

# PI SECURITIES PLC

No. 200/2023  
17 October 2023

## FINANCIAL INSTITUTIONS

**Company Rating:** BBB-  
**Outlook:** Negative

**Last Review Date:** 17/10/22

| Company Rating History: |        |               |
|-------------------------|--------|---------------|
| Date                    | Rating | Outlook/Alert |
| 22/10/18                | BBB-   | Stable        |

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## RATIONALE

TRIS Rating affirms the company rating on Pi Securities PLC (Pi) at “BBB-”. The rating outlook is revised to “negative” from “stable”, reflecting the outlook of its parent company, Country Group Holdings PLC (CGH). As a core subsidiary of CGH, the rating and outlook of Pi is equivalent to the company rating and outlook of CGH (rated “BBB-/negative”) according to TRIS Rating’s “Group Rating Methodology”.

## KEY RATING CONSIDERATIONS

### A core subsidiary of CGH

TRIS Rating assesses Pi as a core subsidiary of CGH. Pi is 99.3% owned by CGH and is the key operating subsidiary of the group. The company contributed 88.8% of CGH’s revenue in the first half of 2023 (1H23) and 98.4% in 2022. Pi’s business and risk management policies are determined and closely monitored by CGH via board representatives. CGH also oversees the group funding and investment strategy.

We believe Pi will remain a core subsidiary of CGH in the foreseeable future. The continuous expansion of Pi’s existing business and new initiatives such as the Pi Financial application should help the company continue to contribute significant earnings and strengthen its importance to the group.

### Decent retail market shares

Pi has retained its market positions in terms of revenue share in the securities brokerage business and has continued to improve its revenue share in the derivatives brokerage business. The company’s revenue share of the securities brokerage business stood at 2.6% in 2022 and 2.5% in 1H23, a slight decline from 2.7% in 2021. This was mainly the result of a sharp fall in the market’s retail brokerage volume which accounted for around 95% of Pi’s total turnover.

Nevertheless, Pi has maintained its first-rank revenue market share in the derivatives brokerage business in terms of revenue since 2019. In 1H23, its share stood at 18.4%, an increase from 16.0% in 2022 and 14.5% in 2021.

Brokerage revenue declined 11% year-on-year (y-o-y) in 2022 and 13% y-o-y in 1H23. This was mainly as a result of a sharp decline in retail market turnover which accounted for around 95% of Pi’s total turnover. Market’s retail segment volume declined 32% y-o-y and 42% y-o-y respectively in 2022 and 1H23 which is higher compared to the total market turnover reduction of 17% y-o-y and 31% y-o-y respectively.

In the fourth quarter of 2023 (4Q23), Pi is launching Pi Financial, an all-in-one investment application for all asset classes including traditional financial instruments and other financial assets. The application should enhance the company’s competitiveness in the brokerage business, strengthen its financial performance, and meet the expectations and strategic objectives of the group.

### Constant financial support

The company’s core group status is reinforced by the consistent financial support it receives from the group. CGH provided funding for the company in the form of subordinated debentures totaling THB595 million at the end of June 2023. The company also had credit facilities from various financial

institutions to support its operations. At the end of June 2023, the company had access to credit facilities totaling THB1.6 billion, around 70% of which were available.

**BASE-CASE ASSUMPTIONS**

TRIS Rating’s base-case assumption is that Pi will remain a core subsidiary of CGH.

**RATING OUTLOOK**

The “negative” outlook reflects the outlook of the rating on CGH and our expectation that Pi will maintain its status as a core subsidiary of CGH and will continue to contribute significant revenues and profit to the group.

**RATING SENSITIVITIES**

The rating and/or outlook on Pi could be revised upward or downward should there be any changes in CGH’s credit profile or if there are any changes in our view on Pi’s group status to CGH.

**COMPANY OVERVIEW**

Pi (previously known as CGS) has been granted licenses to offer a full range of services in the securities industry. The company was originally registered under the name “Adkinson Enterprise Co., Ltd.” in 1966. The company changed its name to “Adkinson Securities Co., Ltd.” in 1979, was converted to a public company in 1994, and became “Country Group Securities PLC” (CGS) in 2009.

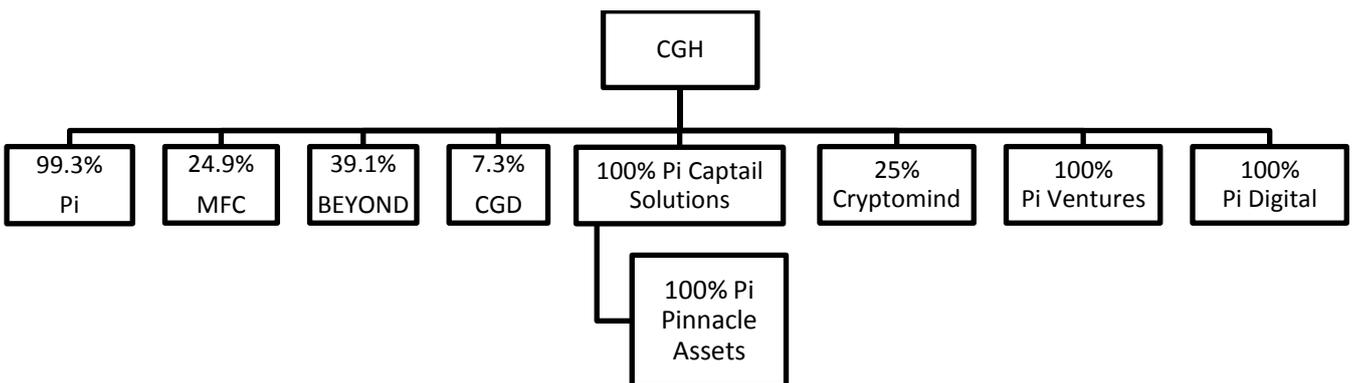
In 2006, the company’s shareholding structure changed significantly. The controlling shareholders changed from the Kewkacha family to the Taechaubol family. The Kewkacha family continues to hold some shares but has left management of the company to the Taechaubol family. As of May 2014, the Taechaubol family held 18.3% of the company’s outstanding shares.

In 2014, CGH was established as a holding company, making a tender offer for all shares of CGS effective on 8 January 2014.

In 2016, CGS sold some of its retail brokerage business to UOB Kay Hian Securities (Thailand) PLC. The company then received a permit from the Securities and Exchange Commission (SEC) to commence its private fund management business in June 2017.

In 2022, CGS changed its name to “Pi Securities PLC”.

**CGH Group Structure as of June 2023**



**FINANCIAL STATISTICS AND KEY FINANCIAL RATIOS**
*Unit: Mil. THB*

|                                                                           | Jan-Jun<br>2023 | -----Year Ended 31 December ----- |       |       |       |
|---------------------------------------------------------------------------|-----------------|-----------------------------------|-------|-------|-------|
|                                                                           |                 | 2022                              | 2021  | 2020  | 2019  |
| Total assets                                                              | 5,281           | 4,810                             | 4,764 | 5,831 | 4,540 |
| Net Investment in securities                                              | 1,678           | 1,537                             | 1,556 | 2,548 | 1,921 |
| Total securities business receivables<br>and accrued interest receivables | 1,884           | 1,884                             | 2,175 | 2,461 | 2,266 |
| Allowance for doubtful accounts                                           | 368             | 384                               | 409   | 409   | 369   |
| Total debts                                                               | 1,095           | 992                               | 947   | 1,220 | 863   |
| Shareholders' equity                                                      | 2,054           | 2,119                             | 2,075 | 1,926 | 1,946 |
| Net securities business income                                            | 537             | 1,111                             | 1,276 | 941   | 758   |
| Total income                                                              | 723             | 1,462                             | 1,657 | 1,293 | 958   |
| Operating expenses                                                        | 606             | 1,072                             | 1,075 | 795   | 591   |
| Interest expenses                                                         | 40              | 65                                | 78    | 106   | 26    |
| Net income                                                                | (61)            | 45                                | 155   | 116   | 138   |

*Unit: %*

|                                                                          | Jan-Jun<br>2023 | -----Year Ended 31 December ----- |       |      |      |
|--------------------------------------------------------------------------|-----------------|-----------------------------------|-------|------|------|
|                                                                          |                 | 2022                              | 2021  | 2020 | 2019 |
| <b>Profitability</b>                                                     |                 |                                   |       |      |      |
| Brokerage fees/total revenues                                            | 73.2            | 79.1                              | 78.4  | 75.9 | 57.8 |
| Fees and services income/total revenues                                  | 8.1             | 8.4                               | 9.5   | 8.0  | 14.8 |
| Gain (loss) from trading/total revenues                                  | 4.4             | 1.8                               | 1.9   | 0.2  | 14.0 |
| Operating expenses/net revenues                                          | 88.6            | 76.7                              | 68.1  | 67.0 | 63.5 |
| Pre-tax margin                                                           | (8.3)           | 4.7                               | 13.6  | 10.3 | 19.2 |
| Return on average assets                                                 | (2.4) *         | 0.9                               | 2.9   | 2.2  | 2.9  |
| Earning before taxes/risk-weighted assets                                | (1.4) *         | 0.8                               | 2.3   | 1.3  | 1.9  |
| <b>Asset Quality</b>                                                     |                 |                                   |       |      |      |
| Classified receivables/gross securities business<br>receivables          | 20.7            | 21.6                              | 19.8  | 17.5 | 17.1 |
| Allowance for doubtful accounts/gross securities<br>business receivables | 19.6            | 20.4                              | 18.8  | 16.6 | 16.3 |
| Credit costs (reversal)                                                  | (0.2) *         | (0.4)                             | 0.4   | 2.2  | 0.5  |
| <b>Capitalization</b>                                                    |                 |                                   |       |      |      |
| Leverage ratio                                                           | 43.2            | 43.2                              | 40.4  | 31.1 | 39.8 |
| Risk-adjusted capital                                                    | 23.9            | 25.5                              | 22.0  | 17.8 | 20.5 |
| <b>Funding and Liquidity</b>                                             |                 |                                   |       |      |      |
| Gross stable funding ratio                                               | 91.6            | 105.9                             | 111.7 | 77.7 | 98.6 |
| Liquidity coverage metric                                                | 0.7             | 1.0                               | 1.0   | 0.7  | 0.7  |

*\* Annualized*
**RELATED CRITERIA**

- Group Rating Methodology, 7 September 2022

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Pi Securities PLC (Pi)

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|                        |          |
|------------------------|----------|
| <b>Company Rating:</b> | BBB-     |
| <b>Rating Outlook:</b> | Negative |

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**TRIS Rating Co., Ltd.**

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