



SET Thailand Focus

August 28-30, 2024

SCB^x

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Economic update

Executive summary



The global economy is expected to stabilize this year and improve slightly in 2025, driven by modest recovery in the eurozone and Japan, alongside a marginal improvement in China's outlook. However, the economy faces increased downside risks, and the expansion will slow down in the medium-term due to various factors.

Monetary policy is anticipated to ease. We predict that for the rest of 2024, the U.S. Federal Reserve will cut rates more than previously expected (75 bps over three cuts) to prevent economic recession. The European Central Bank is expected to lower rates by additional 50 bps in two steps. The People's Bank of China is likely to reduce its rate by an additional 10 bps in Q4. The Bank of Japan will maintain its rate throughout 2024 after two hikes earlier, partly to mitigate market volatility, before resuming in 2025.



Thailand's economy will slowly rebound to 2.5% in 2024, backed by the service sector alongside a robust rebound in foreign tourist arrivals. However, growth in 2024 will be limited for merchandise exports, while the manufacturing sector and private investment will recover slowly. Despite an expedited disbursement of public investment following an over-six-month delay in the 2024 budget bill, it will not fully offset the previous sharp contraction. **In 2025, Thailand's economy will expand moderately by 2.6% (revised down from 2.9%)**, partly supported by private investment rebound and government disbursement returning to normal levels. However, private consumption will face higher downward pressure from those fragile households. Policy uncertainty remains additional downside risk.










SCB EIC anticipates two MPC rate cuts to 2.25% in late 2024 and 2% in early 2025. Thailand will face heightened economic risks, with tighter financial conditions pressuring growth while households and businesses remain fragile.

The global economy is expected to accelerate slightly in 2025, amid a medium-term slowdown.

Major central banks started to lower their policy rates in response to cooling inflation.

SCB EIC's global economic growth projection

GDP Growth (%YOY)	2023	2024F		2025F	
		As of Jun 24	As of Aug 24	As of Jun 24	As of Aug 24
 Global	2.7%	2.7%	2.7%	2.7%	2.8%
 US	2.5%	2.5%	2.5%	1.9%	1.9%
 Eurozone	0.4%	0.7%	0.8%	1.2%	1.3%
 Japan	1.8%	0.1%	0.1%	1.0%	1.1%
 China	5.2%	5.0%	5.0%	4.4%	4.5%
 India	7.7%	7.1%	7.2%	6.8%	6.8%
 ASEAN-5*	4.3%	4.7%	4.9%	5.0%	5.0%

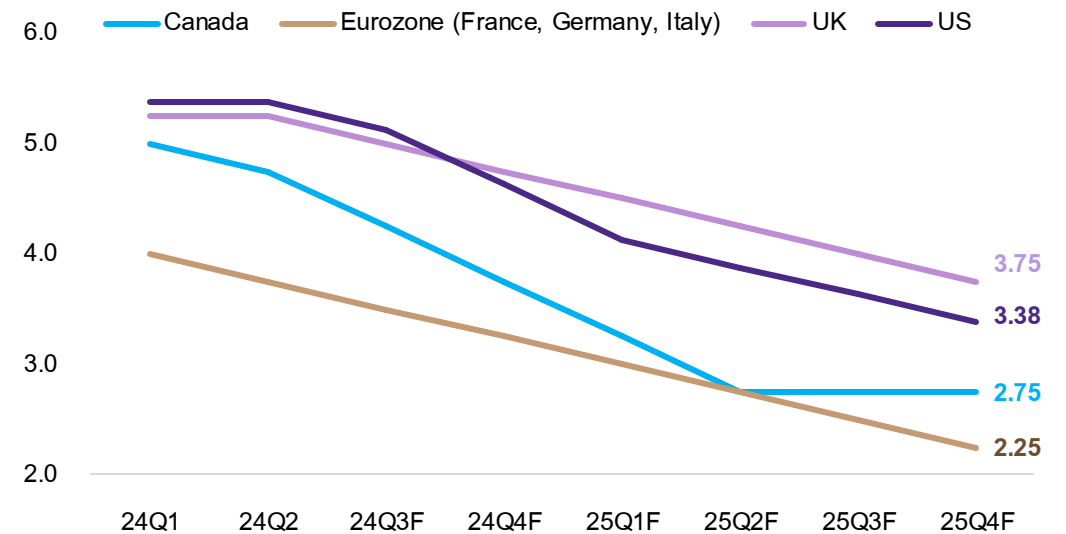
- SCB EIC maintains its 2024 global economic growth forecast at 2.7%, with slightly better-than-expected expansions in the Eurozone, India, and ASEAN 5.
- For 2025, global growth is projected to slightly exceed earlier predictions, due to modest gains in the Eurozone, Japan, and China.
- Increased downside risks emerge, especially U.S. elections that could lead to higher tariffs.
- The global economy should slow over medium-term due to structural and geopolitical issues.

Note: *ASEAN-5 includes Indonesia, Malaysia, Philippines, Singapore, and Vietnam.

Source: SCB EIC analysis based on data from FED, ECB, BOJ, PBOC, BOC, BOE, CEIC, and Bloomberg.

G7 policy rate forecasts (excl. Japan) by SCB EIC

Unit: %, mid-point



Country	2023	Current rate	2024F	2025F
BOC (Canada)	5	4.5	3.75	2.75
ECB (Eurozone)	4	3.75	3.25	2.25
Fed (US)	5.38	5.38	4.63	3.38
BOE (UK)	5.25	5	4.75	3.75
BOJ (Japan)	-0.05	0.25	0.25	0.75

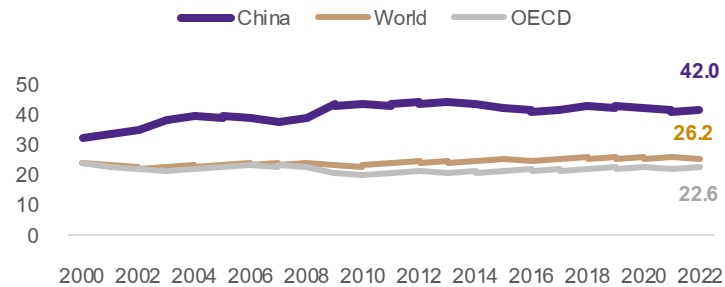


Manufacturing overcapacity reflects China's structural challenges. The Chinese government has actively promoted manufacturing as a key driver to offset the sluggish real estate market and domestic demand leading to increased manufacturing investment and exports at competitive prices.

China's economic structure emphasizes investment over consumption, reflecting the government policies that prioritize supply over demand.

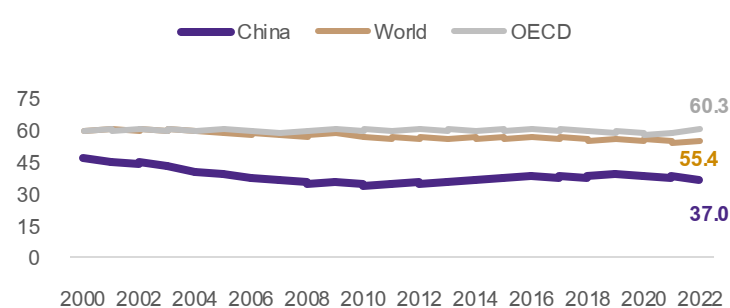
China's gross fixed capital formation to GDP

Unit: % of GDP



China's household final consumption to GDP

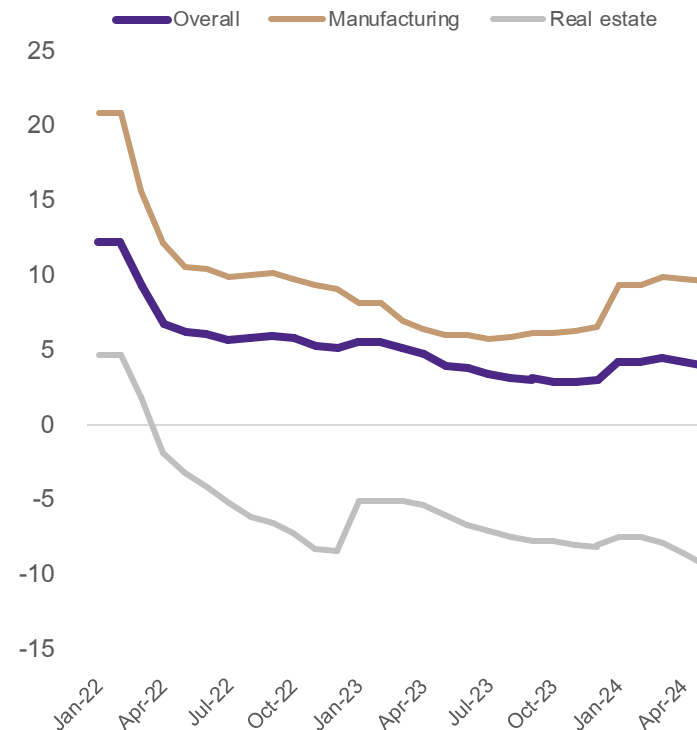
Unit: % of GDP



In recent years, China has focused on manufacturing investments to offset the subdued real estate industry and reduce reliance on foreign imports.

China's fixed-asset investment by industry

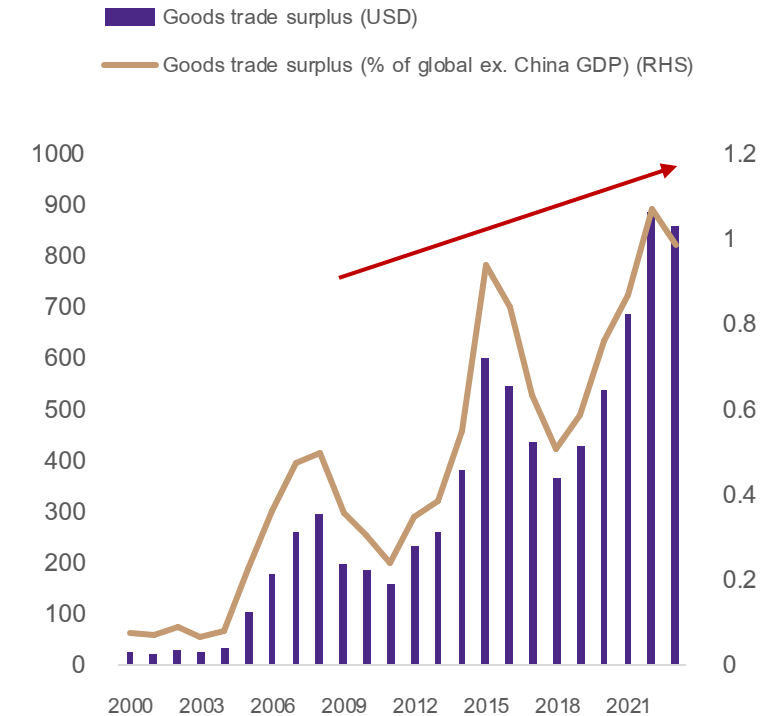
Unit: %YOY (year-to-date)



China's exports rose significantly, resulting in a higher trade surplus. Foreign imports struggled to penetrate the Chinese market due to sluggish domestic demand.

China's trade surplus (reported by China Customs)

Unit: USD billion (LHS), % of global GDP excl. China (RHS)



SCB EIC remains view that Thailand's 2024 GDP will recover slowly by 2.5%, while revises down the 2025 GDP outlook to 2.6% (from 2.9%) due to softening private consumption and investment.

Thailand's Economic Forecast (Base case)	Unit	2024F*	2025F*
		As of Aug 2024	As of Aug 2024
GDP	%YOY	2.5	2.6
Private consumption	%YOY	3.7	2.4
Government consumption	%YOY	1.4	3.7
Private investment	%YOY	-0.4	3.8
Public investment	%YOY	-0.5	4.2
Goods exports value (USD BOP)	%YOY	2.6	2.8
Goods imports value (USD BOP)	%YOY	3.1	3.6
Foreign tourist arrivals	mn pers.	36.2	39.4
Headline inflation	%YOY	0.6	1.0
Core inflation	%YOY	0.5	0.9
Crude oil price (Brent)	USD/Bbl.	83.1	79.2
Policy rate (Year-end)	%	2.25	2.00
Current account balance	% of GDP	1.8	2.0
Exchange rate (average)	THB/USD	35.2	33.4

In the second half of 2024, Thai economy will slowly recover.

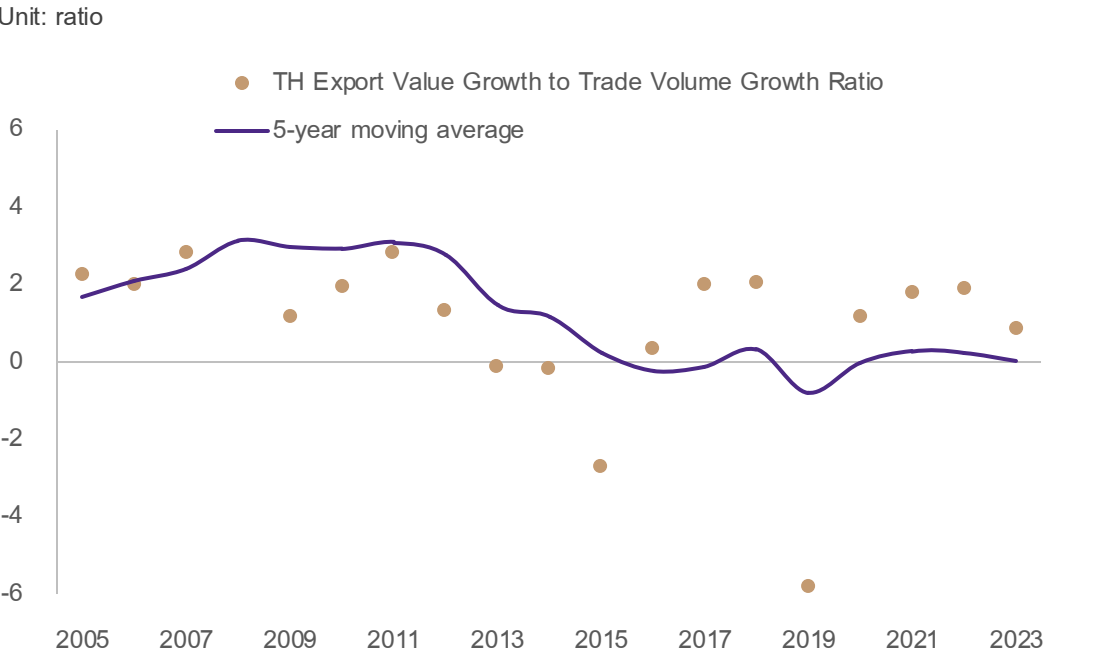
- **Private consumption remains the key driver** for the services and non-durable goods sectors, aligning with the ongoing recover in tourism and related services.
- **However, private investments is likely to contract further**, particularly in residential construction and vehicle investment. This is consistent with the shrinking demand in the housing and automotive markets, amid rising debt delinquency and an increasing loan rejection rate.

Thailand's economy in 2025 is likely to see limited growth and face more downside risks.

- **Private consumption will slowdown substantially**, reflecting the problem of household fragility and high debt burden.
- **Private investment is set to recover**, driven by a rebound in housing, automotive markets cycle, as well as actual investments which in line with the substantial increase in BOI-issued investment promotion certificates over the past 1-2 years.
- **Exports and manufacturing are expected to recover slowly** due to weak external demand and ongoing structural challenges, including competition from Chinese goods.
- **Rising political uncertainty adds a significant risk to the economy.**

Additionally, some risky factors need to be closely monitored.

Thailand’s export value growth to global trade volume growth



The value of Thai exports is expected to grow in 2024 with supporting factors from 1) the global economy which is likely to expand, and 2) international trade-related manufacturing sector which will play a greater role in driving the global economy in 2024. However, Thai exports are expected to grow at a slower rate than previously forecasted due to the weakening relationship between Thai exports and global trade growth in recent periods.

Note: *Value of exports of industrial products covers 59% of total exports (including gold) in 2023.
Source: SCB EIC analysis based on data from the Ministry of Commerce.

Forecast of Thailand's export value by major commodities for 2024 and 2025.

Unit : %YOY

Major Commodities	2024F	2025F
Agricultural Commodities		
Food and Beverage		
Electronics & Electrical Appliances		
Automotive & Parts		
Building Materials		
Energy		

Contracted

Expanded

SCB EIC’s View: Thailand's exports are expected to recover gradually in line with the recovery of global economy and global trade. However, there are certain factors that could impact Thai exports which needed to be closely monitored such as:

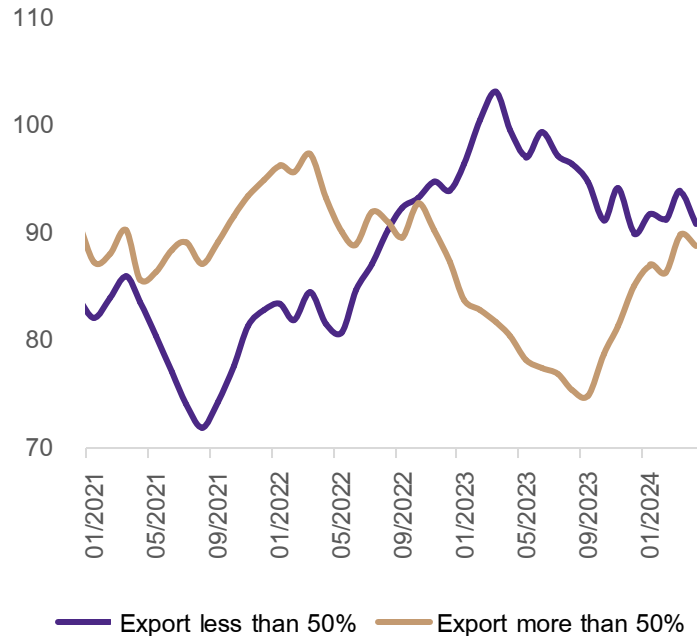
- Thailand is losing ground in the global supply chain, especially in electronics and electrical appliances.
- Thailand is likely experiencing La Nina, which could result in heavy rainfall and flooding, potentially impacting agricultural areas and production
- Future global economic and trade uncertainties include geopolitical tensions, monetary policy shifts, China's slowdown, and unpredictable trade policies.

Sluggish manufacturing activities is putting pressure on income and domestic demand, particularly for durable goods which are contracting continuously, and consumer confidence which starts to deteriorate.

Confidence in the manufacturing sector producing for domestic market declines despite some improvement in confidence in manufacturing for exports

Thai Industries Sentiment Index

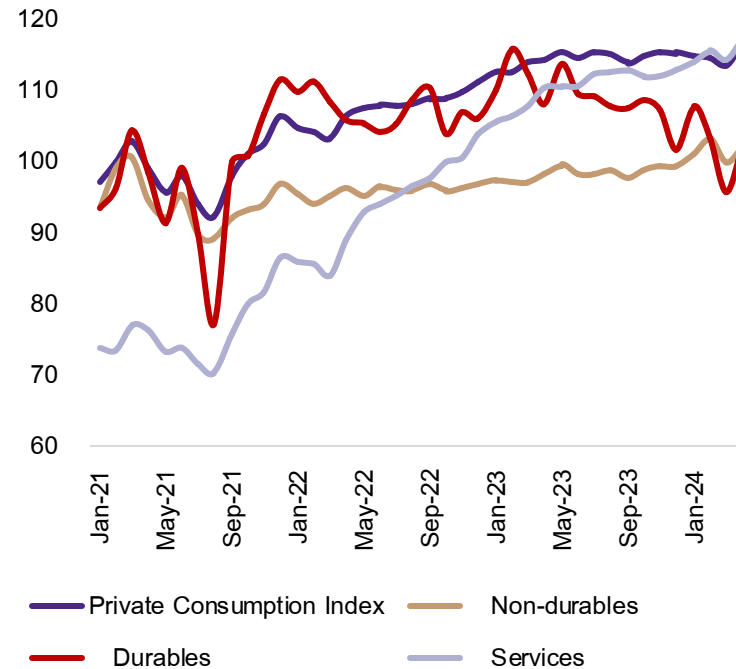
Unit: Diffusion index (100 = unchanged)



Domestic market for durable goods still face demand pressures from the continued contraction in durable goods consumption.

Thai Private Consumption Index, by spending category

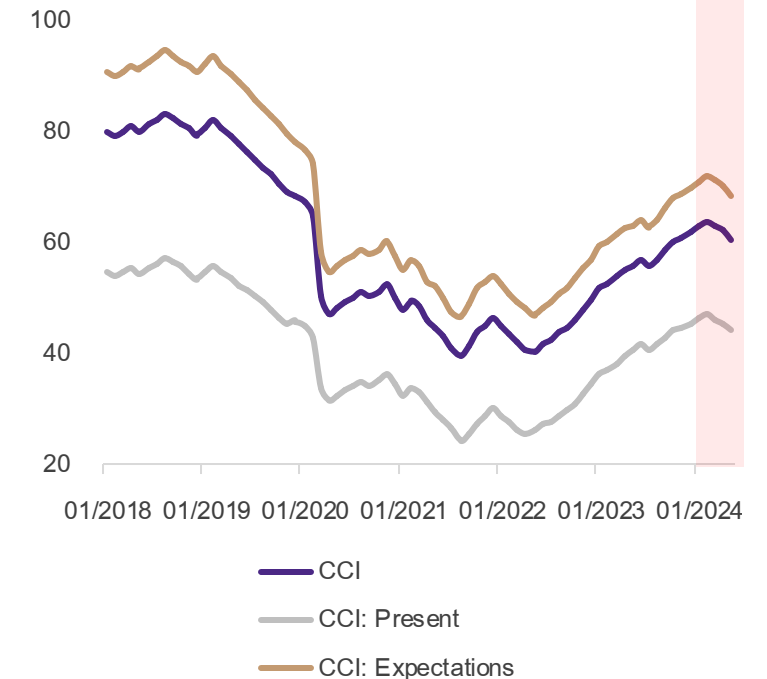
Unit: Index, sa (Average 2019 = 100)



Looking ahead, consumption on durable goods is unlikely to pick up as consumer confidence starts to decline

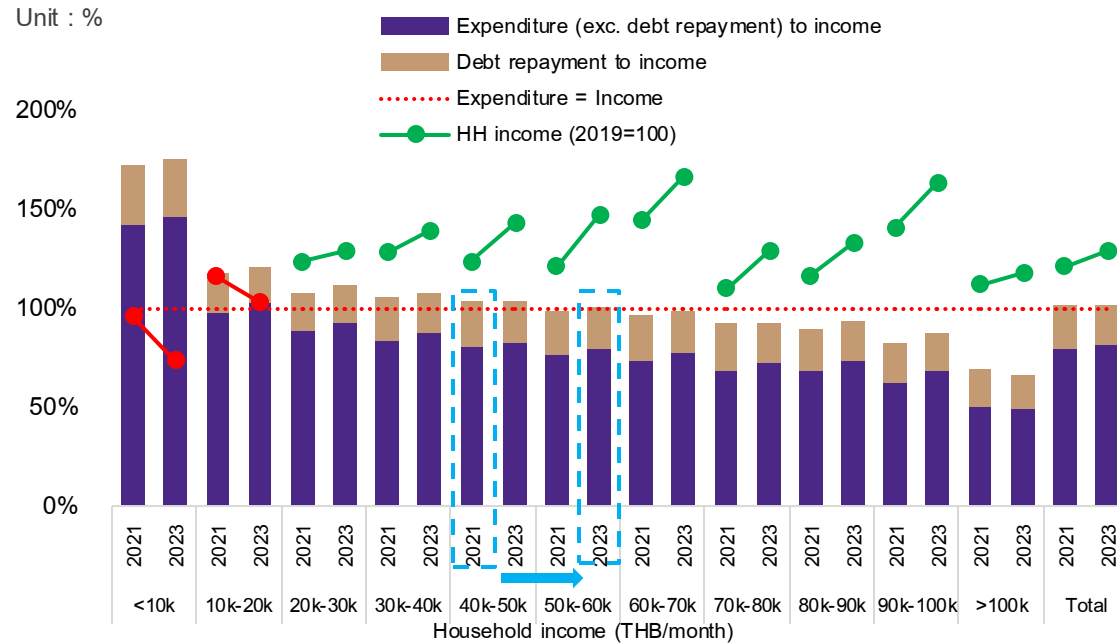
Thai Consumer Confidence Index

Unit: Index (100 = unchanged)



The Thai economy is becoming more fragile as reflected by the household sector, especially the low-income group, which does not have adequate financial buffers for the future.

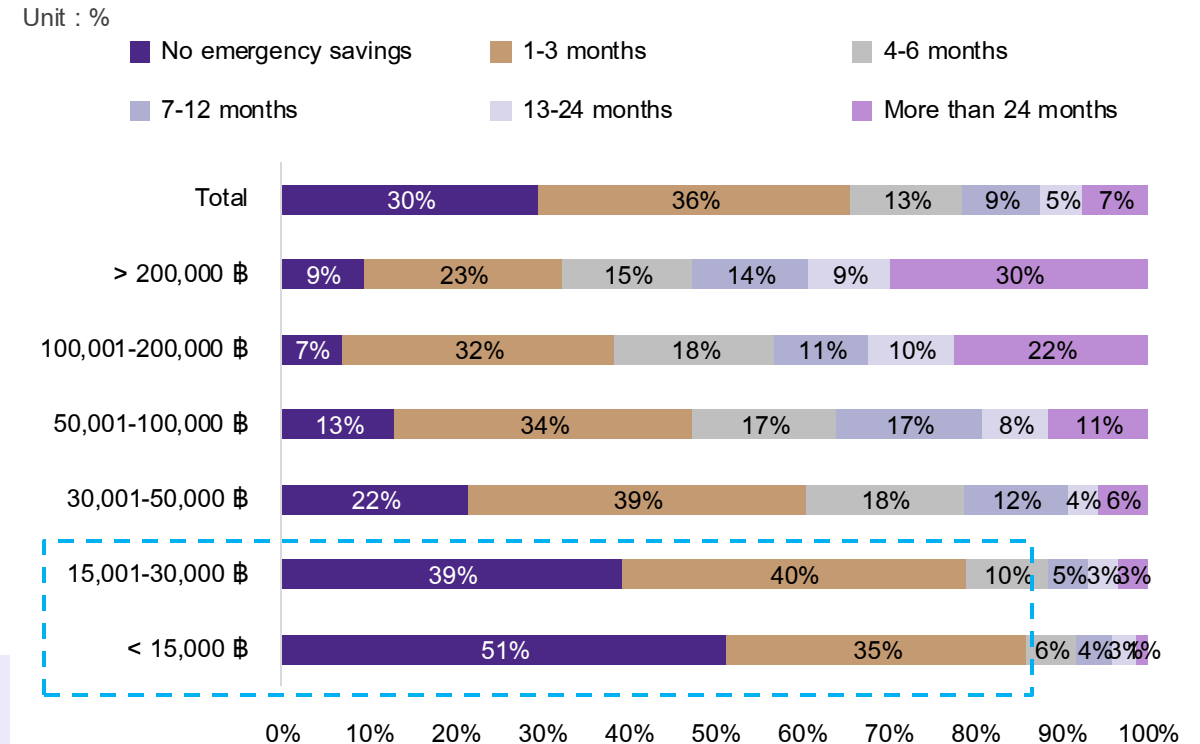
Household expenditure (incl. debt repayment) to income and income recovery



Thailand households have become more vulnerable, as reflected by the latest data in 2023

- Low-income households are still recovering slowly.** Household data from the National Statistical Office in 2023 suggests that the average household income below 20,000 baht per month has significantly worsened.
- Households whose income is sufficient to cover their expenses have shifted to higher income brackets.** They are households with an income of 50,000-60,000 baht per month (compared to 2021, which is a group of households with an income of 40,000-50,000 baht per month).

Emergency savings in case of unexpected events, by income level of respondent



- Low financial buffer.** SCB EIC Consumer Survey (Nov23) suggests that more than 70% of consumers have less than 3 months of emergency savings, especially those with monthly income less than 30,000 Baht, where almost all of whom have no emergency savings. Most of them are of working age, aged 31 – 40 years, and are employed by private firms or self-employed.

Note: data on household income, expenses and debt expenses only include debt-laden households.

Source: SCB EIC analysis based on data from the National Statistical Office of Thailand and SCB EIC Consumer survey 2023 conducted during 20 Oct – 3 Nov 2023 (2,090 respondents).

Thailand's headline inflation would stay at a low rate this year, reflecting extended government subsidy measures in energy prices. It will gradually return to the target range by end of this year.

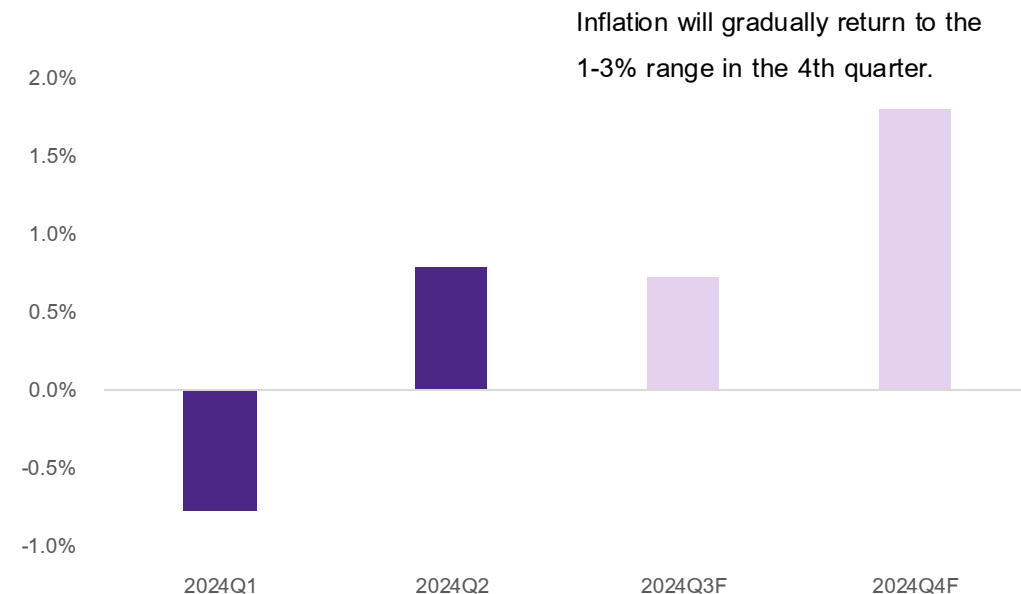
Headline inflation (by product category)

Unit: Index (2019 = 100)

%YOY	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24
Total items	-0.8%	-0.5%	0.2%	1.5%	0.6%	0.8%
Food and non-alcoholic beverages	-1.0%	-0.6%	0.3%	1.1%	0.5%	1.3%
Fresh produce	-2.7%	-1.9%	-0.2%	1.5%	0.2%	1.1%
Meat	-14.6%	-12.3%	-11.3%	-8.1%	-7.2%	-5.2%
Food – at home consumption	0.9%	0.8%	0.7%	0.7%	0.7%	1.5%
Food – away from home	0.6%	0.5%	0.5%	0.5%	0.6%	1.6%
Apparel and footwear	-0.2%	-0.1%	-0.2%	-0.4%	-0.5%	-0.5%
Residences	-0.8%	-0.9%	-0.8%	2.1%	-0.8%	-0.8%
Electricity, fuel, water, and lighting	-3.1%	-3.4%	-3.4%	8.4%	-3.3%	-3.3%
Medical and personal care	0.9%	0.3%	0.4%	0.5%	0.1%	-0.4%
Transportation and communication	-1.2%	-0.4%	0.9%	2.4%	2.4%	2.0%
Recreation, education, and religion	0.5%	0.5%	0.4%	0.6%	0.7%	0.6%
Tobacco and alcoholic beverages	1.2%	1.4%	1.4%	1.4%	1.5%	1.5%
Core consumer price index	0.43%	0.37%	0.37%	0.39%	0.36%	0.52%

SCB EIC's 2024 Headline inflation forecast

Unit : %YOY



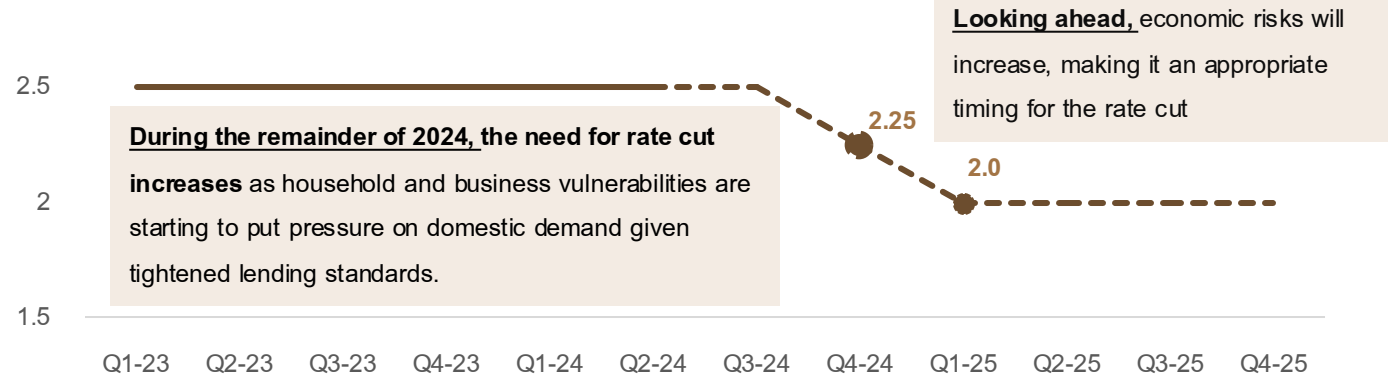
Thailand's headline inflation is expected to stay at a low rate, mainly due to:

- The declining trend of fresh food prices, such as pork and vegetables
- Extended government's subsidy measures in energy prices, such as electricity bills, fuel prices, and cooking gas, until the end of this year
- Lower global energy prices than last year

Looking ahead, SCB EIC expects negative factors to start increasing. The MPC is thus likely to cut the policy rate in Q4.

Policy rate forecast by SCB EIC

Unit: %



Factors underpinning MPC decisions in terms of target and timeline

Target	Short term (present)	Medium term (2 years)	Long term (>2 years)
GDP growth	Sluggish recovery of exports and manufacturing sector	Vulnerable households and businesses put pressure on domestic demand.	Declining growth potential should more be pronounced.
Inflation	Inflation returns to the lower bound of target range.	Inflation should stabilize close to the lower bound of the target range.	Inflation expectation is at 2%.
Financial system stability*	Households and businesses face tighter financial conditions.	Credits grow at a slower rate than the past given tighter lending standards.	Current policy rate is above the long-term neutral rate.

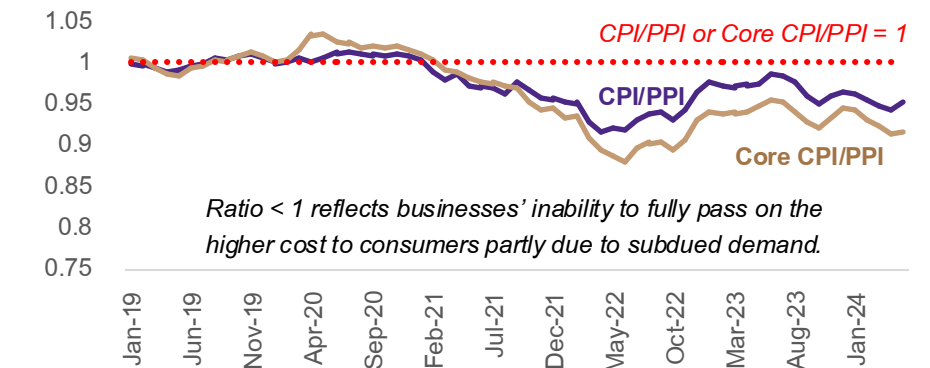
Factors for **holding** policy rate



Factors for **cutting** policy rate

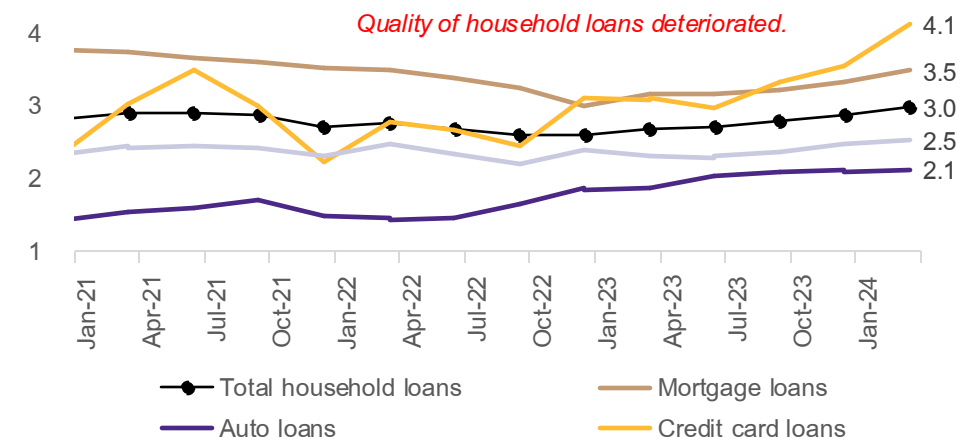
Thailand's Consumer Price Index (CPI) to Producer Price Index (PPI)

Unit: time (CPI, Core CPI, PPI; Index 2019 = 100)



Gross NPLs outstanding of Thai household loans

Unit: % total loans



During the remainder of 2024, Thai businesses should see higher risks than previously evaluated.

Risks:

- Climate change
- Economic slowdown (Global/domestic)
- China overcapacity
- Oversupply risk
- Geopolitical risks (impacts on price/cost)
- Government budget delay

Opportunities:

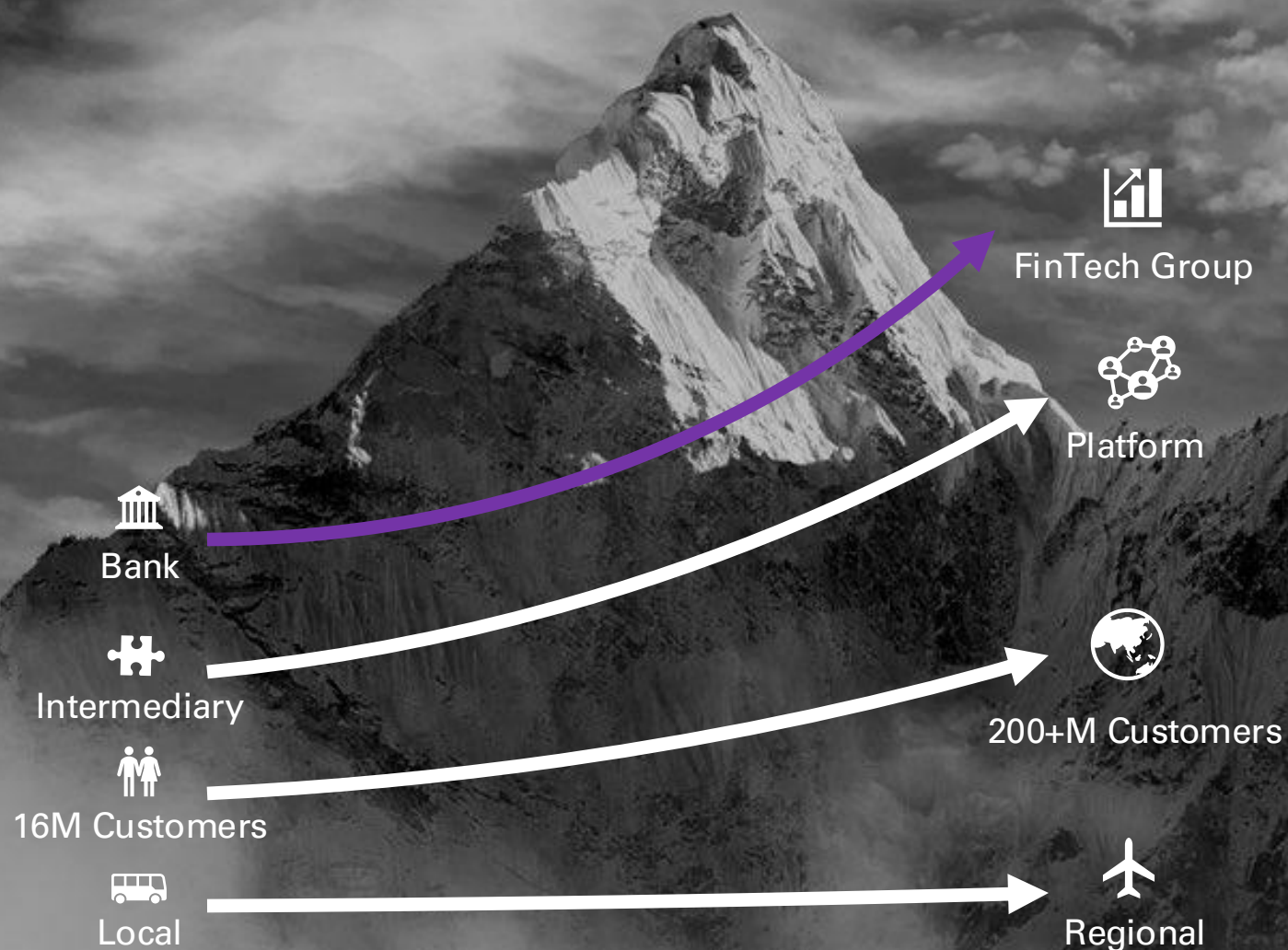
- Pent up demand/ Demand for necessities/ Government stimulus
- Relocation opportunities from Geopolitical risks
- Opportunities from Climate change concern





Company overview

SCB^x vision | the most admired financial technology group in ASEAN



From Traditional Banking to FinTech Group

SCBX is the mothership of the FinTech business group, comprising 12 subsidiary companies that operate across three key business pillars: banking, consumer & digital finance, and platform & technology business. SCBX was established in 2021 as part of the reorganization of Siam Commercial Bank (SCB), Thailand's first indigenous bank. After the reorganization, SCB remains the group's core company under banking business pillar (Gen 1).

2024 key financial metrics

Income ^{1/} Baht	C/I ratio ^{2/}	Net profit ^{2/} Baht	ROE ^{2/}
43.3 _{bn}	41%	10.8 _{bn}	8.9%
Loan O/S Baht	NPL coverage ratio	CET1 ratio	DPS Baht
2.4 _{tn}	162%	17.6%	10.3

^{1/} Including net interest income, net fee and service income, and investment and trading income

^{2/} Excluding one-off expense from Robinhood app closure

Our mission is to make finance **simple, accessible** and **affordable** for all through the power of technology and innovation.

Secured

Luxury vehicles
hire purchase

ALPHA X

Mortgages, auto
hire purchase &
secured loans



Upper
Mass

Mass

Lower Mass

Auto title loan

autoX

Unsecured

Ultra Hight Net Worth

Middle & Affluent

Digital loans



CardX

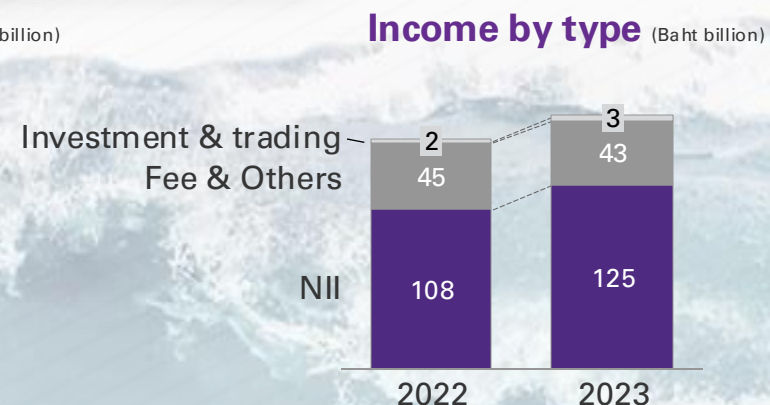
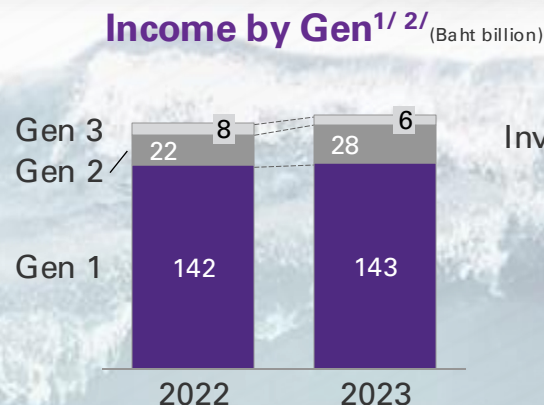
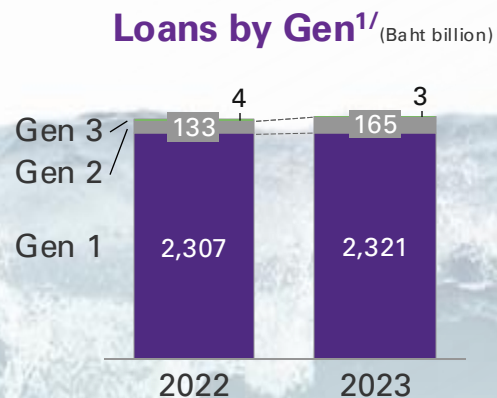
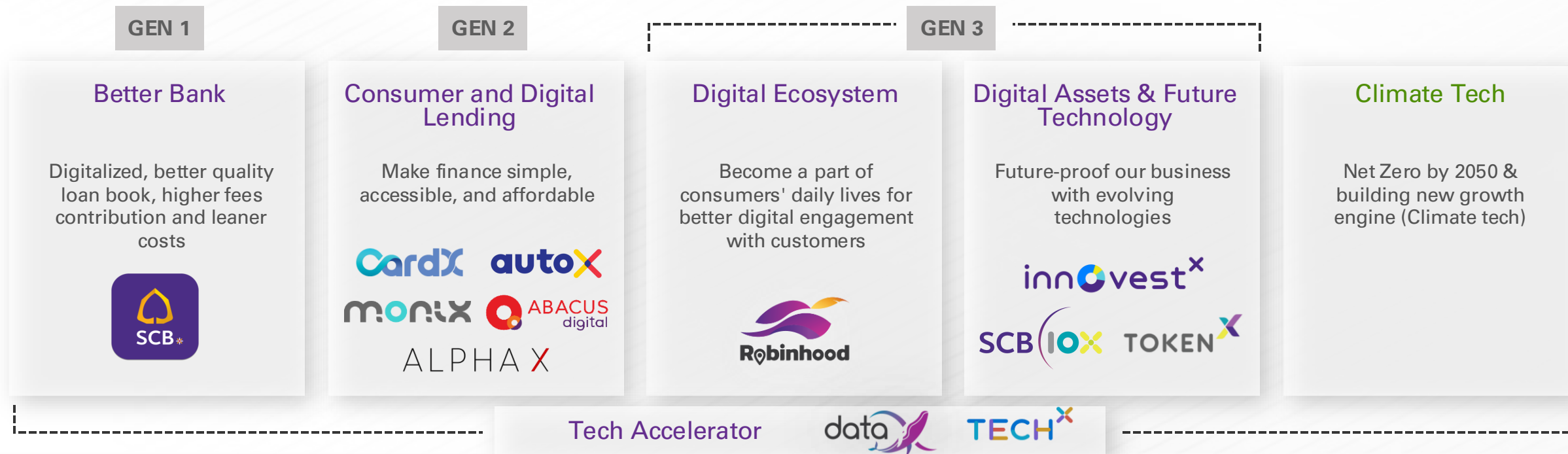
Personal loans &
credit card

monix

Purely digital
nano lenders

ABACUS
digital

We are an investment holding company with portfolio companies in three segments (Gen 1-3) and five strategic themes.



^{1/} Before deducting intercompany transactions ^{2/} Including net interest income, net fee and service income, and investment and trading income

Our strategy in 3 phases

...we are now in phase 2 of our journey...

PHASE 1

Build core tech
& data capabilities
(1-2 years)

PHASE 2

Deliver growth with
scale and synergy
(2-3 years)

PHASE 3

Value realization
(3-5 years)

GEN 3

Start-ups

Expand scope, scale and
markets

Deliver positive EBITDA for
Gen 3 businesses

GEN 2

Build core tech capabilities
and growth accelerators

Growth & Profitability

Realize value through IPOs
and equity transactions

GEN 1

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Deliver stable core profits

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**Unlock excess capital
at the Group level**



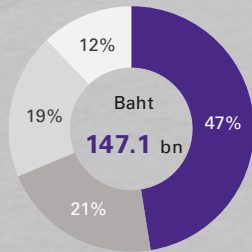
Siam Commercial Bank

SCB is a key pillar for the SCBX Group. The Bank focuses on growth in the wealth management business, and the ability to provide digital services and customer base expansion through various platforms to create an ecosystem, including data and technology usage to satisfy customer needs directly and quickly, making the Bank number one in the hearts of every customer segment.

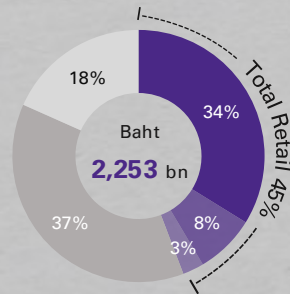
Diversified across customer segments

2023 Share of Income^{1/}

Retail & Wealth
Corporate
SME & SSME
Others^{2/}



2023 Loan Portfolio



Retail - Mortgage
Retail - Auto
Retail - Others
Corporate
SME & SSME

Major subsidiaries



100% ownership

Mutual, provident, and private fund management



100% ownership

Life and non-life insurance brokerage



60% ownership

Wealth management strategic JV

Core profit contributor to the group (2024)^{3/}

Income^{1/}

Baht

35.9 bn

NIM

3.4%

C/I ratio

38%

Net Profit

Baht

12.3 bn

Balance sheet strength (2024)

L/D ratio

94%

LCR

202%

CET1 ratio

17.1%

CAR

18.2%

"Digital Bank with Human Touch"^{4/}



Digital users on all platforms

26.3

million



Digital service

89%



SCB EASY users

14.9

million



Monthly active users on SCB EASY

+84%

Dividend policy

SCB has a policy to pay maximum dividend with consideration for prudential capital levels and regulatory requirements.

autoX



Understanding,
accessible, and
reliable solutions
for the unbanked

AutoX, an auto-title lending company, has achieved significant growth under its 'Ngern Chaio' brand, contributing to the group's net profit in 2023. Beyond solid loan growth, AutoX has significantly expanded its insurance brokerage business in 2023. The company continues to gear up for substantial growth in 2024 by enhancing the productivity and efficiency of its current distribution network and increasing fee income.

2024 Snapshot



Outlets

2,013



Salespersons

4,704



Yield on loans

19.4%



NPL

1.4%

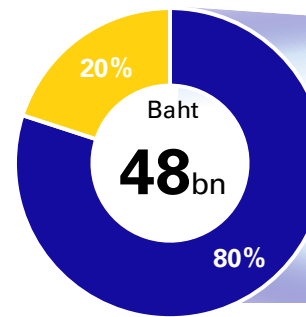
Auto title loan

Comprising of loan for pick-up trucks, trucks, agricultural vehicles, passenger cars and motorcycles. Equivalent to **9.5%** of Thailand's title loan market^{1/}. Subject to the ceiling rate of **24%** p.a.

Mortgage/land title loan

New focus to expand and diversify loan portfolio. Subject to the ceiling rate of **15%** p.a.

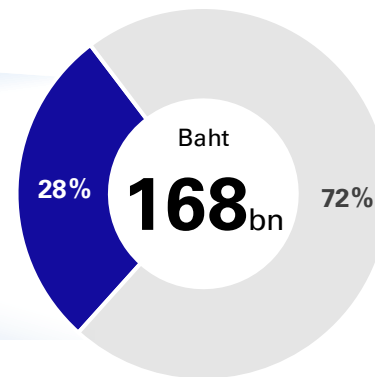
AutoX loan O/S



Auto title loan

Mortgage/land title loan

Gen 2 loan O/S



2024 action plan and targets

- Strengthen and **optimize existing distribution network** to increase productivity and efficiency
- **Increase insurance (non-life / life) licensed salespersons to 80%** of total salesforces to enhance sales ability to boost fee income
- **Strengthen collection capability** and credit model through AI/ML technology to achieve healthy portfolio

THB **50bn**
Loan O/S

4,500
Salesperson

(with 80% insurance license)

<2%
NPL

^{1/} Bank of Thailand Data





Pioneering AI to develop new engagement, underwriting and collection business models to make lending simple and accessible for everyone

CardX is a financial business group offering a digital finance platform for credit card services and personal loan products. Established in November 2021 as a spin-off from the unsecured business segment previously housed within the bank, CardX completed the transfer of its credit card and personal loan operation from the bank in December 2022.

2024 Snapshot



Accounts
(Credit card & Personal loans)

2.9
million



Yield on loans

13.8%

Credit card

Equivalent to approx. **10%** of Thailand's credit card market^{2/}. Subject to the ceiling rate of **16%** p.a.

Personal loan

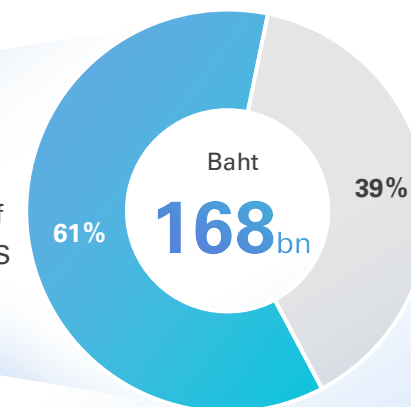
Equivalent to approx. **10%** of Thailand's unsecured personal loan market^{2/}. Subject to the ceiling rate of **25%** p.a.

CardX loan O/S^{1/}



CardX loan O/S contributes **61%** of Gen 2 total loan O/S

Gen 2 loan O/S



2024 action plan and targets

- **Reinforce risk management** to weather through key challenges ahead such as fragile economic recovery, new policies, and weak consumer credit's environment.
- Continue to **build foundation** to uplift underwriting, credit risk modelling and collection.
- Strengthen portfolio and client selection criteria by acquiring favorable customer segmentation, launching cross-selling and **augmenting fee income**.
- **Turnaround to profitability** and on path to deliver full potential ROA in coming years.

>200K

New credit card accounts
(YE2023 = +160K yoy)

+15%

Card spending growth
(yoy)

Profitability turnaround

With meaningful decline of credit cost

^{1/} Excluding CardX AMC ^{2/} Bank of Thailand Data



Inclusive data-driven digital lending products to open up more opportunities for more people

ABACUS digital is a data tech start up with a flagship product, MoneyThunder, an inclusive digital lending application utilizing in-house AI and machine learning capabilities to underwrite loans and provide a completely automated approval experience for consumers. In 2023, ABACUS digital turned around and delivered a profit exceeding Baht 100 million.

2024 Snapshot



Registered users

3.9 million



NPL

3.5%

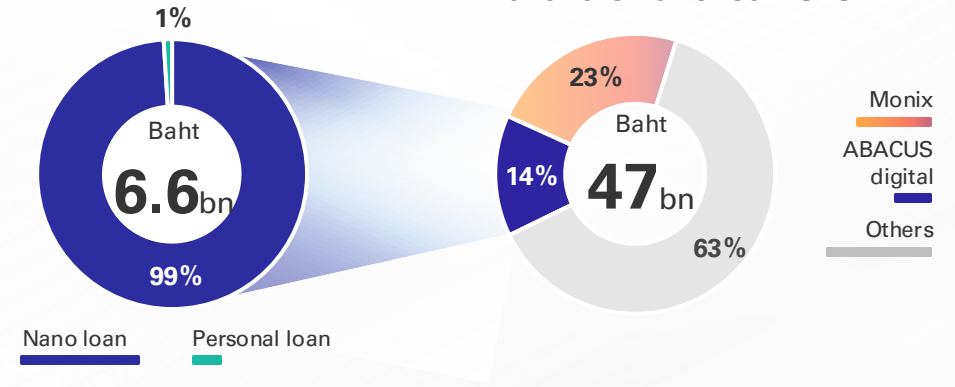
Nano loan

Equivalent to **14%** of Thailand's nano loan market^{1/}. Subject to the ceiling rate of **33%** p.a.

Personal loan

Subject to the ceiling rate of **25%** p.a.

Thailand's nano loan O/S ^{1/}



ABACUS digital is Thailand's most funded pureplay digital lending platform.

SCB^x

Group funding kick-started the journey^{2/}...

Baht 350 million



OPENSOURCE CAI vertex VENTURES

...followed by external fundings

Baht 1,200 million



2024 action plans

- Expand loan portfolio by introducing additional measures for cost-effective acquisition (e.g. via partnerships, and acquisition tools integrated into the core product such as referral feature)
- Maintain robust risk control by leveraging alternative data and the Abacus Core Technology (ACT) engine developed in-house
- Strengthen core software infrastructure, enhance internal tech stacks and experiment with new technology such as generative AI
- Explore monetization opportunity of ABACUS digital's in-house technology

^{1/} Bank of Thailand Data

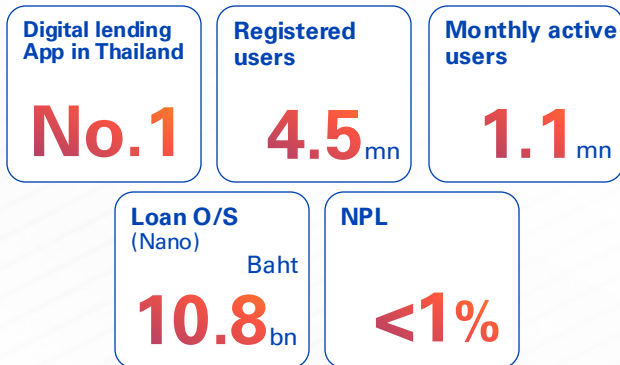
^{2/} SCBX ownership as of end of 2023 was 44.85%.



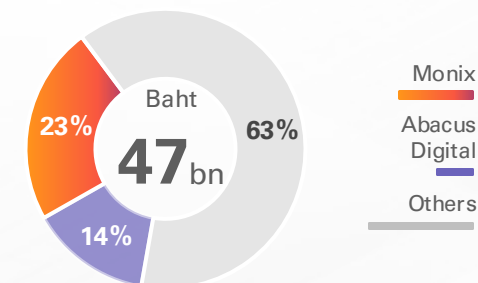
A FinTech that
creates opportunities
for people to prosper
& enjoy life

MONIX, is a joint-venture^{1/} FinTech company of SCBX and China's fintech firm, Abacus Group, set up to serve at the forefront of digital unsecured lending solutions for the underbanked in Thailand. Monix offers the AI-driven FINNIX application to over 4.2 million registered users. This application provides instant money in 5 minutes using only alternative data and does not require any paper documents or guarantors.

2024 Snapshot



Thailand's nano loan O/S ^{2/}



UNLEASHING THE POWER OF FINANCE. THE BEST DIGITAL LENDING APP.



- ✓ Max credit line of Baht 100K
- ✓ Fast approval in 5 minutes
- ✓ Ceiling rate of 33% p.a.
- ✓ Flexible payment terms

2024 action plans and targets

2024 focus is on continual expansion by increasing loan quality and accelerating solid performance through effective product enhancement and efficient cost control.



^{1/} SCBX ownership as of end of 2023 was 57.01%.

^{2/} Bank of Thailand Data



Key highlights

2Q24 Highlights

Ensuring prudence amid heightened economic risks

- Net profit declined yoy from broad macro weaknesses, additional provisions for a corporate client and one-off expenses from Robinhood app closure
- NIM improved qoq due to improved corporate loan collection efficiency, increased contribution of loans from AutoX, and pricing discipline
- Cost control resulted in qoq improvement to 41.2% normalized C/I ratio
- Net loss of Gen2 businesses narrowing QoQ

Robinhood app closure for capital preservation

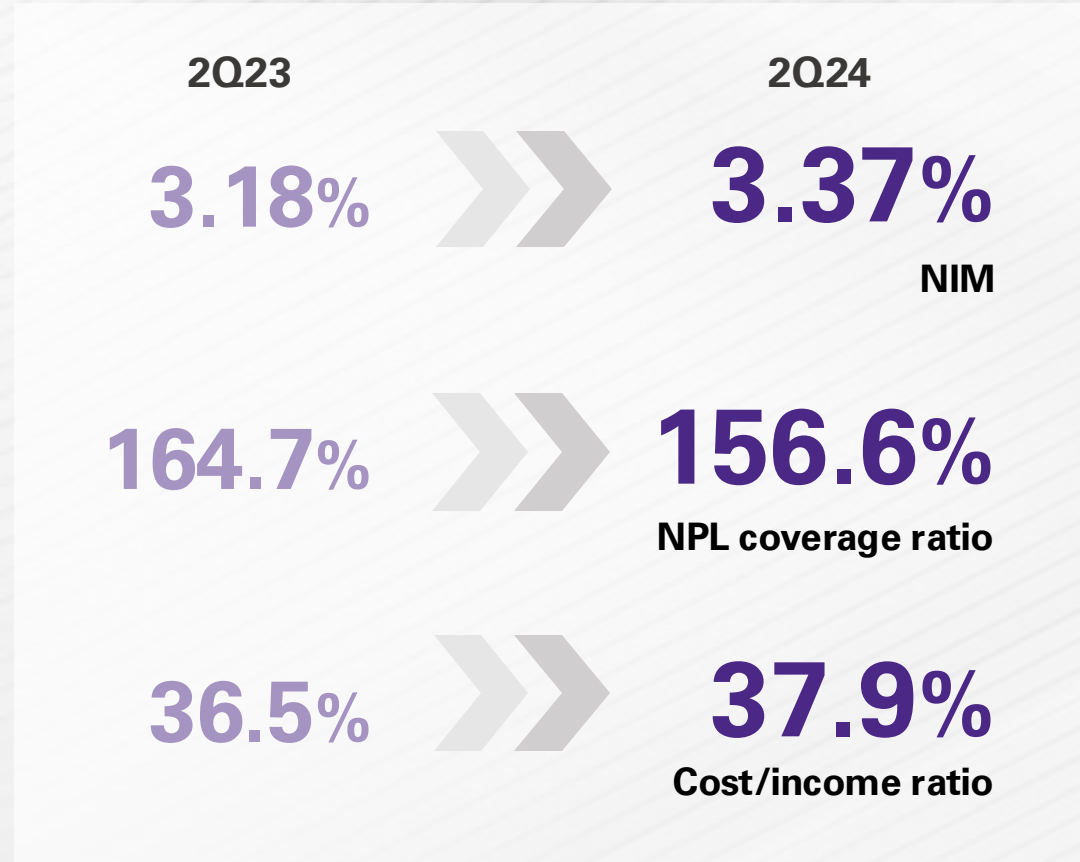
- The closure of Robinhood app announced in June to preserve capital
- One-off expenses of Baht 0.8 bn in 2Q24 with prospects to preserve value of the remaining assets

New debentures to refinance and fund growth

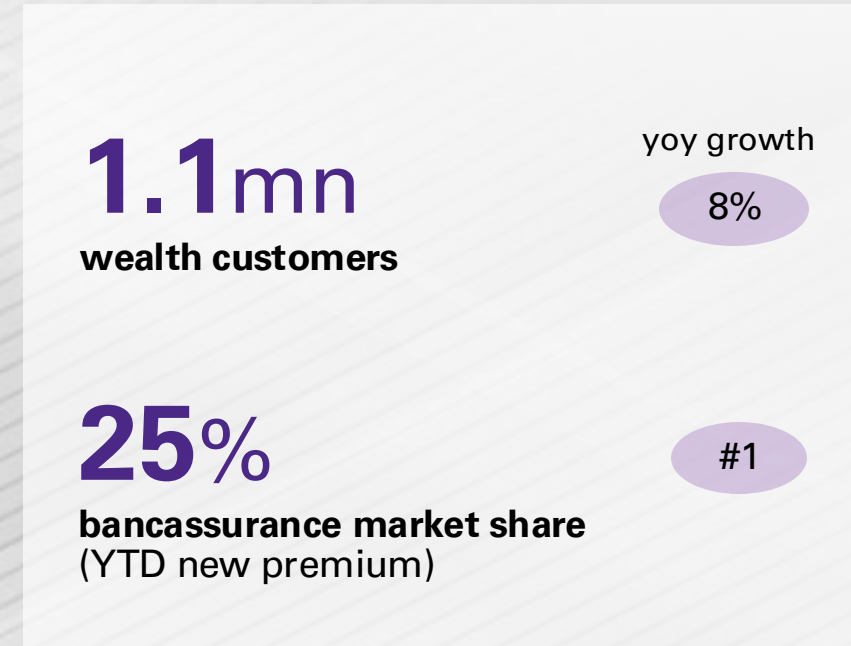
- Successfully raised Baht 42 bn proceeds from new debentures to mainly refinance high-cost debts and on-lend to our subsidiaries

Gen 1: Continue NIM expansion and improved performance in wealth management

Core banking business



Wealth management



Data as of May 2024

Gen 2: Focus on operational efficiency and asset quality control

CardX

autoX

monix

ABACUS
digital

ALPHA X

2.9mn

accounts
(Cards & Personal loans)

103bn THB

loan o/s

-13%

yoy

5.9%

NPL^{1,2/}

2.0k

outlets

48bn THB

loan o/s

162%

yoy

1.4%

NPL

4.5mn

registered users
(FINNIX App)

10.8bn THB

loan o/s

40%

yoy

< 1%

NPL

3.9mn

registered users
(Money Thunder App)

6.6bn THB

loan o/s

10%

yoy

3.5%

NPL

1.5k

customers

8.5bn THB

loan o/s

44%

yoy

1%

NPL

^{1/} Due to one-time technicality of the business transfer whereby NPLs were transferred to CardX AMC, which has no write-off policy (180 days) per specific AMC accounting policy (POCI). As these transferred NPLs are collected, NPL ratio will normalize toward normal trend at 2-3%.

^{2/} If excluded CardX AMC, NPL would be 3.7%

Gen 3: Robinhood app closure for capital reservation; Other businesses are stable

innovest^x



**Leader in
Universal
Investment
Super App**^{1/}

1 in 3
of Thai investors are INVX customers

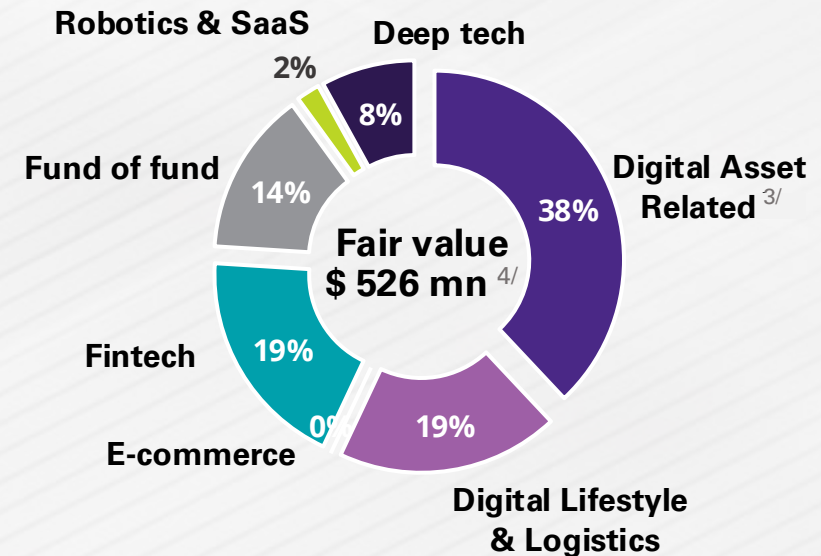
Top 3 NPS^{2/}
among securities companies

1/ Uniting all assets in one app for trading and single-view portfolio

2/ Net Promotor Score for the period of 1H24

SCB iOx

Investment portfolio
(As of June 2024)



3/ Digital asset related refers to equity investments in companies in the sector, not digital asset itself

4/ Fair value as of end of 1Q24 was US\$ 517 mn.

SCBX's 2Q24 segmental performance

	Gen 1 (Banking services)	Gen 2 (Consumer & Digital financial services)	Gen 3 (Platforms & Digital assets)	Inter transaction and others	Total
(Baht billion)					
Loans	2,317	168	3	(50)	2,438
Total income	35.9	7.2	1.6	(1.5)	43.2
Cost/Income (excl. Robinhood one-off)	38%	42%	108%	-	41.2%
Credit cost (bps)	121	1,070	-	-	190
Net profit (reported)	12.3	(0.1)	(1.2)	(1.0)	10.0
Net profit (normalized)	12.3	(0.1)	(0.2)	0	10.8

SCBX's 1H24 segmental performance

	Gen 1 (Banking services)	Gen 2 (Consumer & Digital financial services)	Gen 3 (Platforms & Digital assets)	Inter transaction and others	Total
(Baht billion)					
Loans	2,317	168	3	(50)	2,438
Total income	72.3	14.2	3.6	(3.9)	86.2
Cost/Income (excl. Robinhood one-off)	38%	45%	100%	-	41.6%
Credit cost (bps)	115	1,010	-	-	179
Net profit (reported)	25.5	(0.4)	(1.3)	(2.5)	21.3
Net profit (normalized)	25.5	(0.4)	(0.3)	(2.7)	22.1



Financial results

2Q24 results key takeaways

1. **NII** increased by 6% yoy from 20 bps NIM expansion and 0.6%% loan growth yoy.
2. **Fee & others** decreased by 8% yoy from a decline in bancassurance, transactional and loan related fees, despite improved performance of wealth management business at the Bank.
3. **Investment & trading income** decreased by 85% yoy largely due to lower mark-to-market gain from investment portfolios.
4. **OPEX** increased by 9% yoy due to Robinhood one-off expense of Baht 0.8 billion, **normalized cost to income ratio** remained well-controlled at 41.2%.
5. **Credit cost** increased qoq to 190 bps with additional provision assigned to a specific corporate client.
6. **NPL ratio** decreased qoq to 3.3% from effective NPL management.

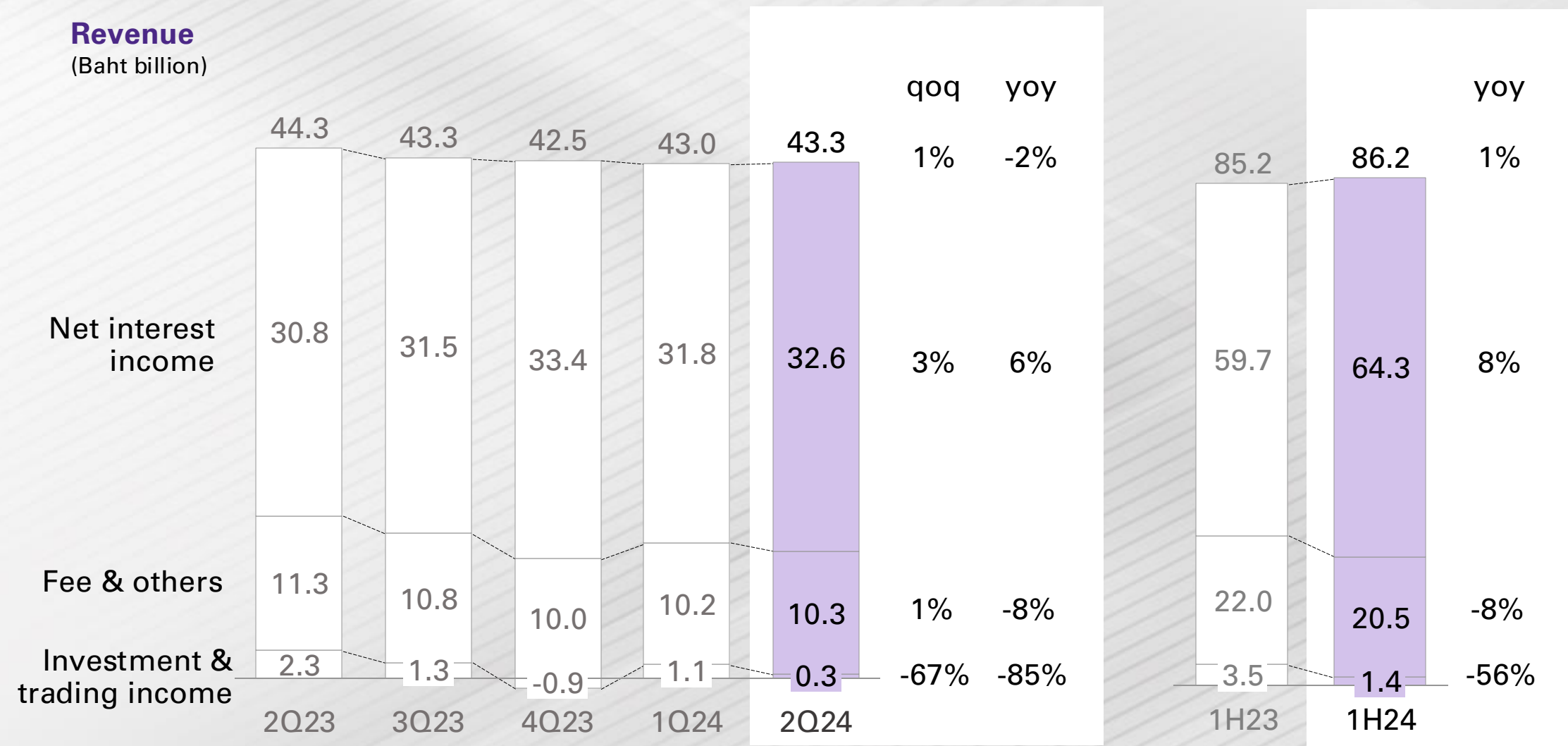
2Q24 financial results – SCBX

Baht billion (Consolidated)	2Q24	qoq	yoy	1H24	yoy
Total income	43.3	1%	-2%	86.2	1%
- Net interest income	32.6	3%	6%	64.3	8%
- Fee & others	10.3	1%	-8%	20.5	-8%
- Investment & trading income ^{1/}	0.3	-67%	-85%	1.4	-56%
Operating expenses ^{2/}	18.6	3%	9%	36.7	9%
Pre-provision operating profit	24.7	-1%	-10%	49.6	-4%
Provisions	11.6	14%	-4%	21.8	-1%
Tax and others	3.0	-11%	-9%	6.5	-1%
Net profit (reported)	10.0	-11%	-16%	21.3	-7%
Net profit (normalized)	10.8	-4%	-9%	22.1	-3%
ROE (normalized, annualized)	8.9%				

^{1/} Including gain (loss) on investment, dividend, trading and derivatives

^{2/} If excluding Robinhood one-off expenses, 2Q24 and 1H24 operating expenses was Baht 17.8 billion and Baht 35.9 billion, respectively.

Top-line growth qoq mainly from NIM expansion but yoy decline due to weak fee and investment income



NIM improved qoq mainly from higher yield on loans while cost of funds is well controlled

Loans (Baht billion)

	2,423	2,456	2,427	2,449	2,438	qoq	yoy
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Loans – Gen 1 (Baht billion)

	855	875	844	872	858	qoq	yoy
Corporate						-2%	0%
SME	420	420	413	410	410	0%	-2%
Retail	993	994	996	993	992	0%	0%
	2Q23	3Q23	4Q23	1Q24	2Q24		

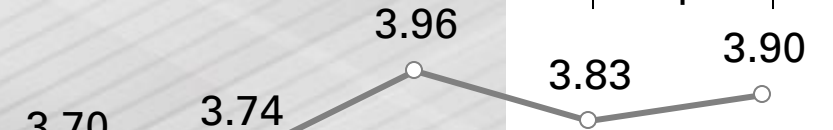
Loans – Gen 2 & Gen 3 (Baht billion)

	20	24	25	26	28	qoq	yoy
Others						7%	47%
AutoX	18	26	34	41	48	16%	162%
CardX	117	116	115	107	103	-4%	-13%
	2Q23	3Q23	4Q23	1Q24	2Q24		

Yield on loans (%)



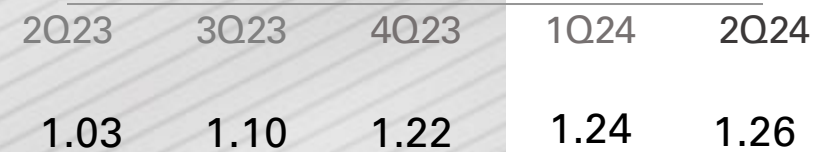
NIM (Net interest margin, %)



Cost of funds (%)

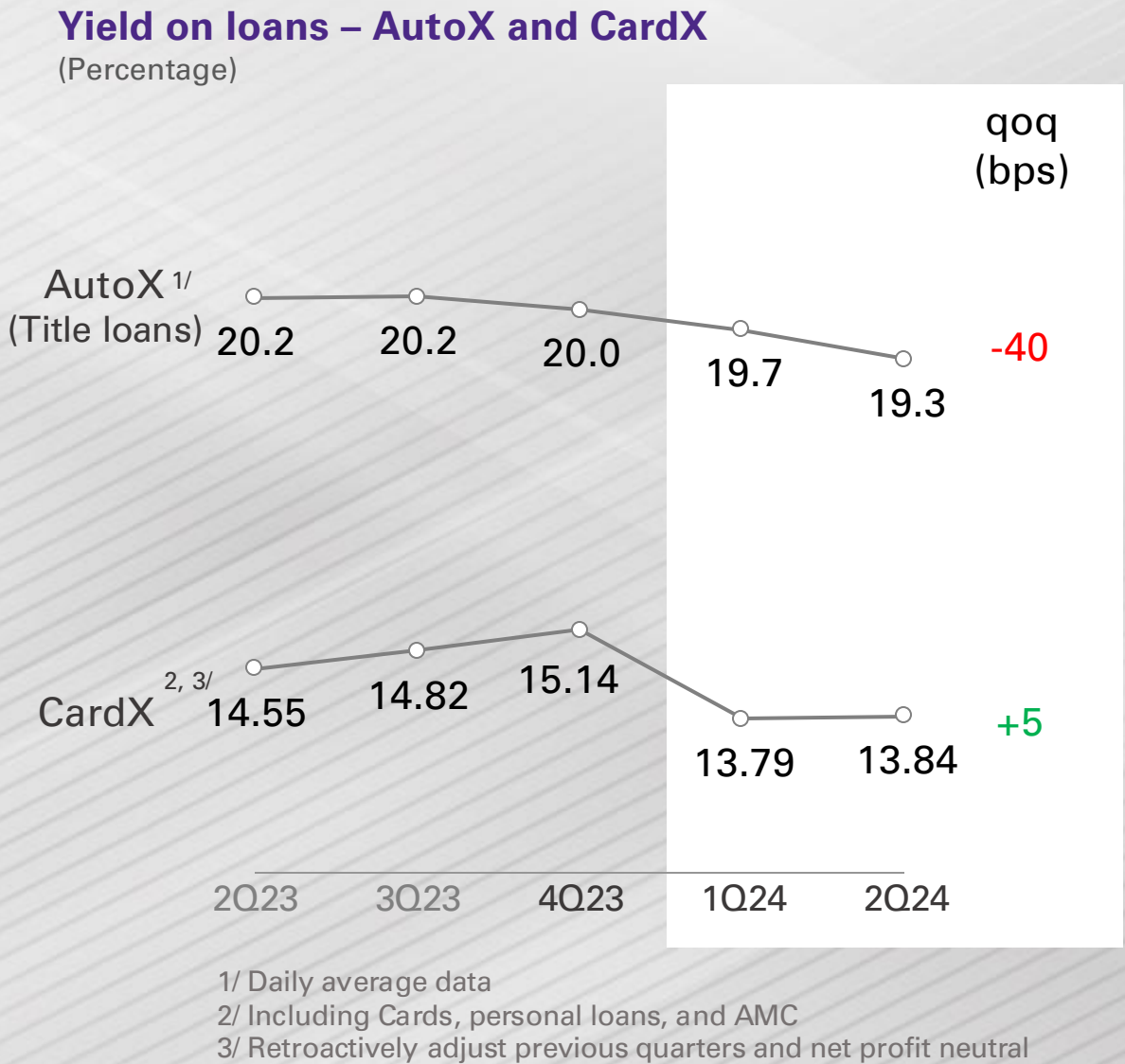
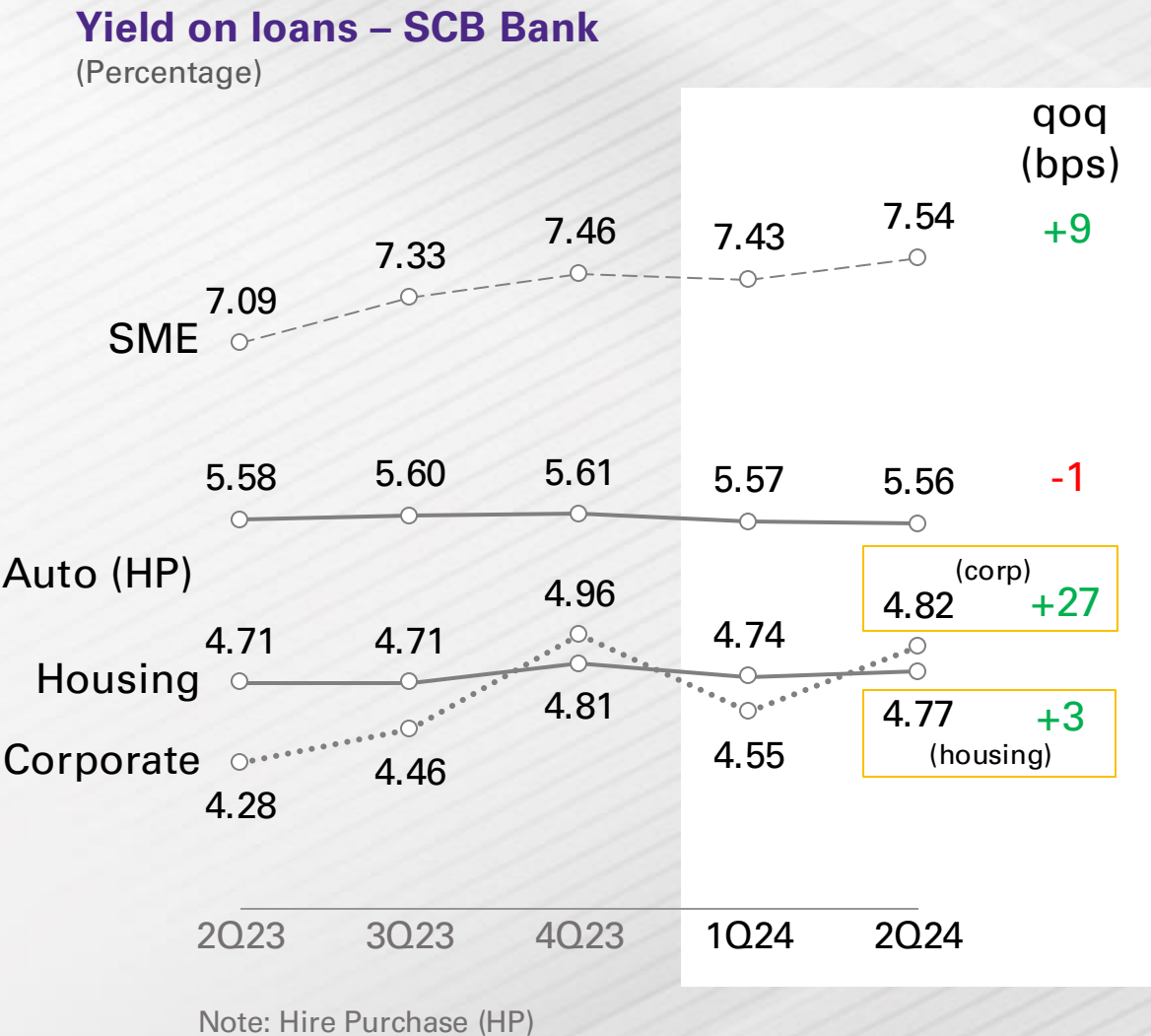


Cost of deposit (%)



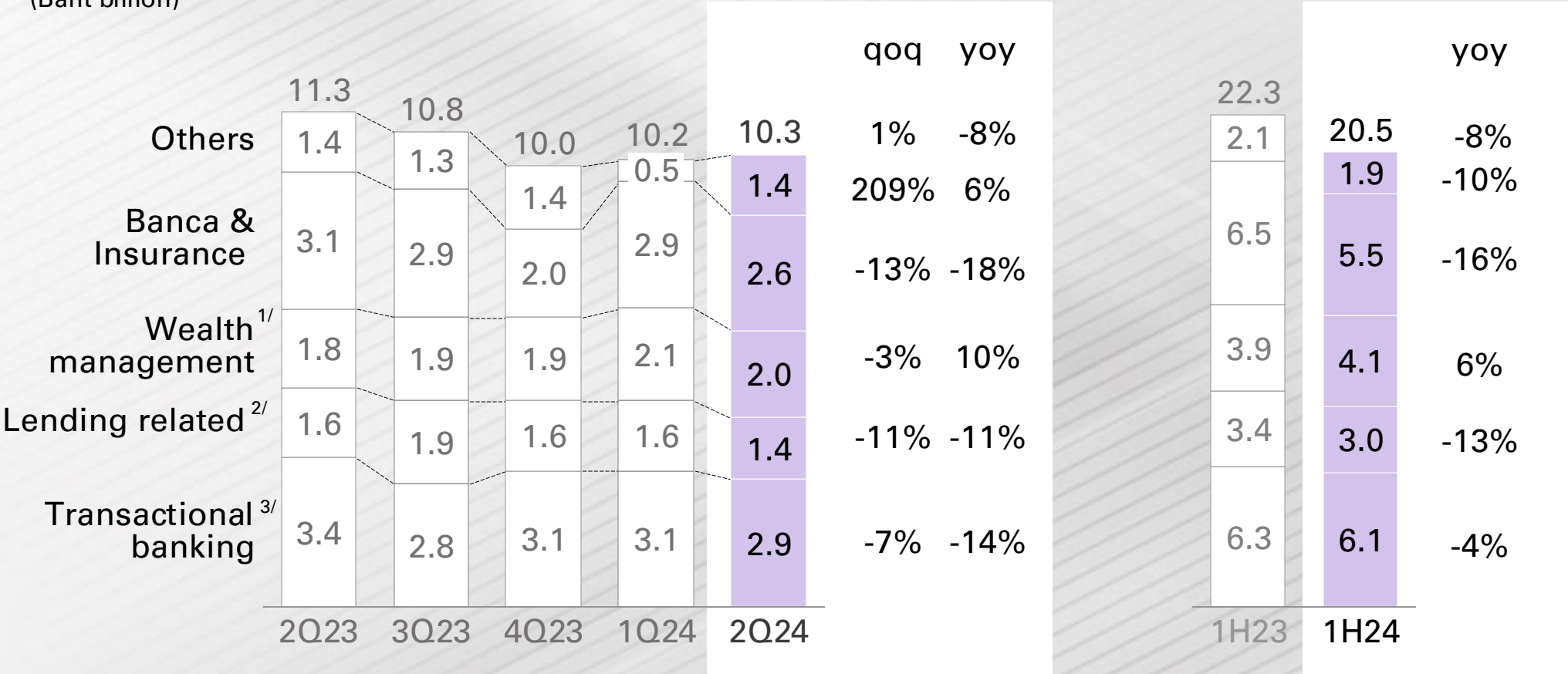
Note: Loan of CardX was reported as part of the Bank before the spin-off on 10 Dec 2022

Higher yield on loans qoq at the Bank from improved corporate loan collection efficiency; AutoX's yield dropped from portfolio diversification to manage risks



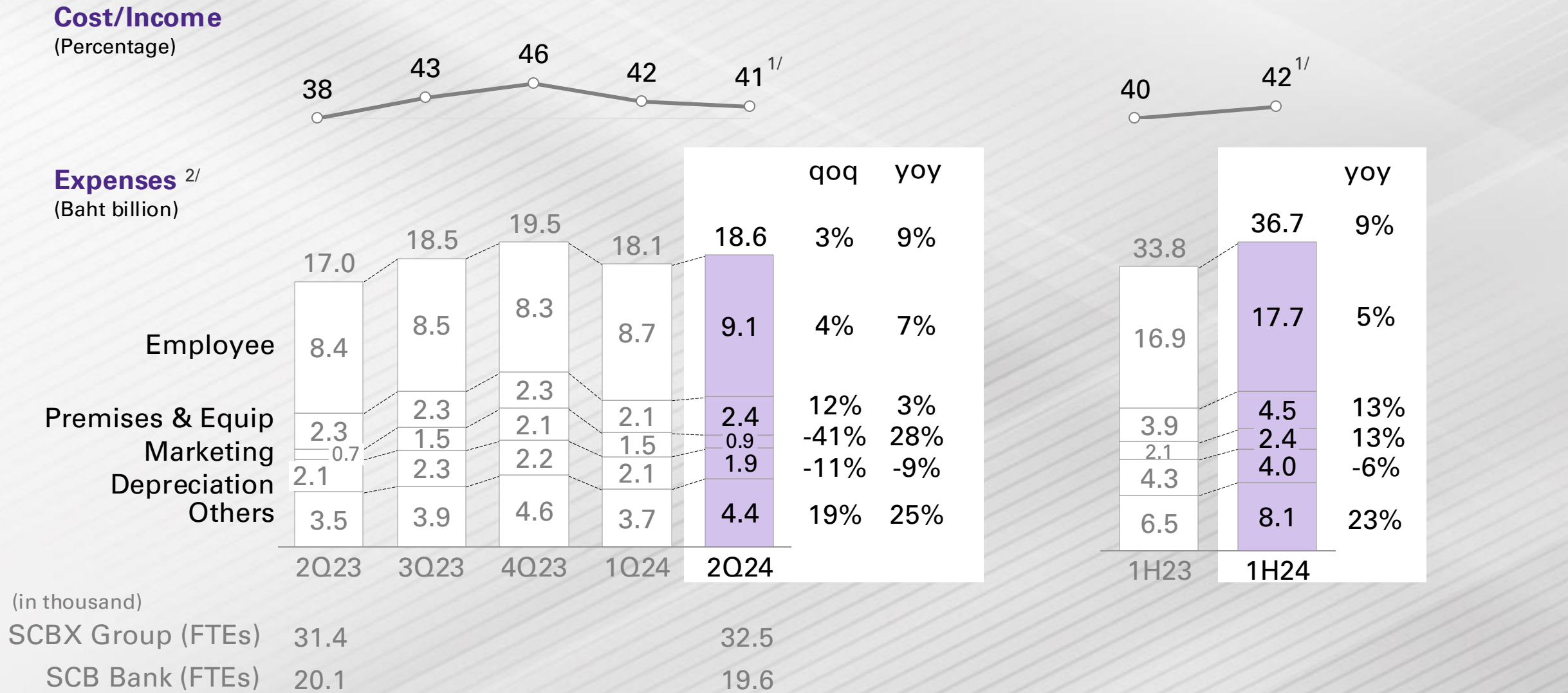
Overall fee income stable qoq thanks to improving wealth management performance at SCB Bank

Fee & others
(Baht billion)



1/ Including income from fund management, securities business and others
 2/ Including loan-related and credit card fees
 3/ Including transactional fees, trades, and fx income

OPEX + 9% yoy due to Robinhood app closure expenses but normalized C/I is well under control at 41.2% from stringent cost discipline



Higher provisions qoq due to credit cost specifically set aside for a corporate customer

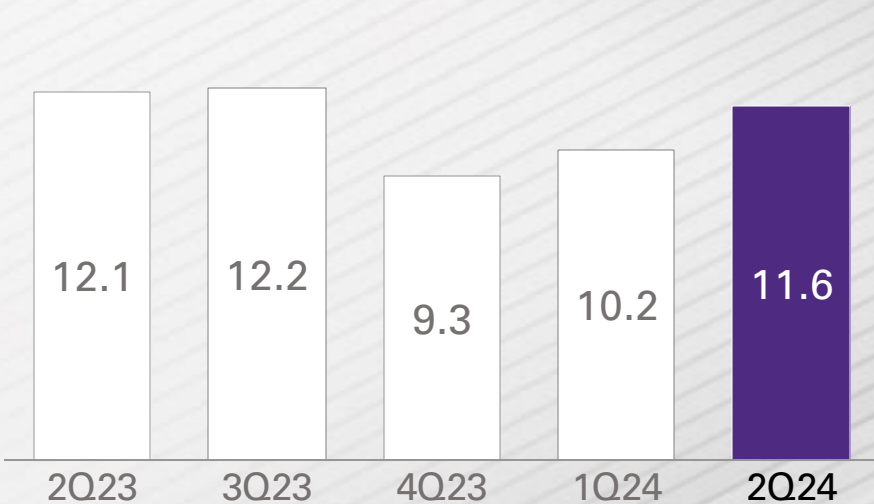
Total allowance
(Baht billion)



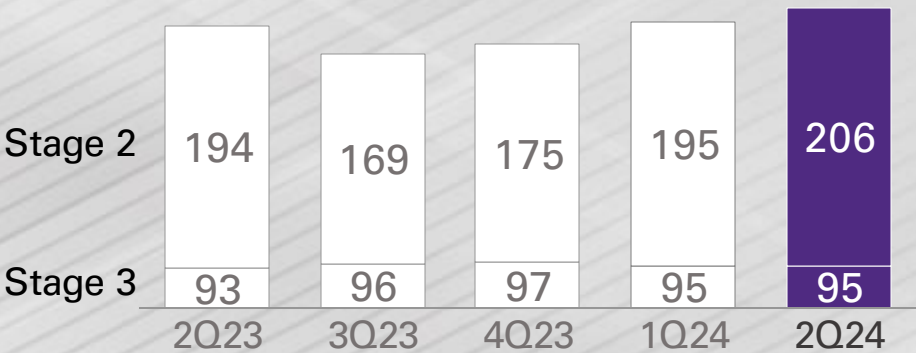
NPL coverage ratio
(Percentage)



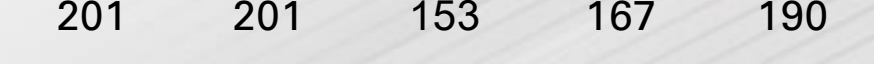
Provisions
(Baht billion)



Loans under stage 2 & 3
(Baht billion)



Credit cost
(bps)

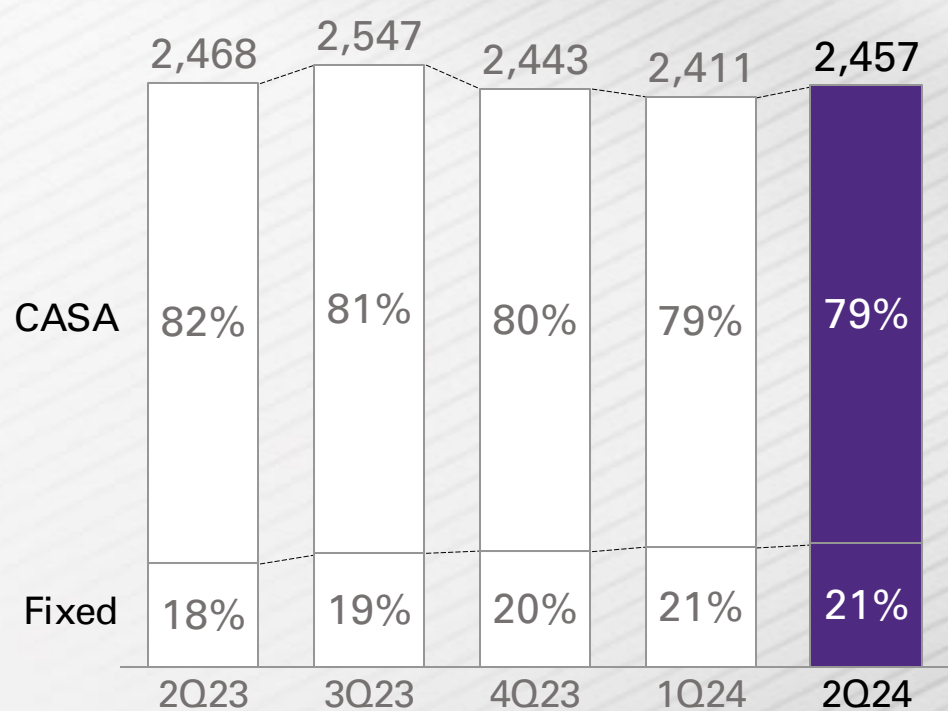


NPL
(Percentage)

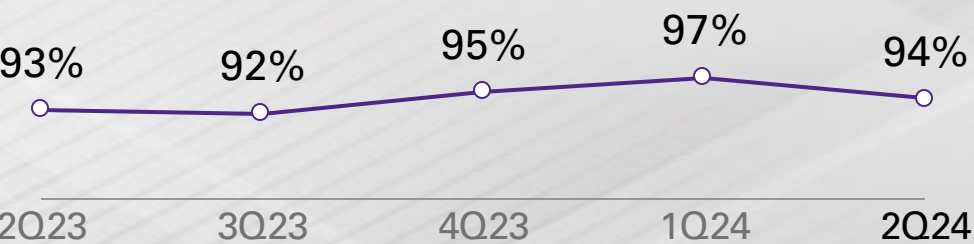
	2Q23	3Q23	4Q23	1Q24	2Q24
NPL sales	3.25	3.30	3.44	3.52	3.34
Write-off	3.6	4.2	2.4	1.5	1.8
	7.3	7.7	13.9	11.5	10.7

Dynamically manage deposits and L/D ratio for prudence

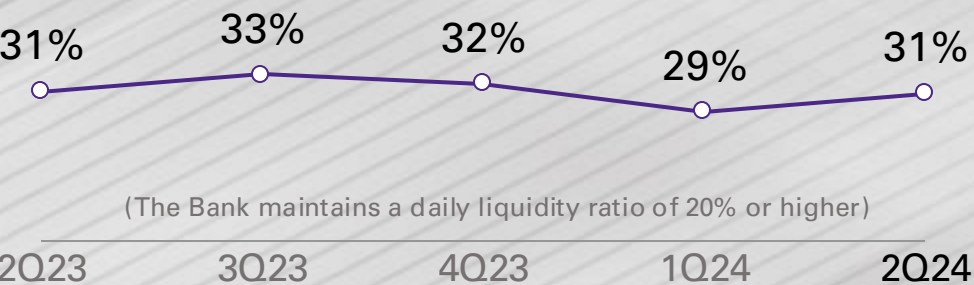
Total deposits
(Baht billion)



Loan-to-deposit (L/D) ratio – Bank only



Liquidity ratio^{1/} – Bank only



(The Bank maintains a daily liquidity ratio of 20% or higher)

^{1/} Liquid assets primarily comprise cash, bank’s deposits, net interbank, bilateral repo with the Bank of Thailand and investment in government securities

Modest signs of meaningful macroeconomic recovery add uncertainty to our 2024 target

SCBX Group Consolidated			
	2023 actual	2024 target	1H24 results
Total loan growth (yoy)	2%	3-5%	0.5%
Net interest margin (Simple avg.)	3.73%	3.7-3.9%	3.83%
Net fee income growth (yoy)	-4.0%	Low-mid single digit	-7.9%
Cost/Income	42%	43-45%	41.6% ^{1/} (excl. Robinhood one-off)
Credit cost (bps)	182	160-180	179

^{1/} If including Robinhood one-off, the cost/income ratio was 42.5%.
 Note: assuming no change to policy rate throughout the year
 IMPORTANT DISCLAIMER: The above financial targets are subject to change due to economic uncertainties and have not reflected new business opportunities.



2024 Outlook

2024 business outlook – overall



Long-term strategic roadmap

Phase 1:

Build core tech & data capabilities (2022-23)

Phase 2:

Deliver growth with scale and synergy (2024-25)

Phase 3:

Monetization and exponential growth (3-5 years)

2024 Group strategic focus

- Focus on bringing Gen 2 back to profitability
- Transform Gen 3 (primarily PPV) from unprofitable business model to profit-oriented one by phasing out subsidy
- Improve efficiency under SCBX structure through tech COEs (Cloud, Cyber security and Data)
- Continue to look for regional expansion opportunity with concrete criteria on immediate earnings accretion and group-wide synergy in consumer finance area.
- Further enhance group capital efficiency

Business outlook – Gen 2 (CardX)



2023 Performance

- Strong operating profit although net profit was affected by higher credit costs resulting from weak market environment and complications in system migration.
- Successful data migration of 1 million personal loan accounts to new core system.
- Technical migration issues stabilized and credit cost showed strong improvement since 3Q23.

2024 action plan and targets

- **Reinforce risk management** to weather through key challenges ahead such as fragile economic recovery, new policies, and weak consumer credit's environment.
- Continue to **build foundation** to uplift underwriting, credit risk modelling and collection.
- Strengthen portfolio and client selection criteria by acquiring favorable customer segmentation, launching cross-selling and **augmenting fee income**.
- **Turnaround to profitability** and on path to deliver full potential ROA in coming years.

>200K

New credit card accounts
(YE2023 = +160K yoy)

+15%

Card spending growth
(yoy)

**Profitability
turnaround**

**With meaningful decline of
credit cost**

Business outlook – Gen 2 (AutoX)



2023 Performance

- Exponential loan growth to Baht 34 billion
- 300k total customers (almost all new to SCBX)
- Already profitable
- 1,803 branches nation-wide
- <1% NPL

2024 action plan and targets

- Strengthen and **optimize existing distribution network** to increase productivity and efficiency
- **Increase insurance (life/ non-life) licensed salespersons to 80%** of total salesforces to enhance sales ability to boost fee income
- **Strengthen collection capability** and credit model through AI/ML technology to achieve healthy portfolio

50bn THB yoy
loan O/S +47%
(YE2023 = THB 34 bn)

4,500
Salesperson
(with 80% insurance
licensed)
(YE2023 = 3,600)

< 2%
NPL
(YE2023 <1%)

Business outlook – Gen 3 (InnovestX)



2023 Performance

- A challenging year for core brokerage business of InnovestX
- Continued to be a leading securities company
- First and only brokerage firm in the market partnering with TradingView to enable investors to execute trade instantly using InnovestX as a broker

2024 action plan and targets

- **Modernize** traditional brokerage business through ongoing enhancement of web and mobile platform
 - Providing wide-range of new products
 - Introducing powerful tools to make investment journey smoother and more informed
- Continue to **seek impactful collaborations** to strengthen its position as a leading brokerage house

>1mn
Customers



Top 5
market share
(in terms of revenue)

>3bn THB
2024 revenue



Click the image or scan QR code for details on SCBX and its portfolio companies

SCBX



Strategy Presentation





Strategy Paper





2025 Financial Outlook





Strategy Day (website)



Basel III Pillar 3 Market Disclosure


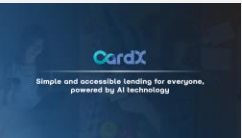


Annual Report 2023





Portfolio companies (strategy presentations)



CardX





AutoX





MONIX





ABACUS digital



SCB 10X



InnovestX

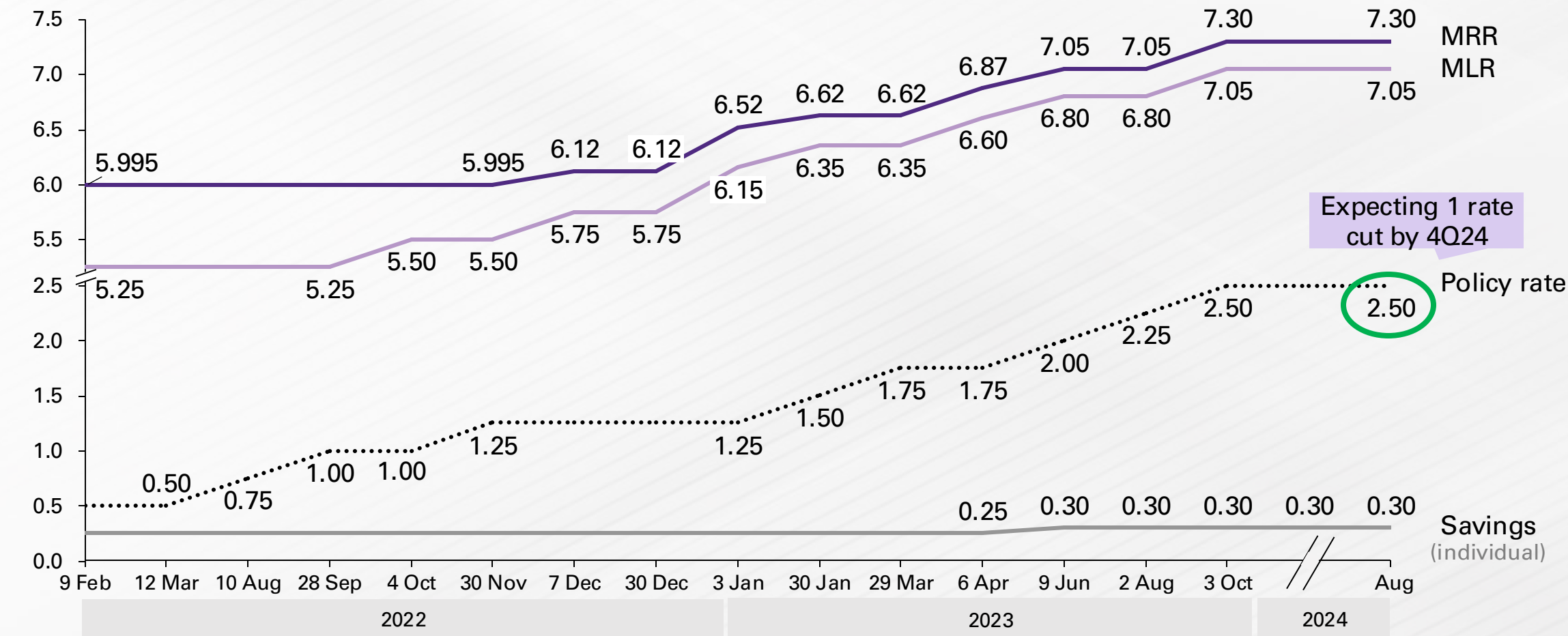


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Appendix

SCB's interest rates and Thailand's policy rate

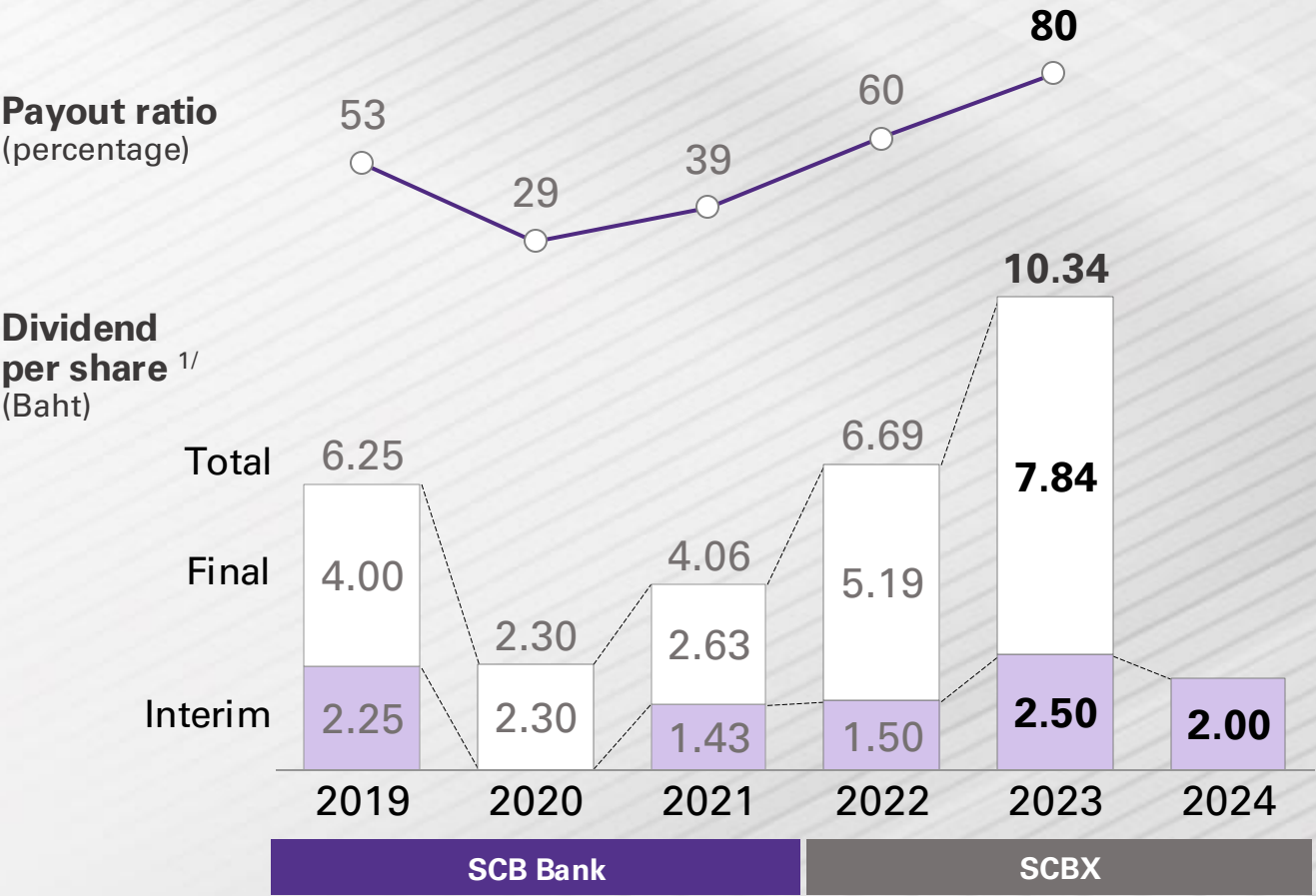
SCB's interest rates
(percentage)



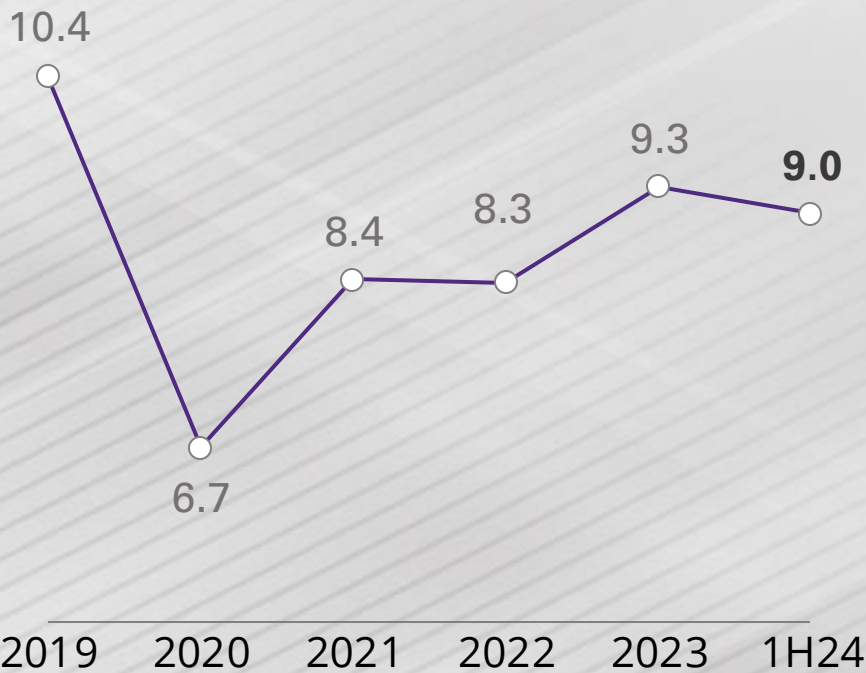
Notes: 1. MLR (Minimum Loan Rate) and MRR (Minimum Retail Rate)
2. FIDF waiver (23 bps) expired in 2022.

SCBX is committed to delivering double-digit ROE in the medium term

Dividend history



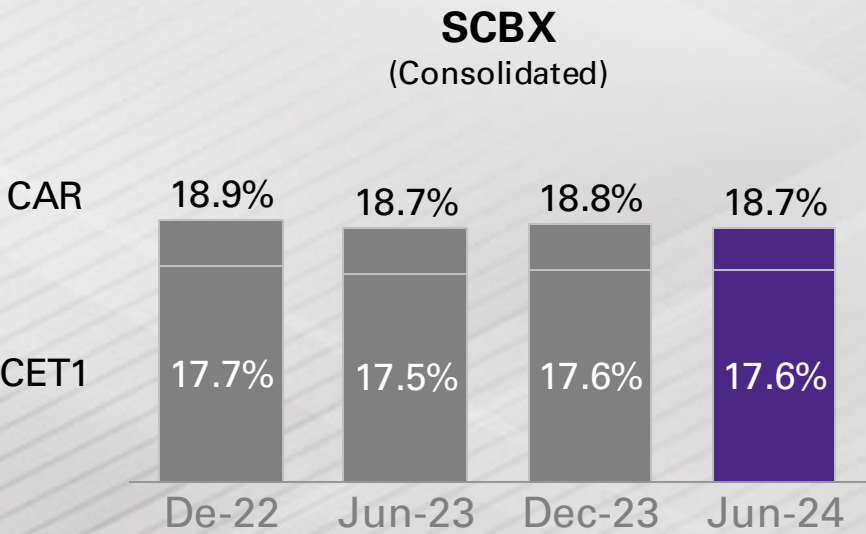
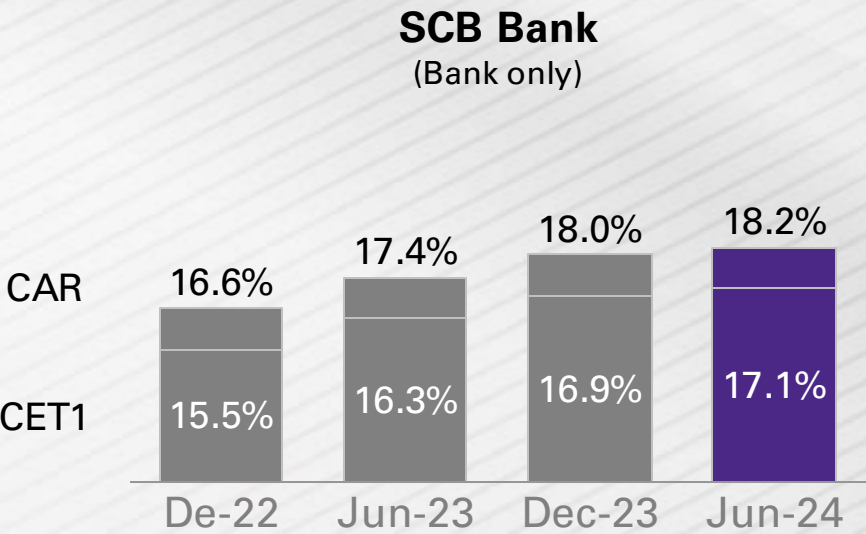
ROE (Percentage)



^{1/} Excluding dividend paid by SCB Bank in September 2022 due to business restructuring

Robust capital strength and stability at the bank and consolidated level

Capital Adequacy Ratio^{1/} (percentage)



Total capital (Baht billion)



Risk-weighted assets (Baht billion)



Total capital (Baht billion)



Risk-weighted assets (Baht billion)



^{1/}Appropriation of net profit and its inclusion in CET1 occur once a year, following approval at the AGM in April.

NIM sensitivity to policy rate movement

NIM sensitivity to 1% rate cut

- **25 to 30 bps**

NIM sensitivity to 1% policy rate cut for the first full year

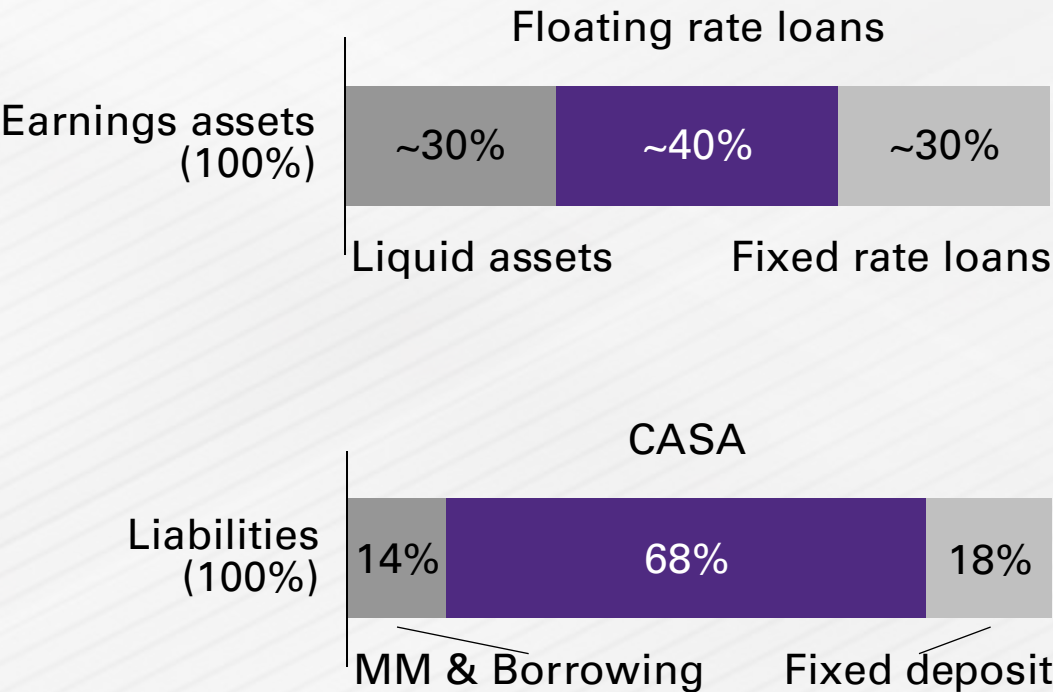
Assumptions:

- +100 bps for floating products
- CASA and on-call rate +20 bps
- Excluding NII impact of off-balance sheet (Baht 714mn)

Note: NIM sensitivity calculated using an internal model with balance sheets as of April 2024

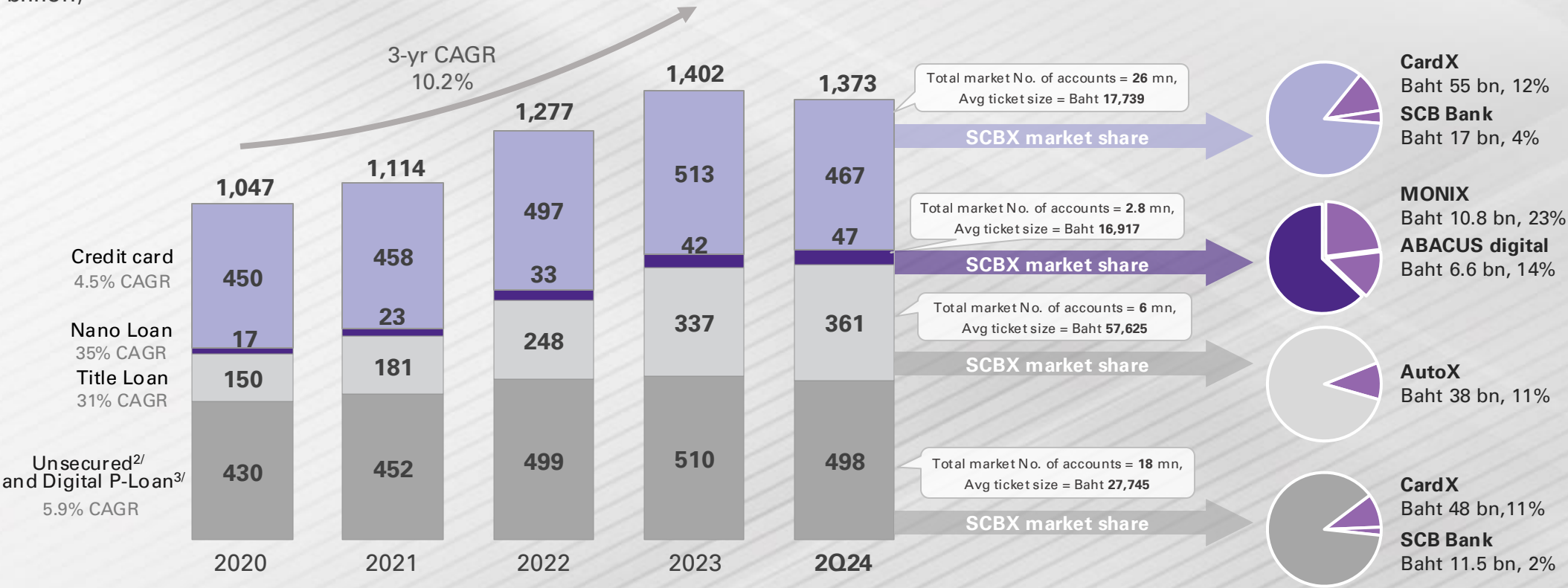
Balance sheet profile

Indicative only, based on information as of end of April 24



Thailand's consumer finance market ^{1/}

Total market (Baht billion)



1/ Including bon and non-bank players under Bank of Thailand's supervision
2/ Credit limit ≤ 1.5x of monthly income (< Baht 30,000): credit limit ≤ 5x of monthly income (≥ Baht 30,000)
3/ Credit limit ≤ Baht 20,000

Source: Bank of Thailand

Sustainability: 2023 achievements and 2024 focus

Long-term Strategic Focus	2023 Review	2024 Strategic Focus
<p>Become sustainability leader for financial group in the region by 2030</p> <p>Achieve net zero – in own's operation (scope 1 and 2) by 2030</p> <p>Achieve net zero - financed and investment emissions (scope 3, category 15) by 2050</p>	<ul style="list-style-type: none"> • Sustainability 3-year targets have been defined to support the previously deployed SCBX Sustainability Framework • Achieved 13% GHG reduction in scope 1 and 2 against the 2022 reported baseline • Scope 3, category 15 GHG emissions baseline (i.e., year 2021) has been quantified by using the internationally accepted standard (PCAF) • ESG risk management policy and risk appetite statement are formulated and deployed group-wide 	<ul style="list-style-type: none"> • Continue monitoring 3-year sustainability targets • Continue monitoring scope 1 and 2 emissions and adjusting reduction plan to reflect new business expansion • Define the SBTi-compliance GHG reduction targets. The Sectorial Decarbonized Approach (SDA) will be applied to determine a reduction target for power generation sector, and the Implied Temperature Rise (ITR) Methodology will be applied for the rest of the portfolio • Expand measurement of GHG baseline to cover other asset classes/ financing activities

SCBX Sustainability Framework

SCBX's VISION

THE MOST ADMIRABLE REGIONAL FINANCIAL TECHNOLOGY GROUP

SUSTAINABILITY MISSION

OPPORTUNITIES FOR EVERYONE, POSSIBILITIES EVERYDAY

*Empowering everyone to accelerate climate action and
be part of an inclusive financial ecosystem through the power of technology and innovation*

GLOBAL CHALLENGES

DISRUPTIVE TECHNOLOGIES

INCOME INEQUALITY

ENVIRONMENTAL CONCERNS

SUSTAINABLE ECOSYSTEM

PLANTING
DIGITAL SEEDS

We plant digital seeds
for the future

ENRICHING
LIVES

We help improve people's lives
for the better

GROWING
ECONOMIC RESILIENCE

We catalyze the region's
economic growth

REACHING
CLIMATE NEUTRALITY

We contribute and aim to
build
climate resilient communities

SUSTAINABILITY STRATEGIC GOALS

- Digital Solution and Security
- Digital Skills of the Future
- Financial and Digital Inclusion
- SME/ Start-up/ Social (3S) Empowerment
- Sustainable Finance
- Zero Emission and Climate Technology
- Operational Eco-efficiency

FOUNDATION

- Governance, Risk Management and Compliance (GRC)
- People and Culture
- Human Rights

RELEVANT SDGS



Q&A