

**SCB X Pci (SCB TB) - BUY, Price Bt122.5, TP Bt123****Results Comment**

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**Stronger-than-expected profits**

- SCBx reported record-high quarterly profits of Bt11.7bn, increased 6% y-y and 7% q-q. Profits were Bt43.9bn in 2024, increasing 1% from 2023. Profits beat our estimates on lower provisions due to improved quality of CardX after de-risking personal loans portfolio. We see upsides to our earnings and TP. Maintain BUY.
- For 2025, SCBX targets include loan growth of 1-3%, net interest margin of 3.6-3.8%, net fee income growth of 2-4%, cost to income ratio of 42-44%, and credit cost of 150-170bps.
- Loans contracted 1% YTD in 2024, dragged by corporate, SME and auto HP loans. Housing and AutoX loans still expanded in 2024. NIM contracted q-q on lower interest rate. With full-year impact of rate hike in 2023, NIM expanded 12bps y-y to 3.85% in 2024.
- NPLs were up slight q-q in 4Q24. NPL formation rose slightly from 0.56% in 3Q24 to 0.63% in the quarter. Weaker quality experienced in corporate, SME and housing loans.
- Credit costs were down to just 1.63% in 4Q24, driven mainly from improvements of Card-X. Credit costs for Gen 2 were 9% in 2024 and 7.2% in 4Q24.
- Net fees fell 6% y-y in 2024, dragged by banca and loan related fees. Dragged by lower investment gains, non-interest income dropped 8% y-y in 2024. Wealth management fees grew nicely and this along with investment gains from SCB10x, non-interest income grew 24% y-y and 17% q-q in 4Q24.
- Opex was well manageable with low cost to income ratio of 42.3% and 41.7% excluding the impact from Robinhood transaction.

Income Statement (consolidated)						Income Statement 12M as					
Yr-end Dec (Bt m)	4Q23	1Q24	2Q24	3Q24	4Q24	(Bt m)	q-q%	y-y%	% 2024F	2024A	2025F
Interest & dividend income	43,436	41,380	42,406	42,963	42,572	Interest & dividend income	(1)	(2)	101	169,320	169,123
Interest expense	10,023	9,619	9,830	10,328	10,120	Interest expense	(2)	1	98	39,896	39,505
<b>Net interest income</b>	<b>33,413</b>	<b>31,761</b>	<b>32,576</b>	<b>32,635</b>	<b>32,452</b>	<b>Net interest income</b>	<b>(1)</b>	<b>(3)</b>	<b>102</b>	<b>129,424</b>	<b>129,618</b>
Non-interest income	9,000	11,086	10,556	9,525	11,182	Non-interest income	17	24	95	42,349	45,036
Total income	42,413	42,847	43,132	42,160	43,635	Total income	3	3	100	171,773	174,654
Operating expense	19,517	18,100	18,568	17,606	18,702	Operating expense	6	(4)	99	72,977	73,437
<b>Pre-provisioning profit</b>	<b>22,896</b>	<b>24,747</b>	<b>24,564</b>	<b>24,553</b>	<b>24,933</b>	<b>Pre-provisioning profit</b>	<b>2</b>	<b>9</b>	<b>101</b>	<b>98,797</b>	<b>101,217</b>
Provision for bad&doubtful debt	9,330	10,201	11,626	10,967	9,799	Provision for bad&doubtful debt	(11)	5	94	42,594	43,236
Profit before tax	13,566	14,546	12,938	13,586	15,133	Profit before tax	11	12	108	56,203	57,981
Tax	2,628	3,354	2,908	2,626	3,336	Tax	27	27	110	12,224	11,596
Profit after tax	10,938	11,192	10,030	10,960	11,797	Profit after tax	8	8	108	43,979	46,385
Equity income	130	148	121	136	195	Equity income	43	50	97	600	818
Minority interests	(73)	(59)	(137)	(154)	(286)	Minority interests	neg	neg	261	(636)	(253)
Extra items	-	-	-	-	-	Extra items	neg	neg	-	-	-
<b>Net profit</b>	<b>10,995</b>	<b>11,281</b>	<b>10,014</b>	<b>10,941</b>	<b>11,707</b>	<b>Net profit</b>	<b>7</b>	<b>6</b>	<b>107</b>	<b>43,943</b>	<b>46,950</b>
<b>Normalized profit</b>	<b>10,995</b>	<b>11,281</b>	<b>10,014</b>	<b>10,941</b>	<b>11,707</b>	<b>Normalized profit</b>	<b>7</b>	<b>6</b>	<b>107</b>	<b>43,943</b>	<b>46,950</b>
PPP/share (Bt)	6.8	7.3	7.3	7.3	7.4	PPP/share (Bt)	2	9	101	29.3	30.1
EPS (Bt)	3.3	3.4	3.0	3.2	3.5	EPS (Bt)	7	6	107	13.1	13.9
Norm EPS (Bt)	3.3	3.4	3.0	3.2	3.5	Norm EPS (Bt)	7	6	107	13.1	13.9
BV/share (Bt)	142.0	145.4	140.4	141.9	145.1	BV/share (Bt)	2	2	145	145.1	147.8

Balance Sheet (consolidated)						Financial Ratios (%)					
Yr-end Dec (Bt m)	4Q23	1Q24	2Q24	3Q24	4Q24		4Q23	1Q24	2Q24	3Q24	4Q24
Cash and Interbank	477,473	347,792	495,362	450,941	596,970	Gross loan growth (YTD)	2.1	0.9	0.5	0.3	(1.0)
Other liquid items	139,516	211,174	192,101	209,026	161,849	Gross loan growth (q-q)	(1.2)	0.9	(0.4)	(0.1)	(1.3)
Total liquid items	616,989	558,966	687,462	659,967	758,819	Deposit growth (YTD)	(4.4)	(1.3)	0.6	(0.4)	1.3
Gross loans and accrued interest	2,450,030	2,471,965	2,461,294	2,458,669	2,428,246	Deposit growth (q-q)	(4.1)	(1.3)	1.9	(1.0)	1.7
Provisions	148,985	148,570	148,780	149,662	147,643	Non-interest income (y-y)	2.0	(6.5)	(21.4)	(18.7)	24.3
Net loans	2,301,044	2,323,395	2,312,514	2,309,007	2,280,603	Non-interest income (q-q)	(23.1)	23.2	(4.8)	(9.8)	17.4
Fixed assets	71,919	71,726	72,326	72,458	73,425	Fee income / Operating income	16.9	18.4	17.5	18.4	18.3
Other assets	62,608	69,374	65,131	62,277	58,855	Cost-to-income	46.0	42.2	43.0	41.8	42.9
<b>Total assets</b>	<b>3,438,722</b>	<b>3,407,138</b>	<b>3,484,314</b>	<b>3,409,152</b>	<b>3,486,539</b>	Net interest margin	3.83	3.71	3.78	3.79	3.76
Deposits	2,442,860	2,410,606	2,457,274	2,432,421	2,473,626	Credit cost	1.54	1.67	1.91	1.80	1.63
Interbank	221,459	229,916	249,082	195,165	229,839	ROE	9.3	9.3	8.3	9.2	9.7
Other liquid items	13,005	17,061	16,160	11,328	9,227	Loan-to-deposit	99.3	101.6	99.2	100.1	97.2
Total liquid items	2,677,324	2,657,583	2,722,515	2,638,914	2,712,691	Loan-to-deposit + S-T borrowing	99.3	101.6	99.2	100.1	97.2
Borrowings	109,911	92,178	118,866	109,431	106,745	NPLs (Bt m)	96,832	95,236	95,097	94,586	97,610
Other liabilities	167,754	162,133	164,433	177,266	172,266	NPL increase	1,256	(1,596)	(139)	(511)	3,024
Minority interest	5,651	5,589	5,728	5,856	6,201	NPL ratio	3.44	3.52	3.34	3.38	3.37
<b>Shareholders' equity</b>	<b>478,082</b>	<b>489,654</b>	<b>472,771</b>	<b>477,686</b>	<b>488,636</b>	Loan-loss-coverage ratio	153.9	156.0	156.5	158.2	151.3
<b>Total Liabilities &amp; Equity</b>	<b>3,438,722</b>	<b>3,407,138</b>	<b>3,484,314</b>	<b>3,409,152</b>	<b>3,486,539</b>	CAR - total	18.8	18.6	18.7	19.0	18.9

Sources: Company data, Thanachart estimates

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