

Srisawad Corporation (SAWAD TB)

Guides A Gradual Decrease In Credit Costs QOQ In 2026

Highlights

- Neutral tone during the analyst meeting.
- We expect to see a decrease in opex in 2026.
- Maintain BUY with an unchanged target price of Bt35.00.

Analysis

- **Neutral tone during the analyst meeting.** We attended Srisawad Corporation's (SAWAD) analyst meeting on 2 Mar 26 and came away with a neutral view. Management set a loan growth target of 10-15% in 2026.
- **Guides to see a gradual decrease in credits cost qoq.** Management guides that credit costs should decline yoy and qoq throughout 2026. Meanwhile, SAWAD reckons a reduction in credit costs to 180bp in 2026 is possible. SAWAD set a credit cost target of 180-200bp in 2026.
- **4Q25 credit costs saw a normal fluctuation qoq.** The increase in credit costs in 4Q25 was a normal fluctuation in quarterly movement according to management. SAWAD also set provisions for flooding in Hat Yai in 4Q25. However, SAWAD is not concerned about the qoq increase in credit costs and guides for a lower qoq credit cost going forward in 2026.
- **Aims to slow down branch expansion but confident in achieving loan growth target.** Management set a loan growth target of 10-15% in 2026, mainly in auto-title loans. SAWAD reported total branches of 5,800 at the end of 4Q25 (+95 branches yoy in 2025). SAWAD guides for a slower rate of expansion in 2026. Management addressed that the slower branch expansion does not mean softened loan growth. SAWAD is quite confident in achieving the loan growth target of 10-15% in 2026, accelerating seasonally in late-26.
- **Expects to see a drop in opex.** Due to the slower branch expansion, SAWAD expects to see a decline in opex in 2026. Management guides a freeze on the labour force, with no replacement of exiting staff.
- **Maintains semi-annual dividend payment.** SAWAD announced a dividend payment of Bt0.35 per share, with the XD date on 7 May 26. Including the interim dividend of Bt0.35, the total dividend payment for 2025's operations would be Bt0.70 per share, translating to a dividend payout of 23.2% in 2025. SAWAD will continue with a semi-annual dividend scheme going forward. However, we should not expect a share buyback programme from SAWAD.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net interest income	14,846.1	13,593.4	14,334.3	15,408.6	16,208.4
Non-Interest Income	3,018.6	2,835.4	3,008.3	2,954.1	2,932.6
Net profit (rep./act.)	5,051.3	5,020.5	5,455.6	5,855.2	6,257.8
Net profit (adj.)	5,051.3	5,020.5	5,455.6	5,855.2	6,257.8
EPS (Bt)	3.2	3.0	3.3	3.5	3.8
PE (x)	8.2	8.8	8.1	7.5	7.0
P/B (x)	1.3	1.2	1.0	1.0	0.8
Dividend yield (%)	0.1	2.7	2.7	2.6	2.7
Net int margin (%)	15.1	14.2	14.7	15.0	15.0
Cost/income Ratio (%)	52.2	47.7	47.4	47.2	47.0
Loan loss cover (%)	67.0	58.7	59.0	58.0	58.0
Consensus net profit	n.a	n.a	5,489.0	6,094.7	6,426.8
UOBKH/Consensus (x)	n.a	n.a	1.0	1.0	1.0

Source: Srisawad Corp, Bloomberg, UOB Kay Hian

BUY (Maintained)

Share Price	Bt26.50
Target Price	Bt35.00
Upside	32.08%

Analyst(s)

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Stock Data

GICS sector	Financials
Bloomberg ticker:	SAWAD TB
Shares issued (m):	1,661.5
Market cap (Bt\$m):	44,029.9
Market cap (US\$m):	1,400.2
3-mth avg daily t'over (US\$m):	10.0

Price Performance (%)

52-week high/low					Bt31.5/Bt14.9
1mth	3mth	6mth	1yr	YTD	
8.2	(0.9)	1.0	(15.5)	3.9	

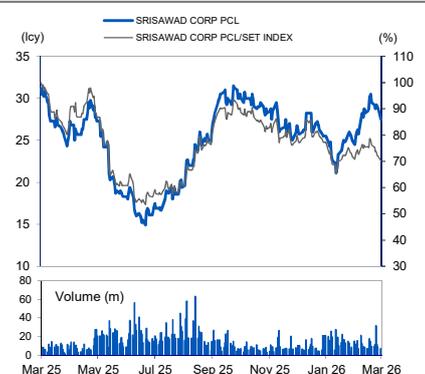
Major Shareholders

	%
Thida Kaewbootta	16.18
UBS AG Singapore Branch	11.74
Duangchai Kaewbootta	8.14

Balance Sheet Metrics

	%
FY26 NAV/Share (XX\$)	25.2
FY26 Net Debt/Share (XX\$)	n.a

Price Chart



Source: Bloomberg

Company Description

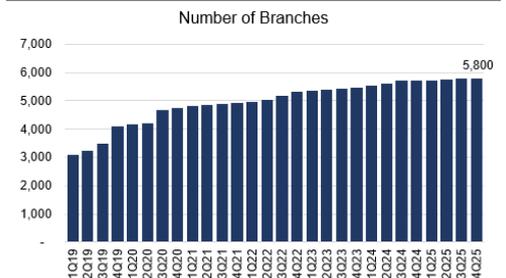
The company provides unsecured financial products, credit card products and services, and personal loans to consumers in Thailand.

- **4Q25 results recap.** SAWAD reported 4Q25 earnings of Bt1.33b, up 8% yoy and flat qoq. The results beat our and consensus estimates by 10% and 5%, respectively. Excluding provision expenses, the company's pre-provision operating profit increased 13% yoy and 2% qoq in 4Q25. Net profit in 2025 was Bt5b, down 0.6% yoy.

4Q25 Results Recap					
Year to 31 Dec (Btm)	4Q25	3Q25	4Q24	qoq chg (%)	yoy chg (%)
Total gross loans	94,964	93,831	96,103	1.2	(1.2)
Net interest income	3,435	3,408	3,507	0.8	(2.0)
Non-interest income	692	764	740	(9.4)	(6.4)
Loan loss provision	(551)	(470)	(402)	17.3	36.9
Non-Interest Expenses	(1,850)	(1,932)	(2,225)	(4.3)	(16.9)
Pre-provision operating profit	2,278	2,240	2,022	1.7	12.7
Net income	1,329	1,323	1,225	0.4	8.4
EPS (Bt)	0.80	0.80	0.78	0.4	2.8
Ratio (%)					
NPL ratio (%)	3.9	3.9	3.6		
Loan loss coverage ratio (%)	58.7	62.4	67.0		
Net interest margin (NIM %)	14.7	14.7	14.5		
Credit cost (bp)	241	208	170		
Cost to income (%)	44.8	46.3	52.4		
Number of network store	5,800	5,789	5,695		
Baseline Total Loans/Store	16.2	16.0	16.7		

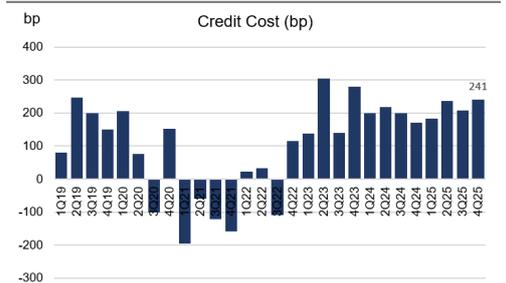
Source: SAWAD, UOB Kay Hian

Number Of Branches (4Q25)



Source: SAWAD, UOB Kay Hian

Credit Cost (bp)



Source: SAWAD, UOB Kay Hian

Valuation/Recommendation

- **Maintain BUY with an unchanged target price of Bt35.00.** SAWAD's target price is based on the Gordon Growth Model (cost of equity: 13%, long-term growth: 3%). Our target price implies 1.4x 2026F P/B, which is slightly below -0.5SD to its five-year mean.

Earnings Revision/Risk

- We fine-tune SAWAD's 2026-28 earnings forecasts by -0.1%, -0.2%, and -0.3%, respectively.

Share Price Catalyst

- A brighter credit cost and NPL outlook due to Thailand's economic recovery.

Environment, Social, Governance (ESG) Updates

CG Report: 5

SET ESG Rating: AA

Environmental

- **Reducing greenhouse gas emissions to zero (net zero emissions).** Committed to net zero greenhouse gas emissions by 2050, in line with the Paris Agreement.

Social

- Creates access to financial services and provides financial knowledge.
- Ensures security and privacy of customers' information.
- Respect for human rights and diversity.

Governance

- Upholds the principles of good governance and provides fair service to customers.
- Complies with the regulations required by authorities in the country.

PE Band



Source: UOB Kay Hian

P/B Band



Source: UOB Kay Hian

Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Interest income	16,459	17,002	17,702	18,408
Interest expense	(2,866)	(2,668)	(2,294)	(2,200)
Net interest income/(expense)	13,593	14,334	15,409	16,208
Fees & Commissions	2,835	3,008	2,954	2,933
Income From Insurance	0	0	0	0
Net Trading Income	0	0	0	0
Other Income	0	0	0	0
Non-Interest Income	2,835	3,008	2,954	2,933
Total Income	16,429	17,343	18,363	19,141
Staff Costs	(7,835)	(8,227)	(8,668)	(8,987)
Other Operating Expense	0	0	0	0
Pre-Provision Profit	8,594	9,116	9,695	10,154
Loan Loss Provision	(1,978)	(1,871)	(1,920)	(1,844)
Other Provisions	0	0	0	0
Associated Companies	0	0	0	0
Other Non-Operating Income	0	0	0	0
Pre-tax profit	6,617	7,245	7,775	8,310
Tax	(1,347)	(1,449)	(1,556)	(1,662)
Minorities	(250)	(340)	(365)	(390)
Net profit	5,020	5,456	5,855	6,258
Net profit (adj.)	5,020	5,456	5,855	6,258

Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Cash With Central Bank	6,046	4,955	5,215	5,484
Govt Treasury Bills & Securities	0	0	0	0
Interbank Loans	0	0	0	0
Customer Loans	92,850	97,706	102,889	108,183
Investment Securities	0	0	0	0
Derivative Receivables	0	0	0	0
Associates & JVs	0	0	0	0
Properties & Other Fixed Assets	687	211	106	84
Goodwill & Intangible Assets	2,712	2,791	2,873	2,958
Other Assets	5,379	5,573	5,773	5,978
Insurance Fund	0	0	0	0
Investment Assets	0	0	0	0
Total assets	107,674	111,237	116,856	122,686
Interbank Deposits	0	0	0	0
Customer Deposits	14,937	13,364	10,012	8,956
Bills Payable	1,476	1,484	1,567	1,671
Derivative Payables	0	0	0	0
Debts Securities Issued	0	0	0	0
Subordinated Debts	47,466	48,709	53,122	55,043
Other Liabilities	3,036	2,973	3,129	3,290
Insurance Fund Liabilities	0	0	0	0
Total liabilities	66,915	66,530	67,830	68,960
Shareholders' funds	37,454	41,741	46,424	51,515
Minority interest	3,305	2,965	2,601	2,211
Total Equity & Liabilities	107,674	111,236	116,856	122,686

Operating Ratios

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Capital Adequacy				
Total Assets/Equity	3	3	3	2
Tangible Assets/Tangible Common Equity	3	3	3	2
Asset Quality				
NPL Ratio	4	4	4	4
Loan Loss Coverage	59	59	58	58
Loan Loss Reserve/Gross Loans	1	1	0	0
Increase in NPLs	8	5	5	5
Credit Cost (bp)	209	194	189	172
Liquidity				
Loan/Deposit Ratio	n.a.	n.a.	n.a.	n.a.
Liquid Assets/Short-Term Liabilities	37	33	45	52
Liquid Assets/Total Assets	6	4	4	4

Key Metrics

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Growth				
Net Interest Income, yoy Chg	(8)	5	7	7
Fees & Commissions, yoy Chg	(6)	6	(2)	(2)
Pre-Provision Profit, yoy Chg	1	6	6	6
Net Profit, yoy Chg	(1)	9	7	7
Customer Loans, yoy Chg	(1)	5	5	5
Profitability				
Net Interest Margin	14	15	15	15
Cost/Income Ratio	48	47	47	47
Adjusted ROA	5	5	5	5
Reported ROE	14	14	13	13
Adjusted ROE	14	14	13	13
Valuation				
P/BV	1	1	1	1
P/NTA	1	1	1	1
Adjusted P/E	9	8	8	7
Dividend Yield	3	3	3	3

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