

THANACHART CAPITAL PLC

No. 150/2025
15 September 2025

FINANCIAL INSTITUTIONS

Company Rating: A
Issue Ratings:
Senior unsecured A
Outlook: Stable

Last Review Date: 11/06/25

Company Rating History:

Date	Rating	Outlook/Alert
13/03/25	A	Alert Negative
10/04/20	A	Stable
14/03/19	A+	Alert Negative
16/01/12	A+	Stable
12/03/10	A	Positive
14/07/05	A	Stable

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RATIONALE

TRIS Rating resolves the CreditAlert with a “negative” implication and at the same time affirms the company rating on Thanachart Capital PLC (TCAP) and the issue rating on TCAP’s senior unsecured debentures at “A”, with a “stable” outlook.

The rating actions follow TCAP’s group restructuring in relation to the sale of Thanachart Securities PLC (TNS, rated “A+/Stable”) to TMB Thanachart Bank PLC (TTB)

The company rating is equivalent to the group credit profile (GCP) of Thanachart Group (TGROUP), which factors in the weighted average stand-alone credit profile (SACP) of its key subsidiaries, including Ratchthani Leasing PLC (THANI) and Thanachart Insurance PLC (TNI).

The GCP incorporates a one-notch enhancement from the positive implications of TCAP’s investment diversification which continues to provide recurring income and enhance financial flexibility. The GCP also considers the neutral effect of the double leverage ratio, which we expect to remain below the 120% threshold in the medium term.

The issue ratings are adjusted down by one notch due to the structural subordination of TCAP’s senior unsecured debt obligations with over 50% priority debt. However, the notch-down is offset by a one-notch uplift from its large investment in TTB that consistently generates sizeable dividend income.

KEY RATING CONSIDERATIONS

Diversified investments underpin earning stability, financial flexibility

TCAP diversifies investments across financial and non-financial sectors, including commercial banking, leasing, insurance, asset-based financing, distressed asset management, and selected non-financial businesses. Its major subsidiaries, THANI and TNI, contributed roughly 26% of the group’s consolidated net profit in the first half of 2025 (1H25). If TNS is included, the contribution would increase to 28%.

As of the end of June 2025, TCAP holds strategic investments in associated companies, most notably a 24.9% stake in TTB, 24.5% in MBK PLC. (MBK), and recently 24.8% in PRG Corporation PLC. (PRG). TCAP also invests in general companies with a 2.8% stake in TISCO Financial Group PLC (TISCO) and plans to invest in other businesses with potential growth.

In terms of financial flexibility, we believe the company can divest its shares in associated companies, which are mostly marketable securities, on a timely basis, if needed. Nonetheless, in the medium term, we believe TCAP will likely maintain shareholding in these companies to sustain the dividend streams.

Key subsidiaries maintain solid market standings

The SACP of TCAP’s key subsidiaries are supported by their solid market positions in their respective industries. THANI maintains a leading position despite a contraction in its hire-purchase loan portfolio, particularly for trucks and luxury vehicles, due to its cautious lending strategy amid weak credit conditions.

Meanwhile, TNI ranked fifth in the motor insurance market by direct premiums in 2024. Its market share remained steady at 6.5% during 2023–2024, underpinned by stronger sales via broker and dealer channels, despite a broader slowdown in auto sales.

Stable earnings performance

TCAP's consolidated financial performance showed moderate improvement in 1H25, with net profit rising 5% year-on-year (y-o-y) to THB4.0 billion, compared with THB3.8 billion in 1H24. Among subsidiaries, THANI remained the largest earnings contributor, accounting for 13.2% of consolidated net profit, followed by TNI at 12.5%.

Revenues from associates have become increasingly important. The share of profit and dividends from these investments has trended upward in recent years, with share of profit reaching THB5.6 billion in 2024 (+19% y-o-y). In 1H25 share of profit reached THB2.7 billion (remaining flat y-o-y). TTB was the key driver, contributing roughly THB2.5 billion in 1H25. Strong profit generation from TTB in 2024 helped offset the weaker performance of certain core subsidiaries. Dividend income from general companies also improved, rising 33% y-o-y to THB87 million in 2024 and further to THB190 million in 1H25.

Looking ahead, we expect contributions from THANI and TNI, as well as associates and affiliates to remain resilient, providing a stable source of revenue and earnings that should continue to support TCAP's overall financial profile.

Double leverage to decline gradually

We project TCAP's double leverage to gradually trend downwards over the next two years, supported by the equity base expansion from stronger retained earnings. In contrast, investments in subsidiaries and associates are likely to grow at a slower pace, as we do not expect the company to pursue any sizeable new acquisitions in the near term.

As of end-June 2025, TCAP's double leverage stood at 109%, relatively stable compared with 110% at end-2024. We forecast the ratio to decline modestly below 110% over the medium term. Nonetheless, a sustained increase above 120% would pose a rating risk of a notch-down in Thanachart group's GCP, as well as TCAP's issuer and senior unsecured debenture ratings.

RATING OUTLOOK

A "stable" outlook reflects our expectation that TCAP's key subsidiaries should be able to maintain their credit profiles, while TCAP is able to maintain its strong earnings capacity from investment diversification. We also expect TCAP to maintain its strong liquidity position and double leverage of not more than 120%.

RATING SENSITIVITIES

An upward rating revision is unlikely in the near term. However, an upside could materialize if the SACPs of TCAP's key subsidiaries are lifted by multiple levels to meaningfully lift the group's weighted average SACP.

Conversely, a rating downgrade could be triggered by a weakening in the SACPs of TCAP's key subsidiaries that materially lowers the weighted average SACP. Additional risks include a significant rise in short-term liquidity or refinancing risk, or an increase in double leverage above the 120% threshold. Furthermore, the issue ratings could be lowered if TCAP were to materially dilute its stake in TTB.

COMPANY OVERVIEW

In April 2005, under the Bank of Thailand's "One Presence" policy, TCAP became a financial holding company of Thanachart Bank PLC (TBANK) and eight other subsidiaries.

In July 2007, TCAP signed a joint venture agreement with Bank of Nova Scotia (BNS), to invest in TBANK. TBANK later acquired a 99.98% stake in Siam City Bank PLC (SCIB) in April 2010. In 2013, TBANK sold its life insurance business, TLIFE, to Prudential Life Assurance (Thailand) PLC (PRU) and signed a 15-year exclusive agreement with PRU for banc-assurance services.

On 2 June 2014, TBANK sold all the shares of Siam City Life Assurance PLC (SCILIFE), a subsidiary of SCIB, to TCAP and MBK. At the end of June 2015, TCAP held a 51% stake in SCILIFE, while MBK held 49%. In April 2015, TBANK completed the liquidation process of SCIB, one of its subsidiaries. The liquidation generated tax losses, a part of which the bank has utilized as income tax savings.

On 26 February 2019, TMB Bank (TMB) and TBANK merged after the five parties, including TMB, TBANK, TCAP, International Netherlands Group (ING), and BNS signed a non-binding memorandum of understanding (MOU). Following the merger initiative, TBANK divested its holdings in its subsidiaries and other investments to TBANK's shareholders based on their respective shareholdings (TCAP 51%; BNS 49%). By December 2019, TMB and TBANK completed the share purchases and TBANK became a wholly-owned subsidiary of TMB. TCAP became the largest shareholder of TTB. TCAP completed the sale of its stake in TNS to TTB at the end of second quarter of 2025. Currently THANI and TNI are the major subsidiaries of TCAP.

FINANCIAL STATISTICS AND KEY FINANCIAL RATIOS*

Unit: Mil. THB

	Jan-Jun 2025	----- Year Ended 31 December -----			
		2024	2023	2022	2021
Total assets	157,966	160,791	158,138	156,978	142,735
Total loans	54,814	62,138	67,248	65,107	57,836
Allowance for expected credit loss	2,783	3,116	2,901	2,724	2,615
Short-term debts	20,070	26,650	21,929	24,364	23,843
Long-term debts	37,615	36,974	42,869	39,781	26,449
Shareholders' equity	81,700	80,482	77,355	72,425	74,141
Net interest income	1,338	3,080	3,374	3,004	2,671
Expected credit loss	462	1,304	1,016	493	483
Non-interest income	4,189	7,806	8,954	8,064	8,513
Operating expenses	803	2,165	3,410	3,269	3,143
Net income	4,026	7,022	7,207	6,533	6,722

* Consolidated financial statements, 2022 restated financial statements, 2023 and 2024 restated financial statements under TFRS17, source from TCAP

Unit: %

	Jan-Jun 2025	----- Year Ended 31 December -----			
		2024	2023	2022	2021
Profitability					
Net-interest income/average assets	1.68 **	1.93	2.14	2.00	1.88
Net-interest income/total income	24.22	28.29	27.37	27.14	23.88
Operating expenses/total income	14.54	19.89	27.66	29.54	28.10
Return on average assets	5.08 **	4.39	4.49	4.26	4.73
Return on average equity	10.02 **	9.11	9.64	8.09	8.31
Asset Quality					
Non-performing loans (NPL)/total loans	5.45	4.75	4.34	3.91	5.33
Expected credit loss/average loans	1.58 **	2.02	1.54	0.80	0.87
Allowance for expected credit loss/total loans	5.08	5.01	4.31	4.18	4.52

** Annualized

RELATED CRITERIA

- Group Rating Methodology, 25 August 2025
- Issue Rating Criteria, 26 December 2024
- Financial Institution Rating Methodology, 25 September 2024

Thanachart Capital PLC (TCAP)

Company Rating:	A
Issue Ratings:	
TCAP261A: THB1,100 million senior unsecured debentures due 2026	A
TCAP265A: THB1,000 million senior unsecured debentures due 2026	A
TCAP260A: THB1,690 million senior unsecured debentures due 2026	A
TCAP260B: THB640 million senior unsecured debentures due 2026	A
TCAP272A: THB1,500 million senior unsecured debentures due 2027	A
TCAP277A: THB800 million senior unsecured debentures due 2027	A
TCAP270A: THB2,000 million senior unsecured debentures due 2027	A
TCAP285A: THB1,000 million senior unsecured debentures due 2028	A
TCAP286A: THB2,500 million senior unsecured debentures due 2028	A
TCAP300A: THB800 million senior unsecured debentures due 2030	A
TCAP300B: THB1,770 million senior unsecured debentures due 2030	A
TCAP315A: THB1,500 million senior unsecured debentures due 2031	A
Rating Outlook:	Stable

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