



BANK OF THAILAND

BOT Press Release

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Performance of the Thai Banking System in 2012

Mr. Anupap Kuvnichkul, Senior Director, Financial Institution Policy Group, reported the Thai banking system's performance in 2012 to be resilient with continuous credit growth. Liquidity tightened slightly in line with credit expansion; Loan quality remained sound, while net profit and capital position continued to improve. Details are as follows:

The Thai economy had been recovering well due to strong momentum of domestic demand after the 2011 flood and the government's stimulus measures. Consequently, credit growth of the banking system recorded at 13.7% in 2012. Adverse effect of the global economic slowdown on the Thai export sector and an increase in debenture issuance of several large corporate led to a lower growth of 10.6% for corporate loan (comprising 69.8% of total loan). Corporate loan growth decelerated in most sectors, except the financial sector, whose expansion was due to loan to holding companies in support of their overseas investment and leasing companies, and the construction sector, where the boost came from reconstruction projects due to the flood and the government's megaprojects. On the other hand, loan for small and medium enterprises (comprising 51.8% of corporate loan) expanded well at 14.1% and consumer loan (comprising 30.2% of total loan) by 21.6%. All types of consumer loan recorded an upward trend, especially car loan whose expansion was due to the first-car tax rebate scheme, and personal loan due to the increase in spending needs after the flood and higher returns in this loan segment.

In 2012, commercial banks' funding through deposit increased so as to replace the maturing bill of exchange (B/E) after the collection of the Financial Institutions Development Fund (FIDF) fee on B/E and the Security Exchange Commission's new regulation on B/E were in effect. Bank borrowing including issuance of subordinated debenture and foreign currency debenture also increased as alternative funding source other than deposit. The continuous credit growth resulted in slightly tightened liquidity in the banking system, as reflected in the ratio of loan to deposit and borrowing of 87.9%.

The loan quality remained sound, consistent with the improved economic conditions. Non-performing loan (NPL) stood at 254.2 billion baht at the end of 2012, a decline of 11.9 billion baht from the previous year as a result of debt repayment, write-offs and sales of corporate NPL to asset management companies (AMC). The ratios of gross NPL and net NPL to total loan fell to 2.3% and 1.1%, respectively. NPL of corporate loan decreased to 2.4%, while NPL of consumer loan to 1.9%. However, the amount of delinquent loan increased by 23.2 billion baht to 243.1 billion baht, for both corporate and consumer loans, notably in basic metal industry sector, car and personal loan. Due to the expansion of loan base, the ratio of delinquent loan to total loan remained stable at 2.2%. Although loan quality remained sound, banks conservatively increased loan loss provision as a buffer for global economic uncertainties. Hence, the ratio of available loan loss provision to regulatory loan loss provision rose to 157.2%.

In 2012, the banking system reported the net profit of 173.9 billion baht, up by 30.4 billion baht or 21.2% from the previous year. This was attributed to the increase in net interest income, fee income from bancassurance and electronic cards, and reduction of corporate income tax rate to 23%. Therefore, return on asset (ROA) improved to 1.2% while the return on equity (ROE) increased to 9.5%. Net interest margin (NIM) was stable at 2.5%.

The banking system had increased capital fund sufficiently to accommodate future loan growth. The capital increase was mostly from issuance of subordinated debt to be counted as Tier 2 capital and strong retained earnings. Capital adequacy ratio (BIS ratio) and Tier 1 ratio were at 16.3% and 11.8%, respectively, which are much higher than the BIS ratio under Basel III which is effective in 2013.

Bank of Thailand
7 February 2013



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Performance of the Banking System in 2012



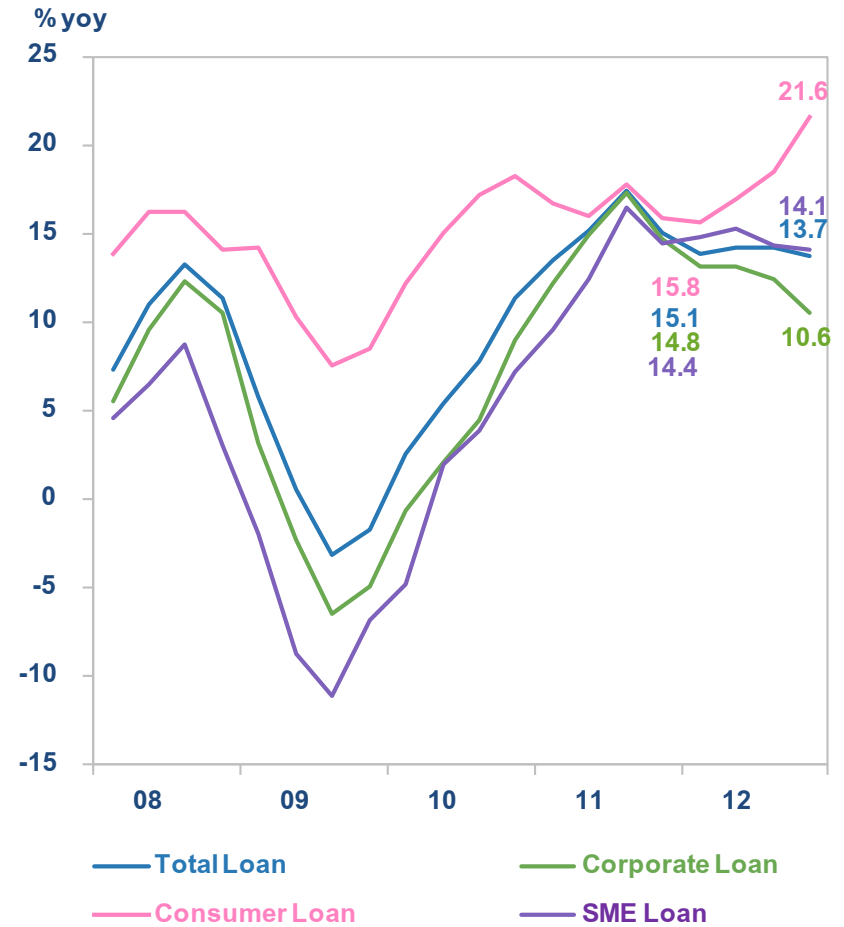
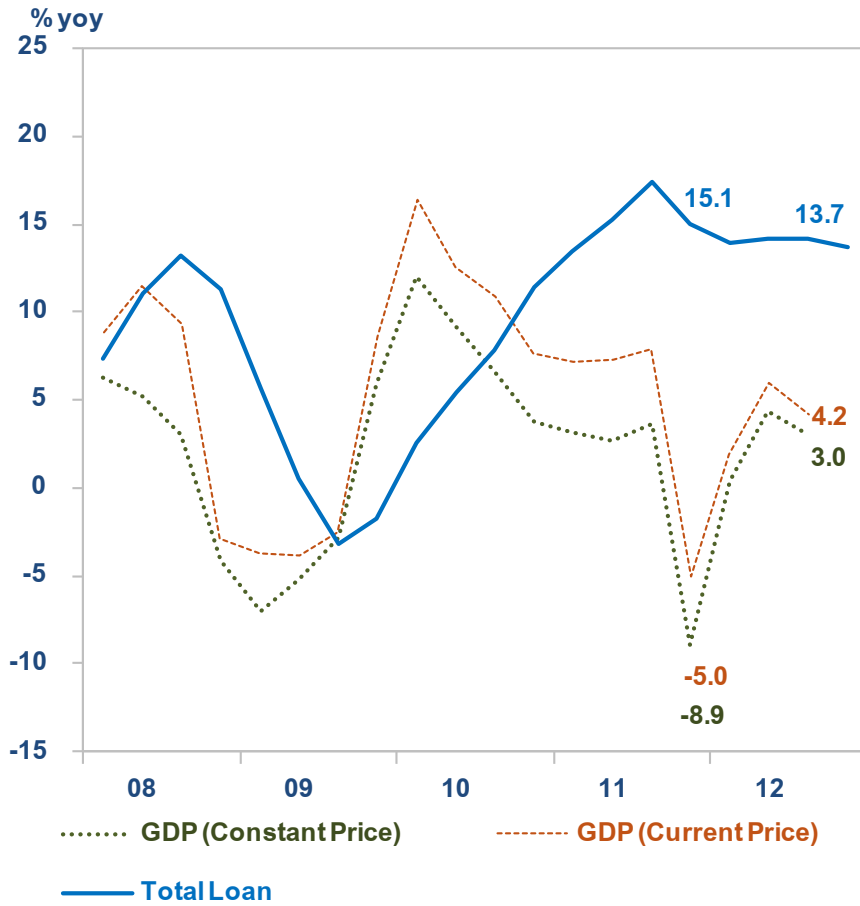
Overall Performance of the Banking System

The banking system was resilient with continuous credit growth. Liquidity tightened slightly in line with credit expansion. Loan quality remained sound, while net profit and capital position continued to improve.

- **Loan grew by 13.7 %yoy from strong domestic demand and government's stimulus packages**
 - **Corporate loan expanded by 10.6 %yoy (SME loan expanded by 14.1 %yoy)**
 - **Consumer loan expanded by 21.6 %yoy**
- **Liquidity tightened slightly due to continuous credit expansion**
 - **Loan / (Deposit + Borrowing) ratio increased to 87.9%**
- **Gross NPL decreased by 11.9 billion baht to 254.2 billion baht**
 - **Gross NPL ratio decreased to 2.3% and net NPL ratio decreased to 1.1%**
- **Net profit increased from both net interest income and fee income mainly from bancassurance**
 - **ROA increased to 1.2% while NIM remained stable at 2.5%**
- **Capital increased from both long-term subordinated debt issuance and profit allocation**
 - **BIS ratio was at 16.3% and Tier-1 ratio was at 11.8 %**



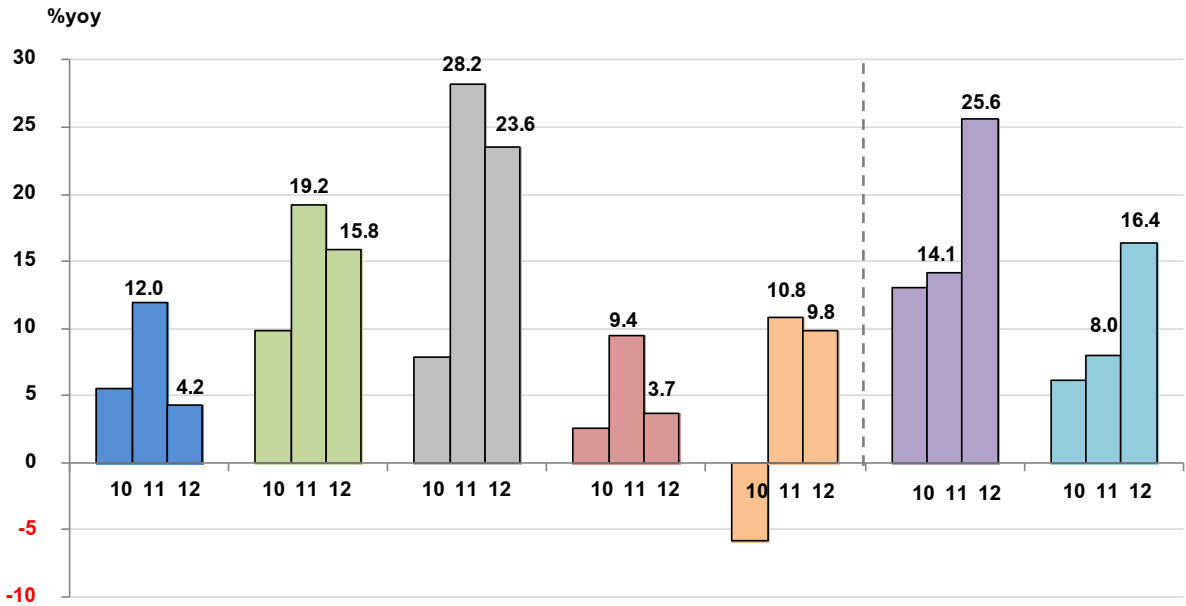
Loan Growth





Corporate Loan

Corporate Loan Growth

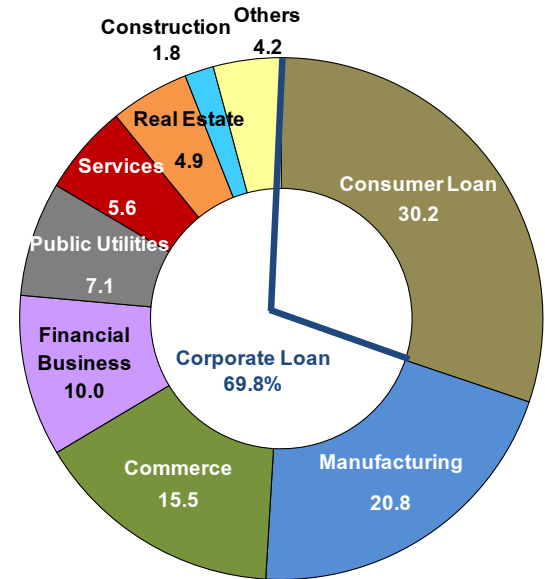


Manufacturing Commerce Public Utilities Services Real Estate Financial Business Construction

Sectors with slower growth

Sectors with higher growth

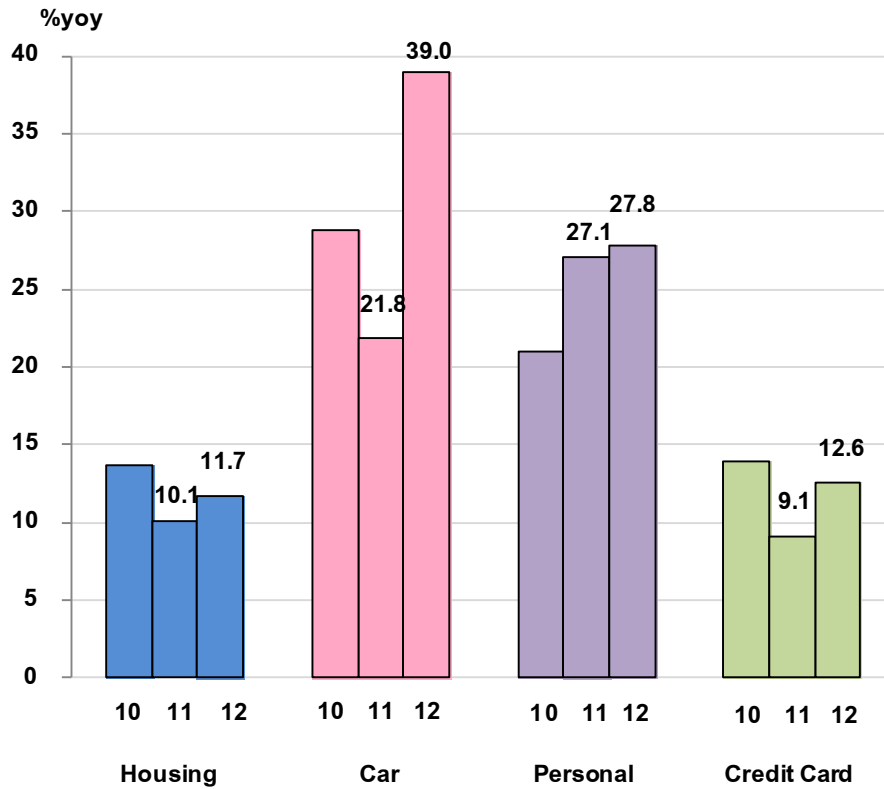
Structure of Corporate Loan as of December 2012



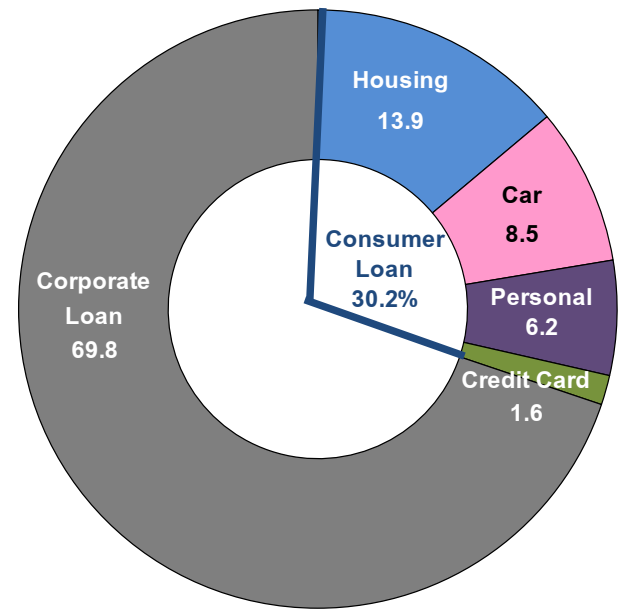


Consumer Loan

Consumer Loan Growth

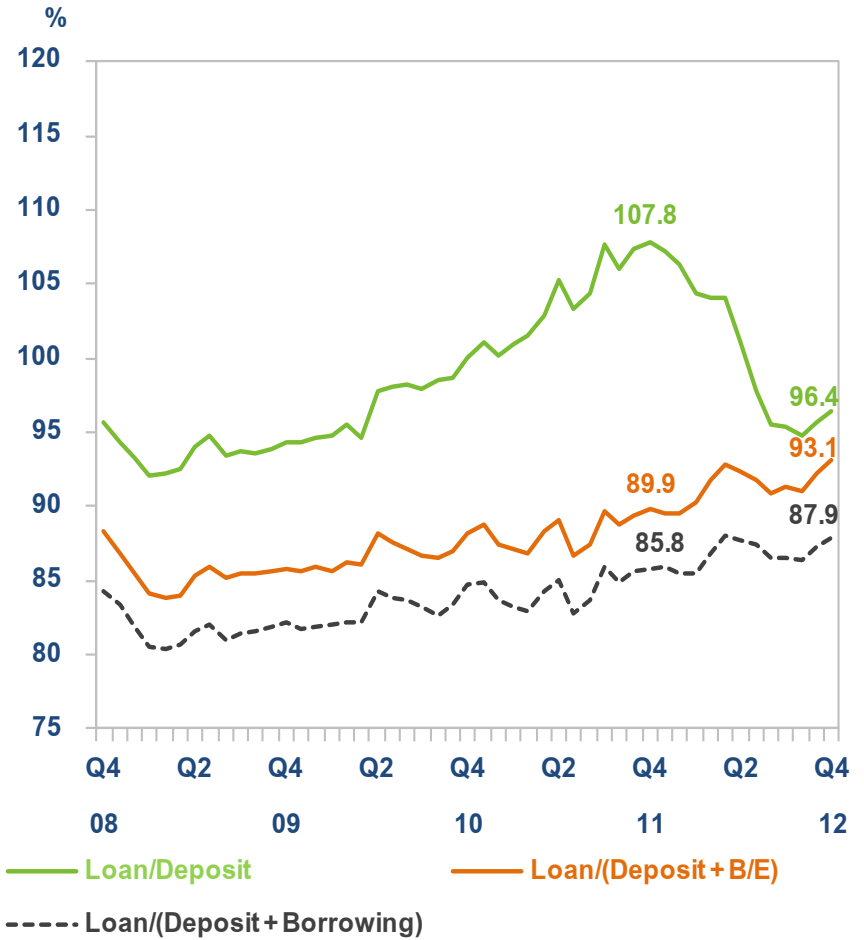
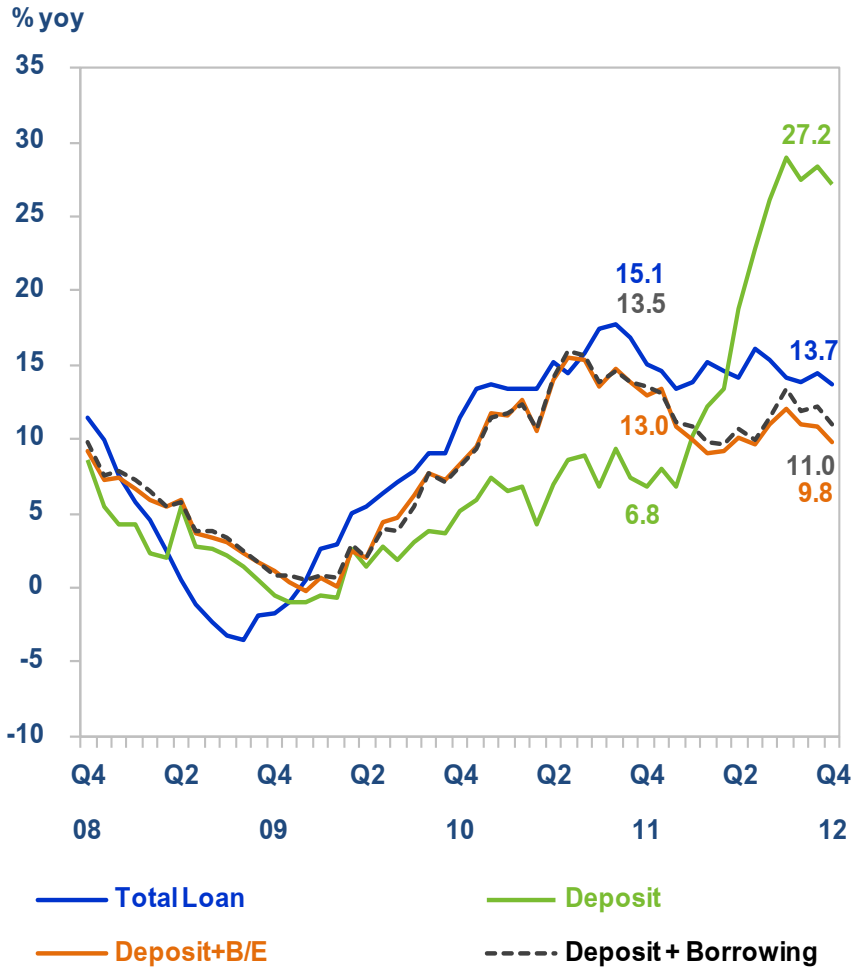


Structure of Consumer Loan as of December 2012





Loan, Deposit and Liquidity

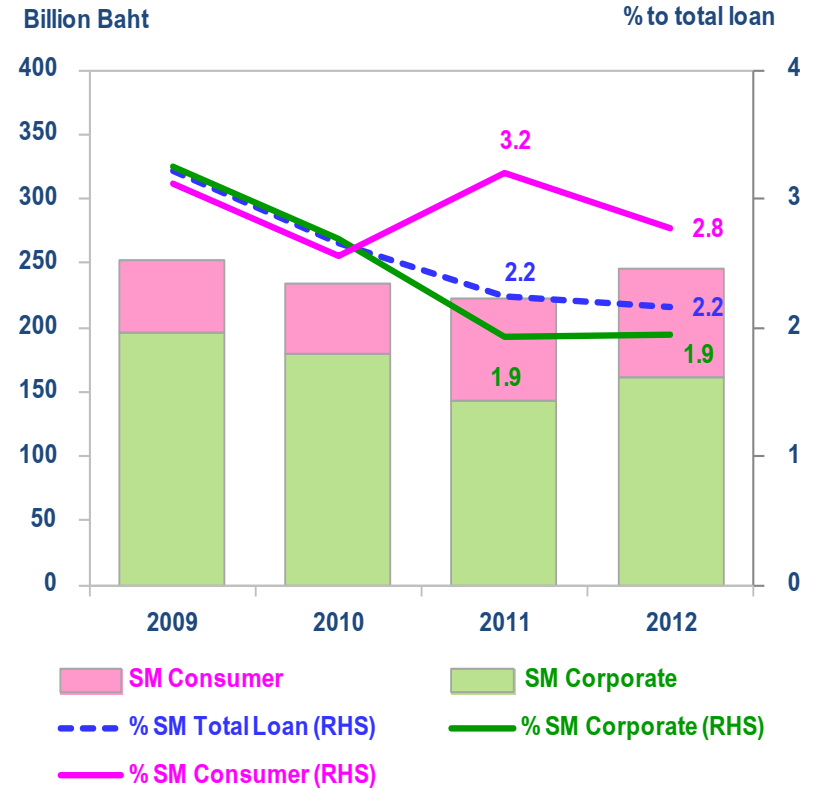
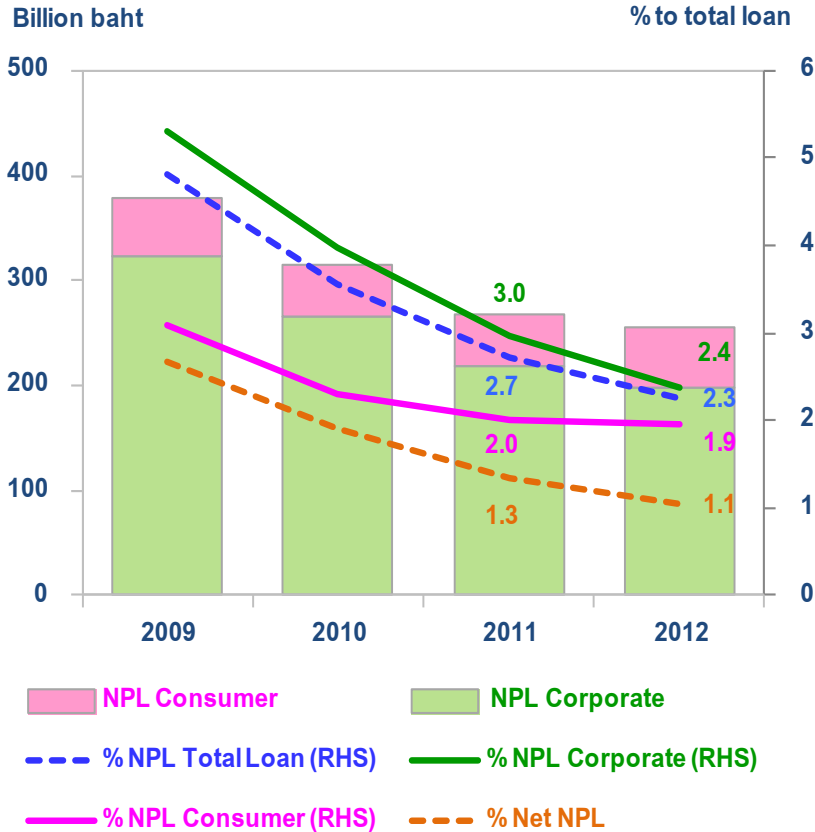




Asset Quality

NPL

Delinquency*



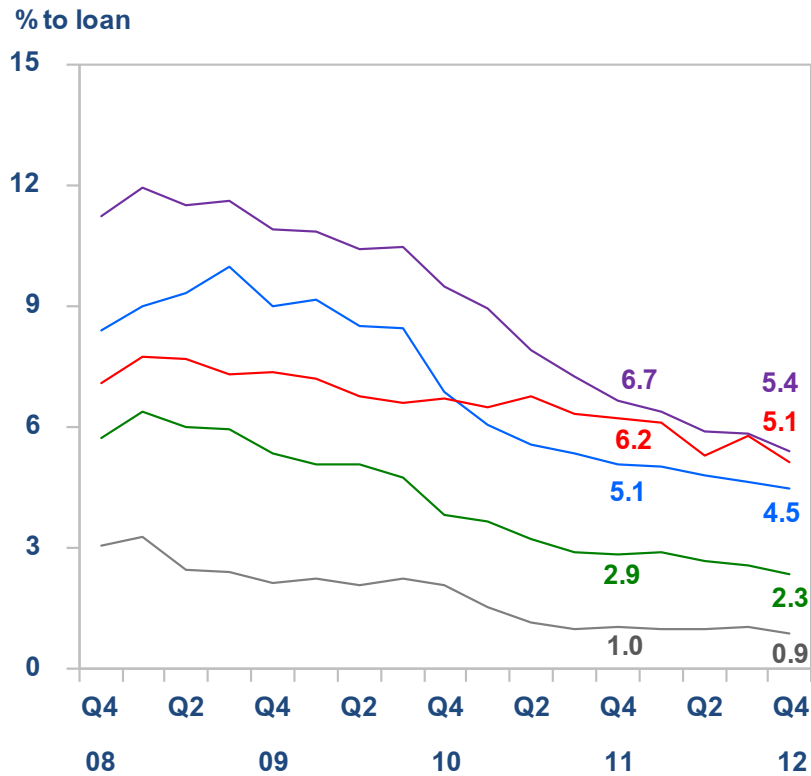
* Special mentioned loans or past due loans over 1 month but not over 3 months



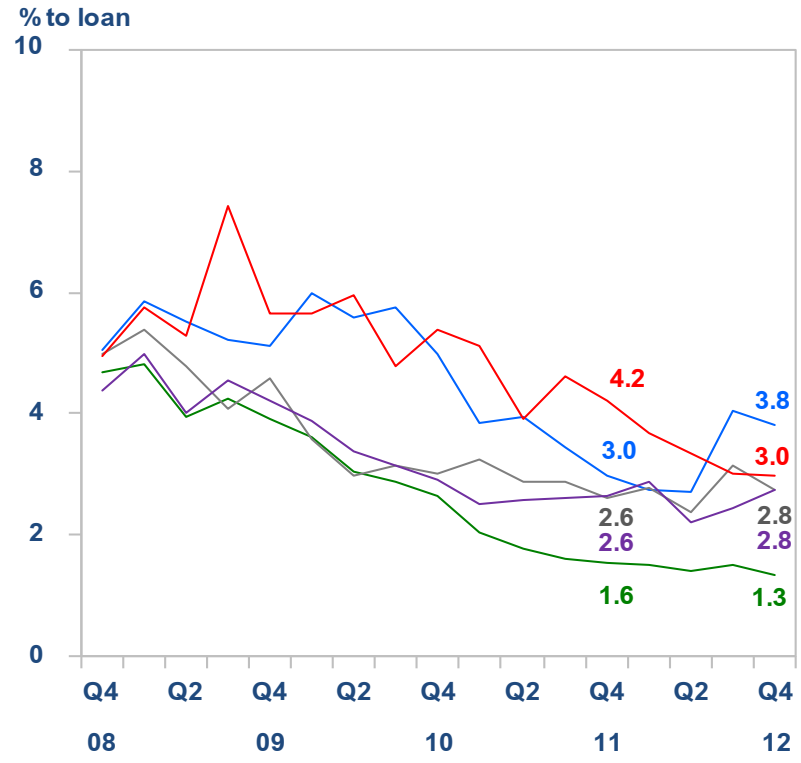
Corporate Loan

NPL

Delinquency



- Manufacturing
- Commerce
- Public Utilities
- Services
- Real Estate + Construction

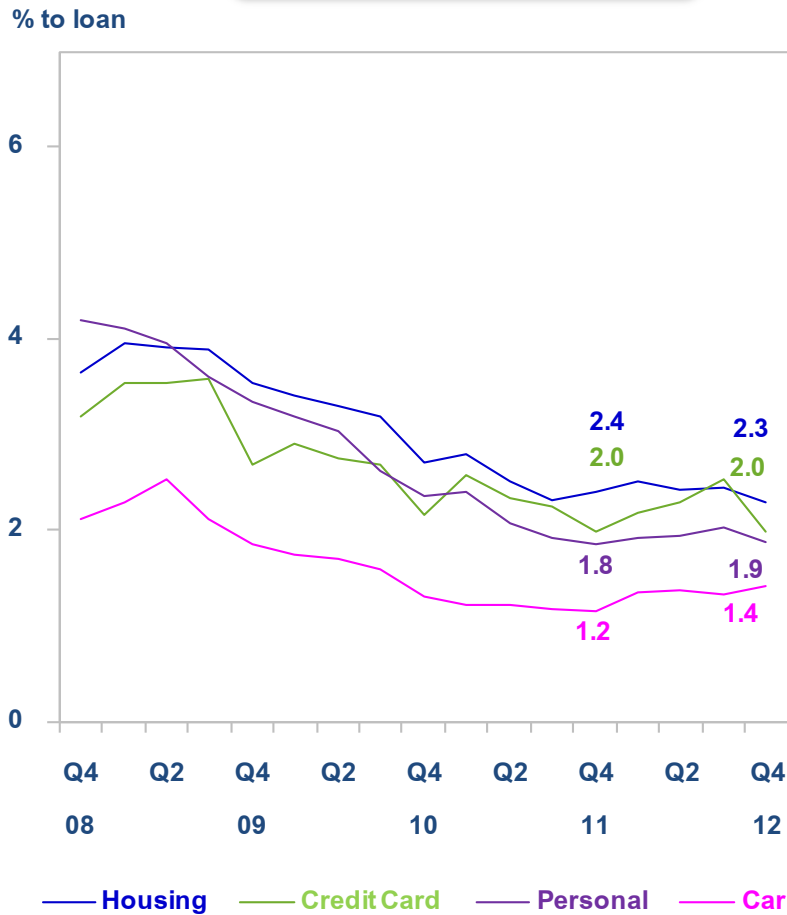


- Manufacturing
- Commerce
- Public Utilities
- Services
- Real Estate + Construction

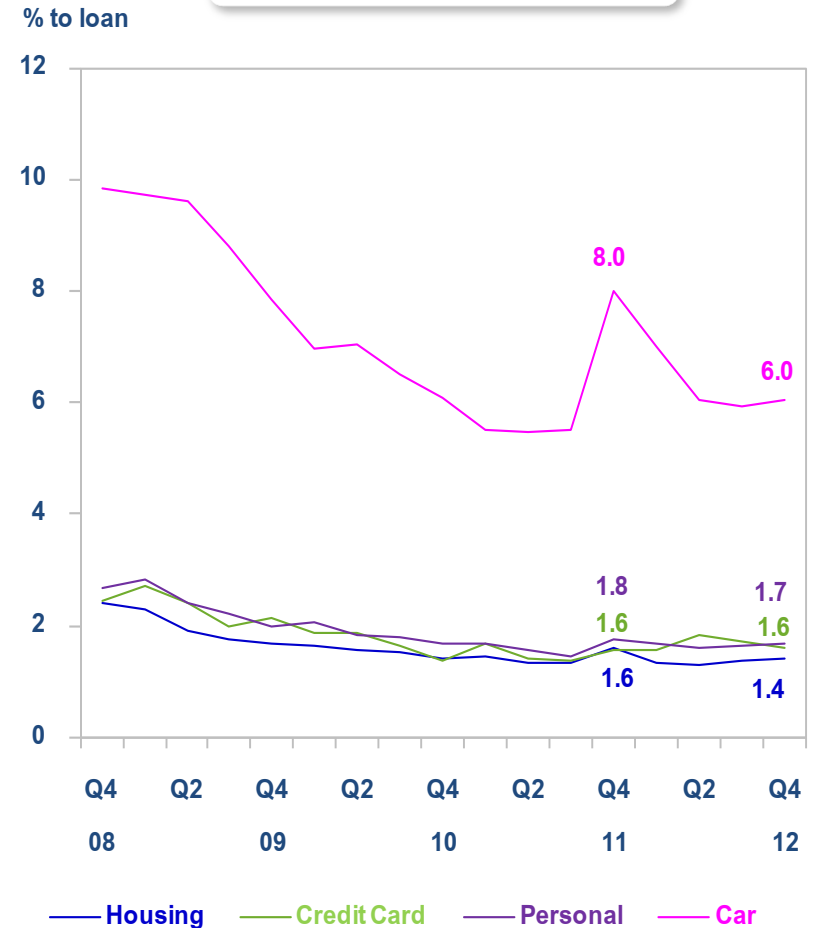


Consumer Loan

NPL



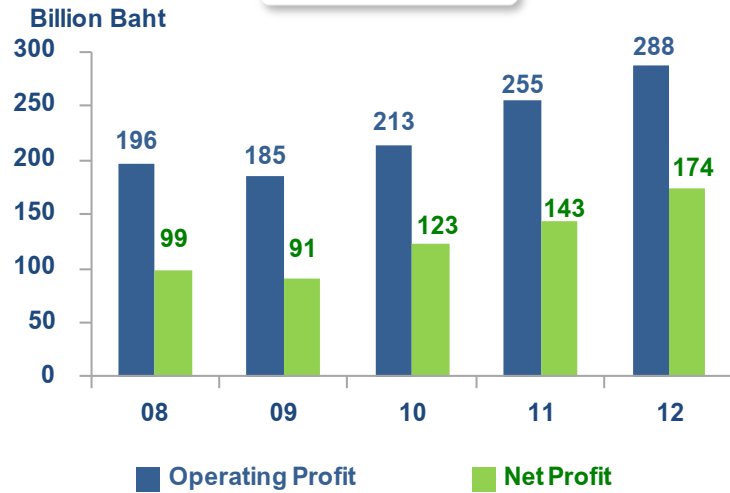
Delinquency



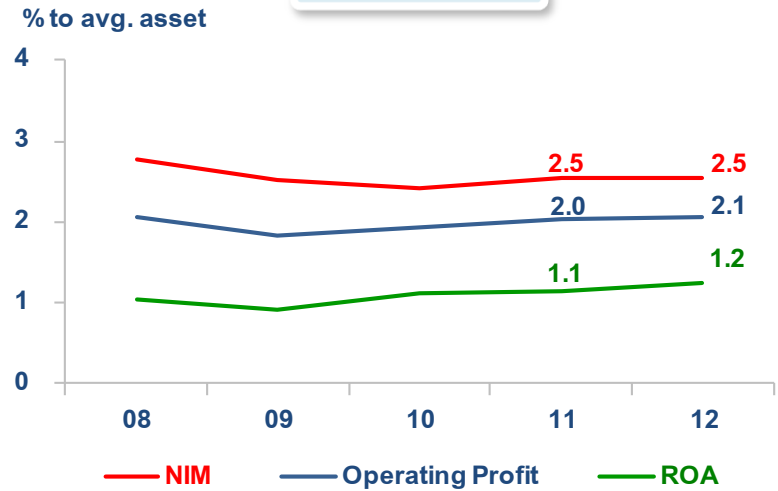


Overall Performance

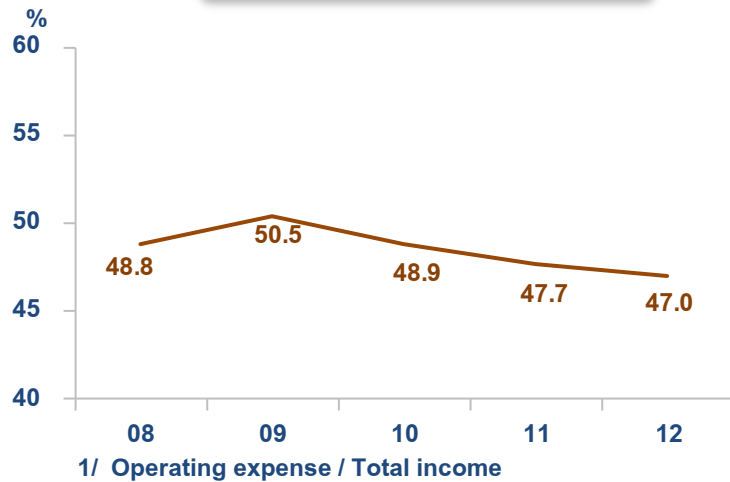
Profit



Profitability



Operating Efficiency ^{1/}



Capital Adequacy Ratio(CAR)

