

SCB X Pci (SCB TB) - BUY, Price Bt114, TP Bt123**Results Comment**

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3Q24 Strong profits, slight beat our estimates

- SCB reported net profits of Bt10.9bn, up 13% y-y and 9% q-q. Even considering impact of interest rate cut in 4Q24, we see upsides to our full year forecast due to lower than expected provisions. 9M24 profits were 78% of our numbers and we reiterate BUY.
- Due to greater manageable quality of CARD X and no additional provisions, credit costs were down to 1.8% from 1.9% in 2Q24 and 1.99% in 3Q23. Gen 2's credit costs were down from 10.6% in 2Q24 to 8.6% in 3Q23.
- Loans contracted 0.1% q-q but still expanded 0.3% YTD. Gen 1 loans contracted 0.3% q-q but grew 0.04% YTD, mainly from corporate segment. Gen 2 loans grew 2% q-q and 4% YTD. Additionally, Gen 2 business already turned profitable in the quarter.
- NIM improved q-q from early repayment of corporate in comprehensive debt restructuring program, higher portion of high-yield and increased liquidity leverage. Net fee declined 5% y-y on lower bancassurance and loan related fees but improved 3% q-q from capital market related business.
- The group recognized loss from the divestment of PPV (Robinhood app) Bt731m in the quarter. That said, this will remove loss contribution from PPV, starting from 4Q24.
- Opex was under good control. In spite of impairment loss related to the closure of Robinhood app of Bt800m in 2Q24, opex rose only by 4% y-y and average cost to income ratio stood at 42.4% in 9M24.

Income Statement						Income Statement					
(consolidated)						9M as					
Yr-end Dec (Bt m)	3Q23	4Q23	1Q24	2Q24	3Q24	(Bt m)	q-q%	y-y%	% 2024F	2024F	2025F
Interest & dividend income	41,073	43,436	41,380	42,406	42,963	Interest & dividend income	1	5	76	167,383	169,123
Interest expense	9,538	10,023	9,619	9,830	10,328	Interest expense	5	8	73	40,521	39,505
Net interest income	31,536	33,413	31,761	32,576	32,635	Net interest income	0	3	76	126,862	129,618
Non-interest income	11,709	9,000	11,086	10,556	9,525	Non-interest income	(10)	(19)	70	44,385	45,036
Total income	43,244	42,413	42,847	43,132	42,160	Total income	(2)	(3)	75	171,247	174,654
Operating expense	18,490	19,517	18,100	18,568	17,606	Operating expense	(5)	(5)	74	73,816	73,437
Pre-provisioning profit	24,754	22,896	24,747	24,564	24,553	Pre-provisioning profit	(0)	(1)	76	97,431	101,217
Provision for bad&doubtful debt	12,245	9,330	10,201	11,626	10,967	Provision for bad&doubtful debt	(6)	(10)	72	45,418	43,236
Profit before tax	12,509	13,566	14,546	12,938	13,586	Profit before tax	5	9	79	52,013	57,981
Tax	2,891	2,628	3,354	2,908	2,626	Tax	(10)	(9)	80	11,131	11,596
Profit after tax	9,618	10,938	11,192	10,030	10,960	Profit after tax	9	14	79	40,882	46,385
Equity income	100	130	148	121	136	Equity income	12	36	66	618	818
Minority interests	(55)	(73)	(59)	(137)	(154)	Minority interests	neg	neg	144	(243)	(253)
Extra items	-	-	-	-	-	Extra items	neg	neg	-	-	-
Net profit	9,663	10,995	11,281	10,014	10,941	Net profit	9	13	78	41,256	46,950
Normalized profit	9,663	10,995	11,281	10,014	10,941	Normalized profit	9	13	78	41,256	46,950
PPP/share (Bt)	7.4	6.8	7.3	7.3	7.3	PPP/share (Bt)	(0)	(1)	76	28.9	30.1
EPS (Bt)	2.9	3.3	3.4	3.0	3.2	EPS (Bt)	9	13	78	12.3	13.9
Norm EPS (Bt)	2.9	3.3	3.4	3.0	3.2	Norm EPS (Bt)	9	13	78	12.3	13.9
BV/share (Bt)	138.5	142.0	145.4	140.4	141.9	BV/share (Bt)	1	2	142	143.9	147.8
			0.07	0.12	0.45%						
Balance Sheet						Financial Ratios					
(consolidated)						Financial Ratios					
Yr-end Dec (Bt m)	3Q23	4Q23	1Q24	2Q24	3Q24	(%)	3Q23	4Q23	1Q24	2Q24	3Q24
Cash and Interbank	515,181	477,473	347,792	495,362	450,941	Gross loan grow th (YTD)	3.3	2.1	0.9	0.5	0.3
Other liquid items	177,489	139,516	211,174	192,101	209,026	Gross loan grow th (q-q)	1.3	(1.2)	0.9	(0.4)	(0.1)
Total liquid items	692,670	616,989	558,966	687,462	659,967	Deposit grow th (YTD)	(0.4)	(4.4)	(1.3)	0.6	(0.4)
Gross loans and accrued interest	2,478,411	2,450,030	2,471,965	2,461,294	2,458,669	Deposit grow th (q-q)	3.2	(4.1)	(1.3)	1.9	(1.0)
Provisions	154,981	148,985	148,570	148,780	149,662	Non-interest income (y-y)	(2.3)	2.0	(6.5)	(21.4)	(18.7)
Net loans	2,323,430	2,301,044	2,323,395	2,312,514	2,309,007	Non-interest income (q-q)	(12.8)	(23.1)	23.2	(4.8)	(9.8)
Fixed assets	70,942	71,919	71,726	72,326	72,458	Fee income / Operating income	18.8	16.9	18.4	17.5	18.4
Other assets	75,463	62,608	69,374	65,131	62,277	Cost-to-income	42.8	46.0	42.2	43.0	41.8
Total assets	3,539,049	3,438,722	3,407,138	3,484,314	3,409,152	Net interest margin	3.61	3.83	3.71	3.78	3.79
Deposits	2,546,813	2,442,860	2,410,606	2,457,274	2,432,421	Credit cost	1.99	1.54	1.67	1.91	1.80
Interbank	205,200	221,459	229,916	249,082	195,165	ROE	8.3	9.3	9.3	8.3	9.2
Other liquid items	13,121	13,005	17,061	16,160	11,328	Loan-to-deposit	96.4	99.3	101.6	99.2	100.1
Total liquid items	2,765,134	2,677,324	2,657,583	2,722,515	2,638,914	Loan-to-deposit + S-T borrow ing	96.4	99.3	101.6	99.2	100.1
Borrow ings	112,901	109,911	92,178	118,866	109,431	NPLs (Bt m)	95,576	96,832	95,236	95,097	94,586
Other liabilities	189,120	167,754	162,133	164,433	177,266	NPL increase	2,548	1,256	(1,596)	(139)	(511)
Minority interest	5,499	5,651	5,589	5,728	5,856	NPL ratio	3.30	3.44	3.52	3.34	3.38
Shareholders' equity	466,394	478,082	489,654	472,771	477,686	Loan-loss-coverage ratio	162.2	153.9	156.0	156.5	158.2
Total Liabilities & Equity	3,539,049	3,438,722	3,407,138	3,484,314	3,409,152	CAR - total	18.7	18.8	18.6	18.7	19.0

Sources: Company data, Thanachart estimates

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