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Bangkok Bank reports 2020 net profit of Baht 17,181 million

In 2020, the Covid-19 pandemic caused the greatest disruption seen in decades to both the global and the Thai economies. Businesses, especially in the export and tourism sectors, were affected by government measures to control the spread of the virus, such as lockdowns and international travel bans. This hampered both the employment and consumption of households. In the third quarter, the government lifted city lockdowns and introduced various stimulus measures, helping economic activities to recover. However, after an initial surge in demand following the lifting of the lockdown, the pace of the rebound slowed and new domestic Covid-19 cases surged. The latter development could adversely impact the economy if infections become more widespread.

The government and the Bank of Thailand (BOT) launched a series of measures to mitigate the effects of the pandemic and to help sustain the economy, including discussing the situation with financial institutions to support debtors facing financial difficulties in systematic and appropriate ways. However, the economic recovery remains fragile and highly uncertain due to the new wave of domestic outbreaks, control measures to reduce the spread of the virus, the efficacy and distribution of vaccines, and progress of protocols for admitting foreign tourists. In this regard, the Bank continues to closely monitor the situation and maintain support for customers, while continuing to focus on its prudent approach towards credit underwriting and risk management as well as maintaining a sound financial position, and liquidity and capital reserves to support its financial sustainability.

Bangkok Bank welcomed Permata as a new member of its financial group

In 2020, Bangkok Bank, Thailand's largest bank by total assets and the 6th largest Southeast Asian bank, acquired a stakeholding of 98.71 percent in PT Bank Permata Tbk (Permata) in Indonesia, welcomed it as a new member of its financial group and officially integrated Bangkok Bank Indonesia's branches into Permata's operations since December 21, 2020. This integration has made Permata one of Indonesia's 10 largest banks by total assets. These synergies will enable the Bank to provide enhanced financial services to support customers operating in ASEAN, in line with the Bank's strategy to strengthen its foundation for sustainable growth.

Bangkok Bank and its subsidiaries reported a net profit of Baht 17,181 million

In 2020, the Bank's net interest income rose by 8.4 percent from 2019 to Baht 77,047 million due to the consolidation of Permata's net interest income. The net interest margin stood at 2.25 percent. Net fees and service income and other operating income declined primarily due to lower fee income from loan related services and income from investments from the implementation of TFRS 9 since January 1, 2020. Operating expenses increased by 20.0 percent mainly due to the inclusion of

Permata's operating expenses and expenses related to integration of Bangkok Bank's branches in Indonesia and Permata in December, resulting in the cost to income ratio of 55.6 percent.

The Bank set aside expected credit losses of Baht 31,196 million, driven the ratio of loan loss reserves to non-performing loans to 181.6 percent. This is in line with the Bank's prudent management to provide a cushion against uncertainty from the economic contraction caused by the Covid-19 pandemic.

Throughout the global economic contraction from Covid-19, Bangkok Bank is continuing its prudent approach toward business management while maintaining a sound financial position, liquidity and capital reserves to support financial sustainability and prepare for the "New Normal"

At the end of December 2020, the Bank's loans amounted to Baht 2,363,338 million, an increase of 14.7 percent from the end of 2019. Excluding Permata, loans grew by 2.7 percent due mainly to increases in large corporate lending. The non-performing loan (NPL) ratio was 3.9 percent. The Bank continued to keep close control of credit underwriting and risk management while maintaining the allowance for doubtful accounts at a prudent level.

In terms of capital and liquidity, as of December 31, 2020, the Bank's deposits amounted to Baht 2,810,863 million, an increase of 18.6 percent from the end of December 2019. When excluding Permata, deposits increased by 7.3 percent mainly from savings accounts. The loan to deposit ratio was 84.1 percent, reflecting an adequate liquidity position to cushion against economic uncertainties. Furthermore, the Bank issued USD 750 million in additional Tier 1 Subordinated Notes under Basel III regulations on September 23, 2020, to strengthen the Bank's capital structure. At the end of December 2020, the total capital adequacy ratio, Tier 1 capital adequacy ratio and Common Equity Tier 1 capital adequacy ratio of the Bank and its subsidiaries were 18.3 percent, 15.7 percent, and 14.9 percent respectively, comfortably above the BOT's minimum capital requirements.

Implementation of new financial reporting standards (group of financial instruments)

The Bank and its subsidiaries adopted TFRS 9 from January 1, 2020 onwards, without restating previous financial statements. The principal changes can be summarized into classification and measurement of financial assets and liabilities, calculation of impairment using the concept of expected credit loss, hedge accounting, and the change in recognition of interest income from loans using the effective interest rate (EIR) method.

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