



Management Discussion and Analysis

For the fourth quarter and the year ended December 31, 2022

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1. Executive Summary

SCB X Public Company Limited (SCBX) reported consolidated net profit of Baht 37.5 billion in 2022, a 5.5% increase yoy, mainly due to strong net interest income growth, cost management discipline, and lower provisions. Nevertheless, it was offset by a decline in the fee and investment-related income.

For 2022, net interest income rose 13.3% yoy to Baht 107.9 billion, following an increase in net interest margin under the growth strategy towards quality loans and upward interest rate trend. Meanwhile, overall loans expanded 3.3% from the previous year.

Fee and other income stood at Baht 44.9 billion, down 4.7% yoy due to the slowdown in wealth management business. Investment and trading income also dropped 79.1% yoy to Baht 1.7 billion due to extreme volatility in the money and capital markets.

Operating expenses increased 9.9% yoy to Baht 69.9 billion, mainly on the back of increasing business activities and restructuring efforts under the 'Mothership' strategy. However, the cost-to-income ratio remained at an appropriate level of 45.2%, a slight increase from the previous year.

The Company set aside provisions of Baht 33.8 billion for 2022, down 19.5% yoy, thanks to proactive measures and prudent approach to credit quality management implemented since the onset of the COVID-19 pandemic as well as the recovery in business sectors. The non-performing loan (NPL) coverage ratio increased to 159.7%.

The NPL ratio eased to 3.34% at the end of 2022, from 3.79% at the end of 2021, largely due to a comprehensive debt restructuring program under the Bank of Thailand's framework and effective NPL management. The capital adequacy ratio also remained strong at 18.9%.

2. Economic Outlook

Global Economy in 2022 and Outlook for 2023

The global economy grew at a slower pace in 2022 due to many unexpected factors. The global economy was projected to grow only 2.9% on multiple negative shocks starting from the beginning of the year when the rapid outbreak of the COVID-19 Omicron variant forced many countries to reimpose lockdowns. Then, the world was shaken by the Russia-Ukraine conflict that exacerbated global supply chain disruptions and resulted in higher global energy and commodity prices. Businesses accordingly adjusted their production process and mapped out a plan to relocate manufacturing bases for supply chain security in the future. Pressures from cost-push inflation driven by these shocks forced central banks around the world to aggressively tighten monetary policy in a bid to tame inflation. The negative factors caused a slowdown in global economic activities and some major economies such as the United Kingdom and some European countries tend to slide into recession by the end of 2022 while the US is expected to follow suit in the second half of 2023 due to the prolonged tightening cycle. In addition, global economic uncertainties and major economies' economic policies throughout the year added volatility to the financial market and put pressure on liquidity. Investors became risk-off and the Dollar index went up.

In 2023, the global economy will continue to face several risk factors which could further slow down global growth, despite recent recovery-supporting developments that eased global recession fears. Economic indicators showed somewhat resilience in economic activities; for example, the Purchasing Managers' Index in many major economies recovered from its trough while the energy crisis in Europe turned out to be less severe than expected thanks to energy price drops and a mild winter. Meanwhile, the faster than expected lifting of the Zero COVID policy in China will support global economy and inflationary pressure tends to decelerate globally, leading to a belief that central banks will not be more hawkish than expected. Nonetheless, global uncertainty will remain high in 2023. The COVID-19 outbreak in China could prompt the country to reimpose stringent lockdown measures while geopolitical tensions may intensify. Going forward, economic decoupling between the US and China may accelerate as the US aims to maintain the same old international order, resulting in growing self-reliance between these economies and their allies.

Global inflation accelerated in 2022 and peaked in the third quarter following an ease in supply chain disruptions, a lower pressure on global commodity prices, and slowing demand-pull inflationary pressures. Nonetheless, **global inflation is expected to remain above central banks' target in most economies** as food and energy prices will remain above the pre-COVID-19 level. This will prompt central banks in major economies to maintain tight monetary policy stance in 2023. The pace of rate hikes will be slower than last year but interest rates will remain high until inflation fall back within targets. For example, the Fed is expected to raise rate at only 25 bps each meeting during the first quarter of 2023 and will maintain the restrictive rate until the end of the year. Globally, fiscal policy will play a lesser role in stimulating the economy and be shift towards fiscal sustainability after a spike in public debt due to the COVID-19 crisis.

Thai Economy in 2022 and Outlook for 2023

The Thai economy in 2022 was expected to expand by 3.2% following recovery in the tourism sector, private consumption, and private investment after the country reopening with relaxation in COVID-19 measures in July. The number of tourist arrivals to Thailand was higher than expected, at 11.1 million. Private consumption grew as economic activity was on path to resume its normalcy, with support from the labor market that saw the unemployment rate drop for four consecutive quarters to 1.2%, close to the pre-COVID-19 level, in line with improving labor income, especially in the tourism and service sectors. In addition, farm income increased significantly due to high agricultural prices. However, the recovery was uneven as merchandise exports, formerly a key driver of the Thai economy, plunged late in the year following a slowdown in global demand. Meanwhile, the government stimulus subsided after the full disbursement of special COVID-19 loans. **Headline inflation in 2022 accelerated to 6.1% due to high energy and food prices and peaked in the third quarter of 2022 after a slowdown in global energy prices.** However, high inflation impacts extended to other goods and services with increasing signs of cost pass-through to consumer prices. As a result, core inflation sped up, adding more pressure on some households whose income grew slower than expenses with high debt.

The Thai economy in 2023 is expected to maintain its recovery momentum at 3.4% growth, driven mainly by tourism and private consumption. The number of foreign tourists is expected to reach 30 million in 2023 with a more balanced base when compared with pre-COVID time. Thanks to China's lifting of Zero-COVID measures at least 4 million Chinese tourists are expected to visit Thailand this year, which is in any case still far below the pre-COVID-19 level. In addition, domestic tourism is expected to be near the pre-COVID-19 level, supporting buoyant consumption. However, the outlook of merchandise exports is not that bright in line with global economic slowdown amid high uncertainty. Thai exports may also face additional pressure from new import tariffs imposed by key trading partners such as Europe and India, which will partially take effect this year. As a result, the value of Thai merchandise exports may grow slightly at only 1.2%. Meanwhile, government spending may decline following a smaller size of budget deficits. After the economic recovery from COVID-19, the government scales down its role in stimulating the economy.

Thai inflation in 2023 will gradually decline but remain above the target. Headline inflation is expected to be 3.2%, higher than the BOT's target on persistently high domestic energy and food prices. Core inflation will accelerate partly due to a higher cost pass-through rate. At the same time, labor income will face high uncertainty as the labor market has not yet returned to normal. Hence, the real income of private-sector employees tends to grow slowly. **Going forward, businesses tend to recover unevenly.** Companies that support domestic consumption recovery or satisfy global trends will recover fast. In contrast, some businesses will face risks and slow recovery due to global downturn or disruptions from new mega trends such as climate change, innovative technology and aging society.

Thailand's monetary policy tightening has undertaken later than other countries with a start in policy rate hike in the second half of 2022. The MPC gradually raised the policy rate three times from

0.5% to 1.25% at the end of 2022. **For 2023, the policy rate is expected to be hiked 3 times to 2% at the end of 2023.** Such gradual normalization approach would align the monetary policy stance with Thailand's long-term economic growth path, which is expected to return to its potential level by the end of next year. In addition, the end of a temporary cut in financial institutions' contributions to the Financial Institutions Development Fund (FIDF fees) and the quick appreciation of Thai baht compared to regional currencies will contribute to more tightening financial conditions in 2023. On the exchange rate, the Thai baht tends to appreciate in line with the depreciation of the US dollar, benefits from China's reopening, and improvement in Thai economic fundamentals such as current account surplus and capital inflows to the Thai financial market. Hence, the baht is expected to appreciate and end 2023 at 31.5-32.5 baht per US dollar.

3. Management Discussion and Analysis

For the fourth quarter and the year ended December 31, 2022

2022 marked another key milestone for SCBX. The group has completed the restructuring process under the fintech mothership strategy as SCB X PCL was listed on the Stock Exchange of Thailand on April 22, 2022 and major business and asset transfer transactions had been executed by the end of 2022. SCBX recorded full year net profit of Baht 37.5 billion, representing an increase of 5.5% yoy, following a robust NII growth and lower provisions which more than offset weak investment income and higher operating expenses. Asset quality remained under control with an improvement in NPLs and the NPL coverage ratio. Profit contribution was almost all from banking business for the year 2022 while we continued to build foundations to grow business under Gen 2 and Gen 3. The outlook for 2023 should be supported by continued economic recovery and improved capital market condition. We expect solid banking performance to continue and Gen 2 business performance to accelerate, while prudently looking for new investment opportunities.

On a journey to become a tech company

The quest to be a tech company with a vision to become “The Most Admired Regional Financial Technology Group” began with the completion of tender offer with a 99.06% acceptance rate, followed by an approval of one-time dividend to SCBX in the amount of Baht 61 billion to facilitate and fund related business transfers to complete the restructuring process.

In September 2022, SCBX used part of the proceeds to acquire shares of subsidiaries from the Bank and SCB 10X Company Limited and invest in SCBX’s subsidiaries. The credit card and personal loan business was transferred to CardX in early December 2022. In 2022, several of our portfolio companies made progress in building growth foundation. AutoX’s foray into the auto title loan market under “Chaiyo Money” brand was successful in quickly expanding customer base and the company has extended Baht 7.5 billion worth of loans at the end of December 2022, after the launch in 3Q22. Meanwhile, InnovestX unveiled the first investment super app in Thailand that combines trading of traditional and digital securities into a unified platform. Moreover, InnovestX Securities collaborates with Goldman Sachs in developing investment products for Thailand market, broadening Thai investor’s access to a vast array of investment solutions. Robinhood platform has secured a ride-hailing service license and fully transformed into a super app with the inclusion of online travel agent service, mart service, and express service.

In 2022, SCBX Group made several offshore strategic investments. The first was a USD 50 million indirect strategic investment in Bank Jasa Jakarta (an Indonesian commercial bank) with plans to re-platform into a digital bank backed by Welab and Astra Group. This investment is a strategic move to set a strong footprint in digital banking regionally. Initially, it will capture the growth opportunities in the digital banking business in Indonesia. The second was a USD 100 million strategic investment in AKULAKU, Indonesian leading digital consumer finance platform. This investment fits within our regional goal of serving an underserved market using digital financial solutions. The third was a USD

10 million investment in RakkaR Digital, an institutional-grade digital asset custody platform for institutions, was made through SCB 10X. RakkaR Digital will help provide digital asset custody and related services to clients across ASEAN. Also, we have made a USD 180 million investment in FWD, a leading Pan-Asian life insurer with a customer-led, legacy-light and digital-first model, in 2021 as FWD is a fast-growing life insurer with a strong focus in Southeast Asia and a key strategic partner of SCBX.

The Company has set a bold vision to be ‘the most admired regional financial technology group’ but will prudently execute the plan to realize our vision in 3 phases. In Phase 1, we will transform ourselves into a Tech Group, the process that needs core tech and data capabilities to enable and accelerate the companies in our portfolio. In Phase 2, or over the next 2-3 years, we expect our digital lending businesses to show fast earnings growth and support the Group’s steady earnings growth profile. In Phase 3, or in the next 3-5 years, the focus is placed on monetization and value realization of our Gen 3 businesses.

For more information on SCBX strategy, please visit www.scbx.com/en/investor-relations/scbx-strategy-day-2022.html and QR code.



2022 Operating performance

SCBX reported full-year net profit of Baht 37.5 billion, up 5.5% from the previous year, thanks to higher net interest income (NII) from loan growth and upward interest rate trend and lower expected credit losses. Nevertheless, SCBX reported higher operating expenses due to increased business activities and the Group restructuring cost. Cost-to-income ratio rose marginally to 45.2%. Fee-based income declined in the year as fees from wealth management products dropped along with investment and trading income.

SCBX Group’s loan growth in 2022 was 3.3% yoy. The growth was driven mainly by SCB Bank’s housing loans and loans provided by digital lending portfolio companies. Asset quality was well under control, with NPL ratio at 3.34% with strong improvement in coverage ratio. Expected credit losses declined yoy to Baht 33,829 million or 145 bps of total loans following prudent measures in the previous years coupled with the Bank’s proactive debt restructuring under Bank of Thailand’s blue scheme.

At the end of 2022, the number of digital users grew 25% yoy to 25 million. Digital loans expanded briskly at a rate of 73% yoy to Baht 65 billion. As a result, digital revenue almost doubled yoy and contributed 5% of total income in 2022.

(Note: Financial information presented for prior periods is retrospectively adjusted to furnish comparative information following the Financial Group restructuring whereby separate entities were created under common control.)

2023 Outlook and guidance

The COVID-19 pandemic took toll on the Thai economy, the tourism sector in particular, in the past few years. As Thailand fully reopened in 3Q22, our EIC forecasts GDP growth for 2023 at 3.4%, up from

3.2% in 2022, driven by a solid rebound in tourism. EIC anticipates the return of 30 million tourist arrivals in 2023.

In light of economic recovery, SCBX (consolidated level) plans to grow overall loan book by approximately 5-8% while maintaining its focus on quality growth within an acceptable risk/return level. Loan growth from Gen 1 (Banking service) is around 5% while loan growth from Gen 2 companies (Digital Lending) should be above 40%. As interest rates tend to rise further (EIC expects BOT to raise the policy rate by another 75 bps in 2023 after 75 bps increase in 2022) coupled with the asset optimization plan, we expect NIM to expand above 3.5%, with NIM for Gen 1 at around 3.0% and NIM for Gen 2 in the mid teens.

Total revenue is expected to grow more than 10%, to be contributed mainly by NII from upward interest rate and greater contribution from Gen 2 businesses as well as investment income, bancassurance, wealth and transactional activities will also play a key role in driving fee income in light of economic recovery. Meanwhile, investment income is expected to grow but remains subject to capital market factors. Regarding the Company's subsidiaries that are in their early stage, cost discipline will continue to be a key focus in 2023. The Company expects the cost-to-income ratio (C/I ratio) in the mid-40s: around 40% for Gen 1 and High 40s for Gen 2.

Following the Bank's proactive measures and prudent risk management framework, the Company anticipates the normalization in its credit cost to a 120-140 bps range. This guidance provided by the Company is subject changes due to economic uncertainties and unforeseen events in the future.

Moreover, SCBX Group plans to increase customer base to 35 million which was from Gen 1 around 18 million, Gen 2 around 13 million and Gen 3 around 4 million.

Action plan and targets for 2023

SCB Bank

As part of the 2025 aspiration to be **No.1 digital bank in wealth management, offering seamless experiences across all channels to customers**, Gen 1's action plans for 2023 are as follows:

- **Digitalize end-to-end process** to level up the Bank's efficiency and stability. In doing so, the Bank's strategy is to create digital products and services, while enhancing seamless interactions across critical touchpoints both digitally and physically. In addition, infrastructures are to be modernized to improve resiliency and scalability.
- **Strengthen wealth management** to provide end-to-end wealth management solutions. The strategies can be divided into three aspects. First, holistic wealth solution is tailored to fit customers' needs both on personal wealth and business. Next, advice service quality is to be improved by upskilling relationship managers and enhancing digitalized advisory tools. Lastly, wide range of partners would be supportive for the Bank to provide comprehensive wealth management services.

- **Loan and risk adjusted return optimization** to balance portfolio and focus on good quality segment of customers are the Bank's strategy to improve asset quality amid rising interest rates and high economic uncertainties.

Gen 1's segment business strategy riding on tourism upside

With tourism recovery in Thailand, the Bank has developed strategies for each business segment to ride on tourism upside opportunities which are summarized as follows:

- **Wholesale and SME segment** aim to encourage customers who have excess cash to repay debt early corresponding to the recovery in hotel and tourism-related business. In addition, with increase in financial support needs for business operation, renovation, or expansion from the customers, the group will continue to support working capital and new investment for high quality customers.
- **Retail segment's** strategy to cope with increasing payment transactions from inbound tourists is to build payment solutions and promote usage of Cross-border QR Payment for inbound tourists. Furthermore, the Bank also enhances Cross-border QR Payment features in corresponding to increasing international spendings from outbound tourists.
- **Insurance segment's** strategy on the back of surging in outbound tourism is to increase travel insurance sales on digital platform. In addition, while growing health concerns and rising uncertainties boost demand for insurance, the Bank would launch new product bundled saving with health protecting and create proactive strategy to sell health insurance products. The Bank also approaches business owners in tourism supply chain on group insurance for their employees given that improving economic situation raises their ability to pay and reduces business concerns over long term commitment to pay insurance premium.

CardX

Business transfer from SCB Bank was completed in December 2022 and CardX is now ready to execute business plans designed to make lending simple and accessible for everyone with pioneering AI technology. In 2023, we aim to ensure best and seamless experience for customer migration post business transfer. Risk management capabilities will also be elevated with dedicated focus and dynamic operating model. In addition, we will implement new collection operating model to maximize prevention and recovery and at the same time deploy AI/ML technology across end-to-end journey from acquisition and underwriting to collection and cost optimization. Lastly, we plan to launch Buy-Now-Pay-Later (BNPL) with JV by the middle of this year. We are on track to deliver our three-year business aspiration of becoming a top 3 unsecured consumer finance player in Thailand in terms of brand strength and profitability. CardX targets to achieve 3.8 million customers (from 3.2 million customers) with loan growth target of around 15% in 2023.

InnovestX

InnovestX announced a major rebranding together with the launch of Thailand's first all-asset-class investment platform in October 2022. The company is gearing toward becoming a leading digital investment platform operator in ASEAN by equipping new technology to be able to respond to variety needs of customers. Action plans in 2023 of the company are to digitize traditional business to lower cost and improve customer experience, expanding customer base, and strengthening customer engagement through differentiated investment super app offerings. Additionally, one of the major tasks of InnovestX is to scale up digital asset business for the SCBX Group and accelerate Thailand's capital market evolution and pave way for regional financial service disruptions through blockchain and digital asset services such as tokenization. This will be executed with thorough consideration amid financial market turbulences and regulatory uncertainties. For 2023, InnovestX targets to have more than 1 million registered users and around Baht 4-5 billion revenue.

Purple Ventures

Purple Ventures operates Thailand's Robinhood App which has evolved beyond being just a food-delivery app towards becoming Thailand's most admired super app. The company has already added additional services to the App including OTA and mart & express. For 2023, the company plans to launch new important lifestyle services including ride-hailing, electronic vehicle (EV) subscription, as well as financial products (digital lending and insurance). The company continues to focus on both expanding customer base and monetizing the businesses. Expansion of customer base will be driven by new product expansion while business monetization will be driven by ride-hailing, digital advertisement, subsidy reduction in food-delivery business, and revenue generation from OTA business. For 2023, the company targets to achieve 4.5 million registered users and Baht 11 billion GMV (+40% yoy).

AutoX

AutoX launched the auto title loan business under brand "Ngern Chaiyo" in July 2022. The outstanding loans have reached Baht 7.5 billion with 1,200 branches nationwide. In 2023, AutoX will continue to focus on the expansion of branches and products. The company plans to have 2,000 branches by the end of this year and lending products will better serve customers with a variety of collateral types as well as non-life insurance. The growth will be supported by productivity enhancement driven by strong salesforce and intelligence system. Besides the focus on growth, AutoX will ensure asset quality with target NPL of less than 2% through in-house Collection model initiatives and nationwide outsource agencies together with World-Class Collection system.

Table 1 2023 targets by Gen

2023 Targets	SCBX (Consolidated)	Gen 1 Banking Services	Gen 2 Consumer & Digital Financial Services	Gen 3 Platforms & Digital Assets
Loan Growth	5-8%	< 5%	> 40%	-
Net Interest Margin (NIM)	> 3.5%	~ 3%	Mid teens	-
Income Growth	> 10%	-	-	-
Cost to Income Ratio	Mid 40s	~ 40%	High 40s	-
Credit cost (bps)	120-140bps	~ 100bps	600-650bps	-
No. of Customer (million)	35 million	18 million	13 million	4 million

SCBX Performance in 4Q22 and 2022 (consolidated)

SCBX reported (audited) consolidated **net profit** of Baht 37,546 million for 2022, a 5.5% yoy increase from Baht 35,590 million in 2021. The increase was mainly from a robust growth of net interest income (NII) and lower expected credit loss, which was partly offset by higher operating expenses (OPEX), lower investment and trading income and lower fee and others.

In the fourth quarter, net profit decreased 9.3% yoy to Baht 7,143 million in 4Q22 largely due to lower investment and trading income, higher OPEX and lower fee and others which were partly offset by high NII and lower expected credit loss.

On a **quarter-on-quarter** basis, net profit decreased 30.7% largely from higher OPEX, lower investment and trading income and lower fee and others which were partly offset by higher NII.

Table 2. Net Profit and Total Comprehensive Income

Consolidated Unit: Baht million	After restructuring 2022	Before restructuring 2021	% yoy	After restructuring 4Q22	% qoq	% yoy
Net interest income	107,865	95,171	13.3%	29,340	5.9%	18.4%
Fee and others	44,866	47,101	-4.7%	10,485	-10.8%	-15.9%
Investment and trading income	1,689	8,070	-79.1%	(1,567)	NM	NM
Total operating income	154,420	150,342	2.7%	38,258	-3.8%	-2.4%
Operating expenses	69,874	63,556	9.9%	20,854	23.1%	20.8%
Pre-provision operating profit	84,547	86,786	-2.6%	17,403	-23.7%	-20.7%
Expected credit loss	33,829	42,024	-19.5%	7,079	-8.7%	-40.8%
Income tax	13,592	9,376	45.0%	3,331	-29.4%	52.1%
Non-controlling interests	(421)	(204)	NM	(149)	NM	NM
Net profit (attributable to shareholders of the Company)	37,546	35,590	5.5%	7,143	-30.7%	-9.3%
Other comprehensive income (loss)	877	6,656	-86.8%	1,977	NM	-72.8%
Total comprehensive income	38,423	42,246	-9.0%	9,120	-9.6%	-39.8%
ROAE	8.3%	8.4%		6.2%		
ROAA	1.1%	1.1%		0.8%		

NM denotes "not meaningful"

Income statement for the fourth quarter and the year ended December 31, 2022 (Consolidated basis)

Table 3. Net interest income

Consolidated Unit: Baht million	After restructuring 2022	Before restructuring 2021	% yoy	After restructuring 4Q22	% qoq	% yoy
Interest income	126,993	112,177	13.2%	34,901	7.3%	20.1%
Loans	106,671	94,976	12.3%	28,804	5.7%	16.6%
Interbank and money market	3,977	2,611	52.3%	1,509	63.2%	108.4%
Hire purchase	11,339	12,049	-5.9%	2,711	-3.7%	-11.2%
Investments	4,870	2,495	95.2%	1,826	24.8%	216.5%
Others	135	45	200.6%	51	-4.5%	288.9%
Interest expenses	19,127	17,006	12.5%	5,562	15.8%	30.0%
Deposits	9,600	9,556	0.5%	2,610	10.3%	10.9%
Interbank and money market	1,406	816	72.3%	581	79.8%	141.5%
Borrowings	1,859	890	108.9%	736	40.2%	231.3%
Contribution to the Deposit Protection Agency & FIDF	6,057	5,734	5.6%	1,523	0.4%	4.4%
Others	206	10	2011.1%	112	56.6%	4048.0%
Net interest income	107,865	95,171	13.3%	29,340	5.9%	18.4%

- **Net interest income** in 2022 increased 13.3% yoy to Baht 107,865, driven by a combination of selective loan growth of 3.3% yoy and NIM expansion of 29 bps.
- **In the fourth quarter**, net interest income increased 18.4% yoy to Baht 29,340 million due to the improvement in NIM by 42 bps coupled with loan growth of 3.3% yoy.
- On a **quarter-on-quarter** basis, net interest income increased 5.9% due mainly to widened NIM (16 bps) and loan growth of 1.3% qoq.

Table 4. Yield and cost of funding

Consolidated Unit: Percentage	After restructuring 2022	Before restructuring 2021	After restructuring			Before restructuring	
			4Q22	3Q22	2Q22	1Q22	4Q21
Net interest margin	3.29%	3.00%	3.54%	3.38%	3.17%	3.04%	3.12%
Yield on earning assets	3.87%	3.53%	4.21%	3.96%	3.71%	3.57%	3.66%
Yield on loans	5.04%	4.70%	5.34%	5.11%	4.92%	4.77%	4.85%
Yield on interbank and money market	0.70%	0.45%	1.22%	0.71%	0.53%	0.51%	0.52%
Yield on investment	1.31%	0.79%	1.60%	1.42%	1.02%	0.76%	0.71%
Cost of funds ^{1/}	0.69%	0.63%	0.80%	0.70%	0.65%	0.62%	0.63%
Cost of deposits ^{2/}	0.62%	0.62%	0.65%	0.61%	0.61%	0.61%	0.63%

Note Profitability ratios use the average of the beginning and ending balances as the denominator.

^{1/} Cost of funds = Interest expenses (including contributions to DPA & FIDF) / Average interest-bearing liabilities.

^{2/} Cost of deposits includes contributions to the Deposit Protection Agency and FIDF fees.

In 2022, NIM expanded by 29 bps to 3.29% largely due to higher yield on investment (+52 bps), higher loan yields (+34 bps) and higher yield on interbank (+25 bps) despite higher funding cost (+6 bps). The increase in yield was a result of policy rate hikes in 2H22 (3 times) and the Bank's 2 times increase in

benchmark rates, a smaller volume of debt restructuring compared to last year as well as pricing discipline on new bookings.

In the fourth quarter, NIM increased by 42 bps yoy and 16 bps qoq from higher yield on investment, higher loan yields coupled with higher yield on interbank as mentioned above. For a detailed breakdown of loan yields by segment/product, please refer to Additional Financial Information on page 23.

Table 5. Fee and others

Consolidated Unit: Baht million	After restructuring 2022	Before restructuring 2021	% yoy	After restructuring 4Q22	% qoq	% yoy
Transactional banking *	13,699	11,964	14.5%	3,449	-4.7%	14.0%
Lending related **	5,612	5,261	6.7%	1,425	-7.4%	0.9%
Wealth management ***	7,838	10,891	-28.0%	1,658	-17.5%	-36.8%
Bancassurance	15,125	15,154	-0.2%	3,554	-10.6%	-4.6%
Others	2,593	3,831	-32.3%	399	-34.2%	-76.3%
Fee and others	44,866	47,101	-4.7%	10,485	-10.8%	-15.9%

* Including transactional fees, trades, FX income, and others

** Including loan related fees and credit cards

*** Including income from fund management, securities business, and others

- **Fee and others** decreased 4.7% yoy to Baht 44,866 million in 2022 largely due to a slowdown in the wealth management business under the prevailing investment sentiments, despite a rebound in the transactional banking fees following the country's reopening as well as lower other income from lower gains on the sale of written-off unsecured loans.
- **In the fourth quarter**, fee and others fell 15.9% yoy to Baht 10,485 million largely due to lower fees from wealth management and bancassurance fees as mentioned above.
- On a **quarter-on-quarter** basis, fee and others decreased 10.8% qoq due to lower bancassurance and wealth management fees.

Table 6. Investment and trading income

Consolidated Unit: Baht million	After restructuring 2022	Before restructuring 2021	% yoy	After restructuring 4Q22	% qoq	% yoy
Gain (loss) on investment	1,778	7,622	-76.7%	(1,291)	NM	NM
Trading income	(89)	448	NM	(276)	NM	NM
Investment and trading income	1,689	8,070	-79.1%	(1,567)	NM	NM

NM denotes "not meaningful"

- **Investment and trading income** decreased significantly 79.1% yoy to Baht 1,689 million in 2022 largely due to unrealized losses from the investment portfolio and FX loss from investment revaluation.
- **In the fourth quarter**, the Company recorded investment and trading loss of Baht 1,567 million due to FX loss from investment revaluation.
- On a **quarter-on-quarter** basis, investment and trading income fell qoq due to FX loss from investment revaluation.

Table 7. Operating expenses

Consolidated Unit: Baht million	After restructuring 2022	Before restructuring 2021	% yoy	After restructuring 4Q22	% qoq	% yoy
Employee expenses	31,219	30,007	4.0%	8,219	1.4%	5.9%
Premises and equipment expenses	11,511	10,849	6.1%	3,309	23.0%	16.3%
Taxes and duties	4,400	3,611	21.8%	1,422	32.8%	62.2%
Directors' remuneration	274	112	145.2%	75	-17.3%	120.2%
Other expenses	22,470	18,978	18.4%	7,830	57.1%	36.2%
Total operating expenses	69,874	63,556	9.9%	20,854	23.1%	20.8%
Cost to income ratio	45.2%	42.3%		54.5%		

- **Operating expenses** increased 9.9% yoy to Baht 69,874 million in 2022 largely due to higher marketing campaigns and promotion of the portfolio companies, higher set up cost for new portfolio companies and IT-related expenses.
- **In the fourth quarter**, operating expenses increased significantly by 20.8% yoy to Baht 20,854 million largely due to higher 'other' expenses from marketing campaigns and higher set up cost.
- On a **quarter-on-quarter** basis, operating expenses increased significantly by 23.1% qoq largely due to higher other expenses as mentioned above.

For 2022, the cost-to-income ratio was at 45.2% in line with Company's full-year guidance. In 4Q22, cost-to-income ratio rose to 54.5% from 42.6% in 3Q22 and 44.0% in 4Q21 largely due to higher expenses from portfolio companies. The Company cost discipline will continue to be a key focus.

Table 8. Expected credit loss (ECL)

Consolidated Unit: Baht million	After restructuring 2022	Before restructuring 2021	% yoy	After restructuring 4Q22	% qoq	% yoy
Expected credit loss	33,829	42,024	-19.5%	7,079	-8.7%	-40.8%
Credit cost (bps)	145	184		120		

- In 2022, **expected credit losses** declined to Baht 33,829 million (145 bps of total loans) following higher provisions in the previous years coupled with the Bank's proactive debt restructuring under the blue scheme, resulting in a high coverage ratio of 159.7%. This amount not only reflected the pro-cyclicality of forward-looking Expected Credit Loss (ECL) models as

required by the TFRS 9 framework, but also included management overlay given the current uncertain economic environment.

Balance sheet as of December 31, 2022 (Consolidated basis)

As of December 31, 2022, the Company's total assets rose 4.2% yoy to Baht 3,454 billion from higher investments and loan growth of 3.3% yoy. Details on the consolidated balance sheet are provided in the following sections:

Table 9. Loans by segment

Consolidated Unit: Baht million	After restructuring Dec 31, 22	Before restructuring Dec 31, 21	% yoy	After restructuring Sep 30, 22	% qoq
Corporate	857,260	828,200	3.5%	848,795	1.0%
SME	407,355	403,165	1.0%	410,776	-0.8%
Retail	1,112,599	1,070,469	3.9%	1,087,912	2.3%
Housing loans*	729,555	696,046	4.8%	719,450	1.4%
Auto loans	188,765	219,261	-13.9%	194,784	-3.1%
Unsecured loans	43,271	22,384	93.3%	38,224	13.2%
Other loans	14,354	8,145	76.2%	11,506	24.7%
Loans under subsidiaries	136,654	124,633	9.6%	123,948	10.3%
CardX **	114,520	117,349	-2.4%	108,954	5.1%
AutoX	7,495	-	NM	2,987	150.9%
Other subsidiaries	14,639	7,284	101.0%	12,006	21.9%
Total loans	2,377,215	2,301,834	3.3%	2,347,483	1.3%

* Including all home mortgage loans, some of which are from segments other than retail.

** Data as of September 2022 and December 2021 were restated to furnish comparative information.

NM denotes "not meaningful"

Total loans increased 3.3% yoy and 1.3% qoq at the end of December 2022. Changes in loan volume by customer segment are as follows:

- **Corporate** loans increased 3.5% yoy and 1.0% qoq due to demand from large corporates with high credit quality.
- **SME** loans grew 1.0% yoy but fell 0.8% qoq. The yoy increase was from targeted lending to existing high-quality small SMEs. The qoq decrease was mainly from loan repayment of both SME and small SME.
- **Retail** loans (including loans under subsidiaries) increased 3.9% yoy and 2.3% qoq. Below are details of changes in loan volume by sub-segment.

- **Housing loans** increased 4.8% yoy and 1.4% qoq given continued demand in high-end housing developments.
- **Auto loans** fell 13.9% yoy and 3.1% qoq largely from loan repayments.
- **Unsecured loans** of the Bank (personal loans and credit card receivables) increased 93.3% yoy and 13.2% qoq reflecting higher economic activities as a result of country re-opening as well as high demand from personal loans.
- **Loans under subsidiaries**, including loans extended by MONIX, SCB Abacus, InnovestX, AutoX and CardX increased by 9.6% yoy and 10.3% qoq to Baht 136,654 million.
 - **AutoX loans** increased 150.9% qoq to Baht 7,495 million, after the launch in 3Q22.
 - After the completion of business transfer in early December 2022, **CardX loans** (personal loans and credit card receivables) stood at Baht 114,520 million at the end of 2022.

Table 10. Deposits breakdown

Consolidated	After restructuring Dec 31, 22	Before restructuring Dec 31, 21	% yoy	After restructuring Sep 30, 22	% qoq
Unit: Baht million					
Demand	122,346	118,954	2.9%	121,979	0.3%
Savings	1,984,751	1,840,043	7.9%	1,937,301	2.4%
Fixed	448,703	508,498	-11.8%	473,993	-5.3%
Less than 6 months	95,626	108,205	-11.6%	99,925	-4.3%
6 months and up to 1 year	140,843	157,551	-10.6%	153,423	-8.2%
Over 1 year	212,234	242,742	-12.6%	220,644	-3.8%
Total deposits	2,555,800	2,467,495	3.6%	2,533,273	0.9%
CASA - Current & Savings Accounts (%)	82.4%	79.4%		81.3%	
Gross loans to deposits ratio	93.0%	93.3%		92.7%	
Liquidity ratio (Bank-only)	34.6%	33.0%		31.7%	

As of December 31, 2022, total **deposits** increased 3.6% yoy and 0.9% qoq driven by higher saving and demand deposits. As a result, CASA mix rose to 82.4% at the end of December 2022 from 79.4% at the end of last year. Given larger deposit growth than loans, the gross loans to deposits ratio fell slightly to 93.0% from 93.3% at the end of December 2021.

The Bank's daily liquidity ratio of 34.6%, as measured by total liquid assets to total deposits (at a bank-only level), was well above the 20% minimum threshold.

Table 11. Investment Classification

Consolidated Unit: Baht million	After restructuring	Before restructuring	After restructuring		
	Dec 31, 22	Dec 31, 21	% yoy	Sep 30, 22	% qoq
Investments					
Financial assets measured at FVTPL	62,326	68,707	-9.3%	68,473	-9.0%
Investments in debt securities measured at amortised cost	211,019	7,548	2695.7%	171,110	23.3%
Investments in debt securities measured at FVOCI	178,016	213,450	-16.6%	220,262	-19.2%
Investments in equity securities measured at FVOCI	1,636	1,636	0.0%	1,625	0.7%
Net investment *	390,671	222,634	75.5%	392,997	-0.6%
Investment in associates	1,206	781	54.3%	888	35.8%
Total	454,203	292,123	55.5%	462,358	-1.8%

* Net investments comprise investments measured at amortized cost and measured at FVOCI

Investments at the end of December 2022 increased significantly by 55.5% yoy but fell slightly 1.8% qoq. The yoy increase was mainly from higher government bonds measured at amortized cost. The qoq decrease was mainly from lower government bonds measured at FVOCI.

Statutory Capital

The new entity, SCBX Group, is subject to the same regulations as the Bank, namely the BOT's consolidated supervision guidelines, and must maintain the same minimum capital requirements including additional buffers. The required additional buffers consist of a 2.5% conservation buffer to be held in CET1 and a 1% Domestic Systemically Important Banks (D-SIBs) buffer. Details of minimum regulatory capital requirements for both the Bank and SCBX Group as prescribed by the BOT are shown in table 12.

Table 12: Minimum regulatory capital ratios including capital buffers

Minimum regulatory capital requirements	
Common Equity Tier 1 (CET1 ratio)	4.50%
Tier 1 Capital	6.00%
Total Capital	8.50%
Capital buffer	
Capital Conservation Buffer	2.50%
D-SIBs Buffer	1.00%
Total minimum regulatory capital requirements	
Common Equity Tier 1 (CET1 ratio)	8.00%
Tier 1 Capital	9.50%
Total Capital	12.00%

SCBX Group follows the same prudent approach to capital management as the Bank by maintaining capital well above the minimum regulatory requirements and ensuring adequate loan loss provisions.

This additional cushion allows SCBX Group to better handle unforeseen events and absorb any emerging risks that may arise from new businesses in the future.

Capital positions of SCBX Group and the Bank at the end of December 2022 under the Basel III framework are shown in the below table.

Table 13. Total Regulatory Capital

Unit: Baht million, %	SCBX (Consolidated)			SCB Bank (Bank-only)		
	Dec 31, 22	Sep 30, 22	Dec 31, 21	Dec 31, 22	Sep 30, 22	Dec 31, 21
Statutory Capital						
Common Equity Tier 1	408,287	405,429	399,566	344,932	340,631	397,032
Tier 1 capital	409,359	406,446	399,566	344,932	340,631	397,032
Tier 2 capital	25,548	25,909	24,669	24,250	24,998	24,612
Total capital	434,907	432,355	424,235	369,182	365,629	421,644
Risk-weighted assets	2,306,339	2,333,062	2,265,443	2,220,000	2,279,401	2,238,352
Capital Adequacy Ratio	18.9%	18.5%	18.7%	16.6%	16.0%	18.8%
Common Equity Tier 1	17.7%	17.4%	17.6%	15.5%	14.9%	17.7%
Tier 1 capital	17.8%	17.4%	17.6%	15.5%	14.9%	17.7%
Tier 2 capital	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%

Consolidated common equity Tier 1/Tier 1 capital of SCBX Group increased yoy at the end of December 2022 mainly from appropriation of net profit which was partly offset by a dividend payment of Baht 5.1 billion (Baht 1.50 per share). A strong capital position not only provides an additional cushion against current economic uncertainty but also enables SCBX to assist customers during the post-pandemic recovery. On the Bank-only basis, common equity Tier 1/Tier 1 capital decreased significantly yoy to 15.5% due mainly to a one-off dividend payment of Baht 61 billion from retained earnings of the Bank to shareholders. The dividend payment from SCB Bank to SCBX for funding purposes is considered an intra-group transaction and thus will only affect the capital position of the Bank but not of SCBX.

The Group believes that its strong capital position, which is currently well above the minimum regulatory requirement, in combination with high loan loss provisions will enable the Group and the Bank to withstand unforeseen adverse shocks and pursue any growth opportunities within the BOT's regulatory boundary.

Asset Quality

At the end of December 2022, **gross NPLs** (on a consolidated basis) decreased 12.6% yoy but increased 3.5% qoq to Baht 95.3 billion. **Gross NPL ratio** decreased yoy to 3.34% and was relatively flat qoq. The yoy improvement was primarily driven by effective NPL management through NPL sales. The qoq increase in NPLs was mainly from NPLs at the portfolio companies.

At the end of December 2022, the Company's **coverage ratio** fell to 159.7%, down 4.1% qoq but up 20.3% from the end of 2021 largely from a significant decline in NPLs. However, the Company's total loan loss reserve as a percentage of total loans (LLR %) remained strong at 6.3%.

Table 14. Asset quality

Unit: Baht million, %	After restructuring		Before restructuring
	Dec 31, 22	Sep 30, 22	Dec 31, 21
SCBX (Consolidated)			
Non-Performing Loans (Gross NPLs)	95,329	92,131	109,114
Gross NPL ratio	3.34%	3.34%	3.79%
Total allowance*	152,265	150,867	152,111
Total allowance to NPLs (Coverage ratio)	159.7%	163.8%	139.4%
Credit cost (Quarterly, bps)	120	132	209
SCB Bank (Bank-only)			
Non-Performing Loans (Gross NPLs)	90,550	91,379	108,051
Gross NPL ratio	3.25%	3.32%	3.77%

* Total allowance includes loans, interbank and loan commitments, and financial guarantee contracts.

Loan Classification and Allowance for Expected Credit Losses

Under TFRS 9, loans are classified into 3 stages based on changes in credit quality since initial recognition. Loans and allowance for expected credit losses at the end of December 2022, September 2022 and December 2021 were classified as follows:

Table 15. Loans and allowances for expected credit losses by stages

Consolidated Unit: Baht million	After restructuring Dec 31, 22		After restructuring Sep 30, 22		Before restructuring Dec 31, 21	
	Loans and interbank	ECL*	Loans and interbank	ECL*	Loans and interbank	ECL*
Stage 1 (Performing)	2,584,089	45,792	2,516,763	60,171	2,576,432	46,600
Stage 2 (Underperforming)	178,753	48,646	147,171	39,309	189,930	42,920
Stage 3 (Non-performing)	95,329	57,827	92,131	51,387	109,114	62,592
Total	2,858,171	152,265	2,756,065	150,867	2,875,476	152,111

* Including ECL for loans, interbank and loan commitments, and financial guarantee contracts.

Sources and Uses of Funds

As of December 31, 2022, deposits accounted for 74.0% of the Company's funding base. Other major sources of funds were: 13.5% from shareholders' equity, 5.2% from interbank borrowings, and 2.1% from debt issuance. Uses of funds for this same period were: 68.8% for loans, 15.1% for interbank and money market lending, 13.1% for investments in securities, and 1.4% held in cash.

Segment Performance

2022 Operational Performance after business restructuring

Unit: Baht billion	Total operating income	% portion	Net profit (loss)	% portion	Total loans
Gen 1 - Banking Services*	141.8	83%	51.9**	101%	2,307
Gen 2 - Consumer & Digital Financial Services*	21.8	13%	0.1	0%	133
Gen 3 - Platforms & Digital Assets*	8.2	5%	(0.7)	-1%	4
Inter Transaction and others	(17.4)		(13.8)		(66)
Total	154.4		37.5		2,377

* Before deducting intercompany transactions

**Including gain from sale of subsidiaries and transfer business, net of income tax

Gen 1 - Banking Services

The Bank continued with its growth with quality strategy. Even though its loan growth was below the industry average, the Bank was able to optimize returns within its risk tolerance. Loan growth of 3.0% yoy was driven by housing loans, corporate loans and unsecured loans. Deposits increased in line with the loan growth which were mainly contributed from CASA.

At the end of December 2022, loans under the CDR program (blue scheme only) stood at Baht 278 billion or 12% of total loans and the payments profile of involved customers has been well within expectations.

Non-performing loans improved yoy to 3.3% at the end of December 2022 from 3.8% at the end of 2021 mainly driven by NPL sales. At the end of December 2022, the Bank's coverage ratio remained high at 151.2%

2022 Performance

- **Net interest income** in 2022 increased to Baht 91.4 billion, driven by a combination of selective loan growth and NIM expansion from lower volume of debt restructuring, the upward interest rate trend and pricing discipline.
- **Non-interest income** (excluding gain from sale of subsidiaries and business transfer) was under pressure from lower wealth management fees and lower investment gains from weak market sentiment. However, bancassurance and wealth businesses were still the key drivers for non-NII of Gen 1.
- **Total operating income** stood at Baht 141.8 billion mainly driven by a robust NII, although non-NII was weak as mentioned above.
- **OPEX** was under control. The Bank's cost discipline will continue to be a key focus, resulting in a cost to income ratio (excluding one-time gain) of 41% in 2022.

Gen 2 – Consumer & Digital Financial Services

Gen 2 companies aim to penetrate 'high-risk, high-return' consumer lending and digital financial services markets which we believe will contribute to the Group's growth and ROE. We will expand into the areas that offer promising growth potential with reasonable risk-adjusted returns. Gen 2 companies include MONIX and SCB Abacus which have been active players in the digital lending area. CardX is the Bank's spin-off that operates credit card and unsecured lending business. CardX has already completed business transfer in the early December 2022. AutoX operates a car title loan business with the brand "Ngern Chaiyo".

2022 Performance

- Total operating income was Baht 21.8 billion, of which NII accounted for over 80% due to digital and consumer loan growth.
- Given the early stage of these businesses, total operating cost were relatively high.
- With the nature of the unsecured lending business with high-risk high-return, Gen 2 provision was at a high level compared to the banking business. Gen 2 registered a net profit of Baht 0.1 billion in 2022.
- SCBX expects an improvement in net profit contribution from Gen 2 next year following new product launches, fast business scale up and efficiency improvement by using technology capability.
- Total loans for Gen 2 increased significantly mainly from digital lending as well as AutoX loan growth of 151% qoq after the launch in 3Q22.

Gen 3 – Platforms & Digital Assets

Gen 3 companies will penetrate game-changing businesses with exponential growth profiles. This includes platforms and digital assets as well as investments in high-growth, tech-focused businesses. Below are the key highlights of companies under Gen 3:

- **Robinhood (Purple Ventures)** aims to be a super app for food delivery, online travel (OTA), online mart and express services. Covering Bangkok, Pattaya, and Chiangmai, the services now have over 3.5 million registered users, close to 300,000 merchants, and 30,000 riders. Robinhood also introduced a new service on the platform called ride-hailing.
- **SCB 10X** is the venture investment arm of SCBX group with a "moonshot mission" to create long-term value through exponential technologies, innovations, investments in venture capital companies and venture building services.
- **InnovestX** is one of the keys to make SCBX Group the most admired regional financial technology group, as the Group is expanding the financial and investment business to the ASEAN market and accelerating growth through technology and innovations. InnovestX has forged new strategies to drive the future of finance, investment, and digital assets. The company

is introducing "InnovestX", a super app that traverses the investment universe, creating a new ecosystem to accommodate transforming contexts. InnovestX is determined to make it easier for everyone to enter the broader and all comprehensive investment and financial markets.

2022 Performance

- Amid the weak market sentiment, total operating income was Baht 8.2 billion, mostly contributed from fee and investment income. However, total operating income declined yoy from lower investment gain compared to a year earlier.
- With the weak revenue stream coupled with high OPEX at this early stage of the business operations/restructuring, cost to income ratio was at a relatively high level.
- In 2022, Gen 3 reported a net loss of 0.7 billion as a result of high OPEX.

Credit Ratings

Credit Ratings of SCB X Public Company Limited		December 31, 2022
Moody's Investors Service		
Issuer Rating (Local and Foreign Currency)		Baa2
Outlook		Stable
Fitch Ratings		
Long Term Issuer Default Rating		BBB
Short Term Issuer Default Rating		F3
Outlook		Stable
Viability Rating		bbb
Government Support Rating		bbb-

Additional Financial Information

Consolidated Unit: Baht million, %		After restructuring Dec 31, 22	Before restructuring Dec 31, 21	% yoy	After restructuring Sep 30, 22	% qoq
Total loans		2,377,215	2,301,834	3.3%	2,347,483	1.3%
Add Accrued interest receivables and undue interest receivables		19,523	15,031	29.9%	17,720	10.2%
Total loans and accrued interest receivables and undue interest receivables		2,396,738	2,316,865	3.4%	2,365,203	1.3%
Less Unamortised modification losses		3,336	5,756	-42.1%	3,731	-10.6%
Less Allowance for expected credit loss		145,554	145,653	-0.1%	145,183	0.3%
Total loans and accrued interest receivables, net		2,247,848	2,165,456	3.8%	2,216,289	1.4%
Loans by Sector		2,377,215	2,301,835	3.3%	2,347,483	1.3%
Agricultural and mining		9,217	13,598	-32.2%	10,464	-11.9%
Manufacturing and commercial		661,375	631,750	4.7%	678,819	-2.6%
Real estate and construction		168,275	178,177	-5.6%	171,564	-1.9%
Utilities and services		426,641	408,177	4.5%	400,220	6.6%
Housing loans ^{1/}		597,404	576,413	3.6%	588,752	1.5%
Other loans		514,303	493,719	4.2%	497,664	3.3%
Debt issued and borrowings		71,996	74,922	-3.9%	76,298	-5.6%
Debentures		51,824	63,442	-18.3%	56,829	-8.8%
Structured notes		21,628	8,213	163.3%	21,261	1.7%
Others		50	117	-57.3%	62	-19.4%
Hedge accounting adjustment		(1,506)	3,150	NM	(1,854)	NM
Share Information						
EPS (Baht)		2.12	2.32	-8.4%	3.06	-30.7%
BVPS (Baht)		136.98	129.74	5.6%	135.76	0.9%
Closing price (Baht)		107.00	127.00	-15.7%	104.00	2.9%
Shares outstanding (Million shares)		3,367	3,399	-0.9%	3,367	0.0%
Market capitalization (Baht billion)		360.3	431.7	-16.5%	350.2	2.9%
		After restructuring 4Q22	Before restructuring 3Q22	After restructuring 4Q21	After restructuring 2022	Before restructuring 2021
Yield on loans by segment						
Yield on loans		5.34%	5.11%	4.85%	5.04%	4.70%
Corporate		3.60%	3.30%	2.98%	3.31%	3.00%
SME		6.44%	6.22%	5.80%	6.20%	5.68%
Retail		6.44%	6.29%	6.11%	6.15%	5.90%
Housing loans		4.59%	4.59%	4.73%	4.56%	4.63%
Auto loans		5.63%	5.66%	5.46%	5.54%	5.34%
CardX ^{2/}		15.27%	15.27%	13.25%	14.00%	-
AutoX		20.54%	-	-	-	-
Auto loans portfolio						
New car		59.0%	58.6%	58.2%	59.0%	58.2%
Used car		19.6%	20.7%	23.3%	19.6%	23.3%
My car, My cash		21.4%	20.7%	18.5%	21.4%	18.5%
Gross NPL ratio by segment/product						
Corporate		3.0%	2.8%	4.4%	3.0%	4.4%
SME		10.7%	10.5%	11.6%	10.7%	11.6%
Retail		2.4%	2.3%	2.4%	2.4%	2.4%
Housing loans		2.3%	2.5%	2.8%	2.3%	2.8%
Auto loans		2.2%	1.9%	1.5%	2.2%	1.5%
CardX ^{2/}		3.1%	2.1%	1.4%	3.1%	1.4%
AutoX		0.1%	-	-	0.1%	-
New NPLs by segment and by product (Bank-only)						
Total loans		0.58%	0.54%	0.59%	1.91%	2.05%
Corporate		0.33%	0.05%	0.07%	0.39%	0.74%
SME		0.80%	1.16%	1.31%	2.72%	4.00%
Housing loans		0.51%	0.44%	0.48%	1.77%	2.06%
Auto loans		1.94%	1.65%	1.46%	6.85%	3.66%
New NPLs (Baht billion)		16.5	14.9	16.9	54.7	58.8
NPL reduction methodology						
NPL sales (Bank-only) (Baht billion)		2.8	13.4	-	19.2	6.9
Write off (Baht billion)		4.6	5.1	7.5	21.8	19.9

^{1/} Classified by sector/product and excludes retail loans where customers use their home as collateral. (These loans are classified under "Other loans" in accordance with regulatory guidelines). Elsewhere in this report, all housing loans are aggregated under mortgage loans and the balance of these loans at the end of December 31, 2022, September 30, 2022, and December 31, 2021, was Baht 730 billion, Baht 719 billion, and Baht 696 billion, respectively.

^{2/} Data prior period were restated to furnish comparative information.

NM denotes "not meaningful"

Appendix

Recent development of SCBX's Group in 4Q22

- **October 6, 2022:** SCB to offer transformation loans in accordance with the Bank of Thailand's Emergency Decree on Rehabilitation Loans in order to fund investments that increase the potential of businesses in light of the global megatrends of a digital and low-carbon society for sustainability. Old and new customers will have easy access to the loan's 2%-per-year introductory interest rate and 10-year repayment term, removing a major roadblock for business owners seeking long-term growth.
- **October 11, 2022:** In an effort to become a "Tokenization Success Partner," Token X Co., Ltd. (Token X) contributed to the success of corporate customers as a technology provider by developing "ColleX" NFT solutions for the business sector. Using blockchain technology, ColleX functions similarly to a sticker book, allowing users to keep track of the events and activities they have participated in by collecting stickers.
- **October 26, 2022:** SCB TechX has released a unified platform called "PointX" to revolutionize the way reward points are earned and redeemed. With the introduction of its online "X Stores," the company hopes to attract customers who have credit card reward points that they have not yet redeemed by offering the best value products across more than ten categories at discounted prices from well-known brands.
- **November 8, 2022:** MONIX partnered with Singapore-based AI firm ADVANCE.AI to power their electronic KYC (Know Your Customer) user journey. Steps included a quick selfie using the smartphone's camera along with a scan of the Thai national ID card to authenticate the user's identity. All this can be completed in under 60 seconds.
- **December 1, 2022:** SCB 10X, the venture investment arm of SCBX group; building and incubating startups in the Web3 and blockchain industry, announced the launch of SCB 10X DISTRICTX, a physical space in the middle of Bangkok CBD to build & foster world-class communities in Blockchain and Web3.
- **December 16, 2022:** "AutoX" formed a business collaboration with "Workpoint Channel 23" and "Channel 8" to promote the "Ngern Chaiyo" brand and expand its business, with the goal of facilitating Thai people's access to legitimate financial services.
- **December 20, 2022:** PTT Global Chemical PCL (GC) has concluded a Baht 15-billion Sustainability-Linked Loan (SLL) deal with Siam Commercial Bank (SCB). The financial facility will be utilized for liquidity management, supporting future business goals, and bolstering the development of sustainable business practices to maintain the balance of environment, society, and economy (ESG) between the two corporate partners.

SCB's interest rates and BOT's policy rate

SCB Interest Rates	Nov 8, 19	Feb 7, 20	Mar 24, 20	Apr 10, 20	May 25, 20	Feb 9, 21	Mar 12, 21	Oct 4, 22	Dec 7, 22
Lending rate (%)									
MLR	6.025	5.775	5.775	5.375	5.25	5.25	5.25	5.50	5.75
MOR	6.745	6.745	6.495	6.095	5.845	5.845	5.845	6.095	6.345
MRR	6.87	6.87	6.745	6.345	5.995	5.995	5.995	5.995	6.12
Deposit rate* (%)									
Savings rate	0.50	0.50	0.50	0.50	0.25	0.25	0.25	0.25	0.25
3-month deposits	0.65-0.90	0.60	0.50	0.50	0.375	0.37	0.32	0.47	0.62
6-month deposits	0.90-1.15	0.80	0.60	0.60	0.50	0.45	0.40	0.55	0.70
12-month deposits	1.15-1.40	0.90	0.65	0.65	0.50	0.45	0.40	0.70	1.00

* Excluding special campaigns, which generally offer significantly higher rates but have different terms and conditions for 3, 6, and 12 month term deposits.

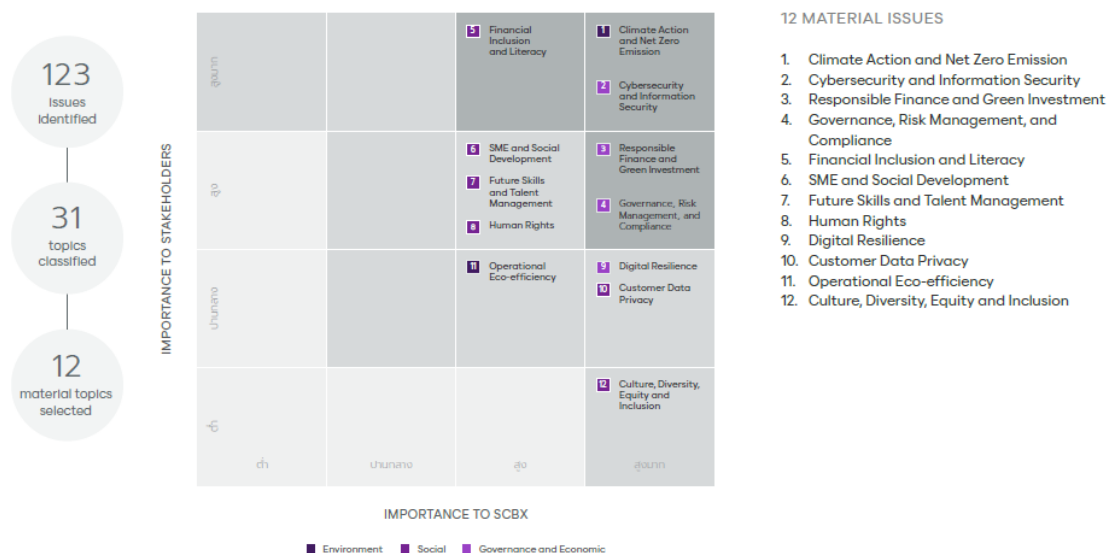
	Dec 19, 18	Aug 7, 19	Nov 6, 19	Feb 5, 20	Mar 23, 20	May 20, 20	Aug 10, 22	Sep 28, 22	Nov 30, 22
Policy rate (%)	1.75	1.50	1.25	1.00	0.75	0.50	0.75	1.00	1.25

4. SCBX and Sustainability

SCBX Group’s Path towards Sustainability

Becoming one of the most sustainable organizations is SCBX Group's ultimate goal. Nevertheless, with concerns about responsibility and shared value in every step we are taking, we are also determined to balance economic, social and environmental sustainability factors; guide customers through transitions with all available opportunities and possibilities; enable a quality of life for all; and engage all parties in creating positive impacts on the ecosystem for sustainability.

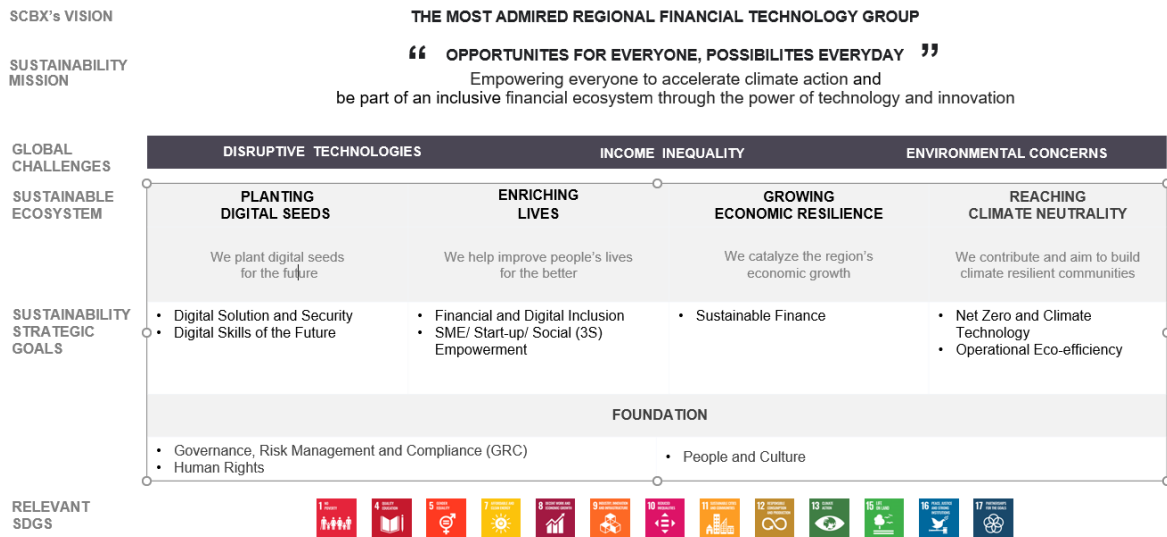
SCBX Group’s path towards sustainability starts from the analysis of economic, social and environmental ‘impacts’ from our business activities, to identify the direct and indirect, negative and positive aspects in the short and long terms. The identification is the first step of Materiality Assessment under the Global Reporting Initiative (GRI) Standards, that involves internal and external stakeholders including customers, investors, regulators, and business partners. In 2022, SCBX identified a total of 123 materiality sustainability issues, which were categorized into 31 topics. Of all topics, 12 were considered significant and SCBX Group formulated the sustainability strategy framework based on these materiality topics. Under this framework, we will drive efficient and effective sustainability operations across the Group.



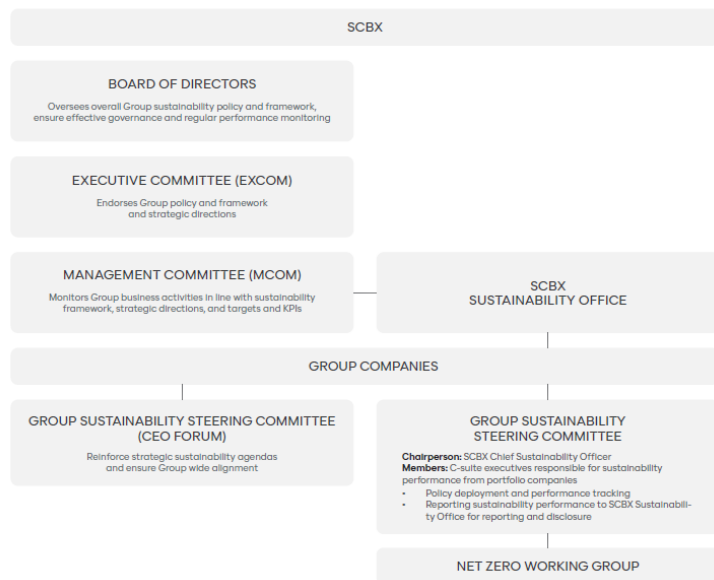
Sustainability Policy and Framework

In 2022, SCBX devised the sustainability policy and strategic framework consisting of four pillars - Planting Digital Seeds, Enriching Lives, Growing Economic Resilience and Achieving Climate Neutrality – as guided by the sustainability mission of ‘Opportunities for Everyone, Possibilities Everyday’. The enterprise-level sustainability governance structure was developed to guide all business entities under SCBX umbrella towards the creation of an inclusive financial ecosystem. Meanwhile, SCBX Group aims to empower all

parties in accelerating their climate actions in support of the Ten Principles of the United Nations Global Compact's, the United Nations Sustainable Development Goals (SDGs) and the Paris Agreement.



Sustainability Governance Structure



	Management Approach	2025 Target
Planting Digital Seeds		
Digital Solution and Security	Leverage capabilities in technology and data, including Big Data, AI & ML, Blockchain, IoT, and cloud computing for innovation and invest in future technologies to bring about diverse alternatives conducive to an inclusive and sustainable digital ecosystem on the back of strengthened cybersecurity and data protection.	Development of innovations with new capabilities and more than 50% of SCBX Group employees have new technology and data capability
Digital Skills of the Future	Equip employees and future workforce with digital skills and ensure basic digital literacy skills among the general public to help drive long-term economic growth and enhance access to employment and well-being.	
Enriching Lives		
Financial and Digital Inclusion	Develop a comprehensive range of financial, investment and digital asset products and services that will ensure equal and inclusive access to finance for all, including the underserved group, low income population or self-employed groups for greater financial independence and stability, narrower digital gap and a better future.	At least 10% of the underserved Thai population access financial services through digital platforms and financial innovations.
SME-Startup-Social (3S) Empowerment	Promote and support small and medium-sized businesses, start-ups, communities, and society to grow and reach their full potential through the creation and connection of opportunities in accessing and utilizing digital technology, finance and knowledge for their adaptation to changes and economic stability at all levels.	

Management Approach		2025 Target
Growing Economic Resilience		
Sustainable Finance	Integrate Environmental, Social and Governance principles (ESG) into financial activities, the development of a comprehensive range of financial products and services, and investing activities in response to diverse customer needs, as a collective effort in tackling environmental and social impacts.	Support transition to a low carbon and net zero economy of Baht 100,000 million of funding
Reaching Climate Neutrality		
Net Zero and Climate Technology	Adjust and reinforce organizational capabilities to support clients' transition to a low carbon and net zero economy while driving investment in climate technologies to achieve Net Zero and strengthening all sectors' climate adaptation.	Achieve Net Zero target in 2030 across our operations and the 2050 target that encompasses lending and investment activities, while investing in climate technologies with USD 50 billion of initial funding by 2027
Operational Eco-efficiency	Improve the efficiency of energy and natural resource utilization and waste management; apply digital technology in operational processes; and promote the green supply chain to maintain the balance of natural resources and the environment which is the economic and social capital for sustainable development.	