



BANK OF THAILAND



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**Press Release on the BOT relaxes dividend payment policy of financial institutions,  
taking into account cautiousness and supporting economic recovery**

Mr. Ronadol Numnonda, Deputy Governor, Financial Institutions Stability, the Bank of Thailand (BOT), revealed that the BOT had provided a guideline for 2021 dividend payment by taking into account the results of the bank's capital adequacy assessment under the stress test for the year 2021 – 2023, which showed that banks remain resilient to withstand such situations. Furthermore, banks have enhanced their cautiousness and readiness to deal with the uncertainty by continuously increasing their loan loss provision. As a result, the NPL coverage ratio and the BIS ratio of the banking system in the 3rd quarter of the year 2021 are 155% and 19.9%, respectively.

As the financial institution system remains strong with adequate loan loss provision and capital to withstand a high level of uncertainty ahead, the BOT deems it appropriate to relax dividend payment policy by unwinding the dividend payout ratio limit, not exceeding the past payout rate. However, financial institutions still need to strengthen their capital level to support the continuation of credit expansion during the beginning of economic recovery. Hence, financial institutions are allowed to pay dividends for the year 2021 not exceeding 50% of year 2021 net profit and should maintain a cautious approach in accordance with their performance and risks that may arise in the future.

The aforementioned policy would stabilize Thai's financial institution system, continuously maintain a high level of capital to be a safeguard against the uncertainties, and serve as an important mechanism to support borrowers and economic activities.

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