



BANK OF THAILAND

Banking Sector Quarterly Brief (Q4 2025 and 2025)

The Thai banking system remains resilient with robust levels of capital, loan loss provisions, and liquidity. In the fourth quarter of 2025, overall loan growth in the banking system (licensed banks and their subsidiaries) contracted by 1.1% year-on-year, broadly in line with the previous quarter. The decline was driven by continued contractions in SMEs and consumer loans, reflecting heightened credit risks. Meanwhile, lending to large corporates recorded a slight contraction, partly due to weaker loan demands. Overall loan quality (NPL or Stage 3)¹ declined to 536.0 billion baht in the fourth quarter of 2025 due to debt repayments along with banks' loan portfolio management. As a result, the NPL ratio decreased to 2.84%. Stage 2 loans² decreased to 7.07%, primarily reflecting repayments under restructured loan arrangements. In addition, commercial banks continued to provide assistance to borrowers. **Banking sector profitability in 2025 declined from the previous year**, mainly attributable to lower net interest income following lending rate cuts in line with policy rate reductions and banks' adjustments under the 'Khun Soo, Rao Chuay' program. The decline was compounded by loan contraction, reflecting both weaker loan demand and elevated borrower credit risks amid a slowing economic environment.

Going forward, close monitoring remains warranted with respect to continued tight financial conditions and the debt serviceability of SMEs and households in an environment of below-potential and uneven economic growth, underpinned by structural challenges that continue to weigh on income prospects. Targeted financial measures have helped alleviate debt burdens for vulnerable businesses and households. Meanwhile, the household debt-to-GDP ratio in the third quarter of 2025 remained unchanged from the previous quarter, while household lending contracted at a similar pace.

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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)



ธนาคารแห่งประเทศไทย
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Thai banking system remains resilient. However, close monitoring remains warranted with respect to continued tight financial conditions and the debt serviceability of SMEs and households in an environment of below-potential and uneven economic growth, underpinned by structural challenges that continue to weigh on income prospects. Targeted financial assistance measures have helped alleviate debt burdens for vulnerable businesses and households.

Commercial Banking system

Thai banking system (licensed banks and their subsidiaries) remains resilient with robust level of capital, loan loss provisions and liquidity.

- **Bank loans contracted**, primarily due to continued contractions in SMEs and consumer loans, consistent with heightened credit risks. Meanwhile, lending to large corporates recorded a slight contraction, partly due to weaker loan demand in line with the economy.
- **Loan quality**, NPLs declined across almost loan portfolios driven primarily by debt repayments. Stage 2 loans also decreased, primarily reflecting repayments under restructured loan arrangements.
- **Bank profitability in 2025 declined from the previous year**, mainly attributable to lower net interest income following lending rate cuts in line with policy rate reductions and banks' adjustments under the 'Khun Soo, Rao Chuay' program. The decline was compounded by loan contraction amid a slowing economic environment.

Household

Household debt to GDP ratio remained unchanged from the previous quarter, while household lending continued to contract at a similar pace. Going forward, close monitoring is warranted regarding households' debt-servicing capacity, which may become increasingly vulnerable amid a slowing economic outlook.

Relief measures

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

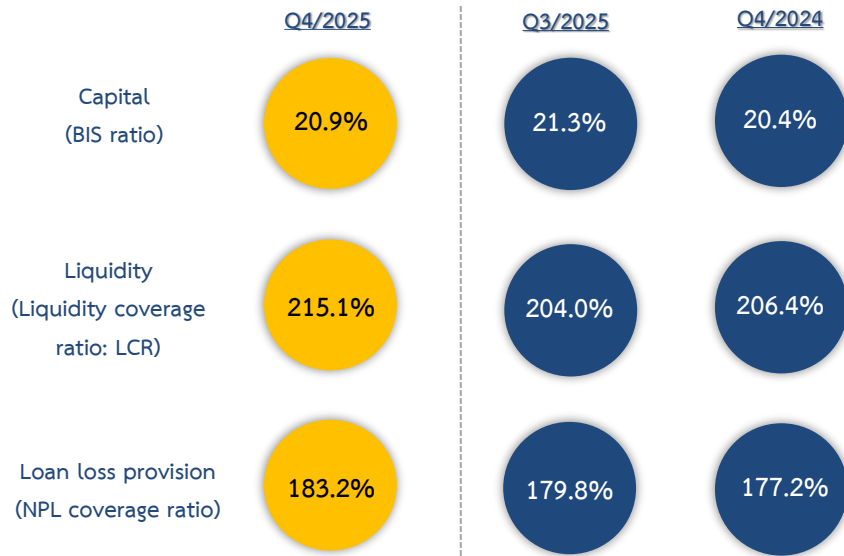


Thai banking system remains resilient with robust level of capital, loan loss provisions and liquidity.

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

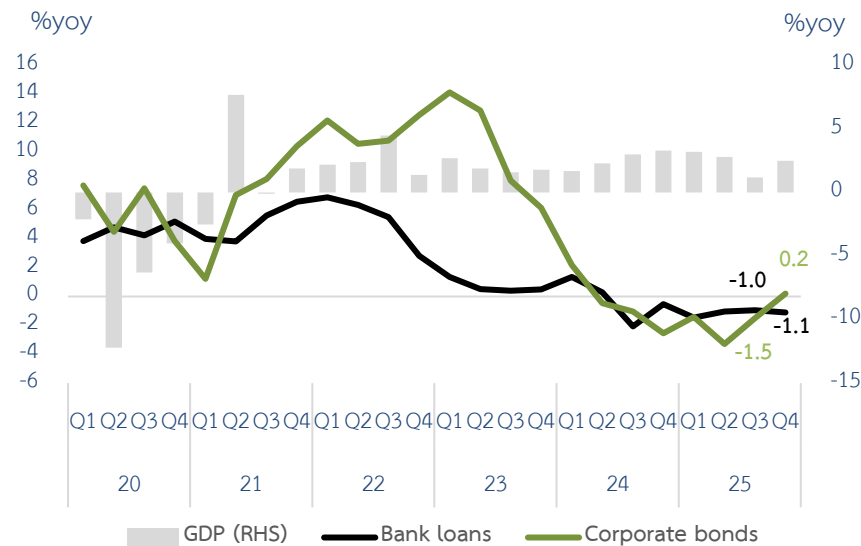
Overall fundraising remained subdued. Bank lending continued to contract, while corporate bond issuance showed a modest recovery. However, investors remained cautious toward high-yield segments with elevated risk.

Capital, loan loss provision, and liquidity indicators



Note: the data is on bank-only basis.

Bank loan and corporate bond growth



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

(2) Corporate bonds excluding banking, financial and securities sectors



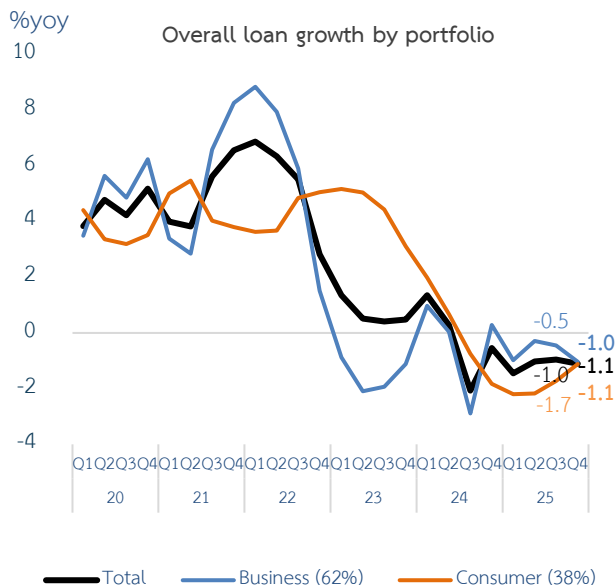
Bank loans contracted broadly in line with the previous quarter. Business lending declined further, partly reflecting weaker

loan demand, while consumer lending improved, driven mainly by an expansion in housing loans and a slower pace of contraction in auto loans.

Bank lending continued to contract in both business and consumer loans.

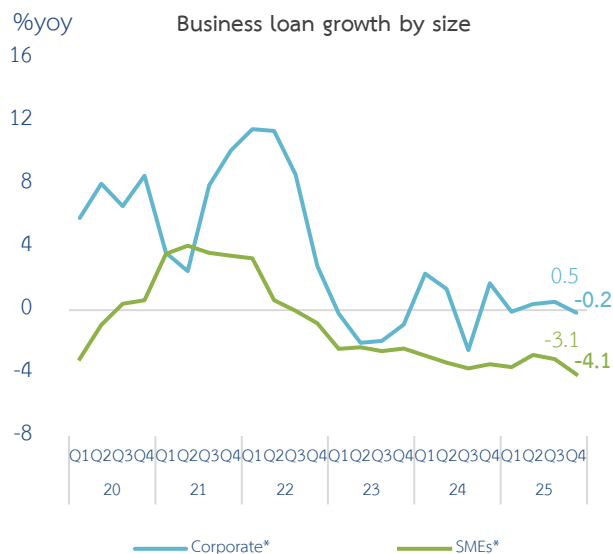
Large corporate loans slightly contracted, while SME loans continued to contract amid heightened credit risk.

Consumer loans slightly improved, supported by expansion in housing loans and slower pace of contraction in auto loans.



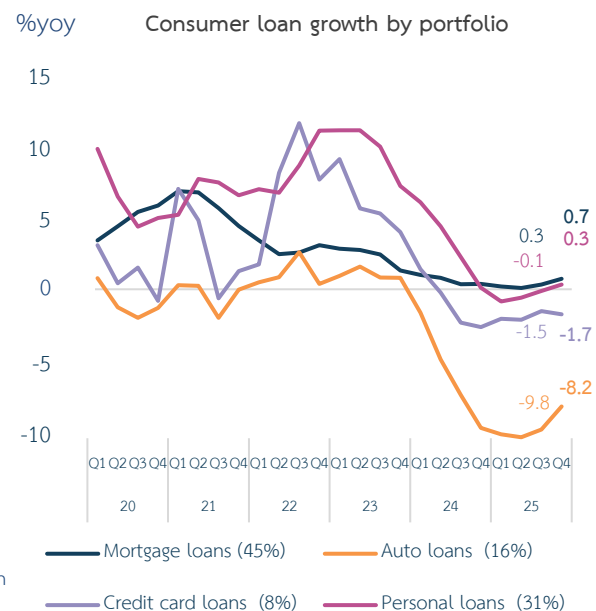
Note: (1) Bank loans are on full consolidation basis.

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



Note: (1) Business loans include business-purpose loan under regulation extended by subsidiaries

(2) * Definition of business loan size based on OSMEP's criteria with an enhancement (based on income and credit line obtained from commercial banks)



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

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



Overall NPL decreased from the previous quarter, driven mainly by debt repayment.

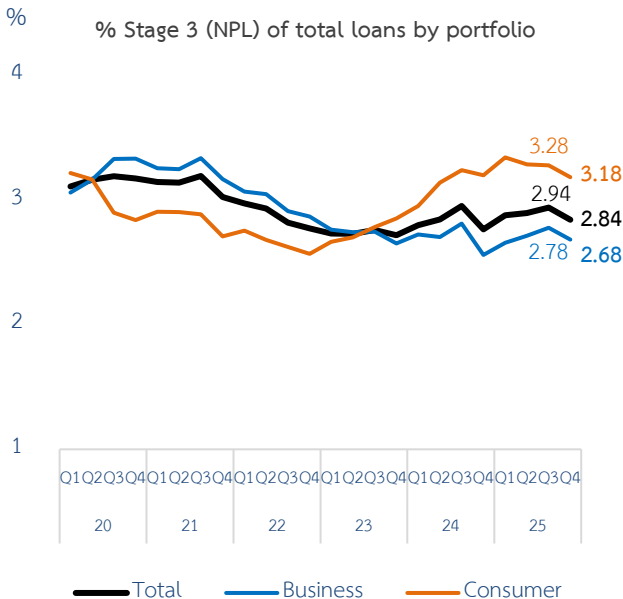
In addition, banks continued to manage asset quality and support their debtors through ongoing debt restructuring.

Overall NPL ratio decreased mainly due to debt repayment.

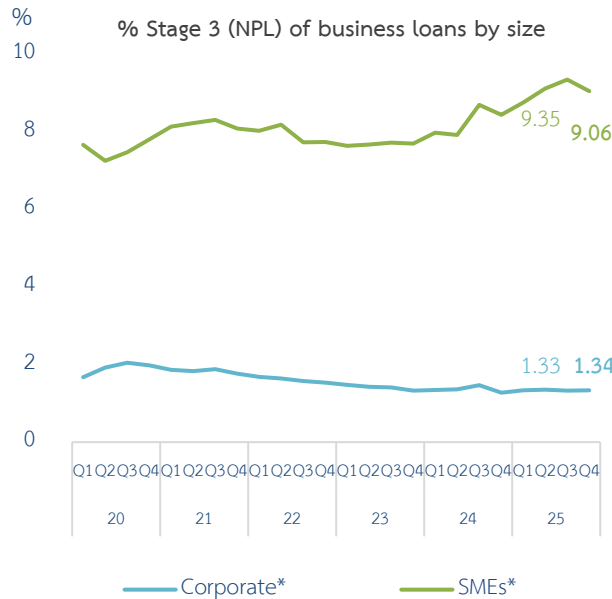
The NPL ratio for SME decreased mainly due to loan repayment and banks' loan portfolio management, while large corporate remained broadly stable.

Overall NPLs in consumer loan declined, driven by a continued slowdown in the formation of new NPLs.

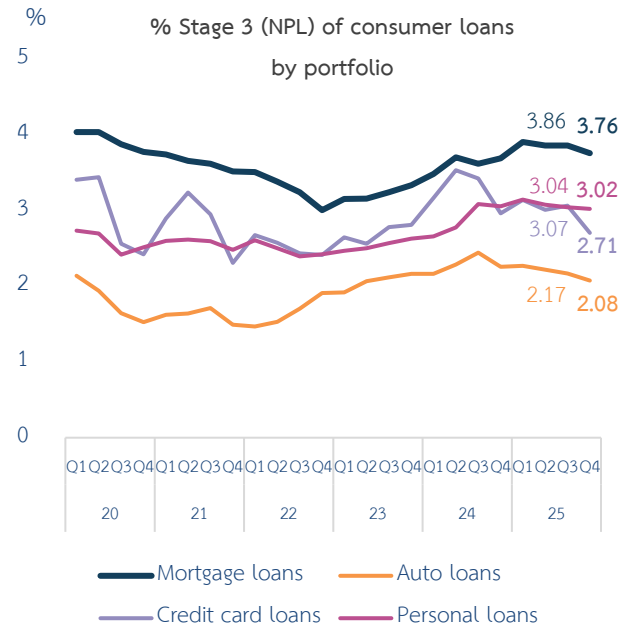
% Stage 3 (NPL) of total loans by portfolio



% Stage 3 (NPL) of business loans by size



% Stage 3 (NPL) of consumer loans by portfolio



Note: Bank loans are on full consolidation basis.

Note: (1) Business loans include business-purpose loan under regulation extended by subsidiaries

(2) * Definition of business loan size based on OSMEP's criteria with an enhancement (based on income and credit line obtained from commercial banks)

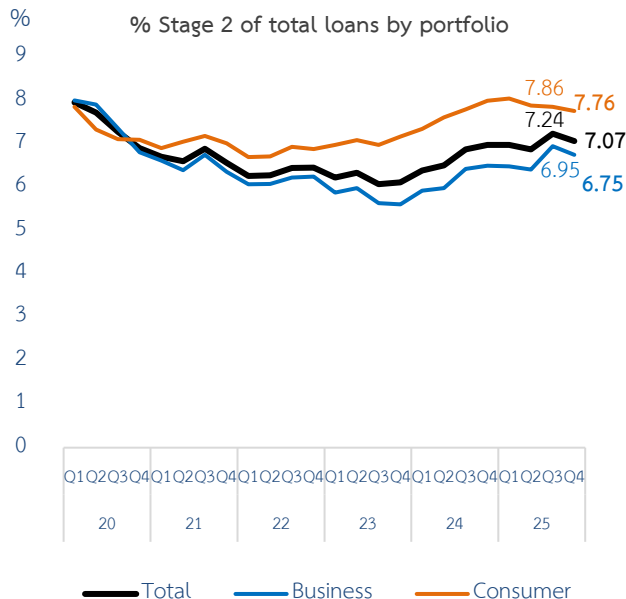
Note: Consumer loans are on full consolidation basis.



Overall stage 2 (SM) outstanding decreased, primarily reflecting repayments under restructured loan arrangements.

Stage 2 decreased mainly from large corporates and auto loans.

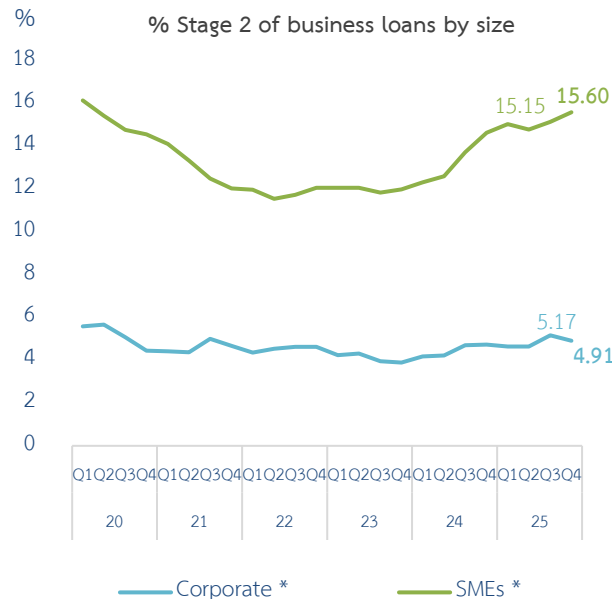
% Stage 2 of total loans by portfolio



Note: Bank loans are on full consolidation basis.

Stage 2 improved in large corporates while SME loans increased due to qualitative loan classification.

% Stage 2 of business loans by size

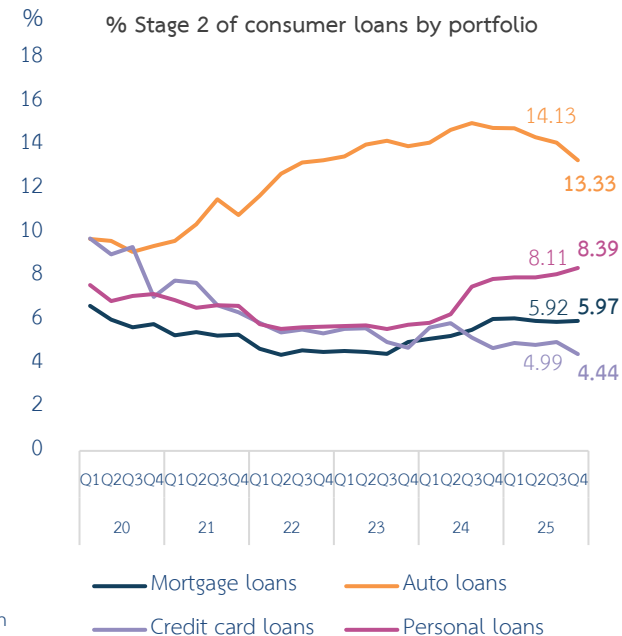


Note: (1) Business loans include business-purpose loan under regulation extended by subsidiaries

(2) * Definition of business loan size based on OSMEP's criteria with an enhancement (based on income and credit line obtained from commercial banks)

Stage 2 increased in personal and housing loans, partly due to qualitative loan classification.

% Stage 2 of consumer loans by portfolio



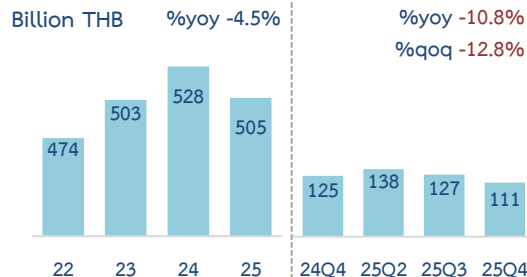
Note: Consumer loans are on full consolidation basis.



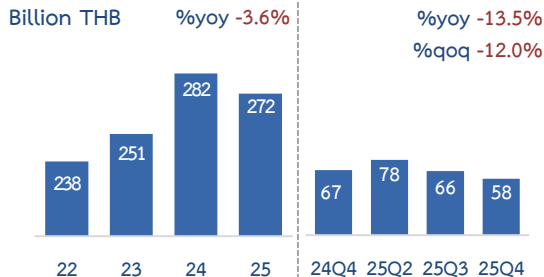
Bank profitability in 2025 declined, primarily due to lower net interest income following interest rate cuts and loan contraction.

However, non-interest income increased from FVTPL and gains from investment, while provisioning expenses declined.

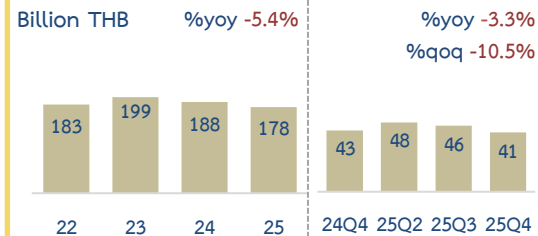
Pre-provision operating profit (PPOP)



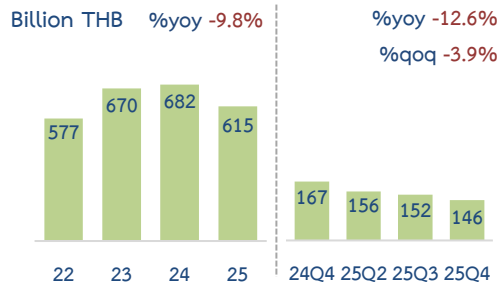
Net profit



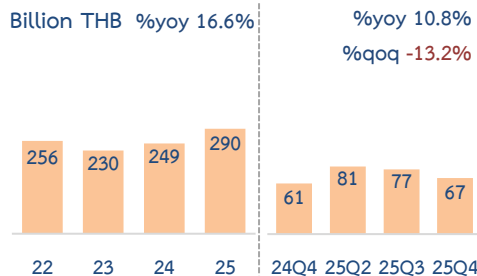
Provisioning expenses



Net interest income [69%]



Non-interest income [31%]



Ratios	22	23	24	25	24Q4	25Q2	25Q3	25Q4
NIM (%)	2.62	3.00	3.01	2.68	2.94	2.72	2.66	2.54
ROA (%)	1.01	1.06	1.17	1.11	1.11	1.27	1.08	0.94
ROE (%)	7.49	7.92	8.67	8.04	8.14	9.27	7.73	6.84

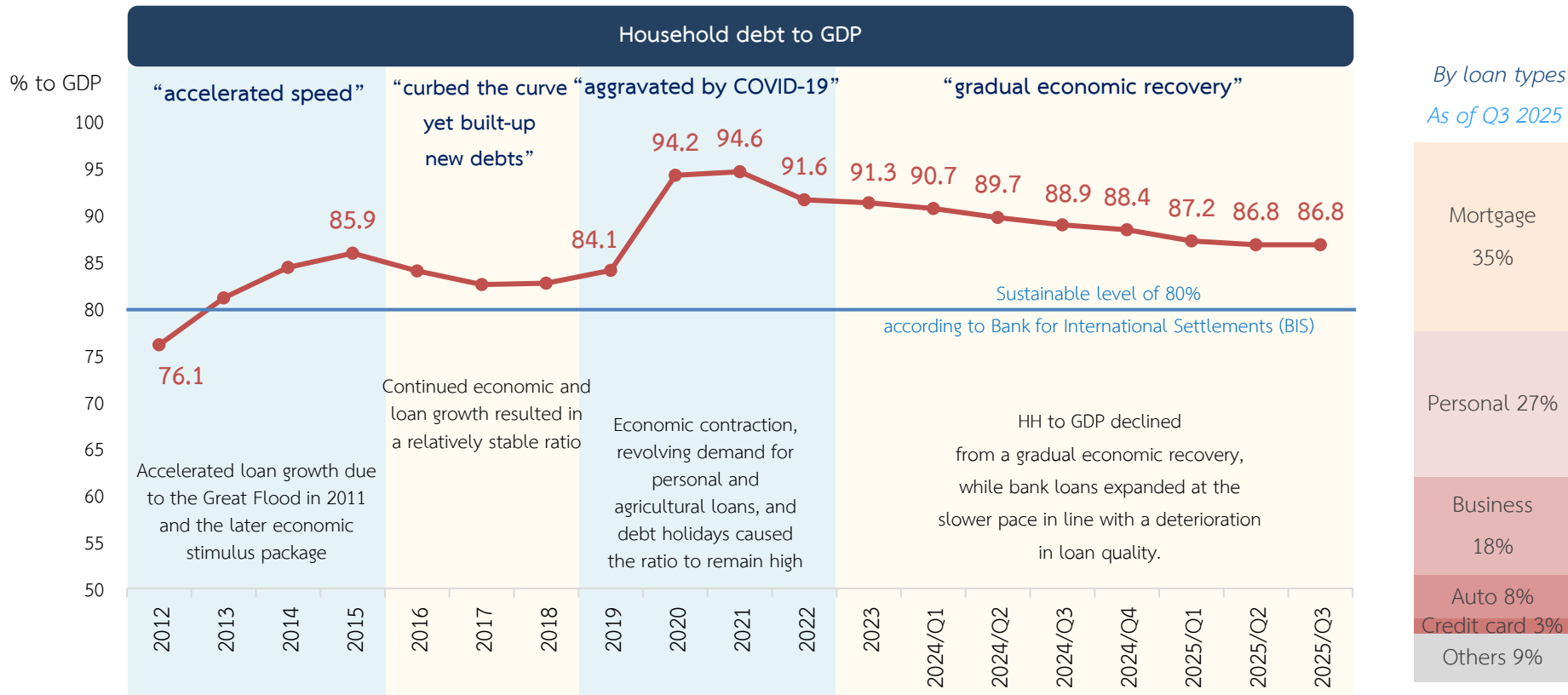
Note: (1) Bank profitability is on bank-only basis.

(3) PPOP = Pre-Provision Operating Profit

Source: BOT (2) Numbers in the parentheses show the proportion of net income as of Q4 2025. (4) FVTPL= Fair Value Through Profit or Loss in financial instruments



Household debt to GDP ratio remain unchanged from the previous quarter,
while household credit continued to contract at a similar pace.





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 2025

Cumulative number of accounts under assistance



4.27 million accounts

Banks + non-banks: 2.44 million account

SFIs: 1.83 million account

Cumulative loan outstanding under assistance



2.48 trillion baht

Banks + non-banks: 1.31 trillion baht

SFIs: 1.17 trillion baht