitisation in Emerging Markets: Sovereign Constraints*, dated 28 June 2012, the applied stresses are considerably conservative compared with those applied for transactions in developed markets for the same rating level.

The agency also reviewed an agreed-upon procedures (AUP) report regarding the data provided by the originator. An internationally recognised accounting firm conducted the report, which included a detailed review of 60 of 345,388 accounts with a 95% confidence interval.

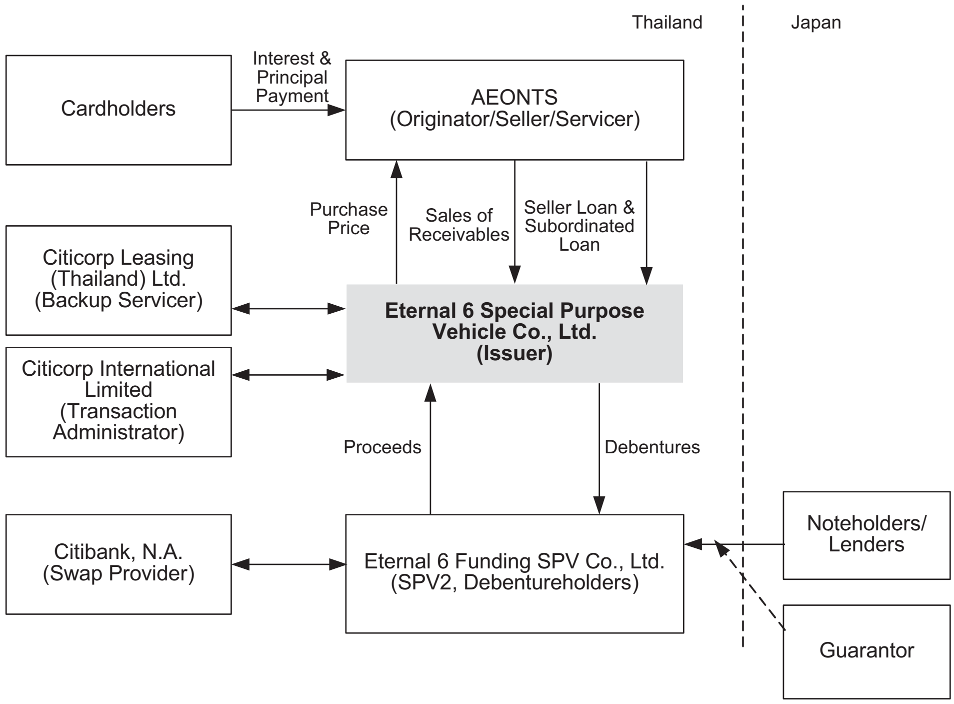
[1] These sensitivities only describe the model-implied impact of a change in one of the input variables. This is designed to provide information about the sensitivity of the rating to model assumptions. It should not be used as an indicator of possible future performance

Fitch believes the sample size, the relevance of the tested fields, and the lack of material error findings suggest the originator provided an acceptable quality of data. As a result, Fitch made no adjustments to its analysis with respect to the data provided.

Transaction and Legal Structure

Figure 1

Structure Diagram



Source: Transaction documents, Fitch

At closing, the issuer has purchased the eligible credit card receivables from AEONTS. The purchase of receivables at closing has been funded by the issuance of the debentures to Eternal 6 Funding SPV Co., Ltd. (the SPV2), a seller loan and a subordinated loan provided by AEONTS. Fitch's ratings address the likelihood of debenture-holders receiving interest payments in accordance with the transaction documentation and full repayment of principal by final maturity in June 2018. Any financial commitments related to financing of the SPV2 are out of scope of its ratings.

The transaction has a two-year revolving period followed by a one-year controlled amortisation period and a two-year tail period. During the revolving period, investors will receive only interest payments. The transaction will enter the controlled amortisation period which is scheduled to begin on 20 April 2015 and, therefore, the expected maturity of the debentures falls in June 2016. The transaction has rapid amortisation structure to protect investors against certain adverse events such as material deterioration of pool performance and credit event on the originator.

Issuer and True Sale

The issuer is a private limited company incorporated in Thailand and was granted a special purpose juristic person status pursuant to the relevant securitisation law in Thailand. The issuer's activities are restricted to the businesses stipulated in the securitisation programme, approved by Thailand's Office of the Securities and Exchange Commission.

The transfer of the underlying receivables against a third party is perfected by a written assignment agreement signed by the seller and the issuer. As long as the seller continues to be the servicer, no notice of assignment needs to be given to the accountholders in order to perfect such assignment. After the seller ceases to be the servicer, notice of assignment needs to be served on the accountholders in order to perfect the transfers of receivables against the accountholders. The notifications will be sent by the issuer or the backup servicer on behalf of the issuer and a notification expenses reserve will be available to cover associated costs.

Capital Structure and Credit Enhancement

The credit enhancement is primarily provided by the subordinated loan extended by AEONTS and excess spread.

The transaction incorporates the minimum seller loan, equivalent to 3% of the sum of the debentures and the subordinated loan, to absorb any dilution and fraud risk. Dilution risk is the risk of cancellation of charges by cardholders due to merchandise being returned. Historical data over the past six years shows an average annualised dilution rate of about 0.3% of the outstanding portfolio amount, with a peak of about 0.6%.

Eligibility Criteria

Accounts and receivables to be included in the underlying pool need to satisfy certain eligibility criteria. The criteria are expected to reduce the risk of weakening of the overall portfolio quality inherent in a revolving pool. In fact, historical data shows that the delinquency performance of the previously securitised pools has been better than the originator's overall portfolio.

Key eligibility criteria for the accounts include, but are not limited to, those detailed below:

- the account has been created under a relevant agreement that is in full force and effect and constitutes a legal, valid and binding obligation of the accountholder, enforceable against such accountholder, and is not subject to adverse claim, set-off, etc;
- accountholders satisfy the credit criteria adopted by AEONTS, as well as the requirements of the Bank of Thailand (BOT);
- accountholders are at least 20 years old and residents of Thailand;
- accountholders are not employees of AEONTS or its subsidiaries
- no bankruptcy, insolvency, or similar legal proceedings have been initiated against the accountholders under the card agreement;
- the account has not been classified as D2 on any of AEONTS's products in the 24 months before the relevant purchase date;
- no payment in respect of any receivable or any other products of AEONTS held by the same accountholders is classified as D1;
- no receivable arising under the account has been rescheduled, reduced, restructured, or refinanced to avoid delinquency or default;
- the account was opened by AEONTS no less than six months prior to the initial cut-off date or the relevant purchase date and had at least one outstanding balance during the period between six months and 12 months prior to the initial cut-off date or relevant purchase dates;
- the credit limit on the account may not exceed THB100,000; and
- the account did not arise as a result of a balance transfer from another credit card operator or financial institution.

Key eligibility criteria for the receivables include, but are not limited to, the following:

- the receivable conforms to all the requirements of AEONTS's policies and practices;

- the assignment of the receivable is not prohibited and does not require prior notice to, or consent from, the accountholder;
- the receivable is classified as current at the purchase date and has arisen under an eligible account;
- the terms and payment in respect of the receivable provide for a monthly repayment of principal and interest in Thai baht;
- the receivables assigned to the issuers of the previous four securitisation transactions and reassigned to the seller shall account for at least 40% of the initial portfolio balance; and
- the receivable does not arise as a result of a refinancing of an existing debt from another credit card operator or financial institution.

Priority of Payments

The following priorities are applicable during the revolving period. The indemnity payments to the SPV2 in items 2, 4, 5, 7, and 8 are subject to a cap on an aggregate basis if available funds are not sufficient to pay items 1-13.

Figure 2

Income Collections Priority of Payments

1	To pay any accrued income adjustment to AEONTS
2	To set a tax provision for specific business tax and to transfer to SPV2 for indemnity obligation for specific business tax
3	To pay interest on seller loan, subject to available funds based on seller allocation factor
4	To set a tax provision for corporate tax and to transfer indemnity obligations to SPV2 for tax liabilities including corporate tax but excluding withholding tax and specific business tax
5	To pay all senior fees and expenses due to third parties (including senior servicer fee and indemnity obligations to SPV2 for its fees and expenses of third party service provider and corporate cost and expenses)
6	To repay any amount advanced by AEONTS to cure any previous income shortfall
7	To pay interest on the debentures and indemnity obligations to SPV2 related to withholding taxes of SPV2's interest expense
8	To pay indemnity obligations to SPV2 related to lenders/noteholders, swap provider and guarantor, etc
9	To cover the amount equal to default allocation (based on investor allocation factor), to be transferred to principal collection account
10	To deposit to the reserve account for reserves other than dynamic reserve
11	To deposit to the reserve account for dynamic reserve
12	To pay junior agency fees
13	To cover an amount equal to the net investor excess amount, to be transferred to principal collection account
14	To transfer to SPV2 for the indemnity obligations to the extent that they have not been made above (items 2, 4, 5, 7 and 8)
15	To pay junior servicer fee
16	To pay interest on subordinated loans
17	To pay dividend

Source: Transaction documents, Fitch

During the controlled amortisation period, any remaining funds after item 14 above will be used to cover any shortfalls on the scheduled principal payment. During the rapid amortisation period, payment of senior servicer fee to be paid to AEONTS as servicer will rank after interest payments on the debentures. Any income collections available after paying certain fees/expenses, including the senior service fee and junior agency fee, the interest on the debentures, and depositing to the reserve account, will be transferred to the principal collection account until the debentures have been redeemed in full.

No principal payment will be made to the debentures during the revolving period. Principal collections will first be used to pay scheduled principal payment for the debentures during the controlled amortisation period. Principal collections will be used to distribute pro rata between principal allocations to the debentures and the seller loan using a fixed allocation factor upon the occurrence of a rapid amortisation event. The principal payment to the seller loan will not be greater than the amounts to reduce its balance below the minimum required level until the debentures will be redeemed in full. The subordinated loan will be repaid only if the debentures and the seller loan have been repaid in full.

Rapid Amortisation Events

Rapid amortisation triggers protect the debenture holders from adverse condition during the revolving period and the controlled amortisation period. These adverse conditions include material deterioration in pool and/or transaction performance and/or originator default. The following are the key rapid amortisation events; if a rapid amortisation event occurs, the revolving period or the controlled amortisation period will end and principal payment for the debentures will be accelerated:

- insolvency of AEONTS;
- a failure by AEONTS or the transaction administrator to make a payment or transfer of funds (including required reserve) or assignment of new receivables;
- AEONTS ceases, or proposes to cease, its credit card business;
- AEONTS fails to buy back an ineligible receivable;
- a servicer termination event occurs;
- a failure to pay scheduled principal amount of debentures in full on a payment date;
- three-month average excess spread percentage falls below 1%;
- three-month average delinquent receivables ratio exceeds 12.9%;
- three-month average MPR falls below 9%;
- seller loan falls below the required minimum level for three consecutive payment dates; and
- AEONTS fails to perform any material obligations, as required by the transaction documents.

Reserves

Various reserves are, or will, be set up and funded through the trapping of excess spread or posted by AEONTS at closing, or upon the occurrence of reserve trigger events. Details of reserve funds are as follows:

Notification Expenses Reserve

One-third of the expenses to be incurred in connection with the preparation and delivery of perfection notices will be trapped from the excess spread and will be deposited in the reserve account on each payment date after closing.

Servicer Reserve

Upon the downgrade of AEONTS's National Rating to 'BBB(tha)' or below, or the occurrence of a servicer termination event, AEONTS must, within 30 days, transfer an amount to the reserve account equivalent to the estimated expenses that will arise from the transfer of the servicer function to the back-up servicer or a new servicer.

Liquidity Reserve

The required liquidity reserve (in an amount equal to three months' certain expenses and interest payments on the debentures) is funded at closing. The reserve will be used to the extent that there is shortfall in income collections to pay certain items in the waterfall including senior fees and interests on the debentures.

Commingling Reserve

A commingling reserve is funded by AEONTS at closing to cover the commingling risk of the transaction. After closing, AEONTS will have an option to replace cash deposited as the commingling reserve with the commingling reserve facility or stand-by letter of credit (SBLC) provided by an eligible counterparty. The size of the commingling reserve facility will be equivalent to 7.5% of the sum of the outstanding balance of the debentures and the subordinated loan. The commingling reserve amount will be transferred to the income collection account once the servicer fails to transfer any collections to the issuer or the servicer is insolvent.

Dynamic Reserve

The dynamic reserve is structured in two steps: the first step (sized at 1% of the sum of the outstanding balance of the debentures and the subordinated loan after making adjustments on an accounting basis) is triggered upon the delinquent receivables ratio exceeding 12% (at any month during the revolving period or controlled amortisation period); the second step (sized at 5% of the sum of the debentures and the subordinated loan after making adjustments on an accounting basis) is triggered upon the three-month average delinquent receivables ratio exceeding 10%. This reserve will be applied towards an income shortfall and/or a net investor default amount.

Disclaimer

Fitch relies in its credit analysis on legal and/or tax opinions provided by transaction counsel for the avoidance of doubt. Fitch does not provide legal and/or tax advice or confirm that the legal and/or tax opinions or any other transaction documents or any transaction structures are sufficient for any purpose (something Fitch has always made clear). The disclaimer at the foot of this report makes it clear that this report does not constitute legal, tax and/or structuring advice from Fitch, and should not be used or interpreted as legal, tax and/or structuring advice from Fitch. Should readers of this report need legal, tax and/or structuring advice, they are urged to contact relevant advisers in the relevant jurisdictions.

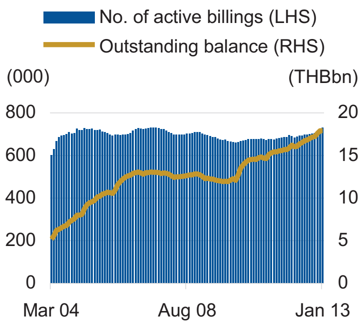
Asset Analysis

Originator Overview

AEONTS was established in Thailand in 1992. Its main business is retail finance services for the low-income segment, including personal loans, credit cards, and consumer-product hire purchase. Personal loans accounted for 58% of receivables; the remainder were credit card receivables (40%), and hire purchase receivables (2%), as of 20 November 2012 (9M financial year).

Figure 3

AEONTS's Credit Card Business



Source: AEONTS, Fitch

AEONTS started its credit card business in 1996. The number of AEONTS' active credit cards (defined as credit cards that have outstanding balance) grew rapidly from 2001 to early 2005 due to a large untapped low-income market and favourable economic environment, as well as AEONTS' aggressive market strategy during that period. Political instability, together with weakened economic environment, affected new spending and growth in the credit card sector from late 2006, with the impact mostly seen in 2009.

The improvement in economic conditions starting from late 2009 has resulted in a gradual increase in the number of AEONTS' active credit cards, while its outstanding credit card loans have increased at a faster pace, partly supported by AEONTS' policy to increase credit limits to good customers in March 2010 and March 2011. The company's growth strategy has been focusing on untapped provincial areas, resulting in an increase in proportion of provincial customers to 55% in early 2013. The number of AEONTS's active credit cards was about 729,000 with the outstanding balance of THB17.9bn as of January 2013.

AEONTS has about 13% market share in the number of credit cards but only about 7% market share in the amount of outstanding loans, as the majority of AEONTS' customers are in the low- to middle-income range (monthly income of THB15,000-THB20,000). The company's competitive advantages include its extensive network (with cross-selling potential from its existing non-credit card customers), long experience in serving the low- to middle-income market, large data base, and strong collection capabilities.

Card Products

AEONTS' aims for the low- to middle-income market which is mostly served by non-bank credit card operators. AEONTS provides two types of services to its cardholders: credit purchase − cardholders use their credit cards to purchase products from member stores, with AEONTS paying the stores the product amount; and cash advance − cardholders use their credit cards to obtain cash advances from ATMs of AEONTS and through CIRRUS and PLUS network worldwide.

Figure 4

Summary of AEONTS's General Card Terms

Billing cycle	Monthly billing cycle is cut-off on the 10th with payment advice sent on the 21st of the month
Payment term	• Single due date on the 2nd of the following month • Minimum payment rate of 10% or THB500, whichever is higher • Minimum payment rate is calculated based on the credit card usage (including cash advance) for current billing cycle, plus unpaid balance for all previous cycles and any finance charges and other fees
Interest charge	Cap on interest rate is set by the BOT and is now at 20% per annum. If payment is not made in full by the due date, interest charge will be calculated on a daily basis on the balance from the previous due date and on new transactions from the date they are posted to the account
Cash advance fee	3% of advanced amount with the minimum advanced amount of THB3,000
Annual fee	Primary card: THB200, supplementary card: THB100
Collection fee	AEONTS charges a collection fee (starting on the 6th of the following month or four days after the due date), which is based on the actual expense incurred in the collection process. It now charges THB24/day delayed with a cap of THB384

Source: AEONTS

Underwriting

AEONTS has different approval processes for new customers and existing customers (defined as AEONTS' existing hire-purchase or personal-loan customers). Applicants are screened to see whether they meet the BOT's minimum income requirement once they meet AEONTS' criteria. Next is verification of information provided by the applicants, and a credit-history check with the National Credit Bureau (NCB). A credit-scoring system will recommend the credit limit for approved applicants. The approval process takes about five days.

AEONTS will send invitation letters to existing customers that pass its own and the BOT's criteria. AEONTS will verify working status, residence, and the contactable addresses of customers that do not regularly use AEONTS' products, if they accept the invitation. The next step is to check the credit history of the customers with the NCB. The credit scoring system will recommend the credit limit for approved applicants.

There is no exception if the applicants do not meet the BOT's minimum-income requirement or have outstanding delinquent status with NCB. All approved documents must be sent to head office or regional centers for imaging. About 50% of credit card recruitment is through existing customers, while 50% is new customers. AEONTS has four centres: its head office in Bangkok, and regional offices in Khon Kaen (northeast), Had Yai (south), and Chiang Mai (north). These centres perform approval, collection, and customer service functions.

AEONTS' total credit limit is generally set at 3.0x monthly income, divided equally between the credit card limit (1.5x) and the general limit for hire purchase and personal loans (1.5x). Credit card limits can be raised to 3x monthly income at the expense of general limit if customers have a good payment record. AEONTS implements a credit-limit control based on customers' behavior. The credit limit of customers with a good payment history will be automatically increased, while the opposite happens for delinquent customers.

AEONTS' origination policies are adjusted from time to time to keep up with changing market and economic conditions. AEONTS tightened its credit-control limit from late 2006-2009. AEONTS granted a higher credit limit to a group of good customers in March 2010 and March

2011 due to improved economic conditions. AEONTS was more stringent in origination and credit control for the three provinces in central Thailand most affected by flooding in late 2011 due to uncertainties of applicants' future employment during that period.

Servicing and Collections

AEONTS' debt-management system is based on daily monitoring, analysis, and decision-making. It has established risk-management collection operations with a large customer database. The company divides its collection staff into three categories based on their experience. The most experienced collectors are assigned to handle complicated accounts.

The use of a credit card is blocked once payment is six days past due. Any amount that remains unpaid after the account is more than 18 days past due is classified as delinquent and is placed in the D1 category. The delinquent accounts move into the next delinquency bucket for every additional month of non-payment and are, accordingly, categorised as D2, D3, D4, D5, D6 and so on. The delinquent amount is fully provisioned and the cards are cancelled upon entering stage D3. AEONTS generally writes off its delinquent receivables at D5. The company outsources servicing function of D3 and above delinquent customers to its 100%-owned subsidiary ACS Servicing (Thailand) Co., Ltd., which also provides collection services to third parties.

AEONTS has four service and collection centres in each of Thailand's four regions to serve its strategy of penetrating provincial areas, and to increase flexibility and efficiency. Having four centres has reduced the risk of operational disruption as workloads can be allocated between centres. The Bangkok collection centre collects about 35% of the total billings (down from more than 50% at end-2007), while the north-eastern centre collects 23%, the south also 23%, and the north 19%. AEONTS intends to further lower the collection workload at the Bangkok centre and increase the collection workload in the regional hubs because it has stated that regional hubs are more cost efficient (lower personnel expenses and rent) and experience less staff turnover.

AEONTS changed its minimum payment policy from a round basis to an exact basis in August 2010; the round basis requires the minimum payment of 10% of the loan amount, rounded up to the nearest multiple of THB500, while the exact basis sets the minimum payment rate at 10% of the loan amount with a minimum payment of THB500. The exact basis is in line with other credit card operators, although the minimum payment amount of most operators is THB1,000, compared with AEONTS' THB500, reflecting the lower incomes of the company's target customers.

AEONTS offered support to customers affected by major flooding in late 2011. Those who applied were given payment grace periods of up to six months and had collection fees waived. About 10% of customers took up the offer. The relief programme resulted in a decline in MPR from November 2011-January 2012, before recovering in February 2012 as the grace period began to end (it ended fully in April 2012). There was no change in the delinquency status of customers in the programme during the grace period.

Portfolio Summary

As of 20 April 2013 (initial cut-off date), the eligible credit card receivables consisted of 183,047 accounts, with a total outstanding balance of THB4.5bn. The average balance per account is THB24,584. Based on the outstanding balance, about 75.1% of the eligible portfolio has a credit limit greater than THB30,000 and about 48.2% is in Bangkok.

Base-Case Assumptions

Fitch has set base-case assumptions for the performance of the yield, MPR, and default rate, as part of asset analysis. The base cases are intended to represent the agency's conservative expectations for asset performance during the term of the debentures, and are used as an input to Fitch's cash-flow modelling. The base-case assumptions are summarised in the table

Figure 5
Base-Case Expectations
(%)

Yield	20.0
MPR	12.5
Default rate	8.5

Source: Fitch

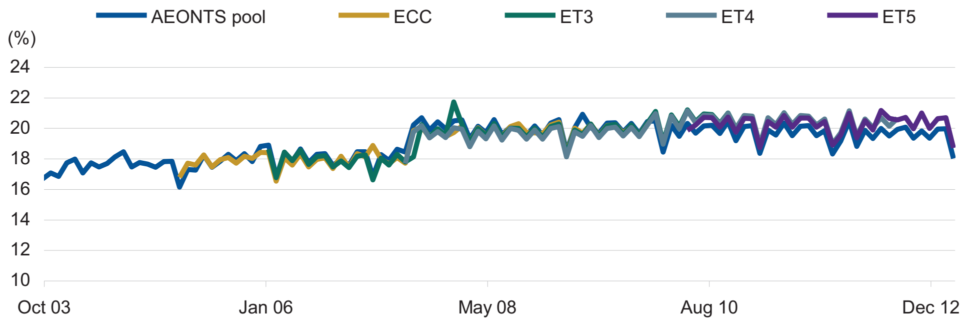
at left and their derivation is described below. In the following section, AEONTS' pool refers to the originator's overall credit card receivables pool, excluding those securitised during the life of the transactions. Securitised pools refer to credit card receivables pools assigned to the issuers of the previous four transactions by the originator, which are Eternal Credit Card Special Purpose Vehicle Co., Ltd. (ECC), Eternal 3 Special Purpose Vehicle Co., Ltd. (ET3), Eternal 4 Special Purpose Vehicle Co., Ltd. (ET4) and Eternal 5 Special Purpose Vehicle Co., Ltd. (ET5).

Yield

AEONTS' total yield mainly consists of interest charges, cash advance fees, annual fees, and collection fees; Fitch's yield conservatively includes only interest charges and half of collection fees. The yield is calculated as a percentage of the beginning portfolio balance and annualised by being multiplied by 12. In general, the yield tends to drop in March, given its lower day count (covering 21 February to 20 March). The portfolio yield temporarily declined in December 2010 and December 2011 due to flooding, but the extent of decline was modest.

Figure 6

Fitch Yield



Source: AEONTS, Fitch

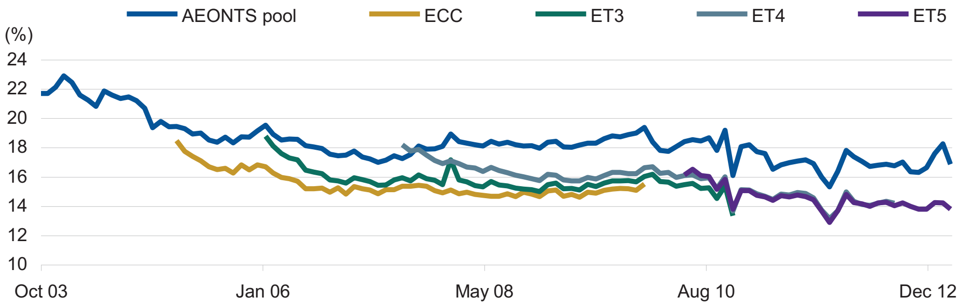
There were some pressures to lower the interest rate on credit card loans in 2009 partly due to the tough economic environment and low interest rates that year. However, only a few operators implemented the cuts (which only lasted briefly), while most operators (including AEONTS) kept their rates unchanged, citing higher operating costs resulting from rising delinquencies as a major reason. Fitch's base case of 20% reflects relatively stable performance observed over the last five years.

Monthly Payment Rate (MPR)

Fitch MPR is calculated as monthly collections of principal, interest charges, and half of collection fees divided by the outstanding balance at the beginning of the month. The MPR has generally trended downward since 2003. The MPR performance has been affected by various factors, including origination strategy, economic conditions, and natural disasters. Declines since late 2010 were partly attributed to AEONTS' change in the minimum payment policy from a round basis to an exact basis since August 2010 (see details in *Servicing and Collections* in *Asset Analysis* section above).

Figure 7

Fitch MPR



Source: AEONTS, Fitch

Fitch believes that the downward trend in MPR over the past two years is also partly explained by the increase in credit limits driven by the originator's strategy in improved economic conditions, and the increase in seasoning of customers. The former affects both AEONTS' pool and securitised pools but the latter, in Fitch's view, leads to lower MPR for securitised pools.

The seasoning of borrowers in securitised pools tends to increase at a faster pace than the AEONTS' pool as it is less likely that new accounts (which are generally less seasoned) will be added into the securitised pools while AEONTS continues to expand its customer base. Less-seasoned customers tend to have a higher payment rate due to their lower credit limit.

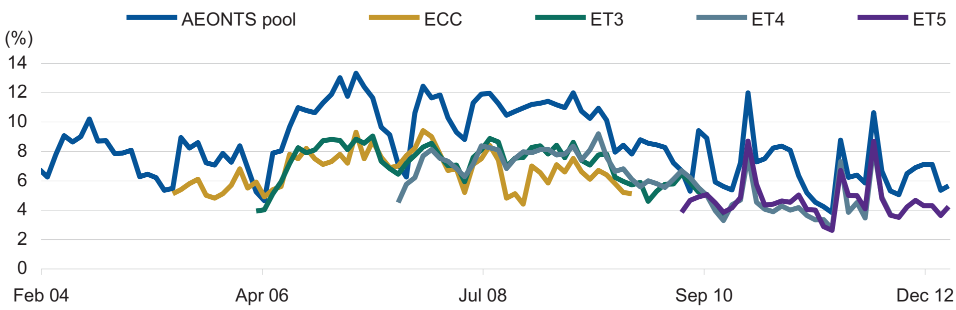
Taking into account the analysis above and rising concern on Thailand's increasing household debt, Fitch's base case reflects potential further decline in MPR.

Default Rate

Fitch uses loans 78 to 107 days past due (the D3 bucket) as a default proxy, similar to previous transactions. The default rate is calculated by dividing the D3 delinquent balance by the total outstanding principal balance 120 days prior. The result is then annualised. The definition of the default rate used for Fitch's analysis is consistent with the delinquent receivables ratio defined in the transaction documents. Fitch uses the 120-day lagged denominator to mitigate the impact of any drastic change in the portfolio balance.

Figure 8

D3 Default Rate



Source: AEONTS, Fitch

The default rate and total delinquency rate (defined as all delinquent customers as percentage of total portfolios) of securitised pools have generally been lower than those of AEONTS' pool. This has been mainly supported by its eligibility criteria, which helps screen out borrowers with bad payment histories.

The default rate stayed high during the period of low consumer confidence, political instability, and a weak economy, from mid-2006 to 2009. The peak default rates were in 2007, partly due to the impact from borrowers' losing jobs from factory closures during Q307. The improved economy since late 2009 has lowered the default rate over the past three years. There were a few spikes in default rates in 2011 and 2012, mainly attributable to temporary impacts from flooding in late 2010 and 2011. The increase was not excessive.

Fitch's base case also takes into account the characteristics of AEONTS' target customers and the level of Thailand's household debt, which is on the upward pressure in light of strong increase in consumer loans over the past few years.

Financial Structure and Cash-Flow Modelling

Fitch uses its proprietary cash-flow model to test the ability of assets to generate sufficient cash flows to meet the contractual payment obligation with respect to the debentures.

Figure 9
Rating Stresses

	A-sf
Default rate (x)	5.0
MPR (%)	40
Yield (%)	35

Source: Fitch

The table at left shows the stresses applied to the base-case assumptions for each of key parameters under ‘A-sf’ (equivalent to AAAsf(tha)) stress scenario. The stressed assumptions are derived by applying a multiplier or a haircut to the base-case assumptions in the cash-flow model. The stressed default rates of 42.5% are derived by multiplying by five the base-case assumption. Haircuts of 40% and 35% are applied to the base-case assumptions for MPR and yield, respectively, producing stressed figures of 7.5% and 13%. Fitch assumes a purchase rate of 0% under ‘A-sf’ stress scenario, because under such scenario where the originator is assumed to be insolvent, the cardholders are unlikely to be able to continue using their cards.

The stresses are applied immediately to yield, MPR, and purchase rate, in the cash-flow modelling, while the default rate ramps up to the stressed level over a six-month period.

The transaction’s waterfall has junior expense items related to the issuer’s indemnity obligation to the SPV2. These items potentially reduce available excess spread, especially during the rapid amortisation period. Fitch’s cash-flow analysis takes into account such expenses.

Counterparty Risk

Counterparty risks were analysed using Fitch’s criteria, *Counterparty Criteria for Structured Finance and Covered Bonds*, dated 13 May 2013. Also, the servicing continuity risk was analysed in accordance with *Criteria for Servicing Continuity Risk in Structured Finance,* dated 10 August 2012.

Servicing

AEONTS acts as the initial servicer for this transaction. AEONTS will first transfer (on a daily basis during the revolving and controlled amortisation periods) to the collection account, the amount required to cover the scheduled principal payment amounts, the estimated default amount, and amount of up to item 12 in the interest waterfall on page 5, except accrued income adjustment (item 1) and the amount equal to default allocation (item 9).

AEONTS will then be allowed to withhold an amount equal to the accrued income adjustment. Any remaining collections will also be used by AEONTS to purchase future receivables and then to repay the seller loan (to its required minimum level). Any excess cash will be subsequently transferred to the collection account. AEONTS will be required to transfer all collections to the issuer after a servicer netting termination event (defined as a servicer termination event, the replacement of AEONTS as servicer, a rapid amortisation event, or in event of default).

To ensure the continuity of servicing, Citicorp Leasing (Thailand) Ltd. (CLT) is appointed as a back-up servicer and on standby status from closing. CLT will begin to review and test the format and content of the data files if AEONTS’ National Rating is lowered to ‘BBB(tha)’ or below, and will report the results of its review monthly to ensure that it, or the substitute servicer, will be able to perform the servicing function once activated. CLT will also have to prepare a transfer plan for the substitution of the servicer and identify entities that meet the servicer selection criteria within three months of the above-mentioned downgrade of AEONTS’ National Rating. CLT will either assume the role of the servicer itself or will identify a substitute servicer and use reasonable efforts to ensure that such entity executes a substitute servicer agreement within 45 days of receipt of notification of a servicer termination event. The termination of AEONTS as the servicer will be subject to the issuance of perfection notices to the cardholders and the appointment of the substitute servicer.

CLT was established in 1985 and is an indirect subsidiary of Citigroup Inc. It is the group’s distribution arm with 35 branches in Thailand (26 in Bangkok and surrounding provinces and nine upcountry). CLT’s main activities are to provide personal loans under the Citi brand, while Citigroup’s credit card loans are originated at Citibank Thailand. CLT also acts as a universal sales and service channel for Citibank Thailand’s other consumer products. These include credit cards, mortgage loans, deposit accounts, Citibank’s online and e-statement enrolments, and service drop-boxes for Citibank's customer requests, as well as bill payment facilities for cards, loans, and utilities for both Citi and non-Citi customers. CLT has over 400 employees.

Fitch conducted a review meeting with Citibank and CLT to assess their servicing capabilities. Citibank and CLT outsource the servicing function of their loan portfolios to B.E.S. Limited (a servicing subsidiary of Citigroup) and 10 outside agents, depending on the stage of delinquency. Citibank Thailand's risk-management and credit-operation teams oversee the performance of the servicers. B.E.S. mainly handles phone collections of early delinquent borrowers, while outside agents usually manage heavy delinquent borrowers.

CLT has indicated that if it was a substitute servicer of this transaction, it would outsource the servicing function to some of its existing outside agents, and these agents would perform servicing functions under the group's supervision. This is similar to how the group operates its own portfolios. The outside agents have been in the servicing business for more than 15 years, managing delinquent accounts of Citigroup and other commercial banks. Most delinquent portfolios under their servicing are credit card and personal loans. Citigroup performs an annual review of its outside agents with key criteria, including collection performance, audit result, customer complaints, and protection of customer confidentiality. Fitch believes the abovementioned arrangement is adequate due to Citigroup's established credit card operation in Thailand, and the outside agents' long experiences in servicing consumer loans.

Account Bank

Citibank, N.A. (A/Stable/F1), Bangkok Branch, acts as account bank for the issuer. A downgrade of the account bank below 'A-'/'F2' or 'AAA(tha)' would require the transaction administrator to appoint an alternative account bank within 30 days, as stipulated in the transaction documentation. Therefore, Fitch believes that the account bank risk is adequately mitigated in line with its criteria.

Commingling

Commingling risk is the risk that arises when the transaction's funds are mixed with those of the originator or servicer at its credit event. Commingling reserve is funded by AEONTS at closing to reduce the risk. After closing, AEONTS will have an option to replace the cash reserve during the transaction life once it is able to procure the commingling reserve facility or SBLC from an eligible counterparty (one rated at least BBB+/F2). Fitch believes that the available facility is sufficient to address the potential risk taking into account MPR and the estimated time required to instruct obligors to divert payments to the issuer's account.

Performance Analytics

The ongoing analysis of transactions forms an essential part of the Fitch rating process. The agency will receive monthly servicer reports detailing the performance of the portfolio. These will provide the basis for the agency's surveillance of the performance of the transaction against base-case expectations. The rating on the debentures will be reviewed by a committee at least every 12 months, or where considered appropriate (eg, in the event of a deterioration in performance, an industry-wide development, or transaction-specific trigger event). Any affirmation or change in the ratings will be disseminated publicly.

Fitch's quantitative analysis will focus on monitoring key performance parameters (yields, defaults, and MPR) against base-case assumptions.

Fitch also monitors counterparty ratings relative to the agency's counterparty criteria for each transaction. Details on the transaction's performance are available to subscribers at www.fitchratings.com.

Please call the Fitch analysts listed on the first page of this report with any queries regarding the initial analysis or the ongoing performance.

Appendix A: Thailand Credit Card Market

The growth of number of credit cards and outstanding credit card loans in Thailand was slow from late 2006-2009 mainly due to the weakened economy and prolonged political instability. Credit card markets started to recover since late 2009 driven by improved economic conditions. The compound annual growth rate of the number of credit cards and outstanding credit card loans increased to about 7% during 2010-2012 (based on November 2012 figures), while new credit card spending increased about 12% annually in 2010 and 2011. The number of credit card issued in Thailand was 17.1 million, with outstanding credit card loans of THB239bn, as of February 2013.

The delinquency rate of the Thai credit card industry has been manageable despite an unfavourable operating environment during certain periods. The non-performing credit card loan ratio (defined as receivables delinquent over three months as a percentage of outstanding loans) has been less than 4% over the past eight years.

There are 14 credit card operators in Thailand: five non-bank operators and nine commercial bank operators. Non-bank operators had about 42% market share in terms of outstanding loans at February 2013 (end-2008: 46%). The market share of commercial bank operators has risen over the past four years as Thai banks have increased their focus on consumer finance business. The income gap between target customers of commercial banks and non-bank operators has been narrowing, despite target customers being different.

Credit card operators are regulated by the BOT. There is no direct law governing credit card business in Thailand.

The draft Credit Card Business Act, intended to regulate the credit card business, was approved in principle by the previous Cabinet in June 2010. It is now under review by a House of Representatives’ sub-committee, and is subject to further changes. Fitch does not expect any significant impact to the credit card industry based on the latest draft. The draft Act incorporates issues on the licensing of credit card operators, duties of operators, and some consumer protection. Details on card issuance, credit limits, interest-rate charges, fees, and penalties, will be determined by the BOT. The draft Act will be sent to the Upper House for review and approval before being enacted, after being approved by the House of Representatives. The timing of the enactment remains uncertain.

Appendix B: Thailand Economy

Thailand’s economy was weakened from late 2008-2009 as a result of the global financial crisis. The country’s GDP contracted by 2.3% in 2009. GDP growth started to recover in late 2009, mainly driven by an expansion in government expenditure and domestic consumption. Export recovery also helped support Thailand’s economic growth in 2010 and 2011, although GDP growth in 2011 was hit by supply chain disruptions after Japan’s earthquake in Q111, and the Thailand’s severe flooding in late 2011. The flooding caused widespread damage in several economically important industrial estates in the central Thailand. The flood caused Thailand’s GDP to contract 9% yoy in Q411, the first decline since 2009. Full-year 2011 GDP growth was only 0.1%.

Domestic consumption, post-flooding reconstruction, and a rebound in manufacturing production, as well as government spending, were the main drivers of the Thai economy in 2012 (6.4% GDP growth). Fitch forecasts Thailand’s GDP to grow 5% in 2013 and 4.5% in 2014.

Thailand’s unemployment rate has been below 2% since 2005. This is attributable to the flexibility of the agricultural sector, which accounts for 40% of workforce, to absorb unemployed workers from other sectors during economic downturns. It could also be distorted given the significant size of the informal sector. Thailand’s unemployment rate has been below 1.5% since mid-2009. Flooding impact was controllable as most of manufacturers retained their workforce despite production disruption. Fitch forecasts Thailand’s 2013 and 2014 unemployment rate to be 0.7% and 1.0% respectively.

There has been rapid growth in consumer loans of 15%-20% annually since 2010, especially auto hire-purchase loans as growth was boosted by tax incentives in 2012. Because of this, there has been a rising concerns over the level of Thailand’s household debt. Repayment ability of borrowers could deteriorate from: the use of excess income to invest in risker assets (speculation in stock markets or property); or additional future expenses relating to the acquisition of assets funded by consumer loans, especially for auto hire-purchase borrowers. The BOT and financial institutions have started to monitor consumer loans more closely, although there are no alarming signs with respect to NPLs in the Thai banking sector.

Fitch affirmed Thailand’s International LT LC IDR at ‘A-’/Stable on 8 March 2013, while upgrading the country’s International LT FC IDR to ‘BBB+’/Stable (from BBB/Stable); its International Short-Term FC IDR to ‘F2’ (from F3); and Country Ceiling to ‘A-’ (from BBB+).

Appendix C: Transaction Overview

Eternal 6 Special Purpose Vehicle Co., Ltd. — Thailand/Credit Card Receivables

Figure 10

Capital Structure

Class	Ratings	Outlook	Size[a] (%)	Size (THBm)	CE (%)	PMT freq	Final maturity	TT[a] (%)	TTLM (x)
Asset-backed debentures	A-sf	Stable	67.9	2,960	32.1	Monthly	June 2018	67.9	8.0
Subordinated loans	NRsf	n.a.	32.1	1,399	0.0	-	-	n.a.	n.a.
Total				**4,359**					

[a] The denominator is the collateral balance excluding the amounts corresponding to the seller loan amounts
Source: Fitch

Key Information

Details		Parties	
Closing date	20 May 2013	**Seller/originator**	AEONTS
Country of assets and type	Thailand, Credit Card Receivables	**Servicer**	AEONTS
Country of SPV	Thailand	**Backup servicer**	Citicorp Leasing (Thailand) Ltd.
Analyst	Akira Yamashita	**Issuer**	Eternal 6 Special Purpose Vehicle Co., Ltd.
	+81 3 3288 2783	**Issuer account bank**	Citibank, N.A. Bangkok Branch
	Orawan Karoonkornsakul	**Transaction administrator**	Citicorp International Limited
	+66 2 108 0151	**Debentureholders' representative**	Citibank, N.A. Bangkok Branch
	Atsushi Kuroda	**Paying agent**	Citicorp International Limited
	+81 3 3288 2692		

Source: Fitch

Key Rating Drivers

Asset Performance: Fitch has determined its base-case assumptions for yield at 20%, monthly payment rate (MPR) at 12.5%, and default rate at 8.5%. The base-case assumptions are primarily based on the historical data of the originator's portfolio over nine years, the originator's previous four transactions, as well as Fitch's forward-looking view. For more detail, please see *Base-Case Assumptions* in the *Asset Analysis* section.

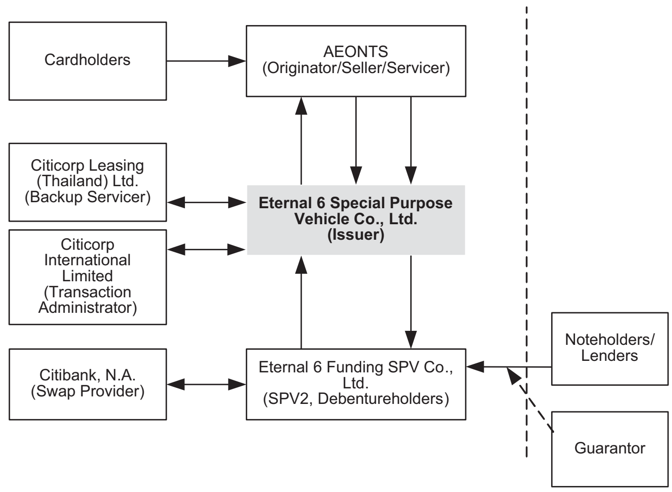
Originator Linkage: The asset performance exhibits a closer link to the ongoing performance of the originator due to the revolving nature of the underlying assets. Fitch conducted an on-site review meeting with AEONTS in January 2013, and the company's origination, credit control, and servicing procedures are considered satisfactory.

CE and Structural Protection: Initial credit enhancement (CE) by subordination is 32.1%, and rapid amortisation structure is in place to protect investors. The structure also includes reserves to protect the transaction from commingling and liquidity risk. In addition, the transaction incorporates minimum balance of the seller loan to absorb dilution risk.

Sovereign Dependency: The rating stresses applied for this transaction as 'A-sf' correspond to the stresses at 'AAAsf(tha)' as the Long-Term Local-Currency Issuer Default Rating (LT LC IDR) of Thailand is currently 'A-'. Therefore, any changes in LT LC IDR of the country may affect the rating of this transaction.

Source: Fitch

Simplified Structure Diagram



Source: Transaction documents, Fitch

The ratings above were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings.