Siam Commercial Bank (SCB TB)

FUNDAMENTAL VIEW [1]
As of 24 Jul 2025

- Siam Commercial Bank (SCBTB) has been a sound and profitable bank. It has a focus on the retail segment and targets to increase margins by growing its non-traditional banking businesses. It announced a major business overhaul in September 2021 to establish a new parent company called SCB X to segregate the group's core banking services (Gen 1) from its new fintech and digital businesses and to enable greater flexibility and independence.
- Recent credit costs however have been elevated due to the riskier exposure that these entail. However, profitability remains healthy and the capital buffer is strong at both the Holdco (SCB X) and Bank (SCB) level.

RISKS & CATALYSTS
As of 24 Jul 2025

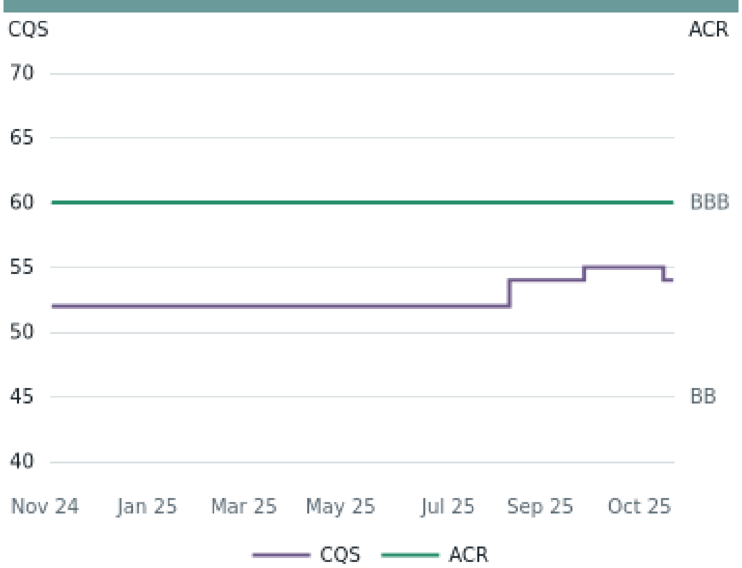
- We see a meaningful impact to the Thai economy from potential US tariffs, with ripple effects in the form of lower bank NIMs (as more rate cuts come through to support growth) and higher credit costs than earlier guided for this year. Moody's also downgraded its rating outlook on the Thailand sovereign, and consequently the Thai banks including KBANK, to negative on 29 April 2025, citing increased risks to Thailand's economic and fiscal strength, partly due to the potential impact of new US tariffs.
- The group's business overhaul and strategic direction comes with higher credit costs from the riskier target segments at the Gen2/3 businesses given the challenged macroeconomic environment. Credit costs may rise again in 2026 there is a bad outcome on tariffs. However, SCB X's higher NIM and low-40%s cost-income ratio should provide comfortable room for that to be absorbed. We also take comfort in the ringfencing of the bank unit (SCB) from the Group's riskier business units, and management's minimum CET1 ratio of 16% at SCB.
- Loan growth is likely to remain modest in FY25 given a still soft growth outlook for Thailand.

CREDIT QUALITY SCORE (CQS) [2]
As of 31 Oct 2025

CURRENT CQS
54

CQS OUTLOOK [3]
NEGATIVE | **STABLE** | POSITIVE

HISTORICAL RATINGS: AVERAGE AGENCY RATING (ACR) [4] VS CQS



KEY METRICS
As of 24 Jul 2025

THB MN	FY21	FY22	FY23	FY24	1H25
PPP ROA	2.63%	2.50%	2.88%	2.87%	2.97%
ROA	1.1%	1.1%	1.3%	1.3%	1.4%
ROE	8.4%	8.3%	9.3%	9.1%	10.4%
Equity/Assets	13.4%	13.5%	14.1%	14.2%	13.9%
CET1 Ratio	17.6%	17.7%	17.6%	17.7%	17.8%
Reported NPL ratio	3.79%	3.34%	3.44%	3.37%	3.31%
Provisions/Loans	1.84%	1.45%	1.82%	1.76%	1.64%
Gross LDR	93%	93%	99%	97%	97%
Liquidity Coverage Ratio	202%	216%	217%	212%	n/m

BUSINESS DESCRIPTION
As of 24 Jul 2025

- Siam Commercial Bank was founded as the "Book Club" in 1904. In 1907, it started operating as a commercial bank and was renamed as "The Siam Commercial Bank". It completed its IPO on the Stock Exchange of Thailand in 1976.
- The bank is 23.58% owned by the King of Thailand, and a further 23.32% is owned by the Vayupak Fund 1, which is controlled by the government.
- SCB is the fourth largest Thai bank by assets and is known for its robust retail franchise.
- Its loan profile was 36% corporate, 17% SME, and 47% retail as of June 2025.

GLOSSARY

[1] The **Fundamental View** is our current assessment of credit quality and our expectation of how credit quality will trend over the next year or longer.

[2] The **Credit Quality Score (CQS)** is a number between 5 and 100. It is a medium-term credit score for corporates and financial institutions that utilizes a combination of sector fundamental scores and equity market signals. Values of CQS above 50 generally indicate investment grade credit quality.

[3] The **Credit Quality Score (CQS) Outlook** is the near-term (3 month) outlook for the CQS, based on its trend, volatility and distance from the adjacent CQS risk bucket.

[4] The **Agency Composite Rating (ACR)** is the average senior unsecured rating from one or more major rating agencies.

Quantitative scores provided by CreditSights Analytics, LLC. Scores are shown are for the lesser of (1) 2 years and (2) date of CreditSights inception of quantitative coverage.

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