



BANK OF THAILAND

Banking Sector Quarterly Brief (Q1 2024)

The Thai banking system remains resilient with robust levels of capital, loan loss provisions, and liquidity. In the first quarter of 2024, the banking system's loan growth turned slightly positive at 0.7% YoY, attributed to the expansion of large corporate loans in manufacturing sector, notably in food, petroleum, and chemical products. Consumer loans continued to grow at a slower pace across all portfolios, except auto loans which remained contracted. The banking system's gross non-performing loans (NPL or stage 3) in the first quarter of 2024 increased to 502.6 billion Baht, equivalent to the NPL ratio of 2.74%, primarily from corporate loans (partly due to qualitative criteria of the asset classification) and mortgage loans. Meanwhile, commercial banks continue their loan portfolio management and provide assistance to debtors. In addition, the ratio of loans with a significant increase in credit risk (SICR or stage 2) stood at 6.13%, increased from the previous quarter, including debtors who still meet their contractual debt obligation but have been qualitatively classified. **The banking system's profitability in the first quarter of 2024 improved from the previous quarter**, mainly driven by the reduction of operational costs and provisioning expenses, despite a decline in net interest income due to higher costs of funds. As a result, the net interest margin (NIM) of the banking system declined.

However, there remains a need to monitor the debt serviceability of small SMEs and certain vulnerable households with slow income recovery, which could influence a gradual increase in NPL but remains manageable with no immediate risk of an NPL cliff. The household debt to GDP ratio in the fourth quarter of 2023 slightly increased from the previous quarter, while the corporate debt to GDP ratio remained unchanged due to a gradual economic recovery and a marginal increase in new debt creation. The overall corporate profitability continued to improve from the previous year but decreased from the previous quarter, led by a slowdown in manufacturing and export-related sectors. Meanwhile, certain firms in service sector have experienced pressure from high costs.

For further information, please contact: Banking Risk Assessment Division

Tel: +66 2283 5980, +66 2356 7796

E-mail: BRAD@bot.or.th



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BANK OF THAILAND

Banking Sector Quarterly Brief (Q1 2024)

21 May 2024



Thai banking system remains resilient. However, there remains a need to monitor the debt serviceability of small SMEs and certain vulnerable households with slow income recovery, which could influence a gradual increase in NPL but remains manageable with no immediate risk of an NPL cliff.

Commercial Banking system

Capital, loan loss provisions, and liquidity remained robust.

Bank loan growth turned slightly positive due to the expansion of large corporate loans, while consumer loans grew at a slower pace across all portfolios, except auto loans which remained contracted. Personal loans, however, continued to expand driven by household need for liquidity.

Overall loan quality deteriorated. The stage 3 (NPL) and SM amount increased from corporate loans (partly due to qualitative criteria of the asset classification) and consumer loans across all portfolios, except auto loans.

Profitability improved from the previous quarter due to the reduction of operational costs and provisioning expenses, while NII decreased due to higher costs of funds.

Household

Household debt to GDP ratio slightly increased from the previous quarter. It is necessary to continue monitoring the debt serviceability of vulnerable households with slower income recovery.

Corporate

Corporate debt to GDP ratio remained unchanged due to a gradual economic recovery and a marginal increase in new debt creation. **The overall corporate profitability improved from the previous year** but decreased from the previous quarter, led by a slowdown in manufacturing and export-related sectors. Meanwhile, certain firms in service sector have experienced pressure from high costs.

Relief measures

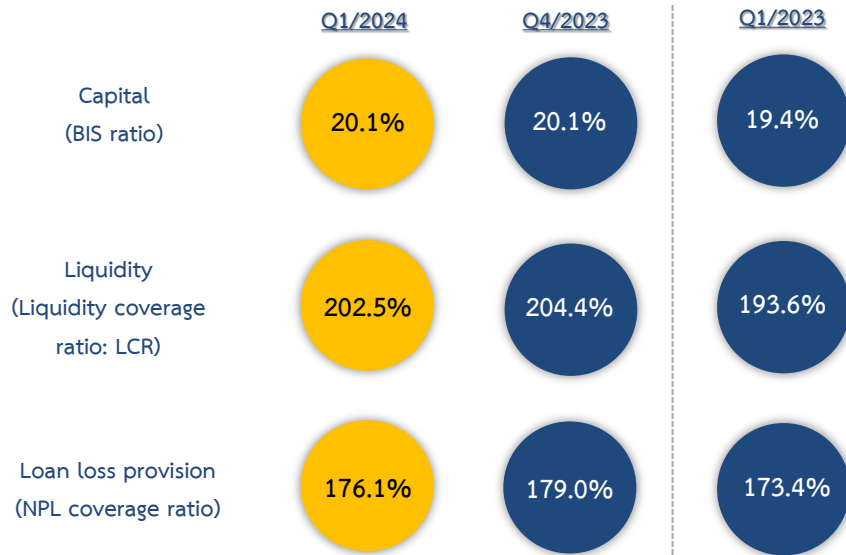
Financial institutions have supported their debtors through responsible lending measure implemented since January 1, 2024, following the sustainable debt restructuring measure.



Thai banking system remains resilient with robust level of capital, loan loss provisions and liquidity.

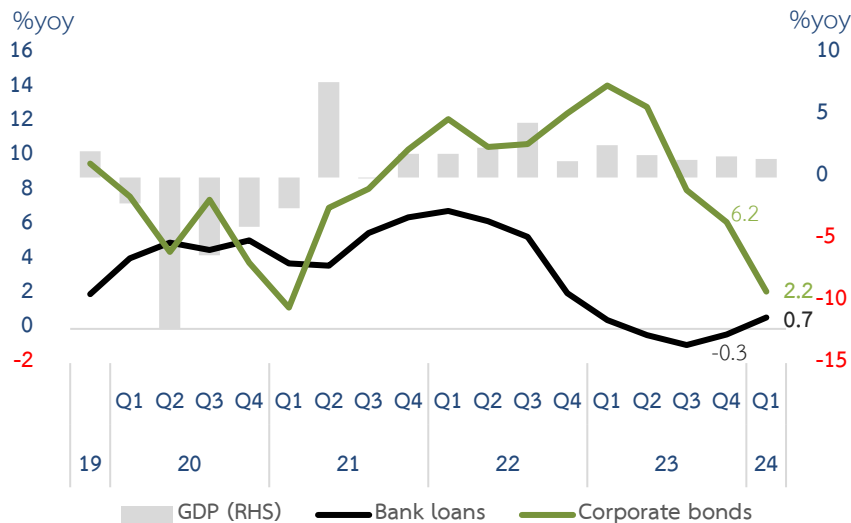
Capital, loan loss provision, and liquidity indicators

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



Bank loan and corporate bond growth

Bank loan growth turned slightly positive due to the expansion of large corporate loans, while fund-raising through the bond market grew at a decelerating pace, following accelerated bond issuance in the preceding periods, with certain firms shifting to more reliance on bank loans.



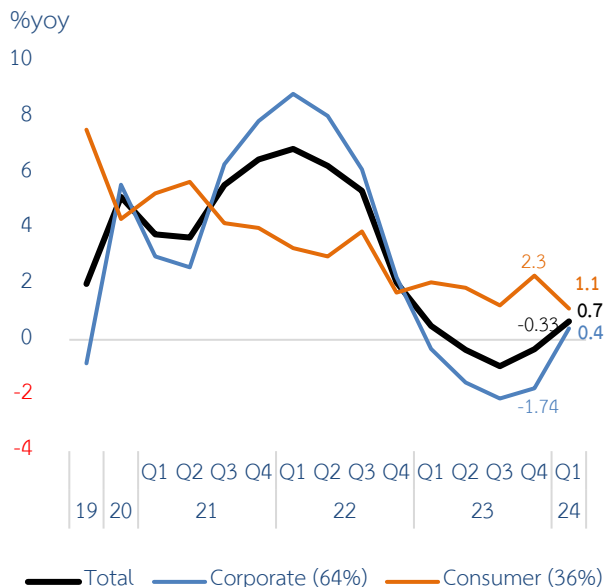
Note: corporate bonds are excluded banking, financial and securities



Bank loan growth turned slightly positive due to the expansion of large corporate loans in manufacturing sector, notably in food, petroleum, and chemical products. While consumer loans continued to grow at a slower pace across all portfolios,

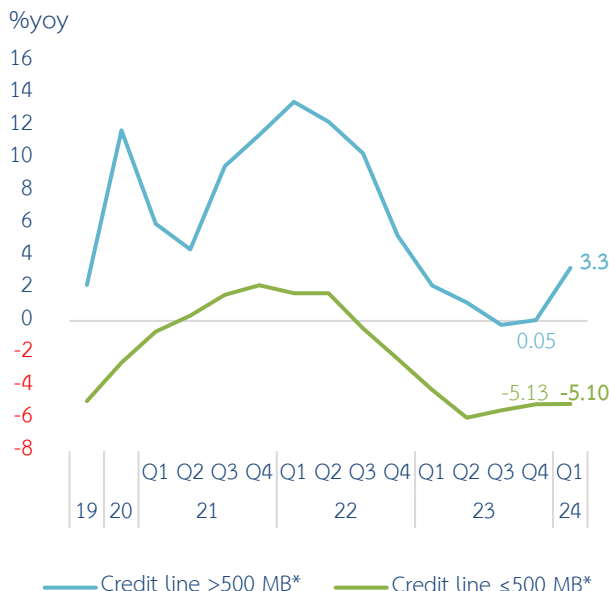
except auto loans which remained contracted.

Overall loan growth by portfolio



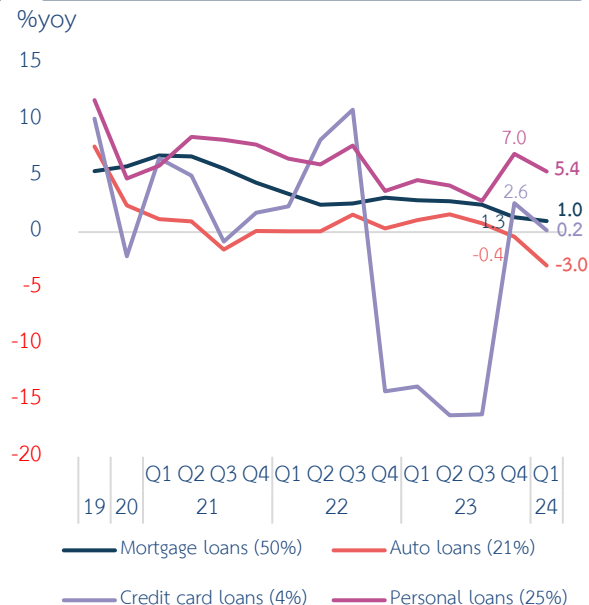
Note: (1) Numbers in the parentheses show the proportion of total loans.
(2) A bank transferred credit card and personal loans to its subsidiaries since Q4 2022.

Corporate loan growth by size



Note: * Corporates' credit line per bank as of March 2024

Consumer loan growth by portfolio



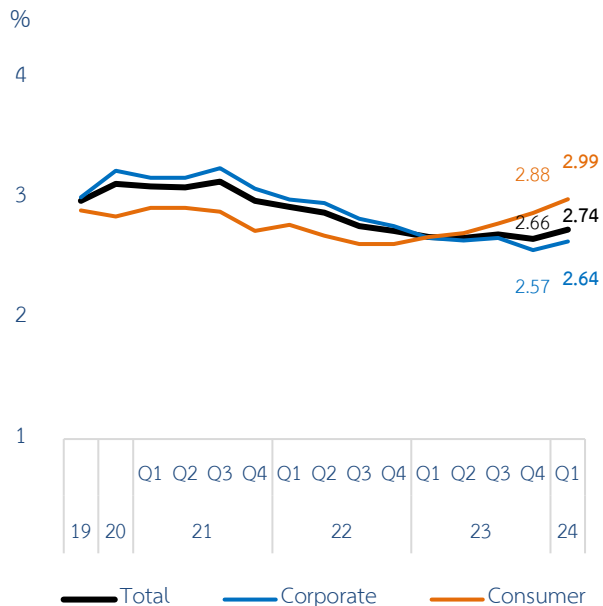
Note: (1) Numbers in the parentheses show the proportion of total retail loans.
(2) A bank transferred credit card and personal loans to its subsidiaries since Q4 2022.



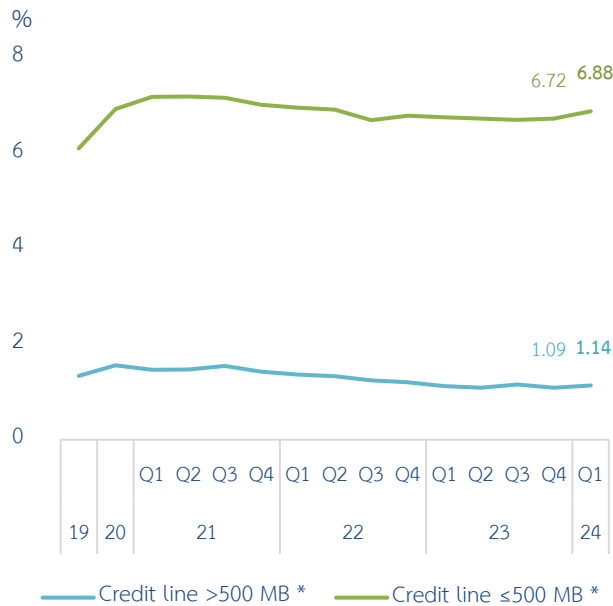
Overall NPL increased mainly from corporate loans (partly due to qualitative criteria of the asset classification) and mortgage loans.

However, the NPL ratio of credit card loans increased primarily due to a base effect from loan decline, while the NPL amount slightly increased.

NPL (Stage 3) of total loans by portfolio

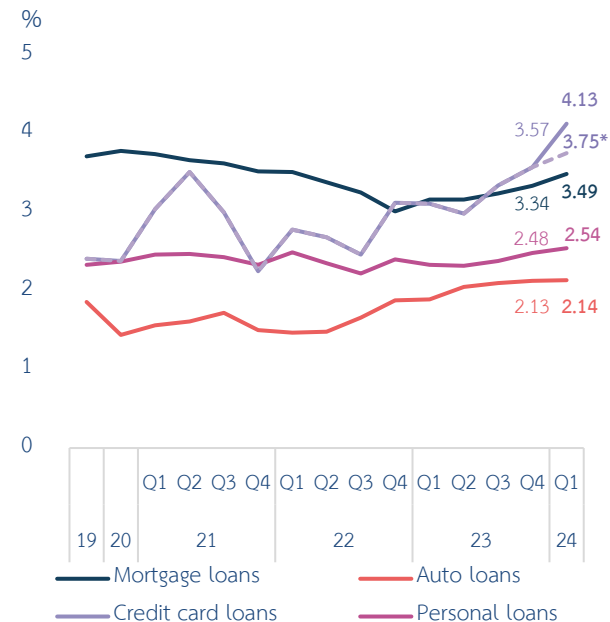


NPL (Stage 3) of corporate loans by size



Note: * Corporates' credit line per bank as of Dec 2023.

NPL (Stage 3) of consumer loans by portfolio

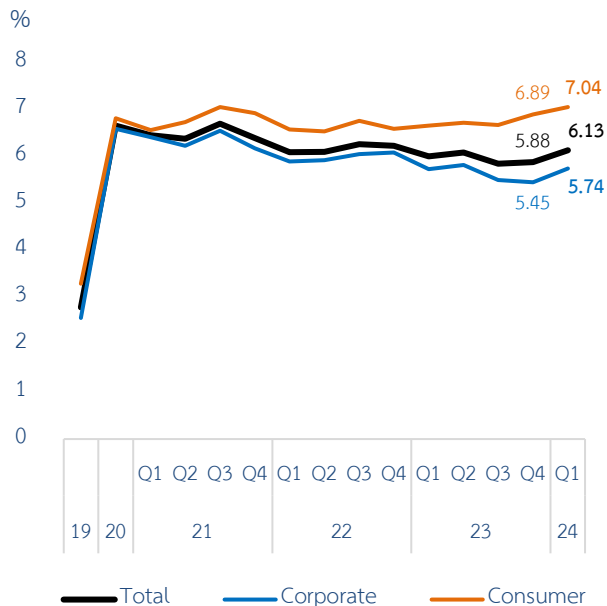


Note: * adjusted for a base effect from loan decline



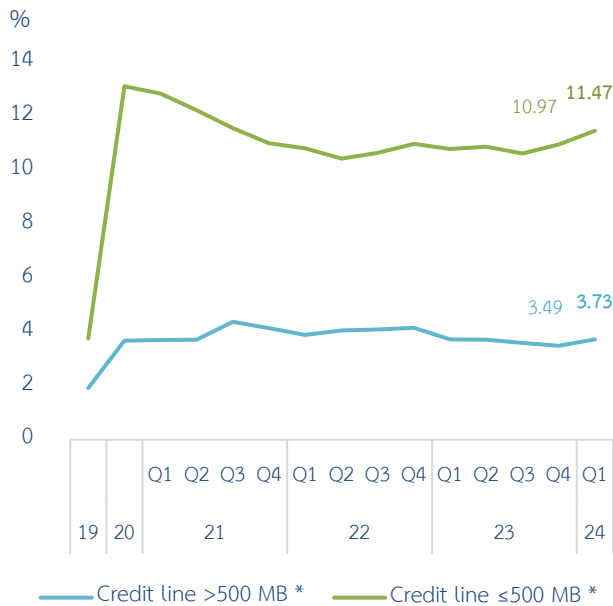
Stage 2 loans increased mainly in corporate loans, both large corporates and SMEs, including debtors who still meet their contractual debt obligation but qualitatively classified. Meanwhile, the stage 2 ratio of auto loans increased due to a base effect from loan decline.

Stage 2 of total loans by portfolio



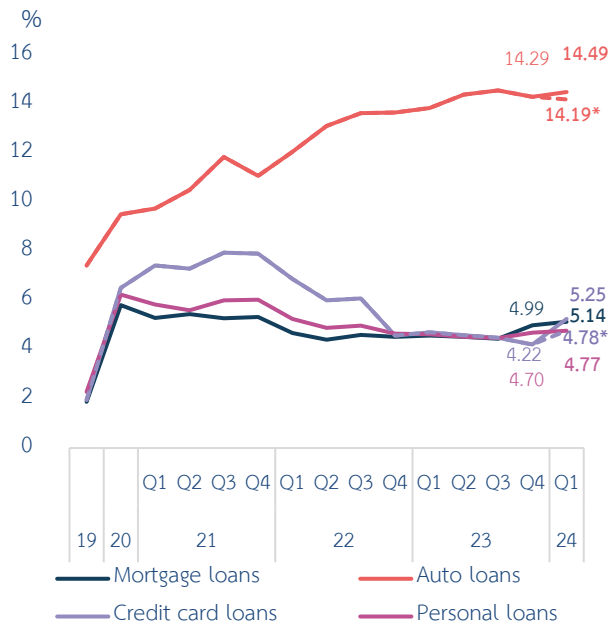
Note: loan classification was adjusted following TFRS9 adoption in 2020.

Stage 2 of corporate loans by size



Note: * Corporates' credit line per bank as of Dec 2023.

Stage 2 of consumer loans by portfolio

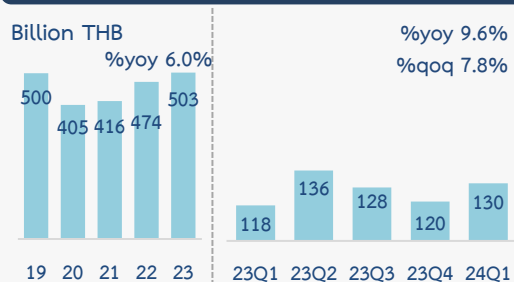


Note: * adjusted for a base effect from loan decline

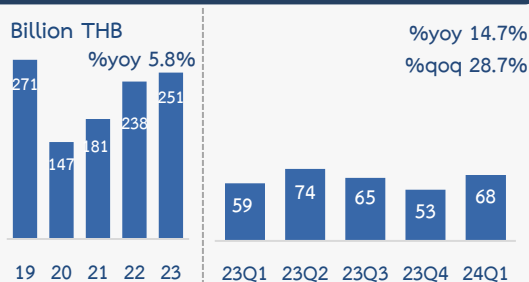


Bank profitability improved from the previous quarter mainly due to the reduction of operational costs and provisioning expenses. Meanwhile, NII decreased due to higher costs of funds, resulting in a decrease in NIM.

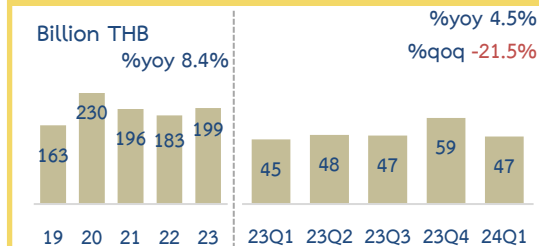
Pre-provision operating profit (PPOP)



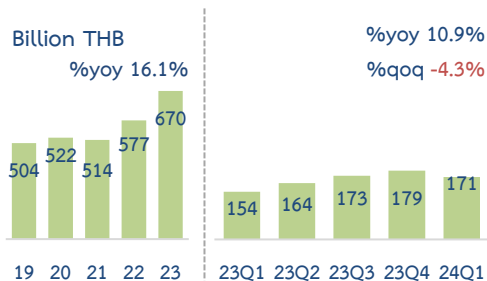
Net profit



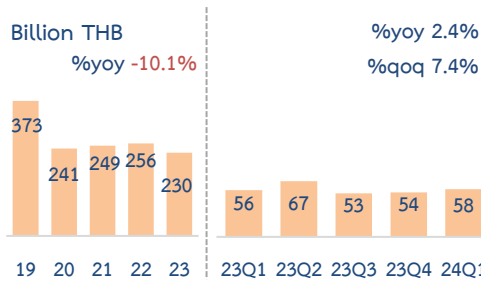
Provisioning expenses



Net interest income [75%]



Non-interest income [25%]

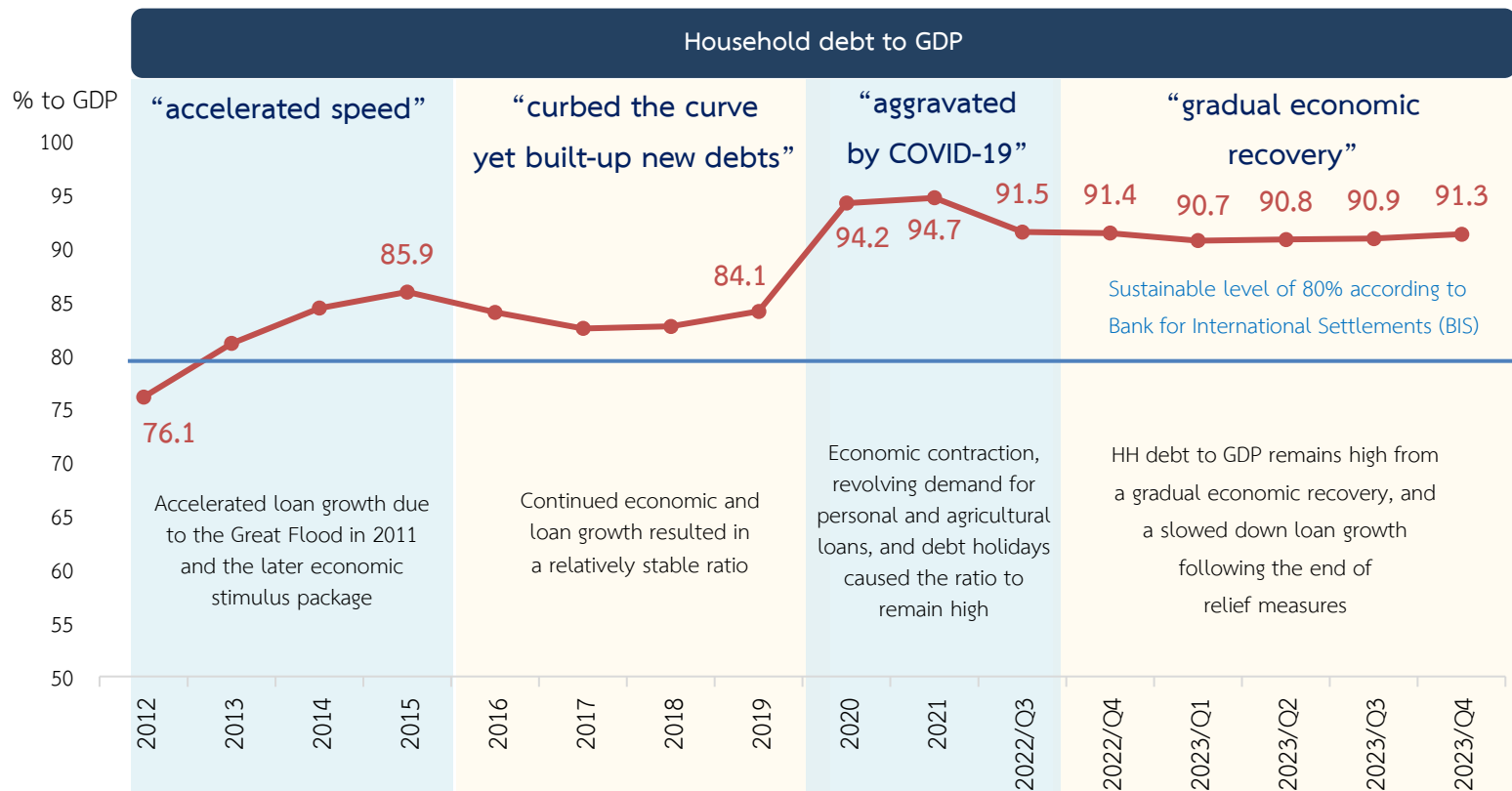


Ratios	19	20	21	22	23	23Q1	23Q2	23Q3	23Q4	24Q1
NIM (%)	2.73	2.63	2.46	2.62	3.00	2.77	2.95	3.11	3.17	3.02
ROA (%)	1.39	0.69	0.81	1.01	1.06	1.00	1.25	1.10	0.88	1.13
ROE (%)	9.90	4.84	5.80	7.49	7.92	7.39	9.42	8.19	6.69	8.47

Note: Numbers in the parentheses show the proportion of net income as of Q1 2024.



Household debt to GDP ratio slightly increased from the previous quarter. It is necessary to continue monitoring the deteriorating debt serviceability of households, particularly vulnerable households with slow income recovery.

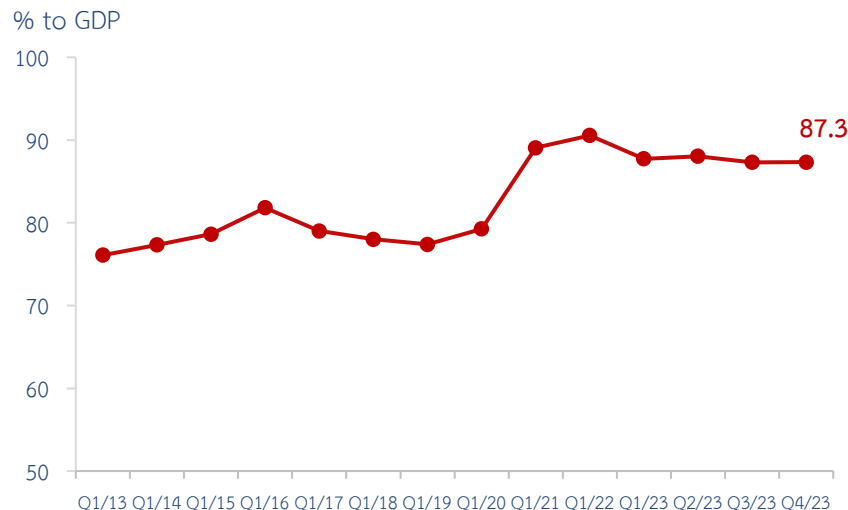




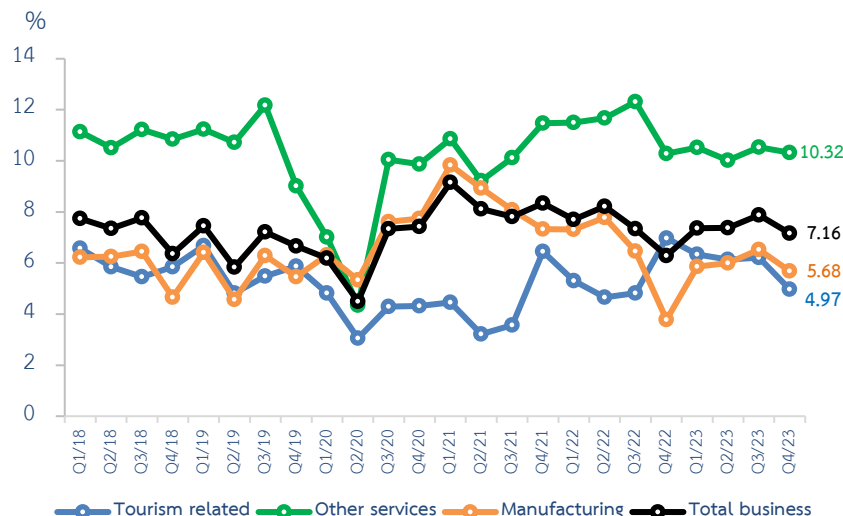
Corporate debt to GDP ratio remained unchanged due to a gradual economic recovery and a marginal increase in new debt creation.

The overall corporate profitability continued to improve from the previous year but decreased from the previous quarter led by a slowdown in manufacturing and export-related sectors. Meanwhile, certain firms in service sector have experienced pressure from high costs.

Corporate debt to GDP



Operating profit margin (OPM) by sector



Source: BOT and NESDC

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

Source: SEC and computed by BOT



Summary of the financial rehabilitation measures as of April 9, 2024

The utilized credit line amounted to 347,739 MB, which is 99.4% of the total credit line of 350,000 MB



Rehabilitation & Transformation Loan

Credit line 275,886 MB*



Approved loan

273,625 MB



Number of debtors
under loan scheme

67,225 debtors

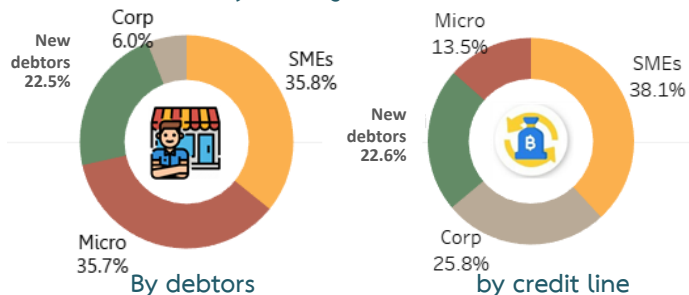


Average approved
credit line

4.1 MB / debtor

Well distributed by size, business sector, and region

By existing credit line



Existing credit line: Micro < 5 MB SME > 5 - 50 MB และ Corp > 50 - 500 MB

68.1%

of debtors are in
commerce and service
sectors



Debtors (%)

69.5%

of debtors are from
provincial areas

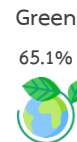
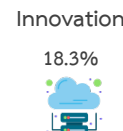
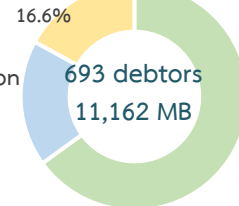


Debtors (%)

Transformation Loan



Digital Tech



Number of debtors
under loan scheme

500 debtors



Approved loan

74,114 MB



Asset Warehousing

Credit line 100,000 MB

The program ended on April 9, 2023



Financial institutions continued to provide assistance to debtors during the COVID pandemic through debt restructuring in line with their debt serviceability.

As a result, most debtors have been able to recover and are not in default.

Accumulated debt restructuring during the measures (Sep 2021 – Dec 2023)

Accumulated number of accounts under assistance



16.32 million accounts

Banks + non-banks: 6.89 million accounts

SFIs: 9.43 million accounts

Accumulated loan outstanding under assistance



5.06 trillion baht

Banks + non-banks: 2.44 trillion baht

SFIs: 2.62 trillion baht

Note: The measure was started in September 2021 for banks and non-banks, and in January 2022 for SFIs./ The data shows accumulated flows of debt restructuring during the specified range of period. It does not reflect that all debtors remained under debt restructuring as of December 2023.



Debtors' Rights to Debt Resolution

1. Debt Restructuring: 1 Before, 1 After

Pre-emptive Debt Restructuring (DR)

At least once
when debtors begin
to experience repayment problems.



Trouble Debt Restructuring (TDR):

At least once when debtors
become NPLs, especially before
pursuing legal actions, sales of
debts, asset seizure.



Financial service providers are not allowed
to transfer or sell debt within 60 days after
offering a debt restructuring plan

2. Settling Persistent Debt (PD) for Vulnerable Group

Conditions:

- ✓ Revolving personal loans
under BOT's regulations
(for example, cash card)
- ✓ Non-NPLs
- ✓ Having paid more interest
than principal over 5 years



Creditors offer debt settling plan:

- » switching to installment loan
- » reducing interest to no more than 15% per year
- » allowing debt payoff within 5 years



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Progress of Responsible Lending (RL) Measure

Financial institutions have supported their debtors following responsible lending measure implemented since January, 1 2024.

The Bank of Thailand has closely monitored the progress of the RL measure implementation by financial institutions.

Accumulated debt restructuring of financial institutions in the first quarter of 2024



Accumulated number of debtors

3.71 million accounts

Banks + non-banks:
0.61 million accounts
SFIs: 3.10 million accounts



Accumulated loan outstanding

0.92 trillion baht

Banks + non-banks:
0.26 trillion baht
SFIs: 0.66 trillion baht

Debtors with Persistent Debt (PD)

effective on April, 1 2024

Debtors with General PD

Number of debtors: 1.33 million accounts
Loan outstanding: 60,882 million baht

Debtors with Severe PD

Number of debtors: 0.48 million accounts
Loan outstanding: 14,433 million baht

Note: debtors with PD of financial institutions as of February 2024

*If a debtor is experiencing trouble with debt serviceability or would like to know their status,
please contact the financial service providers' branches or Call Center for assistance or inquire for more details about the PD program,
or contact the BOT at 1213.*



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#SustainableDebtResolution

#ResponsibleLender

#ResponsibleBorrowing

Responsible Lending

The 3 must-know things

when making **minimum payments** on cash card for a long time

1

Even though the monthly installment is not high,



it takes a long time to pay off debts



2

The minimum amount paid each month



consists of **more interest** than principal

3

After finishing the payment,



most of the total amount paid is **interest expense**

If you want to pay off debt faster, reduce interest payment and keep your monthly obligation more or less the same

Consider joining
the Persistent Debt Program today!

Note

Debtors with persistent debt will be contacted by creditors, if over the past 5 years the debtors have paid more in total interest than principal, and will be offered a program to settle the persistent debt within 5 years with an interest rate not exceeding 15% per year

For more information www.bot.or.th/debtsolution



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#SustainableDebtResolution

#ResponsibleLender

#ResponsibleBorrowing

Responsible Lending

Example



Cash card with revolving credit

15,000 baht

Paid a minimum payment of 3% for

5 years

Principal left to be paid 8,700 baht

Option 1

Continue paying minimum payment



Interest 25% per year

LOADING →

For a period of
13 years 5 months

Interest left to be paid 14,000 baht
Total interest accumulated 29,000 baht

Option 2

Join Persistent Debt Program



Interest 15% per year

LOADING →

For a period of
3 years 6 months

Interest left to be paid 2,500 baht
Total interest accumulated 17,500 baht

(Save 11,500 baht on total interest)

*Note

260 Baht monthly payment is equal to the minimum payment amount in the last month of the fifth year before entering the program





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ข้อมูล ณ วันที่ 13 พ.ค. 67

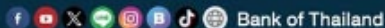
ง่าย ๆ ... อยากแก้หนี้

โทรเบอร์ call center แล้ว กด 99

 ธนาคาร กรุงเทพ 1333 กด 0-2645-5555 กด 99	 ธนาคาร กรุงไทย 0-2111-1111 กด 99	 ธนาคาร กสิกรไทย 0-2888-8888 กด 99	 ธนาคาร กรุงศรีอยุธยา 1572 กด 99
 ธนาคาร เกียรตินาคินภัทร 0-2165-5555 กด 99	 ธนาคาร ทหารไทยธนชาต 1428 กด 99	 ธนาคาร กสิโก 0-2633-6000 หรือ 0-2080-6000 กด 99	 ธนาคาร ไทยพาณิชย์ 0-2777-7777 กด 99
 ธนาคารเพื่อการส่งออก และนำเข้าแห่งประเทศไทย 0-2169-9999 กด 99	 ธนาคาร แลนด์ แอนด์ เฮาส์ 1327 กด 99	 ธนาคาร ไทยเครดิต 0-2697-5454 กด 99	 ธนาคาร ออมสิน 1115 กด 99

แบงก์ชาติ โทร. 1213 กด 99

สำหรับผู้ให้บริการอื่น ๆ ลูกหนี้สามารถติดต่อผ่าน call center
หรือเบอร์โทรเฉพาะสำหรับปรึกษาปัญหาหนี้และแก้หนี้ของแต่ละแห่งได้









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BANK OF THAILAND

ข้อมูล ณ วันที่ 13 พ.ค. 67

ง่าย ๆ ... อยากแก้หนี้

โทรเบอร์ call center แล้ว กด 99

<div></div> <div>บจก. มัณนิภัย</div> <div>0-2113-1113</div> <div>กด 99</div>	<div></div> <div>บมจ. ศรีสวัสดิ์ พาวเวอร์ 2022 บจก. เงินสดทันใจ</div> <div>1652</div> <div>กด 99</div>	<div></div> <div>บมจ. เองลีส์ซิ่ง แอนด์ แคปปิตอล</div> <div>1361</div> <div>กด 9 กด 99</div>	<div></div> <div>บมจ. อีชีบาย (Umay+)</div> <div>0-2695-0000</div> <div>กด 99</div>
<div></div> <div>KTC</div> <div>0-2123-5000</div> <div>กด 99</div>	<div></div> <div>CARDX</div> <div>1468</div> <div>กด 99</div>	<div></div> <div>เงินติดล้อ</div> <div>088-088-0880</div> <div>กด #99</div>	<div></div> <div>ไอเวย์</div> <div>0-2308-7555</div> <div>กด 99</div>
<div></div> <div>เฮชทีซี ลีสซิ่ง</div> <div>0-2316-2409</div> <div>กด 99</div>	<div></div> <div>เมืองไทย แคปปิตอล</div> <div>1455</div> <div>กด 99</div>	<div></div> <div>SEAMONEY</div> <div>0-2018-6631</div> <div>กด 99</div>	<div></div> <div>แอสเซนดท์ นาโน</div> <div>1240</div> <div>กด 3 กด 99</div>
<div></div> <div>เงินทอริโอ</div> <div>0-2857-8888</div> <div>กด 99</div>			

แบงก์ชาติ โทร. 1213 กด 99

สำหรับผู้ให้บริการอื่น ๆ ลูกหนี้สามารถติดต่อผ่าน call center
หรือเบอร์โทรเฉพาะสำหรับปรึกษาปัญหาหนี้และแก้หนี้ของแต่ละแห่งได้

