

July 21, 2022

Bangkok Bank reports net profit of Baht 14,079 million for the first half of 2022

In the second quarter of 2022, declining concerns about the spread of the Covid-19 Omicron variant resulted in an improvement in private consumption and investment and led to an increase in the number of foreign tourists, which reached around 700,000 per month. This was in line with the easing of travel restrictions in Thailand and other countries. However, rising inflation in several countries from the increase in global energy and food prices due to the Russia-Ukraine war prompted the central banks to raise policy interest rates. As a result, economic expansion and global commerce slowed down. The Thai export sector during April-May 2022 grew 10.2 percent compared to 14.8 percent in the previous quarter. Going forward, the volatility of financial markets and economy will be important factors to closely monitor.

The Thai economy is likely to improve from the easing of Covid-19 control measures and rising international travel. However, the Thai economy is still facing challenges from higher cost of living and raw materials resulting from the geopolitical conflicts between Russia and Ukraine, volatility within financial markets from uncertainty over the expected rises in the policy interest rates in advanced economies, and a global economic slowdown. Against this backdrop, Bangkok Bank has continued to support customers by providing liquidity and working capital, along with advice on how to adjust their business model to fit with the changing market environment or how to increase opportunities for international expansion. At the same time, the Bank continues to place importance on prudent risk management and maintaining its financial stability, liquidity and capital positions.

Bangkok Bank reported a 6.0 percent increase in net profit for the first half of 2022

The Bank and its subsidiaries reported a net profit for the first half of 2022 of Baht 14,079 million, an increase of 6.0 percent from the first half of 2021. Net interest income rose by 13.9 percent on higher loan volume, while the net interest margin stood at 2.18 percent. Non-interest income decreased by 19.8 percent, mainly from lower gains on financial instruments measured at fair value through profit or loss (FVTPL) in line with the market environment. Net fees and service income declined from securities business, while fee income from loan related services increased in line with higher loan volume. Operating expenses rose by 2.8 percent largely due to higher expenses to develop and improve working systems. As a result, the cost to income ratio remained at 50.4 percent. The Bank set aside Baht 14,843 million in expected credit losses, a decrease from the same period last year, and continued its reserves under a prudent approach by taking into account global economic volatility and the impact of the ongoing Covid-19 situation.

Bangkok Bank maintains a healthy financial position, high liquidity and capital positions under its prudent management approach

At the end of June 2022, the Bank's total loans amounted to Baht 2,652,872 million, a rise of 2.5 percent from the end of last year, mainly due to an increase in loans to large corporate customers and loans made through the Bank's international network. The non-performing loan to total loans ratio was 3.4 percent. The Bank continues to set aside expected credit losses in line with its prudent approach, leading to the strong ratio of allowance for expected credit losses to non-performing loan of 232.5 percent.

As of June 30, 2022, the Bank's deposits amounted to Baht 3,147,149 million, a similar level compared to the end of December 2021. The loan to deposit ratio stood at 84.3 percent. In terms of capital, the Bank's total capital adequacy ratio, Tier 1 capital adequacy ratio, and Common Equity Tier 1 capital adequacy ratio of the Bank and its subsidiaries stood at 18.9 percent, 15.4 percent and 14.6 percent respectively, comfortably above the Bank of Thailand's minimum capital requirements.

-Ends-