Srisawad Corporation (SAWAD TB)

Strong Loan Growth Momentum To Persist In 4Q26

Highlights

- Neutral tone during its analyst meeting.
- Enjoying the honeymoon period for the “lock phone” business.
- Maintain BUY with a target price of Bt35.00.

Analysis

- **A neutral tone during the analyst meeting.** We attended Srisawad Corporation’s (SAWAD) analyst meeting on 18 Nov 26 and came away with a neutral view. Management guided that the portfolio quality should be healthy in 4Q26 as debt collection remains on track.
- **Impressive loan growth due to the seasonality.** In 2Q26’s meeting, SAWAD maintained its loan growth target of 10-15% for 2026. The company reported a loan expansion of 4% yoy and 2% qoq. Management guided that the loan portfolio in 4Q26 should grow at a similar rate to 3Q26 due to the seasonality of high demand in 3Q and 4Q. Therefore, we maintain our loan growth forecast of 4.4% yoy in 2026 and expect the company to miss its 2026 loan growth target. Meanwhile, management guided that the company would maintain a cautious lending policy by focusing on collateral lending.
- **Room to decrease opex without branch closure policy.** For branch expansion, SAWAD will focus more on efficiency rather than the number of openings. Management guides for branch expansion of around 100 branches in 2026. Meanwhile, the company opened 38 branches in 9M26. The company guided that branch expansion should be slower than in the past. However, the company does not yet have a branch closure policy.
- **Guidance for a decrease in funding costs till early-27.** The company guided that there is more room for the cost of funds to decline. SAWAD will see its cost of funds decline due to a change in its source of funds. Management guided for repricing costs to continue. We should see a reduction in funding costs in 4Q26 and a further decline in early-27 due to maturing debentures awaiting refinancing at a lower cost.
- **Strong lending momentum in “lock phone”.** The development of this business has been quite impressive in 9M26, though it has not yet made a significant contribution. In 2Q26, management guided for new lending amounting to Bt6b in 2026. In 3Q26’s meeting, management said new lending in locked phones has already reached the target of Bt6b. The ending balance of Bt1b in 2026 is expected to be achieved.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net interest income	14,846.1	13,593.4	14,410.1	15,490.1	16,306.0
Non-Interest Income	3,018.6	2,835.4	2,893.1	2,915.7	2,881.4
Net profit (rep./act.)	5,051.3	5,020.5	5,558.0	5,925.1	6,326.1
Net profit (adj.)	5,051.3	5,020.5	5,558.0	5,925.1	6,326.1
EPS (Bt)	3.2	3.0	3.4	3.6	3.8
PE (x)	7.0	7.4	6.7	6.2	5.8
P/B (x)	1.1	1.0	0.9	0.8	0.7
Dividend yield (%)	0.1	2.8	3.3	3.3	3.6
Net int margin (%)	15.1	14.2	14.8	15.2	15.2
Cost/income Ratio (%)	52.2	47.7	42.6	42.4	42.1
Loan loss cover (%)	67.0	58.7	61.0	62.0	60.0
Consensus net profit	n.a	n.a	5,537.8	6,022.8	6,637.9
UOBKH/Consensus (x)	n.a	n.a	1.0	1.0	1.0

Source: Srisawad Corporation, Bloomberg, UOB Kay Hian

Analyst(s)

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BUY (Maintained)

Share Price	Bt22.00
Target Price	Bt35.00
Upside	59.1%

Stock Data

Sector	Financials
Bloomberg ticker	SAWAD TB
Shares issued (m)	1,661.5
Market cap (Btm)	37,383.9
Market cap (US$m)	1,141.7
3-mth avg daily t’over (US$m)	11.0

Price Performance (%)

52-week high/low				Bt31.5/Bt14.9
1mth	3mth	6mth	1yr	YTD
0.4	(14.3)	(18.2)	(17.5)	(11.8)

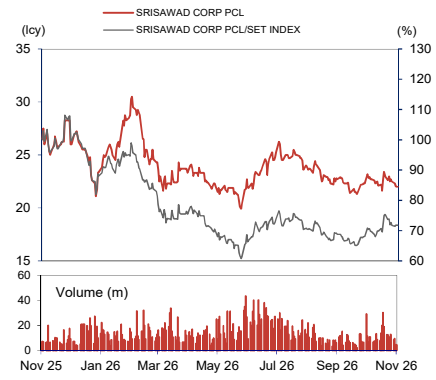
Major Shareholders (%)

Thida Kaewbootta	16.18
UBS AG Singapore Branch	11.74
Duangchai Kaewbootta	8.14

Balance Sheet Metrics

FY26 NAV/Share (Bt)	25.2
FY26 Net Debt/Share (Bt)	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.

- **Enjoying the honeymoon period for the "lock phone" business.** For the locked phone business, the loan yield is 25-30% p.a. with a tenor of around 12 months, and in some cases, 18 months. This business operates under hire purchase contracts. The company always requires a down payment of 20-30%, resulting in a loan-to-value of 70-80%. The NPL ratio is currently quite low at less than 1%. In 2Q26's meeting, management expected to lend Bt6b-7b in 2027, or around Bt600m monthly. However, management did not guide for a specific figure in 2027 as it is evaluating the business and outlook. In addition, the company does not expect this honeymoon period of high yields and low levels of bad debt to last forever. Meanwhile, there is an overhang regarding potential future regulation.

3Q26 Results Recap

Year to 31 Dec (Btm)	3Q26	2Q26	3Q25	qoq%	yoy%
Total gross loans	97,840	95,805	93,831	2.1	4.3
Net interest income	3,624	3,488	3,408	3.9	6.3
Non-interest income	799	666	764	19.9	4.6
Loan loss provision	(655)	(476)	(470)	37.6	39.4
Non-Interest Expenses	(1,769)	(1,758)	(1,932)	0.6	(8.4)
Pre-provision operating profit	2,654	2,396	2,240	10.8	18.4
Net income	1,432	1,401	1,323	2.2	8.2
EPS (Bt)	0.86	0.84	0.80	2.2	8.2
Ratio (%)					
NPL ratio (%)	4.0	4.0	3.9		
Loan loss coverage ratio (%)	60.5	57.1	62.4		
Net interest margin (NIM %)	15.1	14.8	14.7		
Credit cost (bp)	278	205	208		
Cost to income (%)	40.0	42.3	46.3		

Source: Srisawad Corporation, UOB Kay Hian

Valuation/Recommendation

- **Maintain BUY with a target price of Bt35.00.** The target price is based on the Gordon Growth Model (cost of equity: 13%, long-term growth: 3%). Our target price implies 1.3x 2027F P/B, which is -0.5SD to its five-year mean.

Earnings Revision/Risk

- No earnings revision.

Share Price Catalyst

- A brighter credit cost and NPL outlook due to better economic recovery.
- A higher dividend payout ratio.

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.

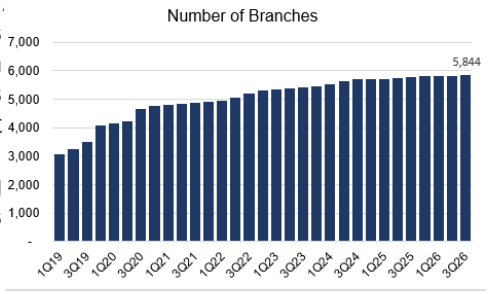
Social

- Create access to financial services and provide financial knowledge.
- Ensure security and privacy of customers' information.
- Respect for human rights and diversity.

Governance

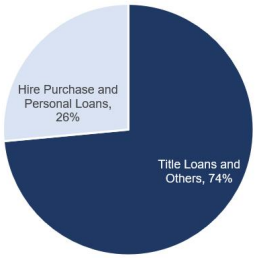
- Uphold the principles of good governance and provide fair service to customers.
- Comply with the regulations required by authorities in the country.
- Strengthening the credit review process with respect to ESG aspects.

Number Of Branches (3Q26)



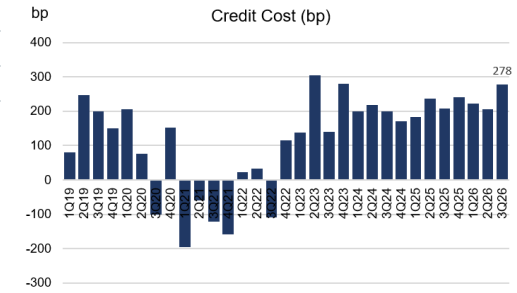
Source: SAWAD, UOB Kay Hian

Loan Composition (3Q26)



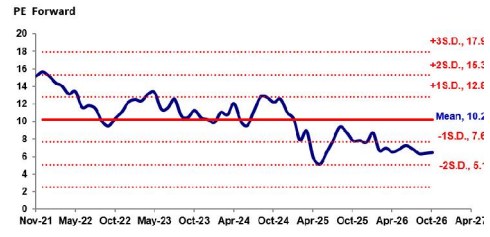
Source: SAWAD, UOB Kay Hian

Credit Cost (bp)



Source: SAWAD, UOB Kay Hian

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	16,941	17,774	18,510
Interest expense	(2,866)	(2,531)	(2,284)	(2,204)
Net interest income/(expense)	13,593	14,410	15,490	16,306
Fees & Commissions	2,835	2,893	2,916	2,881
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	2,893	2,916	2,881
Total Income	16,429	17,303	18,406	19,187
Staff Costs	(7,835)	(7,373)	(7,795)	(8,078)
Other Operating Expense	0	0	0	0
Pre-Provision Profit	8,594	9,930	10,611	11,110
Loan Loss Provision	(1,978)	(2,210)	(2,402)	(2,346)
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**	**7,720**	**8,209**	**8,764**
Tax	(1,347)	(1,594)	(1,642)	(1,753)
Minorities	(250)	(568)	(642)	(685)
Net profit	**5,020**	**5,558**	**5,925**	**6,326**
Net profit (adj.)	5,020	5,558	5,925	6,326

Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Cash With Central Bank	6,046	4,913	5,178	5,451
Govt Treasury Bills & Securities	0	0	0	0
Interbank Loans	0	0	0	0
Customer Loans	92,850	96,777	101,957	107,416
Investment Securities	0	0	0	0
Derivative Receivables	0	0	0	0
Associates & JVs	0	0	0	0
Properties & Other Fixed Assets	687	370	109	74
Goodwill & Intangible Assets	2,712	3,712	3,843	3,979
Other Assets	5,379	5,462	5,652	5,847
Insurance Fund Investment Assets	0	0	0	0
Total assets	**107,674**	**111,234**	**116,739**	**122,767**
Interbank Deposits	0	0	0	0
Customer Deposits	14,937	13,688	10,444	9,830
Bills Payable	1,476	1,471	1,556	1,661
Derivative Payables	0	0	0	0
Debts Securities Issued	0	0	0	0
Subordinated Debts	47,466	48,299	52,740	54,712
Other Liabilities	3,036	2,948	3,107	3,271
Insurance Fund Liabilities	0	0	0	0
Total liabilities	66,915	66,407	67,847	69,474
Shareholders' funds	37,454	41,353	46,060	51,146
Minority interest	3,305	3,474	2,832	2,147
Total Equity & Liabilities	107,674	111,234	116,739	122,766

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	3
Asset Quality				
NPL Ratio	4	4	4	4
Loan Loss Coverage	59	61	62	60
Loan Loss Reserve/Gross Loans	1	1	1	0
Increase in NPLs	8	5	5	5
Credit Cost (bp)	209	230	238	221
Liquidity				
Liquid Assets/Short-Term Liabilities	37	32	43	47
Liquid Assets/Total Assets	6	4	4	4

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Growth				
Net Interest Income, yoy Chg	(8)	6	8	5
Fees & Commissions, yoy Chg	(6)	2	1	(1)
Pre-Provision Profit, yoy Chg	1	16	7	5
Net Profit, yoy Chg	(1)	11	7	7
Customer Loans, yoy Chg	(1)	4	5	5
Profitability				
Net Interest Margin	14	15	15	15
Cost/Income Ratio	48	43	42	42
Adjusted ROA	19	20	21	21
Reported ROE	13	13	13	12
Adjusted ROE	13	13	13	12
Valuation				
P/BV	1	1	1	1
P/NTA	1	1	1	1
Adjusted P/E	7	7	6	6
Dividend Yield	3	3	3	4

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