



BANK OF THAILAND

BOT Press Release

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No. 36/2014

Performance of the Thai Banking System in the Second Quarter of 2014

Mr. Anupap Kivinichkul, Senior Director, Financial Institution Policy Group, reported the Thai banking system in the second quarter of 2014 to remain resilient with good operating performance. Loan growth continued to slowdown but started to show signs of improvement toward the end of the quarter. Loan quality remained intact with high level of provision and solid capital position. Details are as follows.

Economic slowdown as a result of prolonged political situation and dented private sector confidence led to a slowdown in the banking system's loan growth to 7.3% compared to last year. The deceleration in loan growth was observed in both corporate and consumer loan. Nevertheless, a sign of economic pickup toward the end of the second quarter brought about higher rate of quarter-on-quarter growth at 1.1% compared with 0.8% growth in the first quarter. Corporate loan (constituting 69.4% of total loan) expanded by 6.6%, decelerating in almost all sectors while SME loan (accounted for 37.2% of total loan) grew at 8.9%, slowing down from the previous quarter. Consumer loan (constituting 30.6% of total loan) decelerated to 8.8% mainly from car loan.

Loan quality remained intact as banks closely monitored their customers. Ratios of gross non-performing loan (NPL) and net NPL were stable at 2.3% and 1.1%, respectively. Special mention loan (SM) was recorded at 298.2 billion baht, or 9.6 billion baht increase with the ratio of SM to total loan remained stable at 2.4%. As banks had continuously set aside loan loss provision, the ratio of actual loan loss provision to regulatory loan loss provision was high at 169.2%.

Less intense competition in deposit mobilization during the period of slow loan growth coupled with lower loan loss provision after high level of provisioning was made earlier resulted

in net profit of 59.8 billion baht in the second quarter. Net profit for the first half of 2014 was recorded at 110.3 billion baht, expanding at a slower pace compared with the same period last year and in line with the economic conditions.

Capital of the banking system increased to 1,890.5 billion baht, mainly from 2013 annual profit allocation. As a result, capital adequacy ratio (BIS Ratio) and Tier-1 capital ratio increased to 15.9% and 13.0%, respectively.

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August 14, 2014

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