

TISCO BANK PLC

No. 87/2025
8 August 2025

FINANCIAL INSTITUTIONS

Company Rating: A+
Issue Ratings:
Hybrid tier 2 A-
Outlook: Stable

Last Review Date: 11/04/25

Company Rating History:

| Date | Rating | Outlook/Alert |
|----------|--------|---------------|
| 11/04/25 | A+ | Stable |
| 30/04/13 | A | Stable |
| 13/05/11 | A | Positive |

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RATIONALE

TRIS Rating assigns a rating of “A-” to TISCO Bank PLC’s (TISCOB) proposed issue of hybrid tier 2 capital securities of up to THB1.2 billion maturing within 10 years. The bank intends to use the proceeds from the securities issuance for debt refinancing. At the same time, TRIS Rating affirms the company rating on TISCOB at “A+” and the ratings on TISCOB’s outstanding Tier 2 subordinated securities at “A-”. The rating outlook remains “stable”.

The company rating on TISCOB is equivalent to the group credit profile (GCP) of TISCO Group, given its status as a core subsidiary of the TISCO Group. The “A-” rating on TISCOB’s Basel III Tier 2 capital securities is two notches below the company rating on TISCOB, reflecting the subordination and the non-viability loss absorption provision in the bond indenture.

We assess TISCOB as a “core entity” of the TISCO Group. The bank is a wholly-owned subsidiary of TISCO Financial Group PLC (TISCO), which functions as a non-operating holding company (NOHC) of the TISCO Group.

TISCOB, a sole banking entity within the group, is accounted for 95% of the group’s total assets and contributed around 73% of its revenue and 62% of its earnings in the first quarter of 2025 (1Q25). This proportion has remained relatively stable over the past five years. Under normal conditions, TISCOB distributes substantial dividends to TISCO, with a payout ratio ranging from 70% to 100%. In 2024, TISCOB paid dividends of around THB4.0 billion to TISCO.

TISCOB should continue to demonstrate its expertise in auto financing, specifically in new car hire-purchase finance. As of the first five months of 2025 (5M25), the bank’s penetration rate for new cars increased to 5.5%. This reflects an improved outlook on risk-adjusted returns as the policy rate trends downward and competition among hire-purchase lenders has moderated.

For the past five years, the bank has maintained its new car market penetration within the range of 4.5% to 5.2%. As of 1Q25, auto loans constituted 44.2% of TISCOB’s total loan portfolio, highlighting the significance of this segment in its lending operations.

Leveraging TISCO Group’s risk management framework, TISCOB prioritizes risk-adjusted returns, operating cost controls, and strong asset quality, while avoiding price competition. This strategy underpins the bank’s superior risk-adjusted net interest margin (NIM) and return on average assets (ROAA).

TISCOB’s risk-adjusted NIM was 4.1% in 1Q25, compared with the industry average of 2.1%. TISCOB recorded a ROAA of 1.5% in 1Q25, the highest among Thai commercial banks. The bank’s non-performing loan (NPL) ratio stood at 2.2% in 1Q25, the lowest among Thai commercial banks.

RATING OUTLOOK

The “stable” outlook reflects our expectation that TISCOB will maintain its status as the core subsidiary of the TISCO Group and will continue to contribute significant revenues and profit to the group

RATING SENSITIVITIES

TISCOB’s credit profile could be revised downward if the TISCO Group’s GCP changes or we see any material change in TISCOB’s importance to the TISCO Group.

RELATED CRITERIA

- Group Rating Methodology, 7 September 2022
- Bank Hybrid Capital Rating Methodology, 24 December 2021

TISCO Bank PLC (TISCOB)

| | |
|---|--------|
| Company Rating: | A+ |
| Issue Ratings: | |
| TISCO356A: THB1,000 million hybrid tier 2 capital securities due 2035 | A- |
| Up to THB1,200 million hybrid tier 2 capital securities due within 10 years | A- |
| Rating Outlook: | Stable |

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