



BANK OF THAILAND

BOT Press Release

Communications and Relations Office, Corporate Communications Department
Tel. 0-2283-5016-7 Fax. 0-2281-5648 www.bot.or.th

No. 9/2015

Performance of the Thai Banking System in 2014

Mr. Jaturong Jantarangs, Senior Director, Financial Institutions Policy Group, reported the Thai banking system's performance in 2014 to remain resilient, with slower loan growth, in line with the economic conditions, and decelerating profit. The overall loan quality was relatively stable, albeit slightly deteriorated in the consumer loan. The banking system maintained high level of provision and capital, which would help them to withstand potential economic vulnerabilities. Details are as follows.

The economic slowdown as a result of political situations during the first half of the year, contracted export, and high level of household debt led to slower loan growth at 5.0% for 2014 (compared to 11.0% for 2013), for both loan to corporates especially SME and consumers. Nevertheless, loan growth started to pick up during the last quarter, as evidenced in the highest quarter-on-quarter growth rate of 2.9% in line with continued economic recovery during the second half of the year. **Corporate loan** (68.9% of total loan) expanded by 4.0% in 2014, decelerating in all sectors, with contraction in the financial business and the service sectors and relatively high growth rate in the public utilities sector. **SME loan** growth dropped markedly from 14.7% last year to 2.2% whereas **loan to large corporate** grew at 6.2%. **Consumer loan** (31.1% of total loan) expanded by 7.4%, continuing to slow down as a result of contraction in the car loan and slowdown in the personal and credit card loan, while the housing loan expanded well at nearly the same growth rate as last year.

Loan quality remained relatively stable. Non-Performing Loan (NPL) was at 277.2 billion baht, up only by 11.5 billion baht from last year. Gross NPL to total loan remained at 2.15%, while net NPL to total loan edged up slightly to 1.08%. Consumer loan quality deteriorated slightly, with NPL ratio increasing to 2.4% mainly from the automobile, credit card and personal loan portfolio. Special mention loan (SM : loan overdue above 1 month but not more than 3 months) rose

to 336.4 billion baht, mainly from the manufacturing sector, with the ratio of SM to total loan up from 2.4% to 2.6%. However, as banks continued to accumulate loan loss provision as a buffer against economic uncertainties, the ratio of actual to regulatory loan loss provision increased to 169.4%.

The banking system remained profitable, though with decelerated profit. Net interest income increased, with Net Interest Margin (NIM) increasing from 2.55% to 2.60%. Slower growth in interest income and non-interest income, as well as higher operating expense, resulted in a smaller increase in operating profit by 7.7 billion baht or 2.3% growth rate from last year. The decline in provision expense after continuous accumulation during the past years gave rise to 10.2 billion baht net profit increase, or 5.0% growth rate compared to 17.3% last year, while ROA was stable at 1.32%.

Banking system was well capitalized, mainly from continued profitability. Capital adequacy ratio (BIS Ratio) and Tier-1 ratio rose to 16.8% and 13.7%, respectively, compared to 15.7% and 12.6% in 2013.

Bank of Thailand
February 12, 2015

Contact: Financial Performance and Loan Analysis Team
Tel: +66 (0) 2283 5980, +66 (0) 2283 6285
e-mail: FP&LATEam @bot.or.th