BANK OF THAILAND

Banking Sector Quarterly Brief (Q1 2025)

The Thai banking system remains resilient with robust levels of capital, loan loss provisions, and liquidity. In the first quarter of 2025, loan growth in the banking system (licensed banks and their subsidiaries) contracted by 1.3% year-on-year, primarily due to high level of debt repayments. While large corporate loans still expanded, SMEs and consumer loans continued to contract amid a high level of credit risks. While large corporate loans still expanded, SMEs and consumer loans continued to contract amid elevated credit risks. The banking system's NPL[1] in the first quarter of 2025 increased to 548.1 billion Baht, resulting in an NPL ratio of 2.90%. The increase was mainly driven by SMEs and mortgage loans. In addition, the increase in NPL ratios for credit card and hire-purchase loans was attributed to a decline in the loan base. Stage 2[2] loans decreased, mainly due to debt repayments by large corporates, resulting in the Stage 2 ratio remaining stable at 6.97%. Nevertheless, commercial banks continued to provide assistance to borrowers and manage their loan portfolios. **The banking system's profitability improved from the previous quarter**, mainly due to lower operating expenses (particularly a seasonal decline in marketing expenses and IT expenses) and higher non-interest income (from investments and the revaluation of financial instruments). Meanwhile, net interest income declined following interest rate cuts.

Nonetheless, there remains a need to monitor the prevailing tight financial conditions and the debt serviceability of businesses and households, particularly among vulnerable groups with slow income recovery and high debt burdens. In addition, it is crucial to closely monitor global trade policies and their potential impact on the financial positions of businesses and households, as well as the effectiveness of assistance measures under the "Khun Soo, Rao Chuay" program. The household debt to GDP ratio in the fourth quarter of 2024 decreased from the previous quarter, driven by a slowdown in household debt. Meanwhile, the corporate debt to GDP ratio also decreased, mainly due to a slowdown in debt securities issuance. Overall profitability remained stable compared to the same period last year but declined from the previous quarter. This was supported by improved performance in the tourism-related services and manufacturing sectors, while the construction and real estate sectors faced pressure from weakening housing demand.

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[1] Gross non-performing loans (NPL or stage 3)

[2] The ratio of loans with a significant increase in credit risk (SICR or stage 2)

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Banking Sector Quarterly Brief

(Q1 2025)

20 May 2025

Banking Sector Quarterly Brief (Q1 2025)

Thai banking system remains resilient. However, there remains a need to monitor the prevailing tight financial conditions and the debt serviceability of businesses and households, particularly among vulnerable groups. In addition, it is crucial to closely monitor global trade policies and their potential impact on the financial positions of businesses and households, as well as the effectiveness of assistance measures under the "Khun Soo, Rao Chuay" program.

Commercial Banking system

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

Bank loans contracted, primarily due to high level of debt repayments. While large corporate loans still expanded, SMEs and consumer loans continued to contract amid elevated credit risks.

Overall loan quality deteriorated. Stage 3 (NPL) outstanding increased, mainly from SMEs and mortgage loans, while Stage 2 (SM) outstanding decreased, primarily due to debt repayments by large corporates. In addition, both NPL and SM ratios increased, partly reflecting a contraction in the loan base from the previous quarter.

Bank profitability improved from the previous quarter, mainly due to lower operating expenses and higher non-interest income, while net interest income declined following interest rate cuts.

Household

Household debt to GDP ratio decreased from the previous quarter, driven by a slowdown in household debt. However, there remains a need to closely monitor the debt serviceability of vulnerable households.

Corporate

Corporate debt to GDP ratio decreased mainly due to a slowdown in debt securities issuance. **Overall profitability remained stable compared to the same period last year but declined from the previous quarter**. This was supported by improved performance in the tourism-related services and manufacturing sectors, while the construction and real estate sectors faced pressure from weakening housing demand.

Relief measures

Financial institutions have continued to support their debtors through the responsible lending measures and "Khun Soo, Rao Chuay" program.

Commercial Banking System

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

Capital, loan loss provision, and liquidity indicators

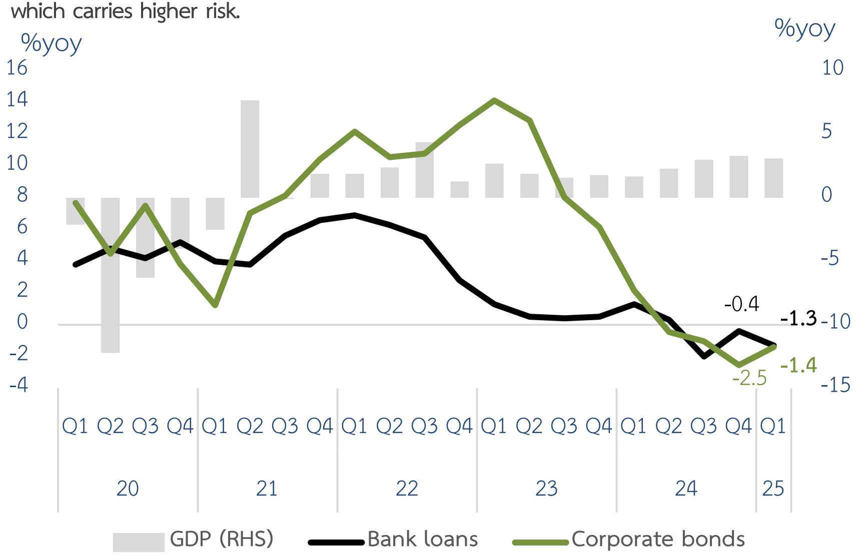
Banks' capital, loan loss provisions, and liquidity remained at high levels.

	Q1/2025	Q4/2024	Q1/2024
Capital (BIS ratio)	20.7%	20.4%	20.1%
Liquidity (Liquidity coverage ratio: LCR)	206.5%	206.4%	202.5%
Loan loss provision (NPL coverage ratio)	173.6%	177.2%	175.1%

Note: the data is on bank-only basis.

Bank loan and corporate bond growth

Overall bank loan growth continued to contract, mainly due to a high level of debt repayments. The contraction in bond financing eased (partly due to bond issuance for loan repayment). The decline was observed across almost all sectors (except utilities), while investors remain cautious especially in the high-yield segment which carries higher risk.



Note: (1) Bank loans are on full consolidation basis.

(2) Corporate bonds are excluded banking, financial and securities

Source: BOT, NESDC, SEC and ThaiBMA

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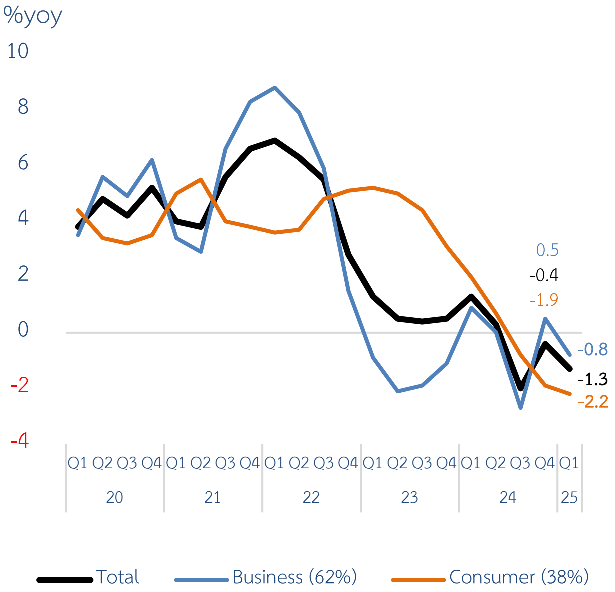
Commercial Banking System

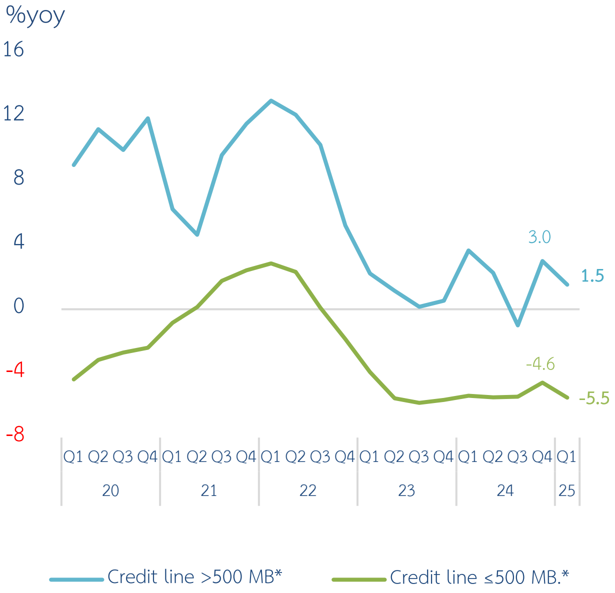
Bank loans contracted, primarily due to high level of debt repayments. While large corporate loans still expanded, SMEs and consumer loans continued to contract amid elevated credit risks.

Overall loan growth by portfolio



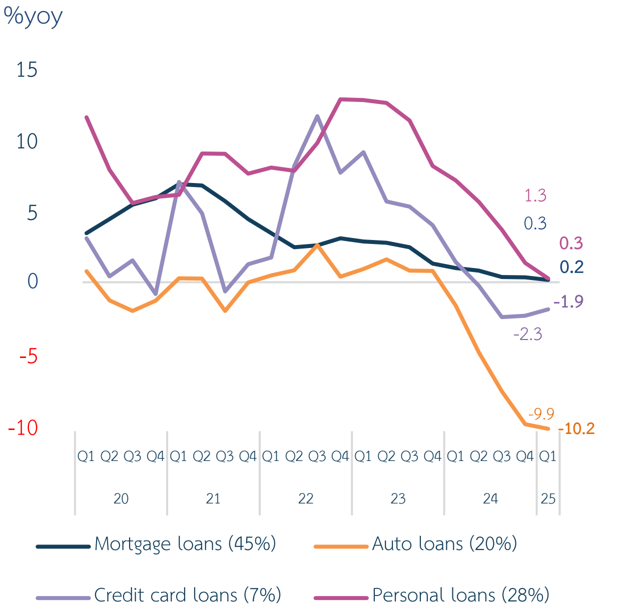
Note: (1) Bank loans are on full consolidation basis.
(2) Numbers in the parentheses show the proportion of total loans

Business loan growth by size



Note: (1) Business loans by size are on bank-only basis.
(2) * Business's credit line per bank as of March 2025

Consumer loan growth by portfolio



Note: (1) Consumer loans are on full consolidation basis.
(2) Numbers in the parentheses show the proportion of total retail loans.

Source: BOT

New loans and debt repayment

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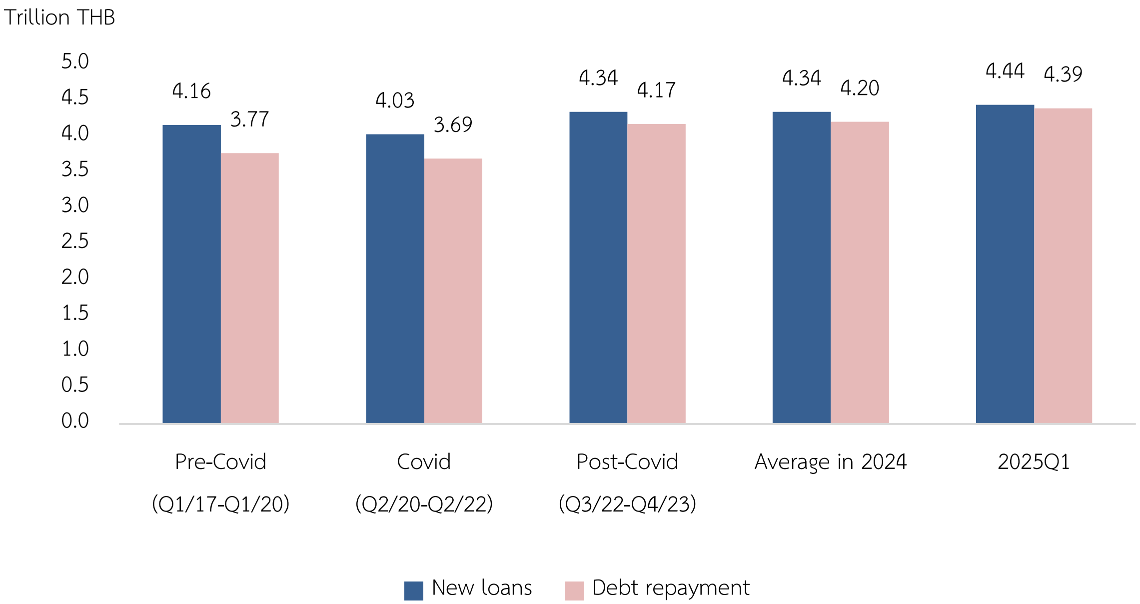
Banks continued to extend new loans, while debt repayments remained above the historical average.

New loans and debt repayments in the banking system



Note: quarterly average of flow of new loans (including rollover) and debt repayment (bank-only basis)

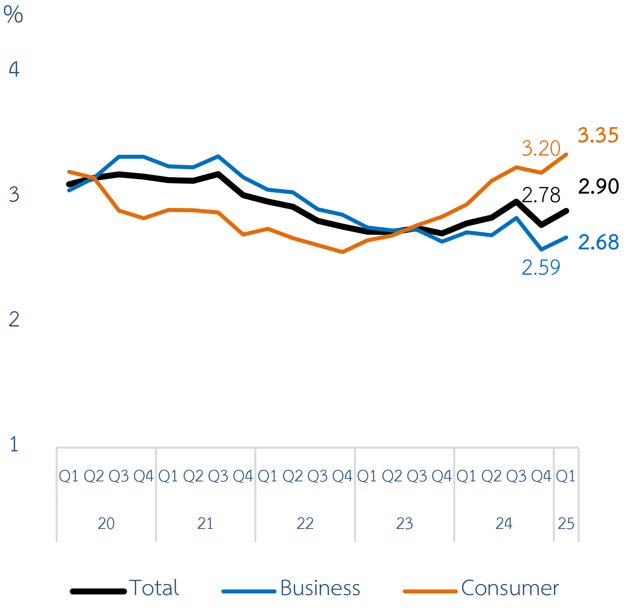
Source: BOT

Commercial Banking System

Overall NPL ratio increased due to both a rise in NPL outstanding and a decline in the loan base.

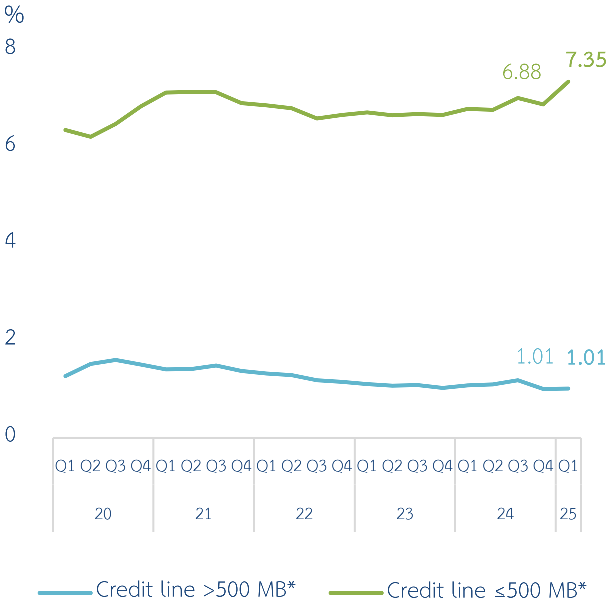
The increase in NPL outstanding was primarily driven by SMEs and mortgage loans, mainly from troubled debtors who had received assistance.

NPL (Stage 3) of total loans by portfolio



Note: Bank loans are on full consolidation basis.

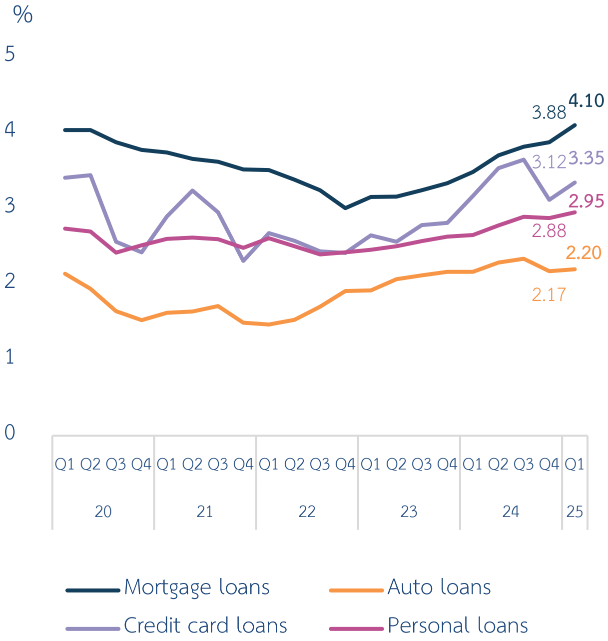
NPL (Stage 3) of business loans by size



Note: (1) Business loans by size are on bank-only basis.

(2) * Business's credit line per bank as of March 2025.

NPL (Stage 3) of consumer loans by portfolio



Note: Consumer loans are on full consolidation basis.

Source: BOT

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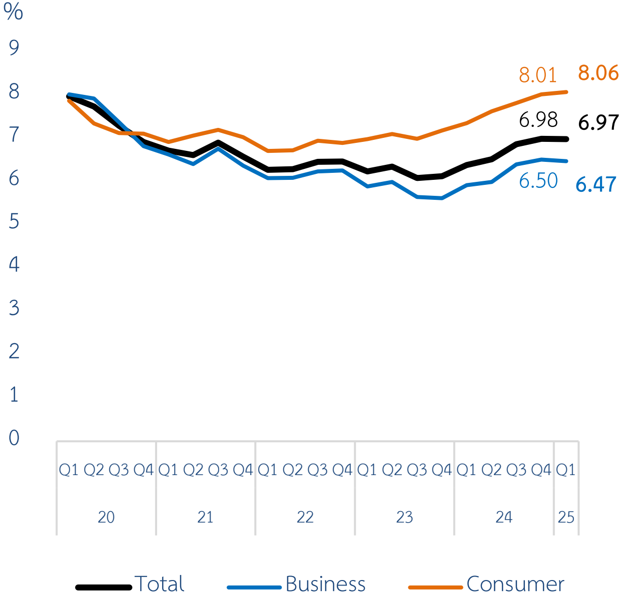
Overall stage 2 loans decreased, mainly due to debt repayments by large corporates.

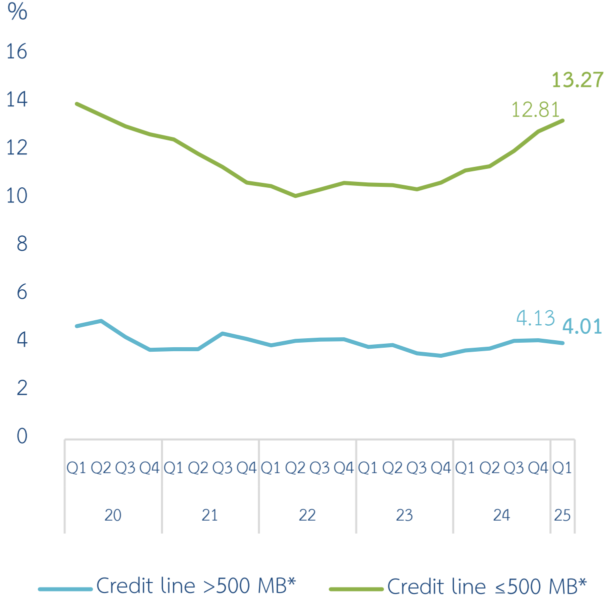
However, Stage 2 loans in the SMEs portfolio increased, primarily due to qualitative criteria in asset classification.

Stage 2 of total loans by portfolio



Note: Bank loans are on full consolidation basis.

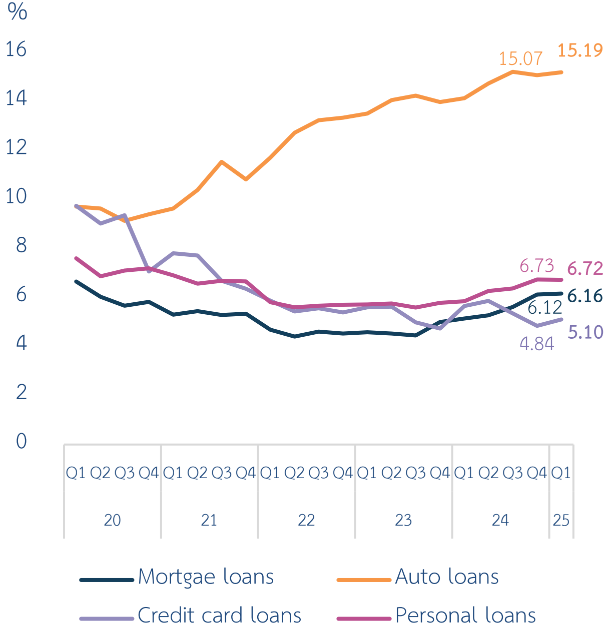
Stage 2 of business loans by size



Note: (1) Business loans by size are on bank-only basis.

(2) * Business's credit line per bank as of March 2025.

Stage 2 of consumer loans by portfolio



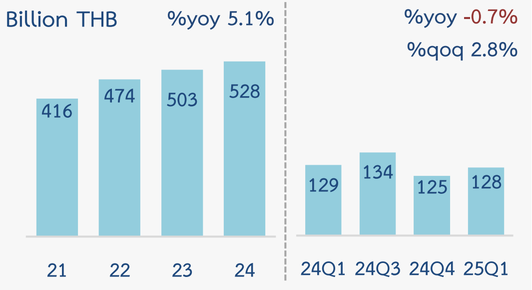
Note: Consumer loans are on full consolidation basis.

Source: BOT

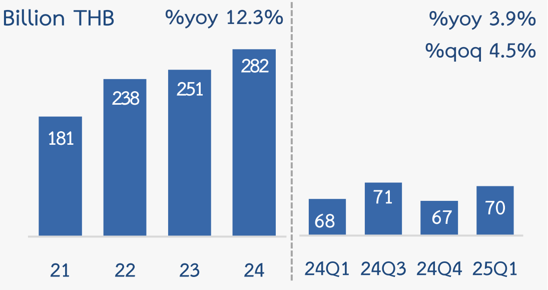
Commercial Banking System

Bank profitability improved from the previous quarter, mainly due to lower operating expenses and higher non-interest income, while net interest income decreased following interest rate cuts, resulting in lower NIM.

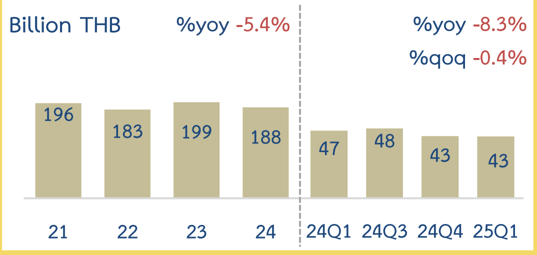
Pre-provision operating profit (PPOP)



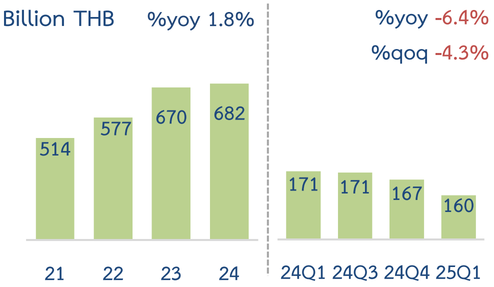
Net profit



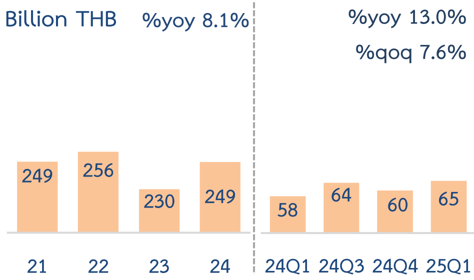
Provisioning expenses



Net interest income [71%]



Non-interest income [29%]



Ratios	21	22	23	24	24Q1	24Q3	24Q4	25Q1
NIM (%)	2.46	2.62	3.00	3.01	3.03	3.04	2.94	2.80
ROA (%)	0.81	1.01	1.06	1.17	1.12	1.19	1.11	1.16
ROE (%)	5.80	7.49	7.92	8.68	8.39	8.72	8.13	8.38

Note: (1) Bank profitability is on bank-only basis.
(2) Numbers in the parentheses show the proportion of net income as of Q1 2025.
(3) PPOP = Pre-Provision Operating Profit

Source: BOT

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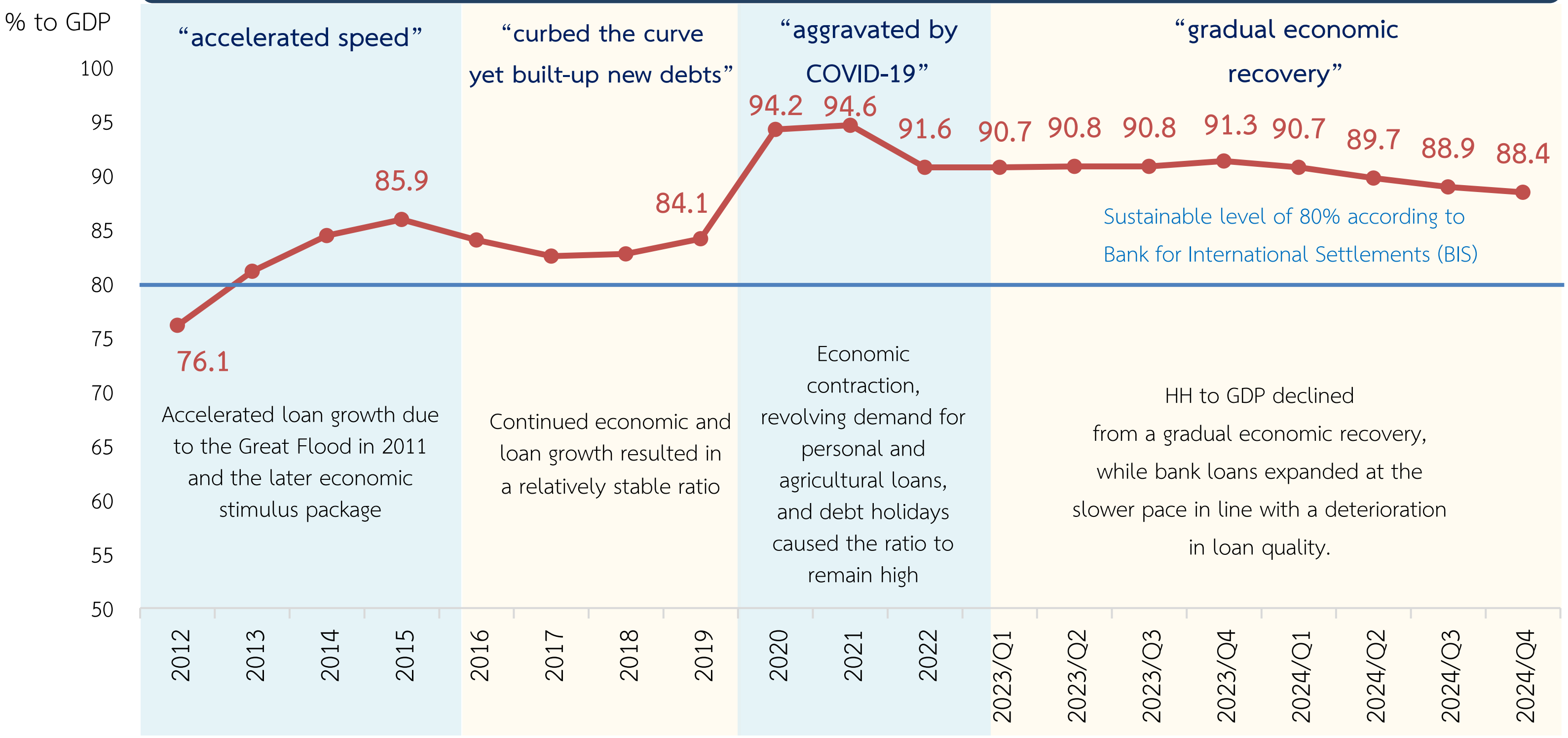
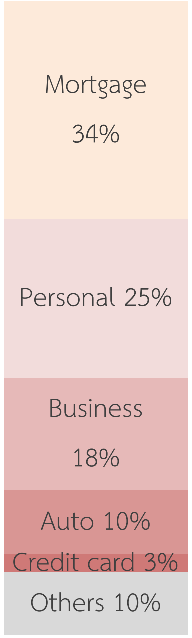
Household debt to GDP ratio decreased from the previous quarter, driven by a slowdown in household debt. However, there remains a need to closely monitor the debt serviceability of vulnerable households.

Household debt to GDP



By loan types

As of Q4 2024



Source: BOT and NESDC

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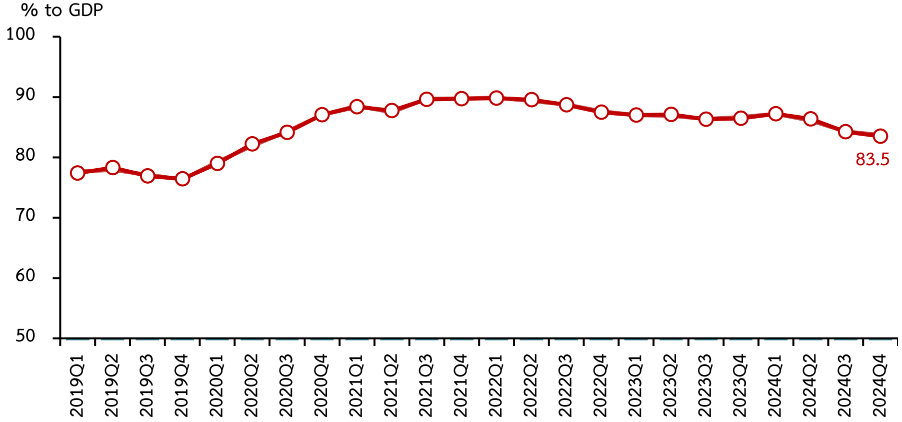
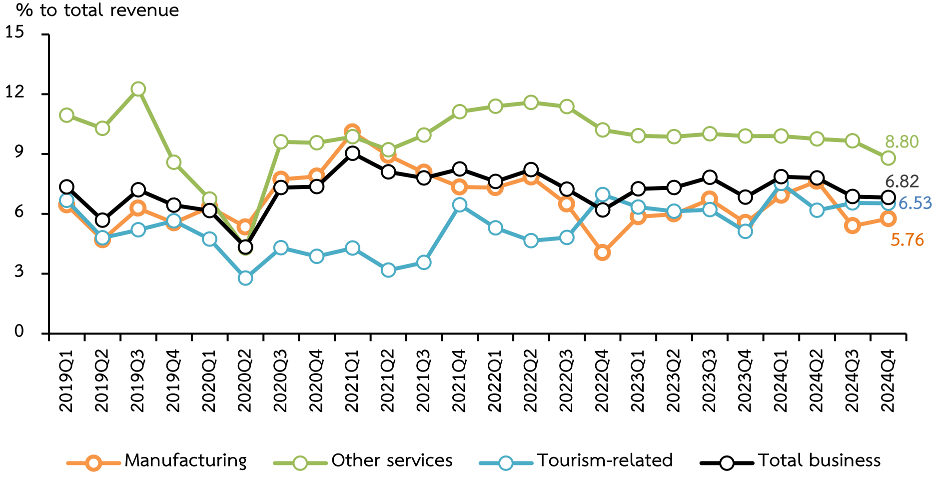
Corporate debt to GDP ratio decreased in Q4/2024, mainly due to a slowdown in debt securities issuance. Overall profitability remained stable compared to the same period last year but declined from the previous quarter. This was supported by improved performance in the tourism-related services and manufacturing sectors, while the construction and real estate sectors faced pressure from weakening housing demand.

Corporate debt to GDP



Source: BOT and NESDC

Operating profit margin (OPM) by sector



Note: (1) Median values are shown. The manufacturing sector includes manufacturing and petroleum businesses. The tourism-related sector includes hotels, airlines, restaurants and trade.
(2) OPM = Operating Profit Margin (EBIT/ total revenue)
Source: SEC and computed by BOT

Progress of debt restructuring

Financial institutions have continued to support their debtors, while the Bank of Thailand closely monitor to ensure compliance with Responsible Lending (RL) measures.

Cumulative debt restructuring by financial institutions in the first three months of 2025

Cumulative number of accounts under assistance

1.50 million accounts

Banks + non-banks: 0.69 million account

SFIs: 0.81 million account

Cumulative loan outstanding under assistance

0.88 trillion baht

Banks + non-banks: 0.38 trillion baht

SFIs: 0.50 trillion baht

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Progress of “Khun Soo, Rao Chuay” program

Debtors continue to gradually enroll in the program via the Bank of Thailand’s website and financial institutions.

The Bank of Thailand has extended the application period for the program until June 30, 2025.

Progress of the program from 12 December 2024 to 19 May 2025

The total number of eligible debtors	The total debt amount eligible
1.9 million debtors *(100%)*	890 billion THB *(100%)*

The total number of registered debtors[1/] (as of 19 May 2025)
1.3 million debtors (1.7 million accounts)

The total number of registered debtors that eligible[2/] (survey as of 30 April 2025)	The total registered debt eligible[2/] (survey as of 30 April 2025)
0.58 million debtors *(30%)*	430 billion THB *(48%)*

Note: 1/ The number of registered debtors is counted separately from each financial institution. Thus, there may be double counting if a debtor has loans with multiple financial institutions.
2/ Survey as of 30 April 2025 from 51 financial institutions.