

# MEGA INTERNATIONAL COMMERCIAL BANK PLC

No. 135/2025  
20 August 2025

## FINANCIAL INSTITUTIONS

**Company Rating:** AAA  
**Outlook:** Stable

**Last Review Date:** 27/08/24

### Company Rating History:

Date	Rating	Outlook/Alert
15/08/18	AAA	Stable
10/07/15	AA+	Stable
31/01/07	A+	Stable

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## RATIONALE

TRIS Rating affirms the company rating on Mega International Commercial Bank PLC (Mega ICBC) at “AAA” with a “stable” rating outlook. The rating is based on our view that Mega ICBC will remain a highly strategic subsidiary of Mega International Commercial Bank Co., Ltd. of Taiwan (Mega ICBC-Taiwan, rated “A+/Stable” by S&P Global Ratings). Mega ICBC consistently receives business and financial supports from Mega ICBC-Taiwan, which we anticipate will continue in the foreseeable future.

## KEY RATING CONSIDERATIONS

### Highly strategic subsidiary of Mega ICBC-Taiwan

We assess Mega ICBC as a highly strategic subsidiary of Mega ICBC-Taiwan. Mega ICBC is a wholly owned subsidiary of Mega ICBC-Taiwan which is the wholly owned flagship banking arm of the state-owned Mega ICBC Financial Holding.

As a representative of the Mega ICBC Group in Thailand, Mega ICBC is a critical part of Mega ICBC-Taiwan’s strategy to strengthen its overseas business. The bank supports the relocation of Taiwanese businesses in line with the Taiwanese government’s New Southbound Policy (NSP). As a government-owned Taiwanese bank, one of Mega ICBC Thailand’s primary focuses is providing financial support to these businesses.

The strong linkage between the parent bank and Mega ICBC is evident in the high degree of control from the group over business strategy, financial targets, and risk management. Mega ICBC-Taiwan also provides Mega ICBC with IT management and shares client information and provides customer referrals to Mega ICBC. Also, Mega ICBC’s reputation is closely tied to the group’s given the shared brand name.

We are of the view that Mega ICBC-Taiwan has a strong and long-term commitment to support Mega ICBC given its full ownership and Mega ICBC-Taiwan’s strategy to grow its overseas business and to assist relocating Taiwanese companies.

### A strategic role in financing Taiwanese enterprises in Thailand

As a state-owned bank, Mega ICBC plays a significant role in supporting Taiwan’s NSP. The NSP is a government initiative to enhance cooperation and exchanges with 18 countries in Southeast Asia, South Asia, Australia, and New Zealand, with the goals of reducing Taiwan’s economic reliance on mainland China and creating new growth opportunities. Mega ICBC-Taiwan, with its extensive overseas network, especially in Southeast Asia, provides a competitive advantage for lending to Taiwanese businesses in the region, which allows it to provide strong support to Taiwanese clients operating abroad.

Taiwanese direct investment in Thailand grew with a compound annual growth rate (CAGR) of 26% from 2016 to 2024. Mega ICBC is capitalizing on growing investment in sectors such as printed circuit boards, electrical appliances, and electronics. In the second quarter of 2025 (2Q25), credit extended to Taiwanese companies made up around 40% of the total loan portfolio. A significant portion of the remaining loans were to companies that had converted from Taiwanese to Thai registration.

As of June 2025, Mega ICBC's total assets were THB42.3 billion, marking a 4% year-on-year (y-o-y) increase. The bank holds a modest 0.2% market share in both loans and deposits, a position consistent with other foreign banks in the Thai market. The loan portfolio is heavily concentrated in the corporate and SME segments, with the manufacturing industry alone accounting for 70% of total lending at the end of June 2025.

### Continuous financial support from group

We expect Mega ICBC to continue receiving support from its parent bank through credit facilities and capital injections as needed. Given its close relationship with the group and its strategic importance to the group, Mega ICBC would likely receive timely extraordinary support during times of stress.

As of the end of June 2025, the bank's credit facilities from the group totaled USD530 million, equivalent to approximately THB18 billion. The facility's value remained stable in a USD term, but it decreased in a THB term due to the appreciation of the Thai baht. Mega ICBC-Taiwan injected an additional THB1 billion in capital into Mega ICBC in July 2023, which raised the paid-up share capital from THB4 billion to THB5 billion. Although there is no immediate plan for a future capital injection, Mega ICBC consistently retains its earnings each year to facilitate its Single Lending Limit (SLL) expansion.

### Sound risk management framework

We maintain the view that the bank's overall risk management practices remain sound amid a rise in the non-performing loan (NPL) ratio in 2024. This assessment is based on the bank's adherence to its parent bank's conservative risk management framework and its operation within the group's operational platforms.

A recent rise in the NPL ratio reflects primarily one large real-estate development account, alongside smaller contribution from manufacturing loans. The NPL ratio increased sharply as a result to 4.13% at the end of 2024 from 1.04% at the end of 2023. The NPL coverage ratio also fell to 101% in 2024 from 161% at the end of 2023. The bank has set aside full provisions for the real-estate loan despite its full collateral to reflect limited recovery prospects.

To address heightened asset quality risk and the potential impact of the US tariffs on its export-oriented manufacturing loan, a sector that accounts for a majority of its loan portfolio, the bank plans to shift its focus toward large and well-established Taiwanese corporate clients. It will also reduce its exposure to both higher-risk SMEs and specific industries, such as real estate. In addition, Mega ICBC utilizes the Overseas Credit Guarantee Fund (OCGF) from Taiwan to mitigate credit risk for some of its Taiwanese clients. As of June 2025, the OCGF covered around 5% of the bank's total loan portfolio.

### BASE-CASE ASSUMPTIONS

TRIS Rating's base assumption is that Mega ICBC will remain a highly strategic subsidiary of Mega ICBC-Taiwan.

### RATING OUTLOOK

The "stable" outlook reflects our expectation that Mega ICBC will maintain its status as a highly strategic subsidiary of the Mega ICBC-Taiwan and continue to receive strong support from its parent bank.

### RATING SENSITIVITIES

The rating on Mega ICBC is at the highest level of "AAA" with a "stable" outlook. The rating and outlook could be revised downward if the rating on Mega ICBC-Taiwan were revised downward. The rating could also be revised downward if TRIS Rating views that Mega ICBC's group status has weakened materially or there are signs of reduced support from the parent company.

### COMPANY OVERVIEW

Mega ICBC is a wholly owned subsidiary of Mega ICBC-Taiwan, a leading banking institution in Taiwan. Mega ICBC, formerly "The Bank of China", was established in 1947 as a foreign bank branch in Bangkok. Mega ICBC serves a niche market of Taiwan-based and Taiwan-affiliated clients operating in Thailand. In 1971, the bank changed its name to "International Commercial Bank of China" (ICBC), following the transformation of its parent bank in Taiwan. Under the Financial Sector Master Plan launched by the BOT, Mega ICBC upgraded its status to become a foreign bank subsidiary in August 2005, after raising its paid-up capital to THB4 billion from THB1 billion. Mega ICBC subsequently set up four branches in Thailand: Chonburi in 2005, Bangna in 2006, Ban Pong (Ratchaburi province) in 2011, and Rayong in 2014.

The merger of ICBC with Chiao Tung Bank in Taiwan in August 2006 created a new large financial institution named "Mega International Commercial Bank". Mega ICBC-Taiwan offers its financial products and services through an extensive network. Mega ICBC-Taiwan holds a leading position in Taiwan's foreign exchange market and the offshore banking segment. S&P Global Ratings rates Mega ICBC-Taiwan at "A+" with a "stable" outlook.

**FINANCIAL STATISTICS AND KEY FINANCIAL RATIOS**

Unit: Mil. THB

	----- Year Ended 31 December -----				
	2024	2023	2022	2021	2020
Total assets	43,557	39,681	32,171	29,661	25,253
Average assets	41,619	35,926	30,916	27,457	25,510
Investment in securities	2,006	2,000	1,519	1,609	1,846
Loans and receivables	25,542	25,692	28,027	26,474	21,113
Allowance for doubtful accounts	1,064	428	465	286	342
Deposits	27,948	21,545	18,792	19,194	16,417
Borrowings <sup>2</sup>	7,030	9,603	6,902	4,379	2,953
Shareholders' equities	7,996	7,728	6,017	5,701	5,440
Average equities	7,862	6,872	5,859	5,570	5,480
Net interest income	1,059	923	710	555	499
Non-interest income <sup>3</sup>	287	300	215	173	140
Total revenue	1,346	1,224	926	729	639
Operating expenses <sup>4</sup>	372	363	343	325	321
Pre-provision operating profit (PPOP)	975	861	583	404	317
Impairment losses on loans and securities	638	(28)	190	(60)	42
Net income	270	711	314	370	221
Net fee and service income	56	58	65	55	47
Gains on investments	0	0	0	0	0

1 Consolidated financial statements

2 Including interbank and money market

3 Net of fees and service expense

4 Excluding fees and service expense

Unit: %

	----- Year Ended 31 December -----				
	2024	2023	2022	2021	2020
<b>Earnings</b>					
Return on average assets	0.65	1.98	1.02	1.35	0.87
Net interest margins	2.52	2.56	2.29	2.02	1.95
Risk-adjusted net interest margins	1.00	2.63	1.68	2.24	1.79
Net interest income/average assets	2.55	2.57	2.30	2.02	1.96
Non-interest income <sup>5</sup> /average assets	0.69	0.84	0.70	0.63	0.55
Net fee and service income/total revenue	4.18	4.75	7.03	7.57	7.36
Cost-to-income	27.61	29.65	37.06	44.61	50.31
<b>Capitalization</b>					
CET-1 ratio <sup>6</sup>	24.22	22.73	17.90	18.15	23.15
Tier-1 ratio <sup>6</sup>	24.22	22.73	17.90	18.15	23.15
BIS ratio <sup>6</sup>	24.36	23.78	19.09	18.81	24.19
CET-1/BIS ratio <sup>6</sup>	99.44	95.58	93.76	96.49	95.72
<b>Asset Quality</b>					
Credit costs	2.50	(0.10)	0.70	(0.25)	0.20
Non-performing loans/total loans <sup>7</sup>	4.13	1.04	0.62	0.97	1.19
Allowance for loan losses/non-performing loans	101.26	161.31	267.56	111.34	137.04
<b>Funding &amp; Liquidity</b>					
CASA/total deposits	57.25	54.15	54.25	53.56	48.38
Loan/total deposits	91.09	118.89	148.75	137.68	128.39
Deposits/total liabilities	78.59	67.43	71.85	80.11	82.86
Liquid assets/total deposits <sup>8</sup>	54.24	46.06	17.58	14.22	22.55
Liquid assets/total assets	43.56	36.15	14.04	11.30	17.29

5 Net of fee and service expenses

6 Consolidated basis

7 Excluding interbank and accrued interests

8 Including bills of exchange and interbank borrowing

## RELATED CRITERIA

- Financial Institution Rating Methodology, 24 November 2023
- Group Rating Methodology, 7 September 2022

## Mega International Commercial Bank PLC (Mega ICBC)

<b>Company Rating:</b>	AAA
<b>Rating Outlook:</b>	Stable

## TRIS Rating Co., Ltd.

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