



BANK OF THAILAND NEWS

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The Trend of Financial Institutions' Housing Loans in 2001

The Bank of Thailand (BOT) forecasted that the financial institutions' housing loans in 2001 has the improved trend.

Dr. Bandid Nijathaworn, the BOT's spokesperson and Assistant Governor of Information and Public Relations Group announced that the financial institutions' housing loans in 2001 has the improved trend due to the continuous alleviation of non-performing loan (NPL) of the financial institutions, by the debt restructuring process, bad debt write-off, and the debtor transferred to the Asset Management Company (AMC). In addition, the real demand of housing loan and the liquidity in the financial system still in the high level.

At the end of year 2000, the total outstanding housing loans of financial institutions which consists of commercial banks, finance companies, credit foncier companies and the Government Housing Bank, worth B876.5 billion. It was reduced by 15.2 percent from the year 1999. After adding up with 100 percent reserved debtor and the transferred NPL to the AMC which worth B35 billion, the total outstanding housing loans of financial institutions will be declined 13.7 percent from the year 1999.

It seems that, the housing loans that were given to the new debtors, either entrepreneurs or individuals, and together with the refinance between the financial institutions and debtors who lend the money for the former residential restoration purpose, worth B140.7 billion. It was increased by 73.7 percent when compared to the year 1999. It can be said that, the amount of housing loans were moved continuously into downward trend in 1997, 1998, and 1999 which were B155.7, B108.8, and B81.0 billion respectively.

However, the BOT forecasted that the financial institutions' housing loans for retail debtors in 2001 has the improved trend. This was due to the liquidity in the financial system, the low interest rate, the real demand of housing loan as well as the competition amongst entrepreneurs both pricing rate and promoting sale in order to provide the customers more choices. Also, there was the project which aims to enhance those who have small and medium incomes to have their own residence by lending from specialised financial institutions. The financial institutions' housing loans therefore in 2001 has the improved trend.

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