BANK OF THAILAND

Financial Stability Review 2024

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Executive Summary

The Thai financial system remains resilient and continues to provide support for economic activities. Overall, financial institutions, notably commercial banks, savings cooperatives, and insurance companies, possess healthy financial positions, stability, and sufficient liquidity. There are no signs of asset price bubbles or search for yield behaviors in the financial system where financial asset and real estate prices remain relatively stable. Household leverage has decreased, indicating an ongoing deleveraging process that will help mitigate long-term risks to financial stability.

However, **some pockets of risks in the Thai financial system remain, including: (1) Slowing growth in loan and bond issuance** that could in turn affect consumption and private investment. A few reasons lie behind this slowdown, ranging from dampened credit demand, particularly among businesses with limited growth prospects or those seeking alternative sources of financing, the repayment of loans obtained during the COVID-19 crisis, and high credit risks among vulnerable borrowers such as low-income households as well as small and medium enterprises (SMEs) in specific industries. In addition, investors remain cautious about investing in the corporate bond market due to the slow recovery in some sectors, credit rating downgrades, and governance issues of some firms, resulting in a higher cost for raising funds through the corporate bond market. **(2) Deteriorating credit quality** among vulnerable borrowers, including SMEs facing stagnant recovery, structural challenges, and competition from lower-price Chinese products, as well as households with sluggish income recovery relative to rising expenses and increasing debt burdens, particularly those highly indebted or those who had previously received financial aid. The elevated risk profile of these borrowers may lead to tighter credit conditions and lower debt serviceability. In the meantime, some corporate bond defaults, despite being viewed as firm-specific incidents, have influenced investors' sentiment, leading them to be more cautious. **(3) Elevated leverage levels of households and some large corporates.** Thailand's household debt to gross domestic product (GDP) is still among the highest globally, despite a continuous downward trend. High household debt constrains households' purchasing power and in turn, could affect real economic activities through reduction in consumption and private investment. In addition, it reduces households' ability to withstand future income shocks. Meanwhile, some large businesses, while currently holding relatively strong financial positions and sufficient liquidity, continue to accumulate debt, both in terms of loans and bonds, leading to higher leverage levels. This could lead to an accumulation of financial fragility which warrants ongoing monitoring.

Looking ahead, it is important to closely monitor the following risks that could affect Thailand's financial system: **(1) further slowdown in the issuance of loans and corporate bonds that could have a more profound impact on private consumption and investment than anticipated.** This is particularly relevant for SMEs in sectors that are recovering slowly as well as households whose income has yet to fully recover and have high debt burdens and expenses, leading to their cash flows being compromised. Therefore, it is essential to monitor the potential impacts of this on spending and investment as well as possible spillovers to overall economic activities. **(2) declining debt serviceability of corporates and households and its negative effect on credit quality trend.** This is especially concerning for businesses in sectors facing intensified competition and those affected by protectionist trade policies of the U.S. Additionally, increasing potential defaults among vulnerable households or those whose employment is at risk could lead to higher cross-defaults, where debtors default on multiple obligations, and an increase in first-time defaults among borrowers with no history of delinquency. **(3) more challenging or more costly fundraising through the corporate bond market** due to both domestic and external factors. Domestically, concerns over liquidity management, business operations, and debt management by certain bond issuers have made investors more cautious, prompting them to favor higher-quality assets. This could be exacerbated further by external factors such as geopolitical risks and uncertainty surrounding economic, trade, and political policies in major economies that could lead to higher financial market volatility than previously experienced.

Chapter 1: Macro-Financial Backdrop

1.1 Financial Conditions

Thailand's financial conditions have tightened, with slower growth in loan and corporate bond issuance. This is due to dampened credit demand, higher loan repayments, and elevated credit risks among vulnerable businesses and households. Therefore, financial institutions and investors remain cautious in lending to these borrowers.

The overall financial conditions in Thailand have tightened in terms of both loan issuance and fundraising through the corporate bond market. Loans to large corporates and households have slowed down, despite ongoing issuance of new loans, partly due to the repayment of existing debt. SME loans continue to contract owing to high credit risks, especially in construction, real estate, and sectors facing competition from Chinese products. New corporate bond issuance has moderately slowed down, following the trend of decelerated investment and a higher degree of caution exercised by investors (Figure 1). Nevertheless, the economy continues to expand amid the tightened financial conditions, driven by less credit-intensive service sectors such as hotels, restaurants, and transportation (Figure 2).

Figure 1: Private credit

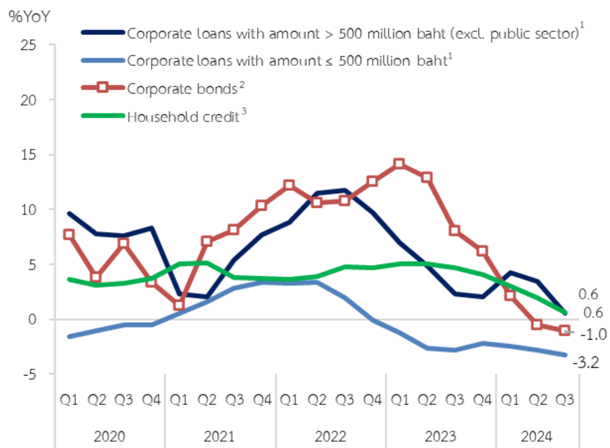
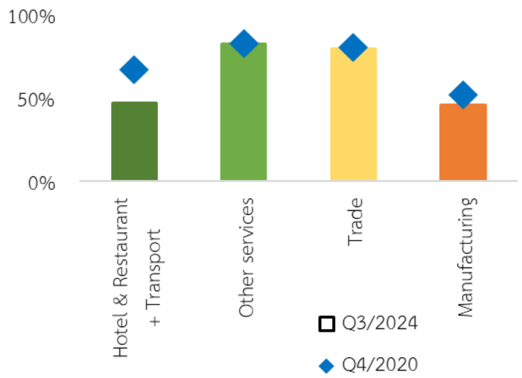


Figure 2: Credit Intensity

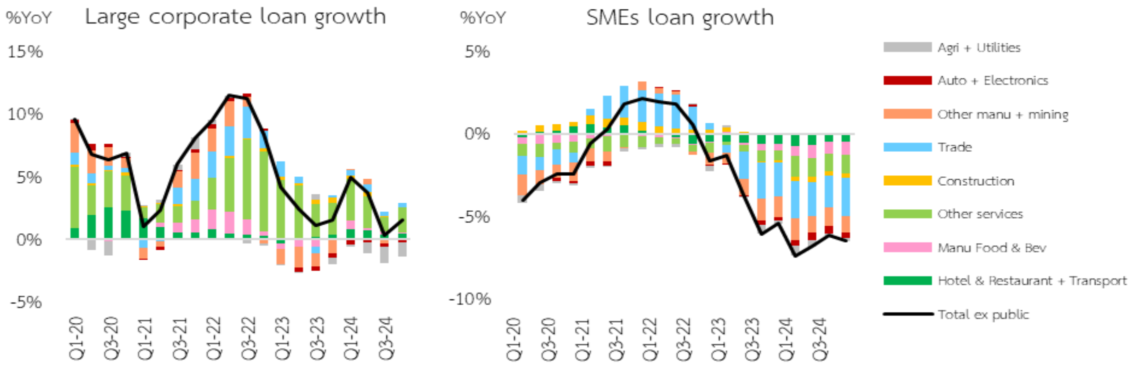


Note: Credit intensity is calculated by loan outstanding (covering loans from commercial banks and SFIs) divided by nominal GDP (over the past 4 quarters)
Source: BOT and NESDC, calculated by the BOT

Note: (1) Credit line at each commercial bank as of Aug 2024, the data cover credit in the financial system
(2) The data have been improved since 2019; more details: Improving and developing bank lending and corporate bond statistics (Jun 2023)
(3) Household credit cover loans from commercial banks, specialized financial institutions (SFIs), commercial banks subsidiaries, and non banks under BOT's supervision
Source: BOT, NESDC, and ThaiBMA

Large corporate loans have slowed down due to a correction in demand for funding following a period of accelerated borrowing, an increase in loan repayments, and the use of alternative funding sources. This is particularly relevant for businesses that have recovered well, such as those in trade, hotels, restaurants, and transportation. Conversely, industries recovering at a slower pace or facing structural challenges, such as automotive, electronics, real estate, construction, and manufacturing sectors affected by the competition from Chinese products, have a limited investment appetite and lower capital expenditures. Concurrently, financial institutions remain cautious in lending to these sectors due to increasing credit risk (Figure 3).

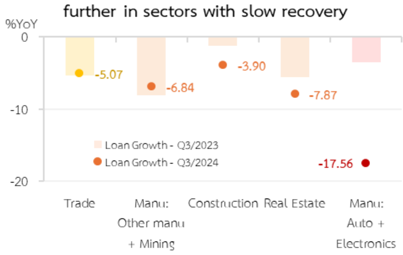
Figure 3: Sources of business loan growth by sectors



Note: Data covers loans from commercial banks, with large corporates' credit line per bank (excluding interbank) as of Oct 2024.
The size of corporates are categorized by the amount of credit line: large corporates having credit line > 500 MB, and SMEs having credit line ≤ 500 MB
Source: BOT

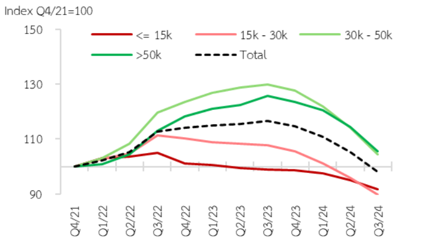
Meanwhile, SMEs continue to face difficulties in obtaining credit, as seen by the ongoing contraction of SME loans due to persistently elevated credit risk. This is more pronounced for SMEs in certain sectors, including trade, real estate, construction, automotive, and electronics, as well as those affected by the competition from Chinese products, thereby leading to a decline in competitiveness and profitability (Figure 4).

Figure 4: SME loans in 2024 contracted further in sectors with slow recovery

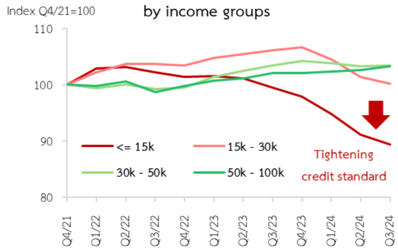


Note: Data covers loans from commercial banks Source: BOT

Retail loans have slowed due to an increase in debt repayment and specific factors exerting pressure on the automotive sector. Furthermore, financial institutions have focused on lending to borrowers with strong debt serviceability (Figure 5). Although household credit demand is still going strong, fueled by the need for liquidity, higher debt repayment compared to new loans resulted in a 3.2% contraction in outstanding credit card loan and a deceleration of personal loan growth to 1.4% in the third quarter of 2024. Housing loans also expanded at a slower pace of 2.9%, owing to a decline in housing demand and a cautious lending standard applied to low- to middle-income groups (Figure 6). Additionally, hire-purchase loans contracted by 7.6%, in line with a significant drop in car sales. This was driven by the weakening demand and purchasing power of households, following an uneven income recovery, a high household debt level, and specific risks in the automotive industry which caused car prices to decline.



Note: (1) Data covers housing loans, hire purchase loans, credit card loans, and unsecured P-loan (including title loans) from commercial banks, SFIs, and NBFIs
(2) For hire purchase loans, credit line is used as a proxy for income groups
(3) The graph demonstrates a 4-quarter moving average data
Source: BOT and NCB, calculated by the BOT



Source: BOT

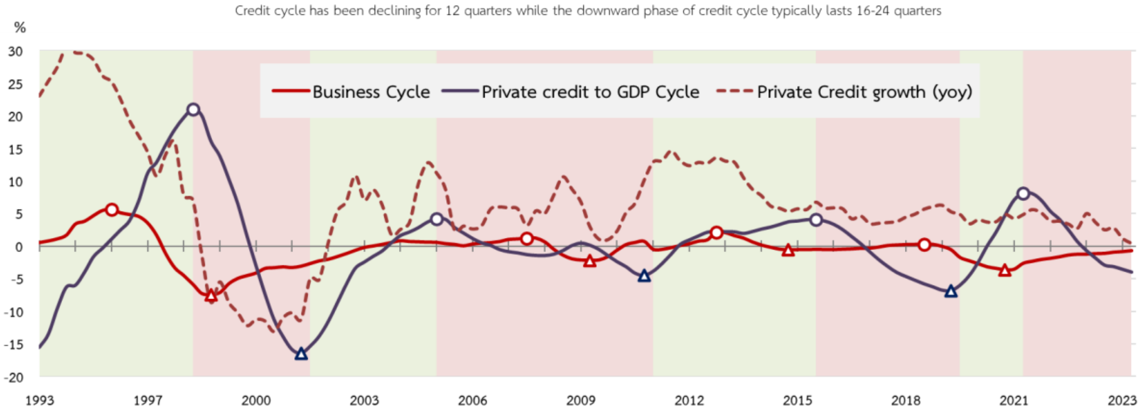
Fundraising through the corporate bond market has slightly decreased, with some indications of increasing rollover risk for certain corporates. This is due to a few negative factors affecting investors' confidence, such as the slow recovery of certain business sectors, credit rating downgrades and governance issues in some corporate debt issuers. As a result, **investors have shifted their preference to bonds issued by well-known corporates with good credit ratings.** This allows large corporates or companies with strong credit ratings to continue raising funds as demand for high-quality debt instruments has increased. In contrast, riskier debt instruments, such as high-yield bonds, have experienced a reduction in the percentage of bonds sold over bonds offered and must offer higher returns to attract investors.

Looking ahead, financial conditions are expected to remain tight amid decent economic growth. This also can be seen from the credit-to-GDP cycle being in the downturn phase, in contrast to the business cycle which is in an expansion phase. Historically, a downward phase of the credit cycle typically has a length between 16-24 quarters, whereas the current cycle has lasted for 12 quarters thus far, suggesting that a recovery in credit growth may take time (Figure 7). **Loan growth is expected to remain subdued** due to (1) lower credit demand from large corporates in sectors with strong recovery such as tourism, services, and trade. This is due to lower investment needs following the front-loading of investments and borrowing done in the previous periods. Moreover, some companies may prefer to utilize alternative funding sources, such as retained earnings or bond issuance. Also, these performing sectors are structurally less credit-intensive. (2) Corporate loan growth in sectors experiencing stagnant recovery either from structural issues and/or declining competitiveness may remain subdued. This is a result of declining interest in future investment as well as increasing credit risk for this group of firms. To be able to manage credit costs going forward, financial institutions may continue to exercise caution in extending credit to these sectors, especially SMEs in trade, construction, real estate, and those affected by the competition from Chinese products as well as those in the automotive sector. **Meanwhile, cautious investment sentiment in the corporate bond market, leading to investors being more selective on their investment, will continue to put pressure on raising funds through**

this market, potentially resulting in higher costs and more challenges for fundraisers who (1) have lower credit ratings relative to other issuers, (2) operate in sectors with bleak recovery prospects and prominent risks, (3) exhibit weak financial performance and are highly leveraged, and (4) face negative news involving the company or its management. In 2025, approximately 1 trillion baht of corporate bonds will mature, with 12% being classified as high yield. **Therefore, it is essential to closely monitor the tightening of financial conditions, particularly the slowdown in loan growth and challenges in raising funds through the corporate bond market, as these risks could have a higher impact on economic growth than anticipated.**

Figure 7: Credit to GDP Cycle and Business Cycle

Credit cycle has been declining for 12 quarters while the downward phase of credit cycle typically lasts 16-24 quarters

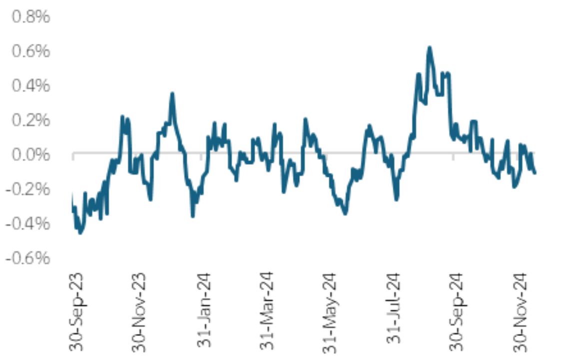


Note: (1) Total private credit is the sum of non-financial corporate (NFC) debt and household debt. The credit cycle is calculated from total credit to GDP data using the HP filter to remove long-term trends and find the moving average (4 quarters before/after). (2) The business cycle is calculated using the moving average of the output gap (4 quarters before/after). (3) The green and pink bands indicate the positive (from bottom to peak) and negative (from peak to bottom) phases of the credit cycle, respectively. The circles and triangles indicate the peaks and bottoms of the cycles, respectively.
Source: NESDC, calculated by the BOT

1.2 Asset Price

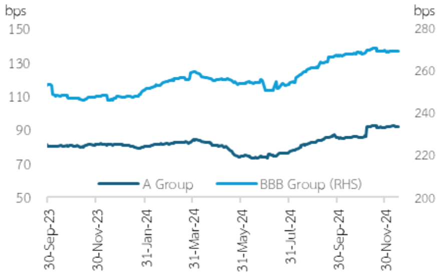
The financial system does not exhibit signs of an asset price bubble or a search for yield behavior, as can be seen by relatively stable financial and real estate prices. **The Stock Exchange of Thailand (SET) index had been moving within a stable range** (Figure 8), with some headwinds coming from (1) uneven domestic economic recovery, (2) delays in government budget disbursement, and (3) external factors including monetary policies in major economies and relatively higher returns of foreign assets, contributing to capital outflows during certain periods. However, the SET index received short-term support from more political stability as well as government measures aimed at promoting confidence in the capital market, such as the establishment of Vayupak Fund and adjustments to the conditions surrounding ThaiESG Funds.

Figure 8: SET index changes



Note: 15-Day Moving Average Source: Bloomberg

Figure 9: Credit spreads between government bonds and corporate bonds

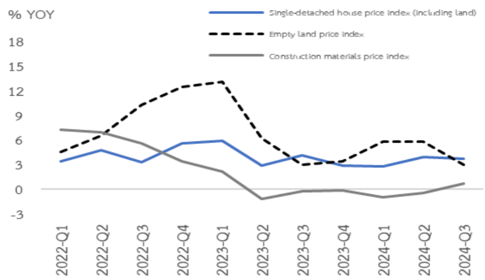


Note: Average spread of corporate bonds (tenor ≤ 3 years)
Source: ThaiBMA

Overall, the bond market does not possess signs of risk from the search for yield behavior. Yields on corporate bonds remained relatively stable. Meanwhile, short-term Thai government bonds moved in line with expectations of the policy rate cut by the Monetary Policy Committee (MPC), resulting in an increase in the yield spread between Thai corporate bonds and short-term government bonds, particularly in the high-yield segment and for certain issuers facing firm-specific problems (Figure 9).

In the real estate sector, the housing price index increased following the rising costs, while domestic demand contracted in line with the decline in purchasing power of households, especially customers in the 3-million-baht-or-less housing market segment, because of uneven income recovery and high household debt levels, which in turn had weakened home buyers' debt serviceability. Meanwhile, the supply of new housing units also declined, following the dampened housing demand, which helped ease some price pressure (Figure 10). However, Thailand's real estate market still benefits partly from demand from foreign buyers. Moreover, demand for housing priced above 10 million baht continues to expand owing to the strong purchasing power of customers in this segment. Nonetheless, this growth trend is expected to slow down, which may lead to a higher risk of oversupply in this segment, as well as the overall recovery of the housing market. Such risk warrants close monitoring going forward.

Figure 10: Housing price index



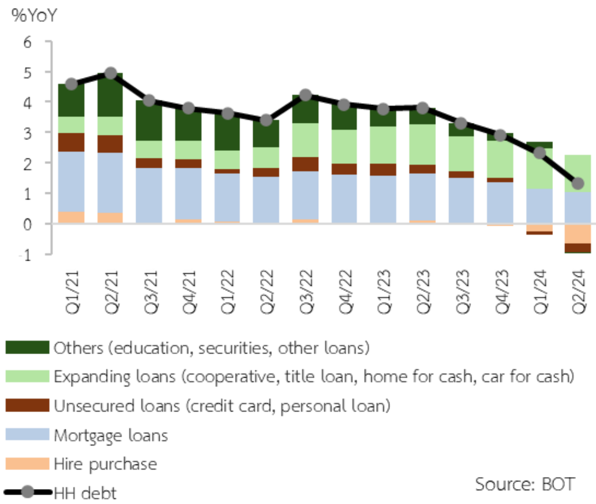
Note: Single detached house price index (including land) and empty land price index, specifically in Bangkok and vicinity
Source: BOT, REIC, and TPSO

Although there are no signs of asset price bubbles or search for yield behavior in the Thai financial system at the moment, **it is essential to monitor factors that could affect asset prices and financial markets going forward. These include (1) a potentially slower-than-expected Thai economic growth and its effect on the financial markets** due to declining income and profits, straining the liquidity position and debt serviceability of the private sector. This could further weaken investors' confidence in an already-cautious financial market environment, making it more challenging and costly for some bond issuers to raise funds, and **(2) external risk factors**, such as geopolitical conflicts and heightened uncertainty surrounding economic, trade, and politically-related policies in major economies. This could exacerbate financial market and exchange rate volatilities, affecting both economic and inflation outlooks while keeping private funding costs elevated.

2.1 Household and corporate leverage levels

Household debt remains elevated despite a continuously declining trend, eroding purchasing power and potentially constraining economic growth going forward. Meanwhile, corporate debt has decreased, although some large corporates still have high levels of debt.

Figure 11: Contribution to growth of household debt



Source: BOT

The household debt-to-GDP ratio in Thailand remains high at 89.6% as of 2024Q2, ranking among the highest globally. This elevated debt level continues to put pressure on household purchasing power and constrain economic growth. However, **household credit growth has been slowing down continuously, leading to a faster-than-expected decrease in the household debt-to-GDP ratio** (Figure 11), reflecting an accelerated deleveraging process. Household loan growth has slowed down in almost all categories, particularly in hire purchase and credit card. Nonetheless, secured personal loans, title loans, and cooperative loans continue to grow and help support household liquidity needs. Additionally, the "Khun Soo, Rao Chuay" Program, which was open for registration on December 12, 2024, will further support the household deleveraging process. In particular, the "Jai Trong Kong Sup" measure will help eligible households reduce their existing housing debt faster.

Overall, corporate debt in Thailand has declined, following a slowdown in both loans and bond issuance amid decent economic growth. This led to a decline in the corporate debt-to-GDP ratio from its peak of 89.9% during the COVID-19 crisis to 86.5% in 2024Q2. In the meantime, listed companies, which are highly interconnected within the financial system, have maintained a stable debt-to-equity ratio of 0.7. **The decline in corporate debt reflects tighter financial conditions and lower funding demand for new investment**, as certain corporates are waiting for signals of more viable economic growth prospects while others are facing structural issues and competition from Chinese products. However, some large corporates with strong financial health and sufficient liquidity still have high debt levels, coming from both loans and bonds. This could potentially lead to an accumulation of financial fragility which warrants continuous monitoring going forward.

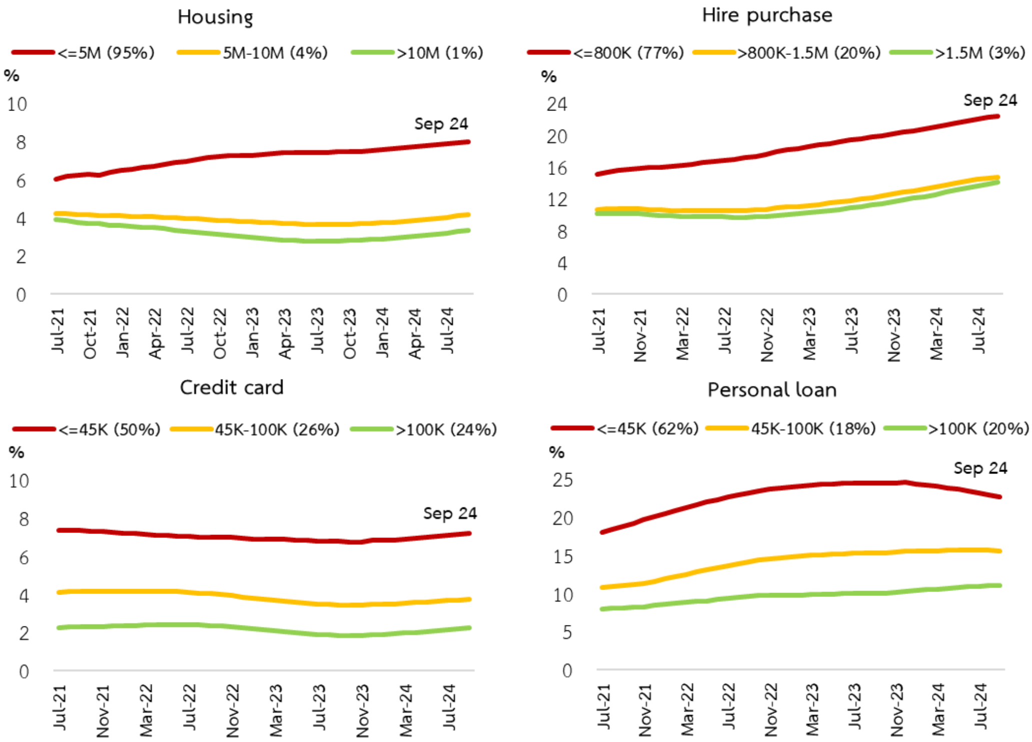
While the ongoing household debt deleveraging helps mitigate long-term financial stability risks, its short-run impact on household liquidity going forward must be closely monitored. A rapid debt reduction amid sluggish income recovery may lead to household liquidity shortage and consequently affect consumption and economic activities. Additionally, lower borrowing demand for new investment, particularly in sectors with slow recovery prospects, could further exert pressure on short-term economic growth. In turn, the slowdown in economic activities could impact the financial system through higher delinquency rates and further deterioration in credit quality.

2.2 Debt Serviceability of households and corporates

The debt serviceability of households and SMEs has deteriorated, leading to heightened credit risk which in turn affects the credit access of both households and businesses.

The debt serviceability of households has deteriorated, especially among low-income groups, financially fragile borrowers who had previously received financial aid, and self-employed individuals whose income recovery remains slow relative to rising expenses and debt burdens. This is reflected in the ratio of loans more than 30 days past due (DPD) being continuously higher for those with smaller-credit-limit compared to higher-credit-limit across all types of loans. Therefore, it is necessary to closely monitor the default risk of these vulnerable borrowers (Figure 12).

Figure 12: Proportion of accounts with 30 DPD by portfolio in 2023

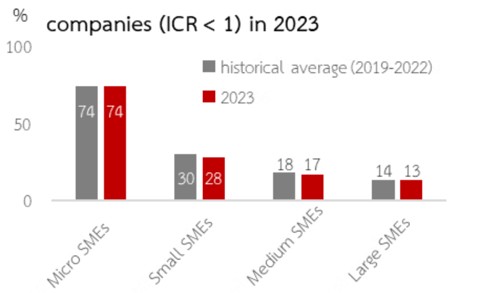


Note: Data as of Sep 2024 and 12-month moving average; Data in ( ) indicate the proportion of accounts in each portfolio

Source: NCB, calculated by the BOT

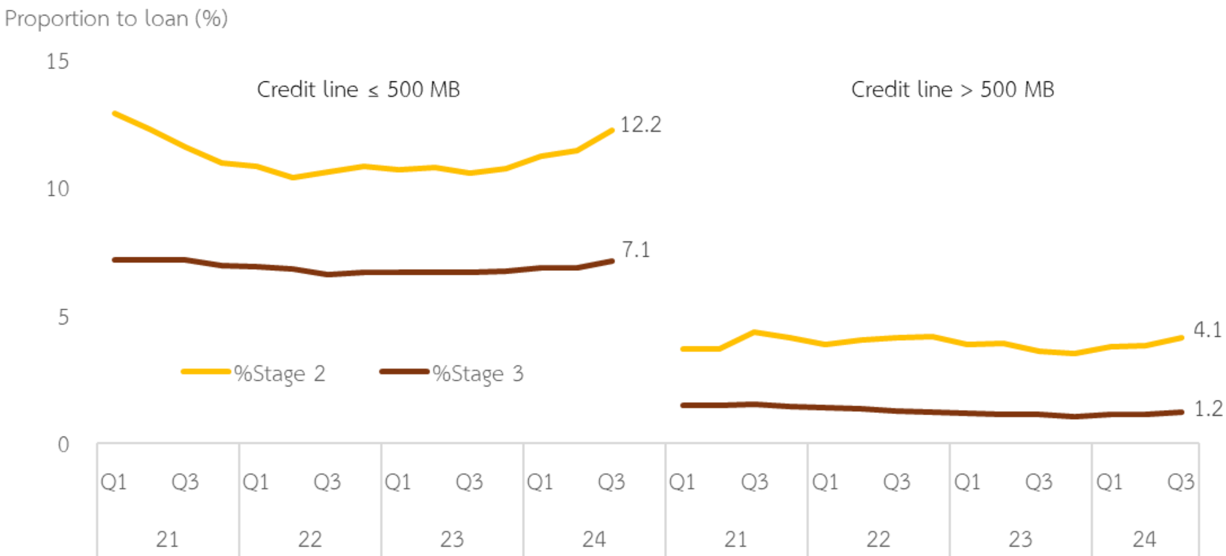
SMEs continue to have weak financial positions, as reflected by a higher share of vulnerable companies compared to medium and large businesses. The proportion of small and micro SMEs[1] with interest coverage ratio (ICR) of less than 1 is 28% and 74% respectively (Figure 13). **On the other hand, the debt serviceability of large corporates remains strong, but some have exhibited a decline in performance.** Hence, the overall credit quality of the corporate sector has deteriorated, particularly among SMEs, where the proportion of non-performing loans (NPLs or Stage 3 loans) rose to 7.1%, and loans with a significant increase in credit risk (SICR or Stage 2 loans) increased to 12.2%. For large corporates, Stage 2 loans grew to 4.1%, mainly due to the qualitative credit risk classification imposed by commercial banks, while the proportion of NPLs remained stable (Figure 14).

Figure 13: Proportion of vulnerable companies (ICR < 1) in 2023



Note: (1) ICR stands for Interest Coverage Ratio, which is calculated as earnings before interest and taxes (EBIT) divided by interest expenses.
(2) There are 131,370 companies in the CPFS database with sufficient data to calculate the ICR
Source: CPFS, calculated by the BOT

Figure 14: Loan quality of business loans (stage 2 and stage 3)



Note: (1) Only includes business loans with commercial banks
(2) Business's credit line per bank as of Sep 2024
Source: BOT

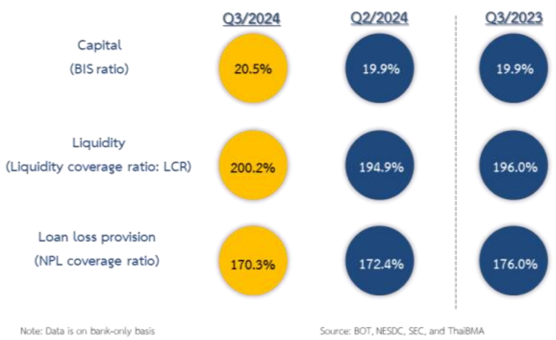
[1] Business size is classified based on the revenue criteria set by the Office of Small and Medium Enterprise Promotion (OSMEP)

Chapter 3: Resilience of Financial Intermediaries

Thai financial institutions, including commercial banks, savings cooperatives, and insurance companies, continue to demonstrate strong financial positions and ample liquidity. However, there is a need to monitor the development of (1) the deterioration in credit quality, which could impact the stability of financial institutions lending to vulnerable groups and borrowers with slow recovery prospects, and (2) financial market volatility driven by both domestic and external factors, especially the geopolitical risk.

The banking system continues to demonstrate resilience, with adequate capital and loan loss provisions to withstand deteriorating loan quality and maintain high levels of liquidity. At present, the overall banking system has a BIS ratio of 20.5% and the NPL coverage ratio of 170.3%. Additionally, the liquidity coverage ratio stands at 200.2% (Figure 15). **The stress test conducted in 2024 revealed that all commercial banks have sufficient capital and liquidity to weather severe economic downturns**, even under scenarios with extreme credit quality deterioration.

Figure 15: Banks' Capital, loan loss provision, and liquidity indicators



Although the profitability of non-bank financial institutions (NBFIs) remains solid, it continues to face a downward trend, primarily driven by increasing credit costs associated with the deterioration in credit quality, particularly for NBFIs in the hire purchase business. Consequently, many NBFIs have been more cautious in lending to high-risk borrowers. **Meanwhile, NBFI funding costs are rising, following an increase in borrowing rates** (Figure 16). Thus, NBFIs' liquidity management should be closely monitored since they predominantly rely on short-term funding as their source of funds. In addition, it is important to monitor NBFIs with declining financial performances, especially those issuing hire purchase loans. Given that several NBFIs are closely linked to other financial institutions, capital markets, and bond markets (Figure 17), a significant deterioration in NBFIs' financial positions could have quite an effect on these entities and the system. **Regarding savings cooperatives (co-ops), their credit risk remains low thanks to the payroll deduction system that gives co-ops senior rights to claim**. Loan growth has continuously increased, reflecting the role of co-ops in providing liquidity to their members who cannot obtain credit from commercial banks or state-owned financial institutions (SFIs). Nevertheless, the credit issuance trend of some co-ops should be monitored to ensure that co-ops will not cause an over-indebtedness problem for their members due to practices such as an automatic increase in credit lines when their members' salaries rise and an over-extended tenure which could cause their borrowers to be more indebted and become indebted for longer.

Figure 16: Trend in NBFI costs

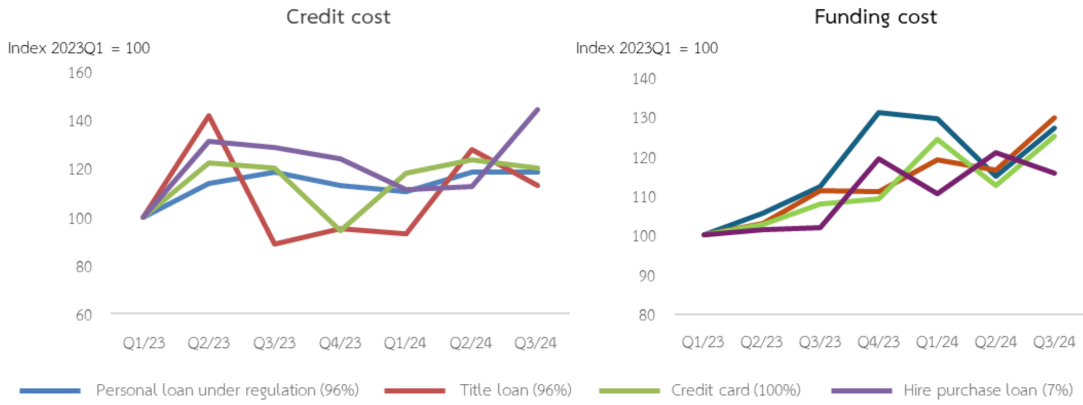
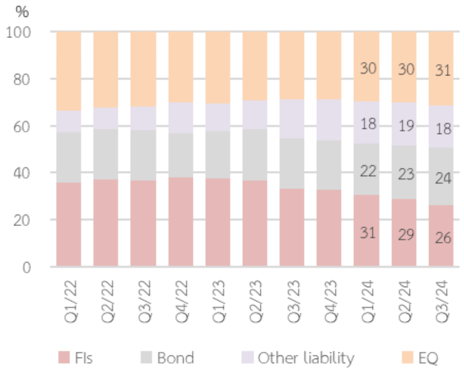


Figure 17: Proportion of funding source (NBFI)



Note: The weighted average is based on the loan proportions from companies with high loan proportions in each portfolio. It is calculated from 21 regulated personal loan companies, 19 title loan companies, 8 credit card companies, and 13 hire-purchase loan companies.
( ) indicates the share of total loans of each portfolio that is covered by the representative companies.
Source: SETSmart, calculated by the BOT

The insurance industry remains financially robust, with capital adequacy ratios (CAR) exceeding the level legally required. The Office of Insurance Commission (OIC) supervises insurance companies to ensure that their capital management is aligned with their risk profiles. The burden bestowed upon insurance companies from the flood in 2024 was less severe compared to that in 2011 due to improved risk management plans and experience from past events. However, insurance companies encounter risks from higher healthcare costs due to both healthcare inflation and an increase in the frequency of medical claims, resulting in a higher loss ratio for health insurance. To mitigate the financial strain under such circumstances, insurers might adjust the claim conditions such that policyholders will have to co-pay for minor and high-frequency health claims in 2025.

Daily fixed income (DFI) funds, which are general fixed-income mutual funds that allow investors to buy or sell investment units daily, **have seen capital inflows as a result of higher yields compared to the past.** The DFI funds' capital flow has been periodically volatile due to (1) uneven economic recovery, (2) policies from major economies, and (3) news related to the corporate governance of some listed companies, leading to the closure of a DFI fund. However, there have been no large-scale fund redemptions from investors, partly due to an increase in investors' confidence from recent regulatory measures implemented. For example, the Securities and Exchange Commission (SEC) requires asset management companies to implement liquidity management tools to maintain fund stability and ensure fairness to investors, encourages routine discussions between asset management companies and regulators, and incorporates crisis simulation exercises into their contingency plans (playbook).

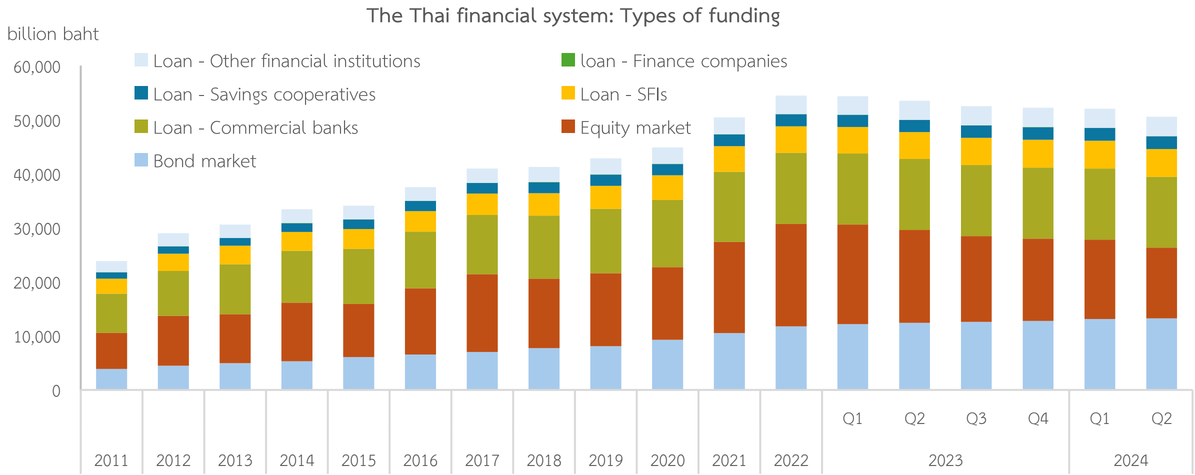
Looking ahead, it is important to closely monitor the development in the credit quality of financial institutions that provide loans to vulnerable borrowers and small SMEs, as well as credit exposure related to the automotive sector which still faces specific headwinds dampening its recovery. **Additionally, oversight is needed for NBFIs experiencing deteriorating profitability** due to increasing credit and funding costs, especially those who have issued bonds. Any issues with these companies could further erode investors' confidence.

Insurance companies face significant challenges from revenue pressure and new regulations such as (1) a decline in investment income and the attractiveness of insurance products due to lower returns following the policy rate trend, (2) uneven economic recovery, limiting purchasing power for life insurance products, and (3) the implementation of Thai Financial Reporting Standards 17 (TFRS17) which will be effective from 2025, altering the method of revenue and profit recognition in financial statements. To reduce misunderstanding from this new accounting standard, it is essential to communicate and educate the public and investors on how to interpret the financial statements of insurance companies under TFRS17. Nonetheless, the OIC and insurance companies have continuously communicated such changes in the accounting standard.

Mutual funds may face risks from heightened volatility in asset prices, especially those driven by external factors such as geopolitical risks and the increasing uncertainty surrounding the economic, trade, and political policies of major economies.

Annex: Thailand's financial system

1. The Thai financial system: Types of funding



Notes: 1. Loan to households, non-profit financial organizations, and public non-financial corporations
2. SET and MAI market capitalizations excluding financial issuers and non-resident
3. Par value of bonds issued in Thailand excluding financial issuers and non-resident

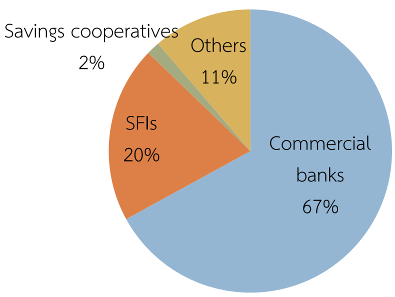
2. Financial institutions system: Number and asset size of major financial institutions

Type of financial institutions	2024 Q2[P]		
	Number	Total asset (million baht)	% of total assets of financial institutions
Depository corporations			
Commercial banks	28	25,066,275	46.3
Specialized financial institutions (SFIs)	6	8,751,096	16.2
Savings cooperatives[1/]	1,385	3,690,760	6.8
Finance companies	4	19,467	0.0
Money market mutual funds (MMFs)	51	310,149	0.6
Other financial corporations		16,282,112	
Mutual funds (excluding MMFs)	2,163	4,827,439	8.9
Insurance companies	71	4,749,816	8.8
Leasing companies	801	705,481	1.3
Credit card, personal loan, and nano finance companies under regulation [2/3/]	120	2,074,895	3.8
Provident funds	355	1,429,782	2.6
Government pension fund	1	1,362,708	2.5
Asset management companies	76	425,525	0.8
Securities companies	50	463,889	0.9
Other non-depository financial institutions [4/]	831	242,577	0.4

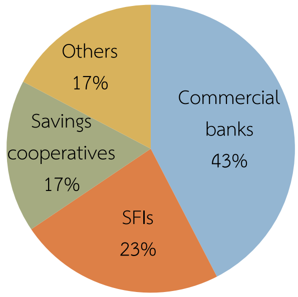
Notes: [P] Preliminary data
[1/] Savings cooperatives data do not include credit unions
[2/] Credit cards and personal loans under supervision including financial institutions that operate with licenses issued by the BOT
[3/] Nano finance companies include only retail lenders under supervision
[4/] Consists of pawnshops, Secondary Mortgage Corporation, and Thai Credit Guarantee Corporation

3. Loan: corporate and consumer loan (as of 2024Q2)

Share of corporate loan market

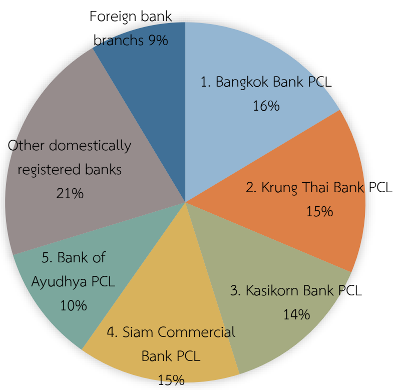


Share of cosumer loan market

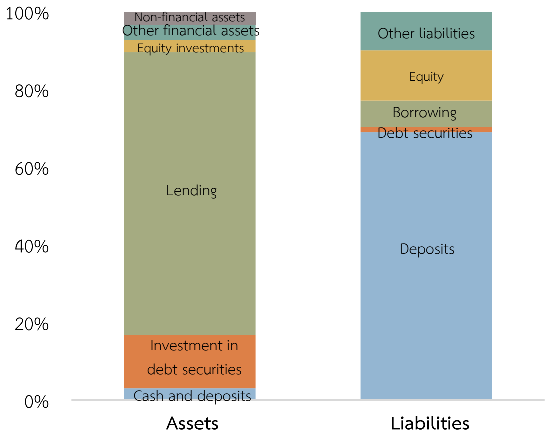


4. Structure of the commercial banking system (as of 2024Q2)

Share of commercial banks by asset size

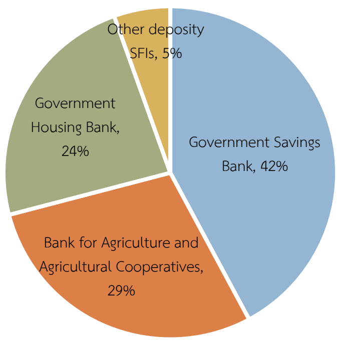


Asset and liability structure
of commercial banks

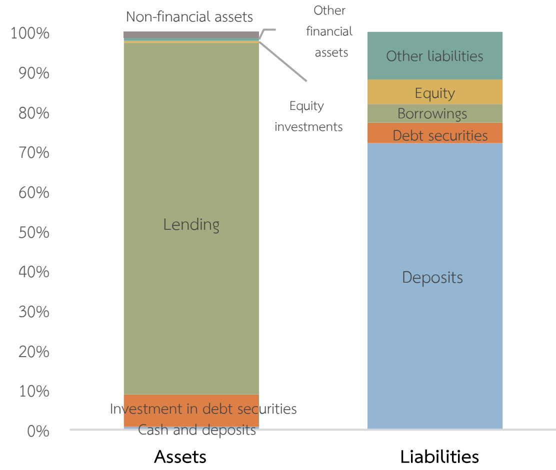


5. Structure of deposit-taking specialized financial institutions (as of 2024Q2)

Share of depository SFIs by asset size



Assets and liability structure of SFIs



6. Indicators of external stability

Indicator	Thailand	Malaysia	South Korea	Argentina	Turkey
1. International reserves in months of imports (months)	7.6	4.8	6.3	2.5	4.1
2. External debt (percent of GDP)	39.1	68.2	36.6	45.3	45.2

Source: CEIC latest data as of 2023

Thailand's macroeconomic indicators

Percent	2022	2023	2023 Q3	2023 Q4	2024 Q1	2024 Q2
GDP growth	2.5	1.9	1.4	1.7	1.6	2.3
Production						
Agriculture	2.5	2.0	1.1	-0.6	-2.7	-1.1
Non-agriculture	2.5	1.9	1.5	2.0	2.1	2.6
Manufacturing	0.7	-3.2	-4.4	-2.4	-2.9	0.2
Construction	-2.4	-0.6	0.5	-8.8	-17.3	-5.5
Wholesales and retail trade	3.7	3.8	3.3	5.1	4.3	3.0
Transport and storage	8.0	8.5	7.1	7.0	9.7	8.1
Accommodation and Food Service	34.5	18.0	15.0	9.8	11.8	7.8
Information and Communication	5.2	3.3	3.1	2.8	6.6	5.1
Financial intermediation	-2.3	3.1	4.2	4.7	2.8	1.9
Real estate and renting	2.3	1.9	1.9	1.1	0.8	1.1
Expenditure						
Domestic demand	4.0	3.5	3.9	3.6	2.6	1.1
Private consumption	6.2	7.1	7.9	7.4	6.9	4.0
Private investment	4.7	3.2	3.5	5.0	4.6	-6.8
Government consumption	0.1	-4.6	-5.0	-3.0	-2.1	0.3
Public investment	-3.9	-4.6	-3.4	-20.1	-27.7	-4.3
Imports of goods and services	3.6	-2.3	-9.4	3.9	5.2	0.5
imports of goods	1.2	-3.8	-10.4	5.0	4.3	-1.0
imports of services	13.6	4.2	-5.2	2.1	9.1	6.6
Exports of goods and services	6.1	2.1	1.1	4.9	2.5	4.8
exports of goods	1.1	-2.8	-3.0	3.4	-2.0	1.9
exports of services	59.9	38.3	30.6	14.9	24.7	19.8
Trade balance (billion, U.S. dollars)*	13.5	19.4	6.7	4.9	1.6	5.5
Current account (billion, U.S. dollars)*	-17.2	7.4	3.1	3.7	2.5	0.8
Financial account (billion, U.S. dollars)*	6.7	-11.9	-6.2	-4.6	-5.1	-2.7
International reserves (billion, U.S. dollars)	216.6	224.5	211.8	224.5	223.4	224.3
Unemployment rate (%)	1.3	1.0	1.0	0.8	1.0	1.1
Unemployment rate, seasonally-adjusted (%)	n.a.	n.a.	1.0	0.8	1.0	1.0

Note: *Data may be subject to change in line with periodic revisions or changes to data collection methodologies
Source: Office of the National Economic and Social Development Council, National Statistical Office, and Bank of Thailand

Financial stability indicator

Indicators	2022	2023	2023		2024	
			Q3	Q4	Q1	Q2
1. Financial market sector						
Bond market						
Bond spread (10 years – 2 years)	1.0	0.4	0.6	0.4	0.4	0.3
Equity market						
SET Index (end of period)	1,668.7	1,415.9	1,471.4	1,415.9	1,377.9	1,301.0
Actual volatility (SET Index)[1/]	11.0	11.8	10.2	13.2	10.0	10.5
Price to Earnings ratio (P/E ratio) (times)	18.2	18.4	20.3	18.4	18.1	17.1
Exchange rate market (on average)						
Actual volatility of Thai baht (%annualized)[2/]	8.7	9.1	8.0	9.4	8.6	6.4
Nominal Effective Exchange Rate (NEER)	115.5	119.8	119.8	119.2	118.8	117.2
Real Effective Exchange Rate (REER)	103.3	104.3	104.1	102.4	100.9	100.0
2. Financial institution sector[3/]						
Minimum Lending Rate (MLR)[4/]	6.00	7.25	7.04	7.25	7.25	7.25
12-month fixed deposit rate[4/]	0.98	1.65	1.49	1.65	1.65	1.65
Capital adequacy						
Capital funds / Risk-weighted asset (%)	19.4	20.1	19.9	20.1	20.1	19.9
Earning and profitability						
Net profit (billion, Thai baht)	238.0	251.0	65.0	53.0	68.0	76.0
Return on assets (ROA) (times)	1.0	1.1	1.1	0.9	1.1	1.3
Liquidity						
Loan to Deposit and B/E (%)	92.0	91.0	92.4	91.0	90.1	89.7

Note: [1/] Calculated by 'annualized standard deviation of return' method
[2/] Daily volatility (using exponentially weighted moving average method)
[3/] Based on data of all commercial banks
[4/] Average value of 6 largest Thai commercial banks (since July 2021)