

TISCO BANK PLC

No. 52/2025
11 April 2025

FINANCIAL INSTITUTIONS

Company Rating: A+

Issue Rating:

Tier 2 subordinated: A-

Outlook: Stable

Last Review Date: 24/04/24

Company Rating History:

Date	Rating	Outlook/Alert
30/04/13	A	Stable
13/05/11	A	Positive

Contacts:

Pawin Thachasongtham

pawin@trisrating.com

Jantana Taveeratanasilp

jantana@trisrating.com

Jittrapan Pantaleard

jittrapan@trisrating.com

Annop Supachayanont, CFA

annop@trisrating.com



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RATIONALE

TRIS Rating upgrades the company rating on TISCO Bank PLC (TISCOB) to “A+” from “A” with a “stable” outlook. At the same time, TRIS Rating assigns a rating of “A-” to the proposed issue of Tier 2 subordinated securities of up to THB1 billion maturing within 10 years. The bank intends to use the proceeds from the new securities for debt refinancing.

The rating upgrade follows the upward revision of the group credit profile (GCP) of TISCO Group, assessed at ‘a+’. The revision reflects TISCO Group’s prudent business growth strategy over the past five years, which has contributed to its sound profitability.

The company rating on TISCOB is equivalent to the 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.

KEY RATING CONSIDERATIONS

Core entity of TISCO Group

We view 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 TISCO Group.

TISCOB serves as a sole banking entity within the group. The bank accounts for over 95% of the group’s total assets and has contributed around 74% of its revenue and 61% of its earnings over the past three years. Under normal conditions, TISCOB distributes substantial dividends to TISCO, with a payout ratio ranging from 70% to 90%. In 2024, TISCOB paid dividends of around THB4.4 billion to TISCO.

Long-standing presence in auto financing

TISCOB has a long-standing presence and deep expertise in auto financing, particularly in new car hire purchase (HP). The bank’s new car penetration remained within the 4.5%-5.2% range over the past five years. TISCOB’s continued focus on strengthening partnerships with dealers and adapting to market conditions underscores its resilience in the auto finance industry.

As of end-2024, auto loans represented 44.6% of TISCOB’s total loan portfolio, highlighting the significance of this segment to its overall lending operations.

Risk management policies aligned with group

TISCOB follows the risk management framework of the TISCO Group, prioritizing risk-adjusted returns and operating cost controls, while avoiding price competition. The move to scale down its auto lending since 2019 before other players has helped the bank sustain its superior risk-adjusted returns.

TISCOB’s risk-adjusted net interest margin (NIM) of 4.2% in 2024 compared favorably with 2.3% industry average. The bank’s non-performing loan (NPL) ratio stood at 1.8%-2% in 2022-2024, the lowest among Thai commercial banks. TISCOB recorded a return on average assets (ROAA) of 1.6% in 2024, the second highest among Thai commercial banks.

BASE-CASE ASSUMPTIONS

Our base-case assumption is based on our expectation that TISCOB will remain a core subsidiary of the TISCO Group.

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.

COMPANY OVERVIEW

TISCOB, formerly named “TISCO Finance PLC”, was established in 1969 and was listed on the Stock Exchange of Thailand (SET) in 1983. In the aftermath of the 1997 financial crisis, TISCO Finance entered into the Tier 1 capital support scheme offered by the Ministry of Finance (MOF) in 1999. As a result, the MOF became a major shareholder with a 42.84% stake in TISCO Finance. The MOF’s shareholding in TISCO Finance was later reduced to 0.05%. In October 2004, TISCO Finance received approval from the MOF to upgrade its status to a commercial bank. TISCO Finance commenced its banking operations on 1 July 2005 and changed its name to “TISCO Bank PLC”.

In accordance with the consolidated supervision regulatory framework of the BOT, in November 2008, the restructuring plan of TISCOB’s holding company was approved by the MOF. TISCO was established in 2008 as a holding company and the parent company of the TISCO Group in place of TISCOB. On 15 January 2009, TISCO was listed on the SET in place of TISCOB as TISCOB was simultaneously delisted from the SET. TISCO later acquired 99.99% shares of TISCOB and its subsidiaries (i.e., TISCO Securities Co., Ltd. (TSC), TISCO Asset Management Co., Ltd. (TISCOASSET), Hi-Way Co., Ltd. (Hi-Way), TISCO Insurance Solution Co., Ltd., and TISCO Information Technology Co., Ltd. (TISCOIT)). The TISCO Group now offers all major types of financial services including banking, HP lending, securities brokerage, and asset management.

In 2016, the TISCO Group entered into an agreement to acquire the retail banking business of Standard Chartered Bank (Thai) PLC (SCBT). The unsecured consumer loans (credit card loans and personal loans) with combined portfolios totaling THB5.2 billion were later sold to Citibank N.A., Bangkok branch.

FINANCIAL STATISTICS AND KEY FINANCIAL RATIOS¹

Unit: Mil. THB

	-----Year Ended 31 December -----				
	2024	2023	2022	2021	2020
Total assets	268,862	275,102	250,915	228,615	264,921
Average assets	271,982	263,008	239,765	246,768	275,093
Interbank and money market items	38,091	47,144	39,070	29,062	36,961
Investments	5,369	3,926	4,181	7,650	10,191
Loans and receivables	229,510	229,390	214,665	198,881	224,740
Loan loss reserves	7,465	8,897	10,683	10,666	10,938
Deposits	208,230	210,730	189,834	167,925	204,859
Borrowings ²	12,632	16,272	14,396	16,829	16,714
Shareholders' equities	36,634	36,422	35,934	34,665	32,656
Average equities	36,528	36,178	35,300	33,660	31,979
Net interest income	12,341	12,396	11,404	11,153	11,879
Net fees and service income	1,466	1,483	1,646	1,603	1,794
Non-interest income ³	1,913	1,801	2,106	1,966	2,148
Total revenue	14,255	14,198	13,510	13,119	14,027
Operating expenses ⁴	8,159	8,174	7,639	6,802	6,854
Pre-provision operating profit (PPOP)	6,096	6,278	5,871	6,316	7,173
Expected credit loss	812	(86)	110	1,300	2,437
Net profit	4,229	4,888	4,611	4,002	3,786

- 1 Consolidated financial statements
- 2 Including interbank and money market
- 3 Net of fee and service expenses
- 4 Excluding fee and service expenses

Unit: %

	-----Year Ended 31 December -----				
	2024	2023	2022	2021	2020
Earnings Capability					
Return on average assets	1.56	1.86	1.92	1.62	1.38
Net interest margins	4.49	4.73	4.65	4.42	4.24
Risk-adjusted net interest margins	4.19	4.66	4.60	3.91	3.37
Net interest income/average assets	4.54	4.81	4.76	4.52	4.32
Non-interest income ⁵ /average assets	0.70	0.68	0.88	0.80	0.78
Net fees and service income/total revenue	10.28	10.26	12.18	12.22	12.79
Cost-to-income	57.24	56.56	56.54	51.85	48.86
Capitalization					
CET-1 ratio	18.70	18.87	19.63	20.16	18.07
Total capital ratio	20.48	22.35	23.37	25.20	22.78
CET-1/total capital	91.29	84.42	84.01	80.00	79.33
Asset Quality					
Credit costs	0.36	(0.04)	0.05	0.62	1.06
Non-performing loans/total loans ⁶	2.03	1.93	1.80	2.18	2.22
Loan loss reserves/non-performing loans ⁶	161.16	202.08	278.83	247.77	221.14
Funding & Liquidity					
CASA/total deposit	14.51	15.16	24.08	29.96	26.40
Loan/total deposits ⁷	109.42	108.05	112.30	117.55	108.89
Deposits/total liabilities	89.67	88.29	88.30	86.58	88.20
Liquidity coverage ratio	n.a.	164	155	168	139
Liquid assets/total assets	16.50	18.90	17.64	16.54	18.26
Liquid assets/total deposits	21.30	24.67	23.31	22.52	23.61

5 Net of fee and service expenses

6 Based on reported NPL, excluding accrued interests and interbank assets

7 Excluding bills of exchange and interbank borrowing

n.a. Not available

RELATED CRITERIA

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

TISCO Bank PLC (TISCOB)

Company Rating:	A+
Issue Rating:	
Up to THB1,000 million Tier 2 capital securities due within 10 years	A-
Rating Outlook:	Stable

TRIS Rating Co., Ltd.

Silom Complex Building, 24th Floor, 191 Silom Road, Bangkok 10500, Thailand Tel: +66 2 098 3000

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