

InnovestX Strategy Day

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[Video presentation, 8 minutes, not transcribed]

Pranisa: Good morning ladies and gentlemen, and welcome to InnovestX Strategy Day. We greatly appreciate your time to join us here today as we have an exciting journey to share with you.

My name is Pranisa Kovithvathanaphong, I am the CFO at InnovestX. Together with me today are a couple of people from our management team, who will be sharing our plan, as well as answering any questions that you may have.

First, let me introduce you to:

Dr. Arak Sutivong, Chief Executive Officer, who I'm sure you already know from various stages at SCB Bank and SCBX Group.

Next, we have

Khun Ittiphan Jearkjirm, Chief Digital Business Officer

Khun Ittiphan covers all our digital business, including InnovestX application that we just recently launched.

And lastly, we have

Khun Putikarn Aurat, Chief Digital Asset Officer

He is spearheading all our digital asset initiatives, including our recently launched digital asset brokerage and exchange. And he would be happy to tell you more about it and our future plan.

I hope you enjoyed our video presentation, and hopefully you got a sense of a little bit of who we are and who we aspire to be.

Before we jump into the Q&A session, let me ask the management team to share with you a little bit more on our plan. Let me first start with our CEO, Dr. Arak. We recently just rebranded our company from SCB Securities to InnovestX.

Can you share with our audience why we did this and talk a little bit about our business aspirations?

Arak: Thank you and good morning, everyone. It's good to see everyone again, and I'm here under a different capacity this time, as CEO of InnovestX. I'm looking for an engaging session with everyone.

You know, by way of introduction, this is probably the seventh or eighth session that we had on SCBX already. We structured SCBX around three different generations — Gen 1, Gen 2 and Gen 3. InnovestX is part of Gen 3. So, we are mandated to look into the future and to imagine what the future might be like and to position the group ahead of it and try to really capture the future value creation from this perspective.

As a group, we firmly believe in digital technologies. We believe in blockchain, we believe in digital assets. And hence, we are imagining how these will transform the landscape of investment and finance.

We believe that blockchain as an asset will first and foremost transform capital markets, and hence, we are re-platforming or rebranding SCBS, which is inherently in the investment arena, to become a broader platform under the name InnovestX.

At InnovestX, we'll be looking at investment and looking to collaborate and coordinate across the entire SCBX Group to build digital asset financial services and investment in the future.

On the screen, you probably see that in addition to InnovestX, which is providing an integrated investment platform, which we'll give a little bit of detail later on, we are working with various companies, big and small, that you may or may not be

aware of. For instance, TokenX is our tokenization platform. It is a primary market in effect. It is essentially investment banking in the digital context.

In addition to TokenX, we also have RakkaR Company, which is a strategic investment by SCB 10x, where we are providing a regional digital asset custody service, and that is already in operation.

SCB 10x, as you are probably aware, is venture capital and venture building arm, and it has a significant focus on blockchain and digital assets. And finally, Digital Ventures which has been looking into blockchain and working in supply chain.

So, among these companies, we are putting together a rethinking of what the landscape in the future will be, and then trying to position the group ahead of it. Also, we should say that the group has been looking at this topic for the past several years. By far, we believe that we are the only group in Thailand at the moment to have the most comprehensive set of licenses, as shown on the right. I won't bore you with the details, but we either already have, or are in the process of acquiring these licenses, which will be a fundamental part in building the infrastructure and ecosystem on digital assets.

Looking ahead, what we intend to do is, for the first step, we want to provide an integrated investment platform via our Super App, and we will talk about that a little bit later on. Once we secure that, essentially, it will be a gateway. Imagine, if you think about the current financial context, we have the concept of main bank account. We want to build an investment platform where we actually have a main wallet concept, where a customer can actually have multiple sets of assets. And you can use it as a one-stop place to be able to look at all your investment and assets in the future.

Once we have that, we step into building an ecosystem for Thailand's digital assets, enabling the ecosystem in Thailand, which is a second step. And then we start to scale beyond Thailand to become a regional player. And over time, in three to four years' time, we are looking to IPO the company. So that's sort of, in a nutshell, what we want to build, based on our belief in future technology, digital and blockchain. We are looking to make this a new journey for the group.

Pranisa: Thank you. Let me also add a little more color on our existing business in terms of the financial aspects.

We are among the top five securities companies in Thailand, by revenue and net profit. In the first half of this year, we recorded around 2 billion baht in revenue. And our growth has been going quite strong. In terms of our operating model, we segment our retail customer into two groups.

The first group is more of the higher wealth customers and customers with sophisticated needs. For this group of customers, we have our relationship manager and marketing sales to advise on investment decisions, as well as providing servicing for this group of customers.

The second group is more of the general public, the general population, and we focus on serving them through digital. This is to lower our costs, through our digital platform.

One thing that we have focused on over the past few years, is to diversify our revenue sources — not to rely too much on brokerage commissions from Thai equities. As you can see, I think three years ago, 70% of our revenue came from commissions from Thai equities. But over the past year, we have tried to diversify that, distributing more on mutual funds as well as offshore equities, and also structured notes.

We consistently perform better than the industry in terms of cost-to-income and ROE. However, this year, I think due to a lot of transformation that we are going through, especially in revamping our IT infrastructure, our cost-to-income may be higher in the near term. But we believe that this is very important for our long-term growth and potential business in the future.

As you can see, we have quite strong growth compared to the sector, and this is because we were able to capture and onboard over 500,000 new customers over the past few years, which were mainly from digital acquisitions. Going forward, that will continue to be the trend that when we capture new customers, mainly through digital [channels] to increase our profitability margin. This growth also

came from our strong mutual fund distribution channel. And our current AUM is around 30 billion baht. Our app will have a lot of features on mutual funds such as Intelligent Portfolio, and we hope to capture more in this market.

Of course, we are looking to grow our new business in digital assets and also expand regionally. So maybe let me turn now to Khun Ittiphan.

Given that there is increasing competition in digital investment and wealth platforms, can you share with us our strategy to win in this business and also maybe comment on how we did recently with our InnovestX app launch?

Ittiphan: Thank you very much. This year is very important to us. As Khun Pranisa said, we have been spending a lot of resources in terms of transformation to revamp our tech stack, and I think we are ready for the challenge, going forward.

As you have seen in the video, Thailand's base of investor is still low compared to what should have been achieved. If you look at the number, it is only 3%. We should have a lot of growth opportunities in this investment application space. And based on that, we are trying to leverage from our strength, the brand strength that we have through our InnovestX brand, which is a subsidiary of SCBX. We are going to use our high-quality tech stack, that's scalable and has more security, and also tap into our huge customer base of around 18 million customers.

Let me share with you how we built our application, which is based on our understanding of what customers need. First, we understand that the investment is everywhere, and it should be presented in a single application. We built our brand new, all-in-one application, a Super App for investment, which I think is the first of its kind to do something like this, that bridges between traditional assets and digital assets in one single app.

Second, we know that a lot of information is very hard for investors to comprehend, so we built a personalized notification to send messages or send information to the customer at the right time and relevant to each customer.

For a third part, we understand that investment is not an easy task. So we built the Intelligent Portfolio to help customers to get into digital advisory and get their portfolio started from our InnovestX application.

After we launched, let me share you some of the numbers that we have seen. We had a really successful launch which attracted a lot of new applications or users, around 160,000–170,000 new app users came to us, and 30% of that number are new to our InnovestX application. We see a lot of traction in terms of monthly active customers coming up, and the app engagement is much better than before. Given that we have a wintertime in the digital asset, we still attract new clients who want to have a position in digital assets, around 10,000 customers within the first two weeks. So that's a summary of what we have done, and that is going to be the future in terms of the application.

Pranisa: Thank you. Now let me turn to Khun Putikarn, our Chief Digital Assets Officer. Digital assets will be one of our key growth drivers over the next few years. This is a new area with a lot of innovation and new business models, going forward. But zooming down to just this year and next year, can you share with the audience what is our game plan to win with the brokerage and exchange business that you have just launched?

Putikarn: Thank you for the question. Before I go to the game plan, please allow me to give some important data and some insight. Again, if you capture what has been explained about our businesses, we never use the term "cryptocurrency." We always use the term "digital asset", because we trust that digital asset is actually much larger than the cryptocurrency. Cryptocurrency is just one of the use cases that can be applied in the digital asset space.

To give you an example, cryptocurrency, which you may know is like Bitcoin, Ethereum, a means of payments for a particular blockchain. You have utility token that can store some of the rights of the investor, to gain or to exchange something. And then one of the important things we focus on is investment tokens, because investment tokens give more opportunities to the investor on new kinds of offerings and fundraisings, and still can be applied to many use cases for the capital market, under the blockchain technology or under the digital asset space. We have

other use cases in carbon credits and so on, that are still under so-called digital asset as well. Again, we are not just focusing on the trading business, we look for the entire digital ecosystem as part of our business.

On the screen, you may see that there is some of the key data. You can compare the Thai stock market, the trading volume and digital asset trading volume for the past two years. You can see that only 4–5% of the volume is digital asset trading accounts, compared with the equity market. So that means there is a lot of room for us to take this opportunity.

Looking at the global market, it is trading around THB 2 trillion every day this year, which is half of what it was compared to the last year when we had a bull market. It means that we have quite a lot of room to capture this opportunity, and also if we compared [the current size of global digital assets market of \$1 trillion] with the entire global capital market of around \$1,000 trillion last year. That means that if we only capture 1%, the growth rate would already be 10x.

At the Stock Exchange of Thailand, you can see that SET's development has been over many decades. Right now, we have over 2 million investors. For the mutual funds, unique investors are around 1.5 million. Whether we like it not, for the past few years' adoption of digital assets in Thailand, we have registered customers, as per SEC data, of around 3 million. Still, there are quite a number of the customers who opened accounts on global platforms and other DeFi as well. So, this is an opportunity for Thai investors. With the offerings of InnovestX, which integrates security investment and digital asset investment, we can bridge these two worlds. We can introduce security investors to know more, understand more about digital assets and give them opportunity to access and invest in qualified products on our digital asset platform.

For digital assets, we have very new type of investor. The new generation, they understand all the books, they know how to trade already, from an early age, which is very good for other types of securities as well. This can bridge two worlds.

But if we focus on the game plan for digital assets for 2023, based on our research, we know that the entry barriers for new investors in the digital asset space and also

the pain points for DA investors currently, pretty much can be concluded in five things that we call the five “TY”s, to make it simple to understand.

First, is liquidity. It’s very important, as we need to provide sufficient liquidity to customers. That's why, as per our game plan, from day one, we applied for a brokerage license. This means that we can bring liquidity from all over the globe from regulated and good exchanges. We have partners with global exchanges and also local partners as well.

The next is the quality of the product. Obviously, we would like to bring qualified products to the customers. We have proper listing rules, and we make sure that the products that we list on our InnovestX application will be products of proven use cases, liquidity and also with high security.

The next is a no brainer: the security or the cybersecurity of the InnovestX application, especially on the digital assets. It's very important that the assets of the customer must be there. We apply a bank-grade or enterprise-grade security system into digital assets. We invested a lot in this one.

The next is trustworthy. We have been operating as a securities company for decades. We trust that the way we advise our customers, the way we give information to customers, is something that the investor can trust. Also, we are not just a group of founders, we are an institution. We do business, we are here, we go nowhere.

Lastly, we are trying to unite with regulators and the industry. It means that working with regulators to shape the regulations is important. The objective of having regulations is to protect customers, to protect investors. So, we not only meet the minimum standard, we are trying to achieve what is best for the investor and work together with the regulator to make sure that we have the regulations that not only shape the industry, but also are competitive with the global market.

So, these are the things that we plan for the trading business for next year. But still, we are not only doing the trading business, we also still have in the pipeline to do the fund management. We are in process of applying for DA fund management

license, advisory business, and also, we want to replicate this strategy to our regional expansion game plan, as well. These are the things that we will try to do next year.

Pranisa: Thank you very much. I hope you have a much clearer picture of our strategy and game plan. Next will be our live Q&A session. So allow me to turn this over to our team to moderate this part. I am sure there are a lot of questions lining up already.

MC: Everyone be reminded that there are two ways to ask your questions. One is to ask your question live by yourself, you just need to press the raise hand button. And once I call your name, you can turn on your camera and microphone and ask your question. Or you can also just type in your question in the chat box, and I will read the question on your behalf. Let's now move to the Q&A session with Dr. Arak and his InnovestX's top team.

Let's start with the first question, which is a question from inbox, from Khun Peach, UBS.

"Will the Bank of Thailand's prohibition for banks and subsidiaries to operate digital asset business have any impact indirectly or directly to your strategy?"

Arak: Okay, so that's an important question. And we should actually make sure that we understand the scope of the regulation as well as the implications. First of all, digital assets are being regulated under SEC. SEC came out about four years ago to lay the foundation of how digital assets would be governed, and there are various licenses that are being issued. So that's the level playing field part, where everyone is subject to the same set of licenses and regulations.

In addition to that, the Bank of Thailand also recently came out to prohibit cryptocurrency to be used as a means of payment. Everyone is also under that same regulation. But just as Khun Peach asked correctly, the Bank of Thailand did have an additional set of regulations governing banks and financial institutions, financial groups, that would like to participate in this ecosystem. So specifically,

the Bank of Thailand does not actually prohibit financial groups or banks to participate in digital assets, but we need to participate in the way that actually would be allowed by the Bank of Thailand. First of all, you are right, the bank itself, as an institution, cannot directly get involved with digital assets. It cannot, run the operation. But subsidiaries of banks can.

Likewise, financial groups have even more flexibility. In our context, bank is one of the portfolio companies. There are many portfolio companies, InnovestX is one of them. So that as a financial group, we are also regulated by the Bank of Thailand, but in a slightly more flexible framework, I would say.

I will give you an example. For instance, there's the concept of a digital asset limit of 3%. So, it says that if you are under the bank, there is a hard cap of 3% DA limit of capital. For a financial group, SCBX is a financial group, the same limit applies, but in a soft cap. For anything above 3%, that's the way to account for it. In that sense, we have more flexibility to operate digital assets more flexibly and at a larger scale.

Now, at the same time, there are also quite clear rules and regulations in terms of how banks can actually support and participate in this, for instance, for referrals and things like that, there are some details. I have to say that, in the end, compared to the financial groups among the banks, we are probably set up well under SCBX to operate that. Now, compared to other, broader company non-banks as well, we are regulated by the SEC as well as the Bank of Thailand, so there are more regulations. But from our understanding and from the way we actually want to do business, we have been in communication with both the Bank of Thailand and SEC to ensure that our direction is not significantly prohibited by the Bank of Thailand. Likewise, in the same way, fintech limits were set up several years back, at some point when the risk and return and the way risk management is done, they also tend to relax [the regulations] that but that's a topic for the future.

All in all, we believe that under the current regulations, we can operate and set up the entire ecosystem quite flexibly without it being prohibited relative to other non-banks. But over time, when we want to scale further, there will be dialogue with the regulators to ensure that, with the right risk management framework, we can

still manage to grow the innovation, as well as new businesses, as far as ecosystem building is concerned.

MC: All right and we are still with Khun Peach from UBS.

"What is the InnovestX assumption on trading volume of all assets versus the digital asset mix in the future? And also, the revenue target breakdown."

Pranisa: I think, as Khun Putikarn showed earlier, the daily trading volume of digital assets is roughly 5%, compared to Thai equities. As we come out of crypto winter over the next few years, we believe that number, that ratio will definitely increase and pick up. And since we are one of the earlier, first movers into the space in Thailand, we hope that we can capture quite significant market share in that area. And again, it's not just a trading business, we will also have other digital asset businesses, such as private fund management that Khun Putikarn mentioned. And so overall, we estimate that digital asset revenue will contribute around 30–40% of our total revenue in three years.

MC: Next is live question, from Khun Weerapat, CLSA. Please ask your question.

Weerapat: I have two questions.

"The first question: InnovestX targets 4–5 million customers by 2025. How many customers does the company have now? And I recall that one of your strategies to gain customers is from SCB Easy App users. I think the migration of customers to use mobile application has already peaked. What is the customer target? And what is your customer acquisition strategy?"

And my second question, regarding InnovestX's aggressive target of digital asset revenue of 30–40% of total revenue, how will the company gain new customers and grow the top line, given that the market share is now occupied by leading players like Bitkub, Satang Pro, and Zipmex?" That's all for me. Thank you.

Ittiphan: Let me take the first question. How can we or how do we plan to acquire the customers? I think you are right that the number of mobile banking users has already peaked, and a lot of people are already in mobile banking. But as you can see, the number of investors is still low compared to what we should be able to acquire. So, I think that the first answer would be yes, there is a market that we can still address. The question is that even though mobile banking is high, how come the investors are still not there? The simple answer would be that investment is not in the nature of Thai people, in terms of education or investment knowledge, so there is still room to grow.

What we think of as an acquisition strategy is that we are trying to make the advisory as digital as possible. One of the things that we are trying to do now is to offer the Intelligent Portfolio, which is a pre-built portfolio and automated investment, which makes it easier for the new type of customer. We have three types of features. One is the Guru Portfolio, for which we have an expert to build a portfolio for the customer. Second is a goal-based portfolio, meaning that we ask the client what's the goal of that investment, and we build a portfolio based on that goal and help them to invest to achieve their plan. And the third is not for the beginner, but more for a "medium-knowledge" investor, the thematic portfolio. Some customers may know that they want to invest in something, but they do not know what mutual funds they should invest in, so we will build that. So this should help us to attract new customers into our application. If you ask what our target group for our customers is, we target the younger generation, maybe Generation Y and Generation Z who will use applications more and more in the future.

Arak: Let me also add to that. This is a very important question. And we want to also look into the macro element of this, because like I said, this is a Gen 3 business, so we look into the future, and we believe that as the country matures, there will be more disposable income that can be invested.

Frankly, it is also driven by our belief in financial inclusion. We believe in financial freedom. We believe in investment as a vehicle towards that. And it is our mission to try to push that for the country. In that sense, as the country matures, you would expect, based on examples from other countries, the penetration starting from 3% that we have seen so far, should go up higher. From countries that we have seen,

15–20% is not unrealistic. It might take a little bit of time, but by positioning ourselves ahead in building a comprehensive ecosystem for securities, equities investment, as well as digital assets investment, we believe that would allow us to differentiate and build the customer base. That's on the macro side of things.

On the immediate given that we have 17 or 18 million customers within our ecosystem, as you probably have been following SCBX, there's the intention to actually try to work as a big group, where we can leverage insights and information from various different parts. Through DataX, and through various ecosystems, we can make referrals within, and there's an ongoing dialogue between different companies in terms of how we can actually leverage the customer base across different entities and companies. We believe that by presenting ourselves as the platform for future investment, we can actually try to grow the customer base further.

You also asked about digital assets. How do we grow that, how do we compete? In a way, we are still early in this whole thing, and frankly, over the past year and a half, a lot of discussion, a lot of activities have been in and around cryptocurrency trading. As Khun Putikarn mentioned, we are not really building our platforms to support just cryptocurrency trading. We believe in cryptocurrency, as use cases, in some use cases, but we believe in the broader concept of digital assets. And these digital assets have many use cases. Some of them are not here yet, things around investment tokens. In Thailand, for investment tokens, there might be only one or two. But if you believe in the future, if you believe in evolution of capital markets, you will, in the future rather than raising funds through IPO, you might actually do it through ICO. You can do fundraising. Some SMEs, who have an apartment or assets, will be able to raise funds this way. And once you have that, you start to see assets being tokenized, assets traded on the platform.

So, there will be more use cases and therefore in the secondary market, there will be activity that people participate in. Now, we should say that in terms of differentiation, firstly, is that we are comprehensive. We look to provide integrated sets of asset classes, from traditional assets all the way to digital assets, which is unique. That's number one. And number two, we believe that over time, there will be more asset classes around investment tokens use cases coming in, and that we

are uniquely positioned to do so because we will be working with various partners to connect.

Also importantly, our customer base, we do not talk about that often enough. But we have affluent and high-net-worth private banking customers who actually reached out to us and have expressed interest in participating in this. Of course, then we need to come up with the right model to cover them. But in that sense, we have an inherent customer base who are actually primed to get into this space. The number of customers may not be the right count for those types of segments. It is really the AUM that we need to be talking about. And that's something that we'll be sharing with you over time, in terms of quantity, as well as the quality of the customers coming in. We believe that we have a sufficient value proposition, differentiation, along with the five areas that we discussed in the video as well as what Khun Putikarn covered how we intend to differentiate against the other offerings in the market today.

MC: All right. Next question is, again, from the chat box, from Khun Korakot, Kasikorn Securities.

"Do you need to use pricing competition to obtain market share from both old assets and digital asset brokerage market?"

Putikarn: Let me take this, on the digital asset related question. Obviously, our value proposition is, as you can observe, that there is nothing about price. We never want to use a low price or use a low fee, as the vehicle to win the market.

Basically, as per the research, the pain point for the digital asset investor is pretty much on the liquidity. So that is why we had a brokerage license since the beginning. At an early stage, we could bring liquidity to the customers. The next is about quality. Basically, for the current tokens or coins, it is pretty much a commodity, because the customer can invest in these tokens anywhere. But as Dr. Arak mentioned, it is not only these tokens or cryptocurrencies that are available in the market. We also already focus on investment tokens, ICO types of things and we have sister companies, like TokenX that have an ICO portal license. So there will be a lot more coming.

And again, with the cybersecurity and trustworthy, as a securities company part of the financial group, we make sure that we can provide this value proposition to the customer, not playing the lower-fee games. That's how it goes. Based on the few weeks since we launched the application, on some days, we had the number two market share. But still, we are humble. It is too early to say. We offer only 21 tokens right now, so there is a lot of work to do. We look forward to having the support from investors and customers in driving this business, as well.

MC: All right. Next question, from Khun Tanawat, TISCO Securities and also a similar question from Khun Sarachada, Thanachart Securities:

"Regarding your original expansion plan, how do you compete with local platforms and what is your competitive edge?"

Arak: First of all, this is a relatively new area. Not a lot of players can claim to be incumbents or can claim to be experts in this. All of us are trying to figure out. A lot of people who have gone into this believe in the future of digital platforms, digital technology, blockchain digital assets, as I mentioned, so it is in early days. Therefore, the operating experience that we actually have, by operating in a comprehensive ecosystem in Thailand, would be a definite plus, in order to differentiate among ourselves. But that in and of itself, is just one area.

In our view of expansion across the region, we believe in two things. One, we believe in our technology-driven capabilities to do the expansion. We have been looking at this area for the past several years through SCB 10X, and recently, many more companies within our group are looking into forming alliances and partnerships.

For instance, we just set up a strategic investment in collaboration with Fireblocks, and for those who track digital assets, they would recognize that Fireblocks is globally the number one digital asset custody technology solutions provider. So, in that sense, we actually work with them to expand the business in Southeast Asia, and that allows us to differentiate based on real capabilities in this business. It is important to have such capabilities as a differentiation, because it is a new area, and a lot of innovation and R&D has to go into that. We have the privilege and

honor to be working with the global number one in this space. So that's through partnership to build capabilities.

And recognizing that when you go to a local market, you need to have local access. You need to have customer insights of the local market. By being in collaboration with local partners, we do not see this as a kind of a one-man show, we see this as collaboration across different regional markets. We will probably likely enter into some sort of JV or partnership to enter each market, where we bring operating experience, we bring technology and expertise through partners, and also working with local partners to actually scale up the business. By ourselves, as well with SCBX as we have covered, we have invested in a few companies in, for instance, Indonesia, which has already expressed interest to build this business. We see market access, we see experience, we see technology capabilities from global as a differentiation. Collectively, then, we can actually try to build out a regional ecosystem.

MC: Next is a live question from Khun Worawat, Credit Suisse. Please ask your question.

Worawat: Thank you for the opportunity and thank you for your presentation. Actually, I wanted to ask about the international expansion plan, I think that was answered already.

“But maybe another thing is what kind of investment are you talking about? You probably need to invest during this time to get ready to expand. Can you talk about that? How big is the investment and when do you expect it to yield fruit?”

Arak: Thank you. I will separate this into two things. One is organic investment, which is to actually scale up our ecosystem. We believe that our current cash flow from the securities business would be sufficient to fund future growth in building an ecosystem in Thailand. In that sense, please look at us not as a securities company, but as what it would be in the future. When we look at investment and future finance, it is our job to try to paint a picture for you guys, but as securities as a starting point, but please do not look at us as a securities company. We use it

as a springboard to expand significantly. So, from an organic standpoint, we believe that cash flow from operations today would allow us to be able to invest into the future of building a local ecosystem.

But you are right in that when we go international, that takes a much larger investment. And if you have been tracking SCBX's strategy, you will see that we intend to actually allocate quite a significant amount of capital to Gen 3 businesses, to support M&A, to support ecosystem building at the regional level. I won't get into the details, but the investment could be quite sizable and that would come through inorganic and M&A. In that context, it has to have a compelling ROE accretive and value creation, but if not, we might also do a more organic approach or more startup approach, where the capital requirements will be very small compared to what the group is capable of doing. But our hope and dream is that we can find the right targets for us to expand. But please rest assured that the important thing is value accretion that we need as an important benchmark in order to expand. But it is one of the top priorities for the group to expand in digital assets and ecosystem. So, a significant amount of capital that is allocated to Gen 3 will come to digital assets and build around InnovestX.

MC: The next question is from chat box. Khun Sarachada, Thanachart Securities.

"Thailand has been in a middle-income trap for years, and I am not sure that a small percentage of retail investors can rightly be interpreted as a country that is under-invested, and that there is a plenty of room for business to grow. If it is the case that the pie cannot grow much further, what would be your plan B to achieve your business targets?"

Ittiphan: Let me answer that question. This is actually a very good question. When we are trying to get new investors, there is probably a challenge in terms of what each investor's income is. However, if you think about what we are trying to do, we are trying to educate the investor, not just with education but also with advisory. If you think that the pie is not going to grow, what can we do next? What we have done is that when we have interviewed our customers, asking them why they didn't invest, they come up with an answer that they do not have an idea.

So, when we build our application feature, the first feature that you see is Intelligent Portfolio. That is just the start of the features that will come in the future. We try to give the idea of what we should invest in, for all customers, both existing and new investors.

When we look at people in Thailand who have a lot of deposits, there are tons of deposits that have been sitting around, like Dr. Arak said. We don't have to count just the heads of customers, we also need to count in terms of AUM of the customers as well.

We strongly believe that there are untapped investors who have a lot of AUM but they do not know what to invest in. And maybe they do not have the ability, or they don't have the right advisory to make an investment. That's something that we are probably going to launch in the future, and that will align with what we have done today, that we try to introduce digital advisory to the customer.

Arak: Let me add to that a couple of things. First, in Thailand, as we all know, we have about 16 trillion baht of deposits, half of which is corporate, and the other half roughly is retail and high net worth. And investment penetration is limited. You have 8 trillion baht of deposits of retail and high net worth, that's just not a very productive way of creating return. So, it is a function of understanding the opportunities that we can actually present to customers.

So far, most customers I see have access to local investment equity. The high net worth, of course, have a wide variety. But here, our platform is meant to bridge the gap that otherwise would be not possible for local investors, for the smaller ticket customers, that are not affluent or aspiring customers to actually invest.

We believe there is quite a bit of investment money that is trapped in deposit form to get into an investment. Of course, over time, we hope the country will continue to expand and grow, and therefore there'll be new AUM coming in, and that's something that we need to believe in, or hope.

So that's one, but as I mentioned, we believe that while we start with investments, the growth from InnovestX is not necessarily coming from just securities investment, it's actually coming from other aspects of it. For instance, I can give

you an example. The moment you start to convert the physical world into digital world, the securities into essentially digital assets, then you start to see that there is also a conversion game. On the capital markets today, Thai daily trading of stocks is 70 billion baht, while tokens and crypto is less than 3-4 billion baht. But if you imagine the world where things start to shift from the current way of offering stocks into digital assets or blockchain-based, there is already a conversion happening. And by positioning ourselves ahead of the curve, we can actually ride on the conversion from the current form into a more blockchain-enabled digital asset. So that's one.

But you know, our hope and dream for the country is not for conversion, but for the size of the pie to grow. We believe that even in the short term, if the wave of evolution of the capital market that we believe in is coming, then we will capture from the conversion, we will capture from converting the trapped deposits into investment, and over time into long-term success. It is not just for us, but for the sake of the country. We want the country to continue to grow and therefore have more access, more disposable income to invest.

MC: Moving on to the next question from Khun Sarachada, Thanachart Securities.

"The exchange platform is a scale business, with the bigger players having the upper hand due to greater investment capability. With Binance looking to have a presence in Thailand and ASEAN, how does InnovestX plan to compete and expand into other countries?"

Putikarn: Let me take this question. I think there are two questions in this big question. The first question is about Thailand, and second about regional expansion.

Let me start with Thailand. Basically, everyone who comes to the country needs to follow the same rules of the SEC and shortly might be more from the BOT. To us, as long as it is all under the same rules, it is going to be a level playing field. Everyone needs to follow the same regulations. We believe that we more than comply. That's number one.

Number two, looking at the perspective of the customers themselves, based on the research, the five TYs - liquidity, security, and so on - these are the things that customers look for. That means, since we offer the same thing, the same product, so that is about the other value propositions that the company can provide to the investor or the customers. At InnovestX, we believe that these five areas are the things that customers look for. In addition to that, and other things that some of the players might not have, for the time being, we are an integrated application. Looking at the crypto winter, there might be some other opportunities in other securities or some other investments. Our coming digital asset investors can have more opportunities to switch their portfolios easily, not only in changing from digital asset A to digital asset B, but they can switch to other asset classes. The same thing is happening to securities investors. They can balance their portfolio better as well with more opportunity. So then within the countries, under the same regulation, similar offerings, we trust that with the value proposition that we have, we can go to the market.

The next is regional expansion. We have been talking a lot and frequently with the regulators in many countries in the region, and also local players. As Dr. Arak mentioned, we will not go alone, we go with a partner, the right partner, so we talk with them a lot. Right now, it seems like there is less regulation in the global platform for digital assets. But sooner or later, based on discussions in many countries with regulators, they will start developing the regulations with regards to digital assets. We want to comply from day one, and we do not just comply to the minimum requirement, we want to comply at the highest standard to make sure that this will be a benefit to investors and customers and also for the particular countries.

So that means when we go to regional, as far as we have been travelling and discussing with them, we were welcomed in many areas, and well-accepted by local partners as well as by local regulators. So this is the game plan that we use to go to the region. In addition, the value propositions and experiences that we have gained from operating a securities company for decades, can be value-added benefits for the local players, who are focused on digital assets, but with the expertise that we have in securities, advisory and so on, we bring value-added to the regional expansion strategy, as well.

MC: We have less than five minutes, but we still have some questions left. If you still have questions after this session, you can always reach out to our Investor Relations team at SCBX for further clarification.

Here, we are ready for the last question for today. It is a question from chat box Khun Sarachada, Thanachart Securities.

"Given the drying up of liquidity in the crypto market, and digital assets that have been on a roller coaster, with an uncertain outlook going forward, what makes InnovestX confident in stepping into this business?"

Arak: Thank you for asking this question. You know, this is a long-term business. This is a long-term belief. Our thesis is that eventually the world will move to a digital economy. If you believe in that as a premise, then blockchain-enabled, blockchain-based digital assets would be the natural, native currency and assets in the future. So, first and foremost, you need to believe in this. And we believe wholeheartedly so. If you see the regulators around the world, you see players around the world, it is not the question of "if" but it is a question of "when" and "how" this will come about.

The near-term volatility, of course, it happens. The winter will come and go and there will be more winters coming in. But that is not our concern. Our concern is that this is actually a shift, it's a paradigm shift in the whole thing. It's not going to be speculative, it's not opportunistic, it is more of a new belief in the coming of the digital economy, that this is where the future will lie. In that sense, we are not looking to build a trading platform only, we will build the entire ecosystem, which has all the components around it from the primary market to secondary market, for safekeeping the custody, as well as value-added services around it. Whether the asset is volatile and up and down, it's going to be there, and we have to ride it out because we believe in the macro themes and we believe in the paradigm shift of the whole thing and not just that this year is going to be better than next year. That's not our primary view of the world. It will happen and we will ride it out. In the end, it comes down to our belief that this is where the world is heading. It may take a few more years, but we firmly believe that's where it's heading. And by providing

ecosystem infrastructure, we believe that will set up the group well. And that will be long-term value creation for the entire SCBX, and we are proud and happy to be a part of it.

MC: That is the last question for today. We now come to the end of InnovestX Strategy Day, and this is also the last session of SCBX strategy conference series 2022. I would like to have Dr. Arak Sutivong, CEO of InnovestX and also the Deputy CEO of SCBX, make closing remarks.

Arak: On behalf of SCBX and the InnovestX team, we appreciate your kind participation and all the people involved over the past few weeks. I believe that we are at the seventh or eighth session, which is the entire two weeks that we have spent with you guys. We appreciate that, and we hope that by having sessions like this, it will give you better insight into our group and insight into specific businesses.

While we do not have time to answer all the questions, we welcome questions offline, not just InnovestX, but for the entire group. We are more than happy and I think by working with you, by communicating and by allowing us to explain more, hopefully we will be able to build better understanding of the businesses that we are in. On behalf of the group, we very much appreciate your participation. And thank you for being a part of our journey and we look forward to collaboration in future sessions as well. Thank you.