



BANK OF THAILAND

Banking Sector Quarterly Brief (Q4 2022 and 2022)

The Thai banking system remains resilient with robust levels of capital, loan loss provision, and liquidity to serve as a key mechanism to support the economic recovery going forward. Banks' loan growth in 2022 was 2.1% year-on-year, grew at a slower pace compared to the previous year. This was primarily due to the loan repayment from large corporates, government and soft loan facility together with a bank's transfer of consumer loan business to its subsidiaries and the banks' loan portfolio management. However, bank loans continued to expand mainly in large corporate loans in the trading sector, mortgage loans, and personal loans. On the loan quality front, banks continued to support their borrowers through debt restructuring and manage their loan portfolios, resulting in a decline in the gross non-performing loan (NPL or stage 3) balance to 499.2 billion baht, equivalent to the NPL ratio of 2.73%. Net profit of the banking system improved from the previous year, driven mainly by loan expansion and the interest rate hike cycle, which resulted in an increase in net interest income, combined with lower provisioning expenses after banks have gradually set aside an elevated level of provision throughout the COVID-19 period.

However, there remains a need to closely monitor the debt serviceability of households and the recovery of certain businesses. Despite a gradual reduction in Thai household debt to GDP following the economic recovery, households remain vulnerable from the elevated debt burdens, and their loan quality warrants monitoring, especially those vulnerable group that has not yet recovered from COVID-19 and may be affected by the gradual rising costs and interest rates. The corporate debt to GDP declined from the previous quarter, and the overall profitability remained favorable, but financial position of businesses which may be affected by rising costs should be monitored. Nevertheless, financial institutions have continued to support their debtors, particularly through debt restructuring in accordance with debtors' serviceability prospects of the vulnerable groups.

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ธนาคารแห่งประเทศไทย
BANK OF THAILAND

Banking Sector Quarterly Brief (Q4 2022 and 2022)

20 February 2023

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Thai banking system remains resilient to serve as a key mechanism to support the economic recovery going forward. However, there remains a need to monitor the debt serviceability of vulnerable debtors and the recovery of certain businesses.

Commercial Banking system

Capital, loan loss provisions, and liquidity remained robust.

Bank loans grew at a slower pace compared to previous year due to the loan repayment from large corporates, government, and soft loan facility together with a bank's transfer of consumer loan business to its subsidiaries and banks' loan portfolio management.

Loan quality improved with a decline in NPL ratio, resulting from continued debt restructuring and loan portfolio management.

Profitability improved from loan expansion which led to an increase in net interest income, combined with lower provisioning expenses.

Household

Household debt to GDP declined in line with the economic rebound. However, households remain vulnerable from the elevated debt burdens, and their loan quality warrants monitoring, especially those vulnerable group that has not yet recovered from COVID-19 and may be affected by the gradual rising costs and interest rates.

Corporate

Corporate debt to GDP decreased, and the overall profitability remained favorable. Nonetheless, financial position of businesses which may be affected by rising costs and the recovery of tourism-related sector should be monitored.

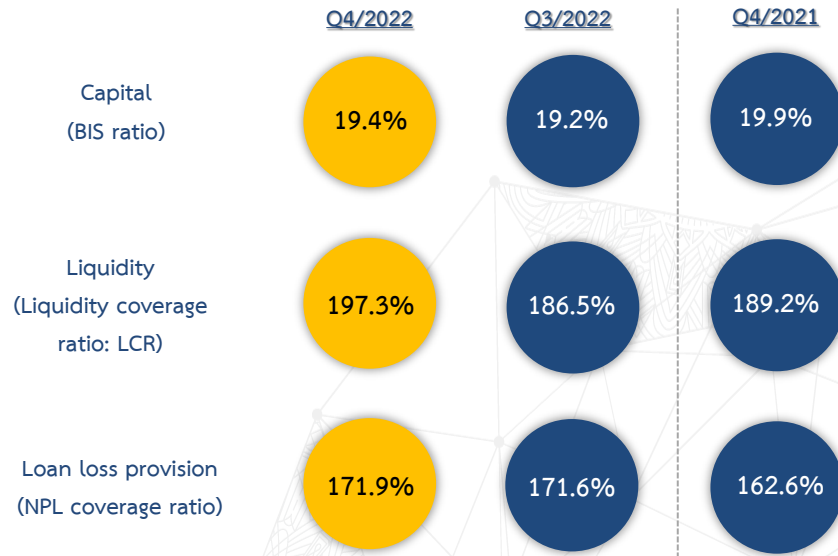
Relief measures

Loans under relief measures declined from the previous year in line with the economic recovery.

Thai banking system remains resilient to serve as a key mechanism to support the economic recovery and accommodate loan demand going forward.

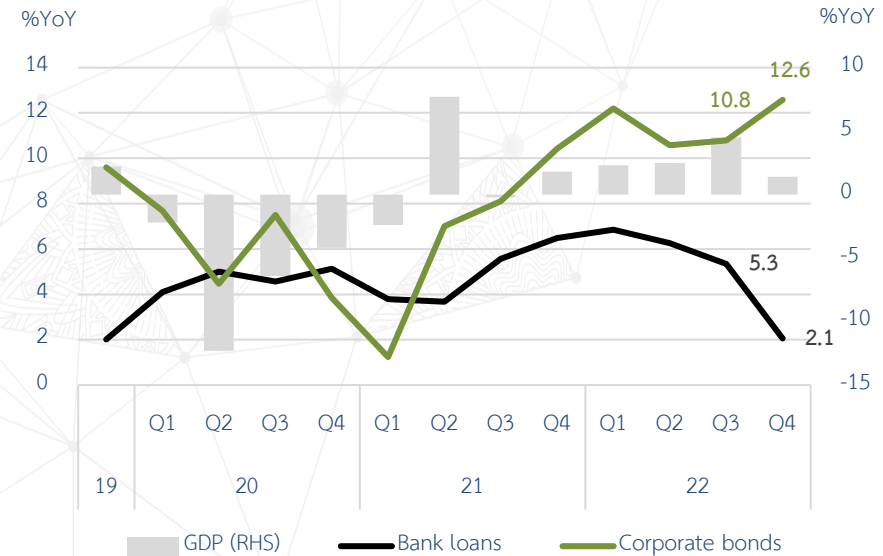
Capital, loan loss provision, and liquidity indicators

Banks' capital, loan loss provision, and liquidity remained at high levels.



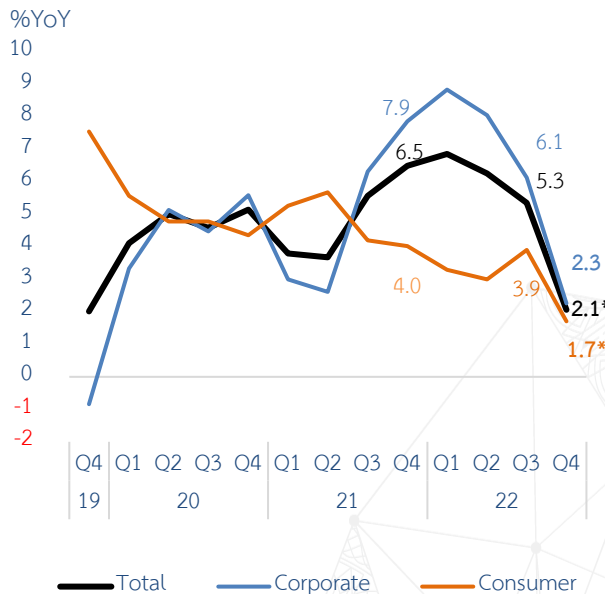
Bank loan and corporate bond growth

Corporate sector continued to raise funds through bond issuance, while bank loans grew at a slower pace owing to the debt repayments.

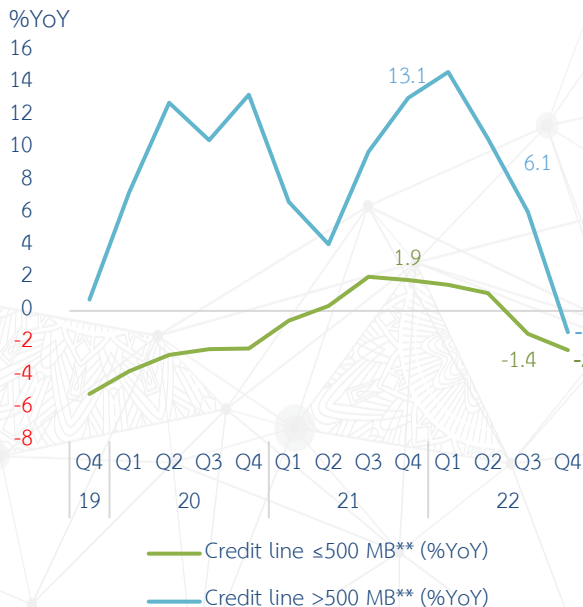


Bank loans grew at a slower pace, primarily due to the loan repayment from large corporates, government and soft loan facility together with a bank's transfer of consumer loan business to its subsidiaries, and banks' loan portfolio management.

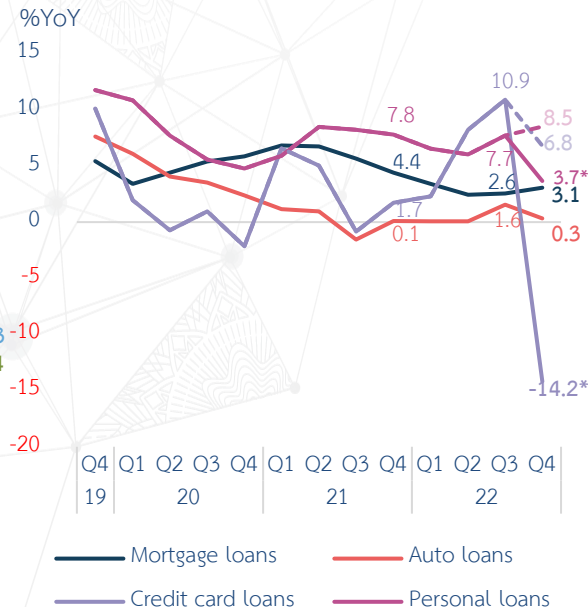
Overall loan growth by portfolio



Corporate loan growth by size



Consumer loan growth by portfolio



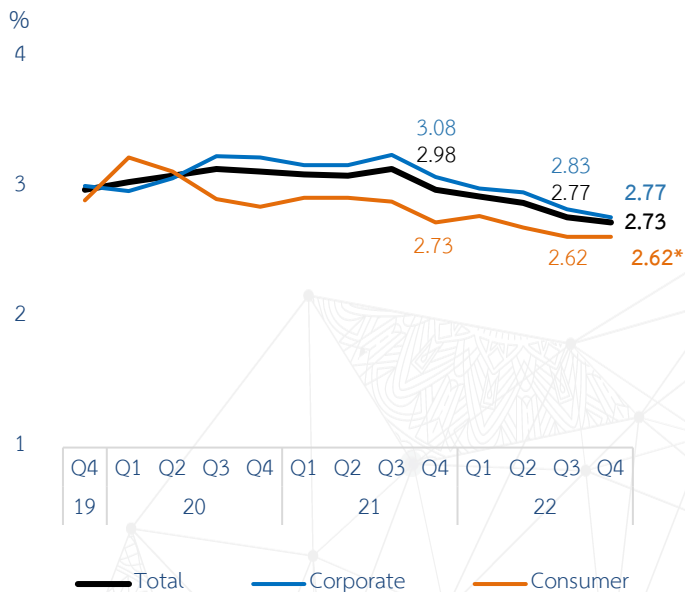
Note: * Excluding the impact of a bank's transfer of consumer loan to its subsidiaries, total loan growth was 2.8%, and consumer loan, credit card, and personal loan growth was 3.9%, 6.8%, and 8.5%, respectively.

** Corporates with a credit line with a bank (excluding financial business)

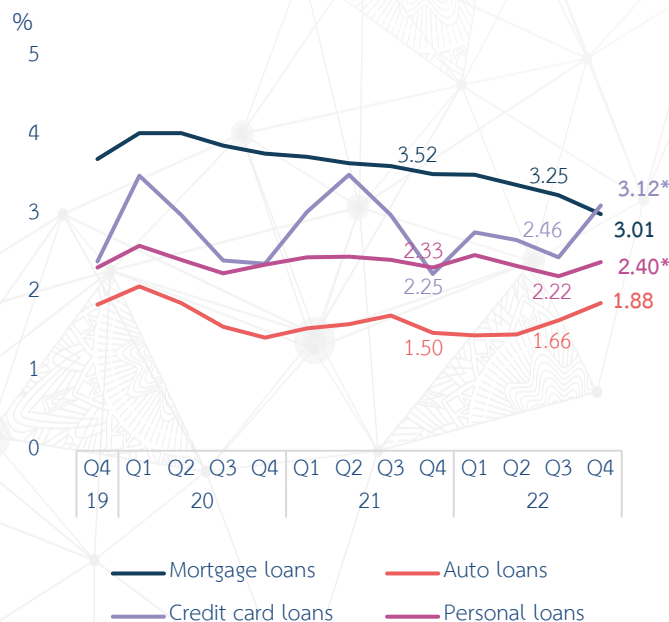
Source: BOT

Loan quality improved with a decline in NPL ratio due to banks' continued debt restructuring and asset quality management, especially sales of corporate loans.

Stage 3 (NPL) of total loans



Stage 3 (NPL) of consumer loans

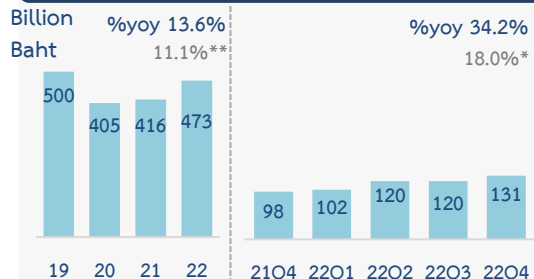


Note: * Excluding the impact of a bank's transfer of consumer loan to its subsidiaries, %Stage3 of consumer loans, credit card loans, and personal loans was 2.59%, 2.59%, and 2.37%, respectively.

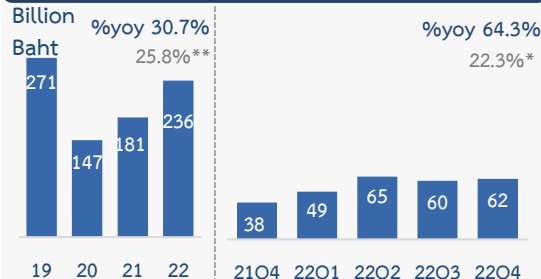
Source: BOT

Bank profitability improved due to an increase in net interest income following loan expansion and an upward trend of interest rates, combined with lower provisioning expenses.

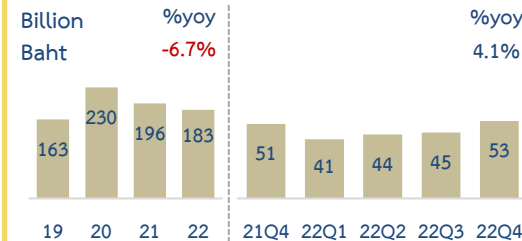
Pre-provision operating profit (PPOP)



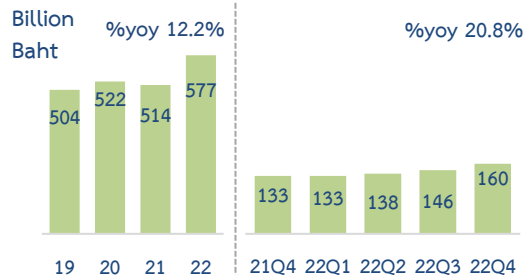
Net profit



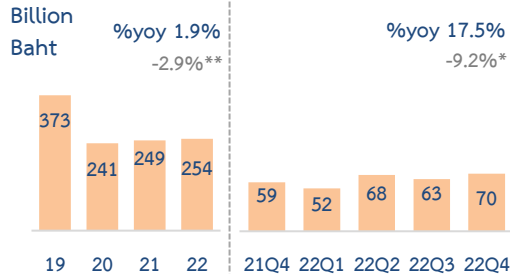
Provisioning expenses



Net interest income [69%]



Non-interest income [31%]



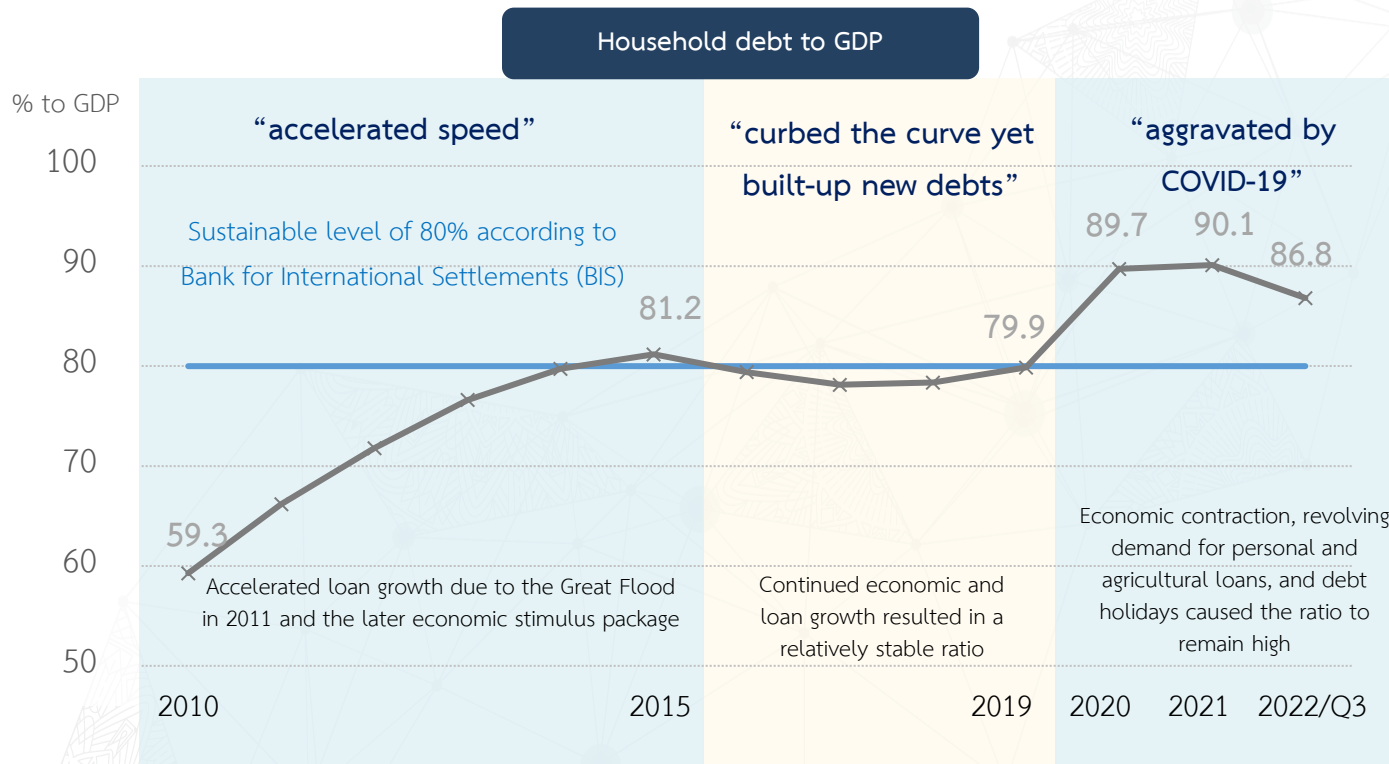
Ratios	19	20	21	22	22Q1	22Q2	22Q3	22Q4
NIM (%)	2.73	2.63	2.46	2.62	2.45	2.51	2.64	2.88
ROA (%)	1.39	0.69	0.81	1.01	0.86	1.11	1.01	1.05
ROE (%)	9.90	4.84	5.80	7.45	6.25	8.21	7.51	7.85

Note: * Growth rate compared to the same period last year after adjusting for extraordinary items from gains on investment from the transfer of subsidiaries in Q3/22, and income from sales and transfer of consumer loan portfolios to subsidiaries in Q4/22.

** Excluding extraordinary items from the recognition of gains on investments from sales of shares in subsidiaries in Q2/21, gains on investment from the transfer of subsidiaries in Q3/22, and income from sales and transfer of consumer loan portfolios to subsidiaries in Q4/22.

Household debt to GDP ratio declined in line with the economic recovery.

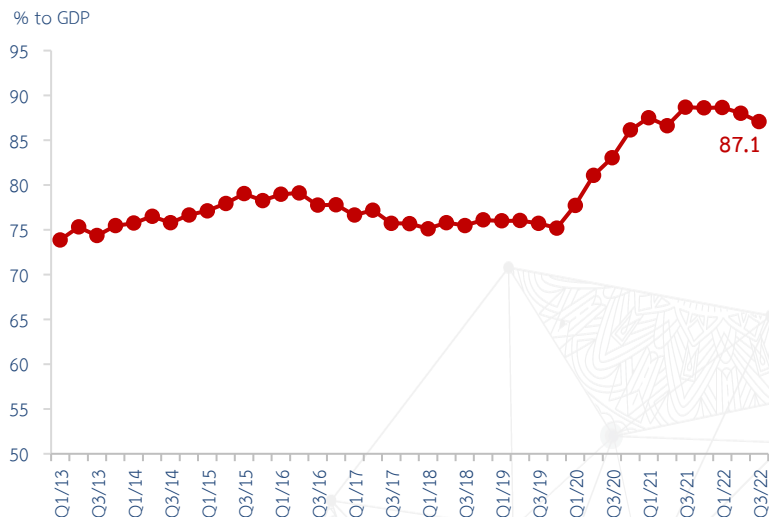
Household sector, however, remains vulnerable from the elevated debt burdens and warrants monitoring, especially those vulnerable group that has not yet recovered from COVID-19 and may be affected by the gradual rising costs and interest rates.



Source: BOT and NESDC

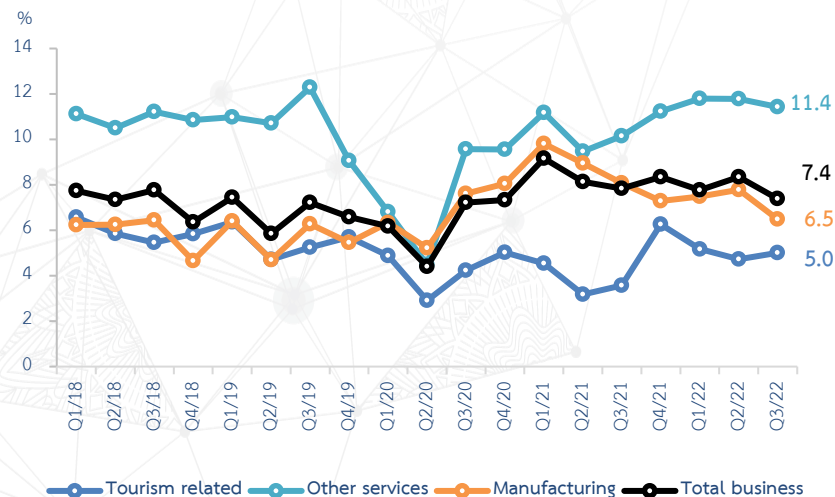
Corporate debt to GDP declined from the previous quarter, and the overall profitability remained favorable, but financial position of businesses which may be affected by rising costs and the recovery of tourism-related sector should be monitored.

Corporate debt to GDP



Source: BOT and NESDC

Operating profit margin (OPM) by sector



Note: Median values are shown. The manufacturing sector includes manufacturing and petroleum businesses. The tourism-related sector includes hotel, airlines, restaurants and trade.

Source: SEC and computed by BOT

Development in credit assistance from financial institutions

Loan under assistance declined from the previous year in line with the economic recovery.



Loan outstanding under assistance

3.38 trillion baht

Banks + non-banks:
1.89 trillion baht
SFIs: 1.49 trillion baht

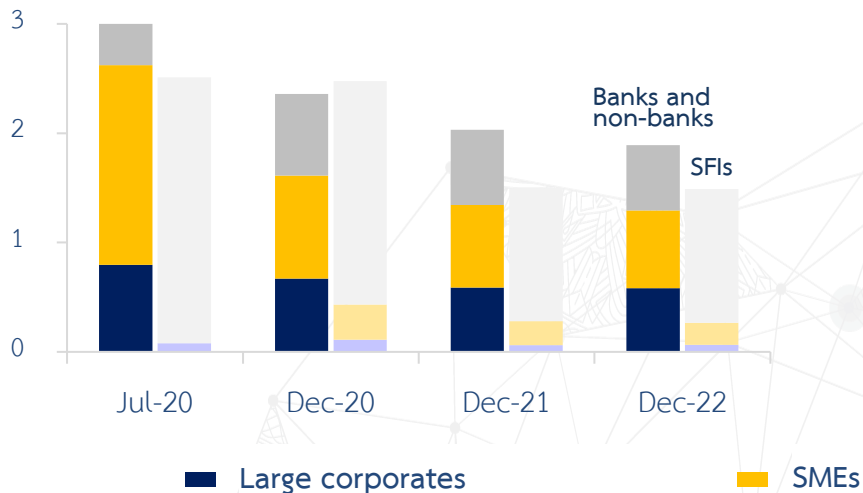


Number of accounts under assistance

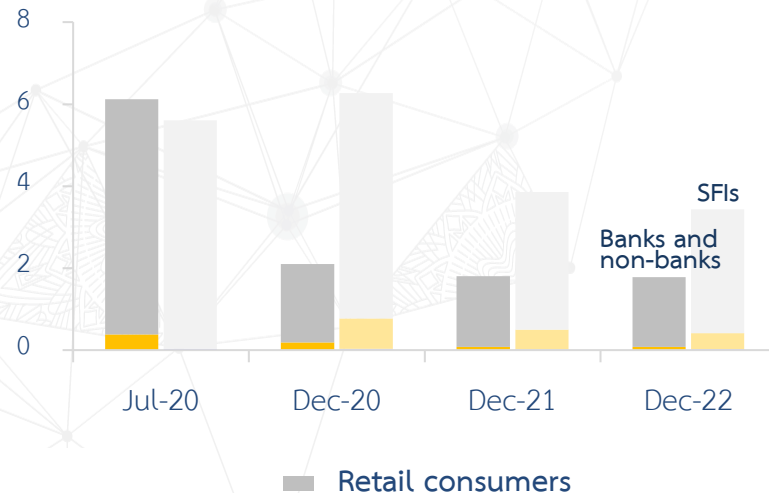
5.22 million accounts

Banks + non-banks:
1.78 million accounts
SFIs: 3.43 million accounts

Trillion baht



Million accounts



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

Source: BOT



Development in financial rehabilitation measures as of February 13, 2022

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Rehabilitation Loan

Credit line 250,000 MB



Approved loan amount

212,362 MB



Number of debtors under loan scheme

59,891 debtors

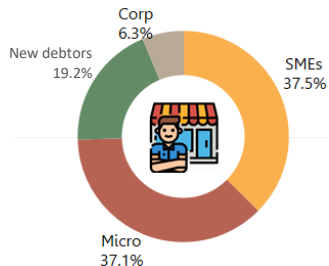


Average credit line

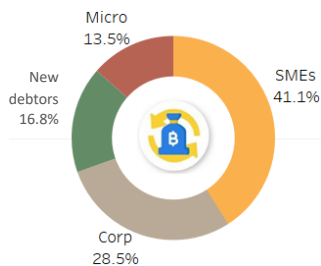
3.5 MB / debtor

Well-distributed by size, business sector and region

By existing credit lines



by debtors



by credit line

74.6%

of debtors are Micro SMEs and SMEs

(existing credit lines < 50 MB)



Debtors (%)

68.0%

of debtors are in commerce and service sectors



Debtors (%)

69.9%

of debtors are from provincial areas



Debtors (%)

Asset Warehousing

Credit line 100,000 MB

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



Approved loan amount

64,966 MB



Number of debtors under the scheme

442 debtors

Debtclinic qualification extended to cover NPLs before 1 February 2023

Unofficial Translation




Unlocked from bad debts

One-stop service

Adjusted qualification

Applicable to NPLs before 1 February 2023

Applicant Qualifications:

- NPLs from credit cards, and unsecured personal loans with participating lenders
- NPLs of individuals with income and with age not exceeding 70 years*
- NPL status before 1 February 2023
(National Credit Bureau's record as of January 2023 shows delinquency status of 91-120 days or more)
- NPLs in total not exceeding 2 million baht

Apply now

Interest rates

3-5% p.a.

(Application documents)

- National Credit Bureau's record
- Copy of national ID and household certificate
- Certificate of name/surname changes (if applicable)
- Proof of income
 - Employee: latest month's salary slip or certificate
 - Self-employed: 3-month bank statement or income certificate

*Sum of debtor's age and the debt restructuring period must not exceed 70 years

 www.debtclinicbysam.com
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Unofficial Translation




Debtclinic qualification extended to cover :

Non-performing loans (NPLs)
before 1 February 2023

Unlocked from bad debts

One-stop service

Adjusted qualification*

Applicable to credit cards and unsecured personal loans with NPL status before 1 February 2023 **

Benefits

- NPLs from credit cards and unsecured personal loans with multiple creditors can be restructured together.
- Applicants may submit documents through Debtclinic's website.
- Debt restructuring contract is activated instantly upon debtor's signage and payment of the first installment.
- Choices of contract for new-entry with an interest rate of 3-5% p.a.

*Refer to www.debtclinicbysam.com for details.
** Effective from 20 February 2023

Contact us

Call Center 1443 (Daily 9 am – 7 pm)

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