

SCB X (SCB TB)

3Q26: Results In Line With Consensus; Investment And Trading Income Are Loss Making

Highlights

- SCB reported a 3Q26 net profit of Bt10.7b (-11% yoy, -4% qoq).
- The company is in the process of cleaning up the AutoX loan portfolio.
- Maintain BUY with a lower target price of Bt180.00 (previously Bt190.00).

3Q26 Results

Year to 31 Dec (Btm)	3Q26	2Q26	3Q25	qoq%	yoy%
Total gross loans	2,438,180	2,431,607	2,380,417	0.3	2.4
Net interest income	27,452	27,306	29,413	0.5	(6.7)
Non-interest income	11,074	13,917	14,151	(20.4)	(21.7)
Loan loss provision	(8,254)	(9,571)	(10,823)	(13.8)	(23.7)
Non-Interest Expenses	(16,363)	(17,042)	(17,458)	(4.0)	(6.3)
Pre-provision operating profit	22,163	24,181	26,106	(8.3)	(15.1)
Net income	10,677	11,117	12,056	(4.0)	(11.4)
EPS (Bt)	3.17	3.30	3.58	(4.0)	(11.4)
Ratio (%)					
NPL Ratio	3.21	3.17	3.3		
Loan loss coverage ratio (%)	159	159	162		
Net interest margin (NIM %)	3.07	3.04	3.44		
Reported Credit cost (bp)	137	158	182		
Cost to income (%)	42.5	41	40		
CET1 ratio %	17.5	17.7	17.7		

Source: SCB X, UOB Kay Hian

Analysis

- 3Q26 results in line with consensus.** SCB X (SCB) reported a 3Q26 net profit of Bt10.7b (-11% yoy, -4% qoq). The results were in line with consensus forecasts but below our expectation by 8% due to a lower-than-expected non-interest income (non-II). Pre-provision operating profit declined by 15% yoy and 8% qoq in 3Q26. Loan portfolio grew 2% yoy and flat qoq in 3Q26. In 9M26, loan portfolio grew 2.4% yoy.
- Neutral tone at analyst meeting.** We attended SCB's analyst meeting, and the tone was neutral. Management stated that the asset quality is well controlled though they need another next quarter to clean up the loan portfolio in the auto loan business. The prominent loan portfolio is driven by corporate loans (40% exposure to total loan portfolio). The corporate loan grew 12% yoy in 9M26 and showed healthy asset quality.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net interest income	129,423.9	119,117.1	109,429.8	114,362.4	119,584.5
Non-Interest Income	42,949.5	52,668.9	50,478.9	51,914.5	54,553.0
Net profit (rep./act.)	43,943.0	47,488.0	42,906.5	46,578.4	48,536.5
Net profit (adj.)	43,943.0	47,488.0	42,906.5	46,578.4	48,536.5
EPS (Bt)	13.0	14.1	12.7	13.8	14.4
PE (x)	11.2	10.4	11.5	10.6	10.1
P/B (x)	1.0	1.0	1.0	1.0	1.0
Dividend yield (%)	8.9	7.7	7.7	7.7	8.1
Net int margin (%)	4.0	3.6	3.2	3.4	3.4
Cost/income Ratio (%)	42.3	40.6	41.9	39.3	38.3
Loan loss cover (%)	158.0	160.8	159.5	163.7	164.7
Consensus net profit	n.a	n.a	42,773.3	45,463.6	47,965.9
UOBKH/Consensus (x)	n.a	n.a	1.0	1.0	1.0

Source: SCB X, Bloomberg, UOB Kay Hian

Analyst(s)

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BUY (Maintained)

Share Price	Bt146.00
Target Price	Bt180.00
Upside	23.3%
Previous TP	Bt190.00

Stock Data

Sector	Financials
Bloomberg ticker	SCB TB
Shares issued (m)	3,367.1
Market cap (Btm)	518,534.7
Market cap (US\$m)	15,417.4
3-mth avg daily t'over (US\$m)	90.7

Price Performance (%)

52-week high/low			Bt158.5/Bt121.5	
1mth	3mth	6mth	1yr	YTD
9.2	14.1	12.0	27.3	10.8

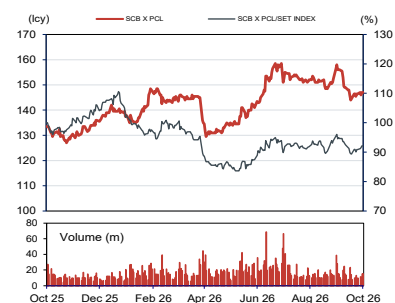
Major Shareholders (%)

His Majesty King Maha Vajiralongkorn	23.58
Vayupak Fund 1	23.32
Thai NVDR	6.09

Balance Sheet Metrics

FY26 NAV/Share (Bt)	148.2
FY26 Net Debt/Share (Bt)	n.a

Price Chart



Source: Bloomberg

Company Description

One of the largest commercial banks with roughly 15% share of Thailand's credit market. The bank has a strong focus on retail lending, which accounts for 46% of its loan book.

- **Minimal impact from flooding.** SCB Economic Intelligence Center (SCB EIC) forecasts 2026 GDP growth of 2.2%. Meanwhile, SCBEIC estimates that the impact from flooding in Bangkok and the vicinity in late-Sep 26 accounted for only 0.1% of GDP. Management affirmed that the impact from flooding on SCBX is immaterial.
- **NII increased qoq.** The bank's net interest income (NII) declined 7% yoy but was up 1% qoq in 3Q26. NIM widened from 3.04% in 2Q26 to 3.07% in 3Q26.
- **Non-II fell significantly yoy and qoq.** Non-II plunged 22% yoy and 20% qoq in 3Q26. The net gain on financial Instruments measured at fair value through P/L (FVPL) was reported at Bt1b in 3Q26 (2Q26: Bt4.4b, 3Q25: Bt4.3b). The wealth management business declined 13% qoq in 3Q26, due to the extraordinary high base in 2Q26.
- **Investment and trading income was loss making.** Investment and trading income saw losses of Bt424m in 3Q26, due to the increase in market yields reducing the fair value of debt securities. In 9M26, investment and trading income was reported at Bt2.7b (-67% yoy).
- **Well-controlled asset quality.** SCB set provision expenses of Bt8.3b in 3Q26, down 24% yoy and down 14% qoq. Credit cost decreased 21bp qoq to 137bp in 3Q26. NPL ratio increased slightly from 3.17% to 3.21% in 3Q26. The loan loss coverage ratio stabilised at 159% in 3Q26. Management said the increase in NPL came from AutoX and others that have been mentioned previously. Meanwhile, the bank's loan portfolio is clean. Therefore, we should see credit costs in 2026 to end up at around the upper range of the target.
- **The company is in the process of cleaning up the AutoX loan portfolio.** AutoX, which is the auto loan business, has reported a loan portfolio shrinkage of 7% ytd as planned. The decline was mainly due to AutoX taking a more cautious risk management stance. In 2Q26, management guided that AutoX needed two quarters to clean up its loan portfolio. Therefore, we saw an increase in NPL for AutoX to 13.2% in 3Q26. Meanwhile, management said this quarter should see a peak in NPL. The company stated that it would require another quarter to resolve asset quality issues in AutoX.
- **Possibility of lower dividend payout being less than 80%.** Management said that the dividend payment is subject to board approval. Management said the company might not fix its dividend payout ratio at 80%. Instead, the company will maintain its dividend per share (DPS). Therefore, the payout ratio may be lower than 80% going forward, according to management.

Valuation/Recommendation

- **Maintain BUY with a lower target price of Bt180.00 (previously Bt190.00),** based on the Gordon Growth Model (cost of equity: 11%, long-term growth: 2%). We roll over our target price to 2027. This implies 1.2x 2027F P/B.

Earnings Revision/Risk

- We cut SCB's 2026-28 earnings forecasts by 4.1%, 2.4%, and 5.7% respectively, to reflect the lower-than-expected of 3Q26 earnings results.

Share Price Catalyst

- Capital management announcement.

Environment, Social, Governance (ESG) Updates

CG Report: 5

SET ESG Rating: AAA

Environmental

- Low-carbon buildings. To enhance energy efficiency, adopt eco-friendly air conditioners, and opt for highly efficient machinery and equipment.
- Electric vehicles. 100% adoption of electric vehicles by 2028.

Social

- Social wellbeing. SCB continues the initiative "Access to Water", which is fundamental to every walk of life and agriculture.

Governance

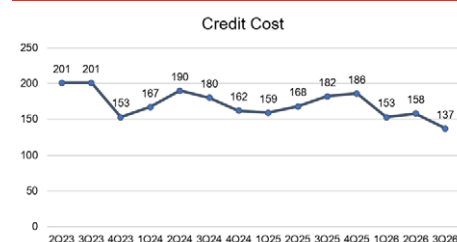
- Established a sustainability governance structure at the group level, with the aim of integrating sustainability principles and practices.

2026 Financial Targets

	9M26 Actual	2026 Targets	2025 Actual
Loan growth	2.4%	Low-to-mid single digit	-2.1% yoy
NIM	3.05%	3.0-3.2%	3.44%
Net fee income growth	12.8%	Mid-to-high single digit	2.6%
Cost to income	42.1%	Low-to-mid 40s	40.5%
Credit cost (bp)	151bp	135-155bp	174bp (normal 155bp)

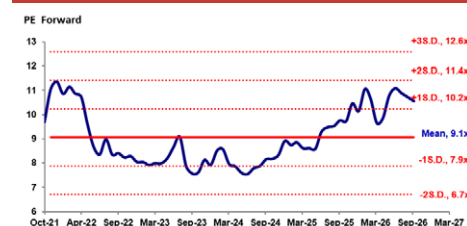
Source: SCB, UOB Kay Hian

Credit Cost (bp)



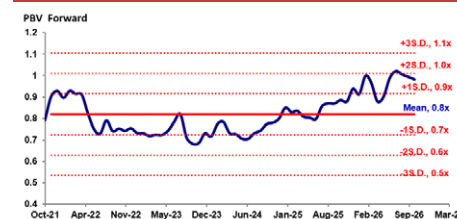
Source: SCB, UOB Kay Hian

PE Band



Source: SCB, UOB Kay Hian

P/B Band



Source: SCB, UOB Kay Hian

Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Interest income	155,979	142,577	147,351	157,199
Interest expense	(36,862)	(33,147)	(32,988)	(37,615)
Net interest income/(expense)	119,117	109,430	114,362	119,585
Fees & Commissions	31,059	33,966	34,811	37,091
Income From Insurance	0	0	0	0
Net Trading Income	17,429	11,107	11,157	11,516
Other Income	4,181	5,406	5,946	5,946
Non-Interest Income	52,669	50,479	51,915	54,553
Total Income	171,786	159,909	166,277	174,137
Staff Costs	(36,396)	(34,759)	(34,722)	(36,533)
Other Operating Expense	(33,376)	(32,207)	(30,671)	(30,196)
Pre-Provision Profit	102,013	92,942	100,883	107,409
Loan Loss Provision	(41,469)	(37,040)	(41,719)	(45,797)
Pre-tax profit	60,544	55,902	59,164	61,612
Tax	(12,324)	(12,094)	(11,833)	(12,322)
Minorities	(732)	(902)	(753)	(753)
Net profit	47,488	42,906	46,578	48,536
Net profit (adj.)	47,488	42,906	46,578	48,536

Operating Ratios

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Capital Adequacy				
Tier-1 CAR	18	18	18	18
Total CAR	19	20	19	19
Total Assets/Equity	7	7	7	8
Tangible Assets/Tangible Common Equity	8	8	8	8
Asset Quality				
NPL Ratio	3	3	3	3
Loan Loss Coverage	161	160	164	165
Loan Loss Reserve/Gross Loans	6	6	6	6
Increase in NPLs	(1)	(4)	2	2
Credit Cost (bp)	172	154	168	179
Liquidity				
Loan/Deposit Ratio	87	87	87	87
Liquid Assets/Short-Term Liabilities	38	33	34	35
Liquid Assets/Total Assets	30	27	27	28

Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Cash With Central Bank	43,867	51,519	47,839	49,555
Govt Treasury Bills & Securities	427,961	379,055	390,307	426,395
Interbank Loans	621,624	541,499	596,919	626,460
Customer Loans	2,233,065	2,292,563	2,368,679	2,454,731
Investment Securities	132,516	146,617	153,754	159,621
Derivative Receivables	48,302	51,381	53,468	55,438
Associates & JVs	2,025	1,996	1,996	1,996
Properties & Other Fixed Assets	74,718	78,612	82,150	86,180
Goodwill & Intangible Assets	22,839	24,390	24,390	24,390
Other Assets	43,827	51,734	54,500	56,392
Total assets	3,650,742	3,619,366	3,774,003	3,941,159
Interbank Deposits	281,009	287,968	295,842	305,790
Customer Deposits	2,563,315	2,632,301	2,726,014	2,824,917
Bills Payable	10,097	13,646	13,646	13,646
Derivative Payables	44,837	50,312	52,956	55,027
Subordinated Debts	120,494	21,529	63,882	106,929
Other Liabilities	129,281	110,881	110,348	112,991
Insurance Fund Liabilities	0	0	0	0
Total liabilities	3,149,034	3,116,637	3,262,689	3,419,300
Shareholders' funds	495,313	495,272	503,857	514,401
Minority interest	6,396	7,458	7,458	7,458
Total Equity & Liabilities	3,650,742	3,619,366	3,774,003	3,941,159

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Growth				
Net Interest Income, yoy Chg	(8)	(8)	5	5
Fees & Commissions, yoy Chg	0	9	2	7
Pre-Provision Profit, yoy Chg	3	(9)	9	6
Net Profit, yoy Chg	8	(10)	9	4
Customer Loans, yoy Chg	(2)	3	3	4
Profitability				
Net Interest Margin	4	3	3	3
Cost/Income Ratio	41	42	39	38
Adjusted ROA	1	1	1	1
Reported ROE	10	9	9	10
Adjusted ROE	10	9	9	10
Valuation				
P/BV	1	1	1	1
P/NTA	1	1	1	1
Adjusted P/E	10	11	11	10
Dividend Yield	(8)	(8)	5	5

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