

Chutima Prachot 2014: The Non-Performing Loans of The Small and Medium Enterprise Development Bank of Thailand. Master of Economics, Major Field: Business of Economics, Department of Economics. Thesis Advisor: Assistant Professor Sauwaluck Koojaroenprasit, Ph.D. 125 pages.

The objectives of this thesis were to find factors that affect Non-Performing Loans (NPLs) and to study effective credit management and performance of The Small and Medium Enterprise Development Bank of Thailand (SME Bank). First, define problem by data analysis of NPLs time sequence of each quarter from year 2003 to 2012. Next, literature reviewed and applied to financial ratio analysis was solved to obtain result of effective management and performance statement. The research approach was to find the factors that affect to ADF and found that every factor was stationary and was not multicollinearity.

The analysis result was performed in order of equation model of Autoregressive Model (AR 2) to find the optimal levels of factors of NPLs between studied period by compare with Ordinary Least Squares (OLS) and autocorrelation problem was solved. It was found that the factors which significantly affect the NPLs of case study bank were the latest quarter of credit amount, Gross Domestic Product Growth Rate and economic crisis record. SME Bank should be consider three significant factors before credit approval to the enterprise customer and will be decrease risk of NPLs occurrence. The evaluation result of SME Bank found that deficiency of credit management, profit was decreased, cash flow and BIS ratio were performed in lower level than Bank of Thailand criteria. It was affected from increasing of NPLs and should be prevent by suspect NPLs insurance. As the result, SME Bank should be carefully monitor performance after found low level of stability and high level risk of NPL occurrence.

Recommendation of this research was case study bank should be study International Accounting Standard (IAS 39) of Bank of Thailand before credit approval to the enterprise customer and will be prevent decrease risk of NPLs occurrence.

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Student's Signature

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Thesis Advisor's Signature