



BANK OF THAILAND

Banking Sector Quarterly Brief (Q2 2025)

The Thai banking system remains resilient with robust levels of capital, loan loss provisions, and liquidity. In the second quarter of 2025, loan growth in the banking system (licensed banks and their subsidiaries) contracted at a slower pace of -0.9% year-on-year. Large corporate loans continued to expand, while SME and consumer loans continued to contract due to heightened credit risks. The banking system's NPL¹ in the second quarter of 2025 increased slightly to 554.9 billion Baht, mainly driven by business loans, while NPL of consumer loans declined across all portfolios. As a result, the NPL ratio remained stable at 2.91%. Stage 2 loans² decreased across nearly all portfolios, primarily due to improved loan classification for borrowers who resumed repayment under debt restructuring conditions, resulting in a decline in the Stage 2 ratio to 6.88%. 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 seasonal dividend income. However, provisioning expenses increased to buffer against potential uncertainties arising from global trade policy risks. Meanwhile, net interest income declined as a result of interest rate cuts, lower loan volumes, and the implementation of the 'Khun Soo, Rao Chuay' program, which provided interest rate reductions to borrowers.

Nonetheless, it is necessary to closely 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 assess the potential impact of U.S. trade policies on the financial positions of businesses and households, as well as the effectiveness of assistance measures under the "Khun Soo, Rao Chuay" program. In the first quarter of 2025, the household debt to GDP ratio decreased from the previous quarter, largely due to a slowdown in household debt. Similarly, the corporate debt to GDP ratio also decreased, mainly due to economic expansion, while debt accumulation remained stable. Overall profitability declined compared with the same period last year. Although the manufacturing sector benefited from front-loaded export production, the tourism-related and other service sectors remained under pressure from lower foreign tourist arrivals and subdued housing market demand.

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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19 August 2025



Thai banking system remains resilient. However, it is necessary to closely 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 assess the potential impact of U.S. trade policies 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 at a slower pace, driven by continued contraction in SME and consumer loans amid heightened credit risk, while large corporate loans continued to expand.

Overall loan quality showed a slight deterioration. Stage 3 (NPL) outstanding increased, mainly from business loans, whereas NPL of consumer loans declined across all portfolios. Stage 2 (SM) outstanding decreased across nearly all portfolios as borrowers resumed repayment under debt restructuring conditions, except for large corporate loans, which increased from qualitative loan classification.

Bank profitability improved from the previous quarter, mainly due to seasonal dividend income, while provisioning expenses increased. Meanwhile, net interest income declined as a result of interest rate cuts, lower loan volumes, and the implementation of the ‘Khun Soo, Rao Chuay’ program, which provided interest rate reductions to borrowers.

Household

Household debt to GDP ratio decreased, largely due to a slowdown in household debt. However, it is necessary to closely monitor loan quality amid heightened economic uncertainty.

Corporate

Corporate debt to GDP ratio decreased mainly due to economic expansion, while debt accumulation remained stable. **Overall profitability declined from the same period last year.** Although the manufacturing sector benefited from front-loaded export production, the tourism-related and other service sectors remained under pressure from lower foreign tourist arrivals and subdued demand of housing market.

Relief measures

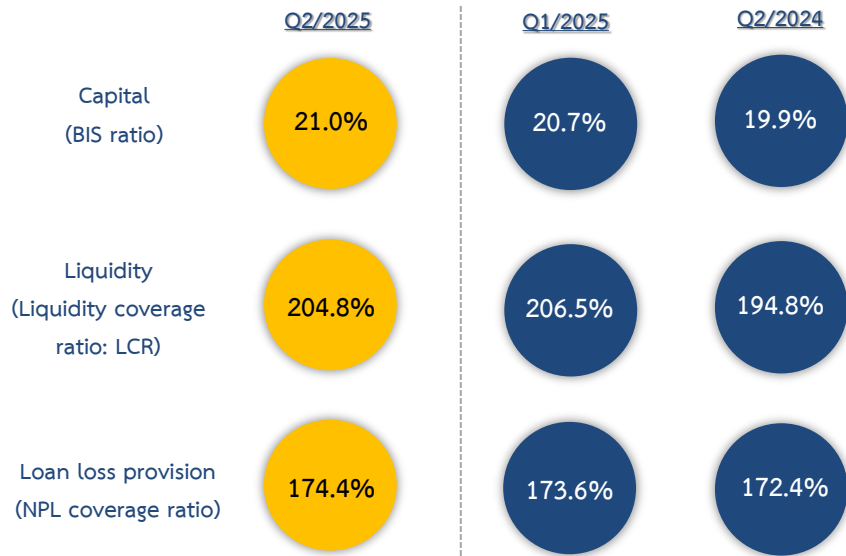
Financial institutions have continued to support their debtors through the responsible lending measures and “Khun Soo, Rao Chuay” program.



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

Capital, loan loss provision, and liquidity indicators

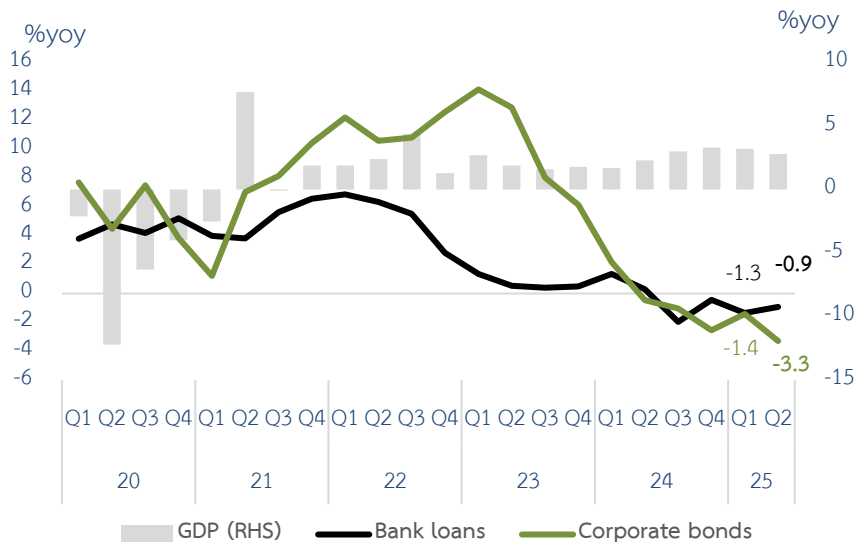
Banks' capital, loan loss provisions, and liquidity remained at high levels.



Note: the data is on bank-only basis.

Bank loan and corporate bond growth

The overall contraction in bank lending has eased, while bond issuance continued to decline significantly, led primarily by the real estate sector. Meanwhile, investors remain cautious toward high-yield segments with elevated credit risk.



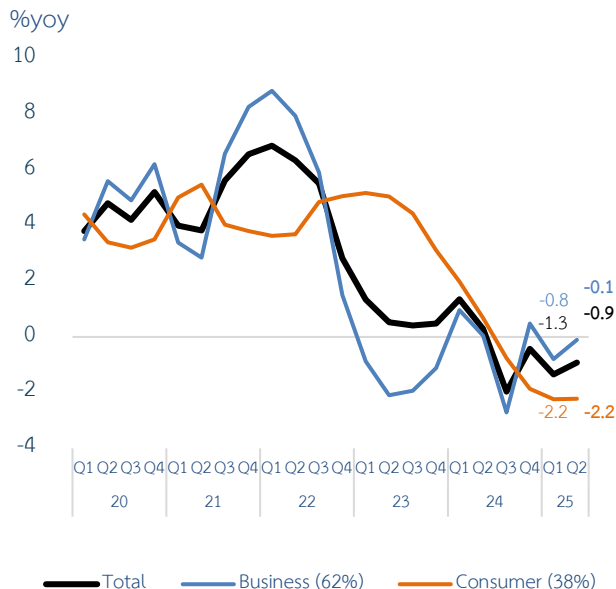
Note: (1) Bank loans are on full consolidation basis.

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



Bank loans contracted at a slower pace, driven by continued contraction in SME and consumer loans amid heightened credit risks, while large corporate loans continued to expand.

Overall loan growth by portfolio

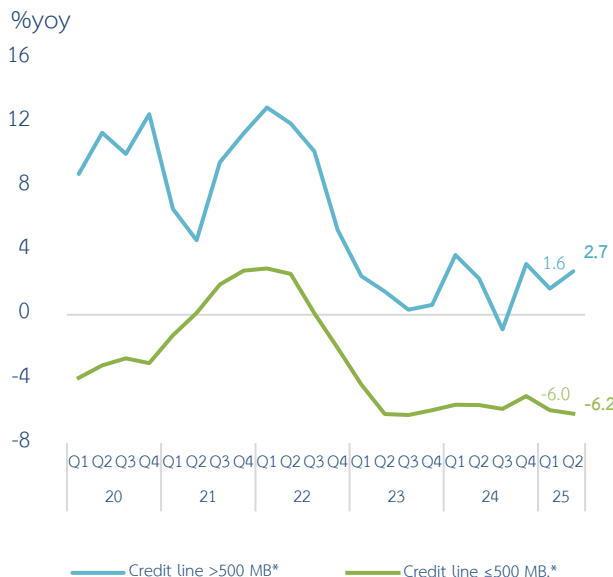


Note: (1) Bank loans are on full consolidation basis.

(2) Numbers in the parentheses show the proportion of total loans

Source: BOT

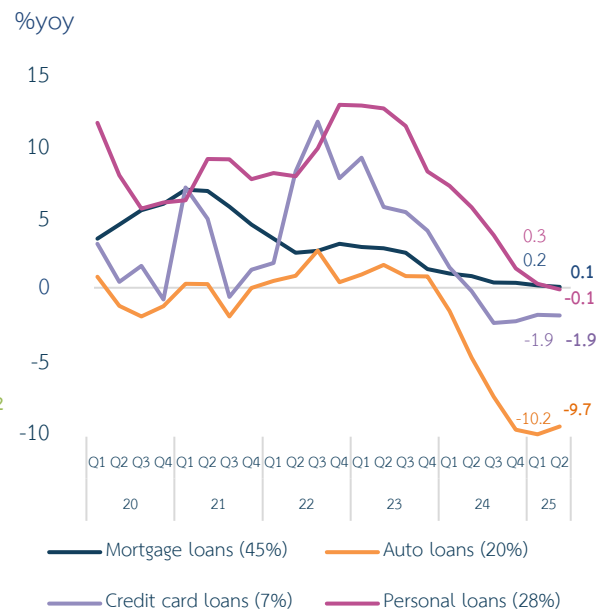
Business loan growth by size



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

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

Consumer loan growth by portfolio



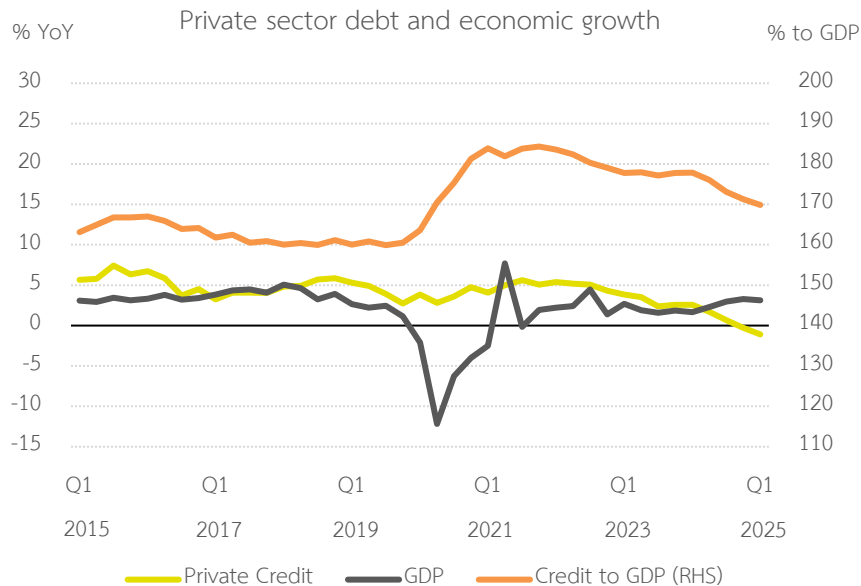
Note: (1) Consumer loans are on full consolidation basis.

(2) Numbers in the parentheses show the proportion of total retail loans.

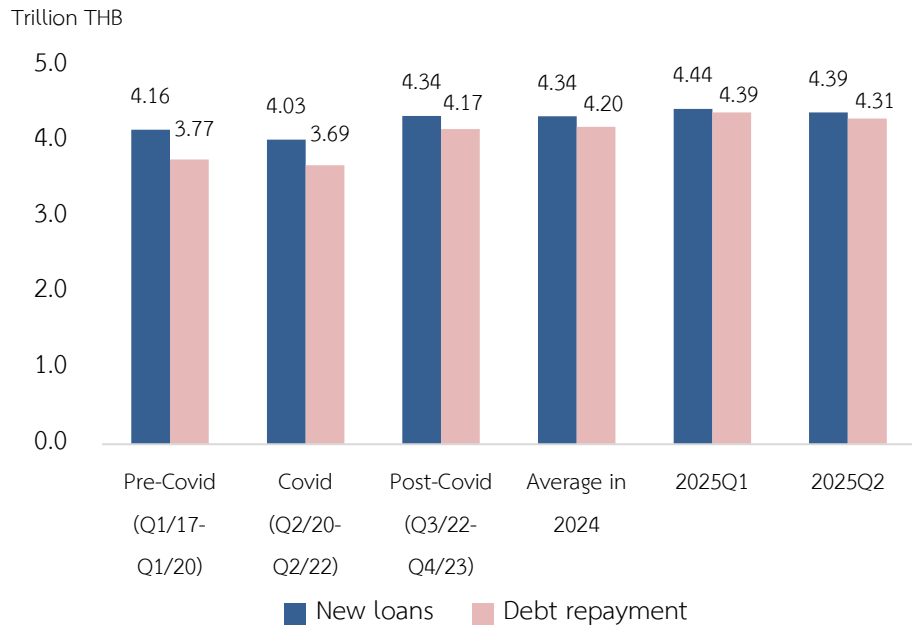


Overall credit slows down consistent with ongoing debt deleveraging from COVID support measures.

COVID support measures contributed to private sector debt growth despite economic contraction.



Outstanding loans decreased primarily due to debt repayments. Meanwhile, new loans remained stable.

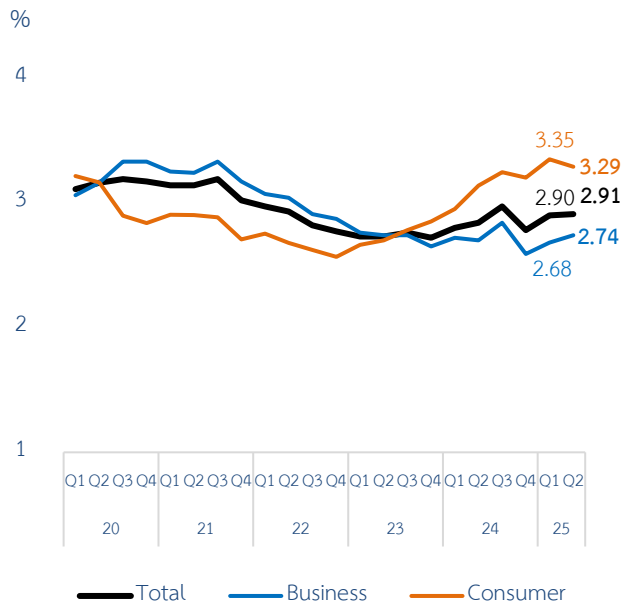




The overall NPL ratio remained stable, although NPL outstanding slightly increased from the previous quarter,

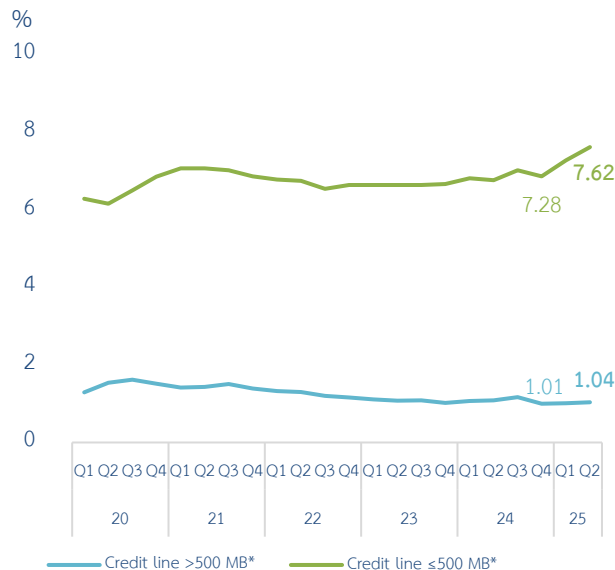
mainly driven by business loans, whereas NPL of consumer loans declined across all portfolios, partly due to loan quality management.

NPL (Stage 3) of total loans by portfolio



Note: Bank loans are on full consolidation basis.

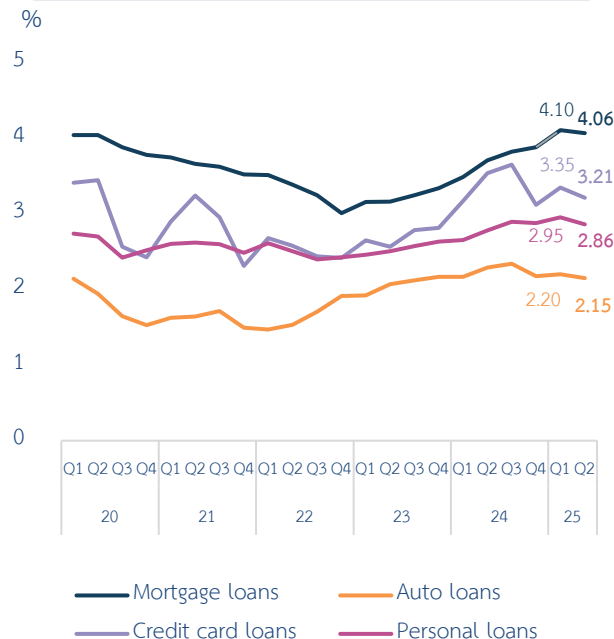
NPL (Stage 3) of business loans by size



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

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

NPL (Stage 3) of consumer loans by portfolio



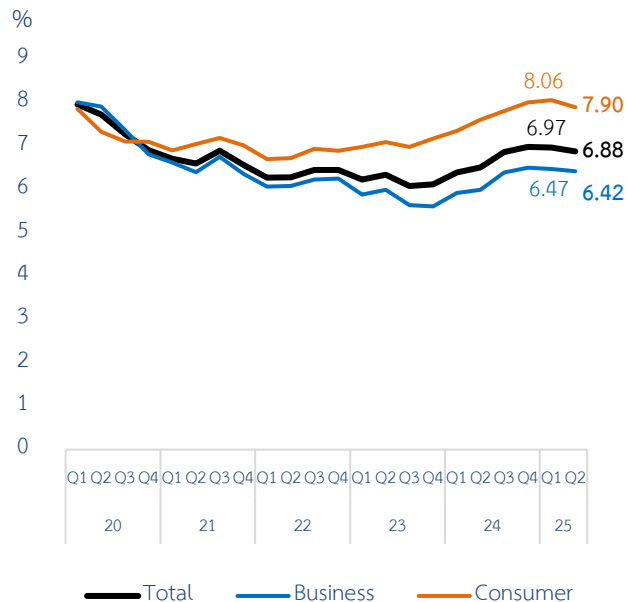
Note: Consumer loans are on full consolidation basis.



Overall stage 2 loans declined across nearly all portfolios, mainly due to improved loan classification for borrowers who resumed

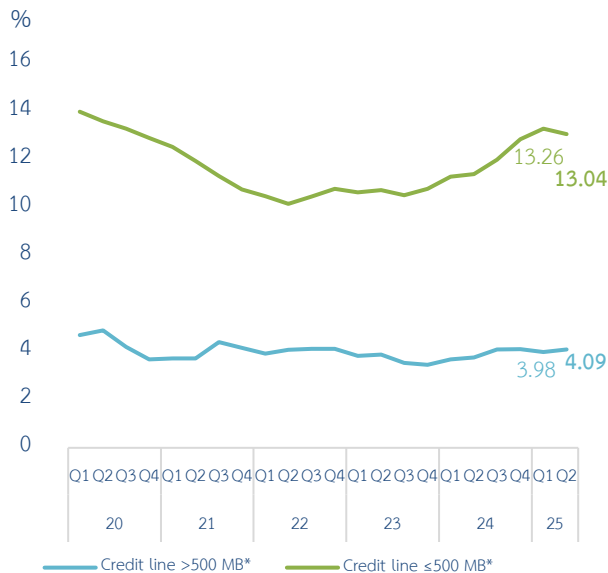
repayment under debt restructuring conditions. However, Stage 2 loans in large corporate portfolio increased, largely as a result of qualitative loan classification.

Stage 2 of total loans by portfolio



Note: Bank loans are on full consolidation basis.

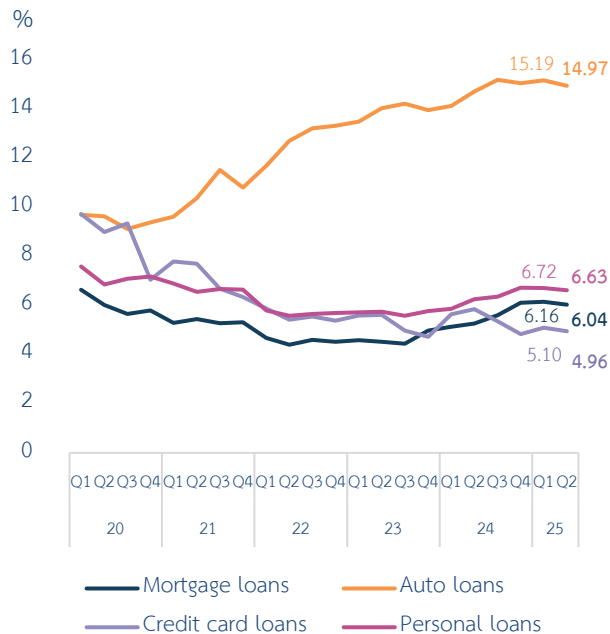
Stage 2 of business loans by size



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

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

Stage 2 of consumer loans by portfolio



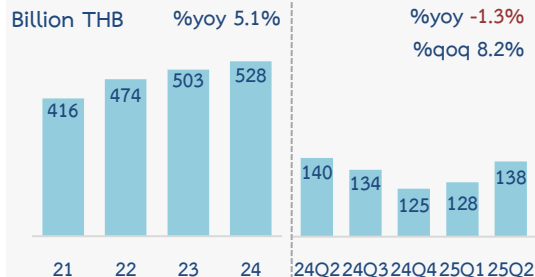
Note: Consumer loans are on full consolidation basis.



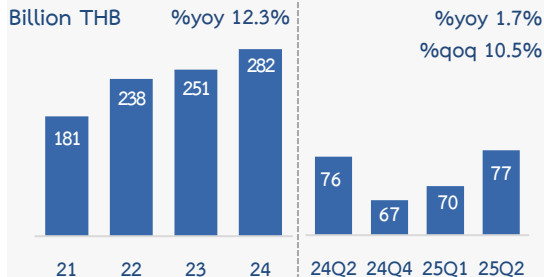
Bank profitability improved from the previous quarter, driven by seasonal dividend income, while provisioning expenses increased.

Compared with the same period last year, profitability improved due to investment gains, despite net interest income declined.

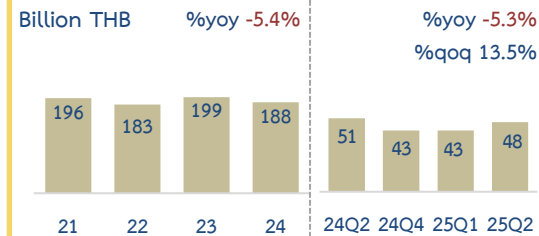
Pre-provision operating profit (PPOP)



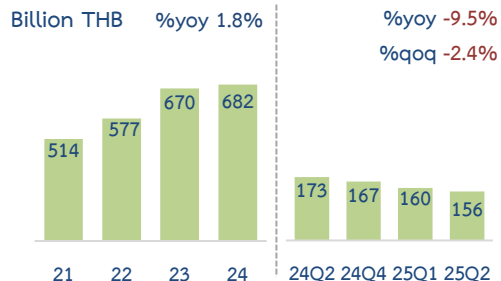
Net profit



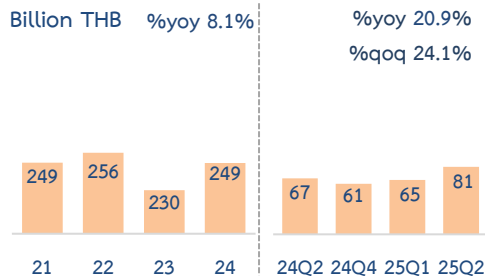
Provisioning expenses



Net interest income [66%]



Non-interest income [34%]



Ratios	21	22	23	24	24Q2	24Q4	25Q1	25Q2
NIM (%)	2.46	2.62	3.00	3.01	3.04	2.94	2.80	2.72
ROA (%)	0.81	1.01	1.06	1.17	1.26	1.11	1.16	1.27
ROE (%)	5.80	7.49	7.92	8.68	9.45	8.14	8.37	9.26

Note: (1) Bank profitability is on bank-only basis.

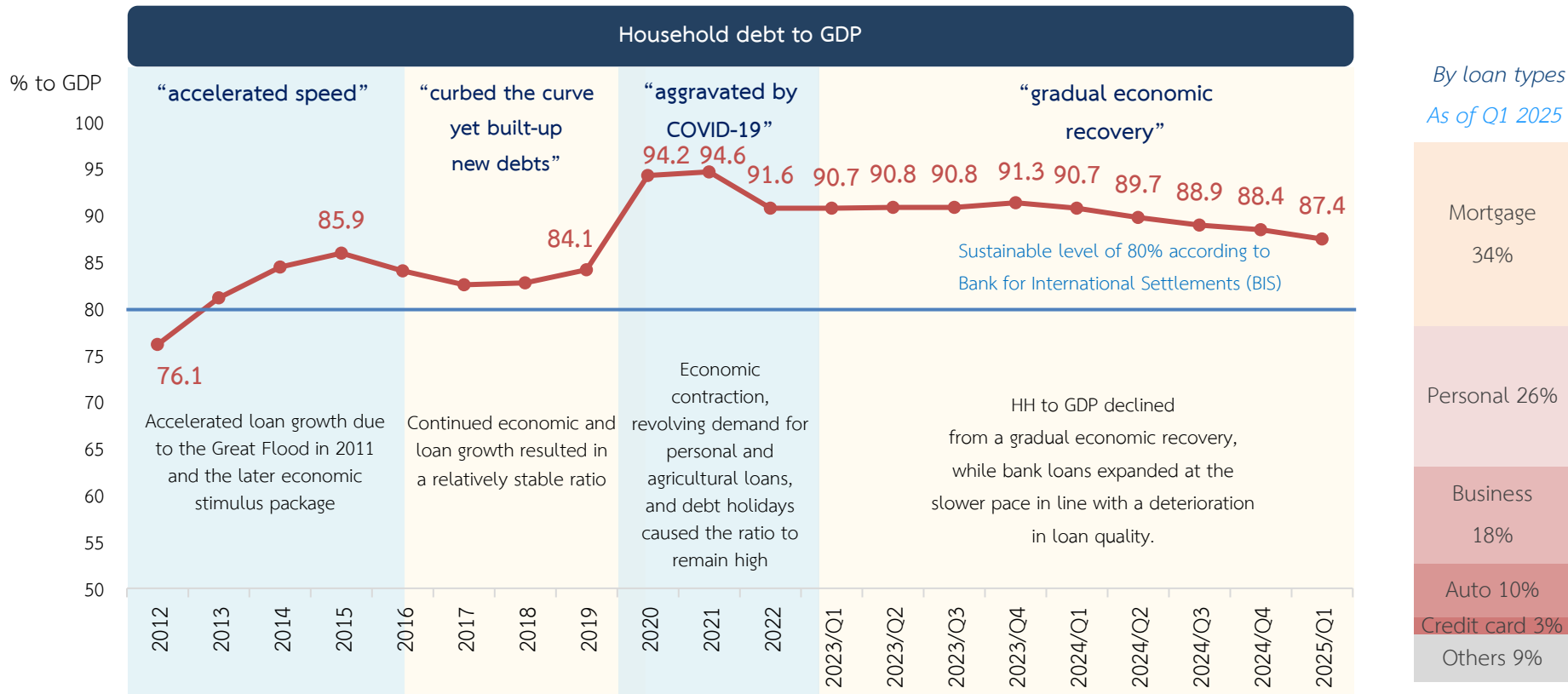
(2) Numbers in the parentheses show the proportion of net income as of Q2 2025.

(3) PPOP = Pre-Provision Operating Profit



Household debt to GDP ratio decreased, largely due to a slowdown in household debt.

However, it is necessary to closely monitor loan quality amid heightened economic uncertainty.

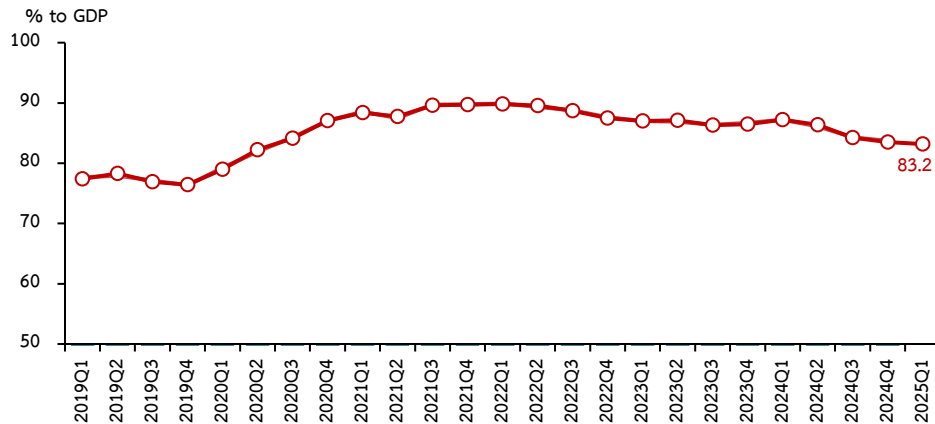




Corporate debt to GDP ratio decreased in Q1/2025, mainly due to economic expansion, while debt accumulation remained stable.

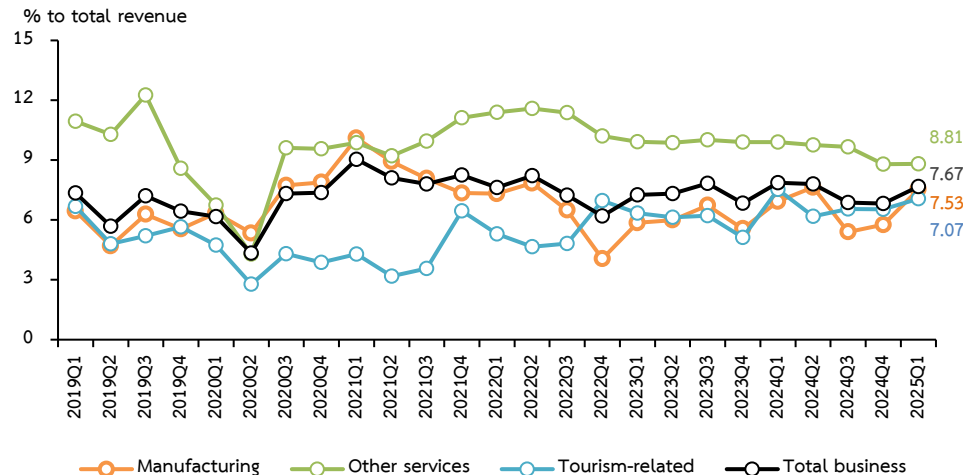
Overall profitability declined from the previous year. Although the manufacturing sector benefited from front-loaded export production, the tourism-related and other service sectors remained under pressure from lower foreign tourist arrivals and subdued demand of housing market.

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



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 half of 2025

Cumulative number of accounts under assistance



2.54 million accounts

Banks + non-banks: 1.32 million account

SFIs: 1.22 million account

Cumulative loan outstanding under assistance



1.50 trillion baht

Banks + non-banks: 0.71 trillion baht



SFIs: 0.79 trillion baht



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Progress of “Khun Soo, Rao Chuay” program

The Bank of Thailand extended additional debtor support under Phase 2 of the “Khun Soo, Rao Chuay” program, and lengthened the registration period for Phase 1. Debtors have continued to enroll in the program via both the Bank of Thailand’s system and financial institutions.

		Program Progress Phase 1 (12 December 2024 – 30 June 2025)	Program Progress Phase 1 + 2 (12 December 2024 – 18 August 2025)
The Eligible debtors	 Total Number	1.9 million debtors (100%)	3.7 million debtors (100%)
	 Total Debt	890 billion THB (100%)	1.2 trillion THB (100%)
The total of registered debtor ^{1/}	 Total Number	1.4 million debtors	1.7 million debtors
	 Total Account	1.9 million accounts	2.2 million accounts
The registered debtors that eligible ^{2/} (Survey as of 31 July 25)	 Total Number	0.65 million debtors (34%)	0.74 million debtors (20%)
	 Total Debt	480 billion THB (54%)	530 billion THB (44%)

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 31 July 2025 from 46 financial institutions.



Enhancement of commercial bank credit data dissemination and business size classification



Enhancement of commercial bank credit data dissemination and business size classification

Regulatory Data Transformation (RDT) Project : Credit Data

The reporting framework for financial institutions has been enhanced to provide more granular, contract-level data of high-quality. This improvement will enhance financial supervision and support the development of more targeted, forward-looking policies in response to the evolving economic and financial environment.

RDT Data Disclosure

- ✓ Credit data from RDT will be published starting from July 2025, with historical data available from July 2024 onwards.

New RDT data published includes:

- Outstanding loan and credit quality data in various dimension (*published in August 2025*)
- Household debt data (*published in December 2025*)

List of data tables with changes



Business Size Classification Using RDT Data



Business size definition by OSMEP x Credit limit size from RDT

“SME debtors as defined by OSMEP but with high credit limits will be classified as corporates”

- ✓ This adjustment better reflects actual business activities and will improve the monitoring of credit conditions, overall financial and economic developments, and related policy design, including SME support measures and macroprudential policies to safeguard financial stability.



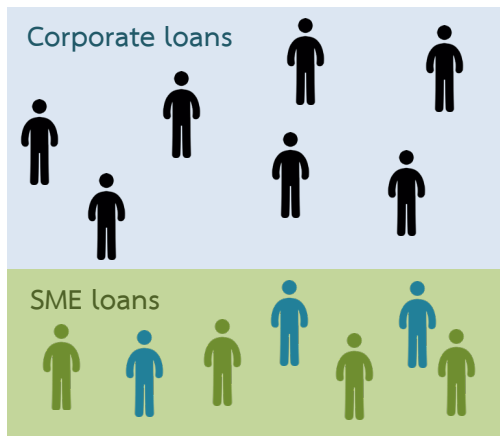
Results of the enhanced business loan classification by size



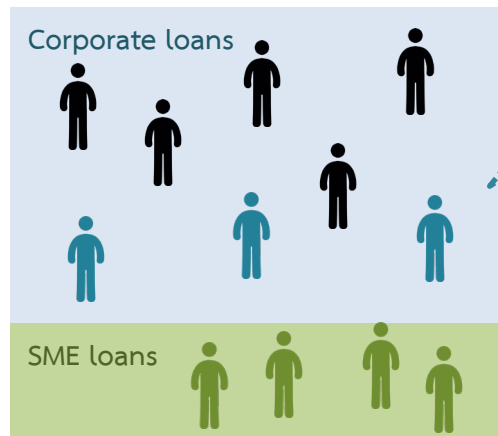
Impact:

Outstanding SME loans and the number of SME debtors declined, but the overall growth trend remained unchanged.

OSMEP Definition

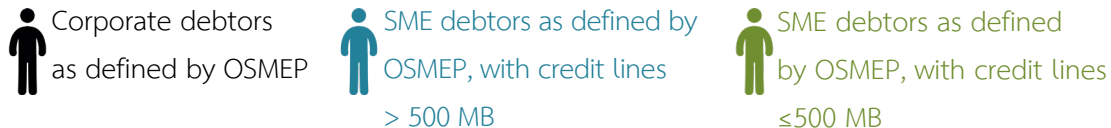


Enhanced OSMEP Definition



SME debtors as defined by OSMEP, with credit lines exceeding 500 MB are classified as corporate debtors.

SME debtors (as defined by OSMEP) reclassified as corporates include government agencies and state-owned enterprises, holding companies, as well as domestic and foreign legal entities.





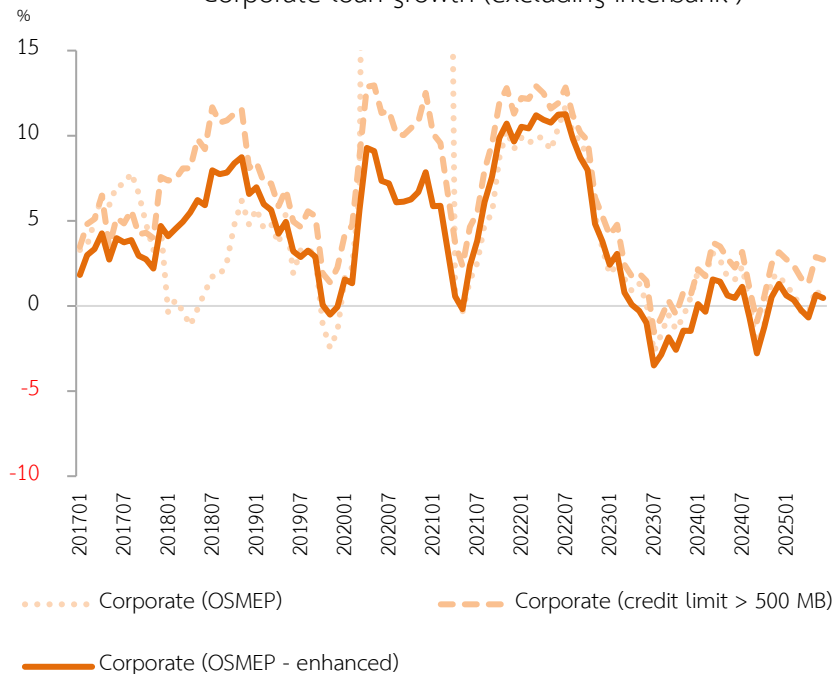
Results of the enhanced business loan classification by size



Impact:

The overall growth trends of both corporate and SME loans remain in line with previous patterns.

Corporate loan growth (excluding interbank)



SME loan growth (excluding interbank)

