



BANK OF THAILAND

BOT Press Release

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No. 29/2022

Performance of the Thai Banking System in the First Quarter of 2022

Ms. Suwannee Jatsadasak, Senior Director, Bank of Thailand, reported on the Thai banking system's performance in the first quarter of 2022 that the **Thai banking system remained resilient with high levels of capital fund, loan loss provision and liquidity**, and are well prepared to accommodate loan demand and facilitate a sustained economic recovery. Overall asset quality remained stable from the previous quarter owing primarily to debt restructuring and financial assistance measures. Meanwhile, the banking system's profitability improved from the same period last year mainly from loan expansion which led to higher interest income. Details are as follows:

The Thai banking system's capital fund stood at 3,016.4 billion baht, equivalent to capital adequacy ratio (BIS ratio) of 19.8%. Loan loss provision remained high at 909.4 billion baht with NPL coverage ratio of 165.6%. Liquidity coverage ratio (LCR) registered at 192.5%.

In the first quarter of 2022, banks' overall loan growth was 6.9% year-on-year, increasing from 6.5% in the previous quarter. Details on bank loans are as follows:

Corporate loan growth was 8.8% year-on-year, edging up from 7.9% in the previous quarter. Large corporate loans¹ expanded in almost all business sectors, reflecting financing needs of businesses in line with improving economic recovery. Meanwhile, SME loans² grew mainly from rehabilitation credit scheme.

Consumer loans grew by 3.3% year-on-year, a slower pace from the previous quarter as the Omicron outbreak affected consumer confidence. Mortgage loan growth slowed down in line with the decline in housing demand. Auto loan remained stable while growth in domestic car sales becomes more evident. Meanwhile, credit card loan expanded in tandem with an increase in credit card usage. Personal loans continued to grow due to households' liquidity needs.

Banks' overall loan quality in the first quarter of 2022 remained stable from the previous quarter owing primarily to debt restructuring and financial assistance measures.

¹ Corporates with a credit line more than 500 million baht with a bank as of March 2022.

² Corporates with a credit line not exceeding 500 million baht with a bank as of March 2022.

The gross non-performing loans (NPL or stage 3) increased marginally to 531.9 billion baht, equivalent to the NPL ratio of 2.93%. Meanwhile, the ratio of loans with significant increase in credit risk (SICR or stage 2) to total loans stood at 6.09%, decreasing from 6.39% in the previous quarter.

The banking system recorded a net profit of 49.4 billion baht in the first quarter of 2022, increasing by 11.8% from the same quarter last year. This was due primarily to loan expansion which led to higher interest income, while non-interest income decreased mainly from fee income. Compared to the previous quarter, net profit improved due to bank's operating cost control and lower provisioning expenses. As a result, the return on asset ratio (ROA) increased to 0.87% from 0.67% in the previous quarter. Meanwhile, the ratio of net interest income to average interest-earning assets (Net Interest Margin: NIM) remained stable at 2.45%.

Bank of Thailand
May 17, 2022

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BANK OF THAILAND

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17 May 2022



Overall Performance of the Thai Banking System in the First Quarter of 2022

Bank resilience

Thai banking system remained resilient with high levels of capital fund, liquidity and loan loss provision.

Loan growth



Loan growth
+6.9 %YoY (Q1/22)
+6.5 %YoY (Q4/21)

continued to expand from large corporate loan in accordance with financing needs of businesses, while SMEs loan grew mainly from rehabilitation credit scheme. Consumer loans grew at a slower pace as the Omicron outbreak affected consumer confidence.

Loan quality



Stage 3
2.93% (Q1/22)
2.98% (Q4/21)

remained stable owing primarily to debt restructuring and financial assistance measures.

Profitability



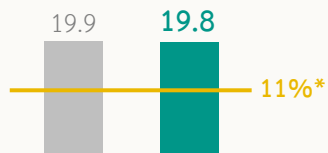
Net profit
11.8 %YoY (Q1/22)
122.8 %YoY (Q4/21)

improved from the same period last year due to loan expansion which led to higher net interest income. Meanwhile, non-interest income declined mainly from fee income.

The Thai banking system's capital fund, loan loss provision and liquidity remained at high levels.

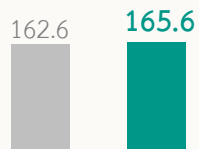
■ Q4/21 ■ Q1/22 — Minimum requirement

BIS ratio



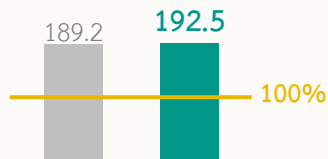
remained stable at a high level : Capital fund decreased from previous quarter due primarily to redemption of subordinated notes (Tier 2), while risk weighted assets remained stable.

NPL coverage ratio



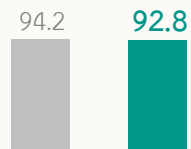
increased : Banks have continued to set aside provisions to cushion against potential loan quality deterioration amid uncertain economic recovery.

LCR (Liquidity Coverage Ratio)



increased : All banks maintained high levels of LCR above the minimum requirement of 100%.

L/D ratio



slightly decreased : Deposits expanded at a higher rate than loans, with deposits growing from savings by both businesses and retail depositors.

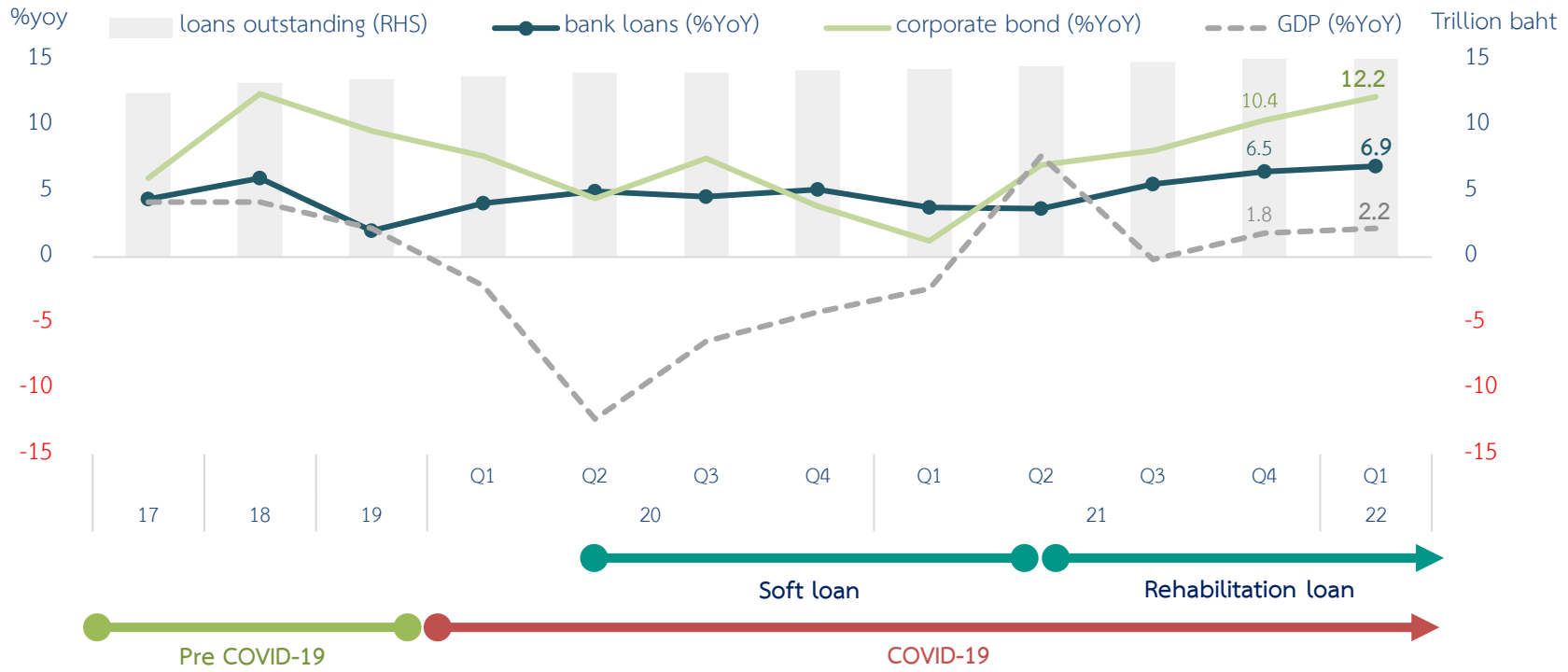
Note: *The minimum capital requirement for D-SIBs is at 12%.

Definition of NPL coverage ratio was revised in accordance to TFRS 9: before Q1/2020 : Loan loss provision (principle only) / NPL outstanding (principle only)
after Q1/2020 : Loan loss provision (loan principle + accrued interest + contingent liability) / NPL outstanding (principle + accrued interest).

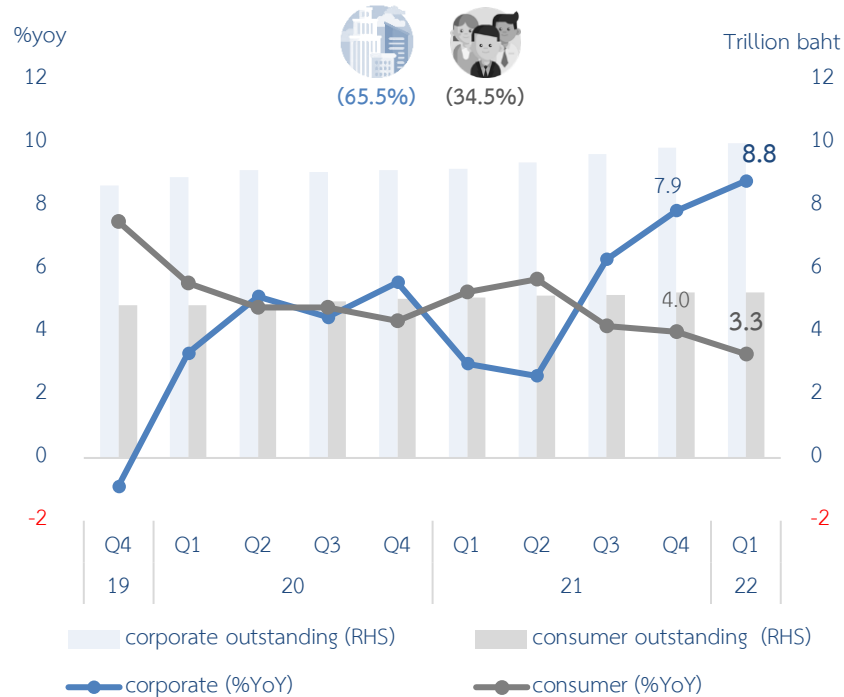


Funding through bank loans and corporate bonds increased in line with improving economic recovery.

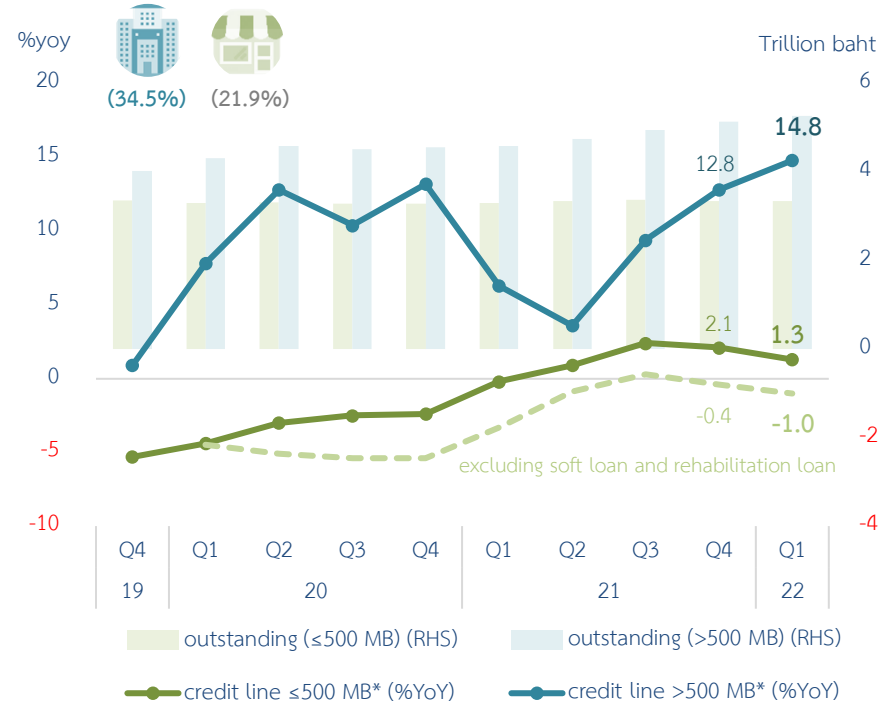
Bank loan and corporate bond growth



Loan growth classified by loan portfolios



Corporate loan growth classified by size



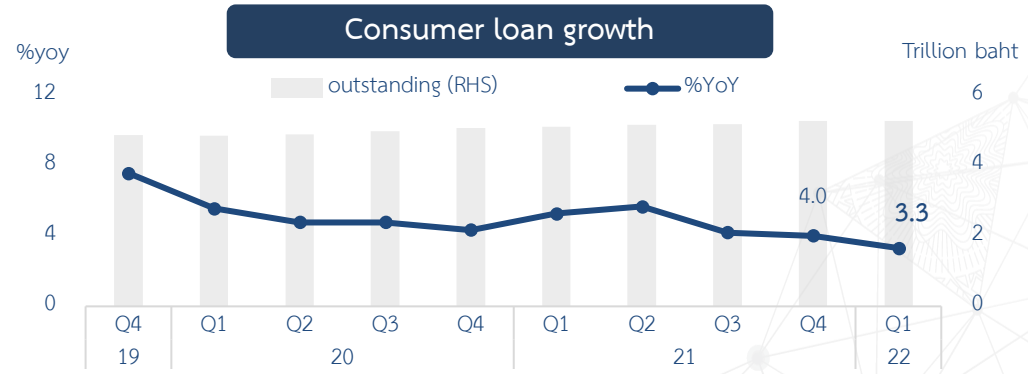

Note: Growth rate compared to the same period last year | * Corporates with a credit line with a bank (excluding financial business)

A number in parentheses indicates share of total loans.



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BANK OF THAILAND

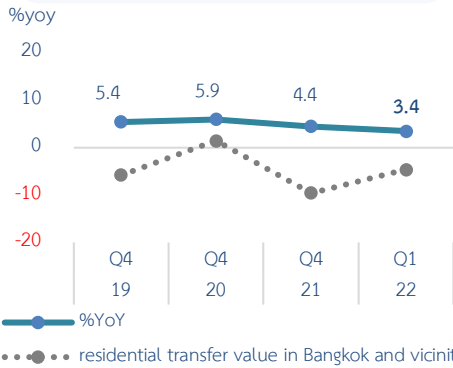
Overall consumer loans grew at a slower pace.

Mortgage loan

grew at slower rate
in line with a decline in housing demand.

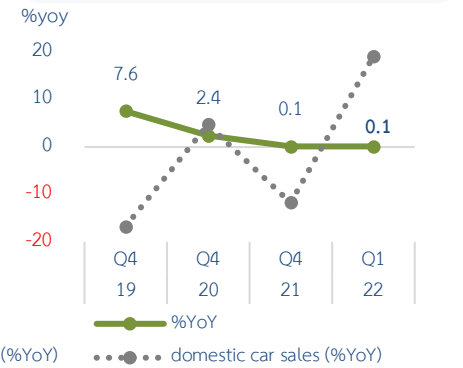

(17.2%)




Auto loan

remained stable
although domestic car sales growth rate turned positive.

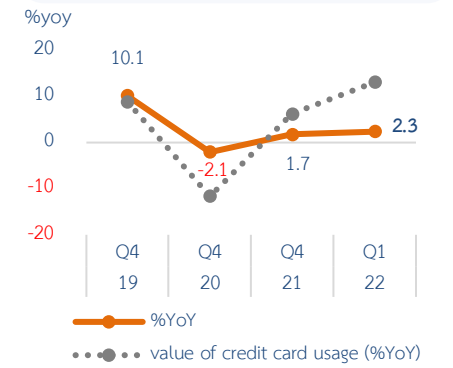

(7.7%)

Credit card loan

expanded
in tandem with an increase in credit card usage.

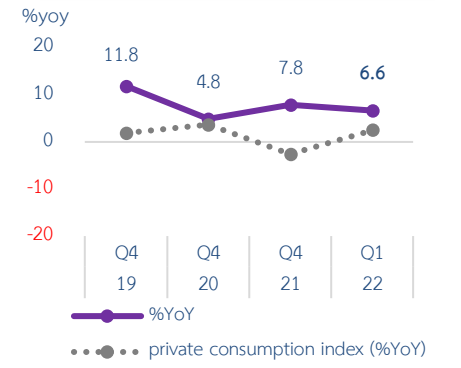
(1.7%)

Personal loan

continued to grow due to households' liquidity needs.

(7.9%)

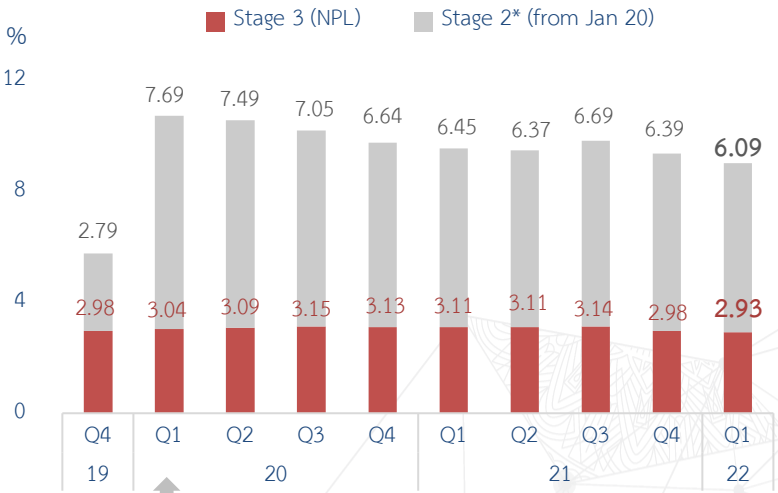


Note: Growth rate compared to the same period last year | A number in parentheses indicates share of total loans.

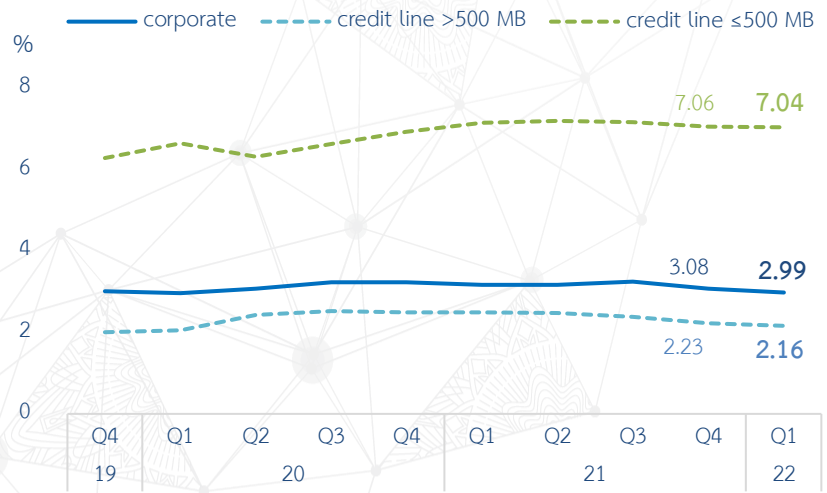


Overall loan quality remained stable owing primarily to debt restructuring and financial assistance measures.

Stage 3 (NPL) and Stage 2 of total loans



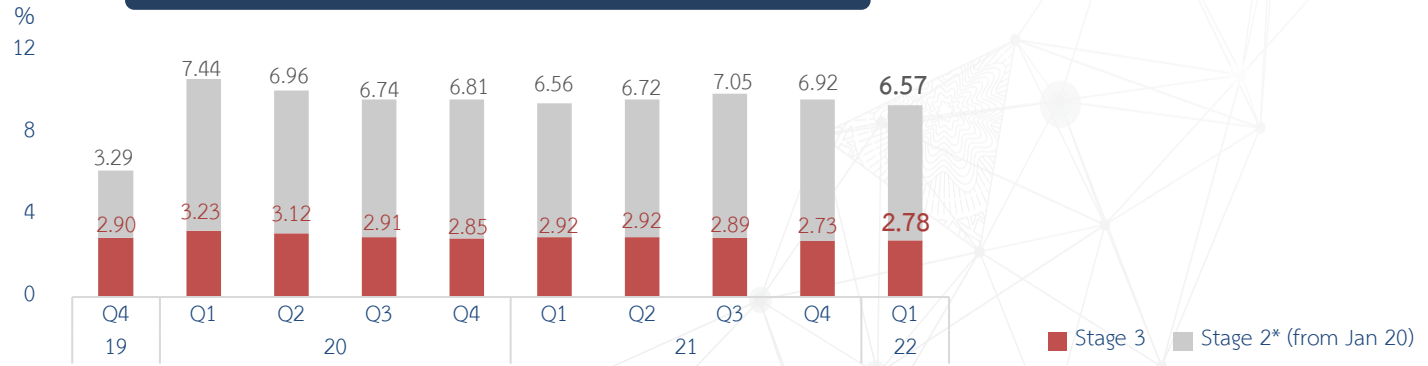
Stage 3 (NPL) classified by loan portfolios



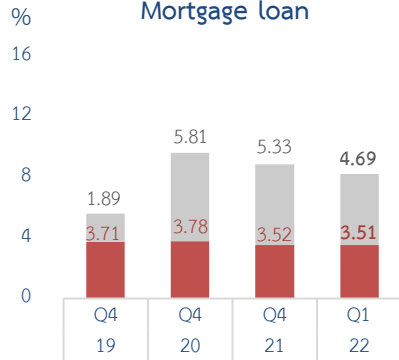
* Stage 2 is defined as loans with significant increase in credit risk (SICR), having a wider coverage than SM.

Overall consumer loan quality remained stable following banks' loan portfolio management.

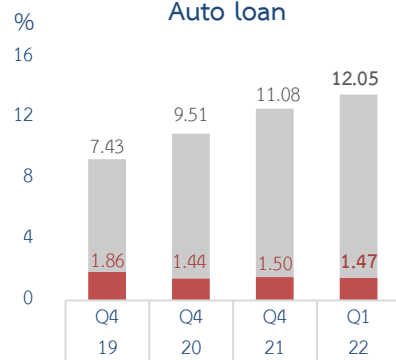
Stage 3 (NPL) and Stage 2 of consumer loan



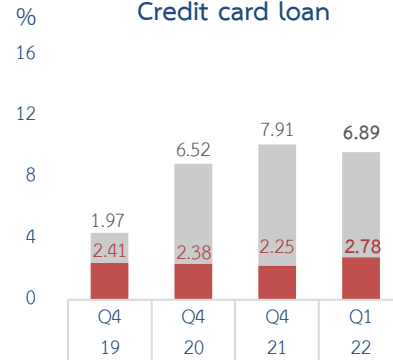
Mortgage loan



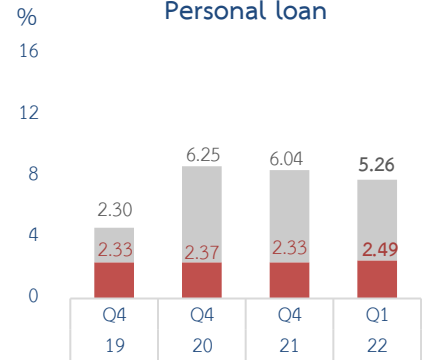
Auto loan



Credit card loan



Personal loan



* stage 2 is defined as loans with significant increase in credit risk (SICR), having a wider coverage than SM.

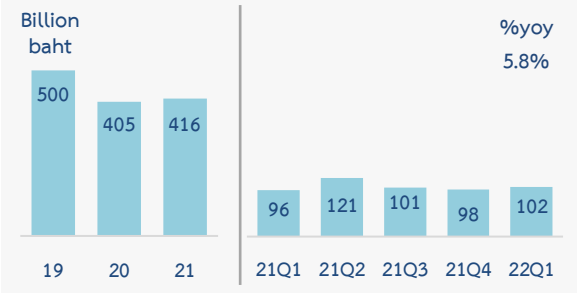


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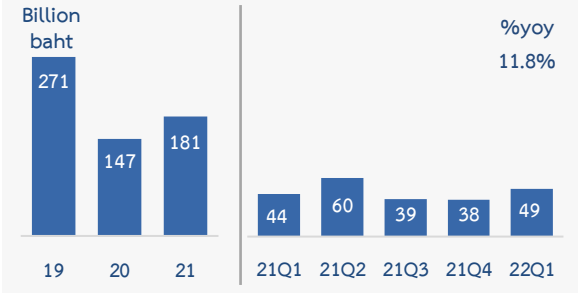
Net profit in the first quarter of 2022 improved from the same quarter last year due primarily to loan expansion which led to higher net interest income.

Moreover, banks' provisioning expenses declined from last quarter.

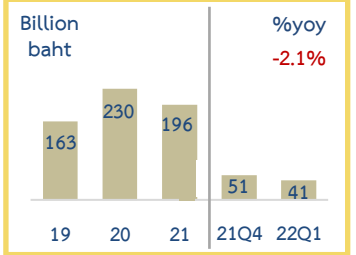
Pre-provision operating profit (PPOP)



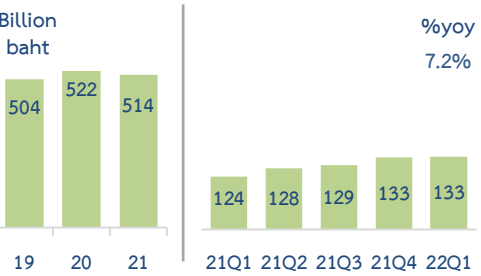
Net profit



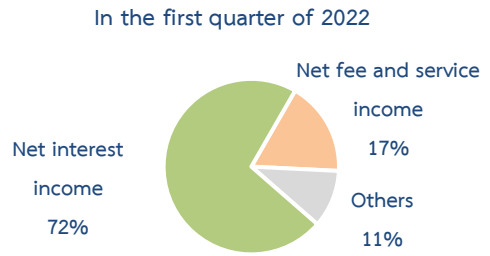
Provisioning expenses



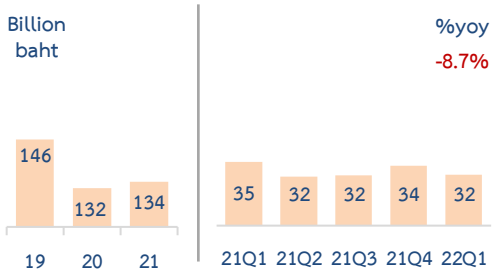
Net interest income



Structure of bank income

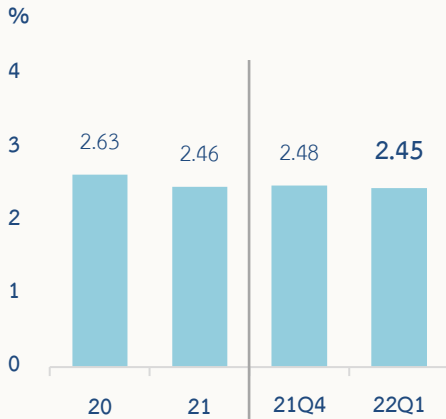


Net fee and service income



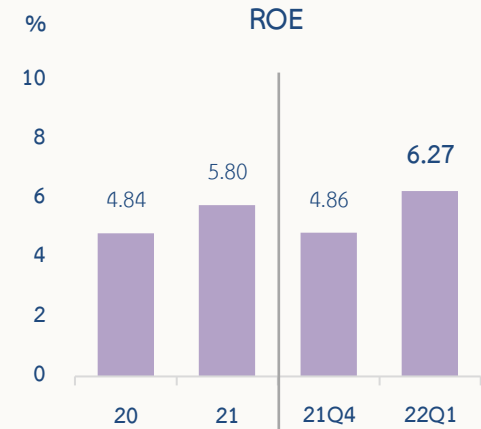
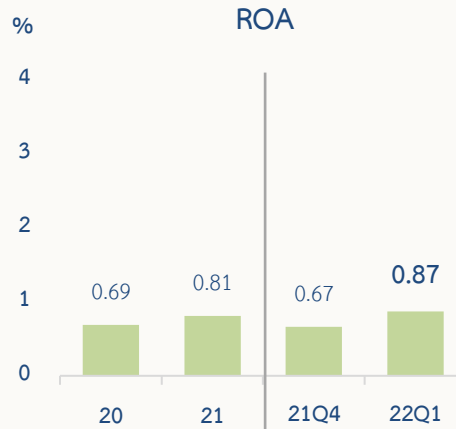
NIM

remained stable consistent with net interest income which was unchanged from the previous quarter.



ROA and ROE

improved due to lower operating costs and provisioning expenses, compared to the previous quarter.



Note : NIM (Net Interest Margin): (Interest income – interest expenses) / Average interest-earning assets,

ROA (Return on Asset): Net profit / Average net assets and ROE (Return on Equity): Net profit / Average shareholders' equity



Development in financial rehabilitation measures as of May 9, 2022

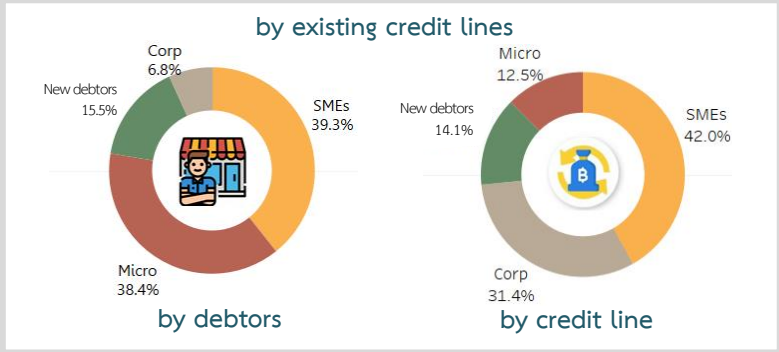
Rehabilitation Loan

Approved loan amount
170,762 MB

Number of debtors under loan scheme
51,706 debtors

Average credit line
3.3 MB/debtor

Well-distributed by size, business sector and region



77.7%
of debtors are Micro and SMEs
(existing credit lines < 50 MB)

67.7%
of debtors are in commerce and service sectors.

69.2%
of debtors are from provincial areas.

Debt Restructuring through Asset Warehousing*

Financial institutions and debtors have to negotiate the terms and conditions.

Approved loan amount
44,747 MB

Number of debtors under the scheme
337 debtors

Many entrepreneurs have shown interests and are in the process of negotiating with financial institutions.

Note : Related laws on tax benefits and bad debt disposal for operations under asset warehousing scheme have been effective from July 14, 2021 onwards.



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Development in credit assistance from financial institutions



Debt restructuring



Loan outstanding under assistance

3.10 trillion baht

Banks + non-banks:

1.91 trillion baht

SFIs: 1.19 trillion baht



Number of accounts under assistance

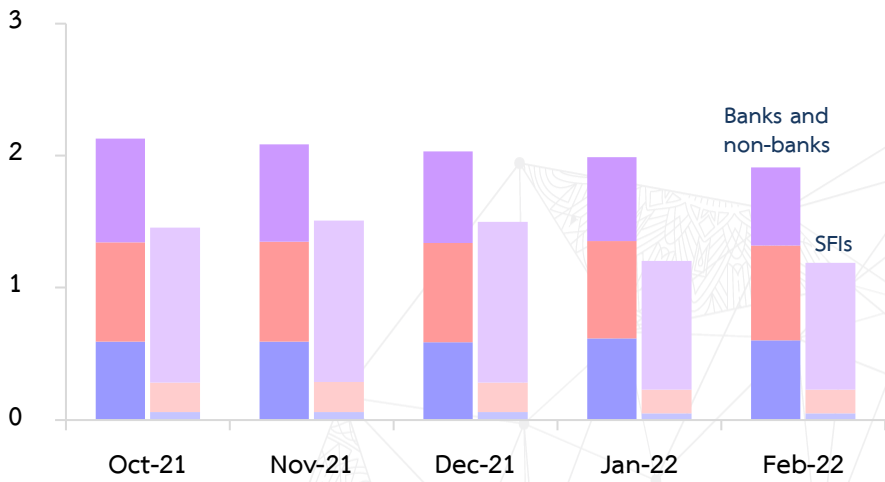
4.69 million accounts

Banks + non-banks:

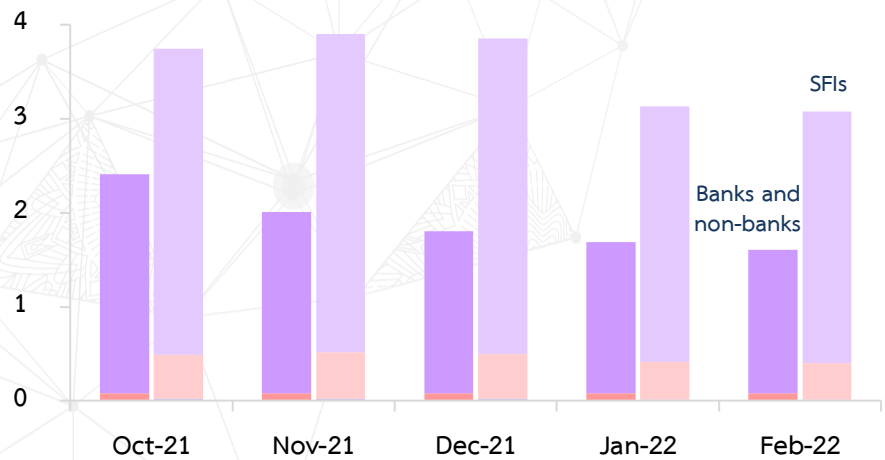
1.61 million accounts

SFIs: 3.08 million accounts

Trillion baht



Million accounts



Large corporates

SMEs

Retail consumers

Note : Dark colours represent banks and non-banks, while light colours represent SFIs

1

Thai banking system remained resilient with high levels of loan loss provision, liquidity and capital fund, and will be capable of accommodating loan demand to facilitate a sustained economic recovery.

2

Overall banks' loan quality remained stable. However, loan quality of retail debtors warrants monitoring as they become more vulnerable with a slow recovery of income, combined with the impact of the Omicron outbreak as well as higher cost of living.