



Summary of Operating Results for the Bank and its Subsidiaries**Quarter and Year Ended December 31, 2019**

In 2019, the Thai economy expanded at a slower rate than in 2018 as export contraction led to the decline in manufacturing production and private investment. Weaker global growth, uncertainties around global trade relationship, and the stronger-than-expected Baht have all contributed to falling exports. Domestic demand was weighed down by the ongoing structural challenges such as elevated household debt and a rapidly ageing population. Furthermore, government spending expanded more slowly than anticipated following a delay in government's budget approval for the fiscal year 2020.

In 2019 Bangkok Bank and its subsidiaries posted a net profit attributable to owners of the Bank of Baht 35,816 million, increased 1.4 percent compared to last year amid challenging economic environment. Net fees and service income increased 3.3 percent, driven by higher fees from loan-related services coupled with the strong performance in bancassurance and mutual funds in line with the Bank's strategic direction. Net interest income slightly declined with net interest margin at 2.35 percent. Other operating income grew 52.3 percent, led by higher gains on investments. While non-performing loan (NPL) had remained stable, an one-off higher provision for impairment loss of loans and debt securities was set aside on conservative premise to strengthen the loan loss reserves, in light of the imminent adoption of the new accounting regime which would entail lower credit cost provisioning rate. Operating expense marginally decreased by 0.4 percent from last year. The cost to income ratio was poised well at 41.1 percent.

At the end of December 2019, loan amounted to Baht 2,061,309 million, an increase of 3.0 percent from the previous quarter, due to an increase in loan in all business units. The non-performing loan (NPL) ratio was at 3.4 percent with strong loan loss reserves to NPL at 220.2 percent. The Bank continued to focus on loan quality through robust control over credit underwriting and risk management while maintaining the allowance for doubtful accounts at prudent level.

The Bank's financial position remained healthy with a strong capital base and optimal liquidity position. At the end of December 2019, the loan to deposit ratio stood at 86.9 percent. On September 25, 2019, the Bank issued 15-year Subordinated Notes qualified as Basel III-compliant Tier 2 capital amounting to USD 1,200 million, which supported the Bank's well mixed of capital structure to be even stronger. As of December 31, 2019, total capital adequacy ratio, Common Equity Tier 1 capital adequacy ratio and Tier 1 capital adequacy ratio of the Bank and its subsidiaries were 20.0 percent, 17.0 percent and 17.0 percent, respectively, comfortably above the Bank of Thailand's minimum capital requirements.

Overall Picture of the Bank and its Subsidiaries

Million Baht

Item	Quarter		Change (%)		Year		Change (%)	
	4/2019	3/2019	4/2018	3/2019	2019	2018		
Net profit *	8,002	9,438	8,101	(15.2)%	(1.2)%	35,816	35,330	1.4%
Earnings per share (Baht)	4.19	4.94	4.24	(15.2)%	(1.2)%	18.76	18.51	1.4%
Net interest margin	2.22%	2.35%	2.46%	(0.13)%	(0.24)%	2.35%	2.40%	(0.05)%
Net fees and service income to operating income ratio	18.7%	22.7%	24.3%	(4.0)%	(5.6)%	21.3%	22.7%	(1.4)%
Cost to income ratio	36.6%	41.9%	56.2%	(5.3)%	(19.6)%	41.1%	45.4%	(4.3)%
Return on average assets *	0.99%	1.17%	1.04%	(0.18)%	(0.05)%	1.13%	1.13%	-
Return on average equity *	7.40%	8.78%	7.86%	(1.38)%	(0.46)%	8.45%	8.73%	(0.28)%

* Attributable to owners of the Bank

Million Baht

Item	December 2019	September 2019	December 2018	Change (%)	
				September 2019	December 2018
Loans **	2,061,309	2,001,445	2,083,160	3.0%	(1.0)%
Deposits	2,370,792	2,362,766	2,326,470	0.3%	1.9%
Loan to deposit ratio	86.9%	84.7%	89.5%	2.2%	(2.6)%
Non-performing loan (NPL)	79,149	86,221	80,137	(8.2)%	(1.2)%
Ratio of NPL to total loans	3.4%	3.6%	3.4%	(0.2)%	-
Ratio of loan loss reserves to NPL	220.2%	183.4%	190.9%	36.8%	29.3%
Total capital adequacy ratio	20.0%	20.7%	18.0%	(0.7)%	2.0%

** Less deferred revenue

Operating Income and Expenses of the Bank and its Subsidiaries

Million Baht

	Quarter		Change (%)		Year		Change (%)	
	4/2019	3/2019	4/2018	3/2019	2019	2018		
Net interest income	17,193	17,944	18,423	(4.2)%	(6.7)%	71,071	71,376	(0.4)%
Non-interest income	26,530	12,295	10,651	115.8%	149.1%	62,675	50,025	25.3%
Operating expenses	15,988	12,679	16,344	26.1%	(2.2)%	54,963	55,165	(0.4)%
Impairment loss of loans and debt securities	16,342	5,381	2,765	203.7%	491.0%	32,351	21,965	47.3%
Operating profit before tax	11,393	12,179	9,965	(6.5)%	14.3%	46,432	44,271	4.9%
Income tax expenses	3,290	2,639	1,767	24.7%	86.2%	10,219	8,554	19.5%
Net profit	8,103	9,540	8,198	(15.1)%	(1.2)%	36,213	35,717	1.4%
Net profit *	8,002	9,438	8,101	(15.2)%	(1.2)%	35,816	35,330	1.4%
Total comprehensive income (losses) *	(2,427)	10,739	8,240	(122.6)%	(129.5)%	27,029	23,157	16.7%

* Attributable to owners of the Bank

For the fourth quarter of 2019, Bangkok Bank and its subsidiaries reported a net profit attributable to owners of the Bank of Baht 8,002 million, a decrease of Baht 1,436 million from the third quarter of 2019. Non-interest income rose by Baht 14,235 million from gains on investments, combined with good growth in net fees and service income. An increase in net fees and service income was mainly due to increases in fees from loan-related services and investment banking services. Operating expenses increased by Baht 3,309 million due largely to higher expenses for system developments and improvements in operational efficiency as well as marketing expenses. In this quarter, impairment loss of loans and debt securities increased by Baht 10,961 million.

Compared with the fourth quarter of 2018, net profit attributable to owners of the Bank slightly fell by Baht 99 million. Net interest income declined by Baht 1,230 million, due mainly to lower transaction volume and yields as the market's interest rates saw a downward trend. Non-interest income increased by Baht 15,879 million predominantly due to higher gains on investments and net fees and service income, mainly from increases in fees from loan-related services and investment banking services. Impairment loss of loans and debt securities increased by Baht 13,577 million.

In 2019, net profit attributable to owners of the Bank amounted to Baht 35,816 million, an increase of Baht 486 million from last year. Non-interest income rose by Baht 12,650 million mainly from higher gains on investments and net fees and service income. An increase in net fees and service income was due to increases in fees from bancassurance and mutual funds, investment banking and loan-related services. Impairment loss of loans and debt securities increased by Baht 10,386 million

Net Interest Income

In the fourth quarter of 2019, net interest income fell by Baht 751 million or 4.2 percent from the third quarter of 2019 due mainly to lower interest income from loans and interbank and money market items. Interest income from loans and interbank and money market items decreased due partly to the reduction in loan interest rates and a lower market yield, respectively. Consequently, the net interest margin decreased from the previous quarter to 2.22 percent.

Compared with the fourth quarter of 2018, net interest income fell by Baht 1,230 million due to lower interest income from loans in line with decreases in transaction volume and yield following the announcements on the cut in loan rates in the second half of 2019. Interest expenses rose by Baht 436 million from the growth in deposits and borrowings.

In 2019, net interest income fell slightly from last year as a result of an increase of Baht 2,089 million in interest expenses following the growth in deposits and borrowings. Interest income rose by Baht 1,784 million, due mainly to higher interest income from investments and interbank and money market items from improvement in volume and yield. Meanwhile, interest income from loans remained stable and the net interest margin stood at 2.35 percent.

Item	Quarter		Change (%)		Year		Change (%)	
	4/2019	3/2019	4/2018	3/2019	4/2018	2019		2018
Million Baht								
Interest Income								
Loans	23,015	23,480	24,026	(2.0)%	(4.2)%	93,155	93,131	0.0%
Interbank and money market items	1,971	2,380	2,048	(17.2)%	(3.8)%	9,101	8,451	7.7%
Investments	2,729	2,611	2,435	4.5%	12.1%	10,309	9,199	12.1%
Total interest income	27,715	28,471	28,509	(2.7)%	(2.8)%	112,565	110,781	1.6%
Interest expenses								
Deposits	5,811	5,938	5,499	(2.1)%	5.7%	23,044	21,762	5.9%
Interbank and money market items	396	574	545	(31.0)%	(27.3)%	2,100	2,218	(5.3)%
Contributions to the Deposit Protection Agency and Financial Institutions Development Fund	2,500	2,496	2,446	0.2%	2.2%	9,953	9,864	0.9%
Debt issued and borrowings	1,815	1,519	1,596	19.5%	13.7%	6,397	5,561	15.0%
Total interest expenses	10,522	10,527	10,086	(0.0)%	4.3%	41,494	39,405	5.3%
Net interest income	17,193	17,944	18,423	(4.2)%	(6.7)%	71,071	71,376	(0.4)%
Yield on earning assets	3.57%	3.72%	3.81%	(0.15)%	(0.24)%	3.72%	3.72%	-
Cost of funds	1.57%	1.59%	1.56%	(0.02)%	0.01%	1.59%	1.52%	0.07%
Net interest margin	2.22%	2.35%	2.46%	(0.13)%	(0.24)%	2.35%	2.40%	(0.05)%

Bangkok Bank Interest Rate	Dec'19	Sep'19	Jun'19	Mar'19	Dec'18	Sep'18
Loans (%)						
MOR	6.875	6.875	7.125	7.125	7.125	7.125
MRR	6.875	6.875	7.125	7.125	7.125	7.125
MLR	6.000	6.250	6.250	6.250	6.250	6.250
Deposits (%)						
Savings	0.500-0.625	0.500-0.625	0.500-0.625	0.500-0.625	0.500-0.625	0.500-0.625
3-month Fixed	1.000	1.000	1.000	1.000	1.000	1.000
6-month Fixed	1.250	1.250	1.250	1.250	1.250	1.250
12-month Fixed	1.375-1.500	1.500	1.500	1.500	1.500	1.500
Bank of Thailand Policy Rate (%)	1.250	1.500	1.750	1.750	1.750	1.500

Non-Interest Income

Non-interest income in the fourth quarter of 2019 was Baht 26,530 million, an increase of Baht 14,235 million or 115.8 percent from the third quarter of 2019 and an increase of Baht 15,879 million or 149.1 percent from the fourth quarter of 2018 due mainly to an increase in gains on investments and higher net fees and service income. An increase in net fees and service income was mainly from increases in fees from loan-related services and investment banking services.

In 2019, non-interest income amounted to Baht 62,675 million, an increase of Baht 12,650 million from last year, due to higher gains on investments and net fees and service income. The increase in net fees and service income was due to fees from bancassurance and mutual funds, investment banking and loan-related services. Meanwhile fee income from transaction services decreased as more transactions migrated to digital channels due to changing consumer behavior, following the exemption of transaction fees via digital channels in the second quarter of 2018.

Item	Quarter		Change (%)		Year		Change (%)	
	4/2019	3/2019	4/2018	3/2019	4/2018	2019		2018
Fees and service income	11,075	9,478	9,707	16.8%	14.1%	39,280	37,437	4.9%
<u>Less</u> Fees and service expenses	2,890	2,614	2,637	10.6%	9.6%	10,776	9,847	9.4%
Net fees and service income	8,185	6,864	7,070	19.2%	15.8%	28,504	27,590	3.3%
Gains on tradings and foreign exchange transactions	2,172	2,052	2,074	5.8%	4.7%	7,848	8,300	(5.4)%
Gains on investments	14,988	1,531	463	879.0%	3,137.1%	19,765	8,009	146.8%
Share of profit (losses) from investment for using equity method	5	(2)	21	350.0%	(76.2)%	93	78	19.2%
Gains on disposal of assets	435	1,021	165	(57.4)%	163.6%	2,134	1,049	103.4%
Dividend income	616	667	691	(7.6)%	(10.9)%	3,769	3,781	(0.3)%
Other operating income	129	162	167	(20.4)%	(22.8)%	562	1,218	(53.9)%
Total other operating income	18,345	5,431	3,581	237.8%	412.3%	34,171	22,435	52.3%
Total non-interest income	26,530	12,295	10,651	115.8%	149.1%	62,675	50,025	25.3%
Net fees and service income to operating income ratio	18.7%	22.7%	24.3%	(4.0)%	(5.6)%	21.3%	22.7%	(1.4)%

Million Baht

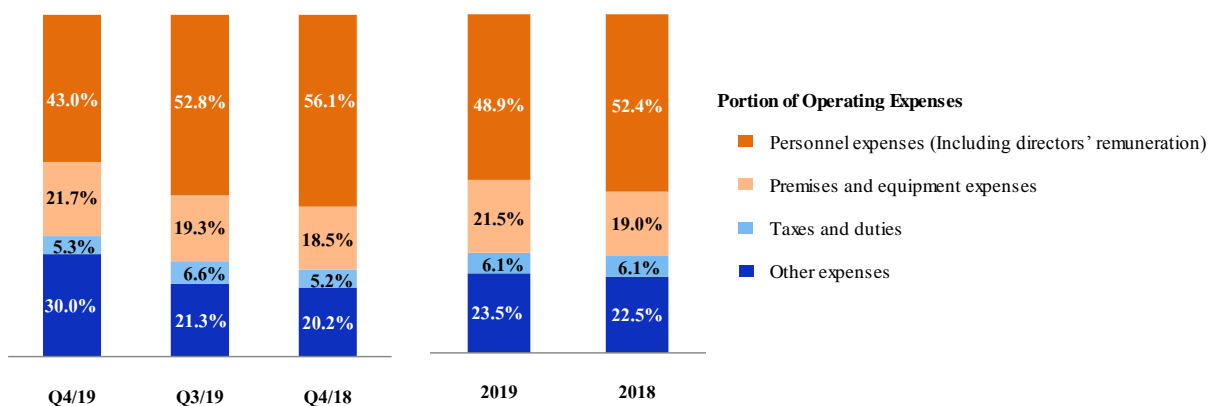
Operating Expenses

In the fourth quarter of 2019, operating expenses amounted to Baht 15,988 million, an increase of Baht 3,309 million or 26.1 percent from previous quarter, due predominantly to the increase in other expenses from expenses related to system developments and improvements in operational efficiency and marketing expenses.

Compared with the fourth quarter of 2018, operating expenses fell by Baht 356 million or 2.2 percent from a decrease of Baht 2,294 million in personnel expenses. This is mainly because in the fourth quarter of 2018 the Bank had set aside a provision of compensation for retirement and termination of employees according to the amendment of the new Labor Protection Act. Meanwhile, other expenses increased by Baht 1,498 million, partly due to expenses related to system developments and improvements in operational efficiency.

In 2019, operating expenses amounted to Baht 54,963 million, falling by Baht 202 million or 0.4 percent from last year owing to a decrease in personnel expenses of Baht 2,048 million according to the abovementioned reasons. Premises and equipment expenses increased, mainly from technology expenses.

Item	Million Baht							
	Quarter			Change (%)		Year		Change (%)
	4/2019	3/2019	4/2018	3/2019	4/2018	2019	2018	
Personnel expenses	6,817	6,670	9,111	2.2%	(25.2)%	26,726	28,774	(7.1)%
Directors' remuneration	56	22	53	154.5%	5.7%	167	154	8.4%
Premises and equipment expenses	3,463	2,441	3,029	41.9%	14.3%	11,789	10,467	12.6%
Taxes and duties	856	843	853	1.5%	0.4%	3,364	3,367	(0.1)%
Other expenses	4,796	2,703	3,298	77.4%	45.4%	12,917	12,403	4.1%
Total operating expenses	15,988	12,679	16,344	26.1%	(2.2)%	54,963	55,165	(0.4)%
Cost to income ratio	36.6%	41.9%	56.2%	(5.3)%	(19.6)%	41.1%	45.4%	(4.3)%



Impairment Loss of Loans and Debt Securities

Impairment loss of loans and debt securities in the fourth quarter of 2019 was Baht 16,342 million, compared to Baht 5,381 million in the third quarter of 2019 and Baht 2,765 million in the fourth quarter of 2018. In 2019, impairment loss of loans and debt securities was Baht 32,351 million, an increase of Baht 10,386 million from the previous year, in line with the Bank's prudent approach in financial management.

Item	Million Baht							
	Quarter		Change (%)		Year		Change (%)	
	4/2019	3/2019	4/2018	3/2019	4/2018	2019		2018
Bad debt and doubtful accounts	16,526	5,387	2,909	206.8%	468.1%	31,208	18,358	70.0%
Loss on debt restructuring (reversal)	(184)	(6)	(144)	(2,966.7)%	(27.8)%	1,143	3,607	(68.3)%
Total	16,342	5,381	2,765	203.7%	491.0%	32,351	21,965	47.3%

Significant Items in the Financial Position

Assets

Total assets as of December 31, 2019 amounted to Baht 3,216,743 million, a decrease of Baht 11,349 million from the end of September 2019. Significant items included net interbank and money market items of Baht 472,349 million, a decrease of Baht 103,621 million or 18.0 percent mainly due to a decrease in lending volume and loans to repurchase agreements. Loans amounted to Baht 2,061,309 million, an increase of Baht 59,864 million or 3.0 percent. Net investments amounted to Baht 647,697 million, an increase of Baht 33,358 million or 5.4 percent, mainly due to an increase in available-for-sale securities.

Compared with the end of December 2018, total assets rose by Baht 99,993 million. Significant items included an increase of Baht 90,909 million or 16.3 percent in net investments from higher investments in all categories, as well as an increase of Baht 21,649 million or 4.8 percent in net interbank and money market items due mainly to higher lending volume. Meanwhile, loans decreased by Baht 21,851 million or 1.0 percent.

Item	Million Baht				
	December 2019	September 2019	December 2018	Change (%)	
				September 2019	December 2018
Net interbank and money market items	472,349	575,970	450,700	(18.0)%	4.8%
Net investments	647,697	614,339	556,788	5.4%	16.3%
Net investments in associates	1,737	1,732	1,608	0.3%	8.0%
Loans *	2,061,309	2,001,445	2,083,160	3.0%	(1.0)%
Net properties for sale	9,363	9,890	10,604	(5.3)%	(11.7)%
Total assets	3,216,743	3,228,092	3,116,750	(0.4)%	3.2%

* Less deferred revenue

Loans

Loans as of December 31, 2019, amounted to Baht 2,061,309 million, an increase of Baht 59,864 million or 3.0 percent from the end of September 2019 owing to an increase in loans in all business units. The increase in loans was due to a good growth in loans to large corporate customers.

Compared with the end of December 2018, loans declined by Baht 21,851 million or 1.0 percent due to decreases in loans to all business customers and loans made through the Bank's international network, in accordance with the slowdown in the economy and loan repayment from large corporate customers.

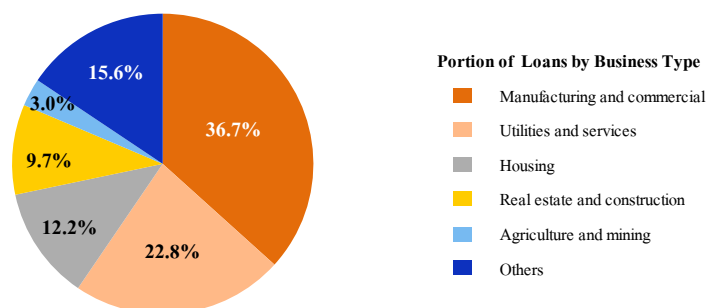
Loan by Business Type

The Bank and its subsidiaries had loans which were distributed across business sectors, with 36.7 percent in the manufacturing and commercial sector, 22.8 percent in the utilities and services sector, 12.2 percent in the housing sector, and 9.7 percent in the real estate and construction sector. The increase in loans from the end of September 2019 was mainly driven by the "others" sector, and the utilities and services sector, while the decrease from the end of December 2018 was due mainly to the manufacturing and commercial sector.

Million Baht

Item *	December 2019	September 2019	December 2018	Change (%)	
				September 2019	December 2018
Manufacturing and commercial	755,979	751,584	819,481	0.6%	(7.7)%
Utilities and services	470,159	455,288	455,969	3.3%	3.1%
Housing	251,197	246,986	240,047	1.7%	4.6%
Real estate and construction	200,736	200,942	202,600	(0.1)%	(0.9)%
Agriculture and mining	61,569	58,757	51,498	4.8%	19.6%
Others	321,669	287,888	313,565	11.7%	2.6%
Total	2,061,309	2,001,445	2,083,160	3.0%	(1.0)%

* Less deferred revenue



Dec'19

Classified Loans and Allowance for Doubtful Accounts

Non-performing loan (NPL) at the end of December 2019 amounted to Baht 79,149 million, a decrease of Baht 988 million or 1.2 percent from the end of December 2018. The ratio of NPL to total loans stood at 3.4 percent.

Total allowance for doubtful accounts at the end of December 2019 was Baht 174,276 million or 284.8 percent of the minimum amount of Baht 61,182 million required by the Bank of Thailand. The ratio of loan loss reserves to NPL at the end of December 2019 was 220.2 percent.

Item	Million Baht					
	Loans & Accrued Interest Receivables *			Allowance for Doubtful Accounts Classified to Bank of Thailand Criteria		
	December 2019	September 2019	December 2018	December 2019	September 2019	December 2018
Normal	1,918,520	1,871,968	1,962,102	16,119	15,412	16,215
Special mentioned	67,596	47,660	46,501	848	558	591
Substandard	9,783	11,901	5,460	1,359	4,498	1,018
Doubtful	14,522	22,016	20,884	6,259	9,319	10,608
Doubtful of loss	54,901	52,371	53,837	30,087	27,566	30,188
Total	2,065,322	2,005,916	2,088,784	54,672	57,353	58,620
<u>Add</u> Excess allowance for doubtful accounts				113,094	94,047	88,968
Total allowance for doubtful accounts from loan classification				167,766	151,400	147,588
<u>Add</u> Revaluation allowance for debt restructuring				6,510	6,695	5,415
Total allowance for doubtful accounts				174,276	158,095	153,003

* Less deferred revenue

Item	Million Baht				
	December 2019	September 2019	December 2018	Change (%)	
				September 2019	December 2018
NPL before allowance for doubtful accounts	79,149	86,221	80,137	(8.2)%	(1.2)%
Ratio of NPL to total loans	3.4%	3.6%	3.4%	(0.2)%	-
NPL after allowance for doubtful accounts (net NPL)	28,368	30,128	26,412	(5.8)%	7.4%
Ratio of net NPL to net total loans	1.2%	1.3%	1.2%	(0.1)%	-
Ratio of loan loss reserves to minimum required provisioning	284.8%	246.8%	238.9%	38.0%	45.9%
Ratio of loan loss reserves to NPL	220.2%	183.4%	190.9%	36.8%	29.3%

Net Investments

Net investments as of December 31, 2019 amounted to Baht 647,697 million, an increase of Baht 33,358 million or 5.4 percent from the end of September 2019 due to available-for-sale securities and an increase of Baht 90,909 million or 16.3 percent from investments in all categories from the end of December 2018.

Most of the net investments were in government and state-enterprise securities. As of December 31, 2019, these amounted to Baht 354,975 million, accounting for 54.8 percent of total investments. The remaining net investments were foreign debt securities of Baht 117,676 million, private enterprise debt securities of Baht 66,270 million, and net investment in equity securities of Baht 101,199 million.

Investments by Investment Holding	December 2019	September 2019	December 2018	Change (%)	
				September 2019	December 2018
Trading securities	13,613	16,120	7,516	(15.6)%	81.1%
Available-for-sale securities	574,720	536,746	497,838	7.1%	15.4%
Held-to-maturity debt securities	23,257	25,400	19,849	(8.4)%	17.2%
General investments	36,107	36,073	31,585	0.1%	14.3%
Total net investments	647,697	614,339	556,788	5.4%	16.3%

Liabilities and Shareholders' Equity

Total liabilities as of December 31, 2019 amounted to Baht 2,788,627 million, a decrease of Baht 9,027 million from the end of September 2019. Interbank and money market items amounted to Baht 134,346 million, a decrease of Baht 14,229 million or 9.6 percent, due largely to a decrease in borrowing transactions. Debt issued and borrowings amounted to Baht 144,681 million, falling by Baht 2,694 million or 1.8 percent. Deposits amounted to Baht 2,370,792 million, an increase of Baht 8,026 million or 0.3 percent.

Compared with the end of December 2018, total liabilities rose by Baht 85,036 million or 3.1 percent, mostly from an increase of Baht 44,322 million or 1.9 percent in deposits and an increase of Baht 28,333 million or 24.4 percent in debt issued and borrowings.

Item	December 2019	September 2019	December 2018	Change (%)	
				September 2019	December 2018
Deposits	2,370,792	2,362,766	2,326,470	0.3%	1.9%
Interbank and money market items	134,346	148,575	136,862	(9.6)%	(1.8)%
Debt issued and borrowings	144,681	147,375	116,348	(1.8)%	24.4%
Total liabilities	2,788,627	2,797,654	2,703,591	(0.3)%	3.1%
Shareholders' equity *	427,751	430,178	412,814	(0.6)%	3.6%

* Attributable to owners of the Bank

Deposits

Total deposits as of December 31, 2019 amounted to Baht 2,370,792 million, an increase of Baht 8,026 million or 0.3 percent from the end of September 2019 from savings, and an increase of Baht 44,322 million or 1.9 percent from the end of December 2018 from all types of deposits.

Million Baht

Deposits Classified by Product Type	December 2019		September 2019		December 2018		Change (%)	
	Amount	Portion	Amount	Portion	Amount	Portion	September 2019	December 2018
Current	113,067	4.8%	114,430	4.8%	101,557	4.4%	(1.2)%	11.3%
Savings	1,145,106	48.3%	1,114,977	47.2%	1,117,522	48.0%	2.7%	2.5%
Fixed *	1,112,619	46.9%	1,133,359	48.0%	1,107,391	47.6%	(1.8)%	0.5%
Total	2,370,792	100.0%	2,362,766	100.0%	2,326,470	100.0%	0.3%	1.9%
Loan to deposit ratio		86.9%		84.7%		89.5%	2.2%	(2.6)%

* Including negotiable certificates of deposit

Debt Issued and Borrowings

Total debt issued and borrowings as of December 31, 2019 amounted to Baht 144,681 million, an increase of Baht 28,333 million from the end of December 2018, due mainly to the issuing of 15-year subordinated notes qualified as Tier 2 capital of USD 1,200 million in September 2019.

Million Baht

Debt Issued and Borrowings Classified by Type of Instruments	December 2019		September 2019		December 2018		Change (%)	
	Amount	Portion	Amount	Portion	Amount	Portion	September 2019	December 2018
Senior unsecured notes	99,530	66.3%	101,007	66.0%	107,027	87.6%	(1.5)%	(7.0)%
Subordinated notes	49,757	33.1%	50,495	33.0%	14,587	11.9%	(1.5)%	241.1%
Bills of exchange	8	0.1%	8	0.1%	23	0.1%	-	(65.2)%
Others	838	0.5%	1,394	0.9%	456	0.4%	(39.9)%	83.8%
Total (before less discount on borrowings)	150,133	100.0%	152,904	100.0%	122,093	100.0%	(1.8)%	23.0%
<u>Less</u> Discount on borrowings	5,452		5,529		5,745		(1.4)%	(5.1)%
Total	144,681		147,375		116,348		(1.8)%	24.4%

Shareholders' Equity

Shareholders' equity attributable to owners of the Bank as of December 31, 2019 amounted to Baht 427,751 million, an increase of Baht 14,937 million or 3.6 percent from the end of 2018. The increase was mainly due to the net profit attributable to owners of the Bank for 2019 of Baht 35,816 million net of dividend payments in 2019 totaling Baht 12,093 million. Losses on translation of the financial statements of foreign operations rose by Baht 5,706 million and revaluation gains on available-for-sale investments decreased by Baht 1,721 million.

Contingent Liabilities

Contingent liabilities as of December 31, 2019 amounted to Baht 625,891 million, a decrease of Baht 34,218 million from the end of September 2019 due to decreases in other guarantees, “others” (under other commitments) and letters of credit. Compared with the end of December 2018, contingent liabilities decrease by Baht 27,839 million, due predominantly to an decrease in other guarantees and letters of credit while “others” (under other commitments) increased.

Item	December 2019	September 2019	December 2018	Change (%)	
				September 2019	December 2018
Avals to bills	7,598	7,259	5,800	4.7%	31.0%
Guarantees of loans	27,513	28,774	32,236	(4.4)%	(14.7)%
Liability under unmatured import bills	17,745	20,510	19,041	(13.5)%	(6.8)%
Letters of credit	22,116	27,006	35,822	(18.1)%	(38.3)%
Other commitments					
Underwriting commitments	-	324	-	(100.0)%	-
Amount of unused bank overdrafts	165,562	167,906	170,329	(1.4)%	(2.8)%
Other guarantees	247,490	261,309	270,320	(5.3)%	(8.4)%
Others	137,867	147,021	120,182	(6.2)%	14.7%
Total	625,891	660,109	653,730	(5.2)%	(4.3)%

Sources and Utilization of Funds

The primary sources of funds as of December 31, 2019 were Baht 2,370,792 million or 73.7 percent in deposits, Baht 427,751 million or 13.3 percent in shareholders’ equity attributable to owners of the Bank, Baht 144,681 million or 4.5 percent in debt issued and borrowings, and Baht 134,346 million or 4.2 percent in interbank and money market liabilities.

The utilization of funds comprised Baht 2,061,309 million or 64.1 percent in loans, Baht 649,434 million or 20.2 percent in net investments (including net investments in associates), and Baht 472,349 million or 14.7 percent in net interbank and money market assets.

Capital Reserves and Capital Adequacy Ratio

Under the principles of Basel III, the Bank of Thailand requires commercial banks registered in Thailand and members of their financial groups to maintain minimum levels of capital adequacy as measured by three ratios, including the Common Equity Tier 1 ratio at no less than 4.50 percent, the Tier 1 ratio at no less than 6.00 percent, and the total capital ratio at no less than 8.50 percent – measured as a percentage of total risk-weighted assets. The Bank of Thailand also requires a capital conservation buffer, phasing in an additional capital ratio of more than 0.625 percent p.a. starting January 1, 2016 until completion of the increment to more than 2.50 percent from January 1, 2019 onwards. It also requires the Bank, which is identified as a Domestic Systemically Important Bank (D-SIB), to have additional capital to meet the Higher Loss Absorbency (HLA) requirement, which gradually raised the Common Equity Tier 1 ratio by 1.00 percent, beginning with a 0.50 percent increase from January 1, 2019, rising to 1.00 percent from January 1, 2020 onwards. To satisfy the minimum levels and capital buffer requirements of the Bank of Thailand, in 2019 the Bank is required to maintain the Common Equity Tier 1 ratio at more than 7.50 percent, the Tier 1 ratio at more than 9.00 percent, and the total capital ratio at more than 11.50 percent – measured as percentages of total risk-weighted assets.

As of December 31, 2019, the regulatory capital position was Baht 478,740 million, Common Equity Tier 1 capital was Baht 406,463 million, and Tier 1 capital was Baht 406,529 million. The total capital adequacy ratio was 20.0 percent, the Common Equity Tier 1 capital adequacy ratio was 17.0 percent, and the Tier 1 capital adequacy ratio was 17.0 percent.

Consolidated

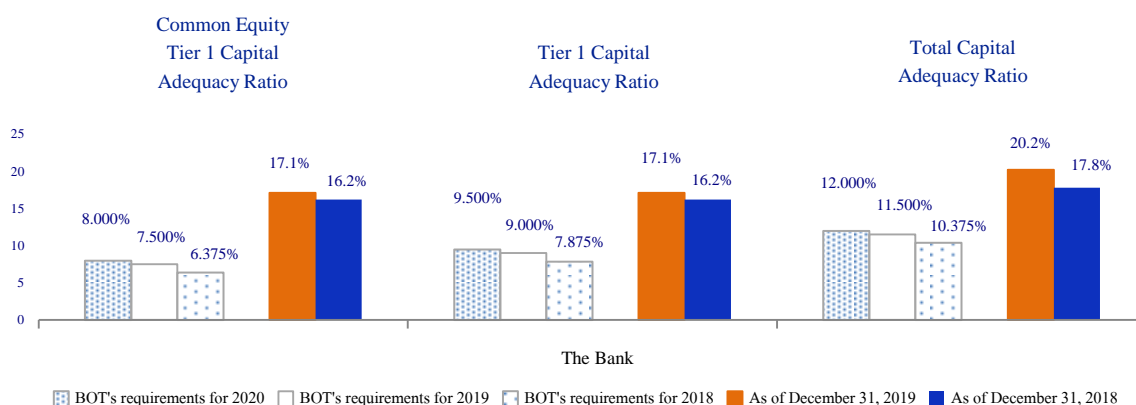
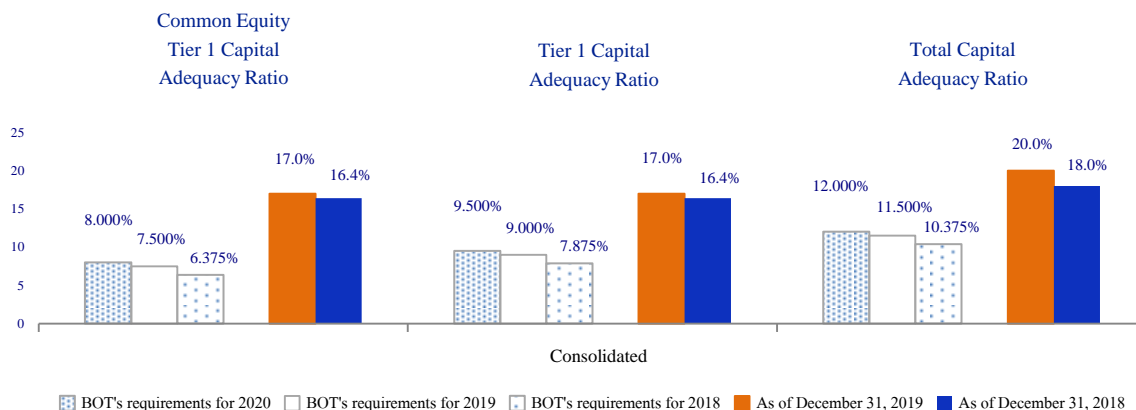
Million Baht

Item	Capital			Capital Adequacy Ratio		
	December 2019	September 2019	December 2018	December 2019	September 2019	December 2018
Total capital	478,740	487,730	426,563	20.0%	20.7%	18.0%
Tier 1 capital	406,529	415,837	390,369	17.0%	17.7%	16.4%
Common Equity Tier 1 capital	406,463	415,774	390,309	17.0%	17.7%	16.4%

The Bank

Million Baht

Item	Capital			Capital Adequacy Ratio		
	December 2019	September 2019	December 2018	December 2019	September 2019	December 2018
Total capital	471,262	480,531	409,945	20.2%	20.9%	17.8%
Tier 1 capital	399,842	409,166	374,633	17.1%	17.8%	16.2%
Common Equity Tier 1 capital	399,842	409,166	374,633	17.1%	17.8%	16.2%



Liquid Assets

Liquid assets consisted of cash, net interbank and money market items, trading securities and available-for-sale securities. As of December 2019, liquid assets totaled Baht 1,118,772 million, a decrease of Baht 61,889 million or 5.2 percent from the end of September 2019, due largely to a decrease of Baht 103,621 million in net interbank and money market items, while available-for-sale securities increased by Baht 37,974 million.

Compared with the end of December 2018, liquid assets rose by Baht 100,324 million or 9.9 percent. Significant items included an increase of Baht 76,882 million in available-for-sale securities and an increase of Baht 21,649 million in interbank and money market items.

Item	December 2019	September 2019	December 2018
Liquid assets (Million Baht)	1,118,772	1,180,661	1,018,448
Liquid assets/Total assets (%)	34.8	36.6	32.7
Liquid assets/Deposits (%)	47.2	50.0	43.8

Credit Ratings

As of December 31, 2019, Moody's Investors Service, S&P Global Ratings and Fitch Ratings maintained the Bank's credit ratings from the end of September 2019 and the end of 2018. In July 2019, Moody's Investors Service upgraded the bank's subordinated debt instrument rating to Baa2 from Baa3 and the bank's Baseline Credit Assessment (BCA) to baa1 from baa2, and changed the outlook from stable to positive. In December 2019, S&P Global Ratings changed the outlook from stable to positive.

Details of the Bank's credit ratings are as follows:

Credit Rating Agency *	December 2019	September 2019	December 2018
Moody's Investors Service			
Long-term Deposit	Baa1	Baa1	Baa1
Short-term Deposit	P-2	P-2	P-2
Senior Unsecured Debt Instrument	Baa1	Baa1	Baa1
Subordinated Debt Instrument	Baa2	Baa2	Baa3
Subordinated Debt (Basel III-compliant Tier 2 securities)	Baa3	Baa3	-
Financial Strength (BCA)	baa1	baa1	baa2
Outlook	Positive	Positive	Stable
S&P Global Ratings			
Long-term Issuer Credit Rating	BBB+	BBB+	BBB+
Short-term Issuer Credit Rating	A-2	A-2	A-2
Senior Unsecured Debt Instrument	BBB+	BBB+	BBB+
Subordinated Debt Instrument	BBB	BBB	BBB
Financial Strength (SACP)	bbb	bbb	bbb
Outlook	Positive	Stable	Stable
Fitch Ratings			
International Rating			
Long-term Issuer Default Rating	BBB+	BBB+	BBB+
Short-term Issuer Default Rating	F2	F2	F2
Senior Unsecured Debt Instrument	BBB+	BBB+	BBB+
Subordinated Debt Instrument	BBB	BBB	BBB
Subordinated Debt (Basel III-compliant Tier 2 securities)	BBB	BBB	-
Financial Strength (VR)	bbb+	bbb+	bbb+
Outlook	Stable	Stable	Stable
National Rating			
Long-term	AA+(tha)	AA+(tha)	AA+(tha)
Short-term	F1+(tha)	F1+(tha)	F1+(tha)
Outlook	Stable	Stable	Stable

* Long-term credit ratings classified as investment grade by Moody's Investors Service, S&P Global Ratings and Fitch Ratings are Baa3, BBB- and BBB-, or higher, respectively. Short-term credit ratings classified as investment grade by Moody's Investors Service, S&P Global Ratings and Fitch Ratings are P-3, A-3 and F3, or higher, respectively.