2Q21 Financial Results

Analyst Meeting Presentation

22 July 2021

SCB ไทยพาณิชย์

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Today's agenda

1 Economic update

2 Key highlights

3 Review of 2Q21/1H21 results

4 Strategy update

1

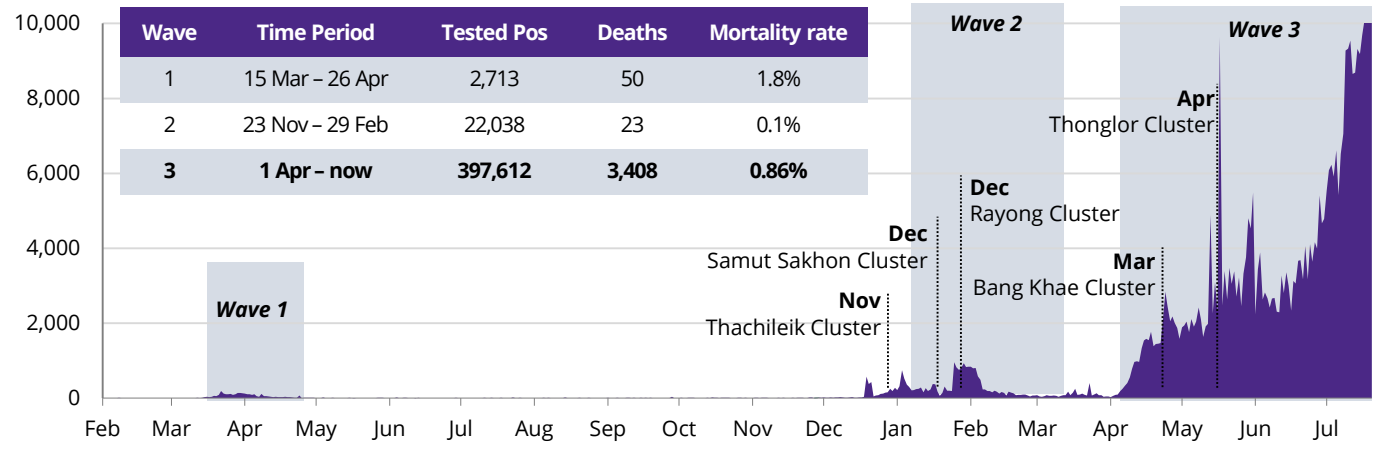
Economic update

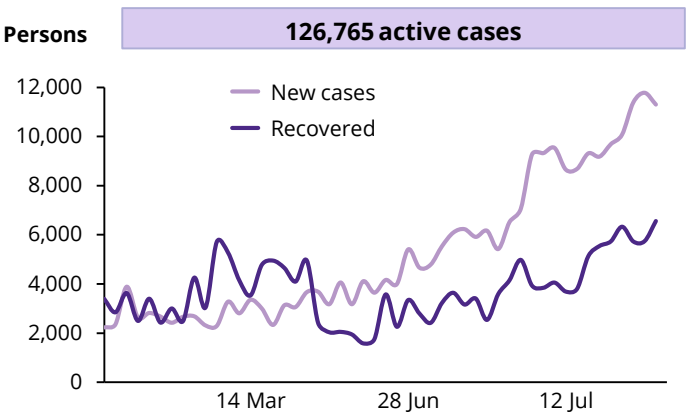
The number of daily Covid-19 cases in Thailand has increased rapidly, due to more transmissible Delta variant. Meanwhile, public health system is facing significant challenges both in testing and treatment.

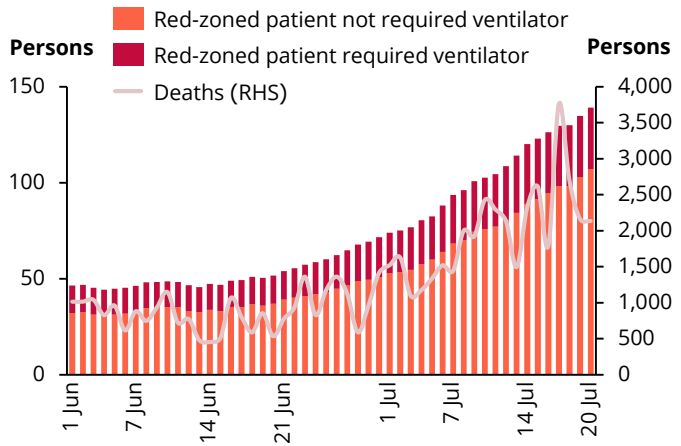
Daily new cases

Updated: 20 Jul 2021

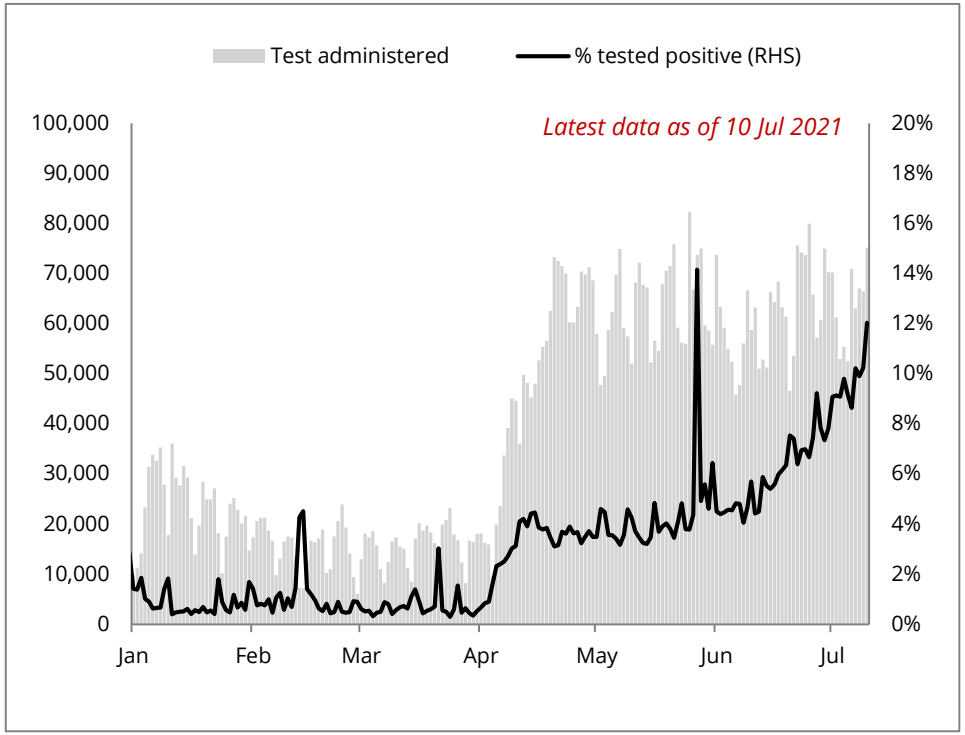
Wave	Time Period	Tested Pos	Deaths	Mortality rate
1	15 Mar – 26 Apr	2,713	50	1.8%
2	23 Nov – 29 Feb	22,038	23	0.1%
3	**1 Apr – now**	**397,612**	**3,408**	**0.86%**

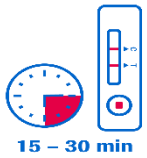






Number of test administered and % tested positive





Self test via Antigen Test Kit, a faster alternative method to screen infected than standard RT-CPR test, is available since 16 June 2021

Source: EIC analysis based on data from the Center for COVID-19 Situation Administration (CCSA), Department of Medical Science, and Oxford University

Government revised its vaccination plan to fight against Delta variant by mixing vaccine doses, ordering more MRNA vaccines as well as targeting vulnerable and key economic groups

Vaccine purchase plan (Updated: 19 Jul 2021) Total 79.5M doses (prev. plan 105.5M)

Primary Vaccine	Feb-May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Sinovac	6M	3M	3M	3M	3M	2M			19.5M
AstraZeneca	117k	4.7M	5M	5M	5M	5M	5M	5M	35M
Pfizer/BioNTech						20M			20M
J&J						5M			5M

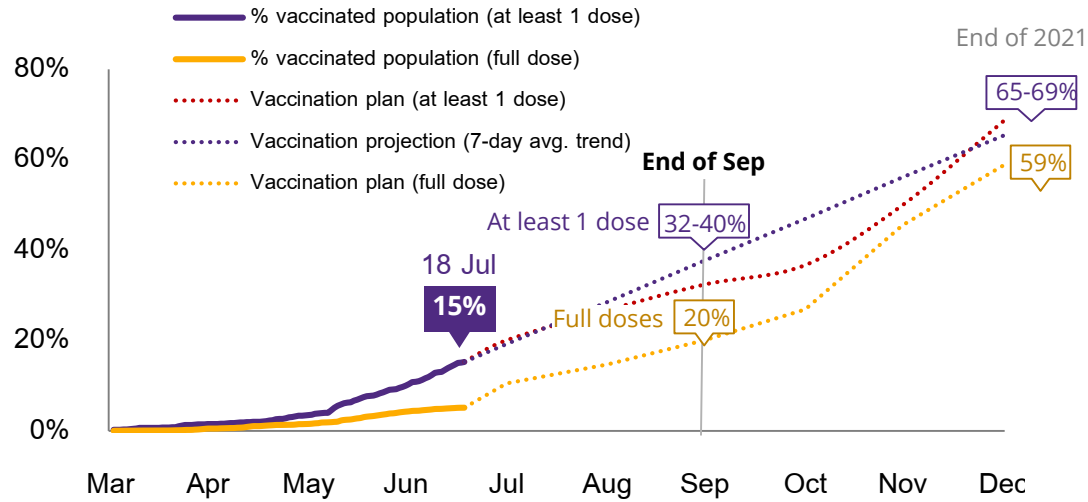
Alternative vaccine		Donated vaccine	
Sinopharm	(Jun-Jul 21 - 2M)	**Sinovac** from China	(Jun-Jul 21 - 1M)
Moderna	(4Q21 – 3.9M)	**AZ** from Japan	(Jul 21 – 1.05M)
		Pfizer from US	(Jul 21 - 1.5M)

Urgency	Vaccine allocation (Jul 2021)
Urgent (30%)	• High-risk provinces (Maximum and strict controlled areas) • Tourism provinces (such as Phuket)
Immediate (25%)	• Border provinces and highly controlled areas • Tourism, industrial, or economic border provinces
Priority (45%)	• The rest of Thailand (35%) / Reserved (10%)

Source: EIC analysis based on data from CCSA and Department of Medical Science

Vaccination plan

Unit : % of total population (72M)



Government's vaccination plan against delta variant

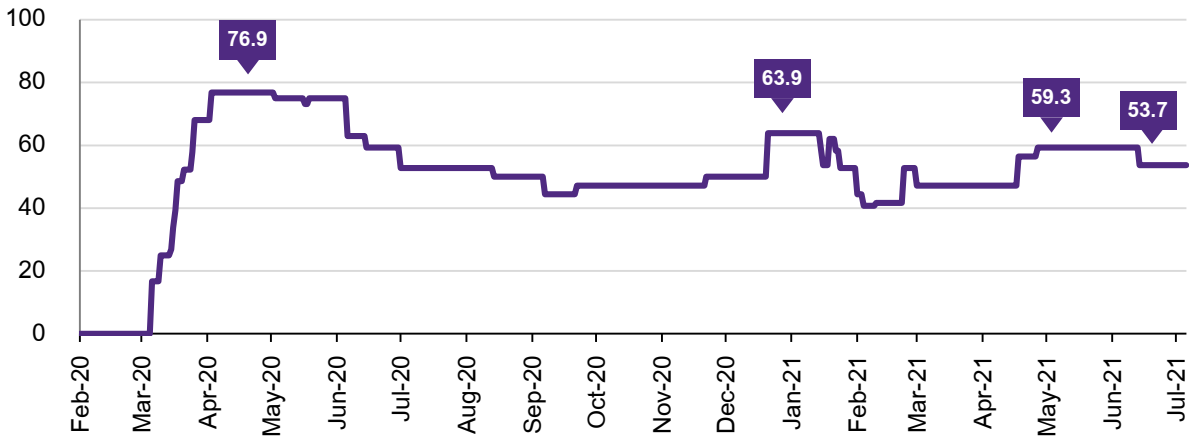
- **Proposed to use mix-and-match vaccine.** The first dose is Sinovac, followed by the second dose of AstraZeneca at 3-4 weeks interval, which may boost the immune system against the delta variant faster.
- **Proposed a booster dose to people who have been fully vaccinated with Sinovac.** The booster dose, including either AstraZeneca or mRNA vaccine, is initially used by medical workers first.

Note: Vaccination plan is subject to change by manufacturer ability to produce and deliver.

Government tighten restriction measures in maximum and strict control areas. The measures are similar to measures taken to prevent the 1st outbreak, but so far try to avoid countrywide lockdown.

Oxford Stringency Index (100 = Strictest)

Latest data of 6 Jul 2021



12 July | **Upgrading the control area** | **20 July**

12 July		Upgrading the control area	20 July
10 provinces		Maximum and strict control area	13 provinces
24 provinces		maximum control area	53 provinces
25 provinces		control area	10 provinces
18 provinces		high surveillance area	1 province
0 province		surveillance area	0 province

Epidemic control measures are effective for 14 days starting 20 Jul 21

Maximum and strict control area 13 provinces

Bangkok, Nakhon Pathom, Nonthaburi, Pathum Thani, Samut Prakan, Samut Sakhon, Chachoengsao, Chonburi, Ayutthaya, Narathiwat, Pattani, Yala and Songkhla.

- The night-time curfew between 21.00-04.00. Inter-provincial travel is prohibited
- Public servants and state enterprise employees are asked to fully WFH. School classes are fully online.
- All eateries to close at 8pm. Delivery only.
- Department stores are allowed to open until 8pm, and only for supermarkets, pharmacies and medical supplies.
- Convenience stores and night markets closed from 8pm to 4am.
- No gatherings of more than five people

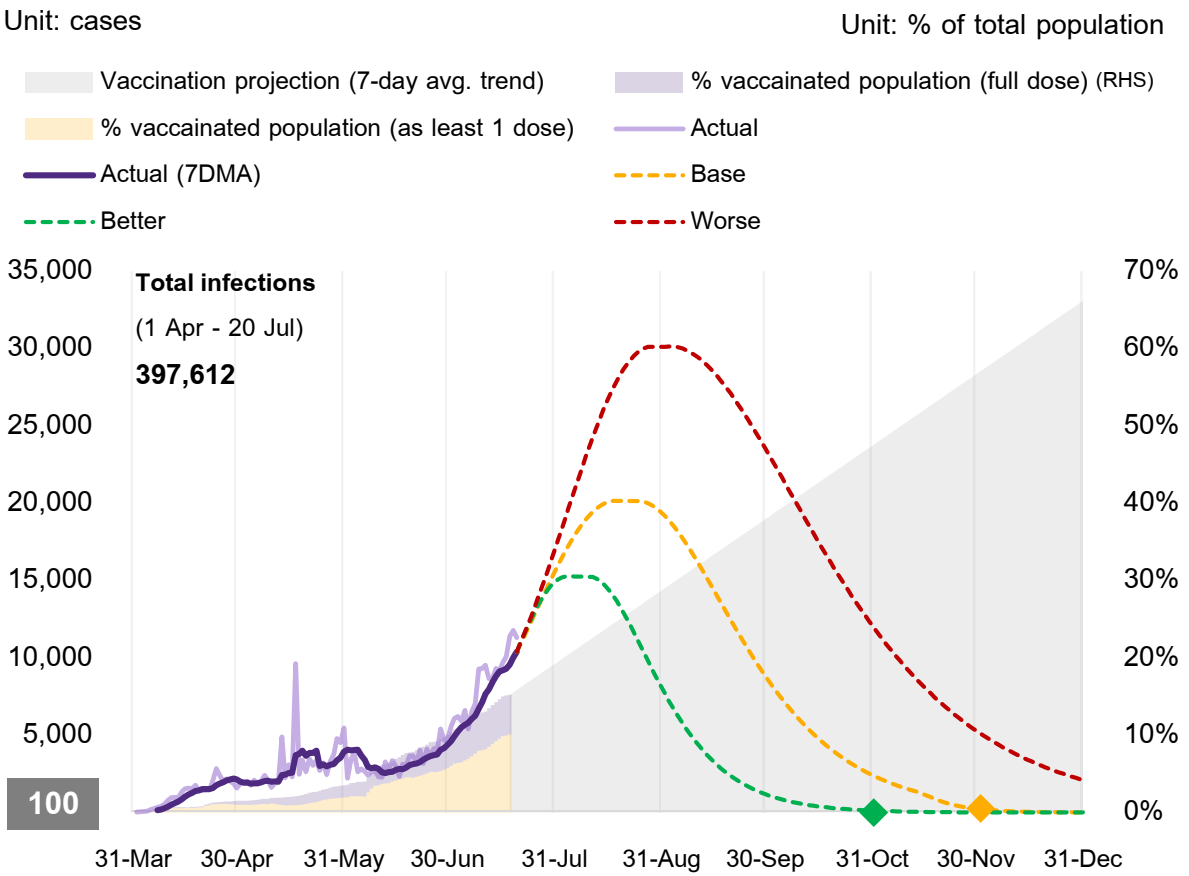
Businesses allowed to operate under preventive measures

Hospitals, pharmacies, general stores, factories, securities businesses, banks, telecommunication businesses. postage and parcels businesses, pet shops, tool and construction equipment shops, cooking gas shops, gas stations, food delivery services, and a la carte restaurants.

Source: EIC analysis based on data from Center for Covid-19 Situation Administration (CDC) and the University of Oxford.

EIC expects in the Base case that the 3rd round of COVID-19, beginning in April, to be contained within the end of November for a total of 8 month period.

3rd wave of daily COVID cases forecast*



	Better	Base	Worse
Assumption lockdown and public health measures efficiency	Effective	Partially effective	Less effective
Period (<100 cases/day)	◆ End of Oct (7 months)	◆ End of Nov (8 months)	Early 2022 (10-12 months)
Peak of infections (7-day average trend)	15,000	20,000	30,000
Est. infected case (3rd round)	1.08M	1.75M	3.08M

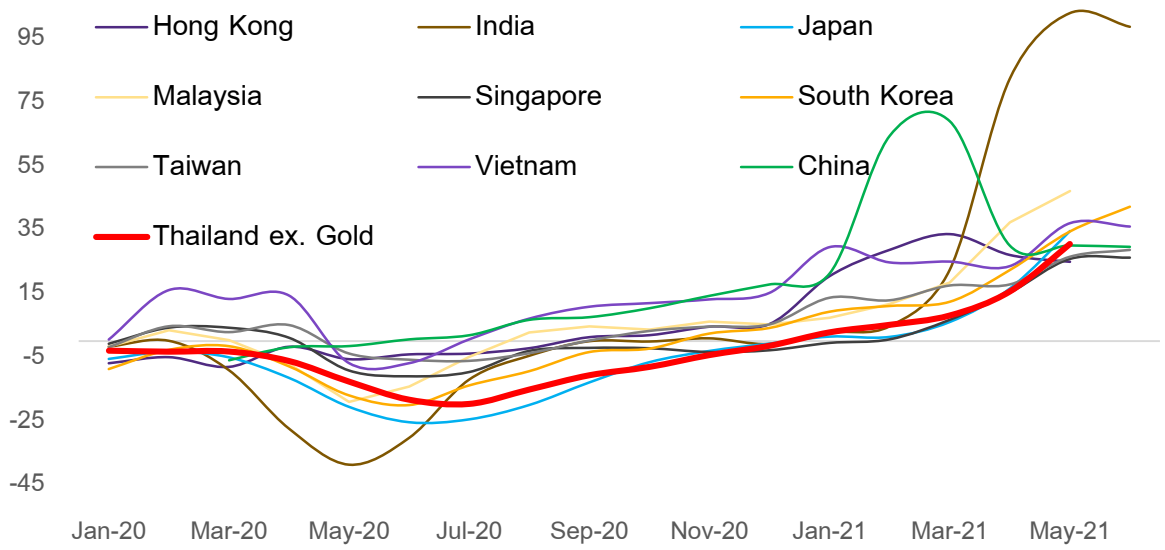
Note: SIR model is employed to forecast COVID cases

Source : EIC's analysis based on data from Department of disease control, Globalrt.live

Exports are continued to expand well and broad based in line with global trade expansion.

Key export by countries

Unit : %YOY, 3MMA



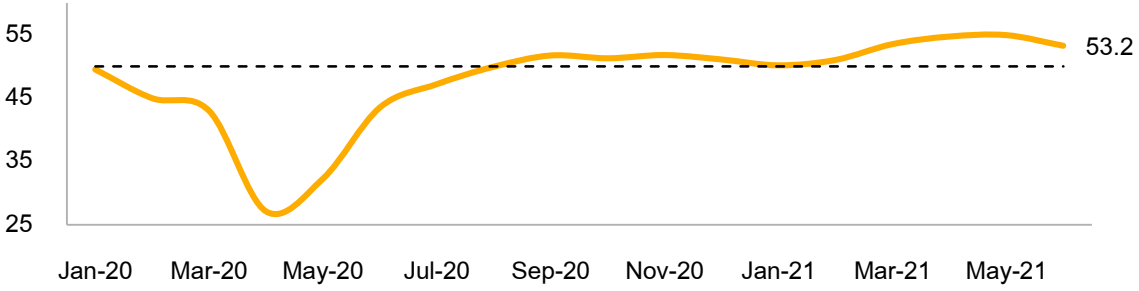
Key export by products

Unit : %YOY

(Share in 2020)	4Q20	1Q21	Mar-21	Apr-21	May-21	YTD
Total (100%)	-2.0%	2.1%	8.3%	13.1%	41.6%	10.8%
Total (ex. gold) (94.3%)	-1.6%	8.1%	13.7%	28.9%	48.8%	18.6%
Electrical appliances (10.2%)	10.9%	14.8%	20.9%	45.2%	60.3%	27.1%
Auto & parts (9.2%)	0.1%	23.8%	43.1%	135.9%	170.3%	51.6%
Agriculture (9.1%)	4.8%	12.9%	11.5%	11.4%	20.5%	14.3%
Chemical & plastics (8.1%)	-0.3%	20.6%	34.4%	44.0%	58.5%	31.9%
Agro-industry (7.8%)	-11.5%	-2.7%	0.5%	1.4%	5.5%	-0.2%
Computer & parts (8.1%)	3.8%	8.4%	4.3%	28.7%	44.5%	18.5%
Rubber products (5.2%)	15.5%	32.4%	50.2%	55.5%	54.7%	40.1%
Integrated Circuit (IC) (3.1%)	-1.9%	13.9%	18.9%	6.5%	29.8%	15.4%

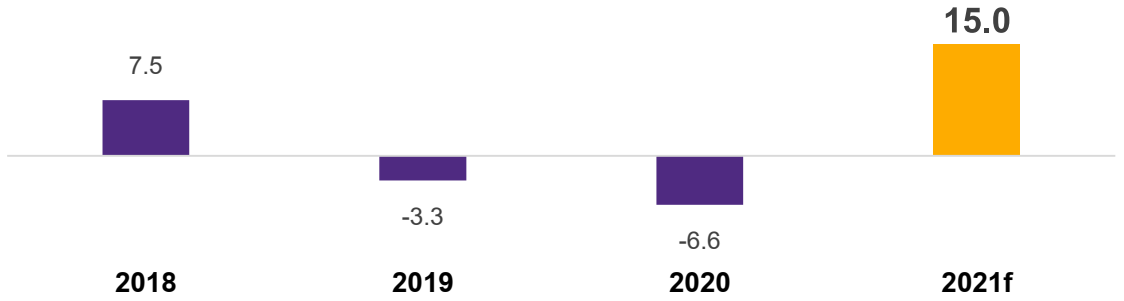
Global PMI: export orders

Unit : Index, >50 means better than previous month, seasonally adjusted



Export value forecast

Unit : %YOY

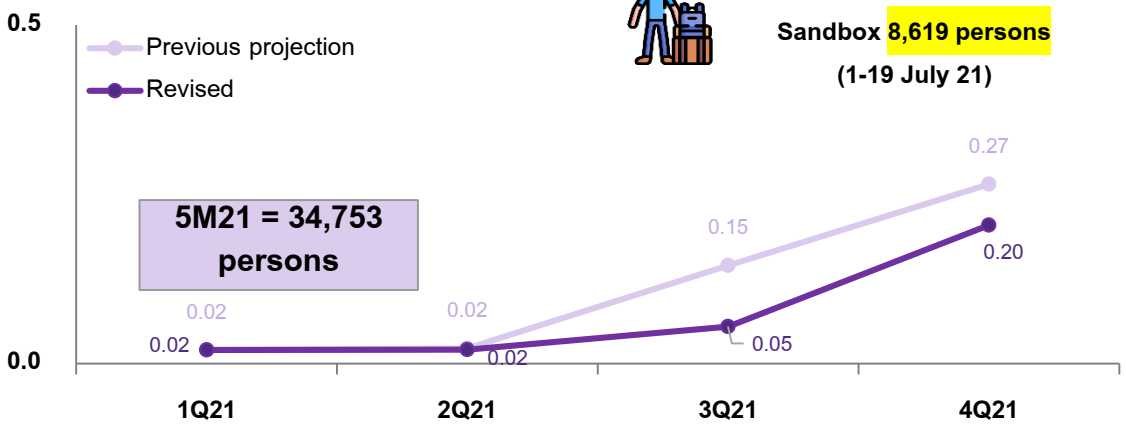


Source: EIC analysis based on data from Ministry of Commerce, JP Morgan, and CEIC

EIC revised tourist arrivals forecast in 2021 to 0.3 million due to current COVID-19 situation in Thailand and strict travel restrictions in many countries to prevent new virus variants.

Tourist arrivals

Unit: million person



Tourist arrivals under Phuket Sandbox **8,619 persons** **(1-19 July 21)**

Assumptions

Vaccination	Most advanced economies vaccinated approximately 50% of their population			Advanced countries achieved herd immunity to the original COVID-19 strain
Covid-19 situation in Thailand	Covid-19 wave 2	Covid-19 : Wave 3		
Thailand's border reopening policy	14 days quarantine for all international arrivals	7,10 Days quarantine	14 days quarantine for international arrivals (May – Aug 21)	7,10 days quarantine for international arrivals (Sep – Dec 21)
			Phuket Sandbox (1 July 21) Samui Plus model (15 July 21)	No quarantine for international arrivals that meet defined criteria (9 tourist spots)

Source: EIC analysis based on data from the Center for COVID-19 Situation Administration (CCSA)

Outbound travel policy

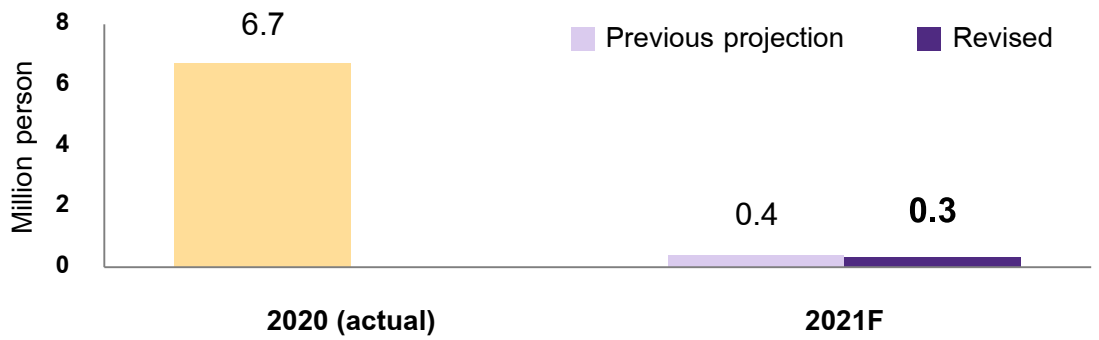
Many countries remain cautions to allow citizens to travel aboard as they could be reinfected by the new virus strain

- Tourists returning to the UK from Thailand need to 10 days home-quarantine and take 2 PCR tests
- 15 July, the European Union removed Thailand from White List for travel

Thailand's inbound travel policy

Thailand plans to relax inbound travel policy for fully vaccinated tourists from COVID-19 low risk countries starting from 2H21 onwards

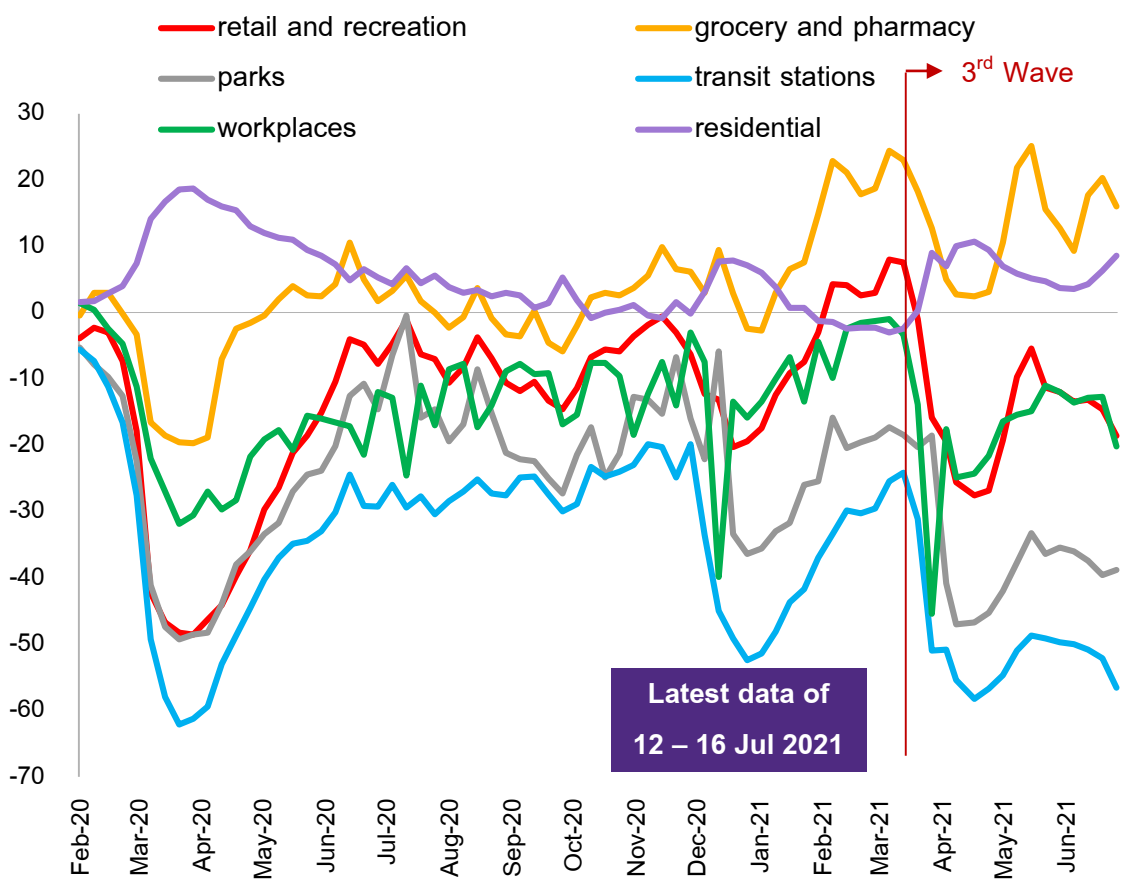
- Phuket Sandbox and Samui Plus Model (July 2021)
- Quarantine-free travel for international tourists who meet criteria in 9 tourist spots (4Q21)
- International tourists allowed throughout Thailand (1Q22 onwards)



High frequency data indicate that the impact on economic activities from 3rd outbreak seemed to be more severe than the 2nd outbreak. Moreover, the impact is likely to last longer than the 1st round.

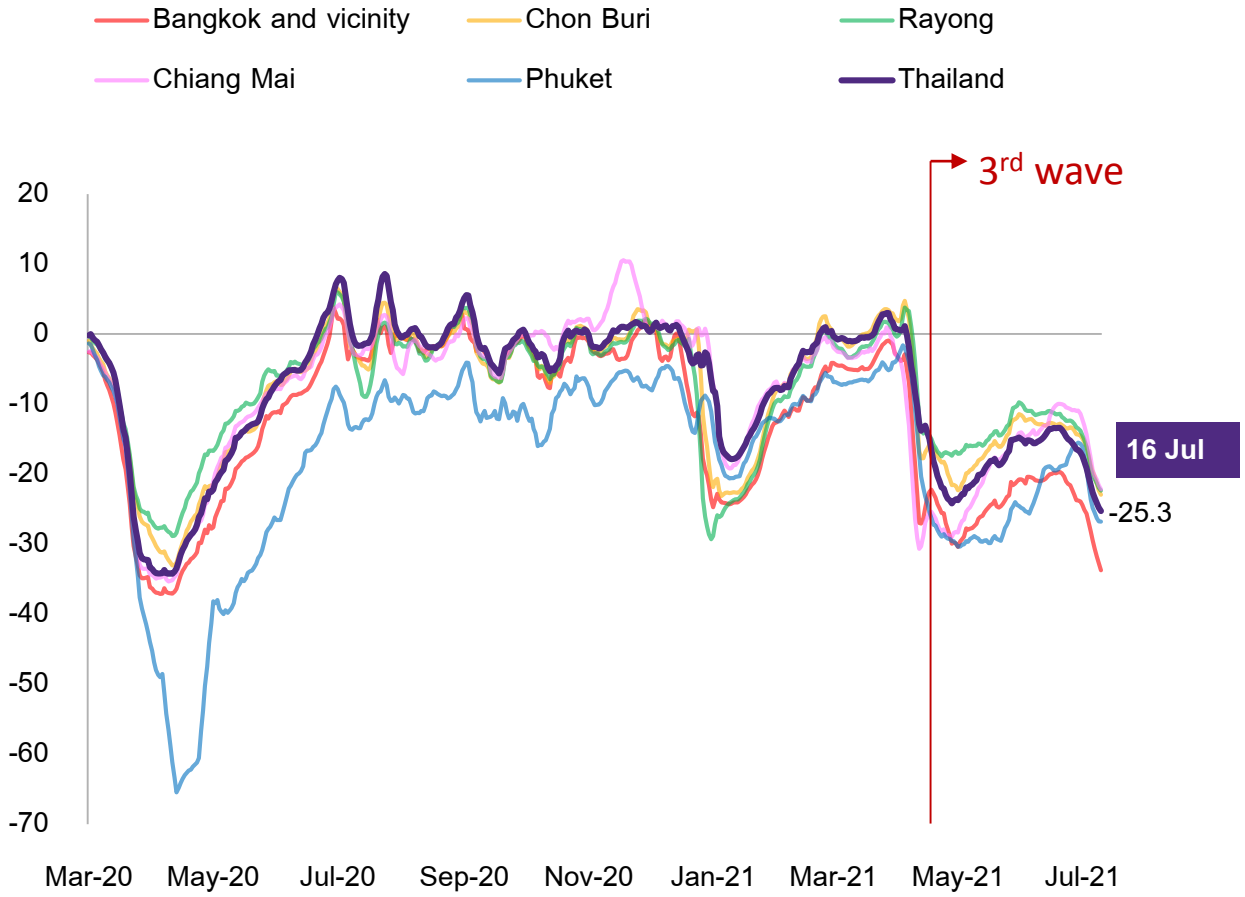
Google mobility report

Unit :% change from baseline (Jan-Feb 2020), weekly average



Facebook Movement Range Index

Unit: % change from baseline (February 2020), 7DMA

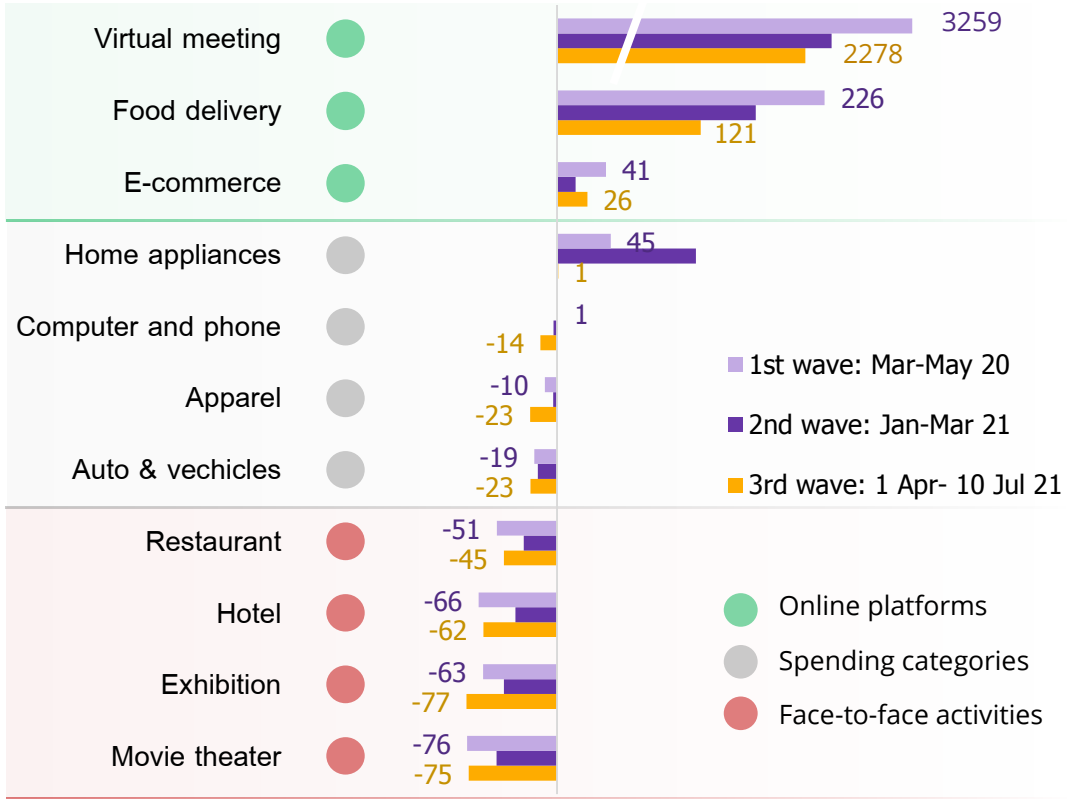


Source: EIC analysis based on data from Google and Facebook

Uneven recovery can be witnessed among economic sectors, with e-commerce and online activities continued to surge during each outbreak.

Google Trends

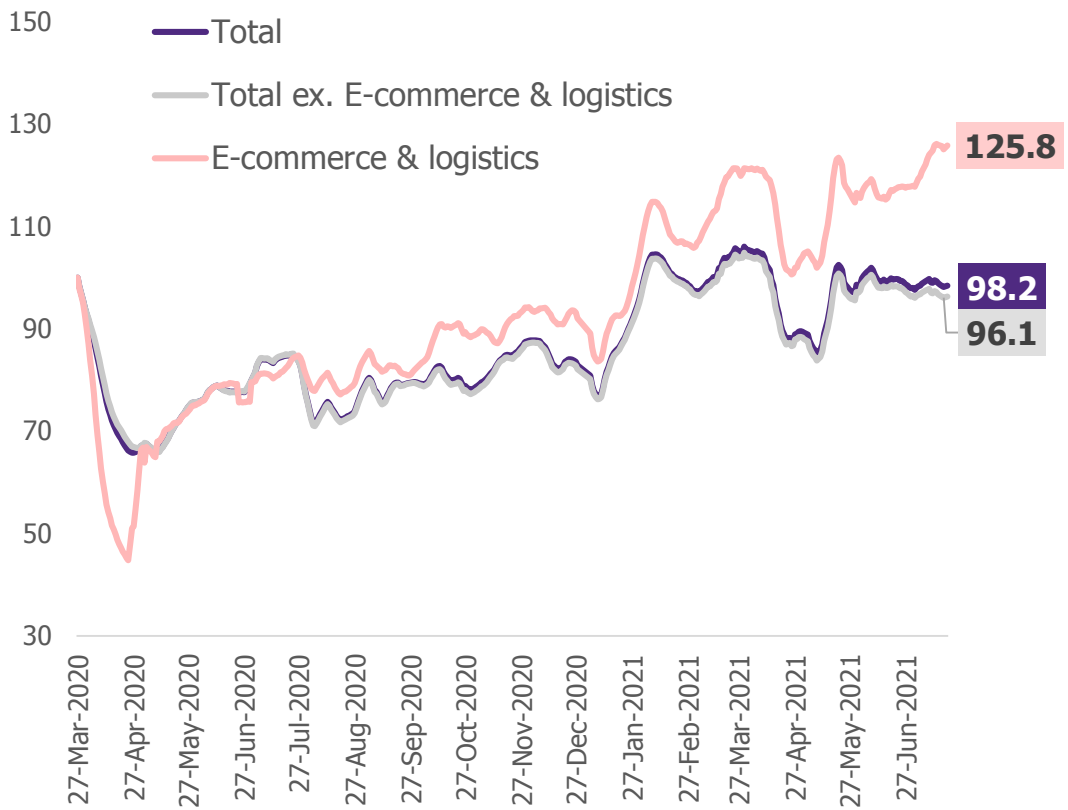
Unit: % change from the same period in 2019



Note: Google Trends data represents the popularity for selected search categories in Google Search, but may not reflect all the spending.

Job posting via JobsDB.com

Unit : index average of last week of March 2020 = 100

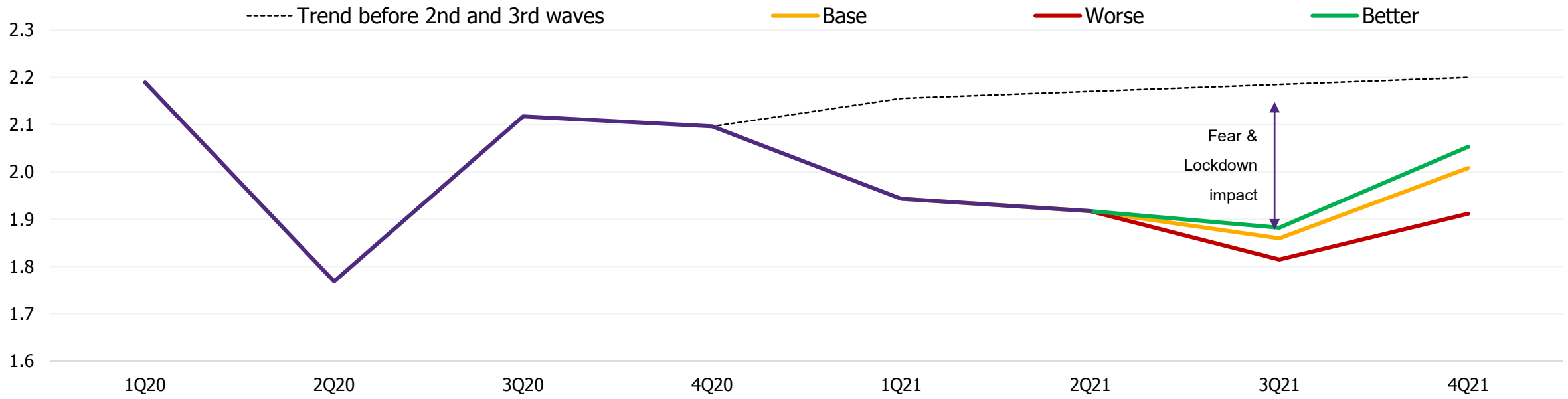


Source: EIC analysis based on data from Google and OIE

Lockdown measures, fear factor about the pandemic & uncertainty, and loss of income caused by the third wave of infections will diminish private consumption by as much as 770 billion baht in base scenario.

Private Consumption Values, *not including government stimulus*

Unit : Trillion Baht



	Better	Base	Worse
3rd wave Fear & Lockdown	-703 billion baht	-769 billion baht	-911 billion baht
Impact on Private consumption	≈ 4.4% of GDP	≈ 4.8% of GDP	≈ 5.7% of GDP
	≈ 8.4% of Private Consumption	≈ 9.2% of Private Consumption	≈ 10.9% of Private Consumption

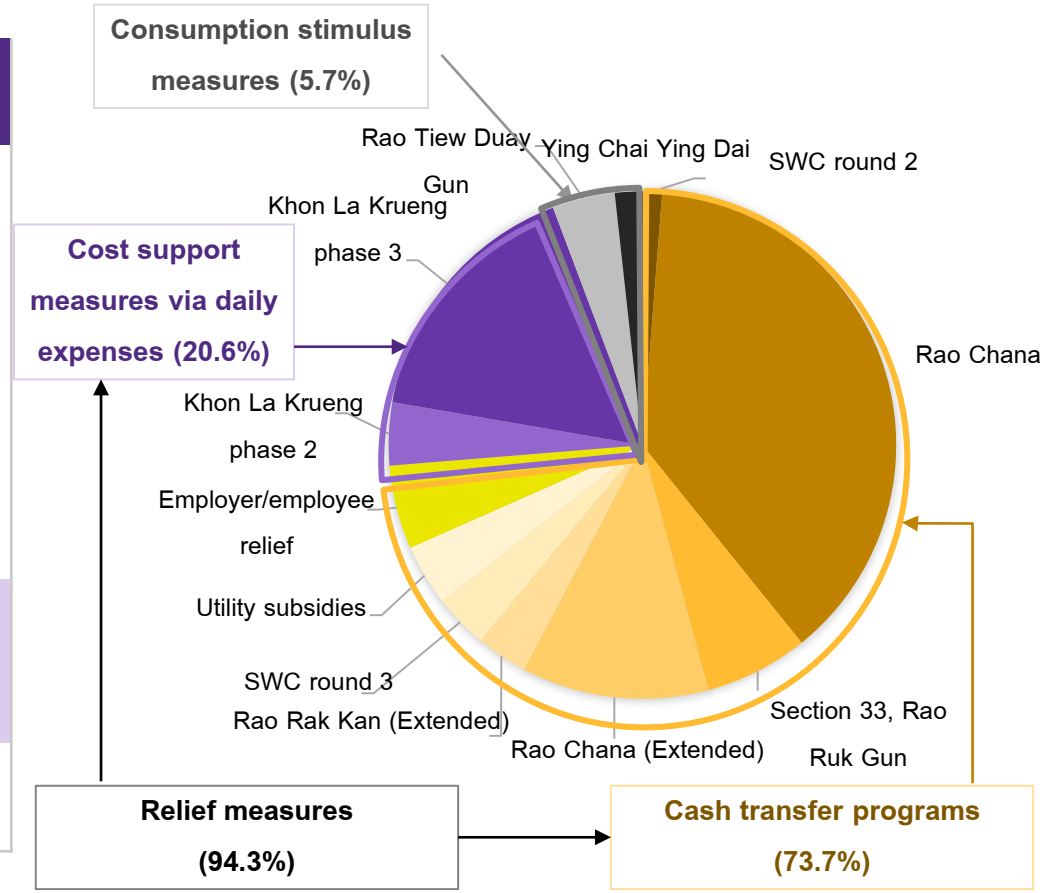
Source: EIC analysis

Government stimulus packages with play pivotal role in supporting the economy this year

Measures	Budget (Million Baht)	1Q21	2Q21	3Q21	4Q21
Rao Tiew Duay Gun	22,400				
Khon La Krueng phase 2	22,500				
Social welfare card round 2	7,000				
Rao Chana	213,242				
Section 33, Rao Ruk Gun	37,080				
Utility subsidies	10,000				
Rao Chana (Extended)	67,000				
Rao Rak Kan (Extended)	18,500				
Social welfare card round 3	19,320				
Khon La Krueng phase 3	93,000				
Ying Chai Ying Dai	9,800				
Utility subsidies	*12,000*				
Employer/employee relief*	*30,000*				

Measure to relief 2nd outbreaks with budget over 3 hundred billion baht

Measure to relief 3rd outbreaks with budget over 2.6 hundred billion baht



- Government recently approved employer/employee relief measure in locked-down provinces and utility subsidy with budget of 42 billion baht under THB 0.5 trillion Emergency Decree.
- **EIC projects the government to inject the additional 150 billion baht this year. (Total 200 bn will be disbursed under 500-bn royal decree this year)**

Note: *The cabinet approved employer/employee reliefs in provinces on 20 June 2021. However, budget size is not decided yet. Thus, the data here only represent relief in 10

Source: EIC analysis based on data from the Government House of Thailand and various news.

EIC revises down 2021 GDP forecast from 1.9% to 0.9% due to severe domestic COVID-19 spread, which leads to stricter lockdown, deeper economic scars, and more downside risks

2021 forecast	Unit	Jun-21	Jul-21 Base
GDP	%YOY	**1.9**	**0.9**
Private Consumption	%YOY	1.9	0.1
Public Consumption	%YOY	4.3	4.3
Private Investment	%YOY	4.9	2.0
Public Investment	%YOY	8.7	5.8
Exports of goods & services	%YOY	5.2	4.6
Imports of goods & services	%YOY	10.0	8.1
Exports value (USD BOP basis)	%YOY	15.0	15.0
Imports value (USD BOP basis)	%YOY	20.7	17.9
Number of Tourists	millions	0.4	0.3
	%YOY	-94.0	-95.5
Headline Inflation	%YOY	1.3	1.3
Brent oil price	USD/Brl.	66	66
Policy rate (end-period)	%	0.50	0.50

Source: EIC analysis

Negative factors (compare to previous forecast)

- **Worsened domestic COVID-19 spread** – EIC now expects 8 months (from Apr) to contain the outbreak, revising from 4-5 months previously. This will lower private consumption via lockdown, people's fear factor, and deeper economic scars.
- **Foreign tourists revised down to 0.3 from 0.4 million** due to worsened domestic COVID-19 situation and many countries' cautious entry-exit policy.
- **Private and public construction** will be disrupted from closing labor camp measure.

Supportive factors (compare to previous forecast)

- **EIC expects the government will inject more stimlus,** using about 200 bn (vs 100 bn previously) in this year under 500-bn royal decree.
- **Exports value continues to expand well in line with AE robust GDP growth.**

Risk factors

- Delay of vaccination, longer time to contain the outbreak, and other new variants of COVID-19
- Supply disruption that might stem from factory closure due to COVID-19
- Surging COVID cases in trading partners might affect Thai exports and tourism
- Government might inject the money less than our expectation

Recent worsened COVID-19 spread in Thailand will cost a huge impact on Thai economy especially damage on private consumption. Then, we expect the economy to grow slower than previous anticipation.

Unit: %YoY, except for policy rate (% per annum) and exchange rate (THB/USD)	Recent development and outlook						Economic outlook		
	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	2019	2020	2021f
GDP growth (Thailand)	-2.1	-12.1	-6.4	-4.2	-2.6	7.5	2.3	-6.1	0.9
Export growth (USD BOP)	1.3	-17.7	-8.2	-1.5	5.0	36.2	-3.3	-6.6	15.0
Loan growth (Banking sector)	4.1	5.0	4.5	5.1	3.8	3.7	2.0	5.1	1 to 3
Deposit growth (Banking sector)	9.0	10.9	9.2	9.6	4.1	3.6	4.1	9.6	4 to 6
Policy rate (end period)	0.75	0.50	0.50	0.50	0.50	0.50	1.25	0.50	0.50
THB/USD (end period)	32.7	30.9	31.7	30.0	31.2	32.0	30.1	30.0	33-33.5

Note: Green/Red indicate increase/decrease from the previous period

Source: SCB EIC (August 2021)

2

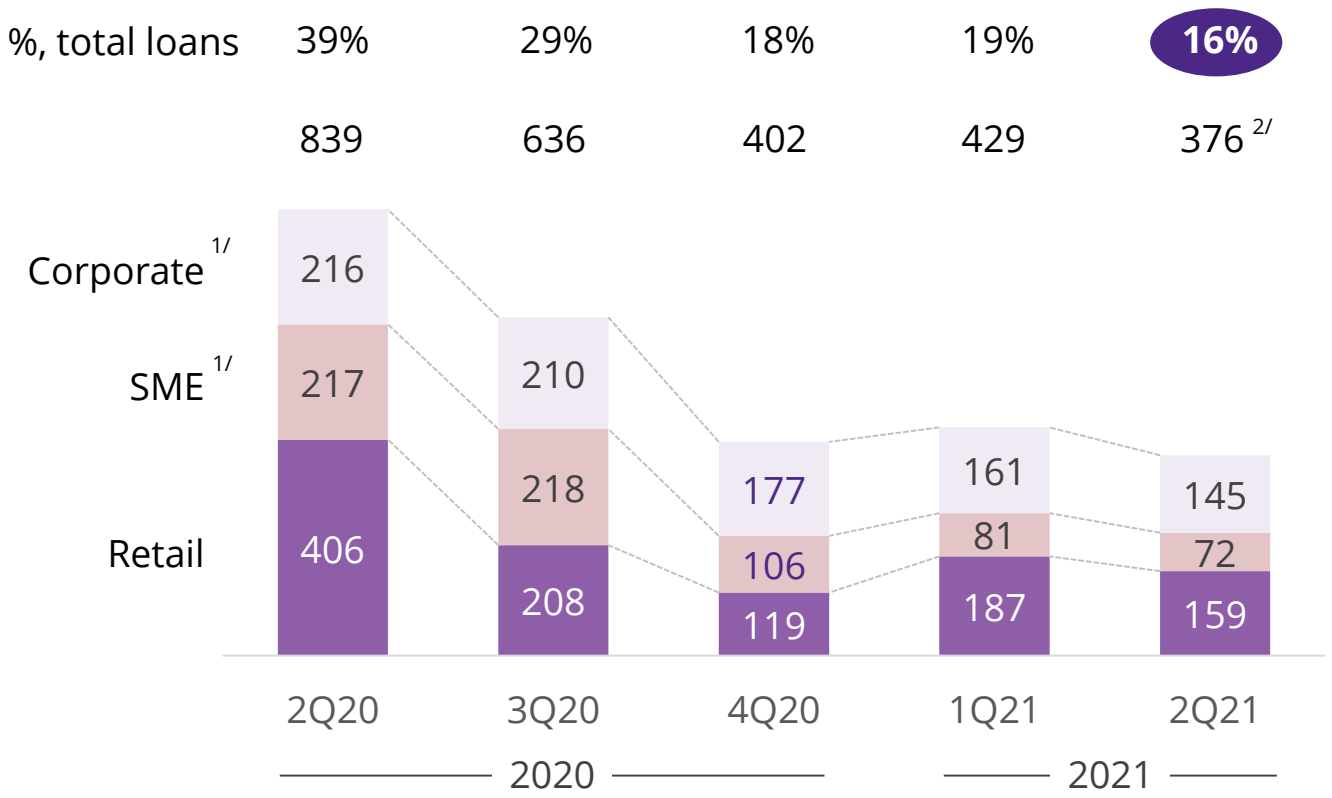
Key highlights

Key Highlights

- Loans under relief program lower QoQ
- Customers being transitioned to comprehensive debt restructuring to increase long-term survival
- Maintaining provisions at above-normal level for now
- Focusing on fee income resilience and cost control
- Continue to leverage digital capabilities and seek inorganic opportunities
- Cautiously optimistic about managing asset quality, despite a new wave of the pandemic

In 2Q21, relief program declined to 16% of total loans with improved payment

Loans under the relief program
(Baht billion)



- In 2Q21, the relief program declined qoq across all segments.
- QoQ improvement came following holiday payments ended (esp. in housing & auto) in 2Q21 and lower new entry/re-entry volume
- Payment profile slightly improved QoQ following a transition from debt holiday to comprehensive debt restructuring for certain retail customers and a recovery in export-oriented SMEs.
- Over 60% of exiting customers repaid according to terms set by the bank. Overall, ~ 90% still made payment upon program exit in 2Q21.
- We are monitoring the latest BOT's retail/SME debt moratorium in high-risk zones.

1/ Based on exposures at the customer level which is higher than the account level under the relief program
2/ Including loans under the comprehensive debt restructuring plan

Framework for the comprehensive debt restructuring

	For customers	For bank
Our key principles	• Migration of the affected customers in all segments towards long-term solutions to increase customer survival • Tailored packages (e.g. tenor extension, installment reprofile, step-up/lower rate), based on customer's risk profile, new cash flow, and sector/industry recovery trajectory	• Segregation of customers in different risk buckets to determine the level of restructuring requirements • Temporary relaxation of underwriting criteria • Classification and provisioning for debt restructuring in accordance with regulators' guidelines
Expected outcomes	• Cash flow stabilization under the new business environment • Reduced default risk with improving debt servicing ability and financial cushion	• New NPL formation under control • NII impact will be outweighed by provision savings given the comfortable level of LLR and management overlay
Monitoring & Control	• Active monitoring of the restructured loans and changes in credit risk to ensure prudent provisioning • Dynamic adjustment of the program according to changing business conditions • Management overlay as buffer against a potential deterioration of the restructured loans	

Continue to forge ahead with digital banking

Rise of digital – 1H21

Digital users

16 mn
combined users[1/]

+43% yoy

Digital loans

~20% of
unsecured loans

+87% yoy

Digital revenue

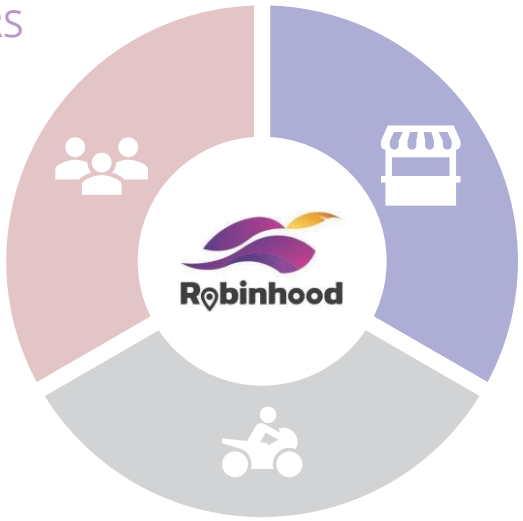
~4% of
total revenues

+47% yoy

Robinhood update

1Q21 **0.8M** »» 2Q21 **1.2M** USERS

1Q21 **72K** »» 2Q21 **150K** MERCHANTS



1Q21 **12K** »» 2Q21 **15K** RIDERS

[1/] Combined users of major digital platforms (SCB EASY, ROBINHOOD, SHOPDEAL, MONIX, ABACUS)

3

Review of 2Q21/1H21 results

2Q21 financial summary – Strong 1Q21 momentum partly offset by weaker 2Q21

1. **Pre-provision operating profit** grew 5% yoy despite challenging business environment in 2Q21 (3rd wave of COVID-19)
    - Resilient **Non-NII** growth (+4% yoy) and strong **recurring Non-NII** growth (+27% yoy) with bancassurance and wealth management as a key growth driver (50% of total non-NII)
    - **NII** remained under pressure (-1% yoy) from a lower interest rate environment and flight to quality loans (+7% yoy) despite a slight qoq uptick in NIM
    - **Expenses** were well-managed (-5% yoy); **Cost to income** stayed at low 40s
2. Lower **credit costs** (175 bps) from the peak level last year, though remain elevated
3. **New NPL** formation rose yoy but declined qoq due to proactive recognition since 2H20
4. Strong **capital** position (e.g. CET1 ratio at 17%) and high LLR to total loan >6%

Financial highlights

INCOME/ COST

(Consolidated)	2Q21	1H21
Total income growth (yoy)	**+1%**	**+0.4%**
NII growth (yoy)	**-1%**	**-5%**
Non-NII growth (yoy)	**+4%**	**+12%**
Cost/Income ratio	**42%**	**41%**
Pre-provisions operating profit	**+5%**	**+6%**
Net profit growth (yoy)	**+5%**	**+7%**

LOANS/ ASSET QUALITY

	2Q21	1H21
Total loan growth (yoy)	**+7%**	**+7%**
Net Interest Margin (NIM)	**3.04%**	**3.01%**
Loan/Deposit ratio	**97%**	**97%**
NPL ratio	**3.79%**	**3.79%**
Coverage ratio	**142%**	**142%**
Credit cost (bps)	**175**	**176**

PROFITABILITY

ROE	**8.4%**	**9.1%**
ROA	**1.1%**	**1.2%**

CAPITAL

CAR	**17.9%**	**17.9%**
CET1/ Tier 1	**16.8%**	**16.8%**

2Q21 and 1H21 financial results

Baht billion (Consolidated)	2Q21	QoQ	YoY	1H21	YoY
Total income	**36.5**	-3%	+1%	**74.2**	+0.4%
- Net interest income (NII)	23.5	+0.4%	-1%	46.9	-5%
- Non-NII	13.0	-10%	+4%	27.4	+12%
a. Recurring	10.6	-5%	+27%	21.9	+18%
b. Non-recurring & Others	2.4	-24%	-43%	5.5	-7%
Operating expenses	**15.4**	+2%	-5%	**30.5**	-6%
Pre-provision operating profit	**21.1**	-7%	+5%	**43.7**	+6%
Provisions	**10.0**	+0.2%	+3%	**20.0**	+3%
Tax and others	2.3	-	-	4.8	-
Net profit	**8.8**	-13%	+5%	**18.9**	+7%

NIM improved slightly qoq given the Bank's efforts to improve balance sheet efficiency against decline in asset yields

2021 Target
NIM 3.0% - 3.2%

	2Q20	3Q20	4Q20	1Q21	2Q21	QoQ	YoY
Net Interest Income (Baht billion)	23.8	23.7	23.6	23.4	**23.5**	+0.4%	-1%
Yield on loans (%)	5.16	5.01	4.84	4.65	**4.61**	-4	
Net interest margin (NIM, %)[1/]	3.20	3.12	3.02	3.01	**3.04**	+3	
Cost of deposits (%)[1/]	0.85	0.76	0.71	0.66	**0.64**	-2	
Yield on earning assets (%)	3.93	3.76	3.63	3.57	3.59	+2	
Cost of funds (%)[1/]	0.86	0.75	0.70	0.66	0.64	-2	
Policy rate (%)	0.50	0.50	0.50	0.50	0.50		

QoQ (bps)

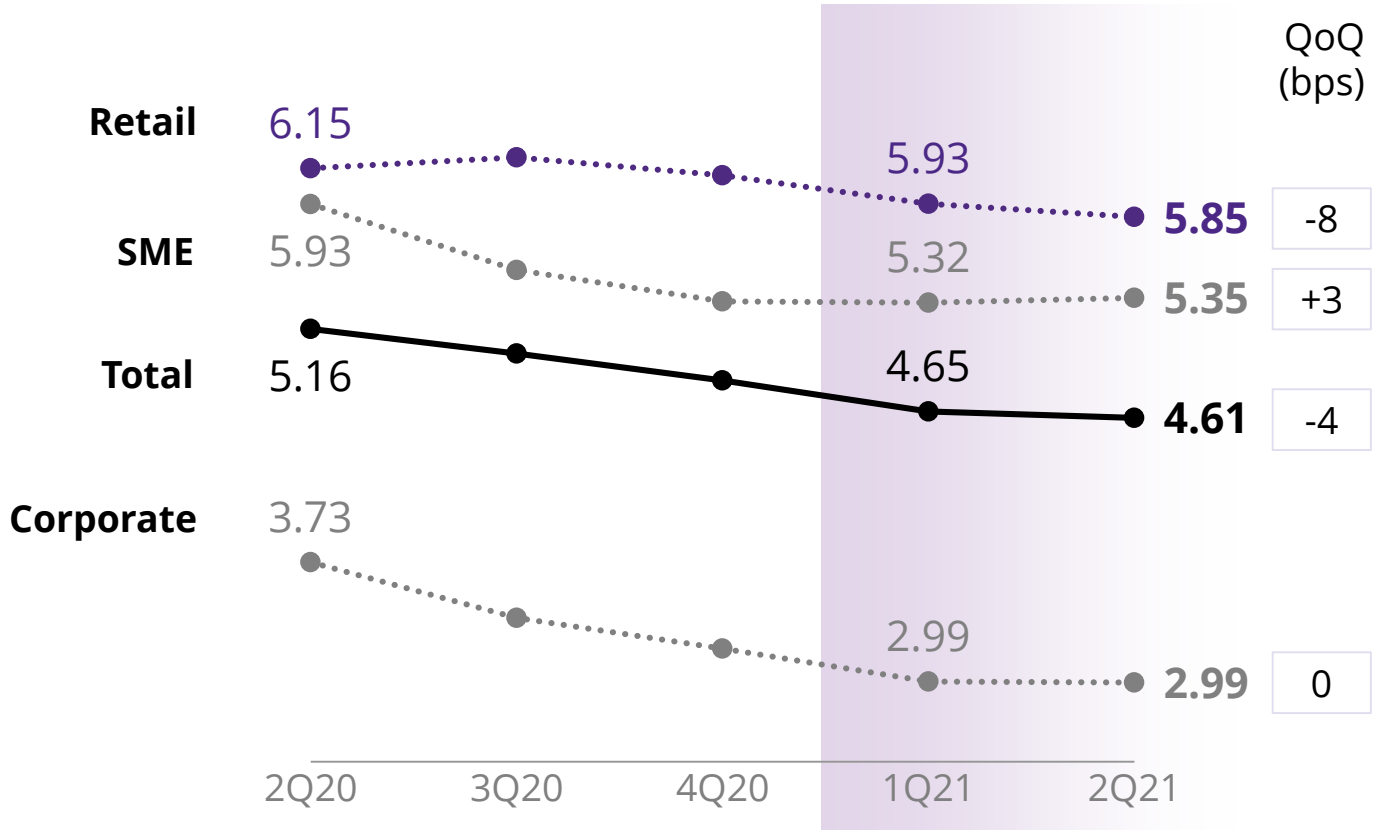
- Yield on EA - Mix impact (+5 bps)
- Yield on EA - Pricing impact (-4 bps)
- Funding cost reduction (+2 bps)

[1/] Including impact of FIDF fee reduction to 0.23% p.a. (1 Jan 2020 – 31 Dec 2021)

Yield on loans remains under pressure given a flight-to-quality strategy and rising competition for high-quality loans

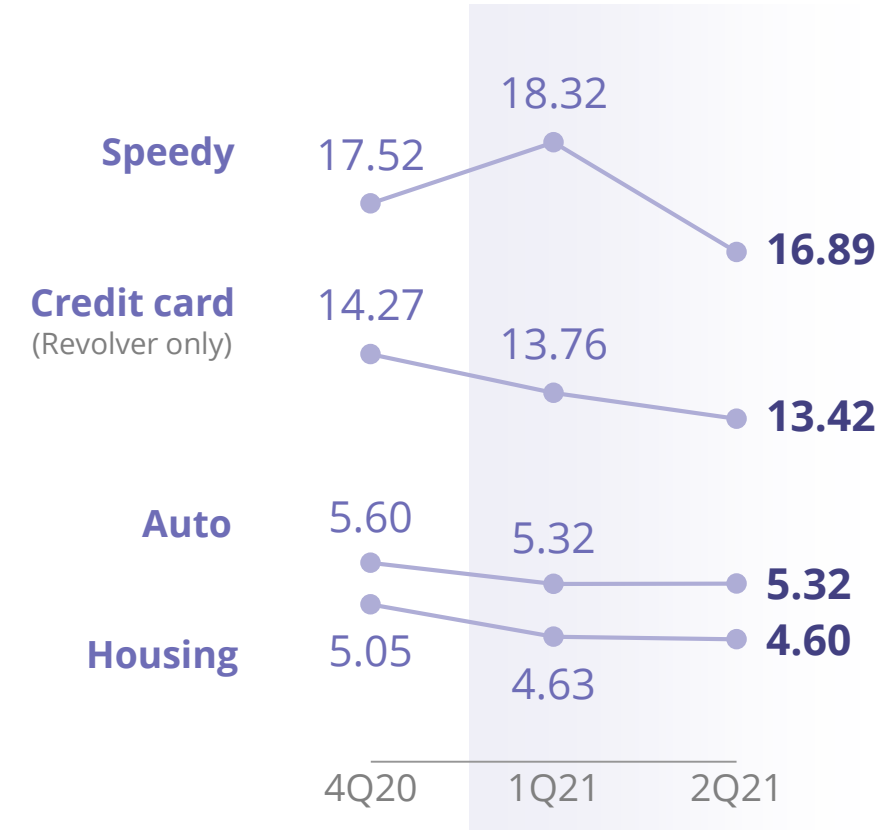
Yield on loans by segment

(%)



Yield on loans by Retail products

(%)

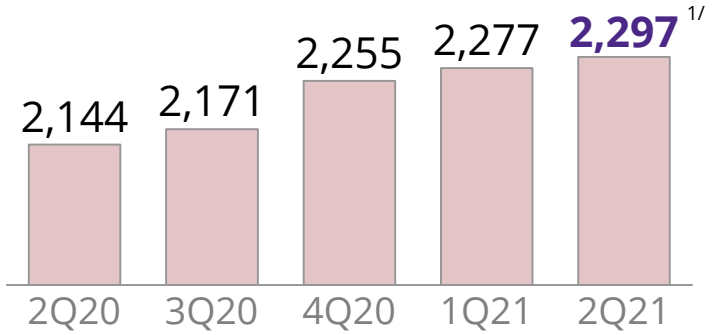


Loan growth was slow (+2% ytd) following a shift toward high quality loans and additional soft loans to help business customers

2021 Target
Loan growth 3-5%

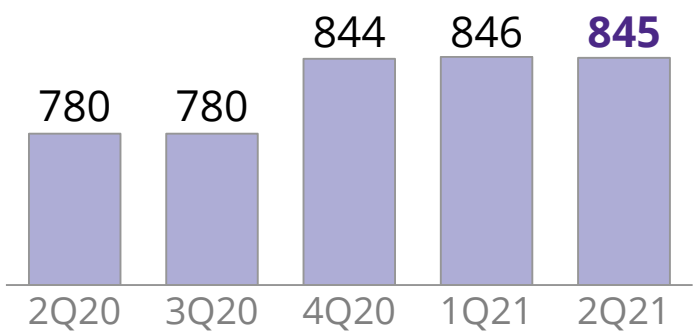
Total loans
(Baht billion)

YTD	YoY
+2%	+7%



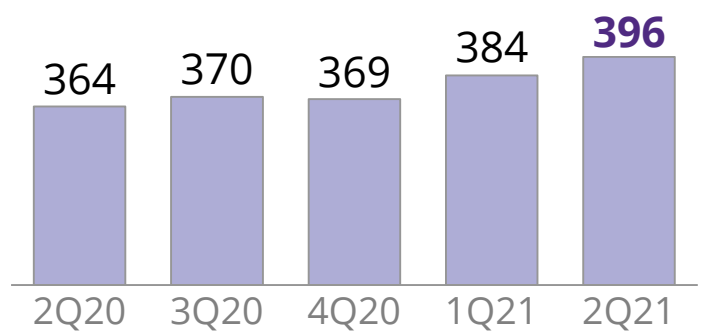
Corporate Loans
(Baht billion)

YTD	YoY
+0.1%	+8%

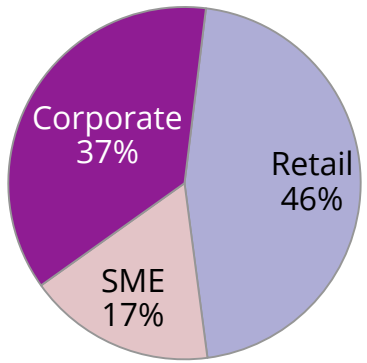


SME Loans
(Baht billion)

YTD	YoY
+7% 2/	+9% 2/

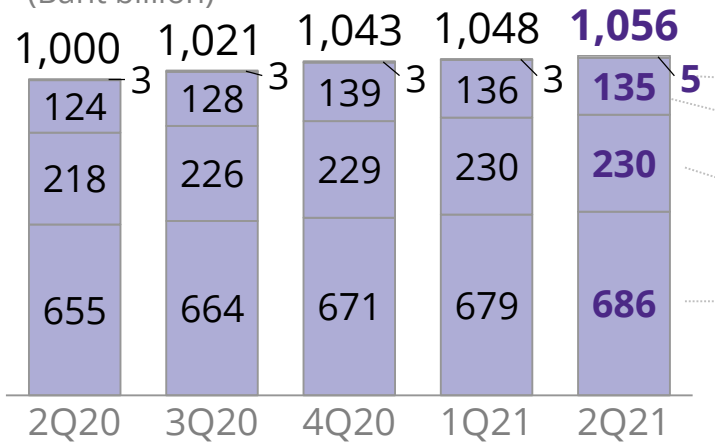


Loan breakdown
as of 30 June 2021



Retail Loans
(Baht billion)

YTD	YoY
+1%	+6%



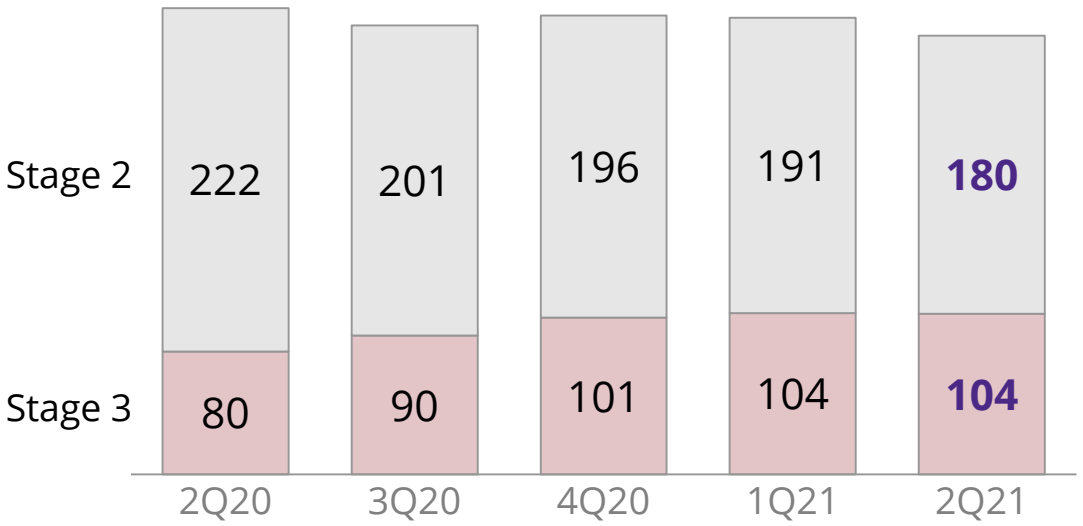
	YTD	YoY
Others		
Unsecured	-2%	+9%
Auto	+0.2%	+5%
Housing	+2%	+5%

1/ Including soft loans to business customers (48 billion); 2/ If excluded soft loans, SME loan growth in 2Q21 would be 7% YTD and 5% YoY

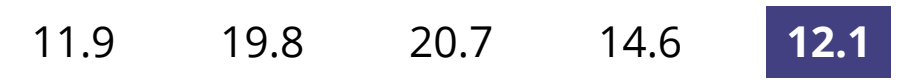
Stable NPL qoq reflected the Bank's proactive NPL management efforts, including qualitative loan downgrades since 2H20

2021 Target
NPL 4.0 - 4.5%

Loan stage 2 & 3
(Baht billion)



New NPL
(Baht billion)



Green / Red fonts indicate decrease / increase from the previous period.

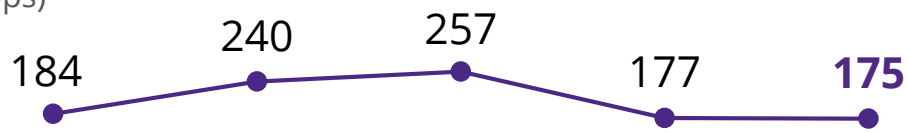
		2Q20	3Q20	4Q20	1Q21	2Q21
Total Loans	NPL%	3.05%	3.32%	3.68%	3.79%	3.79%
	New NPL%	0.45%	0.73%	0.75%	0.53%	0.44%
Corporate	NPL%	3.44%	3.86%	3.99%	3.89%	3.87%
	New NPL%	0.14%	0.51%	0.51%	0.08%	0.01%
SME	NPL%	7.22%	9.13%	11.47%	11.59%	11.51%
	New NPL%	0.85%	2.46%	2.90%	1.21%	1.14%
Housing Loans	NPL%	3.21%	3.36%	3.22%	3.17%	2.97%
	New NPL%	0.55%	0.75%	0.54%	0.80%	0.43%
Auto Loans	NPL%	1.86%	1.46%	1.49%	1.50%	1.15%
	New NPL%	0.25%	0.10%	0.45%	0.52%	0.49%

Note: The Bank started the qualitative loan reclassification since 3Q20

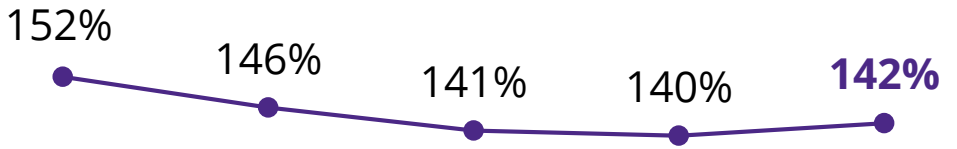
Current credit cost level is adequate given peak last year and high total allowance

2021 Target
Credit cost < 200 bps
NPL coverage ≥130%

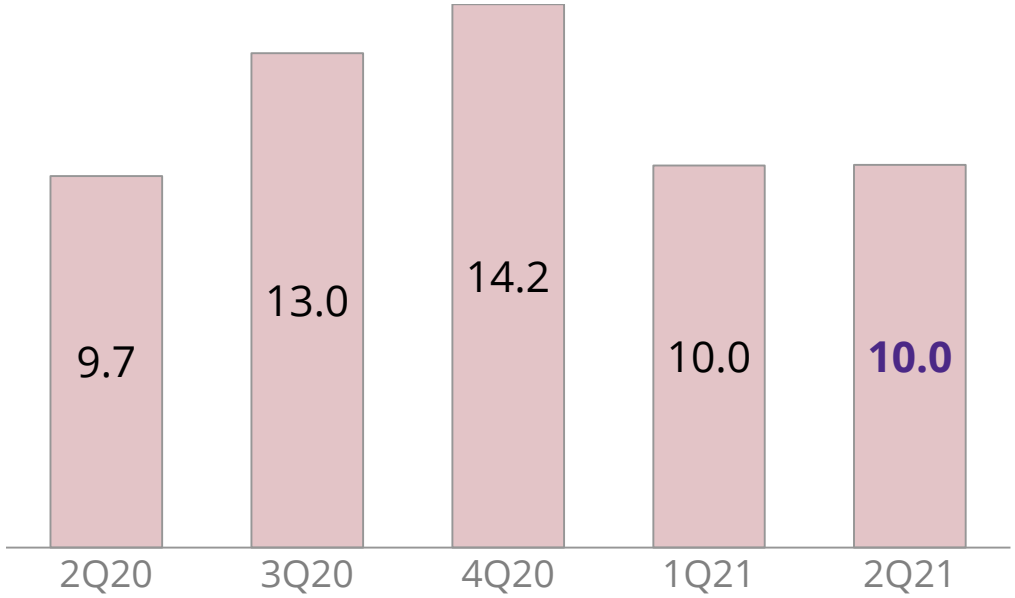
Credit cost
(bps)



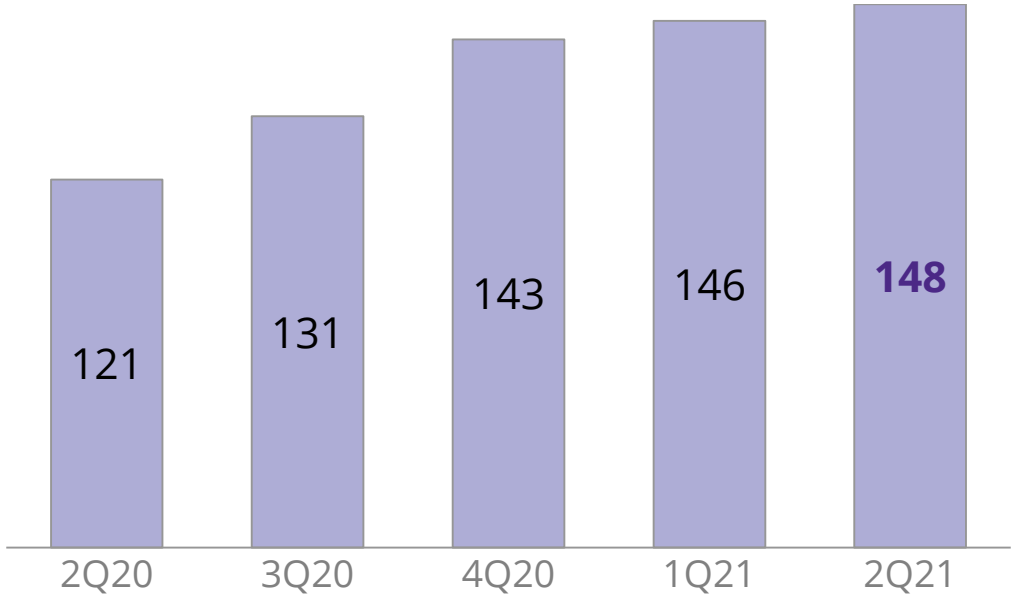
Coverage ratio (Total allowance to NPLs)



Provisions
(Baht billion)

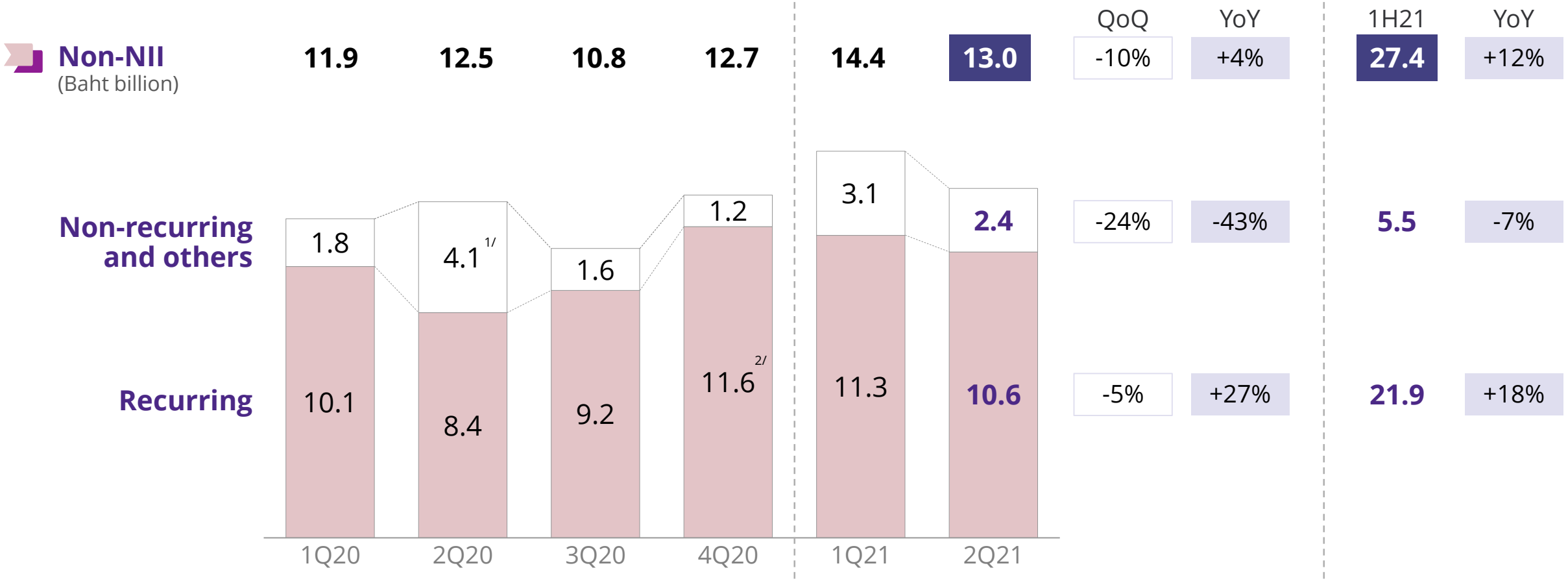


Total allowance
(Baht billion)



Non-NII dipped qoq following 3rd Covid-19 outbreak in 2Q21 and high non-recurring items in 1Q21; 1H21 growth was +12% yoy

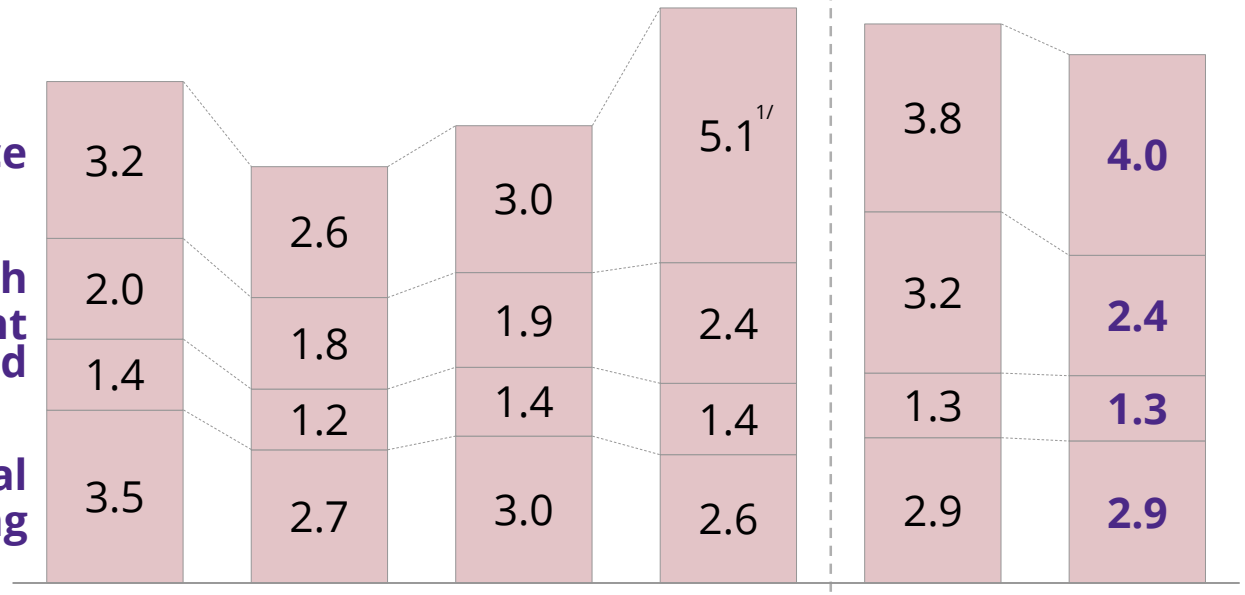
2021 Target
Flat Non-NII growth



1/ Largely due to higher net gain on trading & FX transactions and gain on sale of unsecured loans which have been written off
2/ Including a recognition of the annual performance-linked compensation for bancassurance in the last quarter

Bancassurance and wealth management continued to drive strong recurring non-NII growth in the first half despite a weaker second quarter

Recurring Non-NII
(Baht billion)



	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	QoQ	YoY	1H21	YoY
Recurring Non-NII	**10.1**	**8.4**	**9.2**	**11.6**	**11.3**	**10.6**	-5%	+27%	**21.9**	+18%
Bancassurance	3.2	2.6	3.0	5.1 1/	3.8	**4.0**	+7%	+53%	**7.8**	+35%
Wealth Management	2.0	1.8	1.9	2.4	3.2	**2.4**	-25%	+32%	**5.7**	+47%
Lending related	1.4	1.2	1.4	1.4	1.3	**1.3**	+1%	+7%	**2.6**	-1%
Transactional banking	3.5	2.7	3.0	2.6	2.9	**2.9**	-2%	+7%	**5.8**	-6%

1/ Including the annual performance-linked compensation for bancassurance (booking in the last quarter)

OPEX declined yoy from reduced cost base while investment in talents and new digital initiatives continues

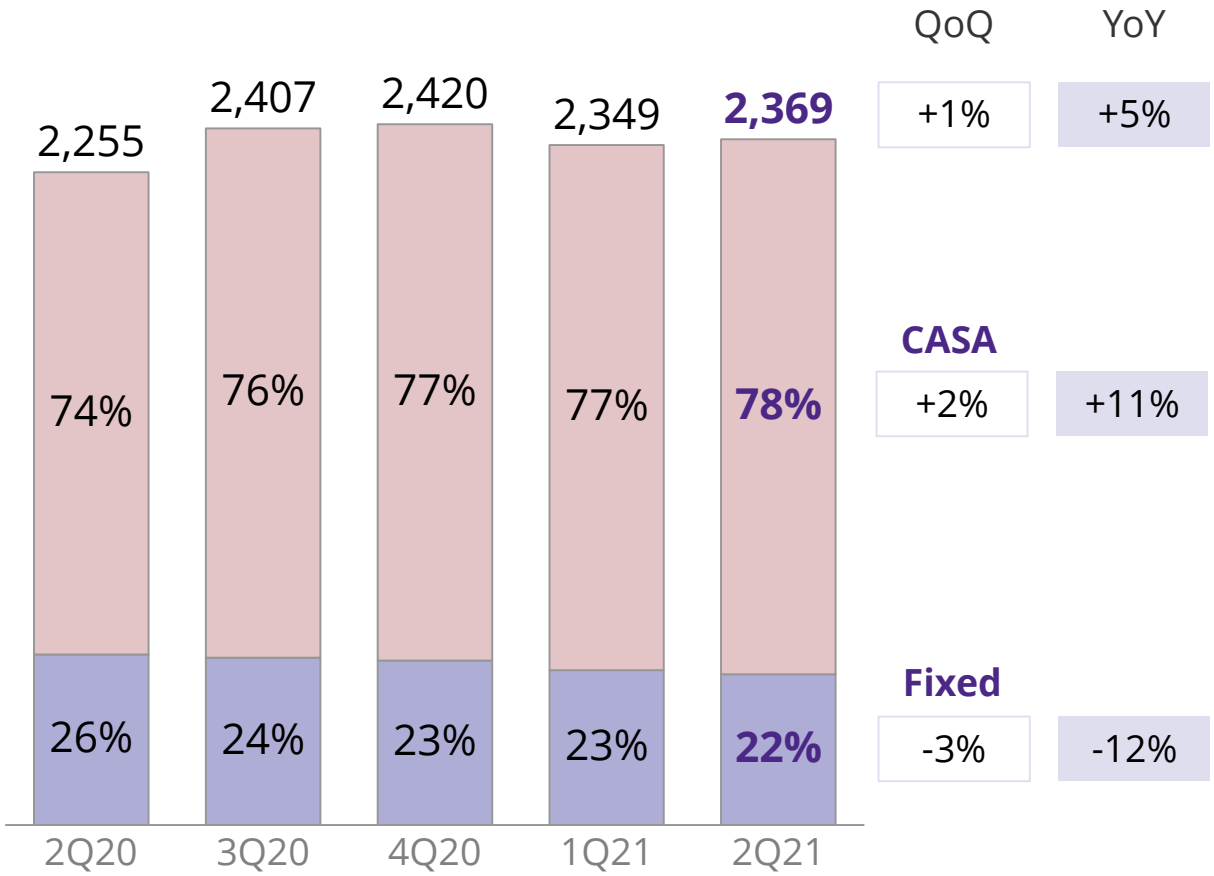
2021 Target
C/I ratio
Low-to-mid 40s

	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	QoQ	YoY	1H21	YoY
Cost-to-Income Ratio	44%	44%	46%	44%	40%	**42%**			**41%**	
Total OPEX (Baht billion)	**16.4**	**16.1**	**15.7**	**16.0**	**15.1**	**15.4**	+2%	-5%	**30.5**	-6%
Employee	8.0	8.3	7.6	7.5	8.0	7.1	-12%	-15%	**15.1**	-7%
Premises & Equipment[1/]	1.9	1.3	1.7	1.7	1.9	1.4	-30%	+5%	**3.3**	+3%
Depreciation[1/]	2.5	2.5	2.5	2.6	2.2	2.3	+4%	-8%	**4.5**	-9%
Marketing	1.3	0.9	1.1	2.0	1.0	2.3	+119%	+148%	**3.3**	+47%
Others	1.7	2.2[2/]	1.8	1.2	0.9	1.4				
Taxes and duties	1.0	0.9	0.9	1.0	0.9	0.9				
Branch reduction		-147			-3		808			
Headcount reduction (Bank only)		-2K			-1.4K		22.6K			

1/ Including reclassification of certain expenses during 1Q20-1Q21
2/ Including higher NPA impairment

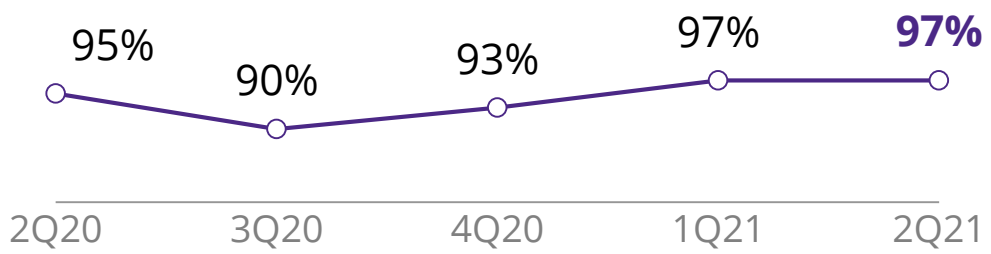
High liquidity position with increasing CASA proportion

Deposits
(Baht billion)

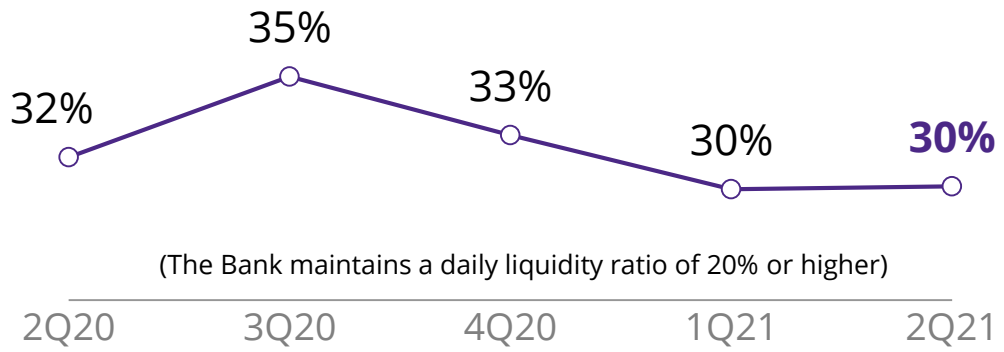


	QoQ	YoY
	+1%	+5%
CASA	+2%	+11%
Fixed	-3%	-12%

Loan-to-Deposit (L/D) Ratio
(Consolidated)



Liquidity Ratio[1/]
(Bank-only)



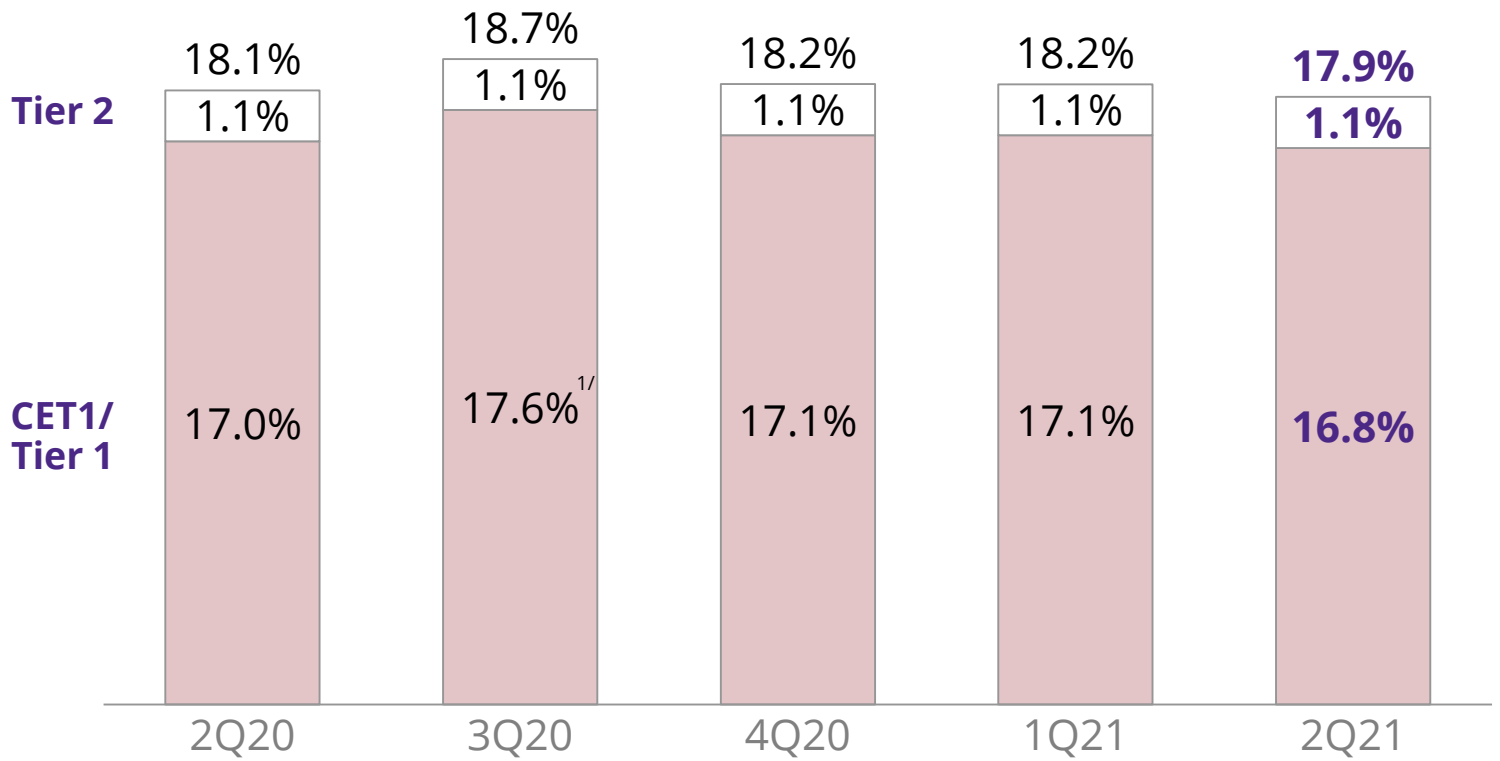
[1/] Liquid assets primarily comprise cash, bank's deposits, net interbank, bilateral repo with the Bank of Thailand and investment in government securities

Strong capital position amid challenging business environment

Regulatory Minimum	
CAR	12.0%
Tier 1	9.5%
CE Tier 1	8.0%

Capital Adequacy Ratio (CAR)

(Consolidated)



1/ Including appropriation of 1H20 net profit

2021 Financial Targets – unchanged

		2020 Actual	2021 Targets	1H21 Actual
LOANS/ NIM	**Total loan growth** (yoy)	6.7%	**3-5%**	7%
	Net interest margin	3.23%	**3.0-3.2%**	3.01%
INCOME/ COST	**Non-NII growth** (yoy)	12%	**Flat growth**	+12%
	Cost/Income ratio	44%	**Low-to-mid 40s**	41%
ASSET QUALITY	**NPLs** (gross)	3.68%	**4.0-4.5%**	3.79%
	Credit cost (bps)	214	**< 200**	176
	Coverage ratio	141%	**≥ 130%**	142%

IMPORTANT DISCLAIMER:
The above financial targets are based on the Bank's preliminary estimates that may change due to the economic conditions and other unforeseen circumstances that may affect the operational environment.

4

Strategy update

Our transformation journey (2016 – present)

New foundations and capabilities

- Digital platform
- Digitization
- Technology
- Coverage
- Data lake
- People

"Going Upside Down"

- Digital acquisition
- Data capabilities
- New growth (digital lending, wealth management)
- Bank as a Platform
- Lean the bank

Driving sustainable future growth

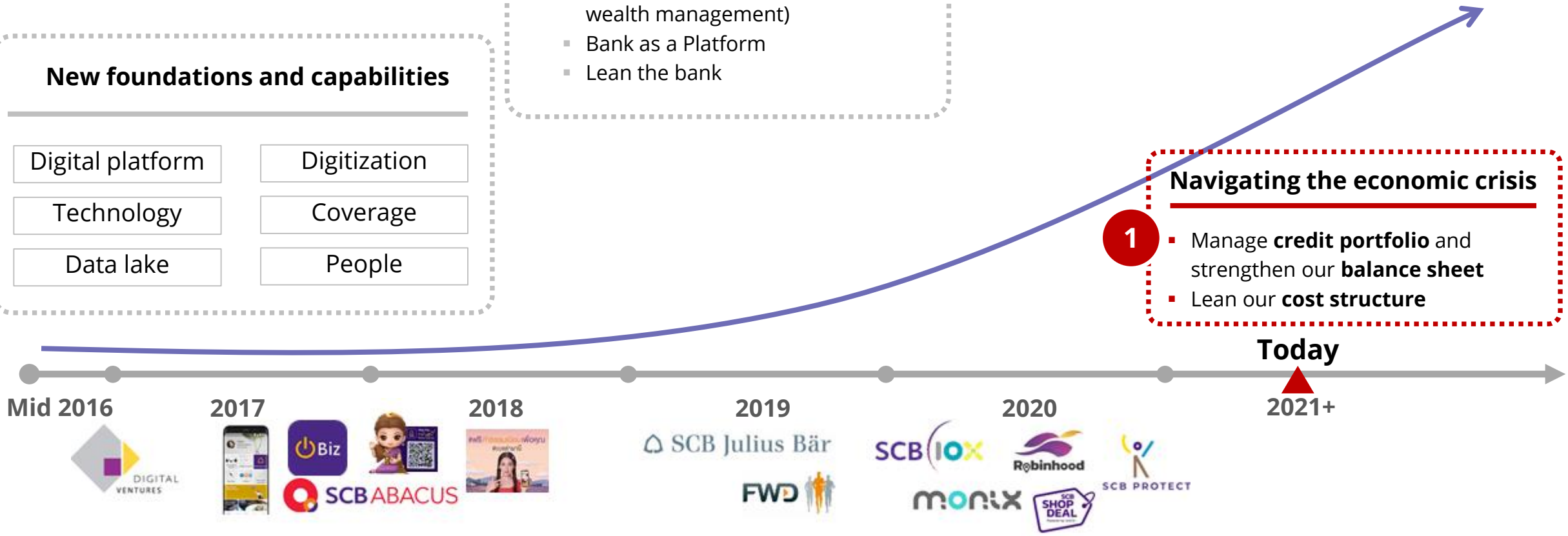
2

- **Secure profitable growth from current core**: wealth and insurance + commercial banking
- **Build new/ exponential digital future**: digital bank, SCB 10X
- **Explore adjacencies** thru inorganic growth
- **Transform organizational capability and culture**

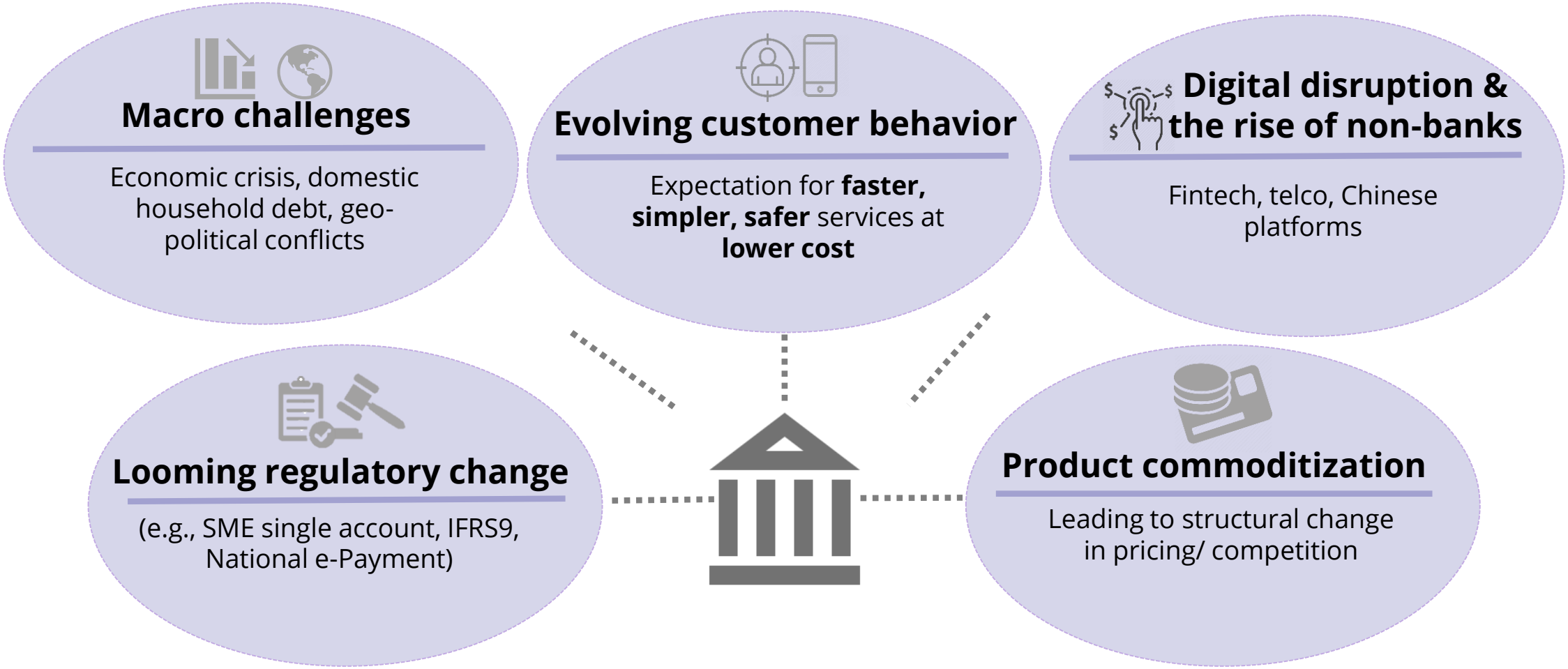
Navigating the economic crisis

1

- Manage **credit portfolio** and strengthen our **balance sheet**
- Lean our **cost structure**



Paradigm shifts in the banking industry



Rapidly changing environment requires bold strategic moves if banks want to remain relevant in the future

2021 strategic priorities

Immediate – Survive Crisis

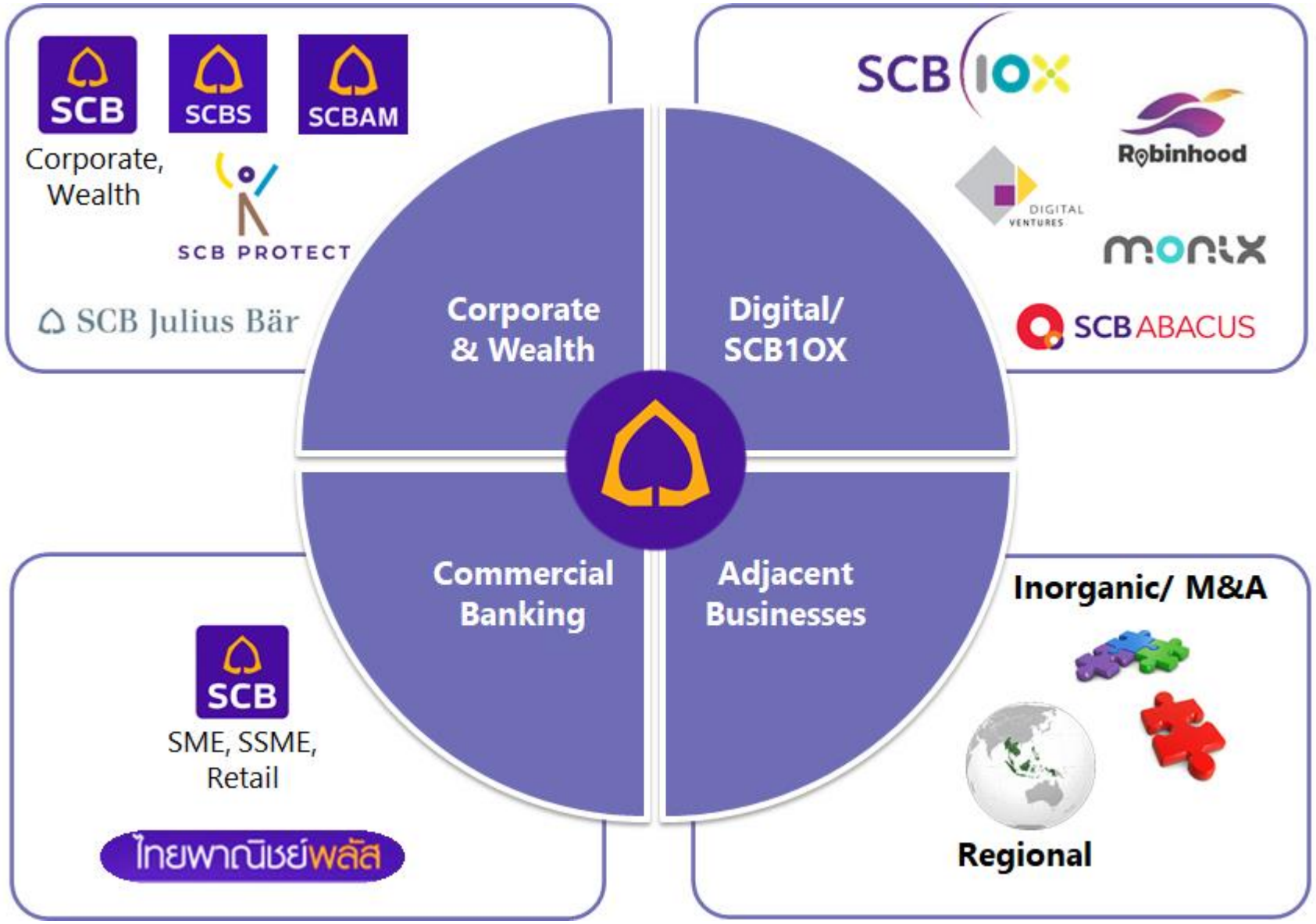
- Customer relief and prudent risk management
- Drive wealth and insurance as the key growth engine
- Manage cost restructuring

Build Foundation for Future Growth

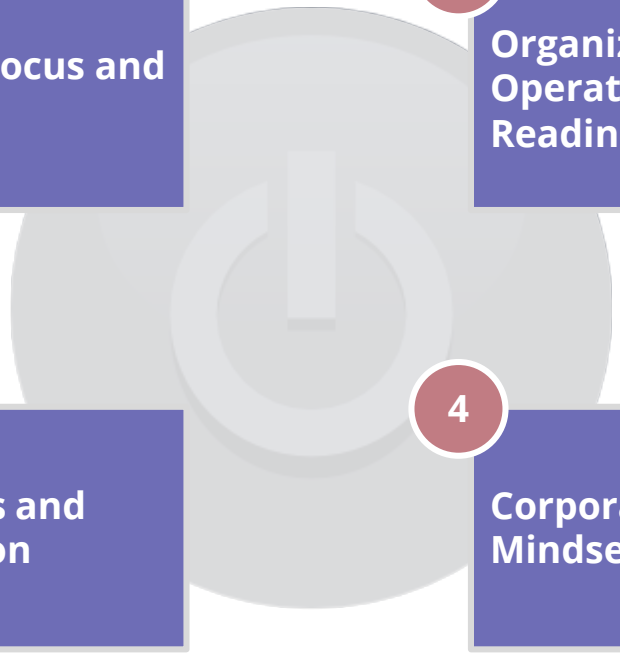
- Drive new D-Bank along with ecosystems
- Further enhance technological capabilities
- Change culture and mindset

Drive delta growth across four business clusters
(Wholesale & wealth, digital, commercial, and adjacent businesses)

Going forward, our strategy is to drive sustainable future growth through four core businesses and growth engines



We need to ensure critical enablers are put in place to support execution of our strategy



1 Organizational Focus and Prioritization

- Disproportionate resource allocation towards long-term competitiveness
- Distinct priorities between existing vs. new businesses

2 Organization and Operating Model Readiness

- Decouple teams to focus on digital vs traditional businesses
- Create different operating models tailored to the purpose of each business unit – shift away from one-size-fit all

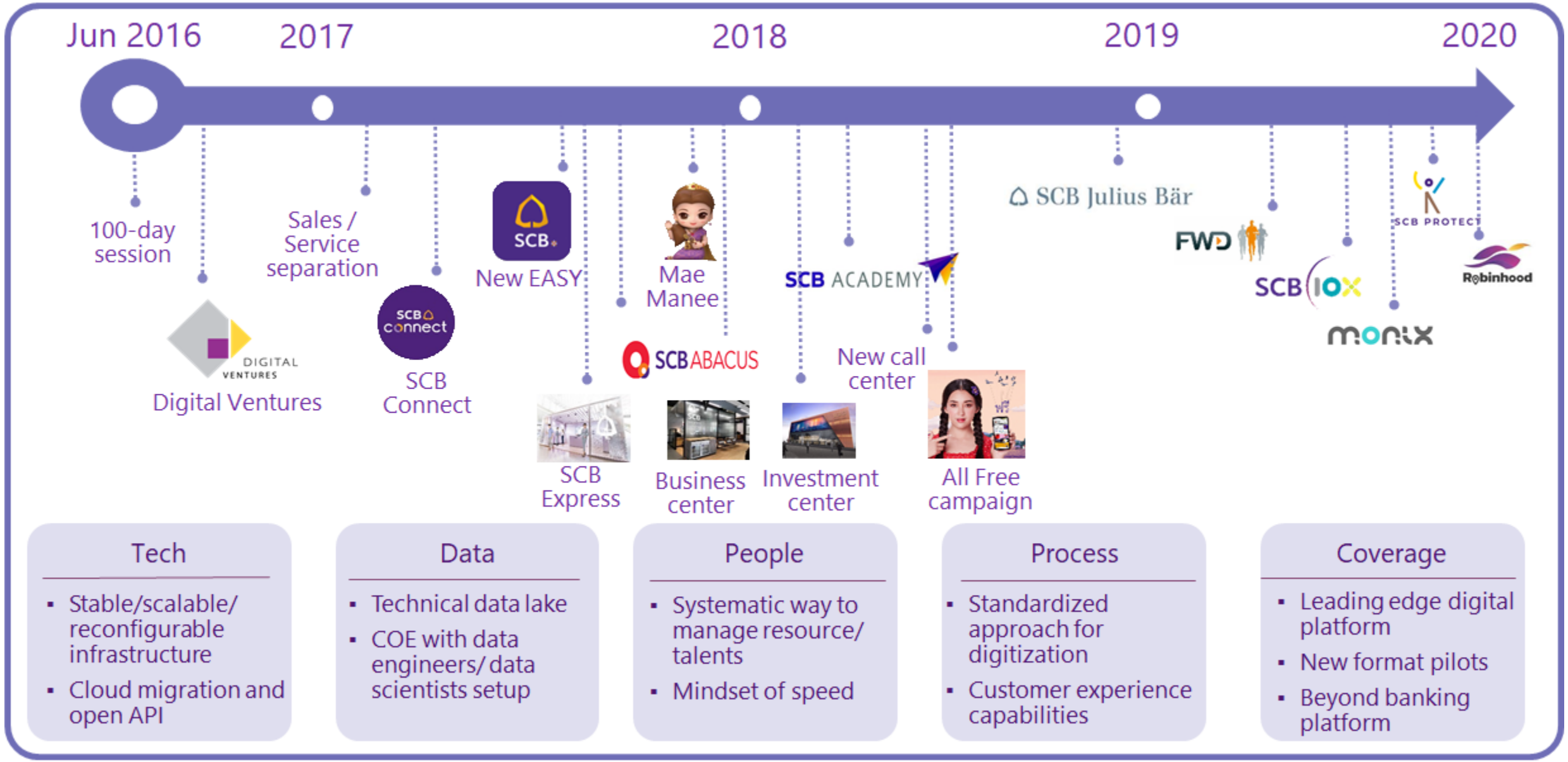
3 New Capabilities and Talent Acquisition

- Acquire differentiating capabilities and talents thru strategic partnership
- Upskill existing workforce to move up capability curve

4 Corporate Culture and Mindset

- Growth mindset and openness
- Enable multi businesses and sub-cultures
- Drive international performance standard and compensation

Over the past years, we put significant efforts in building foundation and capabilities for the future



Tech

- Stable/scalable/ reconfigurable infrastructure
- Cloud migration and open API

Data

- Technical data lake
- COE with data engineers/ data scientists setup

People

- Systematic way to manage resource/ talents
- Mindset of speed

Process

- Standardized approach for digitization
- Customer experience capabilities

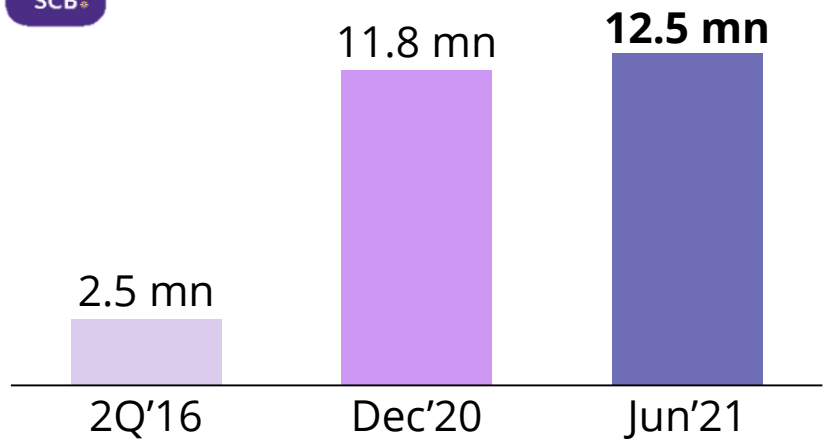
Coverage

- Leading edge digital platform
- New format pilots
- Beyond banking platform

We have successfully onboarded and engaged larger digital customers throughout our transformation journey

Sizable digital customers

No. of SCB EASY users

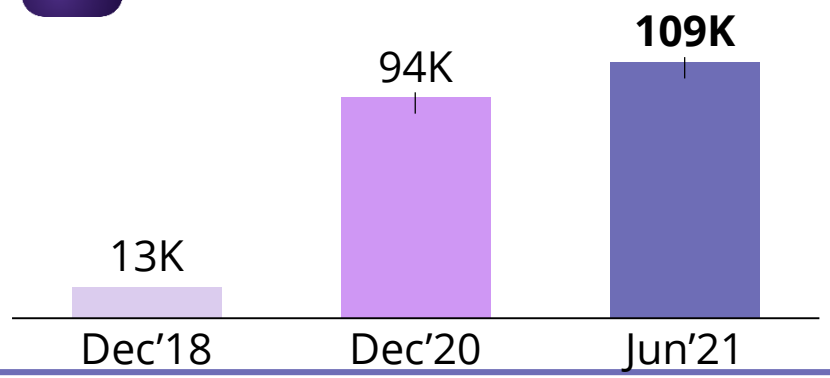


75% Penetration

80% Monthly Active

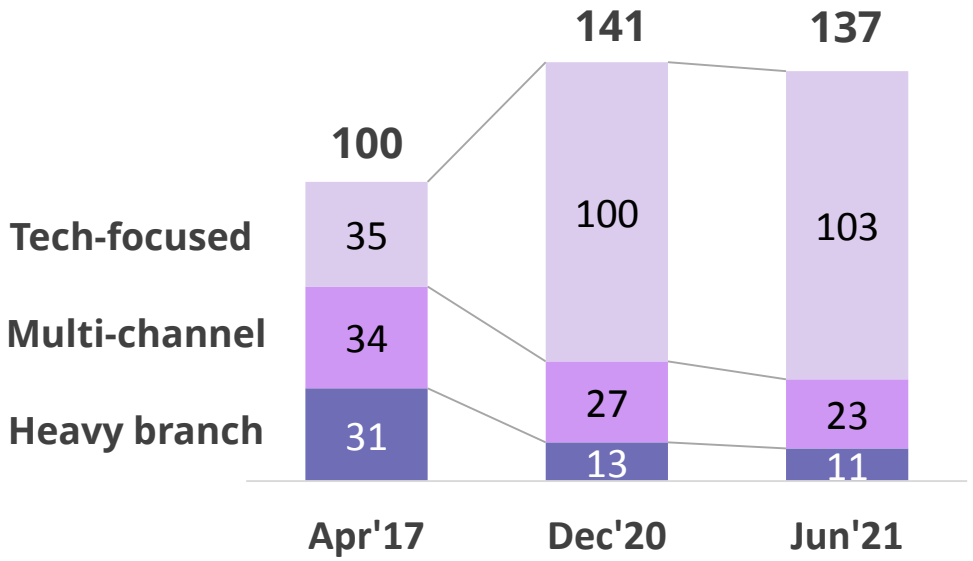
Avg. 30 Monthly TXN /users

No. of Biz Anywhere users



Customers becoming less reliant on branches

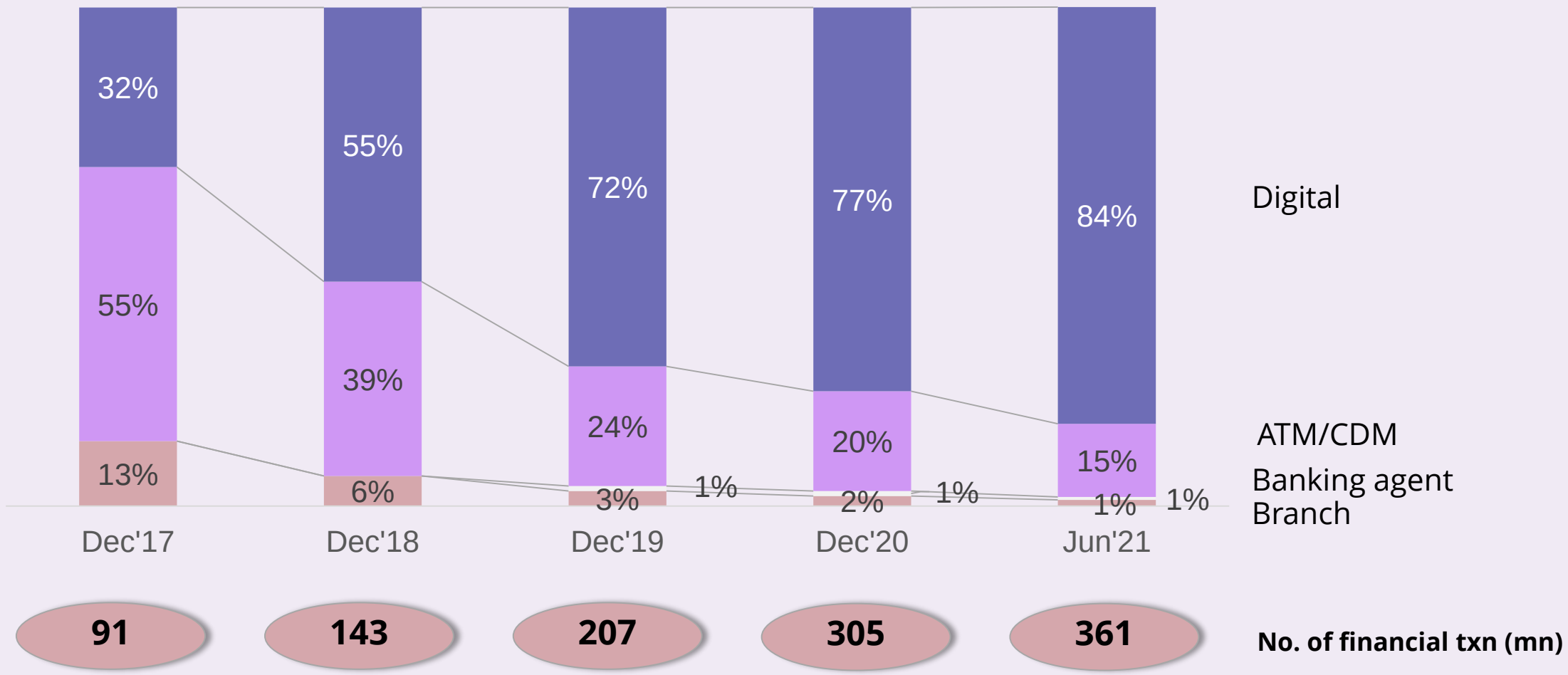
(Index, no. of total individual active customers as of April 2017 = 100)



Heavy branch user: Visit branch every 1-2 weeks
Multi-channel user: Visit branch 2-3 times / quarter, otherwise use digital channel
Tech-focused user: Use digital channel for most transactions, visit branch 1-2 times / year

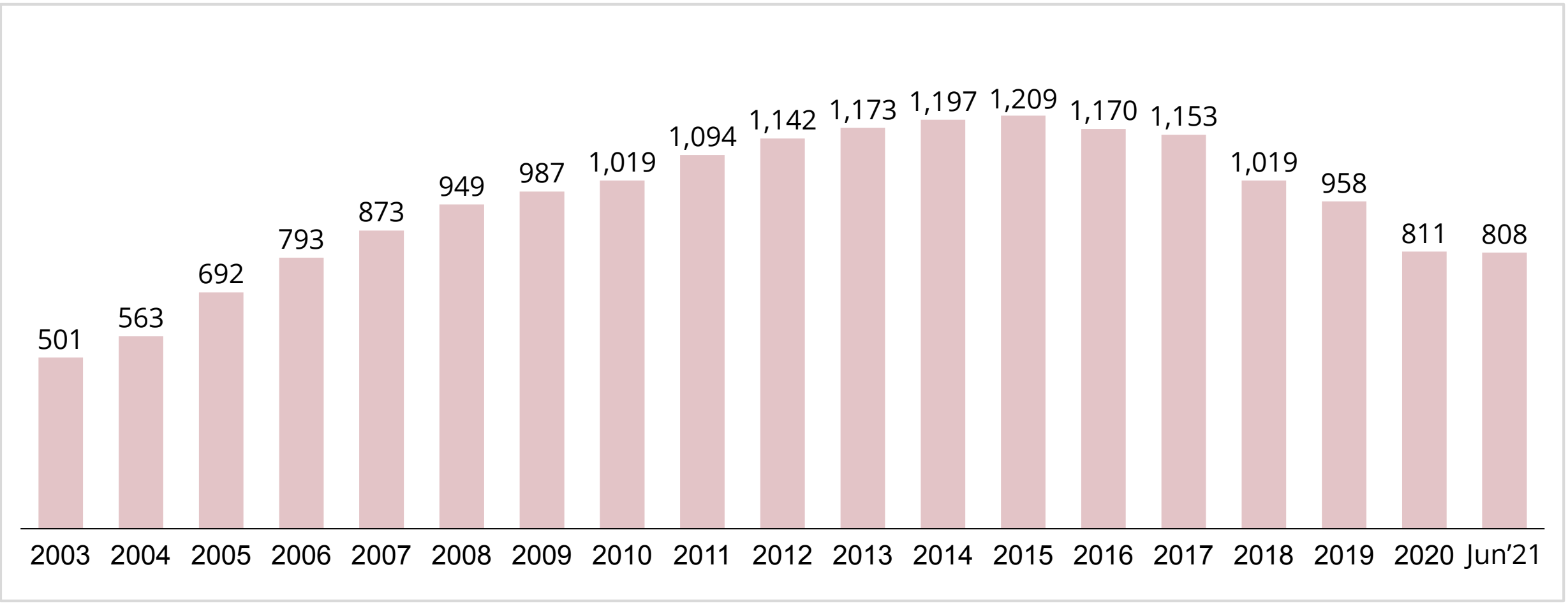
Customers have shifted their banking transactions to digital in a big way

SCB's monthly transaction volume mix



Along with digital migration, we have continuously reduced branch network

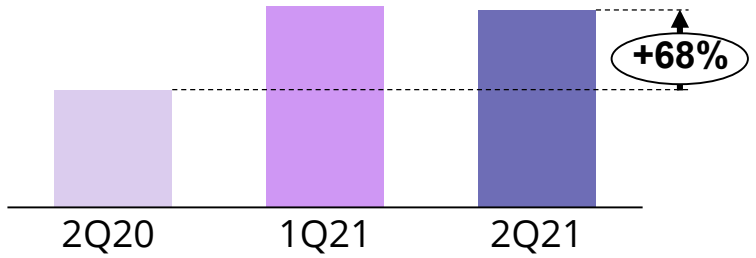
Number of traditional branches



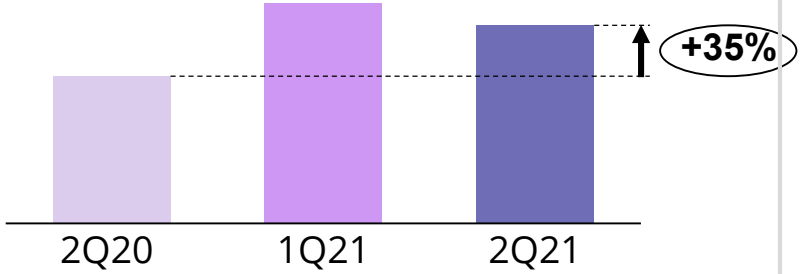
Digital lending: Our customer acquisition through SCB EASY successfully continues with double digit growth YoY

Digital sales through SCB EASY (Monthly average comparison)

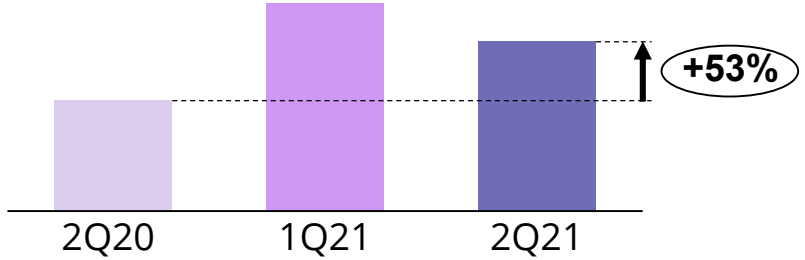
Speedy loan
Loan amount (Baht)



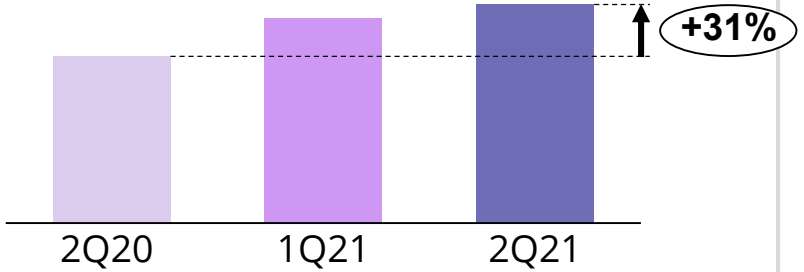
Speedy cash
No. of card



Credit card
No. of card



SCB Deejung[1/]
Loan amount (Baht)



1/ Deejung includes (a) Cash advance services which customers can get a cash advance from SCB credit card/ speedy cash card via SCB Easy and pay back the full amount, minimum amount, or in installments (b) Deejung transfer which customer can convert amount left in credit limit into cash which will transfer to customer account and pay back the full amount, minimum amount, or in installments. (c) Deejung installment which customer can convert payment amount to monthly installment at a special interest rate

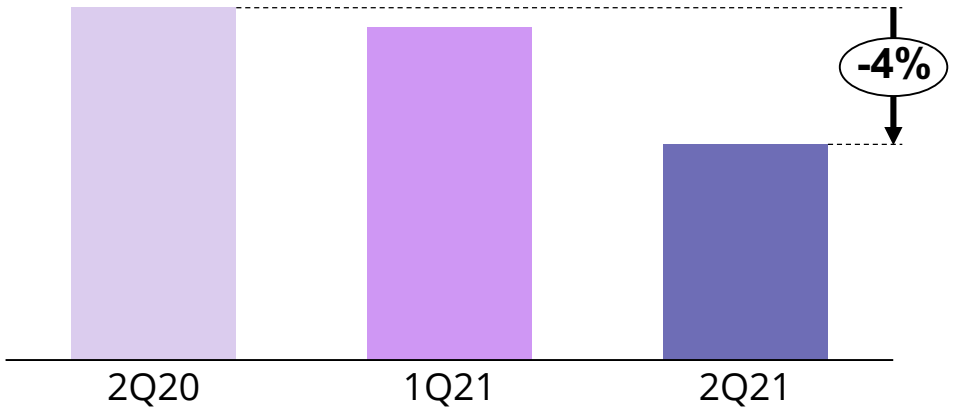
Digital wealth: Good traction in insurance sale largely from COVID-19 related products while slowdown momentum in mutual fund purchase due to unfavorable market condition

Digital wealth thru digital channel

Account opening

Manage your portfolio conveniently

Mutual fund purchase[1/] thru SCB Easy
(Baht)



[1/] Values include New purchase and Switch-in

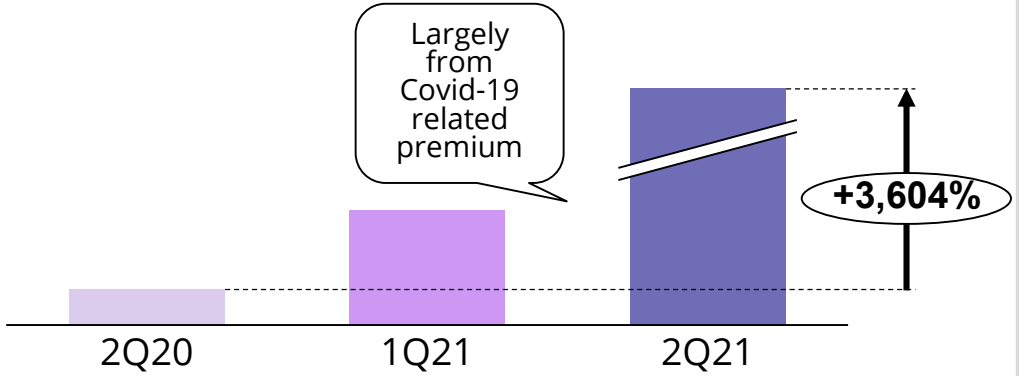
Available insurance products on SCB Easy[2/]

Travel
Home
Auto
Personal accident
Life (Tax-saving)
Health

Insurance partners

FWD insurance
เทเวศ DEVES INSURANCE
CHUBB

Insurance sale premium thru SCB Easy
(Baht)



[2/] Home insurance has been available since Mar'19
Personal accident insurance has been available since May'19
Life insurance has been available since Sep'19
Auto insurance has been available since Nov'19
Covid-19 was available in Mar'20

Digital payment: Online payment through SCB Easy continues impressively growing

Digital payment thru digital channel

Online payment

Bill payment

QR payment

Payment transaction[1/] through SCB Easy
(No .of txn.)

1/ Payment transaction includes bill payment, QR payment and e-wallet

International money transfer

Allow SCB to deliver seamless global payment experience with the use of Blockchain technology

ripple GUAVAPAY LIGHTNET

Offer competitive exchange rates with **4 currencies available and 12 countries**

- GBP,USD,EUR,SGD

Available 24 hours a day through **SCB EASY App**

Wealth and insurance business is the core growth engine, which we will put continued effort in uplifting capabilities

3-Year Business Core Foundation Uplifting

... Uplift to the next level from 3 core spheres

Coverage Model	**Completed coverage and uplifting distribution capability** Wealth RM · Branch · SCB Protect
Collaboration with Partners	**Comprehensive & innovative product and service** Innovative Product · AI-Enabled Underwriting · Digital Claim
Ecosystem Leveraging	**Leveraging ecosystem through digital platform** New Lead Generation · New Cross Sell/Upsell · Preferential Pricing

Siam Commercial Bank Myanmar, our new overseas network strategic expansion for CLMV+2 countries

To bring every aspect of the Bank's financial experience and capabilities, particularly technology advancement by connecting businesses in Myanmar to build new capabilities and lead every customer group to success

Coverage/target

All target groups, whether large corporations, SMEs, or retail customers

Financial services

- Deposits and lending
- Trade
- Remittance and cross-border payment

Key enablers

- Business cash management enhancement
- Client experience through digital
- Partnerships

Platform

Digital payment systems both corporate portal for businesses and mobile banking for retail customers which aim to be served in 2022

In commercial banking, we are assisting SMEs find the right business mix for post-pandemic success

SCB has developed a "Manee Business Booster" to help businesses assess their market readiness by offering personalized advice, including potential business partners to leverage SMEs competitiveness

The "**Manee Business Booster**" is an on-line tool assisting business owners in finding the right ingredients for business to help top up SMEs competitiveness in every perspective

Manee Business Booster objectives to assist SMEs

- **Cost Reduction** from zero transaction fee on digital platforms
- **Boosting Sales** through QR payment, Google my business and Robinhood
- **Business Expansion** from quickly loan approval via SCB Easy

Shop management system | Online marketing | E-Commerce | Logistics | Packaging

Inorganic growth and strategic partnership will enable us to create strong value-added propositions to customers and drive delta growth

Inorganic growth and strategic partnership

Key delta growth

Private banking partnership

Julius Bär

Insurance partnership

FWD

Ecosystem partnership

Google gojek fastwork

sea traveloka sunday

Inorganic/ M&A (to be explored)

- Digital Wealth
- Consumer Finance
- P2P Lending
- Bank-as-a-platform services
- Procure-to-Pay
- Analytics as a Service

SCB10X continues driving moonshot mission to create new growth and uplift ROE for the Group through venture building, venture capital, and strategic investment & partnership

SCB 10X

Venture Building

Digital Ventures · SCB ABACUS · Robinhood · TOKENX · SCB SHOP DEAL

Venture Capital

ripple · Golden Gate Ventures · Lingfeng Capital 领沨资本 · 1QBit · Dymon Asia · gojek · SYNQA · omise · China Renaissance · sunday · theAsianparent · MY CLOUD FULFILLMENT · ANCHORAGE · darwinbox

Strategic investment & partnership

monix · SKINX · traveloka (TREX Venture) · FLASH GROUP

SCB 10X continues expanding businesses and investments

New investment

SCB 10X's latest significant investment is in Flash Group, a leading Thai full-service e-commerce solution provider and the parent company of express delivery provider, Flash Express.

The strategic investment and partnership will strengthen both SCB Group and Flash Group as they join hands to develop digital lending and payment solutions to promote financial inclusion as well as other services in the future

New business with strategic partners

Samawat Health
A new investment in health tech company (a Samitivej group's subsidiary) providing telemedicine, drug delivery, e-commerce services launched in Jan 2021

TREX Venture
A new JV between Traveloka and SCB 10X launched in Mar 2021 as to develop financial services and solutions to serve new generation of travelers

The 1st tele-derma platform with AI for image analysis in Southeast Asia

New subsidiaries

Token X
A new established company to provide a digital token offering system (ICO Portal) launched in Jan 2021

Technology-driven platforms are launched to serve customer needs in the digital lifestyle ecosystem

Platform under SCB 10X

SCB Shop Deal

"Platform for SME to sell deal/voucher"

No fee/ commission

Marketplace platform (B2C)

Platform under SCB 10X subsidiaries

Money Thunder

By SCB ABACUS

"AI-powered lending platform"

Apply via SCB EASY

Fast approval process

Robinhood

"Food Delivery platform"

No application fee and GP

Opportunities for SMEs to access loan for business expansion

In partnership banking, we keep continue building our strategic partnership network to create value-added ecosystems

Banking agent	SME/ Digital ecosystem	Retail & Wholesale network	Supply chain/ Blockchain	Logistics	University
7-Eleven, เคาน์เตอร์เซอร์วิส, The Mall, ไปรษณีย์ไทย, Tesco Lotus, Big C, บุญเติม, SABUY, MC	sea, traveloka, Lazada, amazon, gojek, omise, fastwork, LINE MyShop	The Mall, Villa Market, เลิงเสิง กรุ๊ป, ก.ชัยเสง K.Chaisaeng Company	7-Eleven, SCG, Minor International	ไปรษณีย์ไทย, gojek	Sasin, KU Kasetsart University, 11 Universities and 5 Faculties of Medicine

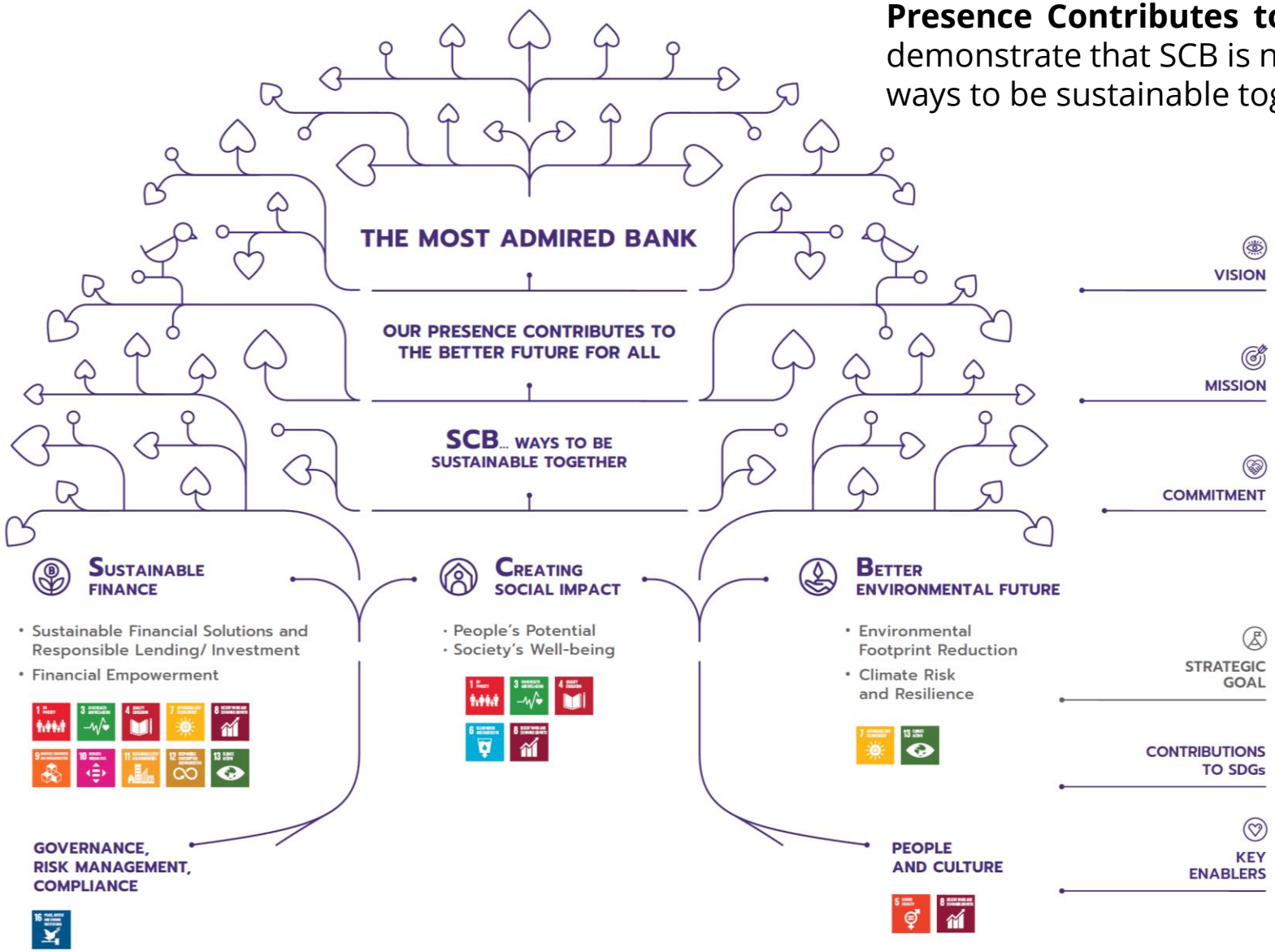
Appendix

ESG

SCB SUSTAINABILITY

FRAMEWORK

SCB's journey to sustainability is driven by its commitments to strengthening economic stability and creating value for society while conserving the environment. A sustainability policy and strategic framework were then established upon the three pillars of "**Sustainable Finance, Creating Social Impact, and Better Environmental Future**" under the mission "**Our Presence Contributes to the Better Future for All**." These components demonstrate that SCB is not only the name of the first Thai bank but also the ways to be sustainable together.



Sustainability Governance Structure

Board of Directors

Executive Committee

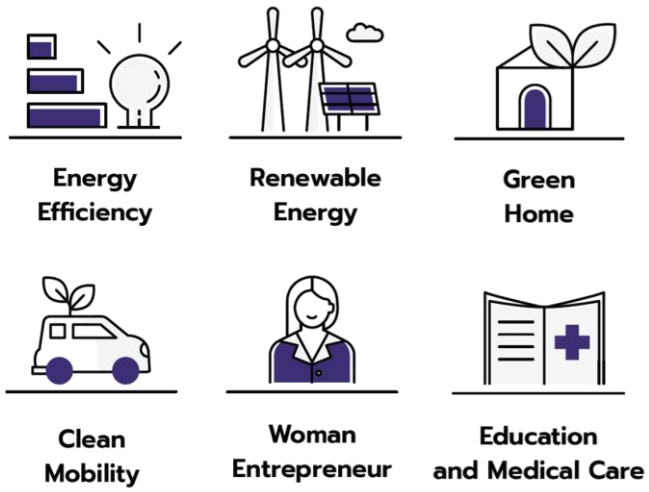
Sustainability Steering Committee
Chaired by President

Corporate Sustainability Function
Under Strategy Group

SUSTAINABLE FINANCE

Incorporating ESG considerations into core processes while continuously improving financial accessibilities and literacy to customers and the general public.

SUSTAINABLE FINANCIAL SOLUTIONS
AND RESPONSIBLE LENDING/ INVESTMENT



116.8 billion baht
of sustainable finance raised and funded

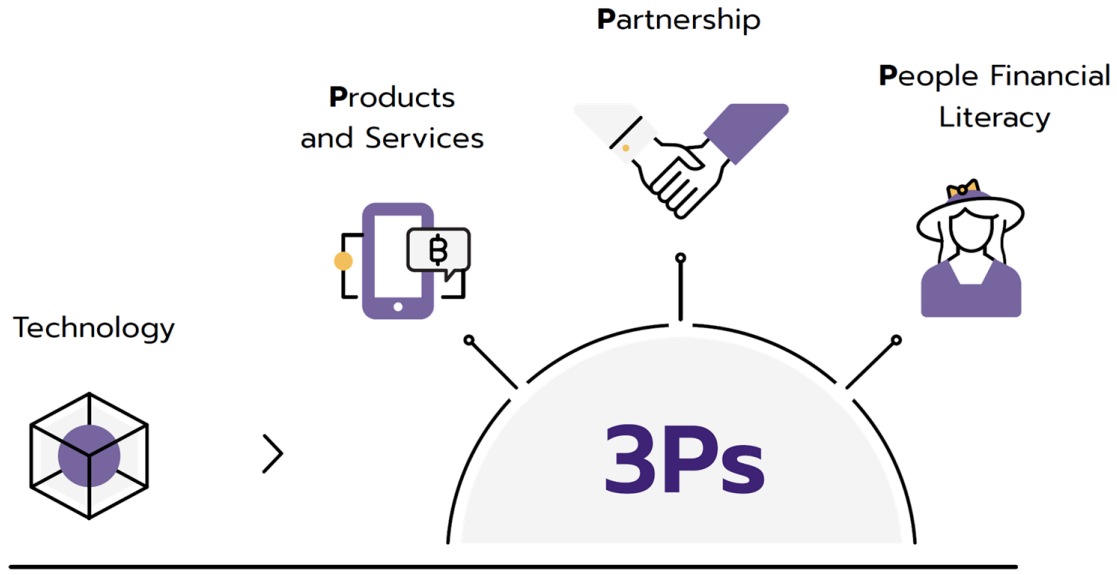
Over **10%**
of the Bank's Portfolio

27.6 billion baht
of sustainable investment products

14%
of total AUM

100%
of SCB supported project finance
passed the ESG risk assessment

FINANCIAL EMPOWERMENT



82,600
SSME, gig workers and low-income group supported

10,400
people benefited from financial education programs

Remark: data as of 31 December 2020

CREATING SOCIAL IMPACT

Creating internal and external initiatives aimed at building the 21st century skills while promoting well-being to support inclusive growth and help lower inequality without leaving anyone behind.

PEOPLE'S POTENTIAL

Center of Excellence

- Data Analytics
- Customer Centricity
- Lean and Agile
- Digital Transformation

+

Leadership

220
Business Data Analytics Coaches and Champions

150+
Lean Coaches and Leaners

4,000+
SCB Future Leaders

100
Design Thinkers

9,000+
Digital Leaners

49
Hours of Employee Average Training Hours

SOCIETY'S WELL-BEING

520M THB
CSR spending in 2020

280,000+
children and local communities participated and benefited from
75 CSR initiatives

22,000+
hours of employee volunteering in CSR activities

Remark: data as of 31 December 2020

BETTER ENVIRONMENTAL FUTURE

Leveraging SCB's capabilities in managing environmental initiatives and its operational efficiency throughout the value chain to tackle climate change and mitigate environmental impacts resulted from the Bank's operations.

CLIMATE RISK & RESILIENCE

SCB is in the process of assessing impacts due to climate change. The assessment results will be embedded into the Bank's risk management system and inform the Bank's future corporate strategy and business plan.

Board of Directors

Responsible for an overall sustainability direction

SCB Sustainability Steering Committee

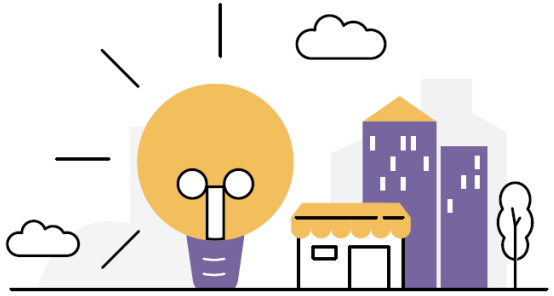
Supports policy implementation and provides guidance for continuous improvement while monitoring and assessing performance against targets

SCB Climate Risk Assessment Taskforce

Study and assess climate change risks upon the Bank's portfolio and systematically integrating as part of bank-wide risk management system

ENVIRONMENTAL FOOTPRINT REDUCTION

Energy

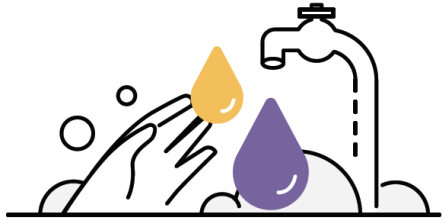


Reduced 24% from 2019

Waste

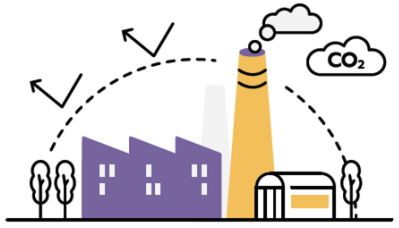
Reduced 22% from 2019

Water



Reduced 30% from 2019

Greenhouse Gas Emissions



Reduced 13% for Scope 1 and 26% for Scope 2 from 2019

Remark: data as of 31 December 2020

AWARDS AND RECOGNITIONS

MEMBER OF
Dow Jones Sustainability Indices
In collaboration with SAM a RobecoSAM brand

Selected as a member of DJSI for the World Index and the Emerging Markets Index in the Bank sector for **the 3rd consecutive year**

MSCI

Rated "AA"
on ESG Performance
in the Banking Category

CDP
DRIVING SUSTAINABLE ECONOMIES

Rated "B"
on Climate Change
Management Assessment

FTSE4Good

Selected a member of FTSE4Good Index Series in the FTSE4Good Emerging Index

Asia Sustainability Reporting Awards
Asia's Best Sustainability Report (Stand-alone)
BRONZE 2020

asra

THSI
THAILAND SUSTAINABILITY INVESTMENT 2020

Listed in the Thailand Sustainability Investment (THSI)

CAC CERTIFIED

Certified as a member of Collective Action Coalition Against Corruption (CAC) since 2017