

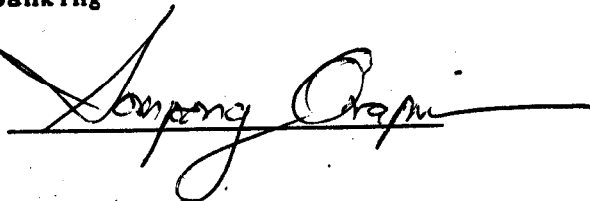
**Title : Financial Analysis and Organization of Nakornthon
Bank Public Company Limited**

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Degree : Master of Business Administration

Major Field : Finance and Banking

Chairman, Thesis Advisor :

A handwritten signature in black ink, appearing to read 'Sompong Orapin', is written over a horizontal line.

(Associate Professor Dr.Sompong Orapin)

12, 06, 1996

The nakornthon Bank Public Company Limited can be said to be the second Thai operated commercial bank, known in 1933 as "Wang Lee Chan Bank Limited", next after the Siam Commercial Bank Limited; but this bank has grown slower than the Siam Commercial Bank that was opened after it. From the research findings, it can be summed up as follows:

Beginning from the start of the Nakornthon Bank, its founders merely intended it to be a bank serving as a place for keeping money and for exchanging currencies in the businesses of the members of the Wang Lee family, which accounts for the bank growing very slowly. In the days of the fourth generation of the Wang Lees, the days of Mr. Suwit Wang Lee who assumed office to run the business of the bank in 1972, when the bank had been in business for more than 39 years, the growth of the bank began to occur, and it began to be operated in a serious manner; it is in these days that its branches were opened.

The analysis of the ratios of the Nakhonthon Bank Limited in comparison with the whole system of Thai Commercial bank revealed the following:

The Liquidity Ratios :

- The ratio of loans to deposits: in 1990-1991, it had a norm lower than that of the whole system of Thai commercial banks. Because its capital existed in a small amount, the bank was incapacitated from releasing credit on a large scale, and after it increased its capital in 1992, it has been able to release credit on a larger scale.

- The ratio of liquid assets to deposits: In 1990-1992, the bank had a smaller quantity of liquid assets. That it is danger to depositor.

- The ratio of investments in securities to deposits: it was found that the bank had a very small quantity of investments in securities; so it might have not enough money, should people draw their deposits simultaneously.

The Leverage Ratios :

- The ratio of credit to total asset: It was found that every year from 1992 the credit of the Nakhonthon Bank Limited would be higher than the total asset of the whole system of Thai commercial banks, showing that the bank begun to release credit increasingly. Because NTB is add Net Worth therefore can give much credit

- The ratio of shareholders to total asset: It was found that the Nakhonthon Bank Limited had this ratio each year lower than that of the whole system of Thai commercial banks, showing that the Nakhonthon Bank Limited took many money to invest in assets, which would result in high risk to depositor, should people draw their deposits simultaneously.

- The ratio of liabilities to equity: It was found that the ratio of the Nakhonthon Bank Limited was higher than that of the whole system of Thai commercial banks every year, because the bank had liabilities at a higher level than equity, showing that the bank had excessive liabilities. That it is danger to creditor and depositor.

The Profitability Ratios :

- The ratio of incomes to capital: It was found that in 1991 the Nakhonthon Bank Limited had a ratio of incomes to capital which, when compared with that of the whole system of Thai commercial banks, would be higher and declined in 1992, showing that the bank used less of its capital to generate incomes. Because NTB is magnifying Bank.

- The ratio of net profits per investments: It was found that the ratio of the Nakhonthon Bank Limited was lower than that of the whole system of Thai commercial banks, showing that the expense for management of the bank was high.

- The ratio of expenses to incomes: It was found that the ratio of the Nakhonthon Bank Limited was higher than that of the whole system of Thai commercial banks, showing that the bank had a great deal of expenses.

The analysis of the equation that the par value according to the account was less than that of the whole system of Thai commercial banks. Upon dissolution, those investing in ordinary shares of the bank would receive little money.

The profit per share of shareholders was less than that of the whole system of Thai commercial banks, showing that the return on investment was very low.

The ratio of the market price to the net profit per share was lower than the whole system of Thai commercial banks, showing that price of NTB equation is not investment rather.

Analysis according to efficient market theory lines:

It would be found that the rate of return on investment in equation of the Nakhonthon Bank Limited has β (the beta coefficient for security) little one and it has adding machine show NTB equation is not risk.

As regards the marketing of the Nakhonthon Bank Limited, it was found that the growth rate of the deposits with the bank was lower than the growth rate of credit.

In the matter of Bank for International settlement (BIS), it would be found that when the Bank of Thailand applied this BIS rule, since the Nakhonthon Bank Limited did not pass according to the rule, it announced increasing its ordinary shares and issuing longterm underprivileged debentures so as to enable its ratio of funds riskful assets to pass BIS, according to the prospectus to shareholders of the bank, which stated right away that the purpose was to enable the Net Worth to Risk Assets meet the BIS rule.