

GSB pursues a more universal role

Securities, investment banking in pipeline

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OSAKA, JAPAN : The Government Savings Bank will expand aggressively into securities and investment banking services this year as part of its strategy to become a universal bank.

Tachapol Kanjanakul, a bank senior executive vice-president, said the state-owned bank this month had applied to the Securities and Exchange Commission for six capital market-related licences.

It is seeking selling agent licences for bonds, equities and mutual funds, as well as licences for investment banking, underwriting and securities borrowing-and-lending services.

The GSB, traditionally one of the most conservative Thai banks mainly serving lower- and middle-income clients, will open an investment banking unit to help develop investment products for its retail base of 26 million accounts.

The licences would allow the GSB to act as a sales agents for government bonds, including public savings bonds and Thai Khem Khaeng bonds.

The GSB will also team up with affiliates MFC Asset Management, Thanachart Securities and TSFC as well as with other state banks to provide financial advisory services for companies planning new securities issues.

"We are not really a new player in the Thai investment market. Actually, we were one of the first major players in the bond market. Our current investment portfolio is just smaller than the Government Pension Fund," said Mr Tachapol.

At the end of 2009, the GSB had an outstanding investment portfolio of 250 billion baht, or 300 billion if investments in the government bond and repurchase market are included. Investments accounted for about 30% of the bank's total assets of 1.08 trillion baht.

Debt instruments account for about 200 billion baht of the GSB's portfolio, with another 50 billion in equities, gold exchange traded-funds and property funds, and 20 to 30 billion baht in mutual funds.

Last year, the GSB shifted 500 million baht to a proprietary investment unit, posting returns of 80% over benchmarks. The bank plans to raise its inhouse equity investments to 2 billion baht this year, with a focus on liquid, fundamental stocks in the property, construction and banking sectors.

Lersuk Chuladesa, the GSB president and chief executive, said the bank posted 2009 net profits of 15.9 billion baht, up 18.92% from the year before.

Interest revenue from lending activity totalled 33.625 billion baht last year, or 73% of total income, with non-interest income the rest.

"Our target is to post at least 10% growth across all our business segments. Our four key strategies are to expand our customer base, support grassroots economic and social development, promote public saving and financial discipline and increase our competitive advantage," Mr Lersuk said.

In 2009, the GSB approved 489.6 billion baht in new loans, including 381 billion going to small businesses, community projects and grassroots development programmes.

Outstanding loans at the end of 2009 totalled 781.5 billion baht, an increase of 42.5% from the year before. Non-performing loans fell to 2.2% of its total from 3.31% the year before, while deposits at the end of 2009 were up 31.2% at 921.5 billion baht.

Financial and Investment

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