

Independent study title	LOAN LOSS PROVISION AND FINANCIAL MANAGEMENT: EVIDENCE IN THAI COMMERCIAL BANKS
Author	Miss Chalalai Suriyapas
Degree	Master of Science (Finance)
Major field/Faculty/University	Master of Science Program in Finance (International Program) Faculty of Commerce and Accountancy Thammasat University
Independent study advisor	Associate Professor Tatre Jantarakolica, Ph.D.
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## **ABSTRACT**

This paper indicates determinants of loan loss provision and its behaviors in Thai commercial banks. The sample is in between 2001 to 2019 based on quarterly data basis using loan loss provision as dependent variable. Explanatory variables consist of credit risk, economic condition, earning and capital variables. The results show that other than credit risk variables, earning variable is an important determinant of loan loss provision resulting in positive and significant to loan loss provision, indicating that Thai commercial banks have incentive to use loan loss provision estimates as a tool for earning management and it is more aggressive in the latter capital regulatory regimes. Subsample analysis performed in differences bank certain characteristics which are Bank size, Asset growth, Asset quality, Capitalization and Financial crisis years, that those differently apply provision strategies. Additional analysis using loan loss reserve as dependent variable provide strong result to earning management.

Keywords: loan loss provisioning, earnings management, capital management, countercyclical provision, capital regulatory, Thai commercial banks