

Press Release: April 19, 2024

SCBX ANNOUNCED FIRST-QUARTER NET PROFIT OF BAHT 11.3 BILLION

Bangkok: SCB X Public Company Limited (SCBX) has reported a consolidated net profit of Baht 11.3 billion for the first quarter of 2024, a 2.6 % yoy increase.

For the quarter, net interest income increased by 9.7% yoy to Baht 31.8 billion resulting from an expansion in the net interest margin (NIM) and an increase in investment income. Overall loans grew by 2.1% yoy, primarily from housing loans and corporate loans under SCB Bank, as well as digital loans and auto title loans under portfolio companies.

Fee and other income declined by 7.6% yoy to Baht 10.2 billion, due to a decrease in bancassurance fees and lending-related fees.

Operating expenses increased by 8.0% yoy to Baht 18.1 billion, while the cost-to-income ratio was at 42.1%, slightly increased from the previous year's 41.0%. This reflects our commitment to effective cost management and the ongoing effort to increase operational efficiency.

The Company set aside provisions of Baht 10.2 billion, a 2.8% yoy increase, amidst ongoing challenges posed by an uneven economic recovery and the impact of an elevated level of household debt on vulnerable retail customers. The non-performing loan (NPL) coverage ratio remained at 160.6%.

Overall asset quality is well under control. The NPL ratio was 3.5% at the end of March 2024, slightly higher than the 3.3% recorded at the end of March 2023. The capital adequacy ratio remained strong at 18.6% and the Return on Equity (ROE) stood at 9.3%.

The Company recently announced a dividend payment for the 2023 operating results of Baht 10.34 per share, representing 80% dividend payout ratio, significantly higher than in previous years. This reflects our strong financial performance and our commitment to shareholder value creation.

Arthid Nanthawithaya, Chief Executive Officer of SCBX, commented:

“SCBX continues to achieve higher operating profits and remains committed to supporting government policies aimed at addressing Thailand’s household debt issues by providing continuous assistance to vulnerable customers based on their debt-servicing ability.

The Company is also working on building capabilities for future growth and has recently partnered with WeBank, a prominent digital bank from China, to collaborate on exploring the deployment of innovative technology in pursuit of the BoT’s virtual bank license, with the aim of tackling the problem of financial inclusion in Thailand.

Additionally, SCBX has launched “Typhoon”, an advanced Large Language Model for Thai, in January 2024. This milestone underscores our dedication to advancing technology within the SCBX Group to become an AI-first organization through innovative solutions and technology.”

SCBX – Financial Highlight

Unit: Baht million				(Consolidated)	
	1Q24	4Q23	% qoq	1Q23	% yoy
Income	42,995	42,543	1.1%	40,900	5.1%
NII	31,761	33,413	-4.9%	28,942	9.7%
Fee and others	10,178	10,013	1.6%	11,009	-7.6%
Investment and trading income	1,056	-883	NM	948	11.4%
Operating Expenses	18,100	19,517	-7.3%	16,757	8.0%
Pre-Provision Operating Profit	24,895	23,026	8.1%	24,143	3.1%
Expected credit loss	10,201	9,330	9.3%	9,927	2.8%
Net Profit	11,281	10,995	2.6%	10,995	2.6%
Loans	2,448,681	2,426,563	0.9%	2,399,222	2.1%
Total Assets	3,407,138	3,438,722	-0.9%	3,416,475	-0.3%
Deposits	2,410,606	2,442,860	-1.3%	2,510,258	-4.0%
ROE	9.3%	9.3%	0.0%	9.4%	-0.1%
ROA	1.3%	1.3%	0.0%	1.3%	0.0%
NIM on Earning Assets	3.83%	3.96%	-0.13%	3.46%	0.37%
Cost to Income Ratio	42.1%	45.9%	-3.8%	41.0%	1.1%
Loan to Deposit Ratio (Bank-only)	97.0%	94.5%	2.5%	90.7%	6.3%
NPL%	3.52%	3.44%	0.08%	3.32%	0.20%
NPLs	95,236	96,832	-1.6%	95,153	0.1%
Coverage Ratio (Total Allowance to NPLs)	160.6%	159.9%	0.7%	163.8%	-3.2%
CAR	18.6%	18.8%	-0.2%	18.6%	0.0%
Regulatory Capital	445,789	443,680	0.5%	433,675	2.8%

NM denoted "not meaningful."

Management Discussion and Analysis

For the first quarter ended March 31, 2024

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Executive Summary

The Thai economy recovered at a gradual pace resulting in SCB EIC lowering growth projection for Thailand in 2024 to 2.7% from 3%. Looking forward, there are positive indicators such as promising prospects in tourism, a robust service sector performance, a revival in demand-driven economic activities led by exports and private investment, and a pick up in public spending following the recent passage of the 2024 budget bill. SCB EIC expects the Monetary Policy Committee (MPC) to lower the policy rate from 2.5% to 2% within 2024 to maintain a neutral stance of monetary policy.

In 1Q24, SCBX continued to grow, with a net profit of Baht 11.3 billion, reflecting a 2.6% rise compared to 1Q23. This performance was primarily fueled by higher net interest income and increased investment & trading income, offsetting elevated expected credit losses and softer fee income.

Regarding business portfolio contributions, SCB Bank (Gen 1) maintained robust topline income growth, efficient cost management and stable credit costs. Consumer & digital financial services (Gen 2) posted positive PPOP growth due to strong NII and fee income but recorded a net loss. loss due to higher expected credit losses. Meanwhile, the digital platform & ecosystem (Gen 3) experienced a narrower loss in 1Q24 compared to 1Q23 mainly due to higher mark-to-market gain from investment portfolio at SCB 10X.

In terms of new businesses, SCB Bank has entered into a Sale and Purchase Agreement (SPA) to acquire a 100% stake in Home Credit Vietnam Finance Company Limited. This transaction represents a significant milestone for SCBX to establish itself as a regional financial technology group with immediate return accretion upon the completion of the transaction. Moreover, SCBX and WeBank, a leading digital bank in China, have reached an agreement to collaborate on the development of innovative technology in Thailand in preparation for the application of virtual bank license. We anticipate that robust, innovative, and agile technology will play a pivotal role in the success of our virtual bank venture.

SCBX announced a dividend payment for the 2023 operating results, with a dividend payout ratio of 80% of net profits, representing an increase from the 60% of the previous year, demonstrating the commitment to consistently enhance shareholder value.

Acquisition of Home Credit Vietnam Finance Company Limited

On February 28, 2024, SCBX announced that its subsidiary, The Siam Commercial Bank Public Company Limited (SCB Bank), has entered into a Sale and Purchase Agreement (SPA) with Home Credit N.V. to buy 100% of the charter capital of Home Credit Vietnam Finance Company Limited (HCVN) for approximately VND 20,973 billion (or equivalent to approximately Baht 31 billion). HCVN is a leading consumer finance company in Vietnam with competent team of international management.

The transaction marks a significant milestone in SCBX's journey to become a leading regional financial technology group and strengthens the company's presence in the high-growth ASEAN market. The transaction will immediately enhance earnings and shareholder return for SCBX.

The transaction requires approval from the Bank of Thailand, the State Bank of Vietnam, the Department of Planning and Investment of Vietnam, and/or other relevant competent authorities and is expected to be completed by mid-2025. The transaction also depends on the satisfaction of the conditions precedent under the SPA.

1Q24 operating performance

In the first quarter of 2024, SCBX recorded a consolidated net profit of Baht 11.3 billion, marking a 2.6% year-on-year increase. This growth was primarily driven by higher net interest income (NII) resulting from an expansion in net interest margin (NIM) and increased investment income. Overall fee income experienced a decline compared to the previous year, primarily due to decreases in bancassurance fees and lending-related fees. The cost-to-income ratio increased slightly to 42.1% in 1Q24. Additionally, expected credit losses (ECL) slightly increased year-on-year to Baht 10.2 billion or 167 basis points of total loans, which was a net impact of an increase year-on-year from CardX and a reduction at the Bank from the absence of a one-off ECL last year.

The Group experienced a 2.1% year-on-year increase in loan growth, primarily driven by housing loans and corporate loans from SCB Bank and consumer loans from non-bank portfolio companies. The non-performing loan (NPL) declined quarter-on-quarter in absolute terms but NPL ratio mathematically rose quarter-on-quarter to 3.52% as earning asset base (denominator in the NPL ratio calculation) shrank due to loan-to-deposit optimization strategy at the Bank, with a solid coverage ratio at 160.6%.

Portfolio companies update

Gen 1 business update

SCB Bank

SCB Bank has set a strategic objective of becoming a “Better Bank.” Within three years, its key objectives include establishing a reputation as a comprehensive digital bank that provides top-tier wealth management services alongside a seamless omnichannel experience for customers across all channels.

In the first quarter of 2024, the Bank experienced top-line growth year-over-year, propelled by strong net interest income (NII) growth. The overall fee income has slightly decreased, mainly because of lower bancassurance fees affected by economic conditions and business activity, along with decreased fees related to lending, while fee income from transactional banking activities and wealth management segment grew year-over-year, fueled by high-value products amidst active global stock markets. Continuing its disciplined cost management approach, the Bank achieved a decrease in the cost-to-income ratio to 37.6%. Non-Performing Loan (NPL) in absolute terms declined slightly qoq while % NPL slightly ticked up to 3.37% in 1Q24 from 3.29% in 2023 as the Bank’s interbank portfolio was downsized as part of loan-to-deposit optimization strategy, resulting in smaller denominator. NPL coverage ratio remained solid and stable at 155.7%.

The Bank continues to monitor and prudently manages asset quality, emphasizing an ample buffer and sufficient cushion to withstand the challenges of an uneven economic recovery in the first quarter of 2024. The Bank’s credit costs and expected credit losses came down year-on-year, from the absence of a one-time provision allocated for a specific corporate entity booked in 1Q23 while the Bank still needs to closely monitor exposure in retail portfolio. The Bank also continues to improve balance sheet efficiency through higher, yet optimal loan-to-deposit ratio.

Amid challenging market conditions, the Bank remains steadfast in its commitment to boosting revenue from both wealth management and bancassurance. It aims to deliver a seamless omnichannel experience to customers across all platforms and plans to revitalize the wealth management business by providing comprehensive services tailored to address the diverse needs of customers in personal wealth. The Bank has developed a backend system to bolster its digital revenue journey and enhance its digital products to remain competitive in the market. Simultaneously, emphasis will be placed on upgrading and modernizing infrastructure to enhance flexibility and broaden service coverage.

Gen 2 business update**CardX**

CardX has been focusing on strengthening its foundation to ensure sustainable growth by enabling dynamic underwriting and portfolio risk management while improving collection capabilities to turn operations around and achieve profitability for the year. CardX has strategically shifted its focus towards acquiring higher quality customers in the credit card business while concurrently reducing the personal loans exposure amid an uneven economic recovery and higher household debt. The company continued to enhance its collection efforts. This strategic pivot reflects an emphasis on optimizing credit card offerings to meet evolving consumer needs and preferences, leveraging CardX's strengths in this segment. Simultaneously, efforts are underway to systematically reduce exposure to personal loans, especially in the self-employed segment, aligning with risk management objectives.

The migration issue at CardX has largely stabilized. CardX slowed down personal loan in the self-employed segment to ensure that credit quality remained under control. For minimum payment policy, CardX had prepared for potential impacts and, so far, has experienced outcomes slightly better than initially anticipated. Further close monitoring remains essential.

CardX delivered a net loss in 1Q24 as credit costs stayed elevated as it manages the wind-down exposure from self-employed segment in its personal loan portfolio, and partly from the impact of minimum payment. Nonetheless, we anticipate a gradual improvement in credit costs in the second half of 2024. At the end of 1Q24, CardX's outstanding loans fell to Baht 107 billion.

AutoX

AutoX stands out for its exceptional financial performance, boasting a high loan yield and robust loan growth, giving it a significant competitive advantage. Utilizing cutting-edge electronic technology, the company provides customers with fast and convenient service. With the ability to approve loans within an hour and offering the highest commission rates to agents in the market, AutoX is recognized for its efficiency and competitiveness.

AutoX is balancing the expansion of its branch network together with improving efficiency, acknowledging the crucial role branches play as both branding assets and service hubs, bolstering the company's visibility and trustworthiness in the market. Recently, AutoX has forged a strategic partnership with convenience store business (7-Eleven), tapping into their extensive network to streamline the loan application process. The channel presents a cost-effective method to broaden exposure, capitalizing on the widespread presence of 7-Eleven stores. Moreover, AutoX has established strategic alliances with prominent players across various industries, including PTT Oil and Retail, Osotspa, Workpoint and RS, aiming to elevate and bolster its service offerings.

AutoX has worked towards increasing fee incomes, especially in the non-life insurance sector. At the end of the first quarter of 2024, AutoX's loan portfolio stood at Baht 41 billion, while its non-performing loan ratio remained below 1%. The company has delivered net profit for 3 consecutive quarters.

Gen 3 business update

Purple Ventures

As Robinhood transitions towards a profit-oriented model, it is strategically reducing subsidies across its food-delivery services while ensuring sustainable support for smaller merchants and riders within its ecosystem. Robinhood Ride gradually grew from a small base by prioritizing quality and fair pricing for consumers and drivers. Meanwhile, Robinhood EV has expanded its fleet by ordering an additional 250 2-wheel electric vehicles, bringing the total fleet size to 845 units. At the end of March 2024, Robinhood had over 4.5 million registered users, with a total GMV of Baht 1.6 billion.

No change to full-year guidance

2024 Targets	SCBX (Consolidated)	1Q24
Loan Growth	3-5%	0.9%
Net Interest Margin (NIM)	3.7-3.9%	3.83%
Net Fee Income Growth	Low-mid single digit	-7.6%
Cost to Income Ratio	43-45%	42.1%
Credit cost (bps)	160-180bps	167

1Q24 overall results remained in-line with forecasts, with the exception of fee income growth, which is still short of expectations. Loan growth was below the target range in 1Q24 but is expected to catch up with our guidance for the rest of the year, thanks to prospect for economic recovery in the 2H24 and solid performance at AutoX. Net interest margin (NIM) was aligned with expectations. The shortfall in fee income growth was primarily attributed to unfavorable market conditions. However, we anticipate a gradual improvement in fee income over the coming quarters, particularly driven by wealth management and bancassurance. The cost-to-income ratio for 1Q24 exceeded expectations. It is our intention to manage the cost structure in the most efficient manner. The credit cost was in line with the target.

SCBX Performance in 1Q24 (consolidated)

SCBX announced an unreviewed consolidated **net profit** of Baht 11,281 million, representing a 2.6% increase from Baht 10,995 million in 1Q23. The primary reason for this increase was a rise in net interest income (NII), despite an increase in operating expenses (OPEX), higher expected credit losses, and a decline in fee income.

On a **quarter-on-quarter** basis, the net profit increased by 2.6%, mainly due to an increase in investment income, fee and other income, and a decrease in operating expenses. However, this growth was partially offset by a decrease in net interest income and an increase in expected credit losses.

Table 1. Net Profit and Total Comprehensive Income

Consolidated					
Unit: Baht million	1Q24	4Q23	% qoq	1Q23	% yoy
Net interest income	31,761	33,413	-4.9%	28,942	9.7%
Fee and others	10,178	10,013	1.6%	11,009	-7.6%
Investment and trading income	1,056	(883)	NM	948	11.4%
Total operating income	42,995	42,543	1.1%	40,900	5.1%
Operating expenses	18,100	19,517	-7.3%	16,757	8.0%
Pre-provision operating profit	24,895	23,026	8.1%	24,143	3.1%
Expected credit loss	10,201	9,330	9.3%	9,927	2.8%
Income tax	3,354	2,628	27.6%	3,147	6.6%
Non-controlling interests	59	73	-19.5%	73	-18.9%
Net profit (attributable to shareholders of the Company)	11,281	10,995	2.6%	10,995	2.6%
Other comprehensive income (loss)	285	692	-58.9%	(24)	NM
Total comprehensive income	11,566	11,687	-1.0%	10,971	5.4%
ROAE	9.3%	9.3%		9.4%	
ROAA	1.3%	1.3%		1.3%	

NM denotes "not meaningful"

Income statement for the first quarter ended March 31, 2024 (Consolidated basis)

Table 2. Net interest income

Consolidated					
Unit: Baht million	1Q24	4Q23	% qoq	1Q23	% yoy
Interest income	41,380	43,436	-4.7%	37,092	11.6%
Loans	34,140	35,438	-3.7%	30,673	11.3%
Interbank and money market	2,327	2,960	-21.4%	1,999	16.4%
Hire purchase	2,393	2,450	-2.3%	2,602	-8.0%
Investments	2,415	2,480	-2.6%	1,787	35.2%
Others	105	109	-3.3%	32	228.6%
Interest expenses	9,619	10,023	-4.0%	8,150	18.0%
Deposits	4,703	4,737	-0.7%	3,067	53.4%
Interbank and money market	952	1,056	-9.9%	1,224	-22.3%
Borrowings	1,021	1,197	-14.8%	823	24.0%
Contribution to the Deposit Protection Agency & FIDF	2,831	2,912	-2.8%	2,939	-3.7%
Others	112	120	-6.8%	96	16.4%
Net interest income	31,761	33,413	-4.9%	28,942	9.7%

- **Net interest income** in 1Q24 increased by 9.7% yoy, amounting to Baht 31,761 million. This increase was driven by a 0.37% rise in the NIM and a 2.1% yoy growth in the loan volume.
- On a **quarter-on-quarter** basis, net interest income decreased by 4.9%, primarily due to a decline in NIM by 13 bps although loan grew 0.9% qoq.

Table 3. Yield and cost of funding

Consolidated					
Unit: Percentage	1Q24	4Q23	3Q23	2Q23	1Q23
Net interest margin	3.83%	3.96%	3.74%	3.70%	3.46%
Yield on earning assets	4.99%	5.15%	4.87%	4.75%	4.44%
Yield on loans	5.99%	6.21%	5.97%	5.85%	5.57%
Yield on interbank and money market	2.49%	2.59%	2.06%	1.89%	1.54%
Yield on investment	1.90%	2.08%	1.85%	1.75%	1.64%
Cost of funds ^{1/}	1.40%	1.42%	1.35%	1.26%	1.17%
Cost of deposits ^{2/}	1.24%	1.22%	1.10%	1.03%	0.94%

Note Profitability ratios use the average beginning and ending balances as the denominator.

^{1/} Cost of funds = Interest expenses (including contributions to DPA & FIDF) / Average interest-bearing liabilities.

^{2/} Cost of deposits includes contributions to the Deposit Protection Agency and FIDF fees.

In 1Q24, NIM expanded by 37 bps yoy to 3.83% primarily due to increases in interbank yield (+95 bps), loan yield (+42 bps) and investment yield (+26 bps). This positive trend persisted despite a rise in funding cost (+23 bps). The higher yields were a result of 4 policy rate hikes, upward revisions of lending rates by the Bank, a larger volume of high-yield loans; and pricing discipline on new bookings. The increase in the cost of funds was mainly attributed to higher deposit costs and borrowing expenses.

On a quarter-on-quarter basis, NIM decreased by 13 bps due to a lower yield on loan and higher deposit costs. For a detailed breakdown of loan yields by segment/product, please refer to Additional Financial Information on page 16.

Table 4. Fee and others

Consolidated					
Unit: Baht million	1Q24	4Q23	% qoq	1Q23	% yoy
Transactional banking *	3,147	3,116	1.0%	2,952	6.6%
Lending related **	1,573	1,578	-0.3%	1,848	-14.9%
Wealth management ***	2,071	1,859	11.4%	2,029	2.1%
Bancassurance/Insurance	2,922	2,014	45.1%	3,424	-14.7%
Others	465	1,445	-67.8%	755	-38.4%
Fee and others	10,178	10,013	1.6%	11,009	-7.6%

* Including transactional fees, trades, and FX income

** Including loan-related and credit card fees

*** Including income from fund management, securities business, and others

- **Fee and others** decreased by 7.6% yoy to Baht 10,178 million in 1Q24. This decline was primarily attributed to a decrease in bancassurance fees and lending related fees. Despite the decrease in these areas, there was an improvement yoy in 1Q24, driven by transactional banking fees and wealth management fees.

- On a **quarter-on-quarter** basis, fee and others increased 1.6% largely due to higher bancassurance fees and higher wealth management fees.

Table 5. Investment and trading income

Consolidated					
Unit: Baht million					
	1Q24	4Q23	% qoq	1Q23	% yoy
Investment and trading income	1,056	(883)	NM	948	11.4%

NM denotes “not meaningful”

- In 1Q24, **investment and trading income** increased by 11.4% yoy to Baht 1,056 million, largely due to higher trading income at SCB Bank.
- On a **quarter-on-quarter** basis, investment and trading income amounted to Baht 1,056 million, compared with a loss of Baht 883 million in 4Q23 from mark to market gains from investment portfolio at SCB 10X.

Table 6. Operating expenses

Consolidated					
Unit: Baht million					
	1Q24	4Q23	% qoq	1Q23	% yoy
Employee expenses	8,684	8,279	4.9%	8,443	2.9%
Premises and equipment expenses	2,833	3,112	-9.0%	2,402	17.9%
Taxes and duties	1,341	1,378	-2.7%	1,291	3.9%
Directors' remuneration	66	62	6.1%	31	112.9%
Other expenses	5,176	6,686	-22.6%	4,589	12.8%
Total operating expenses	18,100	19,517	-7.3%	16,757	8.0%
Cost to income ratio	42.1%	45.9%		41.0%	

- **Operating expenses** increased by 8.0% yoy, reaching Baht 18,100 million in 1Q24. This increase was primarily driven by higher staff costs, which stemmed from the need to accommodate a larger workforce to support business growth. Increase in premises and equipment expensed was particularly linked to the outlet expansion of a portfolio company and higher software/hardware maintenance.
- On a **quarter-on-quarter** basis, operating expenses decreased by 7.3%, primarily due to the seasonal nature of marketing and promotion expenses, which typically peak in 4Q23.

In 1Q24, the cost-to-income ratio increased slightly to 42.1%, compared to 41.0% in 1Q23 but improved qoq from 45.9% in 4Q23. The company will continue to maintain a strong focus on cost discipline.

Table 7. Expected credit loss (ECL)

Consolidated					
Unit: Baht million	1Q24	4Q23	% qoq	1Q23	% yoy
Expected credit loss	10,201	9,330	9.3%	9,927	2.8%
Credit cost (bps)	167	153		166	

- In 1Q24, **expected credit losses** increased to Baht 10,201 million (167 bps of total loans) to preemptively provide a cushion for overall uneven economic recovery at CardX while expected credit losses at the Bank decreased due to the absence of a one-off provision for a specific corporate client in 1Q23. The amount not only reflected the pro-cyclicality of forward-looking Expected Credit Loss (ECL) models under the TFRS 9 framework, but also included management overlays set accordingly to current economic uncertainties.

Balance sheet as of March 31, 2024 (Consolidated basis)

As of March 31, 2024, the Company's total assets fell by 0.3% yoy to Baht 3,407 billion primarily due to a decrease in interbank and money market items, despite a 2.1% yoy growth in loans. Details on the consolidated balance sheet are provided in the following sections:

Table 8. Loans by segment

Consolidated					
Unit: Baht million	Mar 31, 24	Dec 31, 23	% qoq	Mar 31, 23	% yoy
Corporate	872,077	843,726	3.4%	852,635	2.3%
SME	409,986	413,208	-0.8%	416,180	-1.5%
Retail	992,990	995,930	-0.3%	987,146	0.6%
Housing loans	768,428	761,724	0.9%	739,986	3.8%
Auto loans	169,597	172,577	-1.7%	184,984	-8.3%
Unsecured loans	33,443	40,117	-16.6%	43,873	-23.8%
Other loans	21,523	21,513	0.0%	18,303	17.6%
Loans under portfolio companies	173,627	173,698	0.0%	143,262	21.2%
CardX	106,635	115,256	-7.5%	115,173	-7.4%
AutoX	40,937	33,888	20.8%	12,399	230.2%
Other portfolio companies	26,055	24,554	6.1%	15,690	66.1%
Total loans *	2,448,681	2,426,563	0.9%	2,399,222	2.1%

* Total loan excluded unamortized modification loss

Total loans increased 2.1% yoy and 0.9% qoq at the end of March 2024. Changes in loan volume by customer segment are as follows:

- **Corporate** loans increased by 2.3% yoy and 3.4% qoq, primarily driven by demand from large corporates.
- **SME** loans fell by 1.5% yoy and 0.8% qoq. The decline was primarily due to loan repayments from both SMEs and small SMEs.
- **Retail** loans increased 0.6% yoy but fell 0.3% qoq. Below are details of changes in loan volume by sub-segment.
 - **Housing loans** increased 3.8% yoy and 0.9% qoq given continued demand in high-end housing developments.
 - **Auto loans** fell 8.3% yoy and 1.7% qoq largely from loan repayments of used cars.
- **Loans under portfolio companies**, including loans extended by CardX, AutoX, MONIX, ABCUS digital, InnovestX and Purple Ventures increased significantly by 21.2% yoy but were relatively flat qoq at Baht 173,627 million.
 - **CardX loans** (personal loans and credit card receivables) decreased 7.4% yoy and 7.5% qoq, amounting to Baht 106,635 million at the end of March 2024. The decline was attributed to the deceleration of new personal lending, as well as the taper-off exposure of the self-employed segment in personal loan portfolio.
 - **AutoX loans** increased significantly by 230.2% yoy and 20.8% qoq, amounting to Baht 40,937 million from the strong performance from both outlet and agency channels as well as strong market penetration.

Table 9. Deposits breakdown

Consolidated					
Unit: Baht million					
	Mar 31, 24	Dec 31, 23	% qoq	Mar 31, 23	% yoy
Demand	131,633	131,169	0.4%	128,799	2.2%
Savings	1,767,553	1,820,111	-2.9%	1,936,920	-8.7%
Fixed	511,420	491,580	4.0%	444,539	15.0%
Less than 6 months	72,281	75,730	-4.6%	93,604	-22.8%
6 months and up to 1 year	121,203	116,747	3.8%	132,825	-8.8%
Over 1 year	317,936	299,103	6.3%	218,110	45.8%
Total deposits	2,410,606	2,442,860	-1.3%	2,510,258	-4.0%
CASA - Current & Savings Accounts (%)	78.8%	79.9%		82.3%	
Gross loans to deposits ratio (Bank only)	97.0%	94.5%		90.7%	
Liquidity ratio (Bank-only)	29.2%	31.8%		32.5%	

As of March 31, 2024, total **deposits** decreased 4.0% yoy and 1.3% qoq. The decline in deposits was primarily from savings deposits, resulting in a decrease in the CASA mix to 78.8% at the end of March 2024 from 79.9% at the end of last year. The gross loans to deposits ratio (at a bank-only level) increased to 97.0% from 94.5% at the end of December 2023 due to loan-to-deposit optimization.

The Bank's daily liquidity ratio of 29.2%, as measured by total liquid assets to total deposits (at a bank-only level), was well above the 20% minimum threshold.

Table 10. Investment Classification

Consolidated
Unit: Baht million

Investments	Mar 31, 24	Dec 31, 23	% qoq	Mar 31, 23	% yoy
Financial assets measured at FVTPL	154,937	92,534	67.4%	67,637	129.1%
Investments in debt securities measured at amortised cost	210,180	209,930	0.1%	211,363	-0.6%
Investments in debt securities measured at FVOCI	171,768	174,495	-1.6%	135,563	26.7%
Investments in equity securities measured at FVOCI	1,729	1,737	-0.5%	1,695	2.0%
Net investment *	383,677	386,162	-0.6%	348,621	10.1%
Investment in associates	2,118	1,970	7.5%	1,427	48.4%
Total	540,732	480,667	12.5%	417,685	29.5%

* Net investments comprise investments measured at amortized cost and measured at FVOCI

Investments at the end of March 2024 increased by 29.5% yoy and 12.5% qoq. The yoy increase was mainly due to higher financial assets (government bonds) measured at FVTPL, partly from foreign debt instruments measured at FVTPL, and higher investment from government bonds and foreign debentures measured at FVOCI. The qoq increase was primarily due to higher financial assets as mentioned above.

Statutory Capital

SCBX Financial Group, is subject to the same regulations as the Bank, namely the BOT's consolidated supervision guidelines, and must maintain the same minimum capital requirements including additional buffers. The required additional buffers consist of a 2.5% conservation buffer to be held in CET1 and a 1% Domestic Systemically Important Banks (D-SIBs) buffer.

SCBX Financial Group follows prudent approach to capital management by maintaining capital well above the minimum regulatory requirements and ensuring adequate loan loss provisions. This additional cushion allows SCBX Financial Group to better handle unforeseen events and absorb any emerging risks that may arise from new businesses in the future.

Capital positions of SCBX Financial Group and the Bank at the end of March 2024 under the Basel III framework are shown in the below table.

Table 11. Total Regulatory Capital

Unit: Baht million, %	SCBX (Consolidated)			SCB Bank (Bank-only)		
	Mar 31, 24	Dec 31, 23	Mar 31, 23	Mar 31, 24	Dec 31, 23	Mar 31, 23
Statutory Capital						
Common Equity Tier 1	417,586	415,913	406,405	374,627	361,170	362,072
Tier 1 capital	419,036	417,536	407,663	374,627	361,170	362,072
Tier 2 capital	26,753	26,144	26,012	23,939	23,499	24,523
Total capital	445,789	443,680	433,675	398,567	384,669	386,595
Risk-weighted assets	2,399,441	2,358,515	2,328,335	2,177,224	2,135,900	2,235,859
Capital Adequacy Ratio	18.6%	18.8%	18.6%	18.3%	18.0%	17.3%
Common Equity Tier 1	17.4%	17.6%	17.5%	17.2%	16.9%	16.2%
Tier 1 capital	17.5%	17.7%	17.5%	17.2%	16.9%	16.2%
Tier 2 capital	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%

Consolidated common equity Tier 1/Tier 1 capital of SCBX Financial Group declined slightly yoy to 17.4% at the end of March 2024 mainly from appropriation of net profit after dividend payment. On the Bank-only basis, common equity Tier 1/Tier 1 capital increased yoy to 17.2%. The dividend payment from SCB Bank to SCBX for funding purposes is considered an intra-group transaction and thus will only affect the capital position of the Bank but not of SCBX.

Asset Quality

At the end of March 2024, **NPLs** (on a consolidated basis) increased 0.1% yoy but fell 1.6% qoq to Baht 95.2 billion. **NPL ratio** increased to 3.52% from 3.44% at the end of December 2023.

At the end of March 2024, the Group's **coverage ratio** increased to 160.6%, up 0.7% qoq largely from a decrease of NPLs. The Group's total loan loss reserve as a percentage of total loans (LLR %) remained strong at 6.1%.

Table 12. Asset quality

Unit: Baht million, %	Mar 31, 24	Dec 31, 23	Mar 31, 23
SCBX (Consolidated)			
Non-Performing Loans (NPLs)	95,236	96,832	95,153
NPL ratio	3.52%	3.44%	3.32%
Total allowance*	152,921	154,839	155,908
Total allowance to NPLs (Coverage ratio)	160.6%	159.9%	163.8%
Credit cost (Quarterly, bps)	167	153	166
SCB Bank (Bank-only)			
Non-Performing Loans (NPLs)	86,989	88,544	88,204
NPL ratio	3.34%	3.27%	3.16%

* Total allowance includes loans, interbank and loan commitments, and financial guarantee contracts.

Loan Classification and Allowance for Expected Credit Losses

Under TFRS 9, loans are classified into 3 stages based on changes in credit quality since initial recognition. Loans and allowance for expected credit losses at the end of March 2024, December 2023, and March 2023 were classified as follows:

Table 13. Loans and allowances for expected credit losses by stages

Consolidated Unit: Baht million	Mar 31, 24		Dec 31, 23		Mar 31, 23	
	Loans and interbank	ECL*	Loans and interbank	ECL*	Loans and interbank	ECL*
Stage 1 (Performing)	2,414,160	45,340	2,545,602	45,918	2,591,411	49,266
Stage 2 (Underperforming)	194,533	52,266	175,072	50,193	180,618	47,968
Stage 3 (Non-performing)	95,236	55,315	96,832	58,727	95,153	58,675
Total	2,703,928	152,921	2,817,507	154,839	2,867,183	155,908

* Including ECL for loans, interbank and loan commitments, and financial guarantee contracts.

Sources and Uses of Funds

As of March 31, 2024, deposits accounted for 70.8% of SCBX's funding base. Other major sources of funds were: 14.5% from shareholders' equity, 6.7% from interbank borrowings, and 2.7% from debt issuance. Uses of funds for this same period were: 71.9% for loans, 15.9% for investments in securities, 9.1% for interbank and money market lending, and 1.1% held in cash.

Segment Performance

1Q24 Operational Performance

Unit: Baht billion	Total operating income	% portion	Cost income ratio	Credit cost	Net profit (loss)	% portion	Total loans
Gen 1 - Banking Services*	36.3	80%	38%	1.1%	13.2	103%	2,351
Gen 2 - Consumer & Digital Financial Services*	6.9	15%	48%	9.6%	(0.3)	-2%	164
Gen 3 - Platforms & Digital Assets*	2.1	5%	94%	-	(0.1)	-1%	3
Inter Transaction and others	(2.3)		-	-	(1.5)		(69)
Total	43.0		42%	1.67%	11.3		2,449

* Before deducting intercompany transactions

Gen 1 - Banking Services

1Q24 Performance

- **Net interest income** in 1Q24 increased by 1.4% yoy to Baht 25.8 billion, driven by a NIM expansion (+32 bps) and selective loan growth of 1.1% yoy.
- **Non-interest income** fell slightly by 1.7% yoy to Baht 10.5 billion. This was primarily due to lower bancassurance fees and lower lending-related fees, which were partly offset by higher investment and trading income.

- **Total operating income** stood at Baht 36.3 billion mainly driven by a robust NII.
- **OPEX** increased by 3.8% yoy to Baht 13.7 billion, attributed to stringent cost control measures. The Bank remains committed to maintaining a key focus on cost discipline, resulting in a cost-to-income ratio of 37.6% in 1Q24.
- **Net profit** in 1Q24 stood at Baht 13.2 billion, which corresponds to 12.6% of ROE.
- **Loan** growth of 1.1% yoy was propelled by housing and corporate loans. The Bank persisted in its growth with a quality-focused strategy, aiming to optimize returns within its risk tolerance.
- **NPL ratio** rose to 3.37% by the end of March 2024, up from 3.29% at the end of 2023. The increase in NPLs was predominantly from retail segments. As of March 2024, the Bank maintained a high coverage ratio of 155.7%.

Gen 2 – Consumer & Digital Financial Services

1Q24 Performance

- Total operating income experienced robust yoy growth, reaching Baht 6.9 billion, constituting 15% of the total Group operating income. Revenue from Gen 2 primarily stemmed from net interest income (NII), predominantly derived from unsecured personal loans, auto title loans, and digital loans.
- OPEX increased yoy primarily to support the business growth in Gen 2. Meanwhile, cost-to-income ratio stood at 48%.
- Amid an uneven economic recovery, credit costs for Gen 2 remained at a high level of 9.6%. Nonetheless, we expect an improvement in credit costs in the second half of 2024.
- Gen 2 companies reported a net loss of Baht 0.3 billion in 1Q24 due to net loss from CardX.
- Total loans for Gen 2 surged by 17% yoy to Baht 164 billion, predominantly fueled by the expansion of AutoX and digital loans by MONIX.
- NPLs in absolute terms decreased qoq, mainly due to an improvement at CardX.

Gen 3 – Platforms & Digital Assets

1Q24 Performance

- Total operating income was Baht 2.1 billion, mostly contributed from fee income and investment income which accounted for 5% of total Group operating income.
- The cost-income ratio for Gen 3 remained at a high level of 94% in 1Q24 but showed improvement compared to the previous year. Gen 3 businesses continued their efforts to reduce costs by minimizing subsidies and actively sought to enhance their revenue streams.
- In 1Q24, Gen 3 companies reported a net loss of Baht 0.1 billion.

Credit Ratings

Credit Ratings of SCB X Public Company Limited

March 31, 2024

Moody's Investors Service

Issuer Rating (Local and Foreign Currency)	Baa2
Outlook	Stable

Fitch Ratings

Long Term Issuer Default Rating	BBB
Short Term Issuer Default Rating	F3
Outlook	Stable
Viability Rating	bbb
Government Support Rating	bbb-
Senior Unsecured (National Long-Term Rating)	AA+(tha)
Senior Unsecured (National Short-Term Rating)	F1+(tha)

Additional Financial Information

Consolidated Unit: Baht million, %	Mar 31, 24	Dec 31, 23	% qoq	Mar 31, 23	% yoy
Total loans	2,448,681	2,426,563	0.9%	2,399,222	2.1%
Add Accrued interest receivables and undue interest receivables	23,285	23,467	-0.8%	21,715	7.2%
Total loans and accrued interest receivables and undue interest receivables	2,471,966	2,450,030	0.9%	2,420,937	2.1%
Less Unamortised modification losses	734	990	-25.9%	3,018	-75.7%
Less Allowance for expected credit loss	147,836	147,995	-0.1%	150,276	-1.6%
Total loans and accrued interest receivables, net	2,323,395	2,301,044	1.0%	2,267,643	2.5%
Debt issued and borrowings	92,178	109,911	-16.1%	73,246	25.8%
Debentures	68,247	84,215	-19.0%	51,138	33.5%
Structured notes	25,199	26,352	-4.4%	23,347	7.9%
Others	14	17	-17.6%	41	-65.9%
Hedge accounting adjustment	(1,282)	(673)	NM	(1,280)	NM

	1Q24	4Q23	3Q23	2Q23	1Q23
Share Information					
EPS (Baht)	3.35	3.27	2.87	3.52	3.27
BVPS (Baht)	145.42	141.99	138.51	138.23	139.99
Closing price (Baht)	114.00	106.00	102.50	106.50	102.50
Shares outstanding (Million shares)	3,367	3,367	3,367	3,367	3,367
Market capitalization (Baht billion)	383.9	356.9	345.1	358.6	345.1
Yield on loans by segment					
Yield on loans	5.99%	6.21%	5.97%	5.85%	5.57%
Corporate	4.55%	4.96%	4.46%	4.28%	3.95%
SME	7.43%	7.46%	7.33%	7.09%	6.85%
Retail	5.13%	5.23%	5.18%	5.19%	5.13%
Housing loans	4.74%	4.81%	4.71%	4.71%	4.64%
Auto loans	5.57%	5.61%	5.60%	5.58%	5.55%
CardX	13.79%	15.14%	14.82%	14.55%	14.57%
AutoX ^{1/}	19.7%	20.0%	20.2%	20.2%	20.2%
NPL ratio by segment/product					
Corporate	1.9%	2.1%	2.5%	2.7%	2.8%
SME	10.6%	10.8%	9.9%	9.6%	10.2%
Retail	2.8%	2.7%	2.4%	2.3%	2.2%
Housing loans	2.9%	2.7%	2.4%	2.3%	2.3%
Auto loans	2.5%	2.7%	2.5%	2.3%	2.1%
CardX	5.8%	5.6%	5.8%	5.2%	4.9%
AutoX	0.9%	0.8%	0.8%	0.7%	0.5%
New NPLs by segment and by product (Bank-only)					
Total loans	0.61%	0.69%	0.56%	0.52%	0.43%
Corporate	0.00%	0.05%	0.09%	0.09%	0.01%
SME	1.05%	1.71%	0.95%	0.72%	0.55%
Housing loans	0.79%	0.71%	0.65%	0.65%	0.60%
Auto loans	2.27%	2.33%	2.49%	2.24%	2.06%
New NPLs (Baht billion)	15.5	18.2	15.3	14.0	11.7
NPL reduction methodology					
NPL sales (Baht billion)	1.5	2.4	4.2	3.6	2.2
Write off (Baht billion)	11.5	13.9	7.7	7.4	4.6

^{1/} Calculated based on daily average data

NM denotes "not meaningful"

Additional Financial Information (continued)**SCB's interest rates and BOT's policy rate**

SCB Interest Rates	Feb 9, 21	Mar 12, 21	Oct 4, 22	Dec 7, 22	Jan 3, 23	Jan 30, 23	Apr 7, 23	Jun 9, 23	Oct 3, 23
Lending rate (%)									
MLR	5.25	5.25	5.50	5.75	6.15	6.35	6.60	6.80	7.050
MOR	5.845	5.845	6.095	6.345	6.745	6.895	7.145	7.325	7.575
MRR	5.995	5.995	5.995	6.12	6.52	6.62	6.87	7.05	7.30
Deposit rate* (%)									
Savings rate	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.30	0.30
3-month deposits	0.37	0.32	0.47	0.62	0.62	0.77	0.82	0.92	1.10
6-month deposits	0.45	0.40	0.55	0.70	0.70	0.85	0.95	1.05	1.25
12-month deposits	0.45	0.40	0.70	1.00	1.00	1.15	1.35	1.45	1.70

* Excluding special campaigns, which generally offer significantly higher rates but have different terms and conditions for 3, 6, and 12 month term deposits.

	May 20, 20	Aug 10, 22	Sep 28, 22	Nov 30, 22	Jan 25, 23	Mar 29, 23	May 31, 23	Aug 2, 23	Sep 27, 23
Policy rate (%)	0.50	0.75	1.00	1.25	1.50	1.75	2.00	2.25	2.50

SCBX's interest expenses

SCBX (Separate financial statements) Unit: Baht million	1Q24	4Q23	3Q23	2Q23	1Q23
Interest expenses					
Interbank and money market items	772	679	498	656	597
Other debentures	394	398	398	34	-
Total	1,166	1,077	896	690	597