

SCBX A JOURNEY TO TECH COMPANY

**BOLD VISION,
PRUDENT EXECUTION**

PREFACE

In 2021, we announced a plan to establish SCBX as the new mothership of the Group to unlock value and capture the largest tech growth opportunities in Thailand and the region.

Our group reorganization is complete, and we are now ready to move ahead.

In this paper, we aim to give our current and prospective investors a better understanding of our strategy, the rationale for the portfolio of our companies, our focus for the years ahead, and how we are different.

VISION AND AMBITION

Our Group's vision is to be **'The Most Admired Regional Financial Technology Group'**. To reach this, we will take key transformational leaps: Going **Beyond Banking**, **Beyond Thailand**, and **Be Value-driven**



► BEYOND THAILAND

Our goal is to serve consumers in the broader **ASEAN community and beyond**, with more than **200 million customers** using our services. We will seek this through both organic growth and M&A opportunities.

► VALUE-DRIVEN

We strive to unlock value and **pursue exponential growth** in new businesses. We aim to reach a 1 trillion Thai Baht market capitalization over the next five years.

► BEYOND BANKING

Our business today already goes beyond our banking origins, covering several **digital lenders**, **a Digital Asset Cluster**, and multiple **lifestyle services** through our Robinhood app such as food delivery, ride-hailing, and travel booking. We will continue to build our strength and capabilities in these new growth segments.

GROWTH, WITH GREATER PURPOSE

Our growth strategy is built in response to three key opportunities to address the global pain points in the immediate future:

▶ TREND 1: FINANCIAL INCLUSION

The first opportunity is to **empower the underserved**. Today, more than half of Thailand's households are either denied access to credit or can only access it under punishing conditions.

We estimate the revenue potential of lending to this segment at around **1.5 trillion Thai Baht** for the Thai market by 2026¹, and this could be five or more times higher at the ASEAN level.

While some players have tried to win this market, we do not believe the structural pain points have been solved for the underserved. We believe this opportunity still represents a blue ocean market for us versus traditional banking, as well as a relatively low hanging fruit with our brand and growing tech capabilities. Our digital lending companies will leverage advanced analytics from customer acquisition, to underwriting and collections, empowering those at the bottom of the pyramid with a **fair, simple, and secured access** to finance.

▶ TREND 2: DIGITAL ASSET ECONOMY

The second opportunity is in the emergence of a new digital economy, built around **Digital Assets** and using **Blockchain** at its core.

We expect Digital Assets use cases to mature in the decade ahead, accompanied by disruption of the financial services industry.

We want to be ready for this future, or even our banking business will be disrupted. Our initial focus is on the **evolution of banking and capital market services** into this new technology paradigm and be ready for the disruption of Web 3.0 when the next wave of real use cases emerges. To this end, we believe the current market downturn will **allow us to better capture opportunities** in this space.

▶ TREND 3: GREEN TECH

The third opportunity is in Climate Technologies. As the pressure to transition towards Net Zero accelerates, corporates around the world are seeking ways to achieve decarbonization and energy transition. Total investments in this space are projected to grow to around **US\$ 50 billion** by 2027.²

Our plan is to go beyond our own Net Zero commitment and build a new growth engine, incubating and investing in solutions to support customers to achieve their transition.

1. SCBX estimates based on Euromonitor data
2. Agarwal R. et al. The Next "Digital": Unlocking \$50 Billion Green Tech Opportunity, retrieved from: <https://web-assets.bcg.com/71/68/236f977443389753b1f452071934/next-digital-unlocking-50billion-green-tech-opportunity-bcg.pdf>

BUSINESS PORTFOLIO OFFERING BALANCED GROWTH

To pursue these opportunities, we are building our Group under five strategic themes:



► THEME 1: BETTER BANK

SCB Bank or Gen 1 business will continue to play a key role in **funding the group's growth journey** in the years ahead. Our **Better Bank** strategy will focus on improving and leaning the bank along three lines:

- **A more digital bank:** While already a market leader in digital banking, we aim to build a **more complete digital banking offering**, where more products and services are fully available in our mobile and internet bank platforms through simple customer journeys
- **A higher quality loan book:** We will continue to tighten our risk-return considerations to **optimize our Risk-Weighted Assets (RWAs)**

- **A higher fee income contribution:** Finally, we aim to improve our overall margins through higher fee income contribution, with a **focus on Bancassurance and Wealth**

Altogether, we intend to lower our cost-to-income ratio to around the mid-to-high 30s and raise our ROE from a single digit to low-teens by 2025.

With a strong capital position, stable cash flow, and a 17 million customer base, SCB Bank will continue to be a core foundation of the Group.

We are set up to win with several digital lenders, each with a distinct focus and new efficiency for mass markets



► THEME 2: DIGITAL LENDING

The strategic rationale for building a portfolio of digital lending platforms (which is adjacent to banking; hence Gen 2) is to **grow our customer base**, especially by unlocking credit access for the **underserved, lower-income segments**.

To successfully target these higher margin segments, credit risk control through technology, building **AI-enabled underwriting and collection models**, is essential.

Leveraging **alternative data** sources, our underwriting models can be more effective than traditional banks in identifying those lower income customers with higher ability and willingness to repay. Similarly, our digital lenders strengthen their collections capabilities through AI-based predictive models, from early stage to post-delinquency.

We have already formed **four digital lenders**, each with a distinct proposition:

- **Card X**, providing personal loans and credit cards for mass and lower mass customers through various ecosystems,
- **Auto X**, offering auto title loans that allow customers to easily access credit using their auto property title as collateral,

- **SCB Abacus**, a fully automated micro lender, offering loans to underserved customers, and
- **MONIX**, a JV with a Chinese fintech unicorn, offering nano loans for individuals with intelligent underwriting.

By launching multiple digital lending platforms, we aim to:

- **Diversify SCBX risk exposure:** by having players with different approach and ecosystems for various customer segments, and
- **Ensure a complete offering and maximum customer reach:** by catering to customers' specific needs and personas to capture as many customer moments of truth as possible. By design, certain customer overlap is strategic.

Altogether, our digital lending portfolio companies will capture **higher NIM** than previously possible under SCB Bank while keeping credit costs under control.

Our Gen 3 business then spans across 3 different themes.

► **THEME 3: DIGITAL ECOSYSTEM**

Theme 3 is about building a digital ecosystem. As consumers increasingly adopt digital-first lifestyle, we need to build ecosystems to **deepen and strengthen customer engagement** to unlock their revenue potential.

We have thus built **Robinhood**, an all-encompassing lifestyle Super App aiming to fulfil customers' diverse needs as they go through their daily lives: from food delivery and travel booking, to express, mart, and soon-to-be-launched ride-hailing.

In less than 2 years, we have grown to over 3 million users and become the 2nd largest food delivery platform in Bangkok, thanks to our ability to leverage SCB's existing customer base, both individuals and merchants.

Though a latecomer, Robinhood does not need a cash burning business model even without charging a GP to gain customer traction – a unique contrast to peers in similar spaces.

Robinhood allows us to increase **customer touchpoints and data** that give us further insights on their digital behavior. It also raises the **average revenue per customer** for the wider SCBX Group by:

- Providing **services in completely new verticals**, beyond finance,
- Serving as a **cross-selling platform**, where other SCBX portfolio companies can cross-sell products, and
- Contributing to our **customer 360 view**, adding lifestyle insights to our Group-level data pool

As its user base continues growing and creating network effects, we are expanding into new business areas and setting the path to profitability.

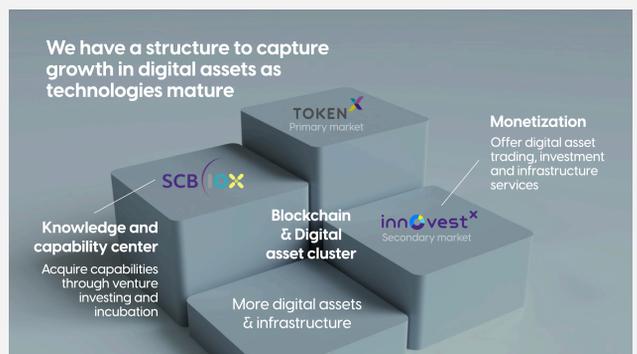
► **THEME 4: DIGITAL ASSETS & FUTURE TECHNOLOGIES**

Theme 4 is about investing in future technologies with a focus **on technology capabilities surrounding Digital Assets**. As tech paradigms evolve, we cannot think in the same boxes if we aim to achieve exponential growth. A whole new box is needed, as these emerging technologies have the potential to disrupt our other traditional products and services.

We have built a self-reinforcing **digital asset cluster**:

- **SCB 10X** : Our venture capital and incubation firm focuses on acquiring knowledge and capabilities through a portfolio of investments related to fintech and blockchain technologies. SCB 10X has incubated a strong Digital Assets community of startups, some of them incorporated as standalone SCBX entities such as Token X, and some of them successfully exited, such as Ape Board, a multi-chain DeFi dashboard which was sold at a Multiple on Invested Capital (MOIC) of 4.6x and an IRR of over 550%.

- **Token X**: Our licensed ICO portal, offering tokenization services, which create a bridge between physical and digital assets.
- **Innovest X**: Our digital investment platform, allowing investors to trade both traditional securities and digital assets, as well as exchanging between fiat currency and digital assets. Tokens from Token X will eventually be tradable on the Innovest X platform, enhancing the latter's offering. Similarly, the liquidity Innovest X provides can enhance the attractiveness of Token X's services.



Through our Digital Asset cluster, we will continue monitoring emerging technologies, and capture monetization opportunities. What SCBX will not do is pursuing speculative positions in crypto assets.

► Theme 5: CLIMATE TECH

Theme 5 will be around **Climate Tech**. Today, we already committed to reaching Net Zero **in our own operations by 2030**, and in our **lending and investment activities by 2050**. These are bold and aggressive commitments, and we are determined to achieve them.

Our ultimate ambition is not only our own transition to Net Zero. It is instead to build **Climate Tech as a new growth engine**, offering technology services to help customers in their Net Zero journey, along with financing support, thereby creating a unique value proposition.

These could include carbon measurement, tracking, and reporting solutions, carbon exchange platforms, and green mobility. Further business opportunities will evolve around EV subscription platform where we link Climate Tech with our existing digital platform.

To understand the market and investment landscape before making significant investment, we have committed initial investment capital in reputable climate tech investment funds.

EXECUTION IN PHASES

We will achieve our vision of becoming 'The Most Admired Regional Financial Technology Group' in three phases.



► PHASE 1: BUILD CORE TECH & DATA CAPABILITIES (1-2 YEARS)



In Phase 1, our current focus, we transform ourselves into a Tech Group, building our **core tech & data capabilities** and orchestrating synergies to enable and accelerate our portfolio companies.

First, we enable the transformation by bundling capabilities in areas that allow for group synergies, improved access to capabilities or managing group risk better – our **wave 1 CoE** of Data & AI, Cloud and Cyber

- The **Data & AI CoE** sets the strategic direction on how the Group will leverage data and analytics, defining our data governance to ensure we observe all privacy protection and client confidentiality requirements, as well as remain compliant with all relevant regulations
- The **Cloud CoE** will support Cloud deployment for portfolio companies, allowing them to scale fast and optimize their unit economics, saving costs for the whole Group
- Finally, the **Cyber CoE** will safeguard the whole Group from any form of cybersecurity threats and set overall cybersecurity governance across portfolio companies.

Second, we have set up two standalone subsidiaries, to play the role of **growth accelerators** and provide operational capabilities to deliver the COE and develop group Technology and Capabilities for our portfolio companies:

- **Data X** will enable the operational capabilities for the Group to collect, use, and enhance data holistically across the group while managing regulatory compliance and the responsible use of AI. It has ingested over 90% of Group customer data and is building a robust customer 360 view that can be leveraged across the Group
- **Tech X**, in turn, provides our Portfolio Companies with mature tech development capabilities, technology assets, and technology talent to accelerate our technology transformation at scale while keeping overall costs under control. The Robinhood app is a good example: Tech X did not only build this app from **concept to go-live in just 4 months**, it also designed its underlying technology architecture

Finally, as the SCBX ecosystem continues to expand, we offer unique learning opportunities for tech talent to advance professionally. With our diverse set of challenges and exposure across portfolio companies, we are uniquely positioned to attract and retain a new generation of top-tier tech talent in Thailand and the region.

▶ PHASE 2: DELIVER GROWTH WITH SCALE AND SYNERGY (2-3 YEARS)

In Phase 2, we will deliver financial results from our Digital lending businesses, critical for our growth strategy's success. Over the next 2 to 3 years, we expect our digital lending businesses to show **fast earnings growth** to ensure a steady earnings' growth profile for the whole Group.

By 2025, our digital lenders should be delivering:

- **Higher, double-digit margins**, given their focus on lower income segments and the corresponding ability to offer products at higher margin while controlling risks through AI-based scoring and collections,
- **A growing contribution to our business**, with a higher ROE, and
- Some of our **IPO aspirations** for selected companies such as Card X, on top of other **fundraising plans**

▶ PHASE 3: MONETIZATION AND EXPONENTIAL GROWTH (3-5 YEARS)

The final phase of our 5-year plan focuses on **monetization and value realization** of our **Gen 3** businesses.

In this phase:

- **Robinhood achieves profitability**, with target breakeven in 2026 after launching additional verticals with more immediate monetization strategies and scaling back subsidies currently in place to achieve scale.
- Our **Digital Asset cluster begins its path towards exponential growth**, as Digital Asset use cases mature
- We continue to **realize equity value**, through further IPOs and fundraising rounds with Card X and Innovest X IPOs in 2025 and Auto X IPO in 2027.
- We expect certain startup firms in our portfolio to reach **unicorn valuation** status.

Finally, it is in Phase 3 when we will achieve regional scale and establish leading positions in selected markets across ASEAN.

ACHIEVING OUR BOLD AMBITIONS, WITH DISCIPLINE

From the top, SCBX Group will instill discipline across three dimensions:

From the top, we ensure robustness in execution



Investment

Big commitments only with proven records

Allow portfolio companies to fail; no cash burning model

Dedicated pre-deal and post-deal teams



Compliance

Portfolio company compliance aligned by group-wide framework

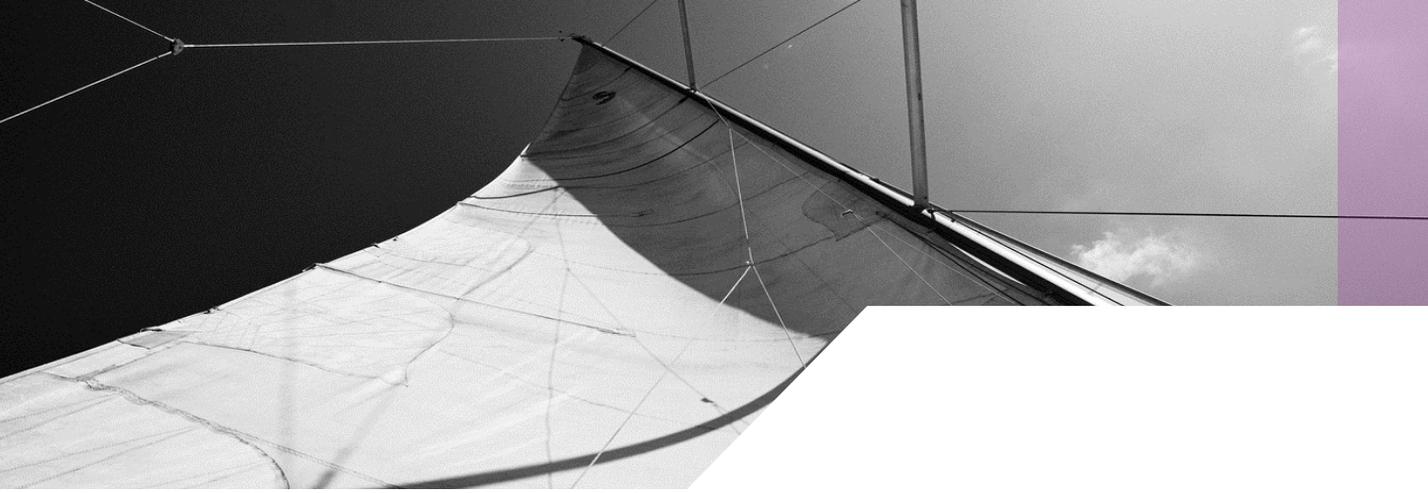
Active monitoring & risk identification



Governance

Committees at SCBX level to govern key policies

SCBX's control over portfolio company's boards and appointment of key executives



▶ INVESTMENT PHILOSOPHY: MOVING FORWARD, CAREFULLY

At SCBX, we take “calculated risks” through our investments, always starting with manageable investment amounts before scaling up. In addition, we will not hesitate to let companies fail, should they no longer fit with our growth strategy, to protect the long-term benefit of our shareholders.

As in any PE fund firms, we have a robust, end-to-end investment evaluation and execution process by our:

- **Business Development team.** We have a dedicated business development team that scans the market for regional opportunities and assesses their potential synergies with the Group’s aspirations
- **Investment committee.** We have a management-level deal committee and an investment committee consisting of key executives and outside experts to scrutinize each investment deal before proposing to Executive Committee or Board of Directors for approval
- **Post-deal monitoring.** A dedicated portfolio management team monitors execution plans and the business performance of our portfolio companies. This is to ensure SCBX is aware of strategic matters and adjust capital allocation in a timely manner.

Our investment plan over the next 3 years will **focus on Gen-3 opportunities**. We will adjust our capital allocation based on performance. We fund investments with excess capital and prudent debt leverage, to enhance our Group ROE.

▶ COMPLIANCE: OUR CORE VALUE

From the top, we ensure robust compliance both at the Group and portfolio company level:

- We establish **Group-level compliance and risk management policies and frameworks** to be adhered to by every portfolio company, on top of existing policies at the portfolio company level
- The SCBX **Group Risk Oversight Committee** and **Audit Committees** work closely to monitor any compliance and risk-related issues that could pose threats to the Group, and develop protocols to address them

▶ GOVERNANCE: GIVING FREEDOM BUT ENSURING COHERENCE TO GROUP'S DIRECTION

Finally, SCBX Group has put in place the right governance mechanisms to ensure that we allow each portfolio company enough freedom to define their own destiny, while being able to execute a coherent Group strategy and to drive synergy realization from the center. It is important to note that CEOs of portfolio companies are accountable to their own boards of directors and do not report to the Group CEO. SCBX exercises governance through its representation in portfolio company's boards. We typically have majority control in portfolio company's boards of directors, as well as the appointment of key executives.

To prevent portfolio companies from taking excessive balance sheet risks, we have also placed a limit on the debt-to-equity ratio at less than 7x for digital lending portfolio companies, and less than 3x for our non-lending businesses.



WHY SCBX ?

Because we offer investors a unique type of exposure, that others cannot offer:

- By capturing some of the biggest **GROWTH** opportunities ahead of us, while serving a greater purpose (reducing income inequality, and enabling the tech paradigm shift and the Net Zero transition),
- Because we are **ADVANTAGED** to accelerate and scale our portfolio companies, thanks to our 17 million customer base launch-pad and solid capital,
- Because of our ability to ensure **SYNERGIES** across the Group, thanks to our CoEs and our Growth Accelerators (Data X, Tech X),
- Because of our **BALANCED GROWTH** profile with a steady growth profile in the near term and effectively an option for exponential growth in the long-run,
- And finally, because we can maximize **CAPITAL EFFICIENCY** better than banks and we have a very strong balance sheet to support our growth journey in the coming years.

Our mothership has now taken off, and we are ready to transform the tech landscape of Thailand and the region. We invite you to join us on our journey – to go above and beyond with SCBX.

IMPORTANT NOTE:

This report contains “forward-looking statements” of SCB X Public Company Limited and its subsidiaries (“SCBX Group”) that related to financial or events of future period. Certain statements contained in this report that are not historical fact are the future expectation of financial position and results of operation, strategy and development in the markets where SCBX Group participates. These forward-looking statements are made based on the current management view and assumption, including but not limited to prevailing economic and market conditions as at the date of this report. As these forward-looking statements involve known and unknown risks and/or uncertainties, the actual results, performances, or events may materially be different from such statements. This report, including forward-looking statements, are not and shall not be construed as representation, warranty, forecast or projection of future performance of SCBX Group. SCBX Group does not undertake to update, amend, revise, or supplement this report no forward-looking statements, and does not endorse or accept any responsibility for the reliance or use of any content of this presentation and forward-looking statements.