



Banking Sector Quarterly Brief (Q4 2024 and 2024)

The Thai banking system remains resilient with robust levels of capital, loan loss provisions, and liquidity. In the fourth quarter of 2024, loan growth in the banking system (licensed banks and their subsidiaries) contracted by 0.4% year-on-year, an improvement from the 2.0% contraction in the previous quarter. This was driven by loan expansion among large corporates, while SMEs loans contracted at a slower pace. Consumer loans continued to decline, particularly auto loans, which were affected by structural issues and slow income recovery among vulnerable segments. The banking system's NPL¹ in the fourth quarter of 2024 decreased to 532.1 billion Baht, reducing the NPL ratio to 2.78%. This decline was primarily attributed to business loans, partly driven by banks' loan portfolio management, ongoing debt assistance, and the reclassification of certain NPL debtors who resumed repayments under debt restructuring obligations to stage 2 loans². In addition, qualitative criteria in asset classification of business loans contributed to an increase in stage 2 loans, which rose to 6.98%. **The banking system's profitability in 2024 improved from the previous year**, mainly driven by higher non-interest income (mainly from FVTPL) and net interest income, coupled with lower provisioning expenses following elevated provisioning in the previous year.

Nonetheless, there remains a need to monitor the debt serviceability of SMEs and certain households facing slower income recovery and high debt burdens, businesses affected by structural issues and declining competitiveness, as well as the effectiveness of the assistance measures under the “Khun Soo, Rao Chuay” program. The household debt to GDP ratio in the third quarter of 2024 decreased from the previous quarter, driven by a slowdown in household debt. Meanwhile, the corporate debt to GDP ratio decreased due to contractions in loans and debt securities. Overall corporate profitability decreased from

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)

the previous year, particularly in the manufacturing sector, despite positive contributions from the tourism sector.

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ธนาคารแห่งประเทศไทย
BANK OF THAILAND

Banking Sector Quarterly Brief (Q4 2024 and 2024)

18 February 2025



Thai banking system remains resilient. However, there remains a need to monitor the debt serviceability of SMEs and certain households with slower income recovery and high debt burdens, businesses affected by structural issues and declining competitiveness, as well as the effectiveness of the assistance measures under the “Khun Soo, Rao Chuay” program.

Commercial Banking system

Capital, loan loss provisions, and liquidity remained robust.

Bank loan contraction eased. This improvement was driven by loan expansion among large corporates, while SMEs loans contracted at a slower pace. Consumer loans continued to decline, particularly auto loans, which were affected by structural issues and slow income recovery among vulnerable groups.

Loan quality Outstanding NPLs (stage 3) and the NPL ratio decreased across almost all portfolios, primarily from business loans. This was partly due to banks' loan portfolio management, ongoing debt assistance, and the reclassification of some NPL debtors who resumed repayments under debt restructuring obligations to stage 2 loans. In addition, qualitative criteria in asset classification of business loans contributed to an increase in stage 2 loans.

Profitability in 2024 increased from the previous year driven by higher non-interest income and net interest income together with lower provisioning expense.

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 due to contractions in loans and debt securities. **Overall corporate profitability decreased from the previous year**, particularly in the manufacturing sector, despite positive contributions from the tourism sector.

Relief measures

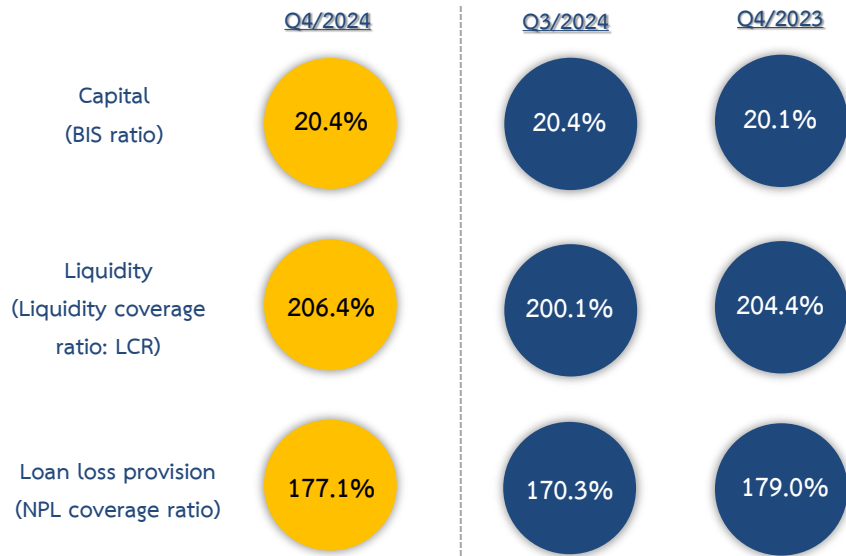
Financial institutions have continued to support their debtors, with the BOT ensuring compliance with responsible lending measures.



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

Capital, loan loss provision, and liquidity indicators

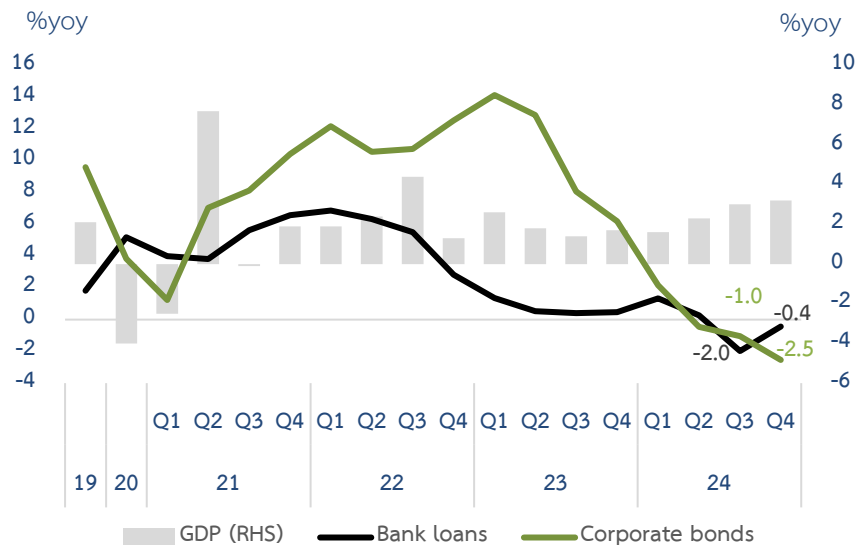
Banks' capital, loan loss provisions, and liquidity remained at high levels.



Note: the data is on bank-only basis.

Bank loan and corporate bond growth

Overall, bank loan contraction eased, while bond financing continued to decline in line with lower funding demand. The contraction in bond financing was observed across almost all sectors (except utilities), particularly in the high-yield segment.



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

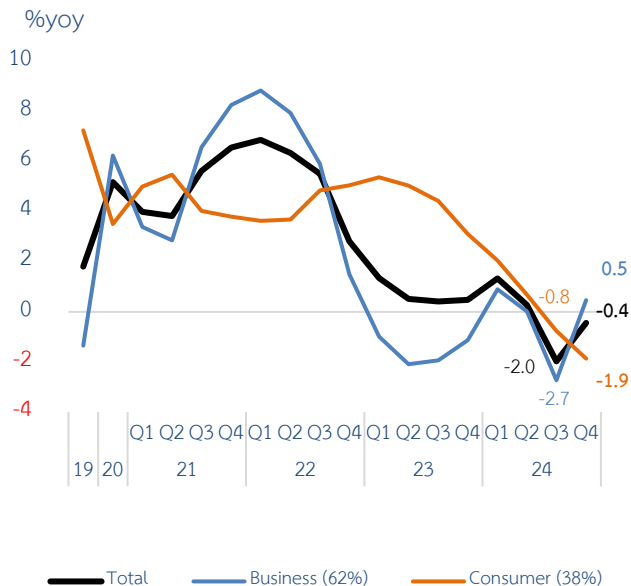
(2) Corporate bonds are excluded banking, financial and securities



Bank loan contraction eased, driven by an expansion in large corporate lending, while SMEs loans contracted at a slower pace.

Consumer loans continued to decline, particularly auto loans, which were affected by structural issues and slow income recovery among vulnerable groups.

Overall loan growth by portfolio

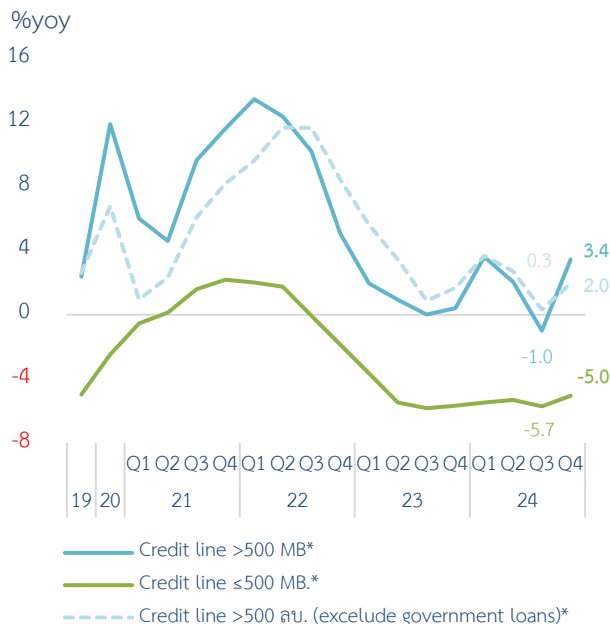


Note: (1) Bank loans are on full consolidation basis.

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

Source: BOT

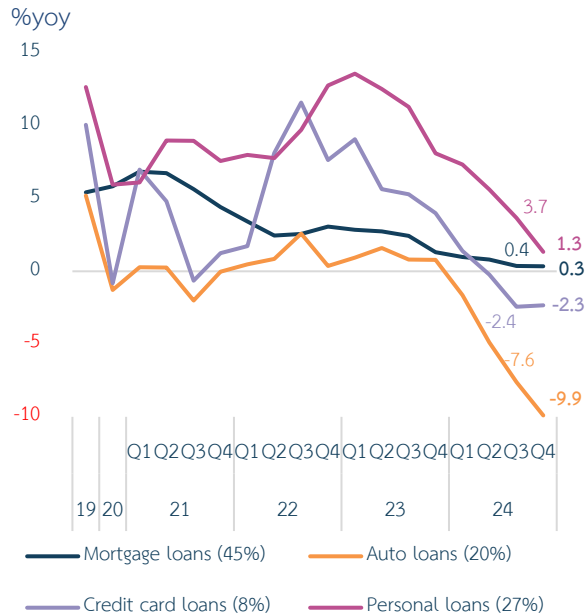
Business loan growth by size



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

(2) * Business's credit line per bank as of December 2024

Consumer loan growth by portfolio



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

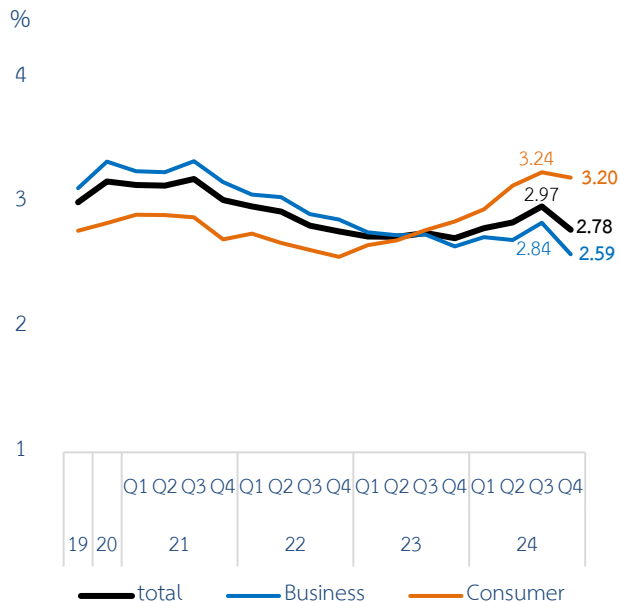
(2) Numbers in the parentheses show the proportion of total retail loans.



Overall outstanding NPLs and the NPL ratio decreased across almost all portfolios, mainly from business loans.

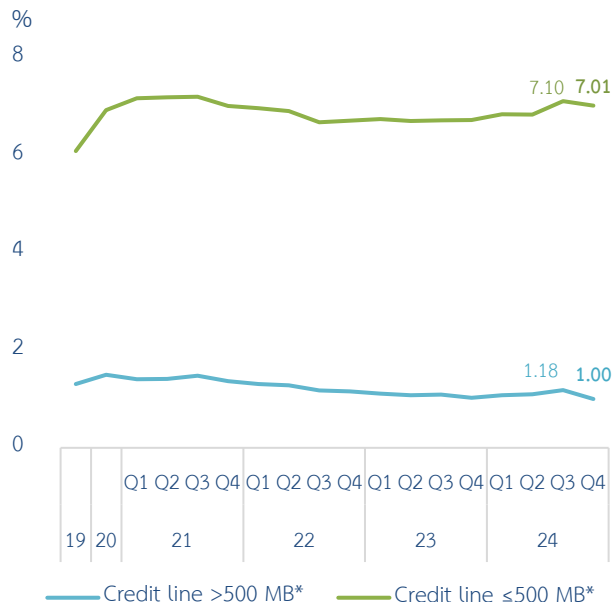
This decline was partly due to loan portfolio management and the ability of some debtors to resume repayments.

NPL (Stage 3) of total loans by portfolio



Note: Bank loans are on full consolidation basis.

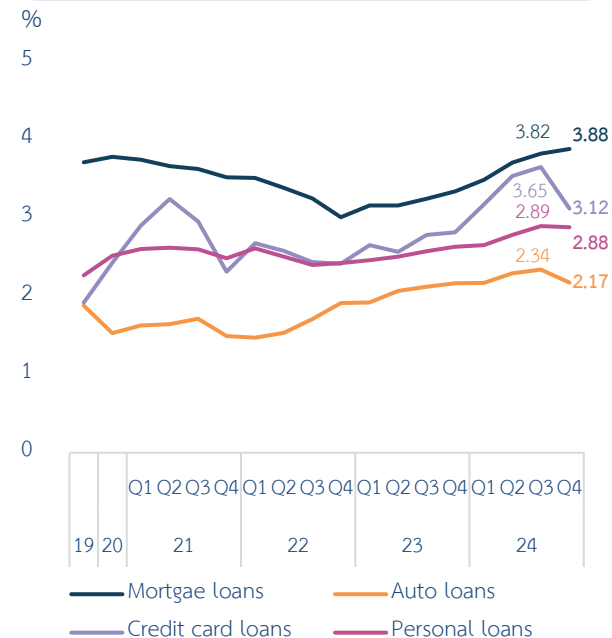
NPL (Stage 3) of business loans by size



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

(2) * Business's credit line per bank as of December 2024.

NPL (Stage 3) of consumer loans by portfolio

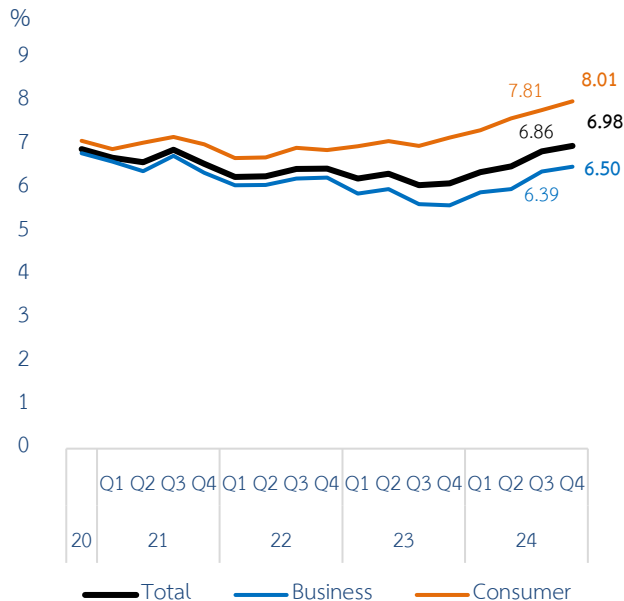


Note: Consumer loans are on full consolidation basis.



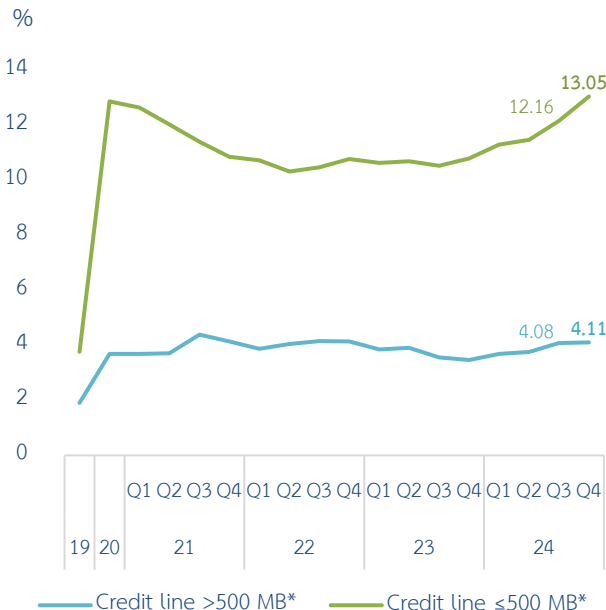
Stage 2 loans increased, mainly from business loans. This increase was mainly due to qualitative criteria in asset classification, as well as the reclassification of certain NPL debtors who resumed repayments under debt restructuring obligations to stage 2 loans.

Stage 2 of total loans by portfolio



Note: Bank loans are on full consolidation basis.

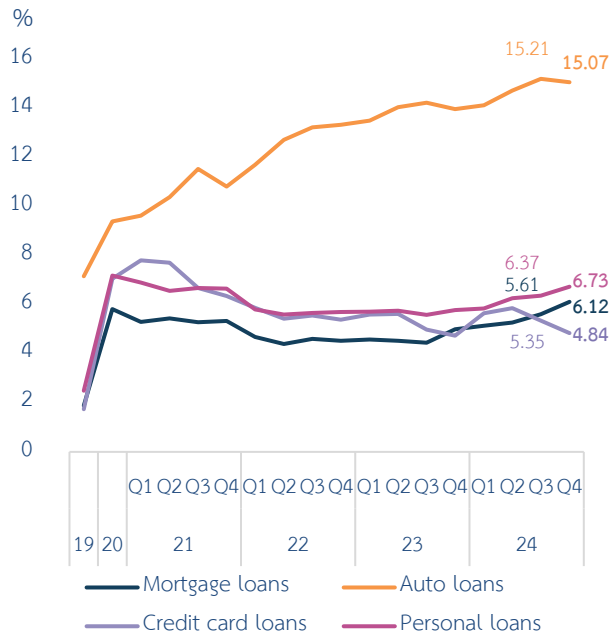
Stage 2 of business loans by size



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

(2) * Business's credit line per bank as of December 2024

Stage 2 of consumer loans by portfolio



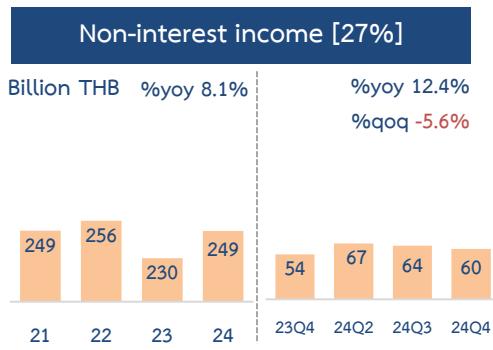
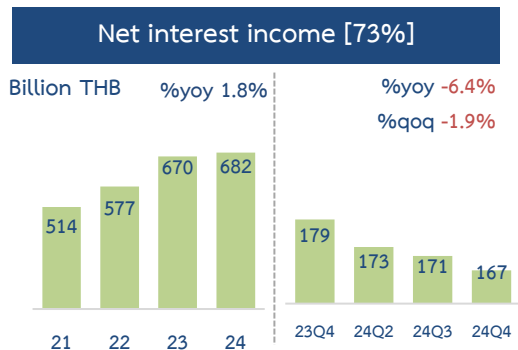
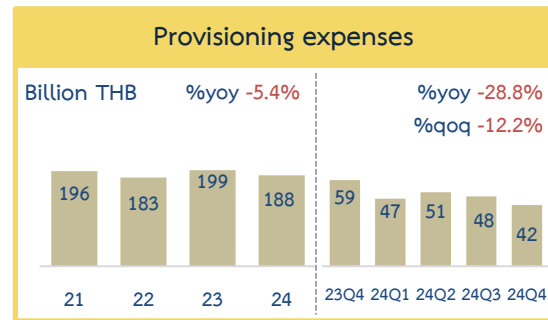
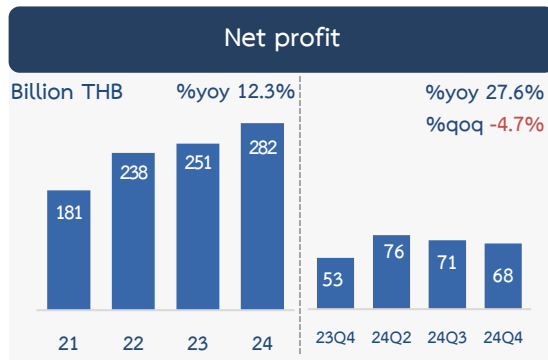
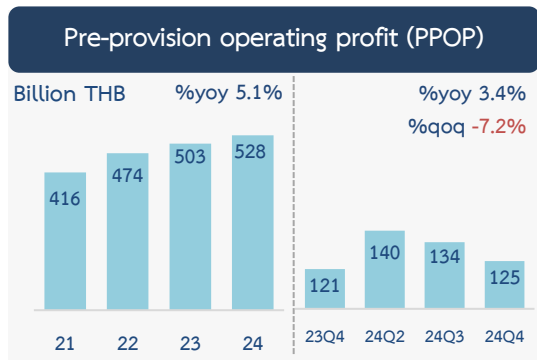
Note: Consumer loans are on full consolidation basis.



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Commercial Banking System

Bank profitability in 2024 improved driven by higher non-NII and NII together with lower provisioning expenses following elevated provisioning in the previous year. **Meanwhile profitability in Q4 2024 decreased from the previous quarter** due to lower income and higher operating expenses.



Ratios	21	22	23	24	23Q4	24Q2	24Q3	24Q4
NIM (%)	2.46	2.62	3.00	3.01	3.17	3.04	3.04	2.94
ROA (%)	0.81	1.01	1.06	1.17	0.89	1.26	1.19	1.12
ROE (%)	5.80	7.49	7.92	8.68	6.70	9.45	8.72	8.18

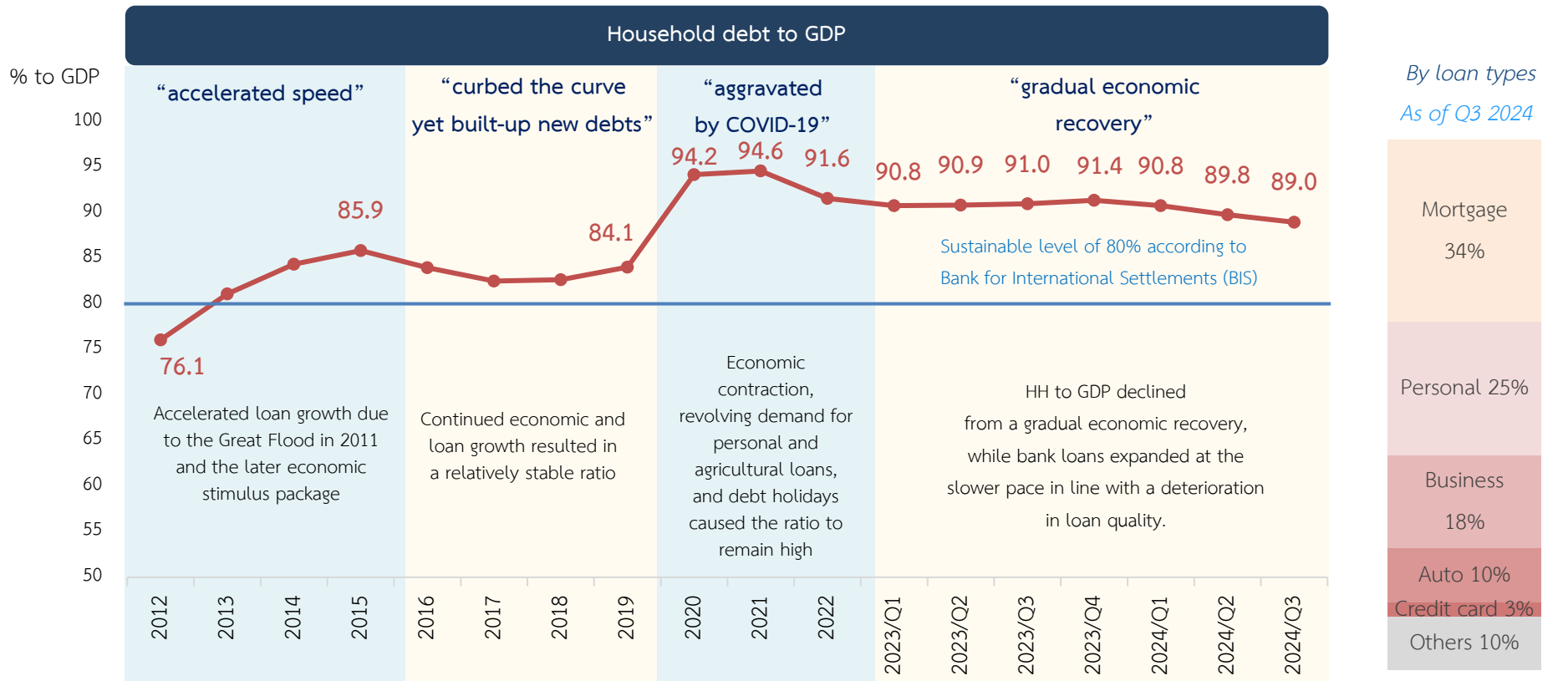
Note: (1) Bank profitability is on bank-only basis.

(2) Numbers in the parentheses show the proportion of net income as of Q4 2024.



Household debt to GDP ratio decreased from the previous quarter, driven by a slowdown in household debt.

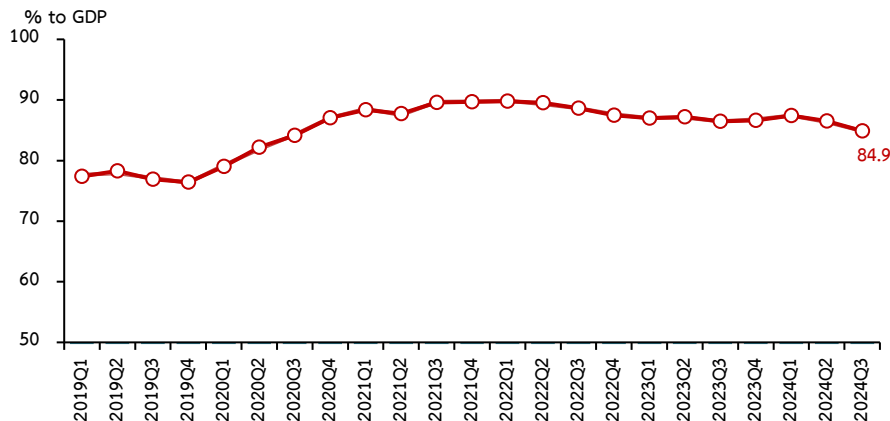
However, there remains a need to closely monitor the debt serviceability of vulnerable households.





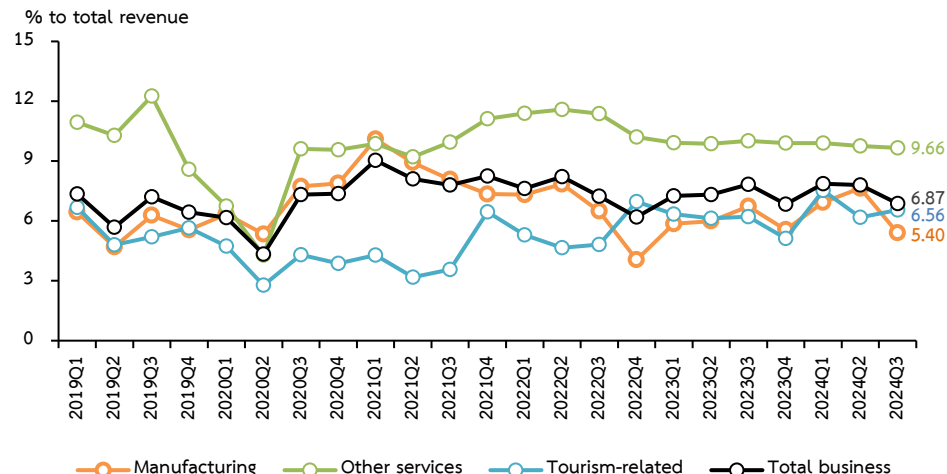
Corporate debt to GDP ratio decreased due to contractions in loans and debt securities. Overall corporate profitability decreased from the previous year, particularly in the manufacturing sector, despite positive contributions from the tourism sector.

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 of financial institutions in 2024

Cumulative number of accounts under assistance



7.18 million accounts

Banks + non-banks: 2.42 million account

SFIs: 4.76 million account

Cumulative loan outstanding under assistance



2.66 trillion baht

Banks + non-banks: 1.07 trillion baht

SFIs: 1.59 trillion baht



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

Progress of the program from 12 December 2024 to 16 February 2025

The total number of registered debtors

(via the BOT and financial institutions)

0.82 million debtors

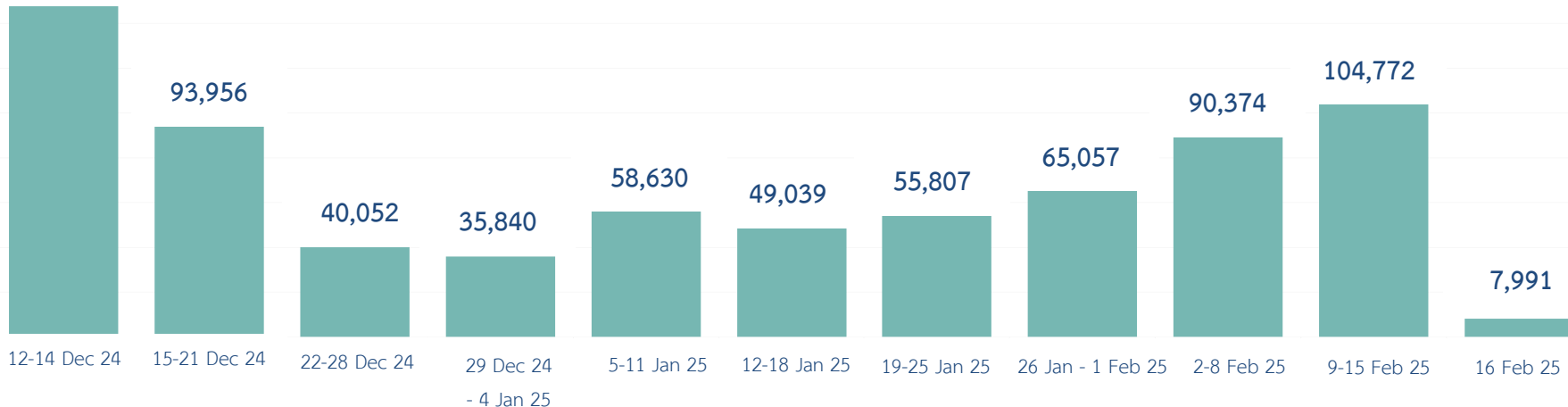
The total number of registered accounts

(via the BOT and financial institutions)

0.99 million accounts

149,835

Number of debtors registered weekly *(via BOT’s website only)*



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/ The sum of number of debtors registered weekly is not equal to the total number of registered debtors, as some debtor may register multiple times on different days.



The Bank of Thailand has extended the registration period until 30 April 2025, to provide debtors with greater opportunities to receive assistance and regain the ability to meet their debt obligations as their income recovers.

Challenges and Obstacles

- Financial institutions have been unable to contact some eligible debtors, particularly hire-purchase borrowers.
- Some debtors face restrictions under the program’s conditions.
 - *A prohibition on new consumer loans for the first 12 months.*
 - *Reporting of program participation to the credit bureau.*

Action Plan

- ✓ Extend the registration period until 30 April 2025
- ✓ Launch a debt assistance program for non-bank lenders that are not part of a consolidated financial institution group, with registration open from 13 February – 30 April 2025
- ✓ Financial institutions have notified all eligible debtors to register for the program. Therefore, debtors are advised to respond to contact from their creditors.
- ✓ **Communicate to address debtors’ misunderstandings about the program:**
 - **Debtors will benefit from increased liquidity** due to lower installment payments, without additional interest burdens, and will still be able to obtain loans for business purposes.
 - **Credit bureau reporting reflects program participation.** If debtors meet their repayment obligations, it will reflect their commitment and discipline in resolving their debts.