

A photograph of a white sailboat with blue and white sails sailing on the ocean at sunset. The sun is low on the horizon, creating a golden glow over the water and the boat's deck. The sky is a mix of blue and orange.

SCB^x

2Q22 Financial Results

Analyst Meeting Presentation

21 July 2022

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Today's agenda

- 1 Key highlights**
- 2 Review of 2Q22/1H22 results**
- 3 2022 outlook**

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Key highlights

Key Highlights

Deliver solid core performance

- Higher-than-expected NII growth from milder restructuring impacts, pricing discipline, and effective liquidity management
- Non-NII decline from weak investment/wealth revenue; transactional fee picking up
- Cost discipline a key focus

Ensure prudent management

- Additional credit cost as a pre-cautionary buffer against geopolitical/inflation risks
- Cash collection at the highest level since the beginning of the pandemic
- NPL% moving down

Keep powder dry for new growth opportunity

- Awaiting regulatory approval for special dividend payment to complete business transfers expected by 4Q22
 - Meanwhile, existing digital businesses continued to make good progress
-

A leap in digital adoption and engagement

23m

2Q22 digital users ^{1/}

+35%

digital user growth

YoY

48bn

2Q22 digital loans o/s

THB

+69%

digital loan growth

YoY

~4%

1H22 digital revenue

of total income

+85%

digital revenue growth

YoY



- **13.7m** registered users
- **82%** of users as monthly active users
- **88%** of the financial transactions on SCB EASY (vs 1% at branch)



- **3.1m** registered users
- **251K** merchants and **31K** riders
- **143K** orders per day

^{1/} Combined users of all digital platforms under SCBX Group.

Gen 2: Key business updates – 1H22

XX YoY growth



3.4mn

accounts
(Cards & Personal loans)

107bn THB

loan o/s 0.3%

2.0%

NPL%

9.0bn THB

1H22 revenue -1%



2.2mn

registered users >2x
(Money Thunder App)

2.5bn THB

loan o/s >3x

2.7%

NPL%

1.5bn THB

total fund raised



2.4mn

registered users >2x
(Finnix App)

5.0bn THB

loan o/s >3x

3.2%

NPL%

4.5

avg. app review rating
(out of 5)



706

branches

0.5bn THB

loan o/s

1,500

salesperson

50%

of salesperson with insurance license

(As of 15 July)

^{1/} Estimate based on the loan portfolios to be transferred to Card X; Subject to actual transaction value as of the transfer date

Gen 3: Key business updates – 1H22

XX YoY growth



400k
registered users
(SCBS Easy Invest App)

1.4bn THB **-20%**
1H22 revenue

Bitkub deal: In the process of due diligence and discussion with regulators; the completion period is now extended.



510mn USD **>1.7x**
asset under management

2.4bn THB **-2%**
1H22 revenue

<1mn USD
cryptocurrency token exposure (invest via SCBS)



3.1mn THB **>2.5x**
registered users
(Robinhood App)

5.1bn THB **>7x**
1H22 Gross Merchandise Value (GMV)

0.3bn THB **>40x**
1H22 revenue





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Review of 2Q22/1H22 results

2Q22: NII growth more than cushioned a drop in Non-NII amid cost discipline

1. **NII** increased (+11% YoY) from NIM expansion (+13 bps) with yield improvement and moderate loan growth (+3% YoY).
2. **Non-NII** remained under pressures (-3% YoY) from unfavorable market conditions impacting the wealth management business and gains on investment.
3. **Expenses** increased (+4% YoY) from higher business activities; however, **cost-to-income ratio** remained at low 40s.
4. **Credit costs** (175 bps) reflected a pre-cautionary buffer against inflation headwinds.
5. Resilient **pre-provision operating profit** (+8% YoY) and **net profit** (+14% YoY)
6. **NPL ratio** declined further (3.58%) with higher **NPL coverage** (153%).
7. Strong **capital** position with high Tier 1 ratio (17.6%)

Financial highlights

		2Q22	1H22			2Q22	1H22
 <p>INCOME/ COST</p>	(Consolidated)			 <p>LOANS/ ASSET QUALITY</p>			
	Total income growth (YoY)	+6%	+3%		Total loan growth (YoY)	+3%	+3%
	NII growth (YoY)	+11%	+8%		Net Interest Margin	3.17%	3.13%
	Non-NII growth (YoY)	-3%	-6.5%		Loan/Deposit ratio	94%	94%
	Cost/Income ratio	41%	42%		NPL ratio	3.58%	3.58%
	Pre-provisions operating profit (YoY)	+8%	+1%		Coverage ratio	153%	153%
	Net profit growth (YoY)	+14%	+6%	Credit cost (bps)	175	163	
 <p>PROFITABILITY</p>	ROE	9.0%	9.1%	 <p>CAPITAL</p>	CAR	18.7%	18.7%
	ROA	1.2%	1.2%		Tier 1 Capital	17.6%	17.6%

2Q22 and 1H22 financial results

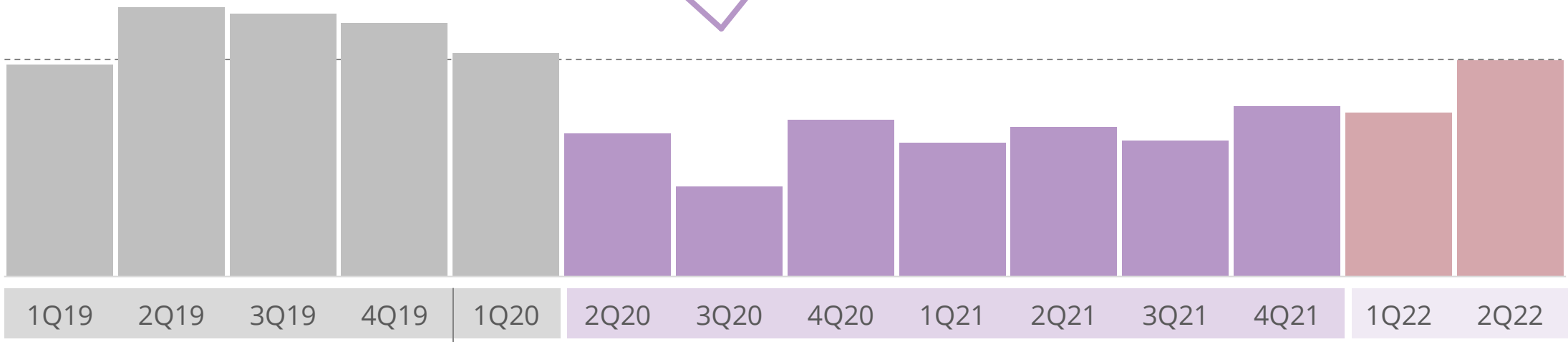
Baht billion (Consolidated)	2Q22	QoQ	YoY	1H22	YoY
Total income	38.7	+3%	+6%	76.4	+3%
- Net interest income (NII)	26.1	+5%	+11%	50.8	+8%
- Non-NII	12.6	-3%	-3%	25.6	-6.5%
a. Recurring	10.4	-3%	-3%	21.0	-4%
b. Non-recurring & Others	2.3	+0.4%	-3%	4.6	-17%
Operating expenses	15.9	-1%	+4%	32.1	+5%
Pre-provision operating profit	22.8	+6%	+8%	44.3	+1%
Provisions	10.3	+17%	+2%	19.0	-5%
Tax and others	2.4	-	-	5.2	-
Net profit	10.1	+0.1%	+14%	20.1	+6%

Customers' cash payment showed sign of improvement

Cash payment per interest income
(Percentage)



Cash payment
(Baht billion)

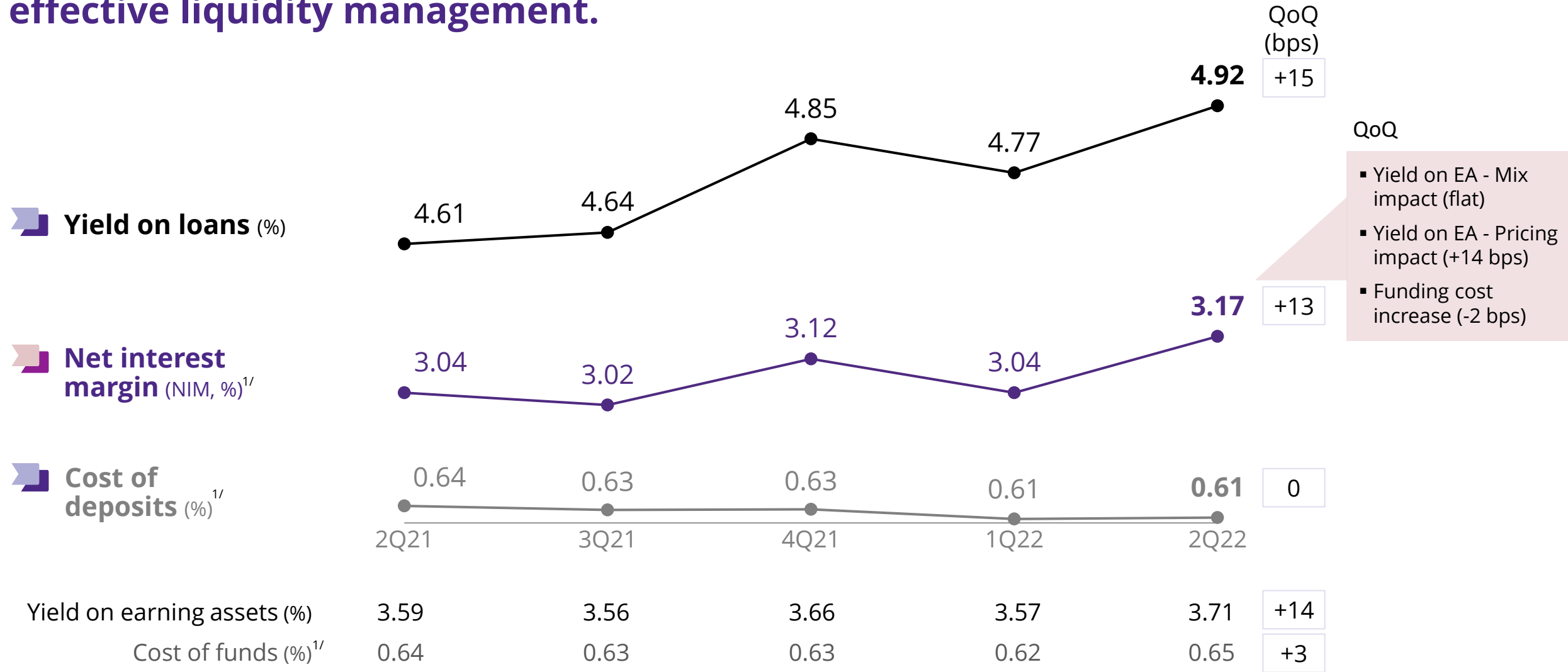


Pre-COVID

Adoption of TFRS 9 in 2020

Note: Cash Collection (Indirect Method) = Accrued Interest (Ending) - Accrued Interest (Beginning) - Interest Income + Accrued Interest write-off

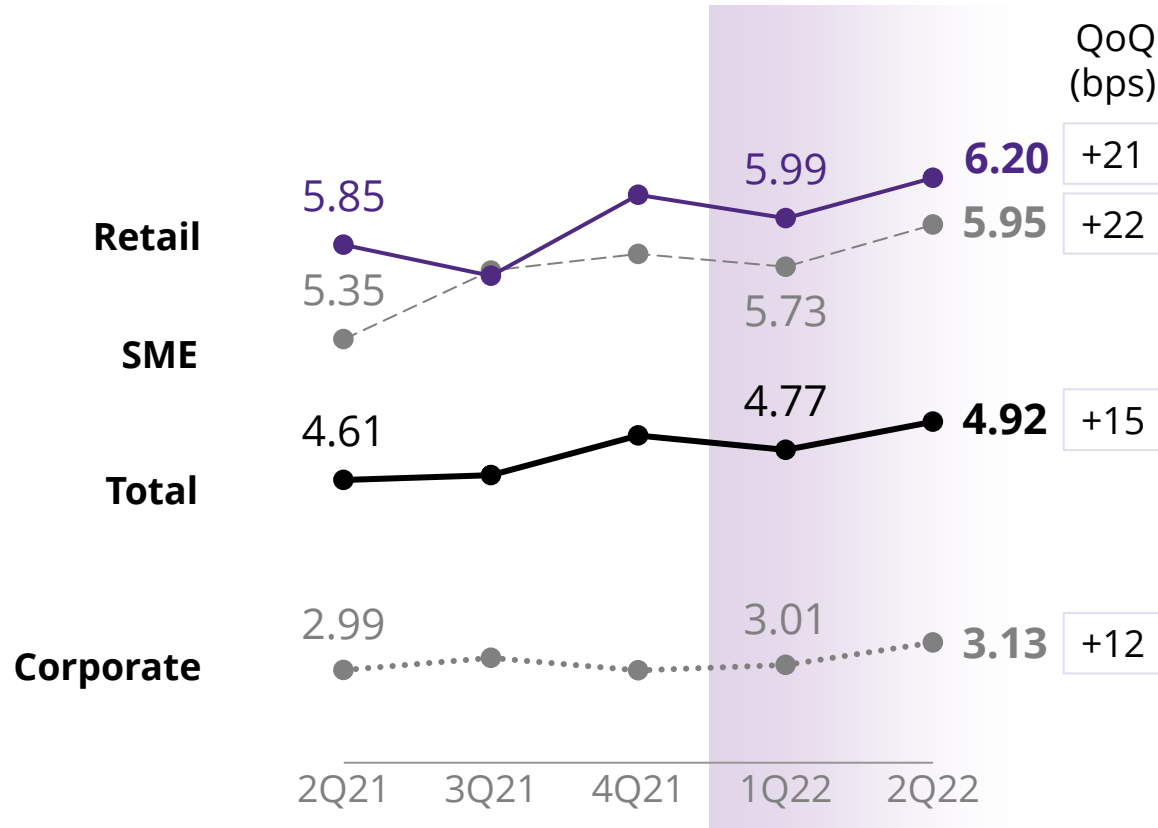
Solid NIM expansion was from higher yields, milder restructuring impacts, and effective liquidity management.



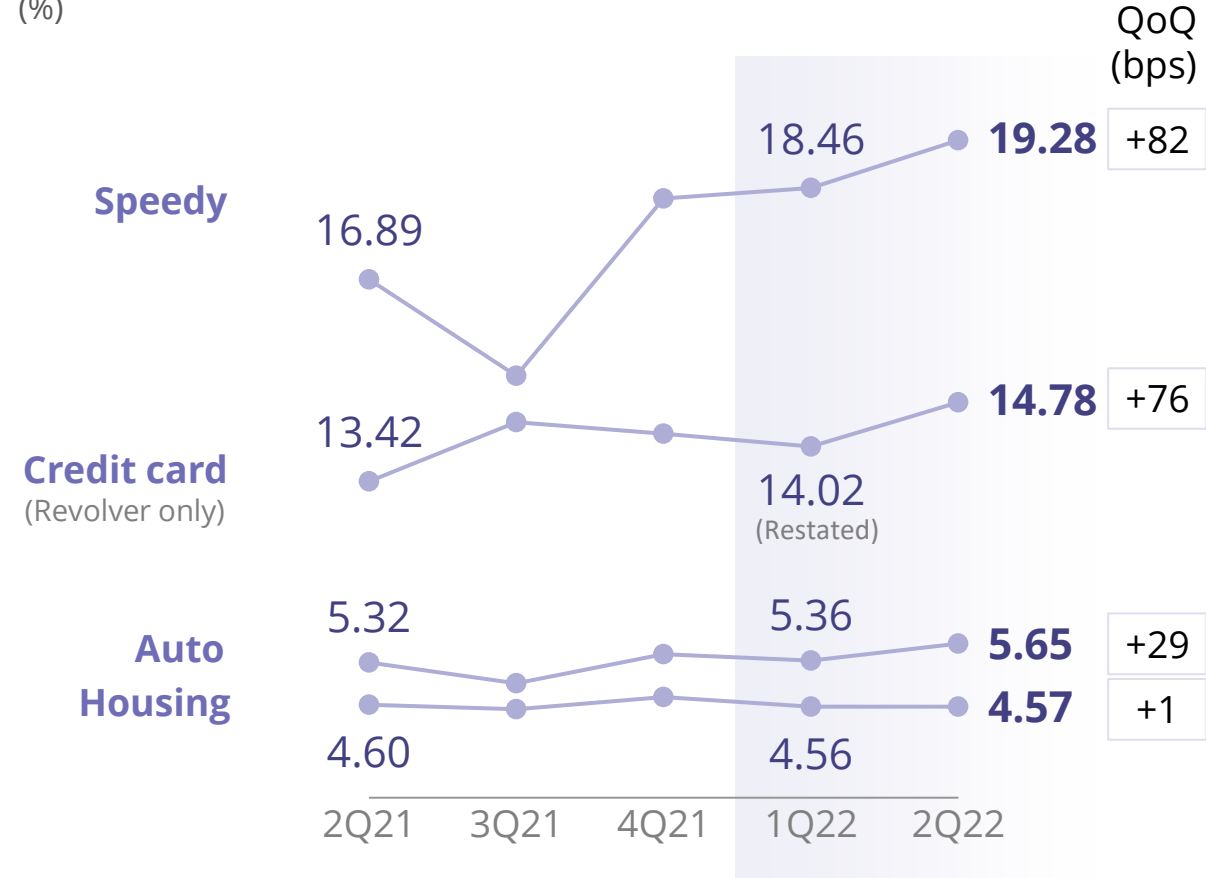
^{1/} Including impact of FIDF fee reduction to 0.23% p.a. (1 Jan 2020 – 31 Dec 2022)

Yield on loans improved qoq driven by smaller volume of debt restructuring and pricing discipline on new bookings.

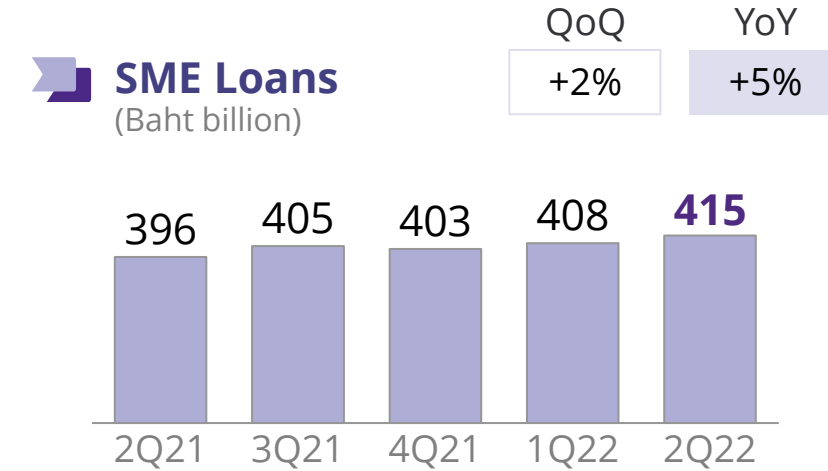
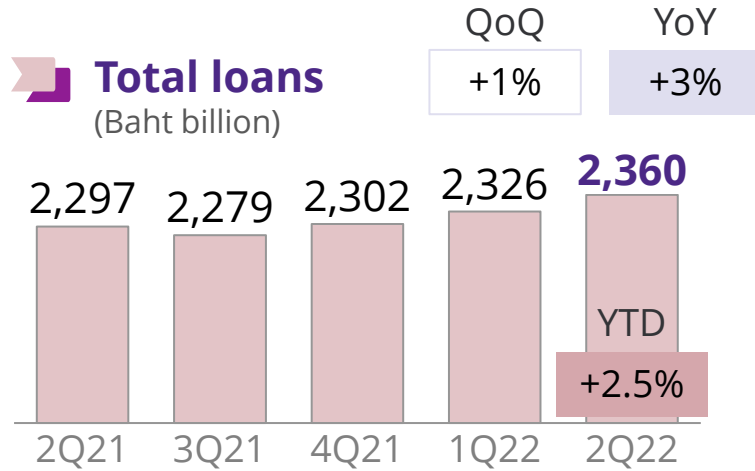
Yield on loans by segment
(%)



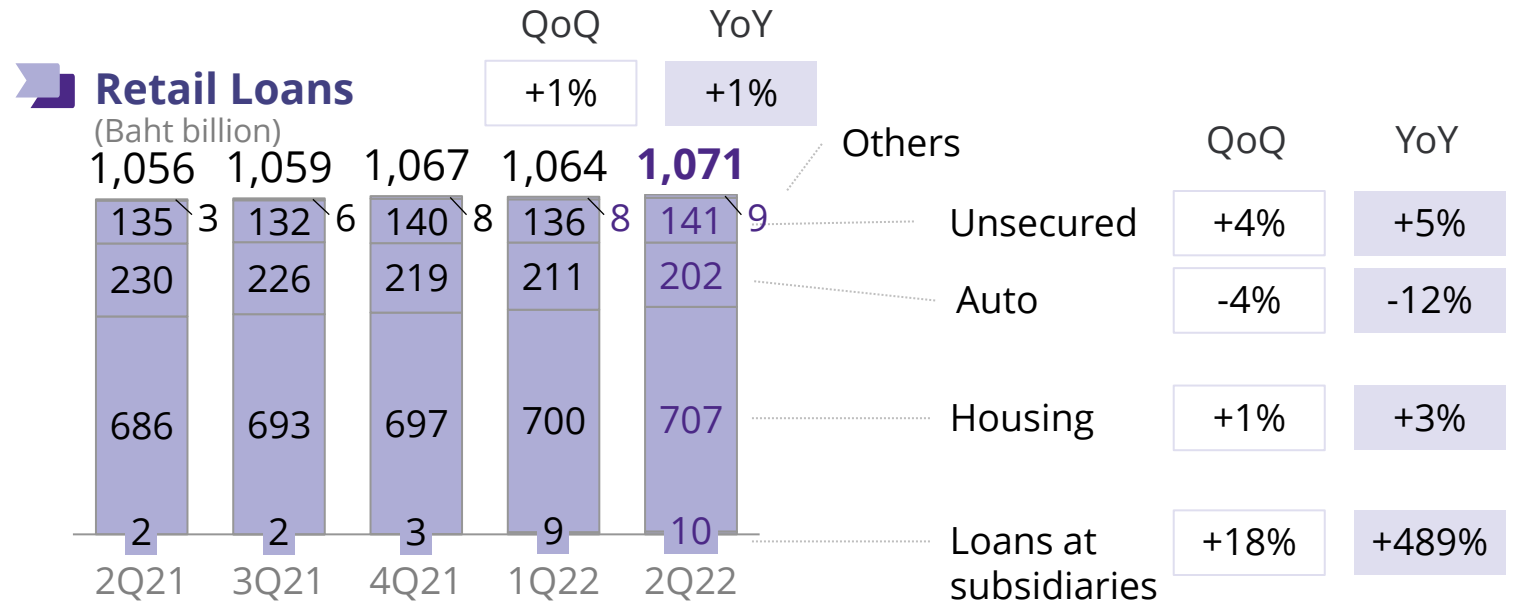
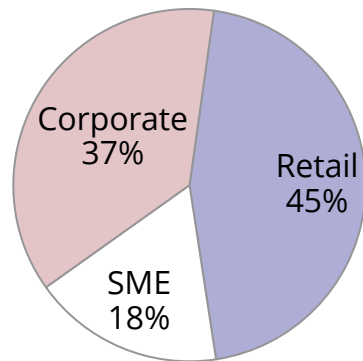
Yield on loans by Retail products
(%)



Continued focus on quality loans

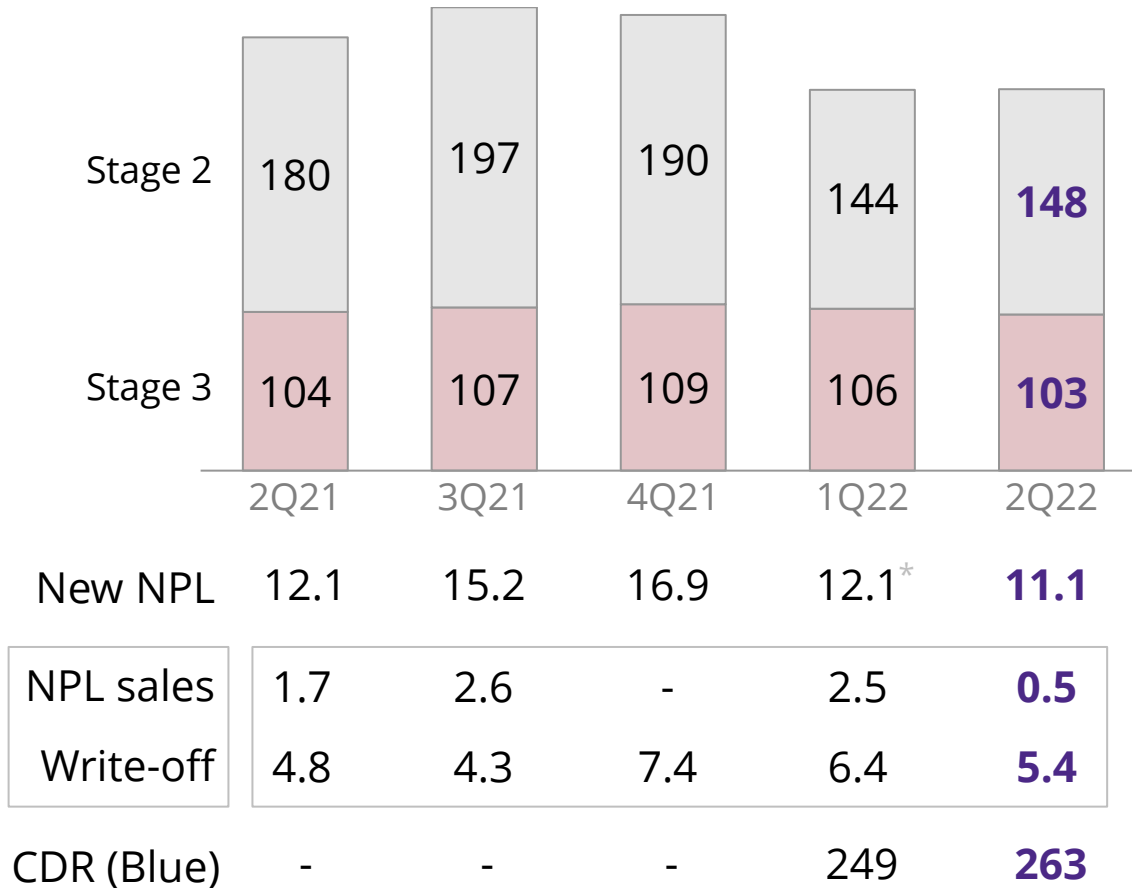


Loan breakdown
as of 30 June 2022



CDR brought NPL formation under control; while new NPL increase in certain segments reflected weak loans without further assistance

Loan stage 2 & 3 (Baht billion)



Note: Comprehensive Debt Restructuring (CDR) under the BOT's framework

Green / Red fonts indicate decrease / increase from the previous period.

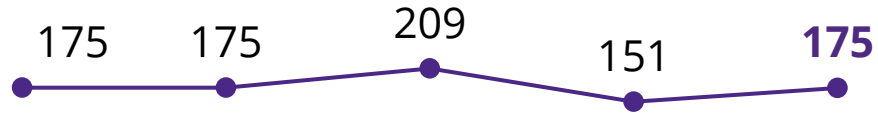
		2Q21	3Q21	4Q21	1Q22	2Q22
Total Loans	NPL%	3.79%	3.89%	3.79%	3.70%	3.58%
	New NPL%	0.44%	0.55%	0.59%	0.42%	0.39%
Corporate	NPL%	3.87%	4.55%	4.40%	4.24%	4.11%
	New NPL%	0.01%	0.58%	0.07%	0.00%	0.01%
SME	NPL%	11.51%	10.96%	11.59%	10.72%	10.17%
	New NPL%	1.14%	0.42%	1.31%	0.33%	0.41%
Housing Loans	NPL%	2.97%	2.79%	2.94%	2.78%	2.56%
	New NPL%	0.43%	0.38%	0.48%	0.43%	0.42%
Auto Loans	NPL%	1.15%	1.56%	1.55%	1.49%	1.74%
	New NPL%	0.49%*	1.11%	1.46%	1.42%*	1.54%

Note: The Bank started the qualitative loan reclassification since 3Q20

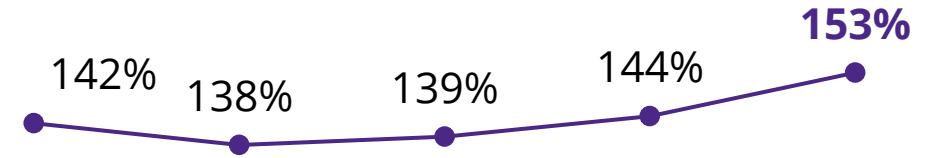
* Restated

Higher provisioning qoq reflected pre-cautionary buffers of Baht 2.5 billion in 2Q22 against inflation headwinds and geopolitical risks.

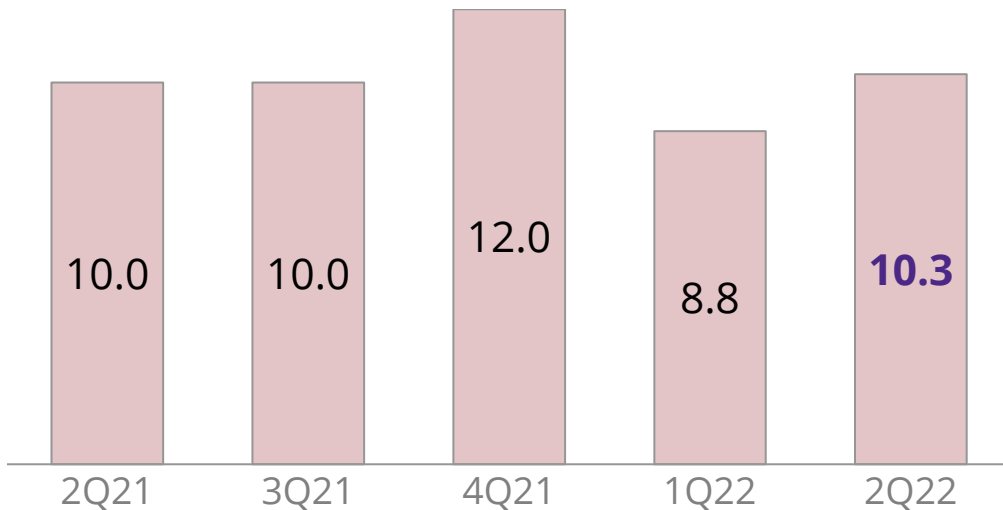
Credit cost
(bps)



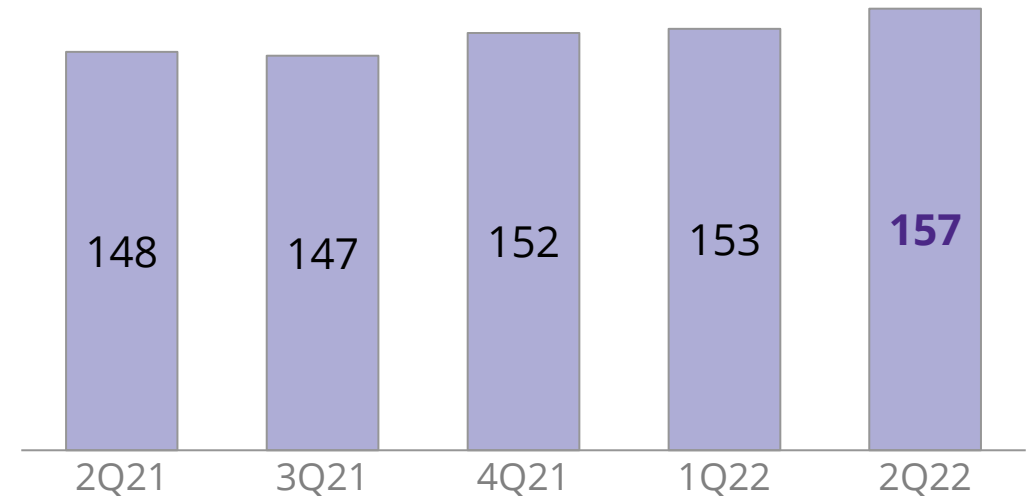
Coverage ratio (Total allowance to NPLs)



Provisions
(Baht billion)



Total allowance
(Baht billion)

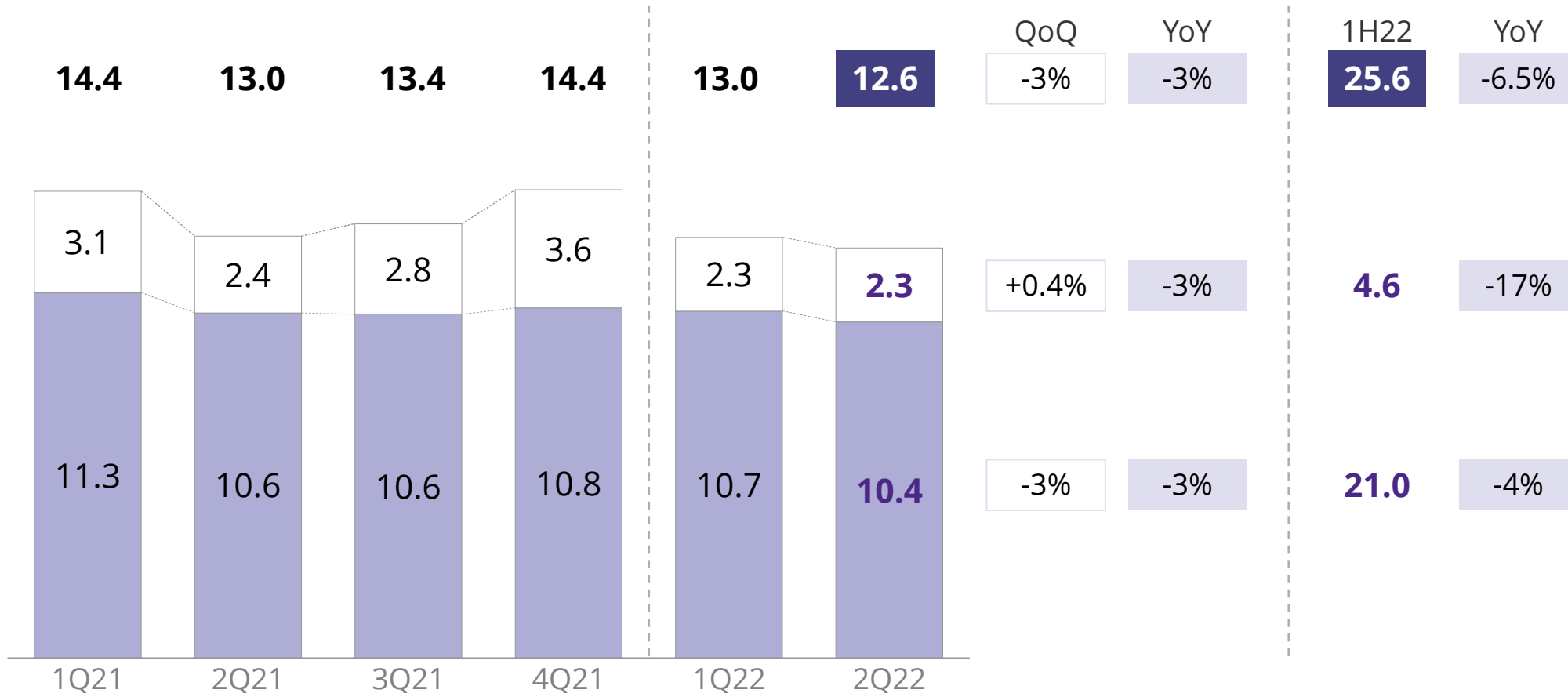


Non-NII remained under pressures from unfavorable market conditions impacting the wealth management business and gains on investment.

Non-NII
(Baht billion)

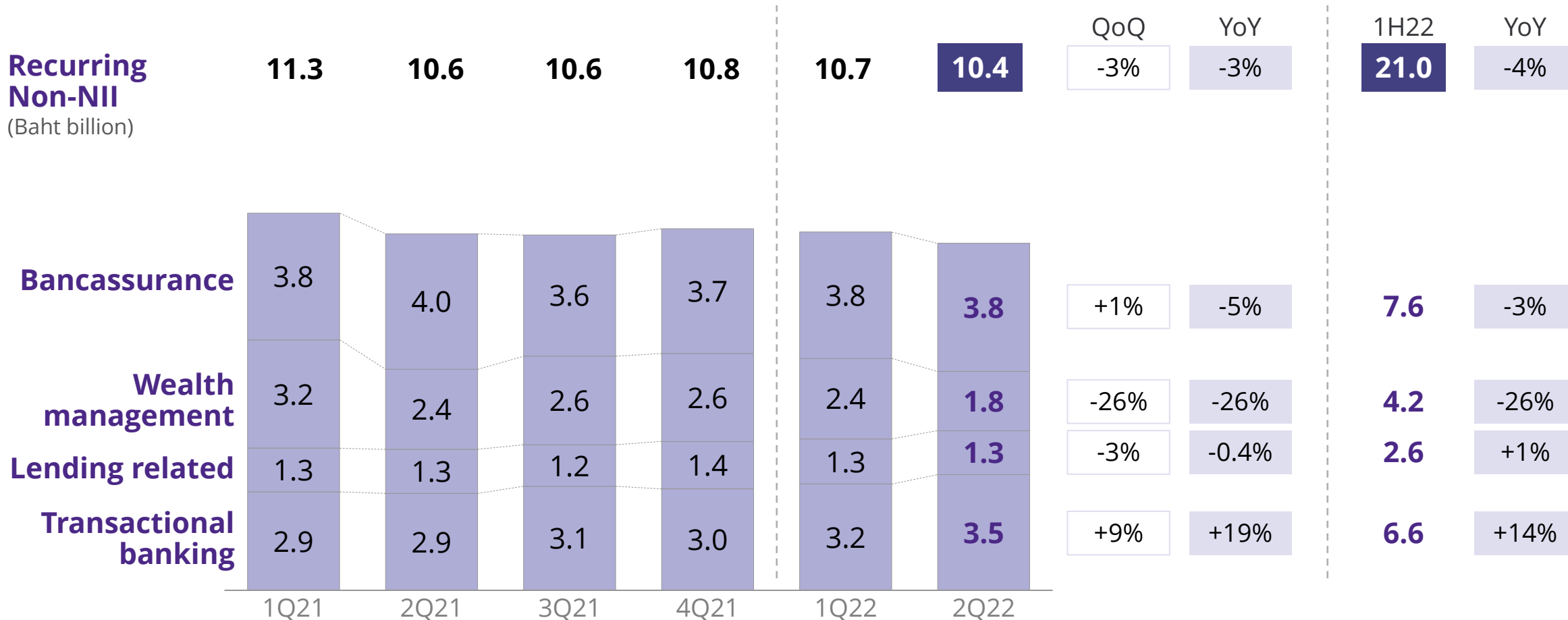
Non-recurring and others

Recurring

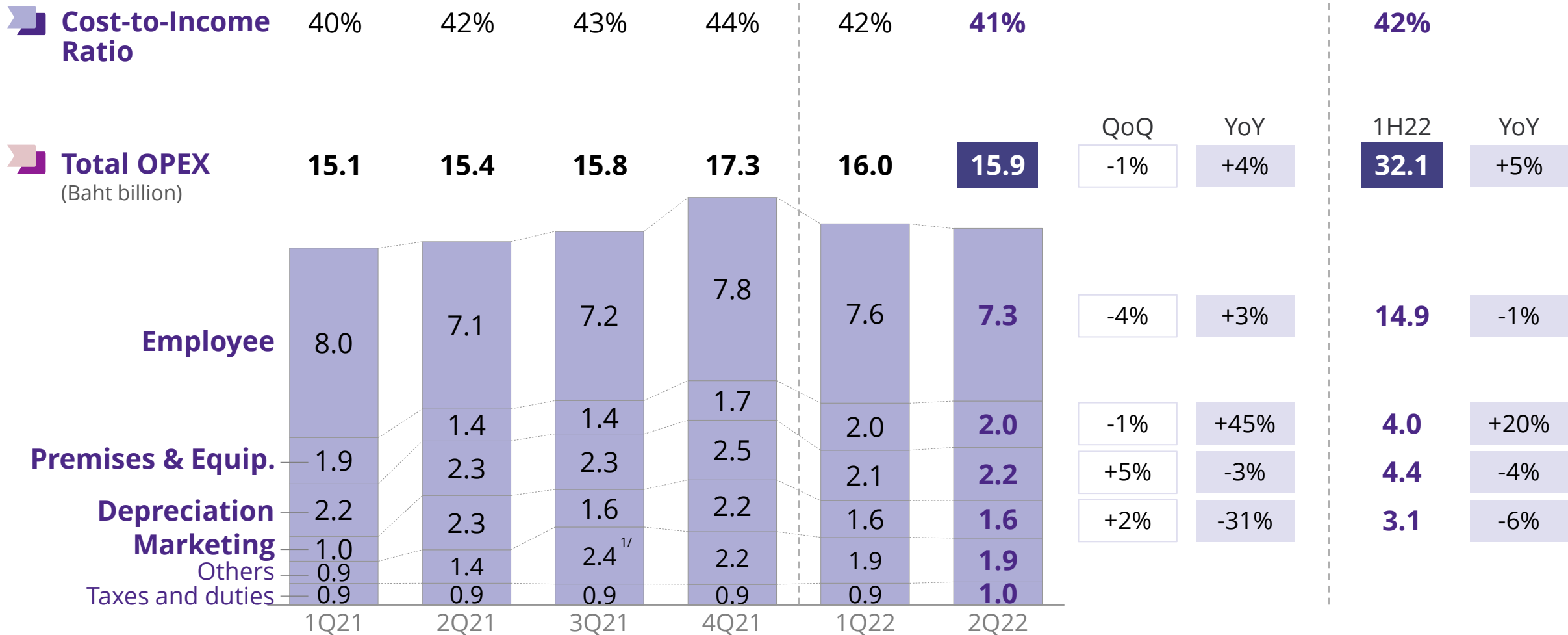


Non-wealth revenue still resilient with transactional fee leading the pack; while wealth revenue affected by weak market sentiment.

Recurring Non-NII
(Baht billion)



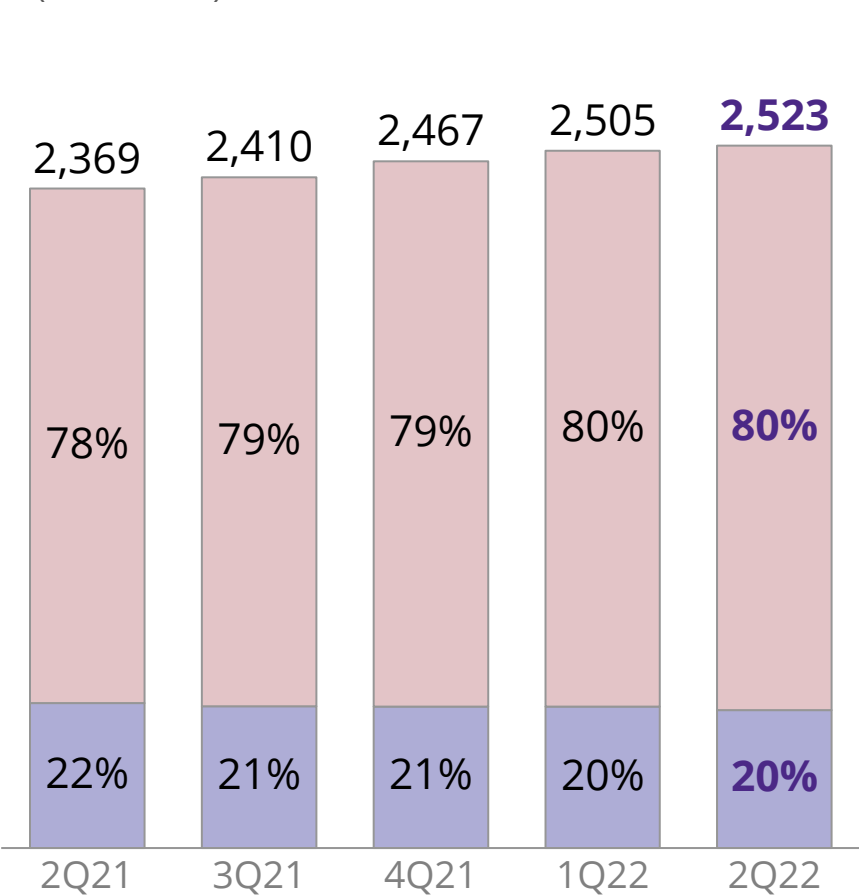
C/I remained at low 40s despite a rebound in business activities and the process of creating new businesses.



^{1/} Including higher NPA impairment

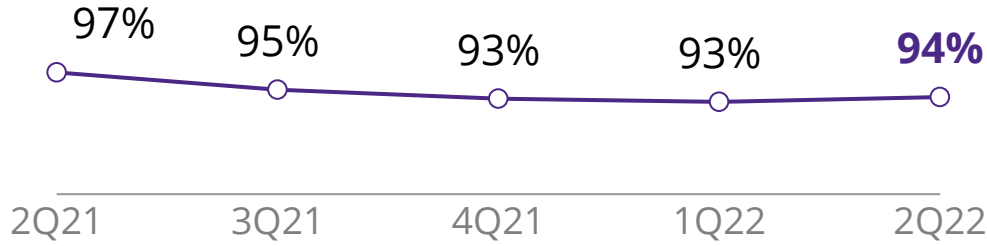
High liquidity with increasing CASA proportion

Deposits
(Baht billion)

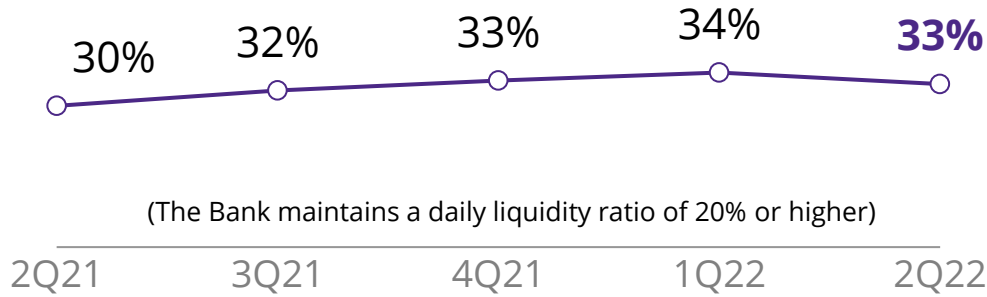


	QoQ	YoY
Deposits	+1%	+7%
CASA	+2%	+10%
Fixed	-2%	-5%

Loan-to-Deposit (L/D) Ratio
(Consolidated)



Liquidity Ratio^{1/}
(Bank-only)



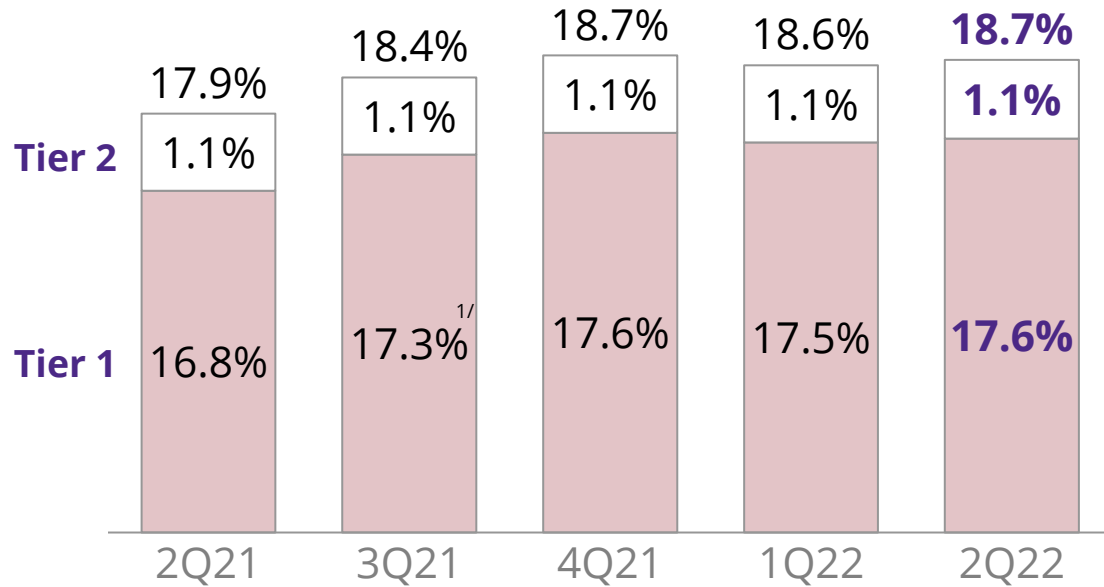
(The Bank maintains a daily liquidity ratio of 20% or higher)

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

Strong capital position with a high level of Tier 1 capital

Capital Adequacy Ratio (CAR) (Consolidated)

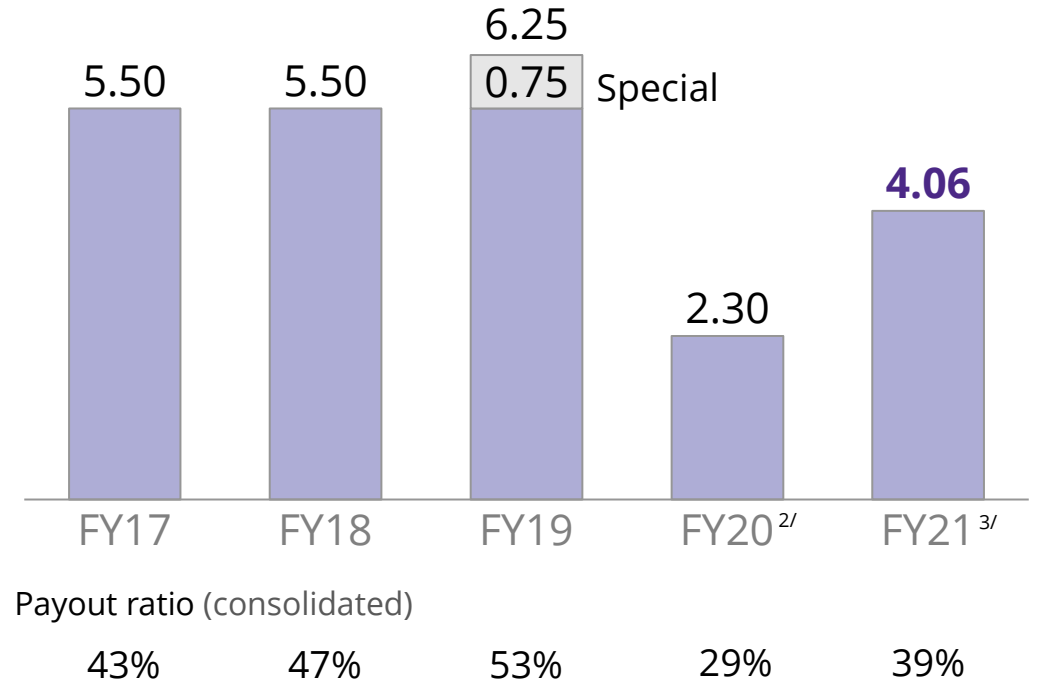
Regulatory Minimum	
CAR	12.0%
Tier 1	9.5%



^{1/} Including appropriation of the first half net profit

Dividend per share (Baht)

Dividend policy:
Not less than 30% of net profit
(on a consolidated basis)






^{2/} Under Bank of Thailand (BOT)'s guidelines

^{3/} Not exceeding 50% of FY21 bank only net profit (BOT's guidelines)

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2022 outlook

SCBX's 2022 financial targets

	2021 Actual (SCB)	2022 Targets (SCB)	1H22 Actual (SCBX)	2022 Targets (SCBX)
 LOANS/ NIM				
Total loan growth (YoY)	2%	3-5%	3%	3-5%
Net interest margin	3.00%	2.9-3.0%	3.13%	3.1-3.2%
 INCOME/ COST				
Non-NII growth (YoY)	15%	Low-single digit	-6.5%	Minus low-teens
Cost/Income ratio	42%	Low-to-mid 40s	42%	Low-to-mid 40s
 ASSET QUALITY				
NPLs (gross)	3.8%	< 4.0%	3.58%	< 3.6%
Credit cost (bps)	184	< 140	163	< 145

Note: The tax expense from the transfer of subsidiaries/business to SCBX is around Baht 2.2 billion, subject to actual transaction value as of the transfer date

Company portfolios ("Gen")

Gen 1: Core Banking Services



Digital Banking



SCB Julius Bär



Gen 2: Consumer Finance & Digital Financial Services



ALPHA X



Gen 3: Digital Platform & Tech Services

