Projected Medium-Term Capital Needs for Asian Banking Systems under Different Growth Scenarios\(^1\)

(In billions of U.S. dollars)

<table>
<thead>
<tr>
<th>Country</th>
<th>Strong growth</th>
<th>Weak growth</th>
<th>WEO baseline growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>India</td>
<td>1.7</td>
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<tr>
<td>China</td>
<td>0.4</td>
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<tr>
<td>Korea</td>
<td>0.3</td>
<td></td>
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<tr>
<td>Philippines</td>
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<tr>
<td>Thailand</td>
<td>0.3</td>
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<td>Singapore</td>
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<td>Malaysia</td>
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<td>Indonesia</td>
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</tbody>
</table>

Sources: Bankscope; Bloomberg; and IMF staff calculations.

\(^1\) Projected for major banks (comprising at least half of domestic banking system assets) through end-2018 to meet Basel III Tier 1 capital requirement, including conservation buffer. Strong-growth scenario raises capital needs because of higher growth in risk-weighted assets. Higher capital needs in weak-growth scenario are driven by lower bank earnings. Projected return on equity based on 10-year historical averages, adjusted by \(+1\) and \(-2\) standard deviations under strong and weak growth scenario, respectively.
Growth in Loans and Deposits and Resulting Loan-to-Deposit Ratios, 2007‒12

Cumulative deposit growth over the five years through end-2012 (percent)

Cumulative loan growth over the five years through end-2012 (percent)

Bubble size: Loan-to-deposit ratio at end-2012:
- red: > 100%
- orange: 80% < x < 100%
- green: < 80%

Observations below diagonal line: loans outpacing deposits, and vice versa

Sources: CEIC Data Company Ltd.; and IMF staff calculations.