



BANK OF THAILAND

Banking Sector Quarterly Brief (Q1 2026)

The Thai banking system remains resilient with robust levels of capital, loan loss provisions, and liquidity. In the first quarter of 2026, overall loan growth in the banking system (licensed banks and their subsidiaries) grew marginally by 0.2% year-on-year. Lending to large corporate resumed expansion, partly reflecting increased working capital demand associated with higher energy and raw material costs among firms directly affected by the war in the Middle East. Meanwhile, SMEs and consumer loans continued to contract, consistent with heightened credit risks. On loan quality, NPL (Stage 3¹) remained broadly stable at 535.8 billion baht in the first quarter of 2026 with a moderation in new NPL formation across all loan portfolios. The NPL ratio remained stable at 2.85%. Stage 2 loans² declined to 7.0%, mainly reflecting the improvement in risk classification among SICR borrowers, together with the resumption of debt servicing by some borrowers. Commercial banks also continued to provide assistance to borrowers through ongoing debt restructuring, particularly on a pre-emptive basis once early signs of weakening debt-servicing capacity began to emerge. **Banking sector profitability declined from the same period last year** due to lower net interest income following lending rate cuts in line with monetary policy easing and debt assistance measures under the ‘Khun Soo, Rao Chuay’ program. In addition, some banks increased provisioning expenses to cushion against uncertainties stemming from the war in the Middle East.

Going forward, amid slowing economic activity and heightened uncertainty related to the Middle East war, vulnerabilities among businesses and households have increased as a result of weaker income and higher cost. These developments could adversely affect debt-servicing capacity and banks’ asset quality. Close monitoring remains warranted with respect to continued tight financial conditions and the debt serviceability of SMEs and households. In this regard, government debt assistance measures, together with liquidity support provided by financial institutions, have helped alleviate financial strains among vulnerable businesses and households. Meanwhile, the household debt-to-GDP ratio increased slightly in the fourth quarter of 2025, driven by temporary factors, including accelerated spending through credit card borrowing and mortgage lending toward year-end.

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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
BANK OF THAILAND



Banking Sector Quarterly Brief

(Q1 2026)

19 May 2026



Thai banking system remains resilient amid slowing economic activity and heightened uncertainty stemming from the Middle East war, which could adversely affect the income and cost conditions of both businesses and households. Close monitoring of the debt serviceability of SMEs and households is therefore warranted. In this regard, government debt assistance measures, together with liquidity support provided by financial institutions, have helped alleviate financial strains.

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 grew marginally.** Lending to large corporate resumed expansion, partly reflecting increased working capital demand associated with higher energy and raw material costs. Meanwhile, SMEs and consumer loans continued to contract, consistent with heightened credit risks.
- **Overall loan quality remained broadly stable,** with a moderation in new NPL formation across all loan portfolios. Stage 2 loans also declined, reflecting the improvement in risk classification among SICR borrowers, together with the resumption of debt servicing by some borrowers.
- **Bank profitability in the first quarter of 2026 declined from the same period last year** due to lower net interest income following lending rate cuts, in line with monetary policy easing and debt assistance measures under the ‘Khun Soo, Rao Chuay’ program. In addition, some banks increased provisioning expenses to cushion against uncertainties arising from the war in the Middle East.

Household

Household debt to GDP increased slightly in the fourth quarter of 2025, driven by temporary factors, including accelerated spending through credit card borrowing and mortgage lending toward year-end. However, close monitoring remains warranted, as household debt serviceability could become more vulnerable amid the ongoing impact of the Middle East war.



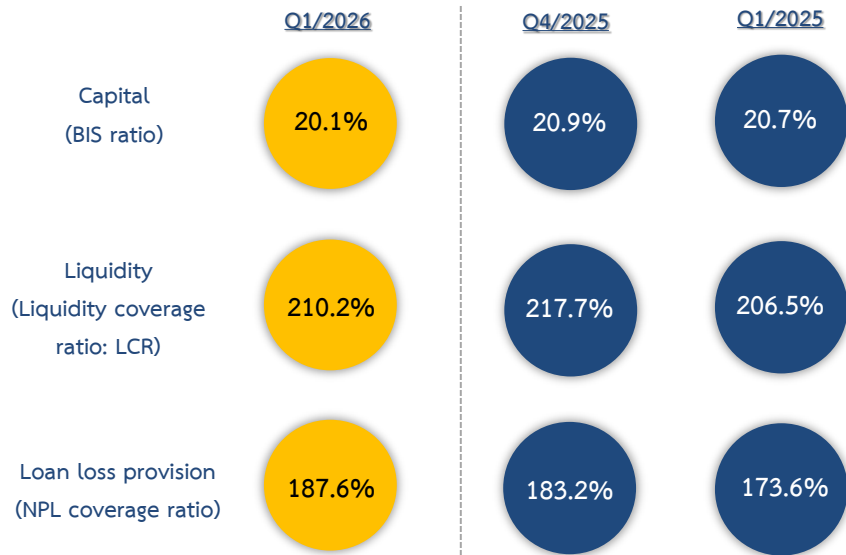
Thai banking system remains resilient with robust level of capital, loan loss provisions and liquidity.

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

Overall private sector financing activity began to recover modestly, driven by both bank lending and corporate bond issuance.

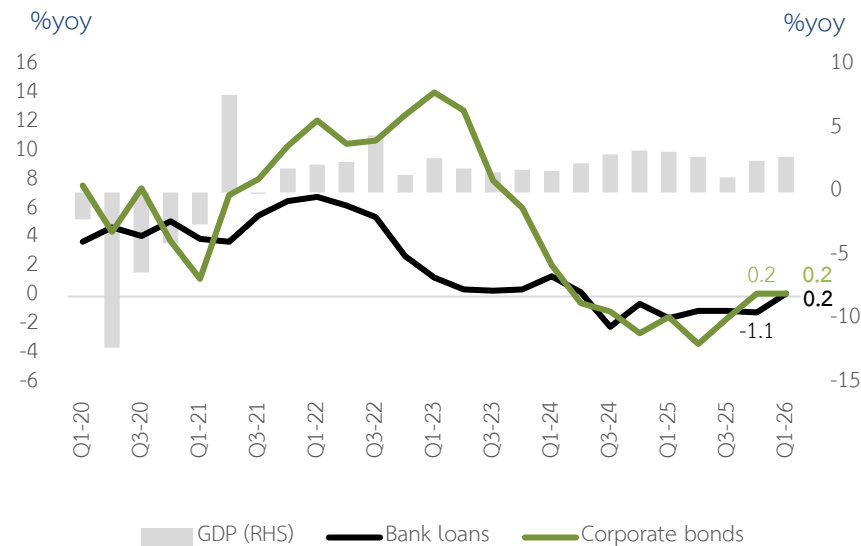
Capital, loan loss provision, and liquidity indicators

Bank loan and corporate bond growth



Note: the data is on bank-only basis.

Source: BOT, NESDC, SEC and ThaiBMA



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

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



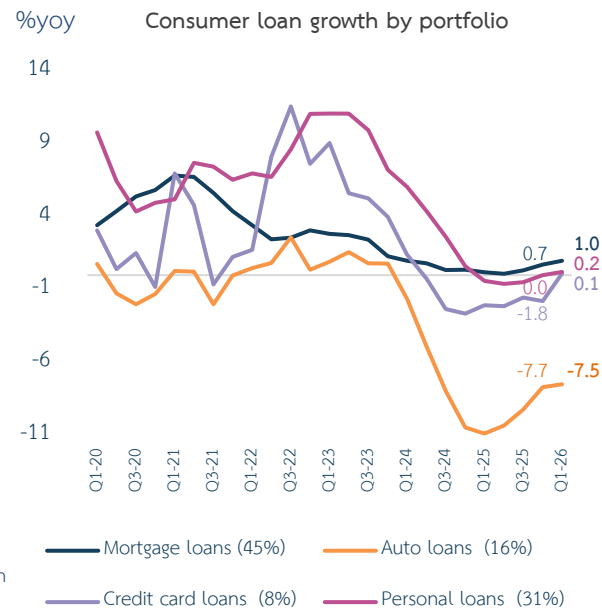
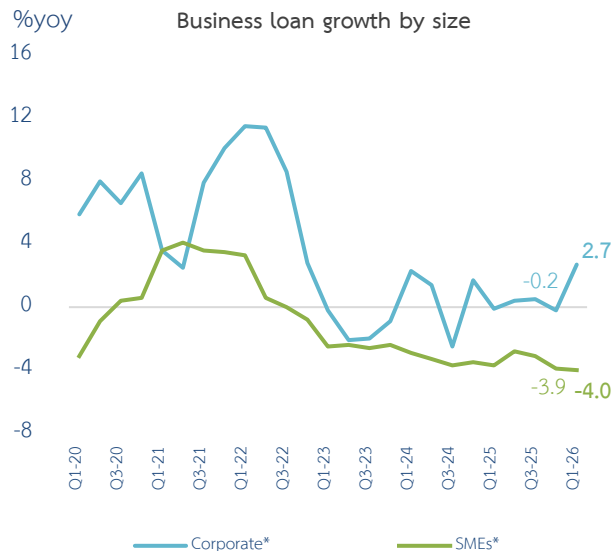
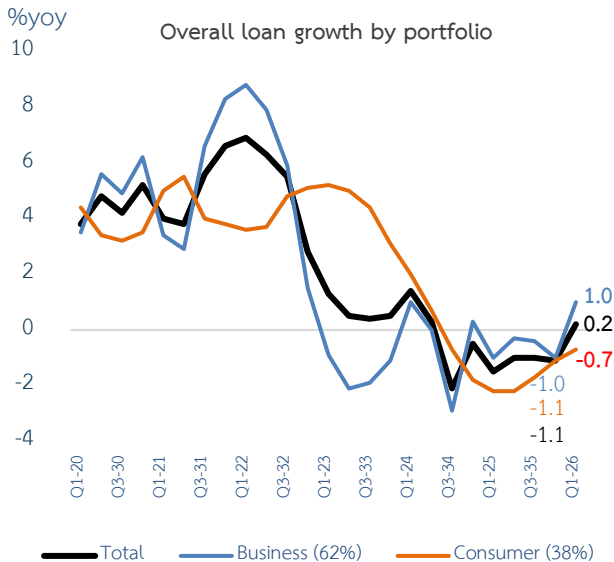
Overall bank loans grew marginally, driven by increased working capital demand among large corporates in response to rising costs.

Meanwhile, SMEs and consumer loans continued to contract, consistent with heightened credit risks.

Bank lending expanded slightly, driven by business loans, while consumer lending contracted at a slower pace.

Large corporate loans expanded in line with rising working capital needs, whereas SME loans continued to contract.

Consumer loans slightly improved, supported by housing loans and credit card 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

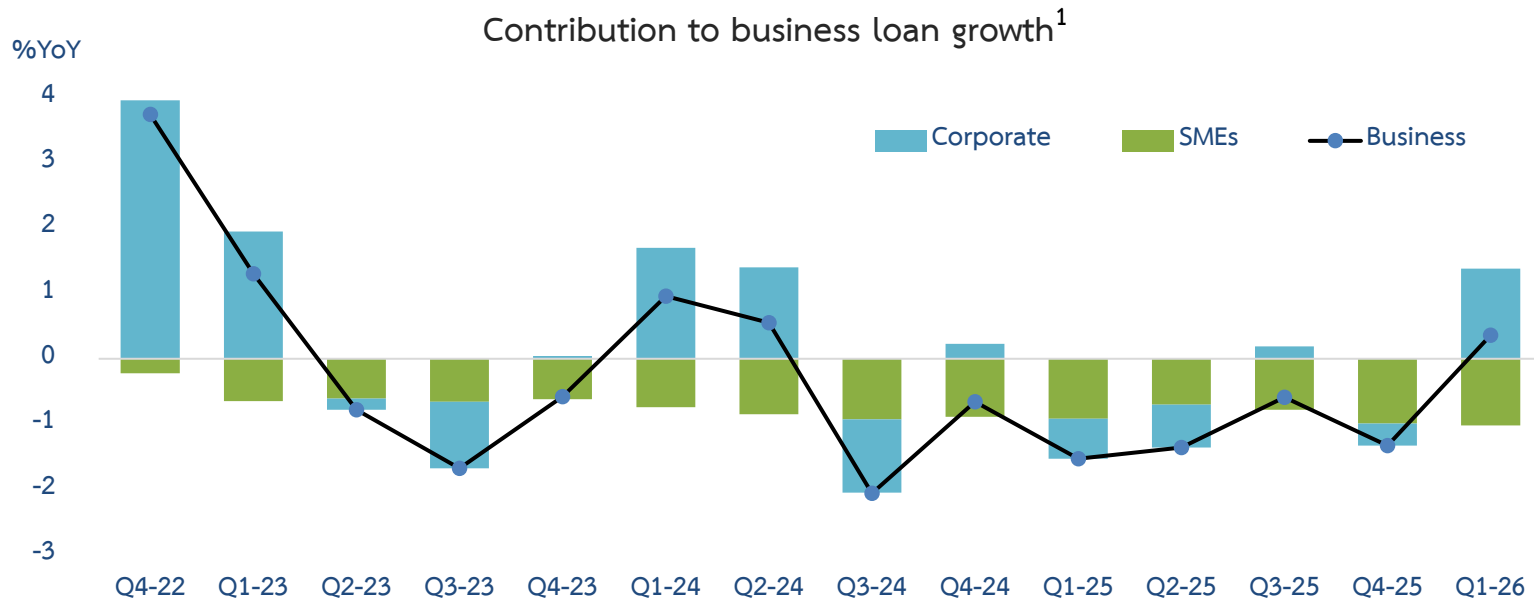
(2) * Definition of business loan size based on OSMEP's criteria with an enhancement (based on income and credit line obtained from commercial banks)

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

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



Business loans (excluding public sector) returned to slight growth, supported by large corporate lending, partly reflecting increased working capital demand from businesses directly affected by higher energy and raw material costs.



Note : 1/ Bank loans are on full consolidation basis, excluding loans to the public sector and interbank.

Source: BOT



The overall NPL ratio remained stable, with a moderation in new NPL formation across all loan portfolios.

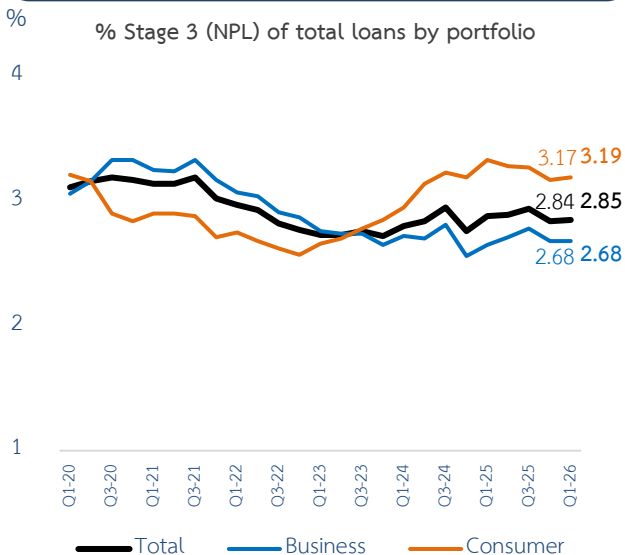
This was partly attributable to continued debt restructuring assistance, particularly through pre-emptive restructuring.

Overall NPL ratio remained stable, with a moderation in new NPL formation observed in both business and retail portfolios.

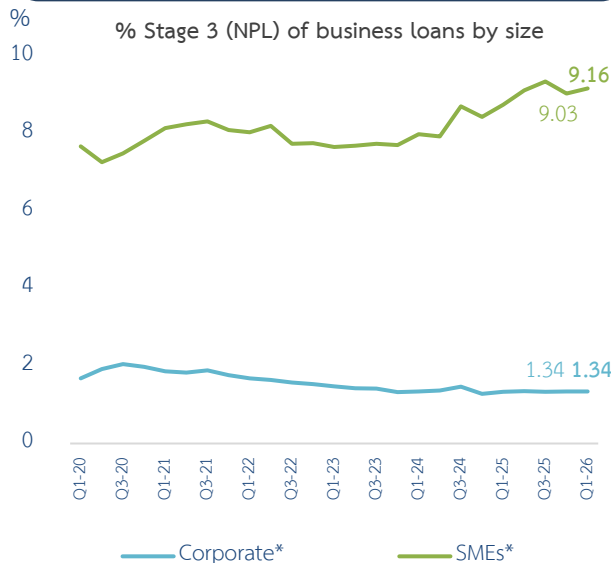
NPL ratio of SMEs increased due to a contraction in the loan base, whereas large corporate loans remained stable.

Overall NPLs in consumer loans remained stable, while housing loan NPLs increased modestly.

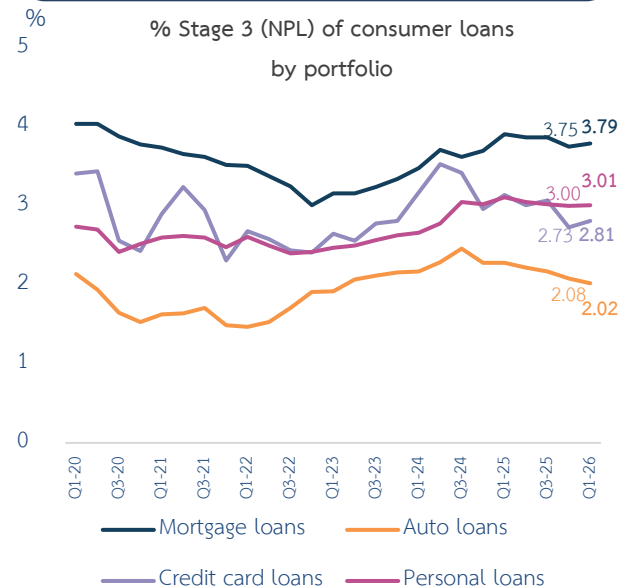
% Stage 3 (NPL) of total loans by portfolio



% 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.



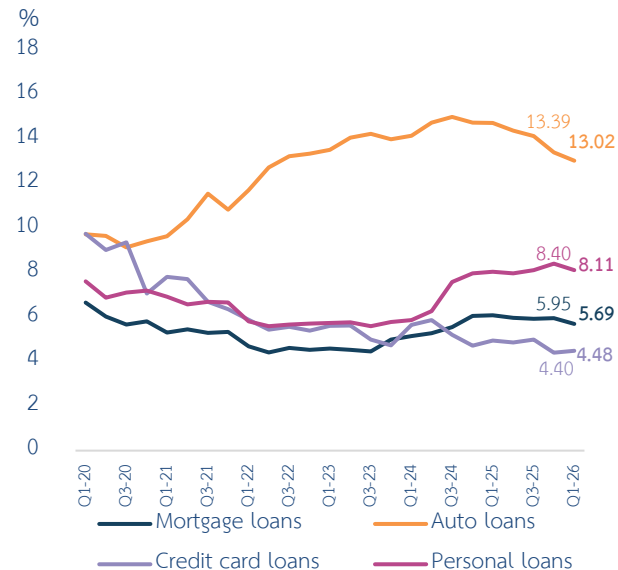
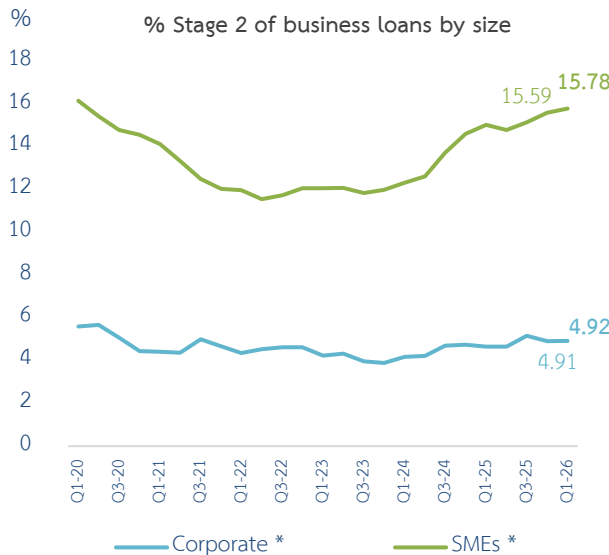
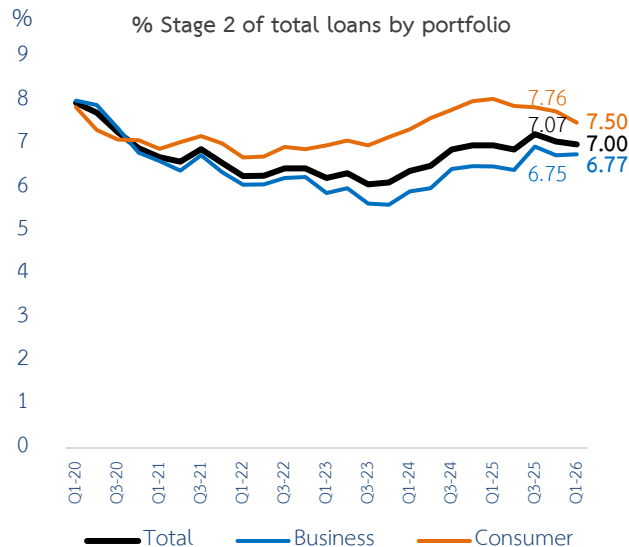
Overall Stage 2 (SM) loans declined across almost all portfolios, reflecting the improvement in risk classification

among SICR borrowers, together with the resumption of debt servicing by some borrowers, while Stage 2 loans among large corporates increased due to qualitative loan classification.

Stage 2 ratio decreased mainly from consumer loans.

Stage 2 ratio of SME loans increased due to a contraction in the loan base, while large corporates increased due to qualitative loan classification.

Stage 2 ratio declined across all consumer loan portfolios, while Stage 2 ratio for credit card loan increased due to a contraction in the loan base.



Note: Bank loans are on full consolidation basis.

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

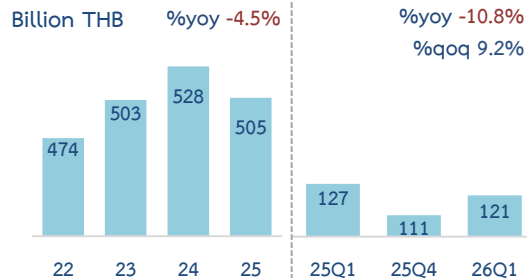
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Note: Consumer loans are on full consolidation basis.

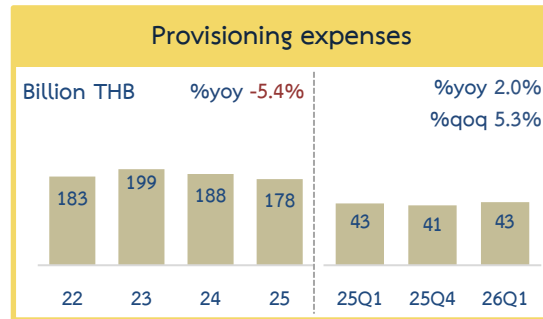
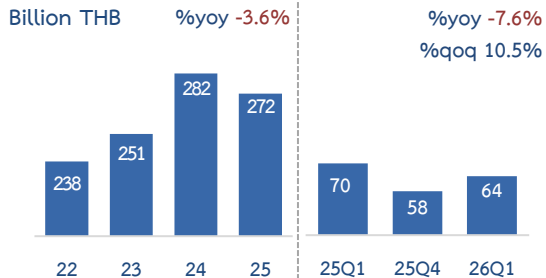


Bank profitability declined from the same period last year, reflecting lower net interest income in line with policy rate cuts, together with higher provisioning expenses to cushion against uncertainties arising from the Middle East war.

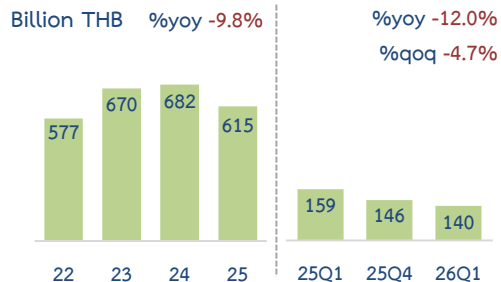
Pre-provision operating profit (PPOP)



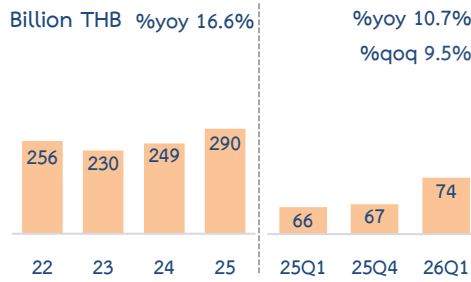
Net profit



Net interest income [65%]



Non-interest income [35%]



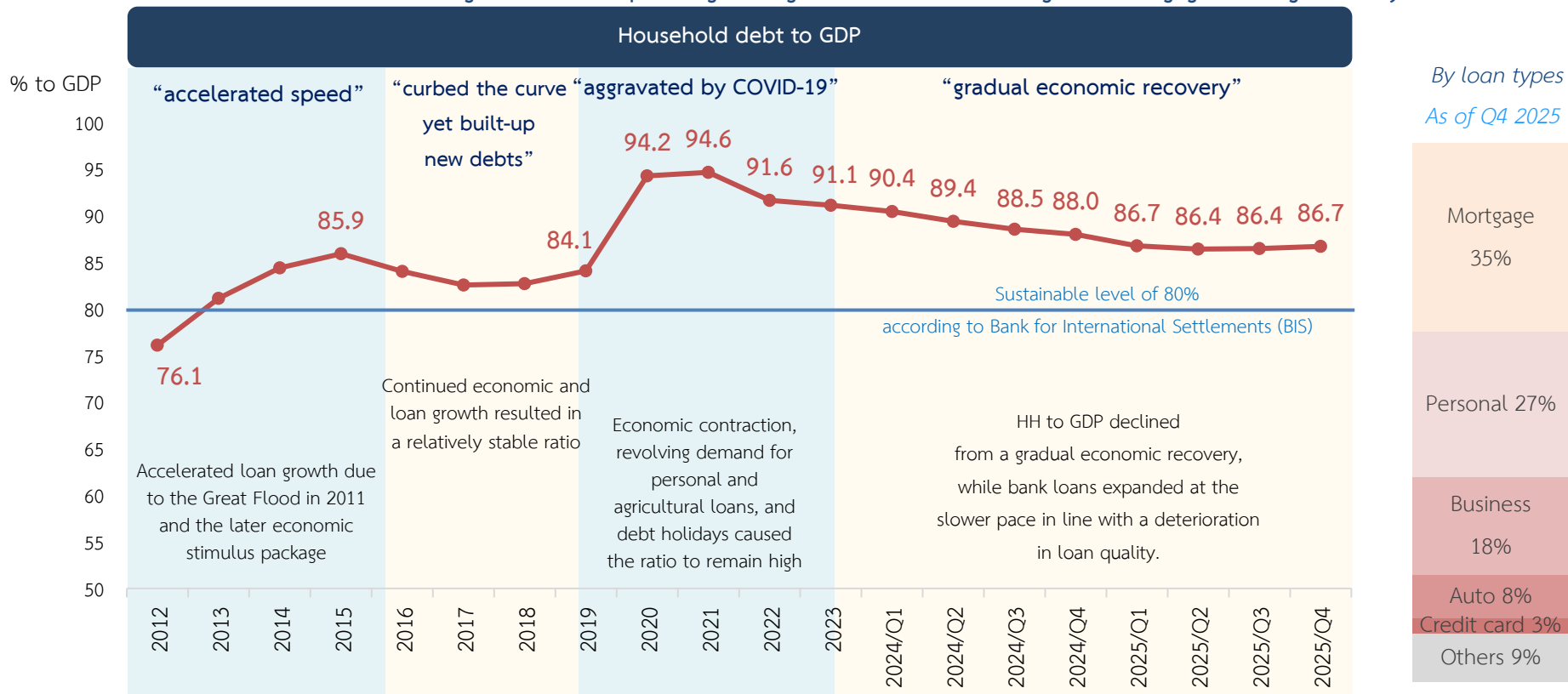
Ratios	22	23	24	25	25Q1	25Q4	26Q1
NIM (%)	2.62	3.00	3.01	2.68	2.77	2.54	2.38
ROA (%)	1.01	1.06	1.17	1.11	1.15	0.94	1.03
ROE (%)	7.49	7.92	8.67	8.04	8.3	6.84	7.5

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

(3) PPOP = Pre-Provision Operating Profit



Household debt to GDP ratio increased slightly, driven by temporary factors, including accelerated spending through credit card borrowing and mortgage lending toward year-end.





Measures for Existing Lending

Measures for New Lending



Khun Soo, Rao Chuay

- Reduction in installment payments and interest suspension (with accrued interest waived upon compliance with repayment conditions) to enable retail and SME borrowers to retain liquidity while preserving their assets.
- Debt settlement (Jai Pid Job) to facilitate the resolution of NPLs.



Pid Nee Wai, Pai Tor Dai

- Partial principal reductions for retail NPL borrowers (up to THB 100,000 per borrower) to enable debt resolution and improvement in borrowers' credit repayment records.



Support measures for borrowers affected by economic and energy price pressures

- Reduction in Installment payments, debt restructuring (DR), and the provision of new lending to support retail and SME borrowers affected by the Middle East war.



SMEs Credit Boost

- Credit risk-sharing mechanisms for new lending extended to:
 - 1) SMEs under the Reinvent Thailand + logistics sectors
 - 2) SMEs and large corporates* with business transformation or capacity enhancement plans (The program is currently being expanded to cover borrowers affected by the Middle East war.)



SMEs Secure+

- More flexible debt serviceability assessment guidelines for extending credit to SMEs that remain operational and possess collateral.