

Press Release: July 19, 2024

SCBX ANNOUNCED SECOND-QUARTER NET PROFIT OF BAHT 10.0 BILLION

Bangkok: SCB X Public Company Limited (SCBX) has reported a consolidated net profit of Baht 10.0 billion for the second quarter of 2024, a 15.6% yoy decrease. For the first half of the year, the net profit was Baht 21.3 billion, a 6.9% yoy decrease.

For the quarter, net interest income increased by 5.8% yoy to Baht 32.6 billion, resulting from an expansion in the net interest margin (NIM) and a slight overall loan growth of 0.6% yoy through strict new loan underwriting practices and a focus on quality customers amid a challenging business environment. Fee and other income declined by 8.3% yoy to Baht 10.3 billion, due to a decrease in bancassurance fees, transactional fees and lending-related fees.

Operating expenses increased by 9.1% yoy to Baht 18.6 billion. Cost-to-income ratio excluding the one-off expenses from Robinhood app closure was at 41.2%.

The Company set aside provisions of Baht 11.6 billion, a 3.9% yoy decrease, which include a special provision to mitigate potential risks associated with one large corporate client. The non-performing loan (NPL) coverage ratio remained high at 161.7%.

Overall asset quality is well under control. The NPL ratio was 3.3% at the end of June 2024, slightly higher than the 3.2% recorded at the end of June 2023. The capital adequacy ratio remained strong at 18.8%.

Arthid Nanthawithaya, Chief Executive Officer of SCBX, commented:

“The growth of the Thai economy in the first half of the year has fallen short of expectations, with no clear sign of economic recovery. In this challenging environment, SCBX places great importance on conducting our business cautiously, focusing on financial stability, maintaining appropriate level of reserves, emphasizing fee income growth, particularly fee income from wealth management business, and managing costs effectively.

Despite the challenges, the Company remains committed to building a strong foundation. In June 2024, SCBX offered new investment opportunity with solid returns to individual, institutional, and high-net-worth investors. The offering received an overwhelming response to our 7 tranches of debenture issuance, totaling Baht 42 billion.”

SCBX – Financial Highlight

Unit: Baht million	(Consolidated)				
	2Q24	% qoq	% yoy	1H24	% yoy
Income	43,253	0.6%	-2.4%	86,249	1.2%
NII	32,576	2.6%	5.8%	64,337	7.7%
Fee and others	10,328	1.5%	-8.3%	20,506	-7.9%
Investment and trading income	350	-66.9%	-84.5%	1,406	-56.2%
Operating Expenses	18,568	2.6%	9.1%	36,668	8.6%
Pre-Provision Operating Profit	24,685	-0.8%	-9.6%	49,580	-3.6%
Expected credit loss	11,626	14.0%	-3.9%	21,828	-0.9%
Net Profit	10,014	-11.2%	-15.6%	21,295	-6.9%
Net Profit (excluding one-off expenses)	10,812			22,093	
Loans	2,438,061	-0.4%	0.6%	2,438,061	0.6%
Total Assets	3,484,314	2.3%	1.3%	3,484,314	1.3%
Deposits	2,457,274	1.9%	-0.4%	2,457,274	-0.4%
ROE	8.3%	-1.0%	-1.8%	9.0%	-0.9%
ROA	1.2%	-0.1%	-0.2%	1.2%	-0.1%
NIM on Earning Assets	3.90%	0.07%	0.20%	3.83%	0.25%
Cost to Income Ratio	42.9%	0.8%	4.5%	42.5%	2.9%
Cost to Income Ratio (excluding one-off expenses)	41.2%			41.6%	
Loan to Deposit Ratio (Bank-only)	93.6%	-3.4%	1.1%	93.6%	1.1%
NPL%	3.34%	-0.18%	0.09%	3.34%	0.09%
NPLs	95,097	-0.1%	2.2%	95,097	2.2%
Coverage Ratio (Total Allowance to NPLs)	161.7%	1.1%	-8.9%	161.7%	-8.9%
CAR	18.8%	0.2%	0.1%	18.8%	0.1%
Regulatory Capital	454,359	1.9%	1.9%	454,359	1.9%

Management Discussion and Analysis

For the second quarter and first half ended June 30, 2024

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Executive Summary

Macro development in the first half of 2024 underscored the structural weakness in the Thai economy surrounding the critical issues of high household debt levels, reliance on traditional supply chains, and the lack of clear and timely policy response. The economic recovery so far has been slower than expected and mainly driven only by the service sector. Looking ahead, we expect meaningful economic recovery in the foreseeable, with our 2.5% GDP forecast for the year.

For the second quarter of 2024, we announced a net profit of Baht 10.0 billion, a decrease of 15.6% compared to 2Q23. The decline was resulted from several factors ranging from one-off expense related to Robinhood App closure (Baht 0.8 billion), an additional provision set aside for a corporate client to lower investment gain and subdue fee. These though were cushioned by higher net interest income and tightly-managed cost-to-income ratio. Net loss for Gen 2 businesses did narrow qoq.

We will increasingly exercise caution for the remaining of the year especially on the risk of asset quality issues spreading from low-income retail segment to the broader economy. Our main priority will be to ensure balance sheet prudence, reduce risk, and seek quality growth.

SCBX receives overwhelming response from investors for Baht 42 billion debenture issuance across 7 series.

SCBX announced the success of its Baht 42 billion debenture offering, which comprised 7 series aimed at individual, institutional, and high-net-worth investors. The offering received an overwhelming response, particularly the public offering (PO) series, which was fully subscribed for Baht 15 billion. Consequently, the company exercised an additional Baht 5 billion greenshoe option, bringing the total public offering to Baht 20 billion. The proceeds will be used to primarily on-lend to our subsidiaries, and repay high-cost debts.

2Q24 operating performance

In the second quarter of 2024, SCBX reported a consolidated net profit of Baht 10.0 billion, reflecting a 15.6% year-on-year decrease. Net profit excluding one-off expense from cessation of Robinhood app was Baht 10.8 billion, down by 8.9% yoy. This decline was mainly attributable to one-time expenses from cessation of Robinhood application, an additional provision set aside for a large corporate client, a reduction in investment and trading income from investment portfolio, along with weakness in fee income. Conversely, net interest income (NII) saw a year-on-year increase due to an expansion in net interest margin (NIM).

In 2Q24, the cost-to-income ratio, excluding one-off expense, increased year-on-year to 41.2% from 38.4% in 2Q23, but improved slightly from 42.1% in 1Q24, reflecting the Group focus on stringent cost management under the tough time. Expected credit losses (ECL) decreased year-on-year to Baht 11.6 billion, equivalent to 190 basis points of total loans, driven by a decrease in ECL at CardX following data migration incidents in 2Q23 while ECL at bank was flattish yoy, driven by an additional provision for a specific corporate customer.

The Group experienced a 0.6% year-on-year increase in loan growth, primarily driven by housing loans and corporate loans from SCB Bank, as well as consumer loans, particularly from AutoX. The non-performing loan (NPL) ratio decreased slightly quarter-on-quarter to 3.34%. The Group continued to manage NPLs effectively through sales and write-offs although the NPLs sale amount was limited by subdue prices in the market. Meanwhile, the coverage ratio remained high at 161.7%.

Portfolio companies update

Gen 1 business update

SCB Bank

In the second quarter of 2024, the Bank experienced net interest income (NII) growth from NIM expansion both yoy and qoq. The improvement in NIM was primarily attributed to the Bank's pricing discipline, effective treasury management and an improvement in loan collection efficiency. Overall fee income decreased due to lower bancassurance, transactional and lending-related fees, while the Bank's focused wealth management strategy has started to show positive outcomes. The overall performance of the wealth segment grew by double digit year-over-year and stabilized qoq, driven by contribution from high-value products amid favorable global stock market conditions and improved productivity from relationship managers (RMs). Bancassurance fees were impacted by economic conditions and reduced business activities though the Bank's insurance sales volume grew above the industry average. With a rigorous approach to cost management, the Bank achieved a cost-to-income ratio of 37.9%. Non-Performing Loan (NPL) ratio decreased to 3.21% in 2Q24 from 3.37% in 1Q24 and NPL coverage ratio remained solid and stable at 156.6%.

In the midst of tough operating environment, the Bank continues to focus on loan optimization strategy, being selective about lending business. The Bank is closely monitoring the retail segment for signs of deterioration amid slower-than-expected economic growth. We have taken a cautious approach to auto hire purchase, anticipating structural changes in the industry some time ago. Consequently, we have derisked and de-prioritized this portfolio, and this strategy is now bearing fruit. Looking ahead, SCB Bank remains focused to strengthen the balance sheet to ensure that the Bank operation is resilient to weather through even severe economic conditions.

Gen 2 business update

CardX

CardX's 2Q24 financial performance improved qoq primarily due to optimized operating efficiency, enhanced cost control, and stabilized net credit cost. The company still expects profitability turnaround while selectively grow in low-risk areas. CardX further optimized operating efficiency and saw an improvement in net credit cost from uplifting collection and recovery intensity. CardX achieved the 1H24 foundation building targets on Risk Foundation, Operation Readiness and Technology and expects good progress in 2H24.

2Q24 business environment continued to be challenging with sluggish unsecured lending market due to high household debt, low debt servicing ability and high NPLs. Weak economy was also weakening credit card spending year-on-year. CardX remained cautious on the credit environment and had tightened underwriting criteria and process for new bookings. At the end of 2Q24, CardX's outstanding loans fell to Baht 103 billion.

AutoX

AutoX's loan book continues to grow in the second quarter of 2024, driven by high loan yields, an expanding customer base, and new product offerings. The loan portfolio expanded to Baht 48 billion, reflecting a 162% year-on-year increase, supported by effective marketing strategies and a broader service network. Amid macro uncertainties, AutoX has been executing growth with caution and tighten the grip on cost, while maintaining debt collection discipline. At the end of the second quarter, non-performing loans was approximately 1.35%, a slight increase from the first quarter.

To diversify the portfolio's risk, AutoX also expands loan portfolio through mortgage and land title loans. AutoX aims to capture a larger market share and meet diverse customer needs while balancing risks in its portfolio. This approach includes rigorous risk assessment and management practices to ensure the stability and health of its expanded portfolio. The company is also aware of the structural changes in the automotive industry that have occurred due to the significant growth of the electric vehicle market and is adjusting its portfolio to mitigate the negative impact.

MONIX

At the end of the second quarter in 2024, MONIX's loan portfolio reached Baht 11 billion, marking a 41% year-on-year increase and demonstrating continued growth through its digital lending app, FINNIX. The platform offers Nano finance loans to underserved individuals who typically do not receive loans from financial institutions or resort to loan sharks. MONIX grows its portfolio by strategically increasing credit lines for customers with strong credit profiles and boosting digital marketing efforts. The company leverages AI/ML to enhance fast loan approval processes, ensuring efficient and admired services.

MONIX was able to maintain non-performing loans at appropriate levels due to proactive collection and portfolio management strategies. Consequently, there was notably lower written-off receivables in the second quarter than usual. The company also managed operating expenses and costs efficiently, resulting in continuous net profit contribution to the Group.

Additionally, MONIX is committed to enhancing customer satisfaction and fostering client loyalty by providing financial education, rewards, and in-app job network to improve customers' lives. Looking ahead, the company anticipates potential challenges, including economic uncertainties that could increase credit costs. To address these challenges, MONIX is closely monitoring market dynamics and implementing robust risk management strategies to navigate potential fluctuations while continuing to expand its promising loan portfolio.

ABACUS digital

ABACUS digital achieved moderate loan growth of 10% year-over-year and consistently contributed to the group's profitability this quarter. As the loan portfolio continues to expand, the company's latest upgrade of in-house machine learning credit risk models, as well as automated and personalized collection systems, was instrumental in maintaining risk control and collection efficiency.

During this quarter, ABACUS digital intensified efforts to broaden its client base through strategic partnerships with key players such as Big C and PhanThai Coffee. These collaborations aim to enhance accessibility to ABACUS digital's lending services. The integration of MoneyThunder, which has already achieved more than 20 million downloads, into platforms like Big C PLUS enhances people's access to convenient, fast, and secure lending services.

Gen 3 business update**Purple Ventures**

SCBX announced that the Board of Directors approved the cessation of all services provided through the Robinhood application by Purple Ventures Company Limited (PPV), a wholly owned subsidiary of SCBX, effective July 31, 2024. This decision follows the successful completion of Robinhood's mission to alleviate the impact of the Covid-19 pandemic and aligns with a sound capital management framework aimed at maximizing shareholders' returns. The cessation of Robinhood application will not

affect SCBX Group's strategic plans or its commitment to becoming a leading financial technology group.

For this quarter, the Group incurred expenses related to the cessation amounted Baht 797 million to mainly take into account the impairment of assets that provide no immediate future value, and is looking at various options to preserve the remaining value of the company.

Dynamically execute full-year guidance in line with macro environment

2024 Targets	SCBX (Consolidated)	1H24
Loan Growth (ytd)	3-5%	0.5%
Net Interest Margin (NIM)	3.7-3.9%	3.83%
Net Fee Income Growth	Low-mid single digit	-7.9%
Cost to Income Ratio	43-45%	41.6% (excl. one-off)
Credit cost (bps)	160-180bps	179

The overall results for 1H24 were on the weaker side of our full-year guidance as Thai economy is navigating a complex landscape with subpar GDP growth below initial expectations. This has particularly impacted full-year guidance in loan growth and fee income targets, which still fell behind full-year guidance. The ability to achieve these targets will largely depend on external economic conditions for the remaining of the year. Going forward, we will take a dynamic provisioning approach to ensure balance sheet prudence in accordance with macro environment. On the other hand, the net interest margin (NIM) comfortably met expectations due to pricing discipline, loan optimization strategy and excess liquidity management. The cost-to-income ratio for 1H24 was well within expectations at 41.6% and should remain so for the second half as cost management is our top priority amid economic challenges.

SCBX Performance in 2Q24 (consolidated)

SCBX announced an unreviewed consolidated net profit of Baht 10,014 million, representing a 15.6% decrease from Baht 11,868 million in 2Q23. The decrease was primarily due to a one-off expense from the closure of the Robinhood App, lower investment gains, and subdued fees, despite an increase in net interest income (NII) and lower expected credit losses. Net profit excluding one-off expense was Baht 10,812 million in 2Q24, down by 8.9% yoy.

On a **quarter-on-quarter** basis, net profit decreased by 11.2%, primarily due to an increase in expected credit losses, a one-off expense from the closure of the Robinhood App and lower investment and trading income, partially offset by an increase in net interest income.

For the **first half of 2024**, net profit stood at Baht 21,295 million, a 6.9% yoy decrease from Baht 22,864 million in 1H23. This decline was primarily due to a one-off expense from the closure of the Robinhood

App, lower investment gains and lower fee income despite higher net interest income. In 1H24, Net profit excluding one-off expense was Baht 22,093 million, down 3.4% yoy.

Table 1. Net Profit and Total Comprehensive Income

Consolidated Unit: Baht million	2Q24	% qoq	% yoy	1H24	% yoy
Net interest income	32,576	2.6%	5.8%	64,337	7.7%
Fee and others	10,328	1.5%	-8.3%	20,506	-7.9%
Investment and trading income	350	-66.9%	-84.5%	1,406	-56.2%
Total operating income	43,253	0.6%	-2.4%	86,249	1.2%
Operating expenses	18,568	2.6%	9.1%	36,668	8.6%
Pre-provision operating profit	24,685	-0.8%	-9.6%	49,580	-3.6%
Expected credit loss	11,626	14.0%	-3.9%	21,828	-0.9%
Income tax	2,908	-13.3%	-11.6%	6,262	-2.7%
Non-controlling interests	137	131.3%	199.5%	196	65.2%
Net profit (attributable to shareholders of the Company)*	10,014	-11.2%	-15.6%	21,295	-6.9%
Other comprehensive income (loss)	(481)	NM	NM	(197)	NM
Total comprehensive income	9,533	-17.6%	-17.5%	21,098	-6.3%
ROAE*	8.3%			9.0%	
ROAA*	1.2%			1.2%	

* Excluding one-off expenses, the net profit, ROA, and ROE for 2Q24 would be Baht 10,812 million, 1.3%, and 9.0%, respectively. For 1H24, these figures would be Baht 22,093 million, 1.3%, and 9.3%, respectively.

NM denotes "not meaningful"

Income statement for the second quarter and first half ended June 30, 2024 (Consolidated basis)

Table 2. Net interest income

Consolidated					
Unit: Baht million					
	2Q24	% qoq	% yoy	1H24	% yoy
Interest income	42,406	2.5%	7.3%	83,786	9.4%
Loans	35,029	2.6%	7.1%	69,169	9.1%
Interbank and money market	2,309	-0.8%	-2.7%	4,636	6.0%
Hire purchase	2,336	-2.4%	-8.8%	4,729	-8.4%
Investments	2,450	1.4%	34.2%	4,865	34.7%
Others	281	167.9%	365.1%	387	317.9%
Interest expenses	9,830	2.2%	12.6%	19,449	15.2%
Deposits	4,872	3.6%	39.0%	9,575	45.7%
Interbank and money market	1,044	9.7%	-23.1%	1,996	-22.7%
Borrowings	953	-6.6%	15.3%	1,974	19.6%
Contribution to the Deposit Protection Agency & FIDF	2,845	0.5%	-3.9%	5,676	-3.8%
Others	116	3.4%	43.2%	228	28.7%
Net interest income	32,576	2.6%	5.8%	64,337	7.7%

- **Net interest income** in 2Q24 increased by 5.8% yoy, amounting to Baht 32,576 million. This growth was driven by a 0.20% rise in the net interest margin (NIM) and a 0.6% yoy increase in loan volume.
- On a **quarter-on-quarter** basis, net interest income increased by 2.6%, primarily due to a 7 bps rise in NIM, despite a 0.4% qoq decreased in loan volume.
- In the **first half of 2024**, net interest income increased 7.7% yoy to Baht 64,337 million, largely due to widened NIM (+25 bps) as well as loan growth of 0.6% yoy.

Table 3. Yield and cost of funding

Consolidated					
Unit: Percentage					
	2Q24	1Q24	4Q23	3Q23	2Q23
Net interest margin	3.90%	3.83%	3.96%	3.74%	3.70%
Yield on earning assets	5.08%	4.99%	5.15%	4.87%	4.75%
Yield on loans	6.12%	5.99%	6.21%	5.97%	5.85%
Yield on interbank and money market	2.40%	2.49%	2.59%	2.06%	1.89%
Yield on investment	1.91%	1.90%	2.08%	1.85%	1.75%
Cost of funds ^{1/}	1.41%	1.40%	1.42%	1.35%	1.26%
Cost of deposits ^{2/}	1.26%	1.24%	1.22%	1.10%	1.03%

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 2Q24, NIM expanded by 20 bps yoy to 3.90% primarily due to increases in interbank yield (+51 bps), loan yield (+27 bps) and investment yield (+16 bps). This positive trend persisted despite a rise in funding cost (+15 bps). The higher yields were a result of upward revisions of lending rates, a larger volume of high-yield loans, pricing discipline on new bookings and excess liquidity management. The increase in the cost of funds was mainly attributed to higher deposit costs and borrowing costs.

On a quarter-on-quarter basis, NIM increased by 7 bps due to a higher loan yield (+13 bps) and increased investment yields (+1 bps), despite a rise in funding costs by 1 bps. The higher loan yield was as a result of an improvement in corporate loan collection efficiency. For a detailed breakdown of loan yields by segment/product, please refer to Additional Financial Information on page 17.

Table 4. Fee and others

Consolidated					
Unit: Baht million					
	2Q24	% qoq	% yoy	1H24	% yoy
Transactional banking *	2,923	-7.1%	-13.7%	6,070	-4.3%
Lending related **	1,406	-10.6%	-10.7%	2,979	-13.0%
Wealth management ***	2,009	-3.0%	9.8%	4,080	5.7%
Bancassurance/Insurance	2,553	-12.6%	-18.2%	5,475	-16.3%
Others	1,437	209.2%	6.2%	1,902	-9.8%
Fee and others	10,328	1.5%	-8.3%	20,506	-7.9%

* 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 8.3% yoy to Baht 10,328 million in 2Q24. This decline was primarily due to a decrease in bancassurance fees, transactional fees and lending related fees. However, wealth management fees rose significantly yoy.
- On a **quarter-on-quarter** basis, fee and others increased slightly 1.5% largely due to higher others fees.
- In the **first half of 2024**, fee and others decreased by 7.9% yoy to Baht 20,506 million. This decrease was primarily driven by lower fees from bancassurance, lending related fees and transactional fees. However, the decrease was partially offset by an increase in wealth management fees.

Table 5. Investment and trading income

Consolidated					
Unit: Baht million					
	2Q24	% qoq	% yoy	1H24	% yoy
Investment and trading income	350	-66.9%	-84.5%	1,406	-56.2%

- In 2Q24, **investment and trading income** decreased by 84.5% yoy to Baht 350 million, largely due to lower mark to market gains from investment portfolio.
- On a **quarter-on-quarter** basis, investment and trading income decreased by 66.9% due to lower investment income from SCB Bank and SCB 10X.
- In the **first half of 2024**, investment and trading income decreased 56.2% yoy to Baht 1,406 million largely due to lower gain from the investment portfolio as mentioned earlier.

Table 6. Operating expenses

Consolidated					
Unit: Baht million					
	2Q24	% qoq	% yoy	1H24	% yoy
Employee expenses	9,052	4.2%	7.1%	17,736	5.0%
Premises and equipment expenses	3,086	8.9%	1.6%	5,919	8.8%
Taxes and duties	1,359	1.3%	7.8%	2,701	5.8%
Directors' remuneration	56	-14.5%	120.0%	122	116.1%
Other expenses	5,015	-3.1%	18.2%	10,190	15.4%
Total operating expenses	18,568	2.6%	9.1%	36,668	8.6%
Cost-to-income ratio (excluding one-off expenses)*	41.2%			41.6%	

* Cost-to-income ratio, including one-off expenses, was 42.9% for 2Q24 and 42.5% for 1H24.

- **Operating expenses** increased by 9.1% yoy, reaching Baht 18,568 million in 2Q24. This rise was mainly driven by one-off expenses related to the cessation of the Robinhood application, which included severance pay in employee expenses and premises and equipment expenses. On a **quarter-on-quarter** basis, operating expenses increased by 2.6%, mainly due to one-off expenses related to the cessation of the Robinhood application, which included severance pay in employee expenses, and expenses related to premises and equipment.
- In the **first half of 2024**, operating expenses rose 8.6% yoy to Baht 36,668 million largely due to one-off expenses as mentioned above.

In 2Q24, the cost-to-income ratio, excluding one-off expenses, increased yoy but decreased qoq to 41.2%, compared to 42.1% in 1Q24 and 38.4% in 2Q23. This rise was largely due to one-time expenses related to the cessation of the Robinhood application. The company remains committed to maintaining strong cost discipline.

Table 7. Expected credit loss (ECL)

Consolidated					
Unit: Baht million	2Q24	% qoq	% yoy	1H24	% yoy
Expected credit loss	11,626	14.0%	-3.9%	21,828	-0.9%
Credit cost (bps)	190			179	

- In 2Q24, **expected credit losses** decreased yoy but increased qoq to Baht 11,626 million (190 bps of total loans). The yoy decrease was due to credit cost improvement at CardX from data migration issue in 2Q23. The qoq increase was taken to appropriately address a significant increase in credit risk of a specific corporate customer. The amount not only reflected the procyclicality 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 June 30, 2024 (Consolidated basis)

As of June 30, 2024, the Company's total assets increased by 1.3% yoy to Baht 3,484 billion primarily driven by an increase in financial assets measured at FVTPL and a 0.6% 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	Jun 30, 24	Mar 31, 24	% qoq	Dec 31, 23	% ytd	Jun 30, 23	% yoy
Corporate	858,160	872,077	-1.6%	843,726	1.7%	855,382	0.3%
SME	410,323	409,986	0.1%	413,208	-0.7%	420,312	-2.4%
Retail	991,614	992,990	-0.1%	995,930	-0.4%	992,735	-0.1%
Housing loans	775,419	768,428	0.9%	761,724	1.8%	749,199	3.5%
Auto loans	165,131	169,597	-2.6%	172,577	-4.3%	180,904	-8.7%
Unsecured loans	28,988	33,443	-13.3%	40,117	-27.7%	42,230	-31.4%
Other loans	22,076	21,523	2.6%	21,513	2.6%	20,402	8.2%
Loans under portfolio companies	177,964	173,627	2.5%	173,698	2.5%	154,519	15.2%
CardX	102,563	106,635	-3.8%	115,256	-11.0%	117,471	-12.7%
AutoX	47,551	40,937	16.2%	33,888	40.3%	18,161	161.8%
Other portfolio companies	27,849	26,055	6.9%	24,554	13.4%	18,887	47.5%
Total loans *	2,438,061	2,448,681	-0.4%	2,426,563	0.5%	2,422,949	0.6%

* Total loan excluded unamortized modification loss

Total loans increased by 0.6% yoy and 0.5% ytd but fell by 0.4% qoq at the end of June 2024. Changes in loan volume by customer segment are as follows:

- **Corporate** loans increased by 0.3% yoy and 1.7% ytd but fell by 1.6% qoq. The qoq decrease was primarily due to corporate loan repayments and tightening in new loan booking requirements.

- **SME** loans fell by 2.4% yoy, 0.7% ytd and remaining relatively flat qoq. The decline was primarily due to loan repayments, and tightening in new loan booking requirements from both SMEs and small SMEs.
- **Retail** loans decreased 0.1% yoy, 0.4% ytd and 0.1% qoq. Below are details of changes in loan volume by sub-segment.
 - **Housing loans** increased 3.5% yoy, 1.8% ytd and 0.9% qoq given continued demand in high-end housing developments. The Bank continues to maintain its market share for housing loans.
 - **Auto loans** fell 8.7% yoy, 4.3% ytd and 2.6% qoq largely from loan repayments of new cars and used cars. The Bank have taken a cautious approach to auto hire purchase, anticipating structural changes in the industry. Consequently, the Bank have derisked and de-prioritized this portfolio.
- **Loans under portfolio companies**, including loans extended by CardX, AutoX, MONIX, ABCUS digital, InnovestX and Purple Ventures increased by 15.2% yoy, 2.5% ytd and 2.5% qoq at Baht 177,964 million.
 - **CardX loans** (personal loans and credit card receivables) decreased by 12.7% yoy, 11.0% ytd and 3.8% qoq, amounting to Baht 102,563 million at the end of June 2024. The decline was attributed to CardX's cautious approach to the credit environment, which led to tightened underwriting criteria and process for new bookings, as well as reduced exposure to the self-employed segment in personal loan portfolio.
 - **AutoX loans** increased significantly by 161.8% yoy, 40.3% ytd and 16.2% qoq, amounting to Baht 47,551 million from the strong performance from both outlet and agency channels as well as effective marketing strategies.

Table 9. Deposits breakdown

Consolidated							
Unit: Baht million							
	Jun 30, 24	Mar 31, 24	% qoq	Dec 31, 23	% ytd	Jun 30, 23	% yoy
Demand	143,345	131,633	8.9%	131,169	9.3%	137,459	4.3%
Savings	1,789,445	1,767,553	1.2%	1,820,111	-1.7%	1,887,565	-5.2%
Fixed	524,484	511,420	2.6%	491,580	6.7%	443,135	18.4%
Less than 6 months	71,384	72,281	-1.2%	75,730	-5.7%	87,751	-18.7%
6 months and up to 1 year	132,478	121,203	9.3%	116,747	13.5%	123,636	7.2%
Over 1 year	320,622	317,936	0.8%	299,103	7.2%	231,748	38.3%
Total deposits	2,457,274	2,410,606	1.9%	2,442,860	0.6%	2,468,159	-0.4%
CASA - Current & Savings Accounts (%)	78.7%	78.8%		79.9%		82.0%	
Gross loans to deposits ratio (Bank only)	93.6%	97.0%		94.5%		92.5%	
Liquidity ratio (Bank-only)	30.9%	29.2%		31.8%		31.2%	

As of June 30, 2024, total **deposits** decreased by 0.4% yoy but increased by 0.6% ytd and 1.9% qoq. The qoq increase in deposits was primarily driven by growth across all deposit types, while the ytd

increase was largely from fixed and demand deposits, resulting in a decrease in the CASA mix to 78.7% at the end of June 2024, down from 79.9% at the end of last year. The gross loans to deposits ratio (at a bank-only level) decreased to 93.6% from 94.5% at the end of December 2023.

The Bank's daily liquidity ratio of 30.9%, 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	Jun 30, 24	Mar 31, 24	% qoq	Dec 31, 23	% ytd	Jun 30, 23	% yoy
Financial assets measured at FVTPL	138,367	154,937	-10.7%	92,534	49.5%	70,565	96.1%
Investments in debt securities measured at amortised cost	203,863	210,180	-3.0%	209,930	-2.9%	209,960	-2.9%
Investments in debt securities measured at FVOCI	141,225	171,768	-17.8%	174,495	-19.1%	135,826	4.0%
Investments in equity securities measured at FVOCI	1,793	1,729	3.7%	1,737	3.2%	1,726	3.9%
Net investment *	346,881	383,677	-9.6%	386,162	-10.2%	347,512	-0.2%
Investment in associates	1,810	2,118	-14.6%	1,970	-8.1%	1,511	19.8%
Total	487,058	540,732	-9.9%	480,667	1.3%	419,588	16.1%

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

Investments at the end of June 2024 increased by 16.1% yoy and 1.3% ytd but fell 9.9% qoq. The yoy and ytd increase was mainly due to higher financial assets (government bonds) measured at FVTPL, partly from foreign debt instruments measured at FVTPL. The qoq decrease was primarily due to lower financial assets measured at FVTPL from government bonds and reduced investment from government bonds measured at FVOCI.

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 June 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)		
	Jun 30, 24	Dec 31, 23	Jun 30, 23	Jun 30, 24	Dec 31, 23	Jun 30, 23
Statutory Capital						
Common Equity Tier 1	425,798	415,913	417,744	373,707	361,170	361,163
Tier 1 capital	427,518	417,536	419,214	373,707	361,170	361,163
Tier 2 capital	26,841	26,144	26,495	24,027	23,499	24,285
Total capital	454,359	443,680	445,709	397,734	384,669	385,447
Risk-weighted assets	2,422,199	2,358,515	2,387,127	2,187,112	2,135,900	2,217,275
Capital Adequacy Ratio	18.8%	18.8%	18.7%	18.2%	18.0%	17.4%
Common Equity Tier 1	17.6%	17.6%	17.5%	17.1%	16.9%	16.3%
Tier 1 capital	17.6%	17.7%	17.6%	17.1%	16.9%	16.3%
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 increased slightly yoy to 17.6% at the end of June 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 17.1%. 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 June 2024, **NPLs** (on a consolidated basis) increased 2.2% yoy but fell 0.1% qoq to Baht 95.1 billion. **NPL ratio** decreased to 3.34% from 3.44% at the end of December 2023.

At the end of June 2024, the Group's **coverage ratio** increased to 161.7%, up 1.1% 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, %	Jun 30, 24	Mar 31, 24	Dec 31, 23	Jun 30, 23
SCBX (Consolidated)				
Non-Performing Loans (NPLs)	95,097	95,236	96,832	93,028
NPL ratio	3.34%	3.52%	3.44%	3.25%
Total allowance*	153,798	152,921	154,839	158,708
Total allowance to NPLs (Coverage ratio)	161.7%	160.6%	159.9%	170.6%
Credit cost (Quarterly, bps)	190	167	153	201
SCB Bank (Bank-only)				
Non-Performing Loans (NPLs)	86,667	86,989	88,544	85,510
NPL ratio	3.19%	3.34%	3.27%	3.09%

* 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 June 2024, December 2023, and June 2023 were classified as follows:

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

Consolidated Unit: Baht million	Jun 30, 24		Dec 31, 23		Jun 30, 23	
	Loans and interbank	ECL*	Loans and interbank	ECL*	Loans and interbank	ECL*
Stage 1 (Performing)	2,543,421	32,948	2,545,602	39,435	2,579,514	39,927
Stage 2 (Underperforming)	205,927	66,315	175,072	56,363	193,831	59,065
Stage 3 (Non-performing)	95,097	54,535	96,832	59,041	93,028	59,716
Total	2,844,444	153,798	2,817,507	154,839	2,866,373	158,708

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

Sources and Uses of Funds

As of June 30, 2024, deposits accounted for 70.5% of SCBX's funding base. Other major sources of funds were: 13.7% from shareholders' equity, 7.1% from interbank borrowings, and 3.4% from debt issuance. Uses of funds for this same period were: 70.0% for loans, 14.0% for investments in securities, 13.2% for interbank and money market lending, and 1.0% held in cash.

Segment Performance

1H24 Operational Performance

Unit: Baht billion	Total operating income	% portion	Cost income ratio (excl. one-off)	Credit cost	Net profit (loss)	% portion	Total loans
Gen 1 - Banking Services*	72.3	80%	38%	1.15%	25.5	107%	2,317
Gen 2 - Consumer & Digital Financial Services*	14.2	16%	45%	10.1%	(0.4)	-2%	168
Gen 3 - Platforms & Digital Assets*	3.6	4%	100%	-	(1.3)	-5%	3
Inter Transaction and others	(3.9)		-	-	(2.5)		(50)
Total	86.2		42%	1.79%	21.3		2,438

* Before deducting intercompany transactions

Gen 1 - Banking Services

1H24 Performance

- **Net interest income** in 1H24 increased by 4.4% yoy to Baht 52.4 billion, driven by NIM expansion (+24 bps) despite a 0.6% yoy decrease in loan volume.
- **Non-interest income** decreased by 5.5% yoy to Baht 19.9 billion. This decline was primarily due to lower fees from bancassurance, lending-related activities and transactional services,

which were partly offset by higher wealth management fees and increased investment and trading income.

- **Total operating income** stood at Baht 72.3 billion mainly driven by a robust NII from NIM expansion.
- **OPEX** increased by 3.5% yoy to Baht 27.3 billion due 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 37.8% in 1H24.
- **Net profit** in 1H24 was Baht 25.5 billion, an increase of 2.6% yoy, corresponding to an ROE of 12.1%.
- **Loan** decreased by 0.6% yoy, primarily due to declines in auto loans and the SME segment. The Bank continued to pursue growth with a quality-focused strategy, aiming to optimize returns within its risk tolerance.
- **NPL ratio** decreased to 3.21% at the end of June 2024, down from 3.37% in 1Q24. This reduction in NPLs was primarily due to the Bank's effective management of NPLs through sales and write-offs. As of June 2024, the Bank maintained a high coverage ratio of 156.6%.

Gen 2 – Consumer & Digital Financial Services

1H24 Performance

- Total operating income experienced robust yoy growth, reaching Baht 14.2 billion, constituting 16% of the total Group operating income. Revenue from Gen 2 primarily stemmed from higher-yield net interest income, which was predominantly derived from unsecured personal loans, auto title loans, and digital loans.
- OPEX increased significantly yoy primarily to support the business growth in Gen 2. Meanwhile, cost-to-income ratio stood at 45%. Despite the increase, the company under Gen 2 continues to control costs effectively.
- Amid a slower economic recovery, credit costs for Gen 2 remained high at 10.1%. Nonetheless, we expect an improvement in absolutely credit costs at CardX in the second half of 2024 due to stabilizing old loan vintages.
- Gen 2 companies reported a net loss of Baht 0.4 billion in 1H24 primarily due to a net loss from CardX resulting from higher expected credit losses.
- Total loans for Gen 2 surged by 12% yoy to Baht 168 billion, driven primarily by the expansion of AutoX and digital loans by MONIX, partially offset by a decline in CardX due to selective approach in new lendings
- NPLs in Gen 2 increased yoy in absolute terms, primarily driven by AutoX and digital loans amid a slower economic recovery. However, NPLs at CardX was relatively stable yoy.

Gen 3 – Platforms & Digital Assets

1H24 Performance

- Total operating income was Baht 3.6 billion, mostly contributed from fee income and investment income which accounted for 4% of total Group operating income.
- OPEX increased significantly yoy primarily due to a one-off expense from the closure of the Robinhood App. The cost-income ratio, excluding one-off expenses, for Gen 3 remained at a high level of 100% in 1H24. We expect OPEX in 2H24 to improve due to lower operating expenses in 4Q24 from cessation of Robinhood app.
- In 1H24, Gen 3 companies reported a net loss of Baht 1.3 billion, primarily driven by the aforementioned one-off expense.

Credit Ratings

Credit Ratings of SCB X Public Company Limited	June 30, 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, %	Jun 30, 24	Mar 31, 24	% qoq	Jun 30, 23	% yoy
Total loans	2,438,061	2,448,681	-0.4%	2,422,949	0.6%
Add Accrued interest receivables and undue interest receivables	23,233	23,284	-0.2%	22,705	2.3%
Total loans and accrued interest receivables and undue interest receivables	2,461,295	2,471,965	-0.4%	2,445,654	0.6%
Less Unamortised modification losses	(97)	734	NM	2,525	NM
Less Allowance for expected credit loss	148,878	147,836	0.7%	150,838	-1.3%
Total loans and accrued interest receivables, net	2,312,514	2,323,395	-0.5%	2,292,291	0.9%
Debt issued and borrowings	118,866	92,178	29.0%	110,019	8.0%
Debentures	101,843	68,226	49.3%	85,576	19.0%
Structured notes	17,708	25,199	-29.7%	25,792	-31.3%
Others	409	14	2821.4%	26	1473.1%
Hedge accounting adjustment	(1,094)	(1,261)	NM	(1,375)	NM

	2Q24	1Q24	2Q23	1H24	1H23
Share Information					
EPS (Baht)	2.97	3.35	3.52	6.32	6.79
BVPS (Baht)	140.41	145.42	138.23	140.41	138.23
Closing price (Baht)	103.00	114.00	106.50	103.00	106.50
Shares outstanding (Million shares)	3,367	3,367	3,367	3,367	3,367
Market capitalization (Baht billion)	346.8	383.9	358.6	346.8	358.6
Yield on loans by segment					
Yield on loans	6.12%	5.99%	5.85%	6.08%	5.71%
Corporate	4.82%	4.55%	4.28%	4.74%	4.10%
SME	7.54%	7.43%	7.09%	7.47%	6.99%
Retail	5.10%	5.13%	5.19%	5.11%	5.17%
Housing loans	4.77%	4.74%	4.71%	4.75%	4.68%
Auto loans	5.56%	5.57%	5.58%	5.58%	5.56%
CardX	13.84%	13.79%	14.55%	13.67%	14.79%
AutoX ^{1/}	19.4%	19.7%	20.2%	19.6%	20.2%
NPL ratio by segment/product					
Corporate	1.7%	1.9%	2.7%	1.7%	2.7%
SME	10.4%	10.6%	9.6%	10.4%	9.6%
Retail	3.0%	2.8%	2.3%	3.0%	2.3%
Housing loans	3.1%	2.9%	2.3%	3.1%	2.3%
Auto loans	2.6%	2.5%	2.3%	2.6%	2.3%
CardX	5.9%	5.8%	5.2%	5.9%	5.2%
AutoX	1.4%	0.9%	0.7%	1.4%	0.7%
New NPLs by segment and by product (Bank-only)					
Total loans	0.60%	0.61%	0.52%	1.18%	0.95%
Corporate	0.14%	0.00%	0.09%	0.14%	0.10%
SME	0.93%	1.05%	0.72%	1.98%	1.26%
Housing loans	0.78%	0.79%	0.65%	1.56%	1.24%
Auto loans	2.15%	2.27%	2.24%	4.48%	4.35%
New NPLs (Baht billion)	16.1	15.5	14.0	31.6	25.7
NPL reduction methodology					
NPL sales (Baht billion)	1.8	1.5	3.6	3.3	5.8
Write off (Baht billion)	10.7	11.5	7.4	22.2	12.0

^{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

	2Q24	1Q24	4Q23	3Q23	2Q23
Interest expenses					
Interbank and money market items	700	772	679	498	656
Other debentures	499	394	398	398	34
Total	1,199	1,166	1,077	896	690