

SCB X Pcl (SCB TB) - BUY, Price Bt137.5, TP Bt152.0**Results Comment**

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Slight miss 4Q25 results on higher ECL

- SCB reported **4Q25** net profit of Bt10.1bn (-13% y-y, -16% q-q), **slightly below** both our estimate and Bloomberg consensus **by 6%**, mainly due to higher ECL from additional management overlays (MO). FY25 net profit reached Bt47.5bn (+8% y-y), as NIM pressure was fully offset by stronger investment income, higher fee income, and lower ECL.

- We view the results as a mixed bag, with a **slightly negative** overall read. Positives were decent asset quality control and disciplined cost management, while a sharp NIM contraction and weaker fee income weighed on performance.

- 4Q25 Key highlights:

(+) Strong cost discipline: Opex declined 6% y-y and remained stable q-q despite seasonality, driving a low cost-to-income ratio of 42.6%.

(+) Stable asset quality: Stage 2 and Stage 3 loans were flat q-q. The bank continued to set MO, keeping credit costs elevated at 186bps; excluding the Bt1.5bn overlay, credit cost was 161bps.

(-) NIM contracted sharply: Down 20bps q-q, reflecting the policy rate cut and a more selective, higher-quality lending mix..

(-) Fee income weakened: Down 4% y-y, 2% q-q from wealth management.

- SCB's 2026 financial targets (Ex.1) were slightly weaker than expected, mainly due to a lower NIM outlook, while other assumptions are broadly in line with our forecasts.

- We maintain our **BUY** rating on SCB. The bank's key strength remains its best-in-class cost efficiency, which should support earnings amid weak NII. In addition, SCB continues to offer the highest dividend yield in the sector at 8–9%.

Income Statement (consolidated)					
Yr-end Dec (Bt m)	4Q24	1Q25	2Q25	3Q25	4Q25
Interest & dividend income	42,572	40,628	39,710	38,608	37,033
Interest expense	10,120	9,581	9,306	9,195	8,779
Net interest income	32,452	31,047	30,404	29,413	28,253
Non-interest income	11,182	11,867	13,156	14,044	13,187
Total income	43,635	42,914	43,559	43,457	41,440
Operating expense	18,702	17,140	17,530	17,458	17,644
Pre-provisioning profit	24,933	25,774	26,029	25,999	23,796
Provision for bad&doubtful debt	9,799	9,570	10,112	10,823	10,964
Profit before tax	15,133	16,204	15,917	15,176	12,832
Tax	3,336	3,545	3,026	3,036	2,717
Profit after tax	11,797	12,659	12,891	12,140	10,115
Equity income	195	83	91	107	135
Minority interests	(286)	(240)	(196)	(191)	(106)
Extra items	-	-	-	-	-
Net profit	11,707	12,502	12,786	12,056	10,144
Normalized profit	11,707	12,502	12,786	12,056	10,144
PPP/share (Bt)	7.4	7.7	7.7	7.7	7.1
EPS (Bt)	3.5	3.7	3.8	3.6	3.0
Norm EPS (Bt)	3.5	3.7	3.8	3.6	3.0
BV/share (Bt)	145.1	148.9	142.7	144.4	147.1

Balance Sheet (consolidated)					
Yr-end Dec (Bt m)	4Q24	1Q25	2Q25	3Q25	4Q25
Cash and Interbank	596,970	508,940	595,474	636,168	665,490
Other liquid items	161,849	188,180	169,252	176,538	180,818
Total liquid items	758,819	697,120	764,726	812,706	846,308
Gross loans and accrued interest	2,428,245	2,451,098	2,420,732	2,380,417	2,380,565
Provisions	147,643	148,443	144,798	146,880	147,500
Net loans	2,280,603	2,302,654	2,275,934	2,233,537	2,233,065
Fixed assets	73,425	73,198	72,073	73,707	74,718
Other assets	58,855	60,376	62,776	65,786	68,690
Total assets	3,486,539	3,465,457	3,507,596	3,533,712	3,650,742
Deposits	2,473,626	2,471,357	2,465,105	2,496,604	2,563,315
Interbank	229,839	223,384	268,517	265,305	281,009
Other liquid items	9,227	10,621	11,281	10,486	10,097
Total liquid items	2,712,691	2,705,363	2,744,903	2,772,394	2,854,422
Borrowings	106,745	108,877	117,182	118,650	120,494
Other liabilities	172,266	143,790	159,025	150,252	174,118
Minority interest	6,201	6,170	6,091	6,253	6,396
Shareholders' equity	488,636	501,257	480,395	486,163	495,313
Total Liabilities & Equity	3,486,539	3,465,457	3,507,596	3,533,712	3,650,742

Sources: Company data, Thanachart estimates

Income Statement 12M as					
(Bt m)	q-q%	y-y%	% 2025F	2025A	2026F
Interest & dividend income	(4)	(13)	99	155,979	150,980
Interest expense	(5)	(13)	99	36,862	33,470
Net interest income	(4)	(13)	99	119,117	117,510
Non-interest income	(6)	18	100	52,051	48,440
Total income	(5)	(5)	99	171,168	165,950
Operating expense	1	(6)	98	69,570	70,345
Pre-provisioning profit	(8)	(5)	100	101,598	95,605
Provision for bad&doubtful debt	1	12	102	41,469	37,064
Profit before tax	(15)	(15)	99	60,129	58,541
Tax	(11)	(19)	102	12,324	11,708
Profit after tax	(17)	(14)	99	47,805	46,833
Equity income	26	(31)	66	416	662
Minority interests	neg	neg		(732)	(702)
Extra items	neg	neg		-	-
Net profit	(16)	(13)	98	47,488	46,792
Normalized profit	(16)	(13)	98	47,488	46,792
PPP/share (Bt)	(8)	(5)	100	30.2	28.4
EPS (Bt)	(16)	(13)	98	14.1	13.9
Norm EPS (Bt)	(16)	(13)	98	14.1	13.9
BV/share (Bt)	2	1	147	147.1	151.6

Financial Ratios (%)					
	4Q24	1Q25	2Q25	3Q25	4Q25
Gross loan growth (YTD)	(1.0)	0.9	(0.4)	(2.1)	(2.1)
Gross loan growth (q-q)	(1.3)	0.9	(1.3)	(1.7)	(0.0)
Deposit growth (YTD)	1.3	(0.1)	(0.3)	0.9	3.6
Deposit growth (q-q)	1.7	(0.1)	(0.3)	1.3	2.7
Non-interest income (y-y)	24.3	7.0	24.6	47.5	17.9
Non-interest income (q-q)	17.4	6.1	10.9	6.8	(6.1)
Fee income / Operating income	18.3	17.8	17.0	18.8	18.9
Cost-to-income	42.9	39.9	40.2	40.2	42.6
Net interest margin	3.88	3.67	3.59	3.44	3.24
Credit cost	1.62	1.59	1.68	1.82	1.86
ROE	9.7	10.1	10.4	10.0	8.3
Loan-to-deposit	97.2	98.1	97.1	94.3	91.8
Loan-to-deposit + S-T borrowing	97.2	98.1	97.1	94.3	91.8
Costs (Bt m)	97,610	98,521	96,122	95,252	96,165
NPL increase	3,024	911	(2,399)	(870)	913
NPL ratio	4.06	4.06	4.02	4.05	4.09
Loan-loss-coverage ratio	151.3	150.7	150.6	154.2	153.4
CAR - total	18.9	18.8	19.0	18.9	18.9

Ex 1: 2026 Financial Targets

	2025 Target	Actual	2026 Target
Loan growth (%)	1-3%	-2%	Low-to-mid single digit
NIM (%)	3.6-3.8%	3.44%	3.0-3.2%
Fee income growth (%)	2-4%	2.6%	Mid-to-high single digit
Cost to income ratio (%)	42-44%	40.50%	Low-to-mid 40s
Credit cost (bps)	150-170bps	174bps	135-155 bps
- exclude MO		155bps	

Sources: Company data, Thanachart estimates

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