

# SRISAWAD CAPITAL 1969 PLC

No. 96/2024  
4 June 2024

## FINANCIAL INSTITUTIONS

Company Rating:	BBB+
Issue Ratings:	
Senior unsecured	BBB+
Outlook:	Stable

Last Review Date: 18/10/23

### Company Rating History:

Date	Rating	Outlook/Alert
28/06/19	BBB+	Stable
10/07/18	BBB	Stable

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## RATIONALE

TRIS Rating affirms the company rating on Srisawad Capital 1969 PLC (SCAP) and the ratings on its outstanding senior unsecured debentures at “BBB+”. At the same time, TRIS Rating assigns a “BBB+” rating to SCAP’s proposed issue of up to THB3 billion senior unsecured debentures due within five years. The rating outlook is “stable”.

The company rating on SCAP is equivalent to the company rating on Srisawad Corporation PLC (SAWAD) (rated “BBB+/Stable”). The rating largely reflects the company’s status as a core member of SAWAD due to its role as a major asset and revenue contributor and the group’s growth engine. We also expect SCAP to receive continuous support from SAWAD.

## KEY RATING CONSIDERATIONS

### Group status as a core entity supports the ratings

We assess SCAP as a core subsidiary of SAWAD given SAWAD’s control through majority shareholding. SAWAD exerts control over SCAP’s business strategy and risk management policies through board representation. Four out of the eight total board members of SCAP, including the chairman, are representatives of SAWAD.

SCAP plays a crucial role in SAWAD’s strategic expansion. The company serves as one of SAWAD’s pivotal growth engines that enables the group to provide comprehensive products and services. SCAP’s flagship product, motorcycle hire purchase (HP) loans operated by its two subsidiaries, S Leasing Co., Ltd. (SLS), and Cathay Leasing Co., Ltd. (CTL), complements SAWAD’s existing title loans business.

Furthermore, a high degree of operational integration exists between SCAP and SAWAD. SCAP leverages SAWAD’s branch network for debt collection activities. Additionally, SAWAD’s branches serve as regional hubs for SCAP’s new motorcycle HP loan underwriting and processing operations.

### Significant asset and revenue contribution to SAWAD

SCAP’s rapid expansion and substantial revenue contribution solidify its position as a core entity within SAWAD group. As of March 2024, SCAP’s loan portfolio reached THB34.7 billion, representing 35% of SAWAD’s total consolidated loans. SCAP is currently one of the largest new motorcycle HP lenders.

SCAP’s revenue contribution to SAWAD group remains substantial. In the first quarter of 2024 (1Q24), the company reported revenue of THB2.1 billion, accounting for 38% of SAWAD’s consolidated revenue. With a loan growth target of 15% in 2024, we anticipate SCAP’s revenue contribution to remain significant for SAWAD in the coming years.

### Continuous financial support from SAWAD

SAWAD has provided financial support to SCAP in the form of intergroup loans. As of March 2024, SCAP utilized credit facilities from SAWAD in total of THB21.7 billion. While additional credit lines can be sought from SAWAD if needed, SCAP has initiated a strategic path towards greater financial independence by issuing its own debentures. As of March 2024, total outstanding debentures reached THB5.4 billion. It also plans to secure more

credit facilities from various financial institutions. These efforts will support SCAP's future growth objectives without depending entirely on SAWAD for funding. We view that the ongoing access to SAWAD's financial and operational resources underscores the strong, long-term commitment of SAWAD in supporting SCAP.

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#### **BASE-CASE ASSUMPTIONS**

TRIS Rating's base-case assumption is that SCAP will remain a core subsidiary of SAWAD.

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#### **RATING OUTLOOK**

The "stable" outlook reflects our expectation that SCAP will maintain its status as a core subsidiary of SAWAD and continue to receive strong support from its parent company.

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#### **RATING SENSITIVITIES**

As a core subsidiary of SAWAD, the ratings and outlook on SCAP move in tandem with those on SAWAD. The ratings can be revised downward if TRIS Rating views that SCAP's group status has weakened materially or there are signs of reduced support from the parent company.

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#### **COMPANY OVERVIEW**

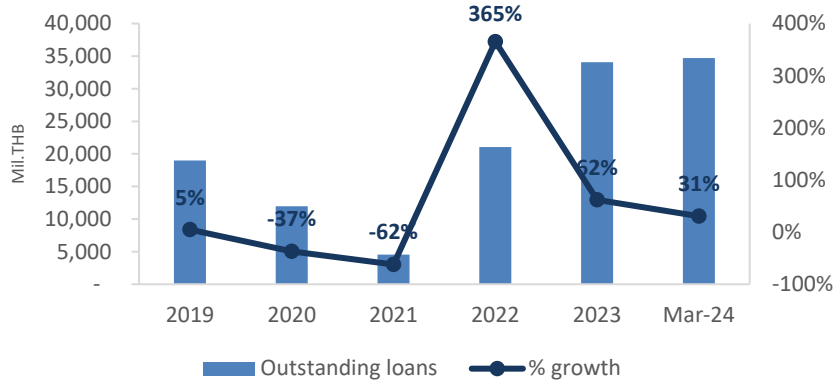
SCAP was established in 1972 as a finance company, initially named Bangkok First Investment & Trust PLC (BFIT). In 2017, SAWAD became BFIT's major shareholder, with an equity stake of 36.35%. In the same year, SAWAD, as the non-operating holding company, filed documents to the Bank of Thailand (BOT) to form a financial conglomerate.

BFIT was renamed Srisawad Finance PLC in June 2017 (but continued to use BFIT as its trading symbol on the stock exchange). Srisawad Finance PLC (BFIT) began offering secured personal loans backed by customer vehicles under loan agreements. In 2019, SAWAD injected THB5.9 billion into the company, increasing its shareholding to 82% from 45% in 2018.

In 2022, SAWAD Group underwent another business restructuring, with BFIT acquiring a 100% stake of Srisawad Capital Co., Ltd., a subsidiary of SAWAD, through a share swap transaction and returned its finance business license to the BOT. As part of the restructuring, Srisawad Capital was merged into BFIT via Entire Business Transfer (EBT) in December 2022. The name Srisawad Finance PLC (BFIT) was later changed to Srisawad Capital 1969 PLC (referred to hereinafter as "SCAP"). After completion of the transaction in 3Q22, SAWAD's shareholding in SCAP was 72.05%, compared with the 82% stake SAWAD held in BFIT previously.

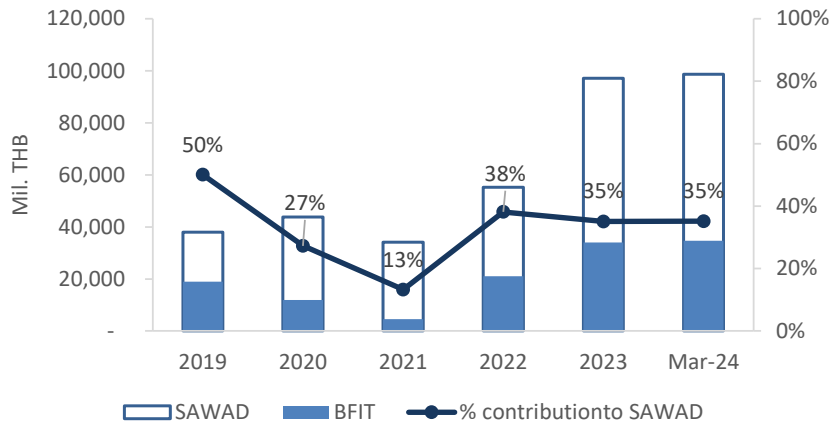
SCAP's existing business includes unsecured personal loans under the BOT's supervision, buy-now-pay-later (BNPL) loans, and new motorcycle HP that has become its flagship business. Motorcycle HP is operated through SCAP's two subsidiaries, SLS (90%-owned by SCAP) and CTL (100%-owned by SCAP).

**Chart 1: Outstanding Loans**



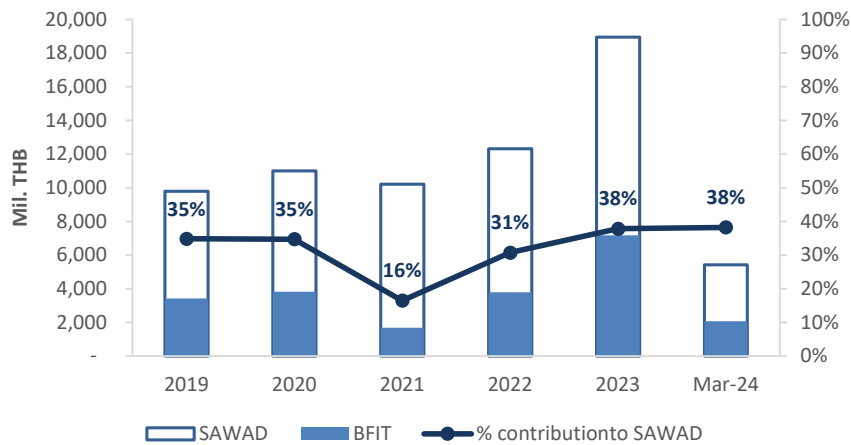
Source: SCAP

**Chart 2: SCAP's Loan Contribution to SAWAD**



Sources: SCAP and SAWAD

**Chart 3: SCAP's Revenue Contribution to SAWAD**



Sources: SCAP and SAWAD

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

	Jan-Mar 2024	Year Ended 31 December			
		2023	2022	2021	2020
Total assets	38,886	38,204	25,149	14,250	19,582
Total loans	34,694	34,045	21,074	4,528	11,941
Allowance for expected credit loss	740	724	255	214	456
Short-term debts	23,343	22,851	4,768	3,874	4,058
Long-term debts	3,730	0	7,562	0	0
Shareholders' equity	10,058	9,941	11,139	9,744	9,597
Net interest income	1,452	5,235	2,679	1,355	3,201
Expected credit loss	336	1,116	90	(255)	83
Non-interest income	311	1,052	706	259	394
Operating expenses	1,255	3,961	1,926	726	1,554
Earnings before taxes	171	1,209	1,368	1,143	1,959
Net income	101	958	1,134	913	1,567

*Unit: %*

	Jan-Mar 2024	Year Ended 31 December			
		2023	2022	2021	2020
<b>Profitability</b>					
Net interest and dividend income/average assets	15.06	16.53	11.81	8.01	15.90
Non-interest income/average assets	3.23 *	3.32	3.11	1.53	1.95
Operating expenses/total income	60.70 *	55.29	50.98	43.31	40.72
Operating profit/average assets	1.77 *	3.82	6.03	6.76	9.72
Earnings before taxes/average risk-weighted assets	0.95 *	2.09	3.08	7.59	10.86
Return on average assets	1.05 *	3.03	5.00	5.40	7.78
Return on average equity	4.04 *	9.09	10.56	9.44	16.60
<b>Asset Quality</b>					
Non-performing loans/total loans	3.01	2.98	1.85	12.74	7.23
Expected credit loss/average loans	3.92	4.05	0.58	(3.10)	0.53
Allowance for expected credit loss/non-performing loans	70.86	71.26	65.21	37.05	52.84
<b>Capitalization</b>					
Risk-adjusted capital ratio	13.88	14.00	24.86	69.77	59.44
Debt/equity (times)	3.40	2.84	1.26	0.46	1.04
<b>Funding and Liquidity</b>					
Stable funding ratio	45.63	46.08	119.80	109.25	335.42
Liquidity coverage measure (times)	0.04	0.03	0.14	0.27	0.55
Short-term debts/total debts	86.22	86.28	38.67	100.00	100.00

*\* Annualized*
**RELATED CRITERIA**

- Group Rating Methodology, 7 September 2022
- Issue Rating Criteria, 15 June 2021

**Srisawad Capital 1969 PLC (SCAP)**

<b>Company Rating:</b>	BBB+
<b>Issue Rating:</b>	
SCAP252A: THB913.5 million senior unsecured debentures due 2025	BBB+
SCAP252B: THB758.3 million senior unsecured debentures due 2025	BBB+
SCAP25NA: THB252.4 million senior unsecured debentures due 2025	BBB+
SCAP262A: THB681.4 million senior unsecured debentures due 2026	BBB+
SCAP268A: THB1,059.9 million senior unsecured debentures due 2026	BBB+
SCAP26NA: THB666.5 million senior unsecured debentures due 2026	BBB+
SCAP272A: THB582.6 million senior unsecured debentures due 2027	BBB+
SCAP282A: THB505.8 million senior unsecured debentures due 2028	BBB+
Up to THB3,000 million senior unsecured debentures due within 5 years	BBB+
<b>Rating Outlook:</b>	Stable

**TRIS Rating Co., Ltd.**

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