

SCB X Pcl (SCB TB) - BUY, Price Bt135.00, TP Bt152.00**Results Comment**

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Inline 1Q26 results

- SCB reported **1Q26 net profit of Bt10.2bn** (-18% y-y, +1% q-q), **in line** with both our estimate and Bloomberg consensus. Solid fee income and cost discipline were offset by a sharp decline in NIM and lower investment-related income. We view the results as **neutral**.
- We expect **2Q26 net profit to decline y-y** (flat q-q), mainly dragged by continued NIM pressure.
- 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%.
- 1Q26 Key highlights:**
 - (+) Opex -3% y-y**, supported by lower employee expenses and effective other cost control.

(+) Non-NII +5% y-y (-6% q-q): Strong fee income (+16% y-y, +13% q-q), driven by wealth management, lending-related fees, and transactional activities, offset weaker investment-related income.

(+) Stable asset quality: Stage 2 loans and NPLs declined slightly by 2% and 1% q-q. **Credit costs was at 153bps**, in line with its 2026 guidance of 135–155bps.

(0) Loan +3.4% q-q (+0.3% y-y), mainly from corporate and housing segments.

(-) NIM contracted sharply by 25bps q-q to 2.99%, falling below the 2026 guidance range of 3.0–3.2%. The decline was due to loan growth skewed toward the latter part of the quarter and a mix shift toward lower-yield corporate lending.

Income Statement						Income Statement					
(consolidated)						3M as					
Yr-end Dec (Bt m)	1Q25	2Q25	3Q25	4Q25	1Q26	(Bt m)	q-q%	y-y%	% 2026F	2026F	2027F
Interest & dividend income	40,628	39,710	38,608	37,033	35,249	Interest & dividend income	(5)	(13)	24	146,003	149,411
Interest expense	9,581	9,306	9,195	8,779	8,468	Interest expense	(4)	(12)	25	34,182	34,197
Net interest income	31,047	30,404	29,413	28,253	26,781	Net interest income	(5)	(14)	24	111,821	115,214
Non-interest income	11,867	13,156	14,044	13,187	12,417	Non-interest income	(6)	5	25	48,998	49,763
Total income	42,914	43,559	43,457	41,440	39,198	Total income	(5)	(9)	24	160,819	164,977
Operating expense	17,140	17,530	17,458	17,644	16,662	Operating expense	(6)	(3)	25	67,849	68,910
Pre-provisioning profit	25,774	26,029	25,999	23,796	22,537	Pre-provisioning profit	(5)	(13)	24	92,970	96,067
Provision for bad&doubtful debt	9,570	10,112	10,823	10,964	9,148	Provision for bad&doubtful debt	(17)	(4)	25	35,942	35,282
Profit before tax	16,204	15,917	15,176	12,832	13,388	Profit before tax	4	(17)	23	57,028	60,785
Tax	3,545	3,026	3,036	2,717	3,002	Tax	10	(15)	26	11,388	12,157
Profit after tax	12,659	12,891	12,140	10,115	10,387	Profit after tax	3	(18)	23	45,639	48,628
Equity income	83	91	107	135	113	Equity income	(16)	36	26	436	458
Minority interests	(240)	(196)	(191)	(106)	(304)	Minority interests	neg	neg	44	(685)	(729)
Extra items	-	-	-	-	-	Extra items	neg	neg	-	-	-
Net profit	12,502	12,786	12,056	10,144	10,195	Net profit	1	(18)	22	45,391	48,357
Normalized profit	12,502	12,786	12,056	10,144	10,195	Normalized profit	1	(18)	22	45,391	48,357
PPP/share (Bt)	7.7	7.7	7.7	7.1	6.7	PPP/share (Bt)	(5)	(13)	24	27.6	28.5
EPS (Bt)	3.7	3.8	3.6	3.0	3.0	EPS (Bt)	1	(18)	22	13.5	14.4
Norm EPS (Bt)	3.7	3.8	3.6	3.0	3.0	Norm EPS (Bt)	1	(18)	22	13.5	14.4
BV/share (Bt)	148.9	142.7	144.4	147.1	148.9	BV/share (Bt)	1	0	149	149.0	152.8

Balance Sheet						Financial Ratios					
(consolidated)						(%)					
Yr-end Dec (Bt m)	1Q25	2Q25	3Q25	4Q25	1Q26	1Q25	2Q25	3Q25	4Q25	1Q26	
Cash and Interbank	508,940	595,474	636,168	665,490	636,728	Gross loan growth (YTD)	0.9	(0.4)	(2.1)	(2.1)	3.4
Other liquid items	188,180	169,252	176,538	180,818	201,690	Gross loan growth (q-q)	0.9	(1.3)	(1.7)	(0.0)	3.4
Total liquid items	697,120	764,726	812,706	846,308	838,418	Deposit growth (YTD)	(0.1)	(0.3)	0.9	3.6	3.2
Gross loans and accrued interest	2,451,098	2,420,732	2,380,417	2,380,565	2,458,830	Deposit growth (q-q)	(0.1)	(0.3)	1.3	2.7	3.2
Provisions	148,443	144,798	146,880	147,500	148,433	Non-interest income (y-y)	7.0	24.6	47.5	17.9	4.6
Net loans	2,302,654	2,275,934	2,233,537	2,233,065	2,310,397	Non-interest income (q-q)	6.1	10.9	6.8	(6.1)	(5.8)
Fixed assets	73,198	72,073	73,707	74,718	75,254	Fee income / Operating income	17.8	17.0	18.8	18.9	22.5
Other assets	60,376	62,776	65,786	68,690	78,880	Cost-to-income	39.9	40.2	40.2	42.6	42.5
Total assets	3,465,457	3,507,596	3,533,712	3,650,742	3,756,841	Net interest margin	3.67	3.59	3.44	3.24	2.99
Deposits	2,471,357	2,465,105	2,496,604	2,563,315	2,646,474	Credit cost	1.59	1.68	1.82	1.86	1.53
Interbank	223,384	268,517	265,305	281,009	305,598	ROE	10.1	10.4	10.0	8.3	8.2
Other liquid items	10,621	11,281	10,486	10,097	10,643	Loan-to-deposit	98.1	97.1	94.3	91.8	91.9
Total liquid items	2,705,363	2,744,903	2,772,394	2,854,422	2,962,715	Loan-to-deposit + S-T borrowing	98.1	97.1	94.3	91.8	91.9
Borrowings	108,877	117,182	118,650	120,494	128,440	NPLs (Bt m)	98,521	96,122	95,252	96,165	95,614
Other liabilities	143,790	159,025	150,252	174,118	157,898	NPL increase	911	(2,399)	(870)	913	(551)
Minority interest	6,170	6,091	6,253	6,396	6,352	NPL ratio	4.06	4.02	4.05	4.09	3.93
Shareholders' equity	501,257	480,395	486,163	495,313	501,436	Loan-loss-coverage ratio	150.7	150.6	154.2	153.4	155.2
Total Liabilities & Equity	3,465,457	3,507,596	3,533,712	3,650,742	3,756,841	CAR - total	18.8	19.0	18.9	18.9	18.0

Sources: Company data, ttb wealth estimates

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