Srisawad Corporation (SAWAD TB)

3Q26: Results In Line With Consensus; Credit Costs Jump QOQ

Highlights

- SAWAD reported a net profit of Bt1.43b in 3Q26, up 8% yoy and 2% qoq.
- Increased buffer by adding provisions in 3Q26.
- Maintain BUY with an unchanged target price of Bt35.00.

3Q26 Results

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

Analysis

- **3Q26: Results in line with consensus.** Srisawad Corporation (SAWAD) reported 3Q26 earnings of Bt1.43b, up 8% yoy and 2% qoq. The results were in line with consensus estimates but beat our forecasts by 9% due to the lower-than-expected operating expenses (opex). Excluding provision expenses, the company's pre-provision operating profit increased by 18% yoy and 11% in 3Q26.
- **Loan portfolio grew yoy and qoq.** SAWAD's outstanding loan portfolio grew 4% yoy and 2% qoq at Bt97.8b in 3Q26. SAWAD had 5,815 branches as of end-2Q26. In 9M26, the loan portfolio grew only 3% yoy. Meanwhile, SAWAD set a 2026 loan growth target of 10-15%. Although we have seen some expansion in its loan portfolio in 9M26, we expect SAWAD to miss its 2026 loan growth target due to the company's need to be continuously prudent in its lending policy to preserve good asset quality.

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	Bt22.30
Target Price	Bt35.00
Upside	57.0%

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)

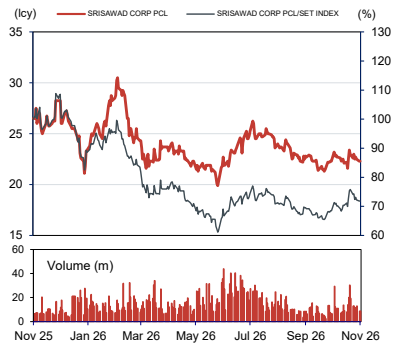
Major Shareholders (%)

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.

- **Maintained a relatively stable opex qoq.** SAWAD reported opex of Bt1.77b in 3Q26 (-8% yoy, +1% qoq). This was lower than our forecast by 10%, as we expected to see a qoq increase in opex. SAWAD disclosed that the opex remains quite stable qoq due to the reductions across major expense categories, including marketing expenses and losses on the sale of foreclosed assets, reflecting continued cost management efficiency and the effects of the branch restructuring carried out since the prior year.
- **Strong recovery momentum in foreclosed asset management.** SAWAD reported a loss on the sale of foreclosed assets of Bt39m in 3Q26, which stayed at a low level comparable to that of 2Q26. In 9M26, losses totalled Bt1/6m, representing a 71% yoy decrease, demonstrating the better loan portfolio quality and efficient foreclose asset management procedures. This performance continues the positive trajectory observed since 2025, driven by ongoing enhancements in loan portfolio quality.
- **Credit costs increased qoq from adding buffer.** SAWAD's provision expenses increased 39% yoy and 38% qoq in 3Q26. This resulted in the company's credit costs increasing by 70bp yoy and 73bp qoq to 278bp in 3Q26. NPL ratio stablised qoq at 4.0% in 3Q26. Loan-loss coverage ratio rose 3.4ppt qoq from 57.1% in 2Q26 to 60.5% in 3Q26. The company said the increase in provisioning was to support the expansion of the title loan portfolio, which grew at a faster pace this quarter.

Valuation/Recommendation

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

Earnings Revision/Risk

- We fine-tune SAWAD's 2026-28 earnings forecasts by +2.7%, +1.5% and +1.2%, respectively, to reflect the decent 3Q26 earnings.

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.

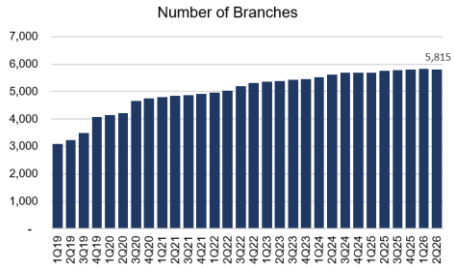
Social

- 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 (2Q26)



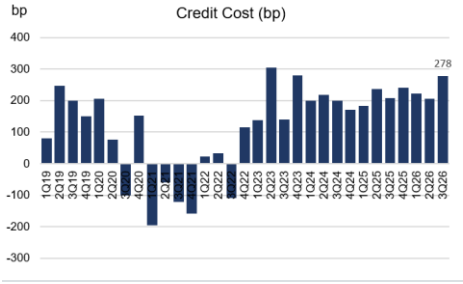
Source: SAWAD, UOB Kay Hian

Loan Composition (3Q26)



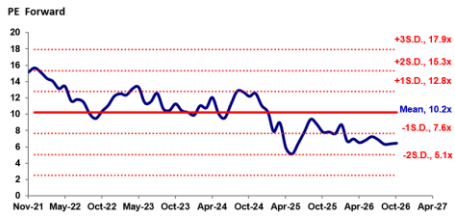
Source: SAWAD, UOB Kay Hian

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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