

# TISCO FINANCIAL GROUP PLC

No. 51/2025  
11 April 2025

## FINANCIAL INSTITUTIONS

**Company Rating:** 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

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## RATIONALE

TRIS Rating upgrades the company rating on TISCO Financial Group PLC (TISCO) to “A” from “A-” with a “stable” outlook. As a non-operating holding company (NOHC) of TISCO Group, the rating on TISCO is one notch below the group credit profile (GCP), assessed at “a+”. This reflects the degree of structural subordination of TISCO’s obligations to its operating subsidiaries’ obligations.

Our assessment of the GCP of TISCO Group is based on the consolidated credit profile of TISCO Bank PLC (TISCOB, rated “A+/Stable”) and other operating entities. The GCP largely reflects TISCOB’s credit profile as the bank’s assets represent more than 90% of the group’s total assets.

We raise our assessment of the group stand-alone credit profile (SACP) of TISCO Group to “a+” from “a” to reflect its prudent business growth strategy over the past five years. TISCO Group’s SACP continues to reflect its strong capital position, robust profitability, and sufficient liquidity position. However, the credit profile continues to be weighed down by its moderate funding profile.

## KEY RATING CONSIDERATIONS

### Structural subordination due to NOHC status

TISCO functions as a non-operating financial holding company (NOHC), relying predominantly on dividends mainly from TISCOB to service its debt. In our view, this reliance introduces the risk of regulatory constraints on dividend payments from TISCOB to TISCO, particularly in a stress scenario.

TISCO operates the commercial banking business through its wholly-owned banking subsidiary, TISCOB, whose consolidated assets represent around 95% of the group’s consolidated assets. Other key operating entities under the TISCO Group comprise TISCO Asset Management Co., Ltd. (TISCOAM) and TISCO Securities PLC (TISCO Sec).

The rating assigned to TISCO is one notch below the GCP of TISCO Group. This reflects the structural subordination of TISCO’s obligations, as the group’s operating assets are held at the subsidiary level.

### Focus on risk-adjusted return

The upgrade reflects our improved assessment of TISCO’s business position. TISCO’s above-peer profitability demonstrates a prudent growth strategy particularly during periods of economic uncertainties. Over the past five years, TISCO deliberately limited the expansion of its auto loan portfolio, focusing instead on risk-adjusted returns. As a result, the bank delivered an average return on average assets of 2.5% during the past five years, the highest among Thai commercial banks.

In particular, the bank adopted a cautious approach to new car loans amid intense competition, growing adoption of electric vehicles, and high household debts. At the same time, TISCO shifted its focus towards higher-yielding segments that offer superior risk-adjusted returns, including used car loans, motorcycle financing, and auto-title loans. Consequently, the share of new car loans to total loans declined to 34% from 50% in 2019.

### Maintaining strong capital position

We expect TISCO to maintain its strong capital position. We project the consolidated common equity Tier-1 (CET-1) ratio to range between 16.7%-16.9% in 2025-2027. This assumes loan growth of 1.5% per annum and a high level of dividend payout ratio.

TISCO's consolidated CET-1 ratio was at 17% at end-2024, a slight increase from 16.3% at end-2023. The increase was supported by its decent profitability and muted loan growth in 2024.

### Good earnings capacity

We expect TISCO to be able to deliver above-peer profitability. We expect TISCO's return on average assets (ROAA) to range between 2.1%-2.2% in 2025-2027. In 2025, we expect a slight decline of 13% in net profit, mainly due to credit costs normalizing to 1.1% of average loans, from 0.6% in 2024. We expect ROAA to slightly decrease to 2.1% in 2025. Looking forward, we project a recovery in net profit, increasing by 6.3% in 2026 and 1.5% in 2027, thanks to lower funding costs. We forecast ROAA to recover to 2.2% in 2026-2027.

In 2024, the bank reported return on average assets (ROAA) of 2.4%, the highest among Thai commercial banks. The bank's risk-adjusted net interest margin (NIM) was 4.3% in 2024, outperforming the industry average of 2.3%.

Also, TISCO has been able to generate high fee income with major contributions from bancassurance and fund management businesses. TISCO's net fee income accounted for 1.6% of total assets in 2024, above the industry average of 0.5%.

### Sound asset quality

We expect TISCO to maintain its sound asset quality through its prudent risk management practices, which emphasize balancing business growth with appropriate risk exposure. We project TISCO's non-performing loan (NPL) ratio to range between 2.3%-2.4% over the next three years, relatively stable compared to end-2024. We also forecast the bank's credit cost to normalize to 1.1% of average loans in 2025 from 0.6% in 2024. We expect TISCO to maintain a NPL coverage ratio above 150% over the next three years.

TISCO's NPL ratio was 2.4% at end-2024, up from 2.2% at end-2023, due to the deteriorating debt serviceability of some retail customers. However, the figure remained below the 2.8% industry average at end-2024.

### Moderate funding profile

We assess TISCO's funding profile as moderate, comparable to other non-domestic systemically important banks (non-DSIBs). At end-2024, total deposits made up around 92% of TISCO's total funding, up from 89% at end-2023. The bank's current and savings accounts (CASA) ratio declined to 13.9% of total deposits at end-2024 from 14.6% the previous year. The figure was notably below the 67% level observed among major commercial banks.

We believe the overall funding structure of TISCO aligns well with its loan composition. With fixed-rate auto loans representing 66% of total loans as of end-2024, TISCO's reliance on term deposits helps mitigate asset-liability mismatches.

### Sufficient liquidity

TISCO's liquidity position mirrors that of TISCOB, which we consider adequate. As of the second quarter of 2024 (2Q24), the liquidity coverage ratio (LCR) averaged 158%. While this is considered moderate compared with other banking peers, it remains well above the regulatory minimum of 100%. At end-2024, liquid assets accounted for 22.6% of total deposits and 16.6% of total assets.

### BASE-CASE ASSUMPTIONS

The following are our base-case assumptions for TISCO in 2025-2027:

- Loan growth: Around 1.5%
- Net interest margin: 4.9%-5.1%
- Cost-to-income: 48%
- Credit cost: 1%-1.1%
- NPL ratio (excluding interbank assets): 2.3%
- NPL formation rate: 1%-1.15%
- CET-1 ratio: 16.7%-16.9%

## RATING OUTLOOK

The “stable” outlook reflects our expectation that TISCO will maintain its strong earnings capability and relatively strong franchise in auto lending, well-managed asset quality, and strong capital.

## RATING SENSITIVITIES

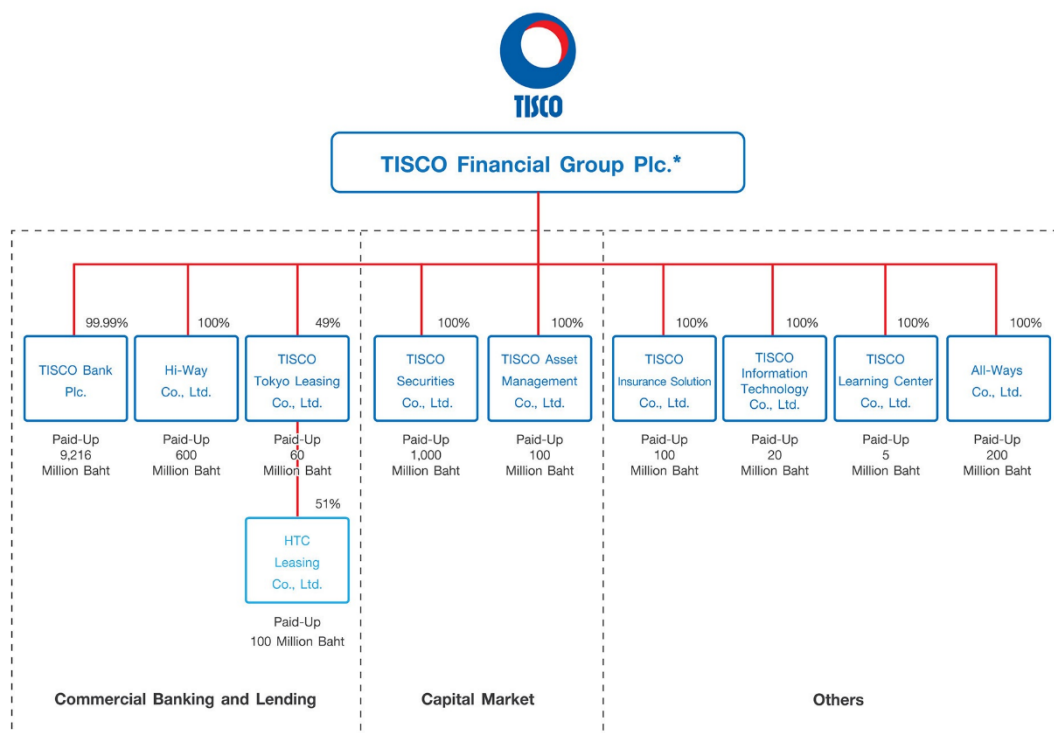
The rating and/or outlook could be revised upward if TISCO strengthens its capital position significantly, with the CET-1 ratio staying well above 18% for a sustained period, while continuing to improve its commercial banking franchise and maintain its asset quality. A downgrade scenario could emerge if there is any material weakness in TISCO’s asset quality, capital, and profitability.

## COMPANY OVERVIEW

TISCO was established in 2008 as a holding company, replacing TISCOB as the parent company of the TISCO Group. The change took place after the holding company’s restructuring plan, under the consolidated supervision scheme, was approved by the Bank of Thailand (BOT) in November 2008. TISCO made a tender offer for 99.99% shares of TISCOB in exchange for its own newly-issued shares. The swap ratio was 1:1. TISCO commenced operations on 1 January 2009, with registered capital of THB11 billion and paid-up capital of THB7.2 billion. On 15 January 2009, TISCO was listed on the Stock Exchange of Thailand (SET) 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 Leasing Co., Ltd. (TISCOL), and TISCO Information Technology Co., Ltd. (TISCOIT). As of December 2017, TISCO’s issued and paid-up capital was THB8 billion.

The TISCO Group entered into an agreement to acquire the retail banking business of Standard Chartered Bank (Thai) PLC (SCBT) in 2016. Towards the end of 2017, the group completed the transfer. The transaction entailed transfers of loan assets and liabilities from SCBT’s retail banking operation to TISCOB and All-Ways Co., Ltd. (All-Ways).

**Table 1: TISCO Group Structure**



\*Listed in The Stock Exchange of Thailand

Source: TISCO’s company website

TISCOB is the core bank of the TISCO Group. TISCOB, formerly named “TISCO Finance PLC”, was established in 1969 as a finance company. TISCOB was listed on the SET in 1983. In October 2004, TISCOB received approval from the Ministry of Finance (MOF) to upgrade its status to a commercial bank. TISCOB commenced banking operations on 1 July 2005 and changed its name to “TISCO Bank PLC”.

TSC, formerly named “Thai Securities Co., Ltd.”, was founded in 1975 as a subsidiary of the TISCO Group. TSC provides securities brokerage and investment banking services. In March 2011, TISCO Investment Advisory Co., Ltd. (TISCOIA) was established. TISCOIA was later renamed Deutsche TISCO Investment Advisory Co., Ltd. (DTIA), after TSC partnered with Deutsche Bank in 2012. TSC holds a 51% stake in DTIA, while the remainder is owned by Deutsche Bank. DTIA was granted approval from the MOF and the Securities and Exchange Commission (SEC) to operate an investment advisory business.

TISCOASSET, a fund management subsidiary, was established in 1992. TISCOASSET offers a complete line of asset management services, including provident funds, private funds, and mutual funds.

In 2017, TISCOB, its commercial banking operation unit, contributed more than 87% of TISCO’s total net interest income and non-interest income. The remaining portion of TISCO’s revenue came from its other subsidiaries and affiliates in securities brokerage and asset management businesses - TISCOASSET, TSC, and Hi-Way.

In the same year, TISCO acquired the retail banking business of SCBT. This entailed a transfer of THB33.7 billion of loan assets and THB14.6 billion of deposits to TISCOB and All-Ways, a subsidiary of TISCO. Around THB31.4 billion were retail loans comprising mortgages, home-equity, personal, and credit-card loans. The remaining THB2.2 billion were loans to small and medium-sized enterprises (SMEs). The majority of deposits were retail current accounts and savings accounts (CASA).

In 2018, TISCOB and All-Ways, respectively, completed a sale of personal loan portfolios and credit card business to Citibank N.A., Bangkok branch. The combined portfolios totaled an approximate THB5.2 billion.

On 4 September 2019, TISCO and TISCOS, which is a subsidiary in the TISCO Group, signed an agreement to terminate the joint venture agreement in “DTIA”, a joint venture between TISCOS and Deutsche Bank Group that operated under an investment advisory license in Thailand. The agreement was effective from 9 September 2019 onward. Subsequent to the termination, TISCOS will continue its businesses to provide securities brokerage service and equity research as usual.

#### FINANCIAL STATISTICS AND KEY FINANCIAL RATIOS<sup>1</sup>

Unit: Mil. THB

	-----Year Ended 31 December -----				
	2024	2023	2022	2021	2020
Total assets	281,877	290,724	265,414	243,622	275,443
Average assets	286,301	278,069	254,518	259,533	286,793
Interbank and money market items	39,774	48,490	40,272	30,489	38,212
Investments	7,055	5,395	6,162	10,124	12,126
Loans and receivables	234,085	236,744	220,726	204,662	226,714
Loan loss reserves	8,486	9,916	11,845	11,740	11,826
Deposits	206,537	208,645	188,266	166,542	203,473
Borrowings <sup>2</sup>	18,741	25,792	21,952	23,043	18,634
Shareholders’ equities	43,045	42,448	42,791	41,200	39,462
Average equities	42,746	42,619	41,996	40,331	39,329
Net interest income	13,570	13,573	12,734	12,460	13,098
Net fees and service income	4,971	4,867	5,046	5,603	5,146
Non-interest income <sup>3</sup>	5,657	5,217	5,571	6,363	5,806
Total revenue	19,226	18,790	18,305	18,823	18,904
Operating expenses <sup>4</sup>	9,256	9,340	8,591	8,267	8,012
Pre-provision operating profit (PPOP)	9,971	9,705	9,714	10,557	10,892
Expected credit loss	1,376	359	723	2,064	3,331
Net profit	6,901	7,302	7,225	6,785	6,064

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
<b>Earnings Capability</b>					
Return on average assets	2.41	2.63	2.84	2.61	2.11
Net interest margins	4.79	4.99	5.00	4.80	4.57
Risk-adjusted net interest margins	4.30	4.77	4.72	4.01	3.41
Net interest income/average assets	4.74	4.97	5.00	4.80	4.57
Non-interest income <sup>5</sup> /average assets	1.74	1.88	2.19	2.45	2.02
Net fees and service income/total revenue	25.86	25.56	27.56	29.77	27.22
Cost-to-income	48.14	49.04	46.93	43.92	42.38
<b>Capitalization</b>					
CET-1 ratio	17.00	16.29	17.15	18.56	17.48
Total capital ratio	18.63	19.51	20.62	23.18	21.86
CET-1/total capital	91.21	83.49	83.18	80.09	79.97
<b>Asset Quality</b>					
Credit costs	0.59	0.16	0.34	0.97	1.42
Non-performing loans/total loans <sup>6</sup>	2.35	2.22	2.09	2.44	2.50
Loan loss reserves/non-performing loans <sup>6</sup>	155.33	189.86	258.82	236.83	210.48
<b>Funding &amp; Liquidity</b>					
CASA/total deposit	13.90	14.63	23.77	29.48	26.30
Loan/total deposits <sup>7</sup>	112.43	112.54	116.33	121.86	110.49
Deposits/total liabilities	86.48	84.04	84.57	82.27	86.22
Liquidity coverage ratio	n.a.	164	155	168	139
Liquid assets/total assets	16.58	18.85	17.87	17.12	18.72
Liquid assets/total deposits	22.63	26.27	25.05	25.34	25.81

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

- Financial Institution Rating Methodology, 25 September 2024
- Group Rating Methodology, 7 September 2022

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**TISCO Financial Group PLC (TISCO)**

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

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**TRIS Rating Co., Ltd.**

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