

30 July 2012

Siam Commercial Bank

Bank
Overweight

**FY12 loan growth target
raised to 19%**

Investment thesis: We have expanded expectations for SCB's FY12 lending growth, due to stronger 1H12 loan growth than modeled of 9.8% YTD. In order to fine-tune for this hefty lending performance, we have revised up our FY12 and FY13 lending assumptions to 19% and 12%, respectively, from 14% and 7%. Thus, our profit forecasts rise by 4% to Bt43.6bn for this year and by 5.5% to Bt52bn for FY13. The higher FY12 bottom-line projection prompted us to increase our YE12 target price 5.4% to Bt177, pegged to a justified YE12 PBV of 2.75x. Our BUY rating stands.

SCB ups FY12 loan growth target: Following 1H12 loan growth of 9.8% YTD and 20.6% YoY, SCB has upgraded its FY12 lending expansion target range to 17-19% from 12-15%. 2H12 growth will be driven by the SME and retail categories and the BOT's soft funding program. As noted above, we have revised up our FY12 loan growth forecast to 19% from 14% formerly.

FY12 NIM raised to 3.1-3.2% from 3.0%: Given a stable interest rate trend and anticipation of further loan growth, SCB now expects an FY12 NIM of 3.1-3.2%; its previous guidance was 3% (NIM was 3.2% last year). Intense competition for deposit mobilization and the imposition of the BOT's blanket 0.47% levy on deposits, B/Es and short-tenor debentures are the main threats to NIM sustainability. Our FY12 NIM forecast is 3.2%.

LLPs to rise: The unfolding EU financial crisis and China's economic slowdown have prompted SCB to raise LLPs from the current Bt1.5bn/quarter. Management hasn't offered guidance, so we have increased our FY12 LLP assumption to Bt7.5bn from Bt6bn.

Curb cost/income target 42-43%: SCB guides for a new FY12 cost/income ratio target of 42-43%, down from 43-44%. The guidance reflects expanded assumptions for lending growth and NIM. We expect a ratio of 41% for FY12, down from 44.5% last year. The bank's 1H12 cost/income ratio was 41.4%.

BUALUANG RESEARCH

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BUY (maintained)

Target Price: Bt177.00
Price (27/07/12): Bt151.50
SCB TB / SCB.BK

Key Ratios & Statistics

| | | | |
|------------------------------|------------------|-----------|------------|
| Market cap | Bt59.22bn | | |
| 12-mth price range | Bt93.75/Bt159.50 | | |
| 12-mth avg daily volume | Bt1,002.09m | | |
| # of shares (m) | 3,393.6 | | |
| Est. free float (%) | 71.1 | | |
| Foreign limit (%) | 45.8 | | |
| Share price perf. (%) | 1M | 3M | 12M |
| Relative to SET | 4.1 | 6.2 | 16.8 |
| Absolute | 5.2 | 3.4 | 20.9 |

Financial summary

| FY Ended 31 Dec | 2010 | 2011E | 2012E | 2013E |
|---------------------|--------|---------|---------|---------|
| Revenues (Btm) | 85,205 | 118,456 | 145,984 | 167,103 |
| Net profit (Btm) | 24,206 | 36,273 | 43,600 | 52,000 |
| EPS (Bt) | 7.12 | 10.67 | 12.83 | 15.30 |
| BLS/Consensus (x) | n.m. | n.m. | 1.15 | 1.18 |
| EPS Consensus (Bt) | n.m. | n.m. | 11.13 | 13.02 |
| EPS growth (%) | +16.6% | +49.9% | +20.2% | +19.3% |
| Core profit (Btm) | 27,160 | 35,610 | 49,892 | 58,993 |
| Core EPS (Bt) | 8.06 | 10.48 | 14.68 | 17.35 |
| Core EPS growth (%) | +7.4% | +30.0% | +40.1% | +18.2% |
| PER (x) | 21.5 | 14.3 | 11.9 | 10.0 |
| Core PER (x) | 19.0 | 14.6 | 10.4 | 0.0 |
| P/PPOP (x) | 14.2 | 10.7 | 8.6 | 7.4 |
| PBV (x) | 3.35 | 2.78 | 2.37 | 2.00 |
| Dividend (Bt) | 2.50 | 3.50 | 3.50 | 3.75 |
| Dividend yield (%) | 1.6 | 2.3 | 2.3 | 2.5 |
| ROE (%) | 15.7 | 19.5 | 20.0 | 20.2 |

CG Rating - 2011



Company profile

Siam Commercial Bank was established on January 30, 1906. It ranks third among Thai banks in terms of loans (Bt1.2trn) and deposits (Bt1.1trn). SCB's loan portfolio is composed of corporate, housing, SME, and HP lending in the proportions 44:26:18:12. With 1,037 branches across the country, the bank has the most extensive network in Thailand.

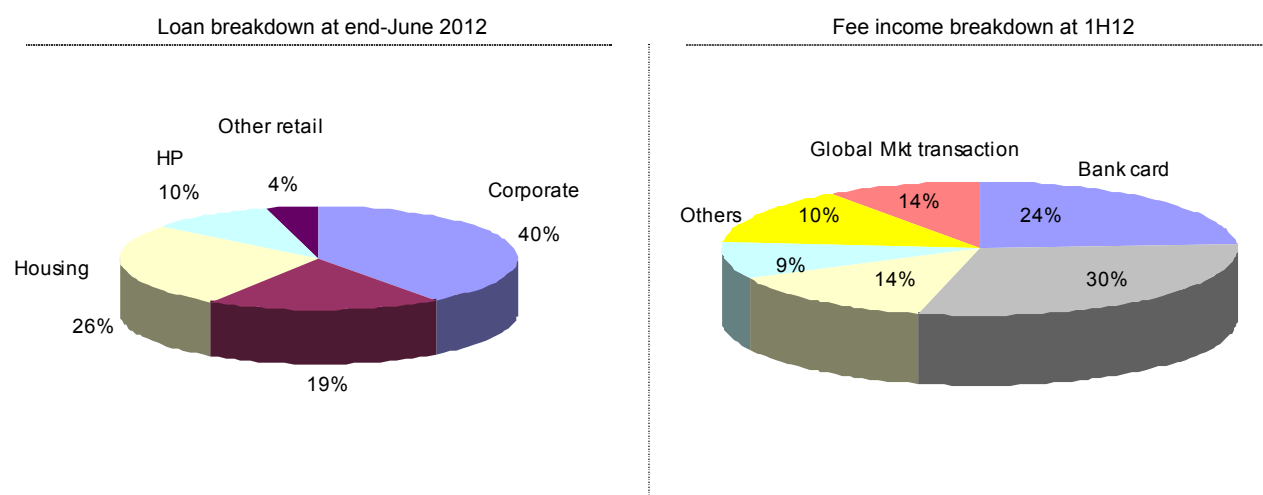
Outlook

New FY12 loan growth forecast to 17-19%: Management has raised its FY12 loan growth target range to 17-19% from 12-14% formerly after strong lending expansion of 9.8% YTD during 1H12. Disaggregated by category, SME business grew 14% YTD in 1H12, retail by 13% and corporate by 4%. As such, our earlier FY12 loan growth projection of 14.7% YoY now looks too conservative. We have revised up our full-year number to 19% (the upper bound of SCB's guidance). Management guides that 2H12 lending growth momentum will be sustained, driven by a retail recovery (HP and mortgages), aggressive SME lending (loans sized at Bt50m or more per client) and big-ticket corporate loan draw-downs.

SCB's capital adequacy ratio was 15.2% (Tier-1: 10.6%) at end-June, more than adequate to accommodate business expansion for the next couple of years without need for capital-raising. Furthermore, including 1H12 earnings into the capital base, the implied CAR would be 16.8% (Tier-1: 12.1%).

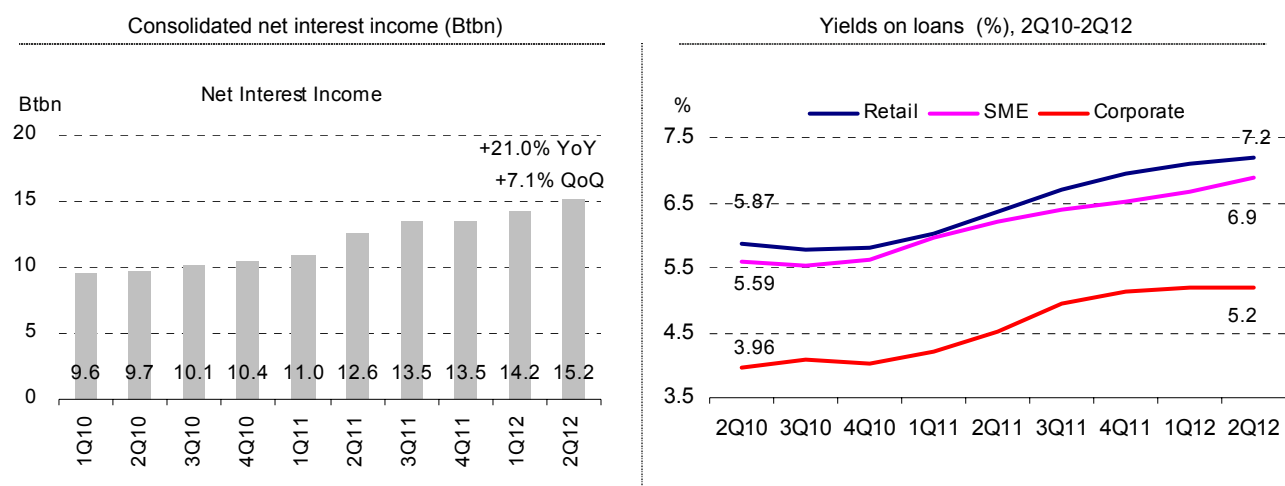
Fee income should inch up HoH: In tandem with 10% QoQ loan growth for 1H12, SCB's fee income (net fee and service income, gains on FX and bancassurance sales) for the period grew 13.4% YoY, led by bancassurance and FX gains on trading finance. The bank believes that fee-based income will expand further in 2H12, driven by the retail and SME categories. Management expects FY12 fee income to achieve its target of 15% growth. Our model also still assumes FY12 fee income expansion of 15%.

Figure 1: Loan breakdown (%) at end-March 2012 and fee income breakdown in 1H12 (%)



Sources: Company data, Bualuang Research

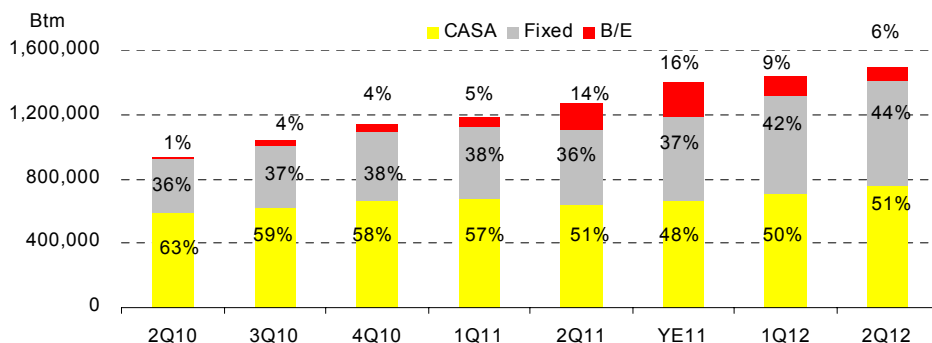
Figure 2: SCB's net interest income (Btbn), 1Q10-1Q12, and yields on corporate, SME and retail loans (%)



Sources: Company data and Bualuang Research

Interest spread target raised to 3.1-3.2%: SCB revised up its FY12 NIM objective to 3.1-3.2% from 3% because of strong YTD loan growth. Management believes that intensifying competition for deposit mobilization is the main threat to margin going forward—the bank may not have much scope to re-price. As such, NIM has only modest scope for upside. Our FY12 NIM projection remains unchanged at 3.2%. Note that SCB's 1H12 NIM was 3.23%. We expect a 2H12 NIM of close to the 1H12 level. Its lending focus will be retail (HP and mortgages) and SME, both of which pay higher yields than corporate loans.

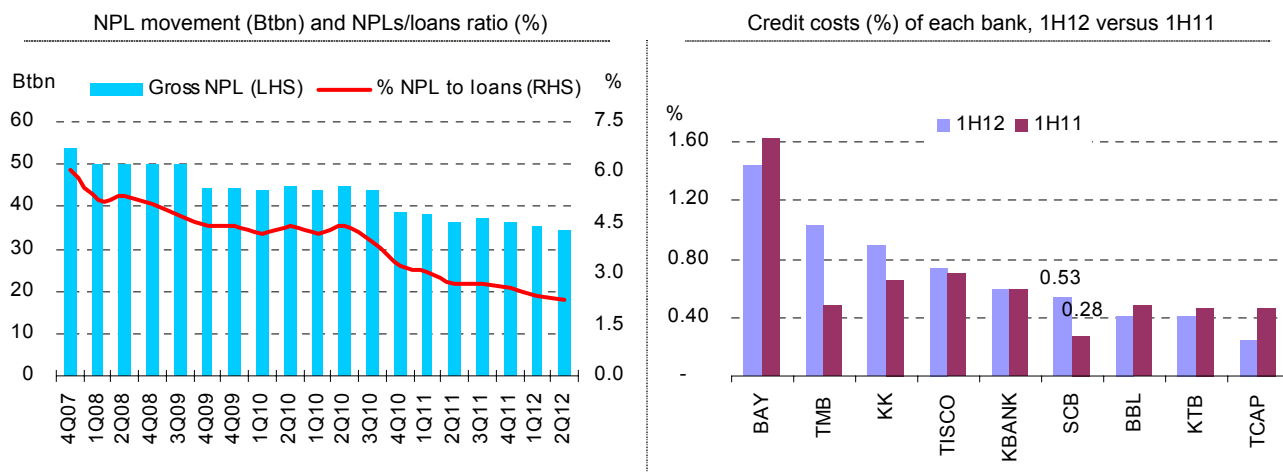
Figure 3: Funding mix (%), 2Q09-1Q12



Sources: Company data, Bualuang Research

Loan loss provisions to increase: Gross NPLs declined slightly to Bt34.7bn (2.25% of total loans) at end-June 2012 from Bt35.5bn (2.39% of total lending) at end-March. This was attributable to fast lending growth and good asset quality management. Its loan loss coverage ratio rose to 140% at end-June from 132% at end-March. The bank has already achieved its YE12 NPLs/loans ratio target of below 2.5%. SCB now plans to set provisions in excess of its earlier FY12 target of Bt6bn. Although we don't have any concerns about the bank's asset quality, due to its low NPLs/loans ratio and high coverage ratio, we have raised our FY12 loan loss provision assumption to Bt7.5bn from Bt6bn—coverage against possible fallout from the EU crisis and China's economic slowdown.

Figure 4: Gross NPLs (Btbn), NPLs/loans ratio (%), and credit cost (%) compared with peers at end-June 2012

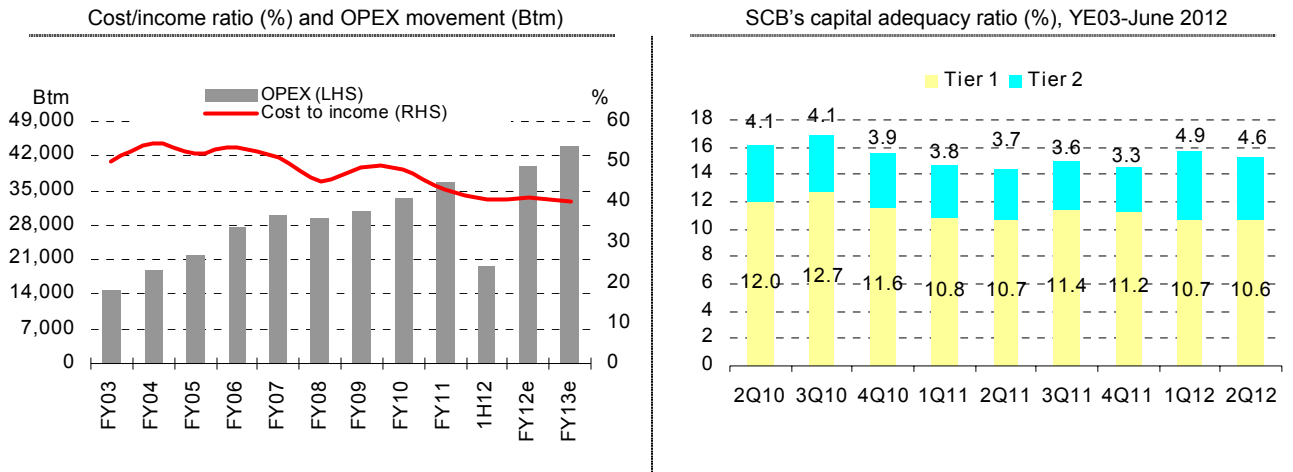


Sources: Company data, Bualuang Research

Lower FY12 cost/income ratio target: Because of its strong loan growth and NIM, SCB has cut its cost/income ratio target to 42-43% from 43-44% formerly. The bank now has 1,112 branches, the most extensive network in Thailand. It plans to open only another 38 offices during 2H12. We expect an FY12 cost/income ratio of 41% (including bancassurance sales)—aggressive lending and expanding bancassurance sales should make the top-line rise faster than OPEX. The 1H12 cost/income ratio was 41.4%.

Management’s higher loan growth and NIM expectations for the year also prompted it to revise up its FY12 ROE guidance to 18-20% from 17-19%. We have upgraded our FY12 ROE assumption to 20% from 19.5%. SCB has the highest ROE of any of the big-five banks.

Figure 5: Cost/income ratio (%), FY03-12E (%), and capital adequacy ratio (%)



Sources: Company data, Bualuang Research

Recommendation and valuation

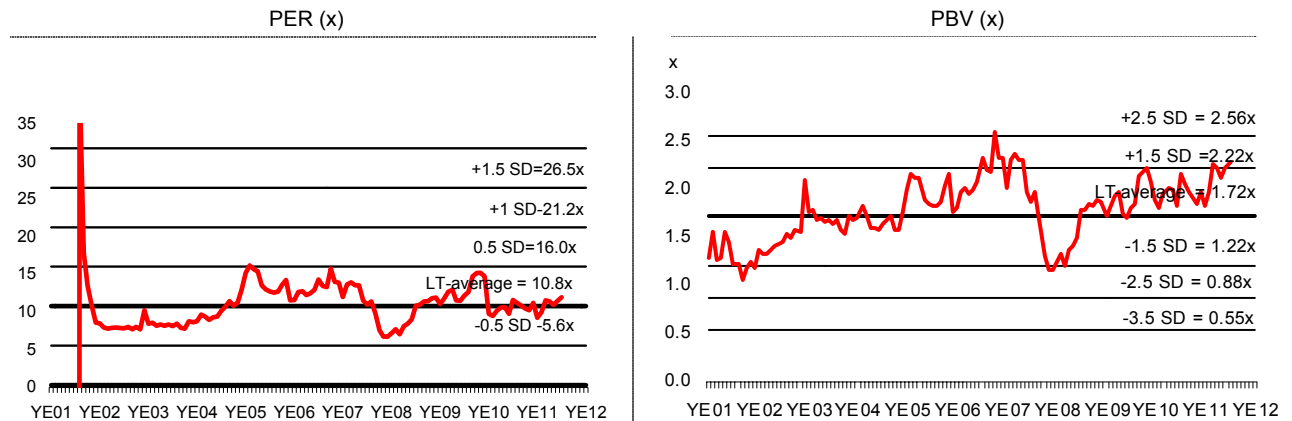
Reiterate BUY: We have revised up our FY12-13 earnings projections by 4% and 5.5%, respectively, to Bt43.6bn and Bt52bn. The upgrades were prompted by superior 1H12 loan growth, a well-managed NIM and strong fee-based income. Thus, our FY12 ROE assumption has increased from 19.5% to 20.1%—the highest of any big bank. Based on industry growth of 5% and Ke of 10.5%, we have arrived at a new YE12 target price of Bt177 (up from Bt168), pegged to a justified YE12 PBV of 2.75x. The good 2H12 macro-economic outlook and SCB's superior efficiency make it worthy of a BUY rating.

Figure 6: Sector comparisons

| Company | Ticker | PER | | | 2-Yr EPS | | PBV | | Div Yld (%) | | ROE (%) | |
|------------------------------|------------|-------------|-------------|-------------|--------------|------------|------------|-------------|-------------|-------------|-------------|--|
| | | FY11 | FY12E | FY13E | Growth (%) | FY12E | FY13E | FY12E | FY13E | FY12E | FY13E | |
| Hang Seng Bank | 11 HK | 12.8 | 12.0 | 10.9 | 8.8% | 2.4 | 2.2 | 5.0% | 5.0% | 20.6 | 21.7 | |
| BOC Hong Kong | 2388 HK | 13.0 | 13.5 | 12.2 | 3.3% | 1.9 | 1.7 | 4.7% | 5.2% | 13.9 | 15.0 | |
| Wing Hang Bank | 302 HK | 13.1 | 11.9 | 10.8 | 10.6% | 1.2 | 1.1 | 2.5% | 2.9% | 10.4 | 11.0 | |
| DBS group Holding | DBS SP | 11.8 | 11.8 | 10.9 | 3.8% | 1.2 | 1.1 | 4.2% | 4.3% | 10.0 | 10.2 | |
| UOB | UOB SP | 13.3 | 12.9 | 11.6 | 7.0% | 1.4 | 1.3 | 3.6% | 3.9% | 10.8 | 10.9 | |
| Malayan Bank | MAY MK | 12.3 | 13.4 | 12.3 | -0.4% | 1.9 | 1.8 | 6.0% | 6.2% | 14.6 | 14.7 | |
| CIMB Group Holding Bhd | CIMB MK | 14.7 | 14.0 | 12.1 | 10.8% | 2.1 | 1.9 | 3.8% | 4.3% | 15.5 | 16.6 | |
| China Citic Bank | 601998 CH | 5.9 | 5.1 | 4.5 | 15.8% | 0.9 | 0.8 | 5.3% | 6.2% | 19.4 | 18.7 | |
| China Construction Bank | 601939 CH | 5.8 | 4.9 | 4.2 | 18.1% | 1.1 | 0.9 | 7.5% | 8.5% | 22.9 | 23.4 | |
| Bank Rakrat | BBRI IJ | 12.3 | 10.6 | 9.0 | 18.2% | 2.7 | 2.2 | 2.0% | 2.4% | 28.9 | 27.8 | |
| Bank of Philippines | BPI PM | 20.8 | 18.3 | 15.6 | 16.9% | 2.8 | 2.5 | 2.7% | 2.8% | 15.2 | 16.6 | |
| ICICI Bank LTD | ICICIBC IN | 18.8 | 15.9 | 14.0 | 17.2% | 1.8 | 1.7 | 1.7% | 2.0% | 12.6 | 12.7 | |
| AXIS Bank Ltd | AXSB IN | 12.5 | 10.5 | 8.7 | 21.9% | 1.9 | 1.6 | 1.6% | 1.8% | 19.9 | 20.4 | |
| Bank Mandiri Tbk PT | BMRI IJ | 14.5 | 12.9 | 10.8 | 17.0% | 2.5 | 2.2 | 2.5% | 2.9% | 21.3 | 21.9 | |
| Bank Central Asia Tbk PT | BBCA IJ | 19.7 | 17.2 | 14.6 | 17.5% | 4.1 | 3.4 | 1.9% | 2.2% | 25.4 | 25.0 | |
| Bangkok Bank | BBL TB | 13.3 | 10.4 | 8.6 | 27.7% | 1.4 | 1.2 | 3.7% | 4.2% | 13.2 | 14.5 | |
| KASIKORNBANK | KBANK TB | 16.4 | 12.1 | 9.3 | 38.1% | 2.0 | 1.6 | 1.7% | 1.8% | 18.2 | 18.8 | |
| Siam Commercial Bank | SCB TB | 14.3 | 11.9 | 10.0 | 21.7% | 2.4 | 2.0 | 2.3% | 2.5% | 20.0 | 20.2 | |
| Krung Thai Bank | KTB TB | 10.5 | 7.8 | 7.4 | 20.7% | 1.3 | 1.2 | 5.1% | 5.4% | 16.5 | 15.5 | |
| Bank of Ayudhya | BAY TB | 20.8 | 13.2 | 10.7 | 47.4% | 1.7 | 1.5 | 2.6% | 3.2% | 13.5 | 15.1 | |
| Thanachart Capital | TCAP TB | 8.2 | 7.3 | 6.3 | 15.0% | 1.0 | 0.9 | 4.9% | 4.9% | 13.6 | 14.3 | |
| TMB Bank | TMB TB | 16.0 | 12.8 | 10.2 | 28.2% | 1.2 | 1.1 | 2.7% | 3.4% | 9.0 | 10.4 | |
| TISCO Financial Group | TISCO TB | 8.8 | 7.7 | 6.5 | 17.9% | 1.6 | 1.4 | 5.7% | 5.7% | 20.2 | 21.0 | |
| Kiatnakin Bank | KK TB | 8.8 | 9.7 | 8.1 | 4.5% | 1.0 | 1.0 | 6.3% | 6.3% | 10.6 | 11.9 | |
| Avg 24 regional banks | | 13.3 | 11.6 | 10.0 | 17.0% | 1.8 | 1.6 | 3.7% | 4.1% | 16.5 | 17.0 | |
| Avg only 9 Thai banks | | 13.0 | 10.3 | 8.6 | 24.6% | 1.5 | 1.3 | 3.9% | 4.1% | 15.0 | 15.7 | |

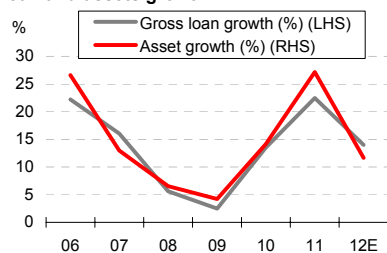
Sources: Company data, Bualuang Research estimates, Bloomberg, Reuters estimates

Figure 7: Valuation multiples

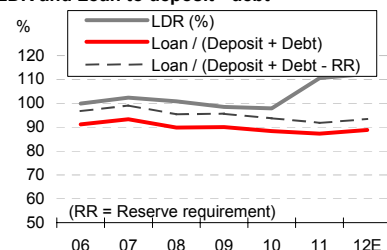


Sources: Company data, Bualuang Research or Bualuang Research estimates, Bloomberg, Reuters estimates

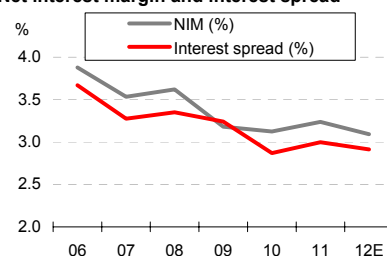
Loan and assets growth



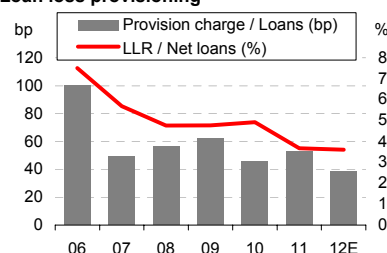
LDR and Loan to deposit +debt



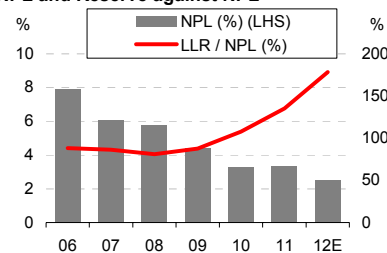
Net interest margin and interest spread



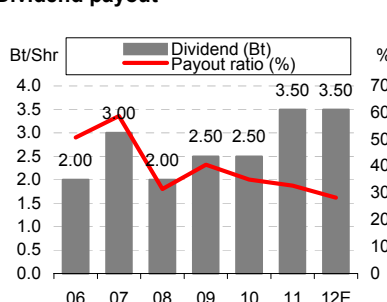
Loan loss provisioning



NPL and Reserve against NPL



Dividend payout



PROFIT & LOSS (Btm)

| | 2009 | 2010 | 2011 | 2012E | 2013E |
|--|---------------|---------------|---------------|----------------|----------------|
| Interest income | 54,631 | 53,679 | 77,947 | 104,237 | 120,755 |
| Interest expense | -16,365 | -12,950 | -27,421 | -43,408 | -51,494 |
| Net interest income | 38,266 | 40,729 | 50,526 | 60,829 | 69,261 |
| Fee & service income | 22,375 | 27,492 | 32,351 | 37,130 | 41,251 |
| Total non-interest income | 25,112 | 29,697 | 35,180 | 40,246 | 44,848 |
| Operating income | 63,378 | 70,426 | 85,706 | 101,075 | 114,109 |
| Operating expenses | -30,793 | -33,702 | -36,883 | -40,265 | -44,091 |
| Operating profit before provision | 32,585 | 36,723 | 48,822 | 60,810 | 70,017 |
| Provisioning charges | -5,605 | -4,661 | -6,630 | -7,500 | -8,250 |
| Operating profit after provision | 26,980 | 32,062 | 42,192 | 53,310 | 61,767 |
| Exceptional items | 947 | 1,830 | 5,330 | 1,500 | 1,500 |
| Tax | -7,076 | -9,563 | -11,213 | -10,918 | -11,025 |
| Minority interest | -93 | -122 | -36 | -292 | -243 |
| Net profit (loss) | 20,758 | 24,206 | 36,273 | 43,600 | 52,000 |
| Reported EPS | 6.16 | 7.12 | 10.67 | 12.83 | 15.30 |
| Fully diluted EPS | 6.16 | 7.12 | 10.67 | 12.83 | 15.30 |
| Core net profit | 25,509 | 27,160 | 35,610 | 49,892 | 58,993 |
| Core EPS | 7.50 | 7.99 | 10.48 | 14.68 | 17.35 |
| PPOP | 32,585 | 36,723 | 48,822 | 60,810 | 70,017 |
| PPOP/share | 9.59 | 10.80 | 14.36 | 17.89 | 20.60 |

KEY RATIOS

| | 2009 | 2010 | 2011 | 2012E | 2013E |
|-------------------------------|--------|-------|-------|-------|-------|
| Revenue Growth (%) | 42.08 | 47.30 | 68.15 | 69.51 | 62.07 |
| PPOP Growth (%) | (9.59) | 12.70 | 32.95 | 24.55 | 15.14 |
| EPS Growth (%) | (3.06) | 15.60 | 49.85 | 20.20 | 19.27 |
| Net Loan Growth (%) | 2.45 | 13.33 | 22.66 | 19.17 | 12.35 |
| Cum. LLRs to Net loans (%) | 4.77 | 4.93 | 3.68 | 3.59 | 3.69 |
| Provision charge to loans (%) | 0.62 | 0.46 | 0.53 | 0.50 | 0.49 |
| Yield on Average Assets (%) | 4.21 | 3.78 | 4.60 | 5.16 | 5.28 |
| Cost of Funds (%) | 0.97 | 0.91 | 1.61 | 2.15 | 2.25 |
| Interest Spread (%) | 3.24 | 2.87 | 3.00 | 3.01 | 3.03 |
| Net Interest Margin: NIM (%) | 3.18 | 3.13 | 3.24 | 3.20 | 3.21 |
| Effective tax rate (%) | 25.34 | 28.22 | 23.60 | 19.92 | 17.43 |
| Asset growth (%) | 4.22 | 14.12 | 27.16 | 15.12 | 11.64 |
| Cost/income (%) | 49% | 48% | 43% | 40% | 39% |

BALANCE SHEET (Btm)

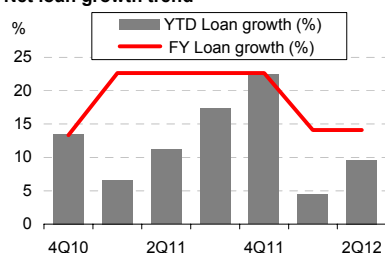
| | 2009 | 2010 | 2011 | 2012E | 2013E |
|---|------------------|------------------|------------------|------------------|------------------|
| Cash & Equivalent | 32,868 | 33,273 | 33,701 | 20,500 | 21,500 |
| Interbank & securities | 100,095 | 149,018 | 125,003 | 140,000 | 165,000 |
| Investment in securities | 165,419 | 153,746 | 330,774 | 365,000 | 381,500 |
| Net Loan & accrued interests | 898,984 | 1,018,803 | 1,249,688 | 1,489,267 | 1,673,142 |
| Other assets | 96,680 | 121,894 | 138,671 | 147,032 | 172,396 |
| Total assets | 1,294,047 | 1,476,735 | 1,877,836 | 2,161,799 | 2,413,538 |
| Deposits | 955,976 | 1,092,109 | 1,184,388 | 1,391,262 | 1,569,102 |
| ST debts, REPO & current portion | 54,213 | 54,922 | 60,336 | 61,658 | 61,735 |
| Long-term debt | 35,753 | 62,609 | 255,843 | 290,000 | 55,000 |
| Other liabilities | 106,300 | 111,989 | 190,086 | 199,664 | 468,118 |
| Total liabilities | 1,152,242 | 1,321,630 | 1,690,654 | 1,942,584 | 2,153,956 |
| Paid-up capital | 33,992 | 33,992 | 33,992 | 33,992 | 33,992 |
| Share premium | 11,124 | 11,124 | 11,124 | 11,124 | 11,124 |
| Retained earnings | 81,848 | 86,445 | 112,834 | 144,558 | 184,682 |
| Shareholders equity | 141,018 | 154,316 | 185,871 | 217,612 | 257,736 |
| Minority interests | 787 | 789 | 1,312 | 1,604 | 1,847 |
| Total Liab.&Shareholders' equity | 1,294,047 | 1,476,735 | 1,877,836 | 2,161,799 | 2,413,538 |
| | (0.0) | 0.0 | 0.0 | (0.0) | (0.0) |

Asset quality

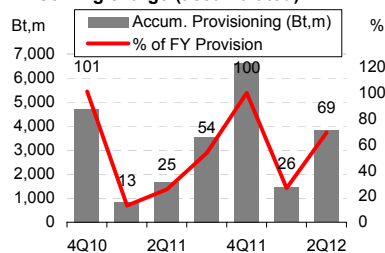
| | 2009 | 2010 | 2011 | 2012E | 2013E |
|--------------------------------------|-----------|-----------|-----------|-----------|-----------|
| Loan loss reserve | 42,894 | 50,180 | 59,706 | 68,911 | 72,017 |
| Average interest earnings assets | 1,203,026 | 1,303,028 | 1,646,653 | 1,902,781 | 2,156,670 |
| Average interest bearing liabilities | 1,073,913 | 1,173,769 | 1,441,231 | 1,629,538 | 1,851,124 |
| BV per share | 41.72 | 45.63 | 55.07 | 64.49 | 76.37 |
| ABV per share | 42.55 | 47.18 | 55.35 | 64.67 | 76.47 |
| NPL amounts | 48,923 | 46,477 | 44,153 | 37,530 | 31,900 |
| NPL (%) | 4.40 | 3.30 | 3.38 | 2.41 | 2.20 |
| Equity/loans | 15.69 | 15.15 | 14.87 | 14.61 | 15.40 |
| Equity/NPLs | 288.25 | 332.03 | 420.97 | 579.84 | 807.94 |

Sources: Company data, Bualuang Research estimates

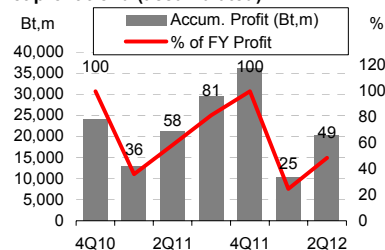
Net loan growth trend



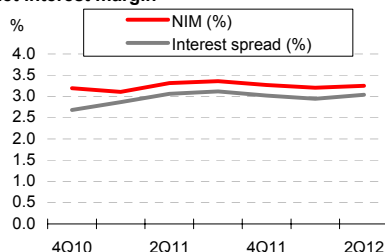
Provisoining charge (accumulated)



Net profit trend (accumulated)



Net interest margin



QUARTERLY PROFIT & LOSS (Btm)

| | 2Q11 | 3Q11 | 4Q11 | 1Q12 | 2Q12 |
|--|---------------|---------------|---------------|---------------|---------------|
| Interest Income | 18,259 | 21,455 | 22,605 | 23,763 | 24,903 |
| Interest Expense | 5,707 | 7,921 | 9,146 | 9,592 | 9,731 |
| Net interest income | 12,553 | 13,533 | 13,458 | 14,171 | 15,172 |
| Fee & service income | 7,447 | 9,005 | 7,714 | 9,361 | 8,885 |
| Other income & MI | 498 | 1,004 | 534 | 424 | 484 |
| Total non-interest income | 7,945 | 10,009 | 8,248 | 9,785 | 9,369 |
| Operating inc | 20,498 | 23,542 | 21,706 | 23,956 | 24,540 |
| Operating expenses | 8,747 | 9,348 | 10,554 | 9,623 | 10,055 |
| Operating profit before provision | 11,751 | 14,194 | 11,153 | 14,332 | 14,485 |
| Provisioning charges | 834 | 1,872 | 3,075 | 1,447 | 2,365 |
| Operating profit after provision | 10,917 | 12,322 | 8,078 | 12,886 | 12,120 |
| Exceptional items | 338 | (61) | (34) | 334 | 522 |
| Profit before tax | 11,255 | 12,261 | 8,044 | 13,220 | 12,642 |
| Tax | 3,059 | 3,844 | 1,453 | 2,805 | 2,498 |
| Minority Interest | (63) | (66) | 147 | (72) | (71) |
| Net profit (loss) | 8,132 | 8,351 | 6,738 | 10,342 | 10,074 |
| EPS | 2.39 | 2.46 | 1.98 | 3.04 | 2.96 |
| Core profit | 8,628 | 10,283 | 9,847 | 11,455 | 11,917 |
| Core EPS | 2.54 | 3.02 | 2.89 | 3.37 | 3.50 |

KEY RATIOS

| | 2Q11 | 3Q11 | 4Q11 | 1Q12 | 2Q12 |
|---------------------------------------|-------|-------|-------|-------|-------|
| Asset Yield/Avg Assets (%) | 4.45 | 4.95 | 5.07 | 4.94 | 4.99 |
| Funding Cost (%) | 1.39 | 1.83 | 2.05 | 1.99 | 1.95 |
| Interest Spread (%) | 3.06 | 3.12 | 3.02 | 2.95 | 3.04 |
| Net Interest Margin (%) | 3.31 | 3.36 | 3.27 | 3.21 | 3.25 |
| Fee income/total operating income (%) | 36.3 | 38.3 | 35.5 | 39.1 | 36.2 |
| BV (Bt) | 51.25 | 52.32 | 54.68 | 57.95 | 58.45 |
| ROE (%) | 18.60 | 18.84 | 14.87 | 21.47 | 20.24 |
| ROA (%) | 1.98 | 1.93 | 1.51 | 2.15 | 2.02 |
| Assets to Equities (X) | 11.05 | 8.69 | 1.64 | 9.62 | 8.69 |
| Cost to Income (%) | 42.7 | 41.3 | 49.8 | 40.9 | 41.8 |
| Est CAR (%) | 14.4 | 15.0 | 14.5 | 15.6 | 15.2 |

QUARTERLY BALANCE SHEET (Btm)

| | 2Q11 | 3Q11 | 4Q11 | 1Q12 | 2Q12 |
|---|------------------|------------------|------------------|------------------|------------------|
| Cash & Equivalent | 25,155 | 23,849 | 33,701 | 26,060 | 25,924 |
| Interbank & securities | 202,523 | 165,312 | 125,003 | 164,366 | 148,057 |
| Investment in securities | 194,786 | 278,819 | 330,774 | 340,407 | 357,460 |
| Gross loan | 1,187,157 | 1,252,580 | 1,306,393 | 1,365,027 | 1,432,002 |
| Other assets | 76,649 | 62,340 | 81,965 | 73,411 | 63,761 |
| Total assets | 1,686,270 | 1,782,901 | 1,877,836 | 1,969,272 | 2,027,205 |
| Deposits | 1,097,943 | 1,116,370 | 1,184,388 | 1,309,057 | 1,414,341 |
| ST debts, REPO & current portion | 70,093 | 76,264 | 89,155 | 88,601 | 103,607 |
| Long-term debt | 201,977 | 283,371 | 255,843 | 196,982 | 154,081 |
| Other liabilities | 140,950 | 127,593 | 161,268 | 176,514 | 155,163 |
| Total liabilities | 1,510,963 | 1,603,598 | 1,690,654 | 1,771,154 | 1,827,192 |
| Paid-up capital | 33,929 | 33,929 | 33,929 | 33,929 | 33,929 |
| Share premium | 11,099 | 11,099 | 11,099 | 11,099 | 11,099 |
| Retained earnings | 101,003 | 106,027 | 112,834 | 196,986 | 198,672 |
| Shareholders' equity | 174,206 | 177,828 | 185,871 | 196,986 | 198,672 |
| Minority interests | 1,101 | 1,475 | 1,312 | 1,133 | 1,341 |
| Total Liab.&Shareholders' equity | 1,686,270 | 1,782,901 | 1,877,836 | 1,969,272 | 2,027,205 |

Asset quality

| | 2Q11 | 3Q11 | 4Q11 | 1Q12 | 2Q12 |
|--------------------------------------|-----------|-----------|-----------|-----------|-----------|
| Loan loss reserve (net write-off) | 41,853 | 44,202 | 45,995 | 46,758 | 48,585 |
| Average interest earnings assets | 1,515,167 | 1,610,166 | 1,646,653 | 1,784,829 | 1,865,458 |
| Average interest bearing liabilities | 1,319,332 | 1,414,392 | 1,495,642 | 1,553,881 | 1,622,631 |
| BV per share | 51.25 | 52.32 | 54.68 | 57.95 | 58.45 |
| ABV per share | 52.80 | 53.86 | 55.35 | 58.62 | 59.11 |
| NPL amounts | 36,553 | 37,249 | 36,200 | 35,532 | 34,663 |
| NPL (%) | 2.7 | 2.7 | 2.6 | 2.4 | 2.3 |
| Equity/loans | 0.15 | 0.14 | 0.14 | 0.15 | 0.14 |
| Equity/NPLs | 4.80 | 4.81 | 5.17 | 5.58 | 5.77 |

Sources: Company data, Bualuang Research

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| 70 – 79 |  | Good |
| 60 – 69 |  | Satisfactory |
| 50 – 59 |  | Pass |
| Below 50 | No logo given | N/A |

BUALUANG RESEARCH – RECOMMENDATION FRAMEWORK

STOCK RECOMMENDATIONS

BUY: Expected positive total returns of 15% or more over the next 12 months.

HOLD: Expected total returns of between -15% and +15% over the next 12 months.

SELL: Expected negative total returns of 15% or more over the next 12 months.

TRADING BUY: Expected positive total returns of 15% or more over the next 3 months.

SECTOR RECOMMENDATIONS

OVERWEIGHT: The industry, as defined by the analyst's coverage universe, is expected to outperform the relevant primary market index over the next 12 months.

NEUTRAL: The industry, as defined by the analyst's coverage universe, is expected to perform in line with the relevant primary market index over the next 12 months.

UNDERWEIGHT: The industry, as defined by the analyst's coverage universe, is expected to underperform the relevant primary market index over the next 12 months.