

TSFC Securities PLC

Financial Institutions / Finance

22 December 2025

Issuer Credit Rating: BBB/Stable

Rating Action

TRIS Rating affirms the company rating on TSFC Securities PLC (TSFC) at “BBB” with a “stable” rating outlook.

The rating is supported by the company’s strong capital base and robust risk management. However, we assess its business position, earnings, and liquidity as “moderate”. A deteriorating market position or a continuous weakening of earnings could put pressure on the rating.

Key Rating Considerations

Thailand’s sole securities finance corporation

TSFC is Thailand’s sole securities finance corporation (SFC). It was established to provide funding for securities companies and retail investors, aiming to develop and support Thailand’s securities and capital markets.

The company supports securities companies with money market loans and loans to brokers for margin transactions (LBMT). It also supports retail investors via credit balance financing (margin loans). As of September 2025, total loans were primarily composed of margin loans (83%) and loans to brokers (14%), with the remaining balance comprised other receivables.

Moderate business position

TSFC’s business position is assessed as “moderate”. The company consistently ranks among the top 10 margin loan providers in Thailand (eighth rank with THB1.9 billion outstanding loans as of June 2025). TSFC’s market share increased from 4.0% in September 2024 to 4.4% in September 2025. This market share growth resulted from TSFC experiencing a smaller year-on-year (y-o-y) decline in margin loans (-30.2%) compared to the overall market (-36.2%), as some brokers shifted more business to TSFC. Loans to brokers also decreased by 40% y-o-y to THB355 million (as of September 2025), in line with the industry’s drop of 52.6% y-o-y.

In August 2025, the Thai Securities and Exchange Commission (SEC) expanded the scope of other businesses for the SFC and securities firms, allowing them to utilize existing available resources for other securities-related businesses. Despite this change, TSFC will continue to focus on enhancing core businesses and services, while putting its interest in crowdfunding portal operations on hold.

For 2026, TSFC plans to add Depositary Receipt (DR) in its marginable list to capitalize on the DR market’s significant growth (76% CAGR in average daily trading volume from 2021 to September 2025). Its plan to launch margin loans for DRs is expected to help TSFC sustain a higher market share, which we project at 4.0%–4.5% during 2025–2027.

Most revenue generated from margin loans

TSFC’s interest income from margin loans constituted a significant 86% of its total revenue in the first nine months of 2025 (9M25). This concentration exposes the company to fluctuations in trading volumes and demand from retail investors. Interest income from loans to brokers accounted for 9% of total revenue, while fee-based income made up the remaining.

The company plans to expand its fee-based income by diversifying into new business areas. This includes partnering with a foreign AI company to refer and customize AI solutions for securities research for brokerage firms, generating both referral and service fees. These initiatives are scheduled to be implemented in 2026. While successful revenue diversification would be positive for TSFC's credit profile, results from these efforts remain to be observed.

Strong capital position as margin loans contracted

We continue to assess TSFC's capital position as "strong". As of the end of September 2025, TSFC's risk-adjusted capital (RAC) ratio improved significantly to 37.8% from 27.6% at the end of December 2024, driven by the sharp contraction of margin loans.

We project TSFC's 5-year average RAC ratio will remain at around 29% over the medium term, based on our expectation of growth in margin loans in 2026 and estimation of TSFC's sustained market share of around 4%. Our assessment also considers the company's conservative investment strategies and modest dividend payouts.

The company's net capital ratio (NCR) stood at 232%, which is well above the minimum regulatory requirement of 7%. The increase in the NCR was primarily due to the repayment of bank loans, which aligned with the declining balance of funding required for margin loans.

Strong risk position

We assess TSFC's risk position as "strong". TSFC's risk management policies are closely overseen by the Stock Exchange of Thailand (SET) through board representatives. The company maintains prudent risk control policies on credit underwriting through regular updating and grading of the marginable list using both quantitative and qualitative analysis, close monitoring of margin maintenance, and strict margin call enforcement. In addition, the company stress tests client margin portfolios using Value at Risk (VaR) to preemptively evaluate price risk on marginable securities. TSFC also closely controls the concentration risk of its marginable loans, including single-stock exposure, client exposure, and market concentration.

TSFC has maintained strong asset quality, with modest credit losses in recent years. As of September 2025, TSFC had reversed a 0.2% credit cost previously recorded in 2024 due to the completion of restructuring repayment. Its credit cost for 2024 and 9M25 remained below the industry average of 2.3% and 0.4%, respectively, for the same period.

TSFC's market risk is considered minimal. This is due to its small investment portfolio, which primarily includes low-risk government bonds and bank deposits for liquidity, aligning with its prudent investment policies. As of September 2025, investments made up 5% of total assets.

Modest profitability

TSFC's primary objective is to support capital market development, rather than competing directly with securities brokerage firms or maximizing profits. We thus project that TSFC's profitability will remain moderate, with margin loan balance expanding at a measured pace and the company's diversification into new segments remains gradual over the next few years.

We expect TSFC's five-year average ratio of earnings before taxes to risk-weighted assets (EBT/RWAs) to be in the range 0.5%-0.6% range in 2025–2027, similar to the level seen in 2024. This is likely to be driven mainly by better control over operating expenses, despite potentially narrowing interest spreads in line with declining market interest rate and stagnant loan growth.

The company's net profits rose 33.7% y-o-y in 9M25, driven by a reversal of provisions and lower operating expenses. This result outperforms the wider industry, which is still seeing a y-o-y decline in profits. The company's operating expenses to total income ratio increased to 57.1% in 9M25 from 55.1% in 9M24. This is caused by a decline in total

income as a result of lower margin loans and narrower interest spreads, despite the absence of one-time restructuring and relocation costs booked in 2024.

Moderate funding and liquidity profile

We assess the company's funding and liquidity position as "moderate", mainly due to reliance on short-term borrowings to finance long-term retail margin loans, resulting in asset-liability mismatches. While these mismatches are currently manageable, shifting to longer-term funding would strengthen its credit profile.

Liquidity is constrained by its reliance on short-term bank facilities and lack of support from the SET, its major shareholder. Nonetheless, available credit lines from various financial institutions increased to THB8.0 billion as of September 2025 from THB6.9 billion as of September 2024.

Base-Case Assumptions

TRIS Rating's base-case assumptions for TSFC's operations in 2025-2027 are as follows:

- Total loan portfolio around THB2.0-THB3.0 billion
- Interest spread to hover around 2%
- Ratio of operating expenses to total income at approximately 50%-60%

Rating Outlook

The "stable" outlook reflects our expectation that the company will maintain its capital position and its funding and liquidity profile as well as gradually improve its earnings capability.

Rating Sensitivities

TSFC's credit upside would materialize if the company were able to meaningfully diversify its revenue mix or exhibit stronger capital and earnings capability for a sustained period. On the contrary, the rating and/or outlook could be revised downward if market position or asset quality weakened significantly or capital, leverage, or earnings deteriorated materially for an extended period.

Company Overview

TSFC was founded in September 1996, with initial paid-up capital of THB1 billion, to develop the Thai capital market by providing securities-related financing. It commenced operations by lending excess funds through the money market and is the sole company licensed by the MOF to offer margin loan refinancing, loans against pledged securities, and securities repurchase agreements.

TSFC's original shareholders consisted of both public and private sector entities, including the MOF, GSB, KTB, SET, other commercial banks, finance companies, and securities companies. By June 2007, government-related entities held 26.9% of shares, commercial banks, finance companies, and securities companies held 44.4%, and the remaining 28.7% was managed by the Financial Institutions Development Fund (FIDF) after the 1997 financial crisis. TSFC's board, comprising shareholders' representatives, has provided expertise for policy and business development.

In 1997, TSFC introduced various loans for securities companies, including margin loan refinancing and loans under repurchase agreements, as part of a special project loan program during the Asian financial crisis.

By 2002, TSFC expanded its services to include secured securities underwriting with a Contingent Agreement to Purchase Letter (CAPL) for underwriters. In 2003, it launched credit balance financing, transferring brokers' margin accounts to its own to lower net capital reserve requirements.

The Thai stock market's recovery in 2003 led TSFC to build a substantial margin loan portfolio and introduce Employee Stock Option Program (ESOP) financing and loans for private placements (PP), initial public offerings (IPO), and public offerings (PO). TSFC also launched mutual fund guarantees and securities borrowing and lending (SBL) services. It provides securities underwriters with contingent agreements to purchase unsold securities portions and guarantees to mutual fund investors.

TSFC was greatly impacted by the Thai stock market crash in October 2008. On 20 March 2009, TSFC signed a debt restructuring agreement (DRA) with its major creditors. By 22 July 2009, TSFC raised THB1,016.7 million in new equity capital, fulfilling a key DRA condition. The SEC allowed TSFC to restart its margin loan business on 28 July 2009. After recapitalization, the SET became TSFC's largest shareholder with a 24.66% stake, followed by the MOF (10.56%), KTB (6.02%), and GSB (4.92%).

In July 2014, TSFC further strengthened its equity base by raising THB532 million through a private placement with the SET, the MOF, and GSB, increasing shareholders' equity to THB1,549 million. The SET's stake rose to 40.65%, with the MOF (10.56%) and GSB (9.5%) as other major shareholders. Additional shareholders included commercial banks (11.89%), securities companies (10.9%), asset management funds (9.7%), insurance companies (2.82%), and others (0.03%).

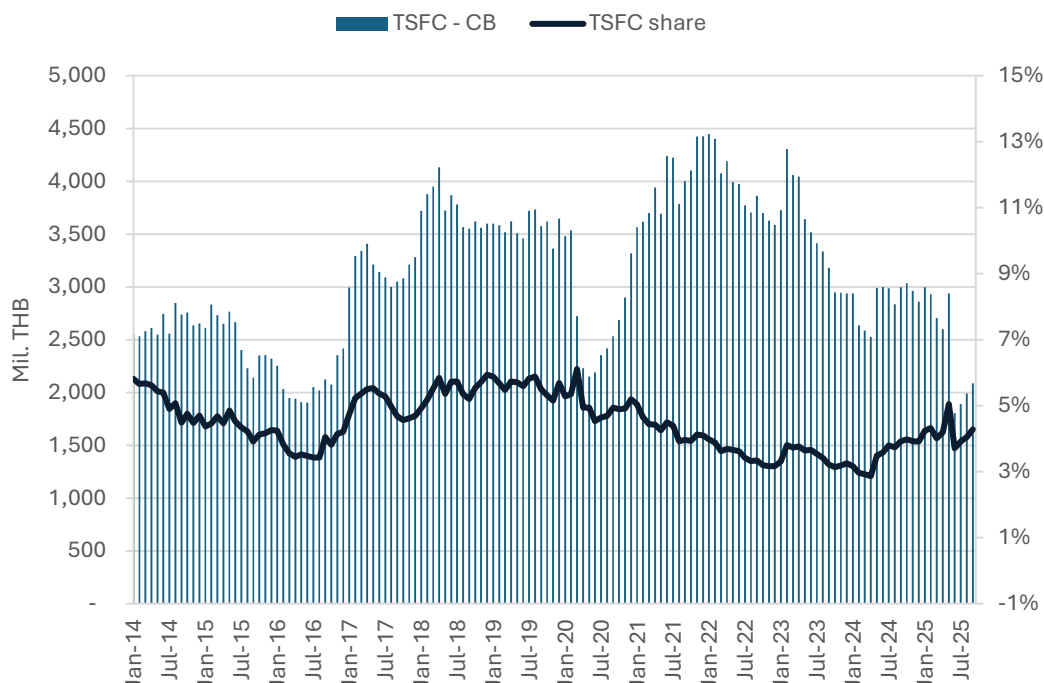
In the second half of 2014, TSFC resumed offering loans to securities companies. In 2017, it introduced LBMT and block trade financing to enhance liquidity for securities companies.

In December 2019, GSB increased its stake in TSFC to 19.25% from 9.50% by purchasing additional shares, totalling 29,812,018 shares.

As of September 2024, TSFC's major shareholders comprised the Stock Exchange of Thailand (40.7% of total shares), GSB (19.2%), MOF (10.6%), etc. Overall, 74.5% of the company's total equity was held by government-related entities, while the remaining 25.5% was held by private-sector organizations.

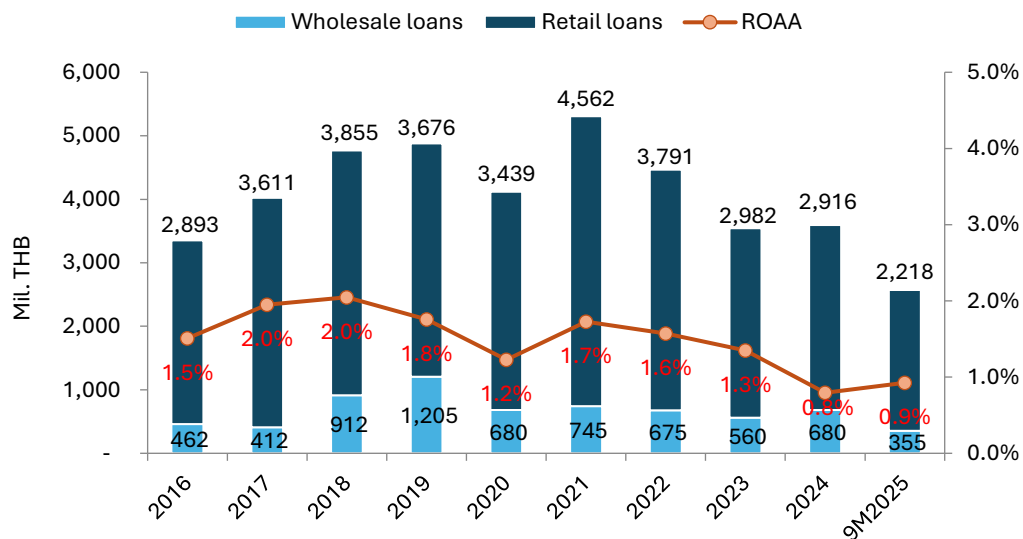
Key Operating Performance

Chart 1: TSFC's Margin Loans and Market Share after Recapitalization in 2014



Sources: 1) Stock Exchange of Thailand (SET)
2) TSFC
3) TRIS Rating's database

Chart 2: TSFC's Loan Mix and Returns on Average Assets (ROAA)



Source: TSFC

Financial Statistics and Key Financial Ratios

Unit: Mil. THB

	----- Year Ended 31 December -----				
	Jan-Sep 2025	2024	2023	2022	2021
Total assets	2,776	3,768	3,750	4,677	5,572
Total loans (ending gross receivables)	2,573	3,596	3,542	4,466	5,307
Allowance for doubtful accounts***	15	20	15	8	8
Short-term borrowings	740	1,780	1,779	2,495	3,533
Long-term borrowings	0	0	0	0	0
Shareholders' equity	1,905	1,900	1,899	1,887	1,857
Net interest income	97	155	183	195	201
Provision for bad debt and doubtful accounts**	(5)	5	7	0	0
Non-interest income	0	0	1	1	2
Operating expenses	74	112	105	96	93
Earnings before taxes	28	38	71	101	109
Net income	23	30	57	81	87

Unit: %

	----- Year Ended 31 December -----				
	Jan-Sep 2025	2024	2023	2022	2021
Profitability					
Net interest and dividend income/average assets	3.96 *	4.11	4.33	3.81	3.98
Fees and services income/average assets	0.01	0.00	0.00	0.01	0.01
Operating expenses/total income	57.08	51.95	41.37	37.26	37.11
Operating profit/average assets	1.16 *	1.00	1.69	1.97	2.16
Earnings before taxes/average risk-weighted assets	0.64 *	0.58	0.92	1.06	1.19
Return on average assets	0.92 *	0.79	1.35	1.57	1.73
Return on average equity	1.59 *	1.57	3.00	4.31	4.76
Asset Quality					
Non-performing loans/total loans	0.58	0.56	0.40	0.16	0.13
Provision for bad debts and doubtful accounts**/average loans	(0.22) *	0.15	0.18	0.00	0.00
Allowance for doubtful accounts***/total loans	0.59	0.56	0.42	0.17	0.14
Capitalization					
Risk-adjusted capital ratio	37.82	27.60	27.49	21.80	18.02
Debt/equity (times)	0.46	0.98	0.97	1.48	2.00
Funding and Liquidity					
Stable funding ratio	174.88	128.86	127.35	98.79	80.60
Liquidity coverage measure (times)	0.17	0.08	0.10	0.05	0.06
Short-term borrowings/total borrowings	100.00	100.00	100.00	100.00	100.00

* Annualized

** Expected credit losses under TFRS 9

*** Allowance for impairment losses under TFRS 9

Related Criteria

- Financial Institution Rating Methodology, 25 September 2024

TSFC Securities PLC (TSFC)

Company Rating:	BBB
Rating Outlook:	Stable

Rating History

Last Review Date: 19 December 2024

Date	Rating	Outlook/Alert
27-Dec-19	BBB	Stable
25-Nov-15	BBB-	Stable
04-Dec-14	BB+	Positive
26-Oct-12	BB+	Stable
15-Aug-12	BB+	Alert Developing
04-Feb-11	BB+	Positive
28-Jul-09	BB	Stable
17-Dec-08	D	-
16-Dec-08	C	Alert Negative
28-Nov-08	BB-	Alert Negative
07-Nov-08	BBB-	Alert Negative
04-Apr-05	A	Stable
12-Jul-04	A-	Positive
09-May-02	A-	-

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