

### Report type: Trade Flash

#### Company Overview

SCB is Thailand's third biggest lender in terms of assets, accounting for 15.7% of the industry's total assets. Wholesale, SME and retail banking businesses represent 42%, 18% and 40% of the bank's loan portfolio respectively.

- SCB is expected to post a 2QCY12 profit of Bt10.34bn, down 2.1% q-q but up 24.5% y-y. Robust loan growth would be a key earnings driver for the bank.
- We stick to our view that the bank's full-year loan growth is likely to surpass the upper range of its guidance at 14%. We keep our full-year loan growth target for the bank at 15%. Full-year net profit is estimated to be Bt36.43bn, the highest on record.
- SCB is one of our top picks in the banking space. We reiterate a 'BUY' call on SCB with a CY12 target price of Bt178.25/share.

#### What is the news?

In 2MQTD, the bank's net loans grew sequentially by 3.5% from 1QCY12 driven by demand from all business sectors. Net lending in 5MCY12 jumped 8.6% YTD. Robust loan growth momentum would be positive for the bank's earnings in 2QCY12.

#### How do we view this?

We expect the bank's net loans for the whole of 2QCY12 will grow by 4.5% from end-1QCY12. Net interest margin (NIM) may be slightly lower than the 3.15% reported in 1QCY12 due chiefly to rising competition in corporate segment, deposit mobilization as well as higher fees to help service FIDF debt. Fee income is projected to be up 3.6% q-q but non-interest income would drop 2.1% q-q. The bank's cost to income ratio is expected to be similar to 1QCY12 near 40%. Effective tax rate is put at 23.0%, up from 21.2% in 1QCY12.

The bank's asset quality is not a case for concern. Loan-loss provisions are estimated at Bt1.60bn in 2QCY12 against Bt1.45bn in 1QCY12. Even though we expect some rise in NPLs due to the impact of the recent floods, strong loan growth would however keep the bank's NPL/loan ratio flat from 2.4% in 1QCY12.

On this basis, we expect the bank to post a 2QCY12 net profit of Bt10.34bn, down 2.1% q-q but up 24.5% y-y.

#### Investment Actions?

We stick to our view that the bank's full-year loan growth is likely to surpass the upper range of its guidance at 14%. We keep our full-year loan growth target for the bank at 15%. Full-year net profit is estimated to be Bt36.43bn, the highest on record.

SCB is one of our top picks in the banking space. We reiterate a 'BUY' call on SCB with a CY12 target price of Bt178.25/share.

#### CG Rating - 2011



(Excellent)

#### Valuation Method

P/B 2.88x ( ROE=16.8%, g=10.1% )

#### Analyst

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Danai Tunyaphisitchai	2375	66 2 635 1700 #481	Construction Materials, Property Development
Naree Apisawaittakan	17971	66 2 635 1700 #484	Agro & Food, Electronics
Siam Tiyanont	17970	66 2 635 170 0#483	Transportation, Media & Publishing
Preeyanun Tripetchchuporn	17973	66 2 635 1700 #488	Petrochemicals, Commerce, Tourism
Ornmongkol Tantitanatorn	34100	66 2 635 1700 #491	Securities, Automotive, Energy, Packaging
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## Results Presentation

Score Range	Number of Logo
Less than 50	No logo given
50 - 59	
60 - 69	
70 - 79	
80 - 89	
90 - 100	

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