

CREATING
Value
TOGETHER



Annual Report 2020
Bangkok Bank Public Company Limited



Sustainability Report 2020
Bangkok Bank Public Company Limited

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(Consolidated)

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FINANCIAL PERFORMANCE INDICATORS (CONSOLIDATED)

	2020	2019	2018	Percentage Changes			
				2020/2019	2019/2018		
Financial Position (Million Baht)							
As At 31 December							
Assets	3,822,960	3,216,743	3,116,750	+	18.8	+	3.2
Loans	2,368,238	2,061,309	2,083,160	+	14.9	-	1.0
Loans (less allowance for expected credit losses)	2,182,672	1,887,033	1,930,157	+	15.7	-	2.2
Deposits	2,810,863	2,370,792	2,326,470	+	18.6	+	1.9
Liabilities	3,372,713	2,788,627	2,703,591	+	20.9	+	3.1
Shareholders' equity ^{/1}	449,014	427,751	412,814	+	5.0	+	3.6
Operating Results (Million Baht)							
For The Year Ended 31 December							
Net interest income	77,046	71,071	71,376	+	8.4	-	0.4
Non-interest income	41,682	62,675	50,025	-	33.5	+	25.3
Operating expenses	65,974	54,963	55,165	+	20.0	-	0.4
Profit before provision and tax	52,754	78,783	66,236	-	33.0	+	18.9
Profit before tax	21,558	46,432	44,271	-	53.6	+	4.9
Net profit ^{/1}	17,181	35,816	35,330	-	52.0	+	1.4
Per Share (Baht)							
Profit before tax	11.29	24.32	23.19	-	53.6	+	4.9
Net profit ^{/1}	9.00	18.76	18.51	-	52.0	+	1.4
Par value	10.00	10.00	10.00		-		-
Book value ^{/1}	235.23	224.09	216.26	+	5.0	+	3.6
Share prices - range	163.50 - 88.00	215.00 - 151.50	218.00 - 184.50				
- year ended	118.50	160.00	203.00	-	25.9	-	21.2
Financial Ratio (%)							
Loan to deposit	84.3	86.9	89.5	-	2.6	-	2.6
NPL to total loans ^{/2}	3.9	3.4	3.4	+	0.5		-
Allowance for expected credit losses to NPL ^{/2}	186.8	220.2	190.9	-	33.4	+	29.3
Return on average assets ^{/1}	0.48	1.13	1.13	-	0.65		-
Return on average equity ^{/1}	3.96	8.45	8.73	-	4.49	-	0.28
Net interest margin (NIM)	2.24	2.35	2.40	-	0.11	-	0.05
Cost to income	55.6	41.1	45.4	+	14.5	-	4.3
Tier 1 capital adequacy ratio	15.76	17.01	16.43	-	1.25	+	0.58
Total capital adequacy ratio	18.34	20.04	17.96	-	1.70	+	2.08

Remark : ^{/1} Attributable to owners of the Bank

^{/2} Including interbank and money market lending

MESSAGE FROM THE CHAIRMAN, THE EXECUTIVE CHAIRMAN AND THE PRESIDENT

We are committed to our core values and purpose aspiring to be a trusted partner and reliable close friend and to ensuring we live up to these values by helping people emerge stronger.

Overview

We faced an unprecedented year in 2020 as the Coronavirus Disease 2019 (Covid-19) pandemic severely affected people, livelihoods, businesses and economies around the world. The human impacts of this global public health crisis were amplified by the public and policy responses implemented in various countries to limit the transmission of the disease and the corresponding economic damage from lockdowns, the closing of borders and the reduction in trade and exports.

In Thailand — which has been quite effective in controlling the Covid-19 situation thanks to steadfast responses from the public, business and government — working people, SME and companies operating in the tourism and hospitality sectors, and related supply chains, have been hardest hit by the fallout from the pandemic.

Our thoughts go out to all customers in Thailand and across our network as well as related parties who are facing challenges as a result of the pandemic. We will strive to help them overcome these difficulties and to develop the robustness and resilience needed to emerge from the recovery in a stronger position. The Bank is committed to our core values and purpose — notably, “puan koo kit mit koo baan”, aspiring to be a trusted partner and reliable close friend — and to ensuring we live up to these values by helping people emerge stronger.

We completed our landmark acquisition of PT Bank Permata Tbk (PermataBank) in Indonesia in May 2020 with our stake in PermataBank rising to 98.71 percent after conducting a mandatory tender offer in October. This was the largest international acquisition by a Thai bank, and a move that further strengthened Bangkok Bank’s position as having the largest network of overseas branches of any Thai bank. Bangkok Bank Indonesia’s branch offices, staff and customer base officially integrated with PermataBank in December. This investment enables Bangkok Bank to render more extensive banking services in Indonesia and our customers to access enhanced business opportunities. It will also connect PermataBank with our regional and international networks and help its customers explore growth opportunities outside of their home market.

Creating Value Together

Creating Value Together is an essential factor to move forward because we believe that collaborating with each other provides us with the greatest opportunity to overcome our challenges. As a trusted partner, we are ready to create value for customers by focusing on the following three sub-themes:

Puan Koo Kit / Trusted Partner Bangkok Bank has always focused on building long-term, trust-based relationships with our staff, customers and other stakeholders. We have prioritized the health of our employees and customers throughout the crisis and implemented enhanced health and safety protocols as well as split teams in split sites and work from home policies. Furthermore, our people have made every effort to stay close to customers, understand their business challenges and provide them with advice and the financial support they need to navigate the crisis. We have worked with the government and related agencies to provide support measures to retail and business customers that included loans to businesses affected by the pandemic under the Bank of Thailand’s soft loan scheme. We have also made donations to a number of government hospitals to support their initiatives to combat Covid-19.

Regional Expansion We have leveraged our position as Thailand’s leading international bank to help business clients seek growth opportunities across Southeast Asia. The acquisition of, and integration with, PermataBank will enable us to connect clients with more opportunities in Indonesia, the region’s largest economy and one of the fastest growing economies in the world. We have also strengthened our position in other key markets, such as Vietnam, where we helped facilitate significant investments in the renewable energy sector among other activities, as well as China. As the Covid-19 situation eases, business opportunities in Southeast Asia will become even more attractive. This is consistent with our commitment to supporting the business expansion and diversification of supply chain risks among customers and investors in the region.

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*To meet customer's needs, we are accelerating
our transition towards being a digital bank
and data-driven organization.*

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Digital Transformation The pandemic has accelerated the digitalization of many banking services, as well as other internal processes. Customers are increasingly using digital and cashless banking and payment services rather than visit a branch or other physical touchpoints as digital adoption has surged in Thailand. To meet these needs, we are accelerating our transition towards being a digital bank and data-driven organization. Highlights during the year included launching our new mobile banking platform, Bangkok Bank Mobile Banking, using enterprise blockchain to send a digital letter of credit for a trade finance customer from Vietnam to Thailand, developing a chatbot in the Thai language that specializes in the financial sector, and using facial recognition for new account opening.

Internally, we continued to deploy and expand our portfolio of digital tools to help staff provide the highest level of service to customers. This included providing our people with the support they needed to work flexibly and remotely during the lockdown. We advanced our use of artificial intelligence, machine learning and robotic process automation to accelerate and enhance many back-office processes. Ongoing development of our next generation Data Lake and other analytical platforms is aiding our transition to becoming a data-driven organization.

Operating environment

Thailand entered recession in 2020 due to the combined effects of the pandemic, partial lockdowns, a freeze on international travel and a global economic downturn which had particularly detrimental effects on tourism and export-related industries. The tourism and export-related sectors were worst affected. These factors further dragged down an already sluggish domestic economy which was suffering from the fallout from the US-China trade war on Thailand's export-driven economy prior to the Covid-19 pandemic. However, there were positive signs of a recovery by year-end.

Despite the economic contraction in 2020, the Bank reported a consolidated net profit of Baht 17,181 million, including PermataBank's performance since the date of acquisition on May 20, 2020. In line with the Bank's prudent management philosophy, sufficient provisions have been set aside as a cushion against economic uncertainty resulting from the effects of the Covid-19 pandemic. As such, the Bank was able to maintain capital reserves and liquidity at appropriate levels to support financial sustainability and its ability to face challenging situations. This policy was supported by our issuance of US\$750 million in Additional Tier 1 Subordinated Notes that qualified as Tier 1 capital under Basel III regulations in September 2020, to strengthen the Bank's capital structure. As of December 31, 2020, the total capital adequacy ratio stood at 18.3 percent. We are Thailand's largest bank and the 6th largest in Southeast Asia by assets. The integration with PermataBank saw the contribution of international loans to total loans increase from 17 percent to 23 percent.

The Bank and its subsidiaries have adopted Thai Financial Reporting Standards No. 9 (TFRS 9) "Financial Instruments", a new accounting method in accordance with international standards, from January 1, 2020 onwards.

Looking forward

While we are transitioning to the New Normal, Covid-19 is still with us and, as a result, 2021 will be another challenging year. We also need to remain aware that some of the challenges we previously faced — namely, digital disruption, trade disputes, and relocation of supply chains — have not gone away and will be compounded by the pandemic.

The arrival of Covid-19 vaccines and the start of inoculation programs in various countries provide cause for optimism as they will help reduce the spread of the disease. However, it will take several quarters before the vaccinations can help bring the virus under control and accelerate economic recovery, especially within the hard-hit tourism sector. In the meantime, it is imperative that we continue to act prudently to protect the health and safety of our staff, customers and other stakeholders and the viability of our clients' businesses.

As such, we will continue to focus on creating value together throughout 2021. We will stay close to our customers to better understand their business and financial needs to provide them with the best advice to navigate the crisis, adjust their operations and capture new growth opportunities. We will also focus on maintaining a high-quality portfolio and identifying new high-growth opportunities in various sectors.

We will continue to leverage our position as a leading diversified ASEAN bank to support regional financial integration and to help customers and investors benefit from growth opportunities across Southeast Asia's varied and high potential markets which are home to some 650 million people. Meanwhile we have accelerated our digital transformation to provide our people with the tools they need to support our customers and to develop new ways of working to make digitalization a success.

Bangkok Bank remains fully committed to ethical and sustainable banking principles. We are increasing our emphasis on environmental, social and governance (ESG), protecting the environment and shaping a sustainable future for all.

We wish to thank our customers, shareholders, business partners, management and staff for your trust and support. We remain optimistic about the opportunities in coming years to further strengthen our relationships and continue creating value together for the benefit of all stakeholders.



(Piti Sithi-Amnuai)
Chairman



(Deja Tulananda)
Executive Chairman



(Chartsiri Soponpanich)
President

REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS BANGKOK BANK PUBLIC COMPANY LIMITED

Opinion

We have audited the consolidated financial statements of Bangkok Bank Public Company Limited and subsidiaries (the “Bank and subsidiaries”) and the Bank’s financial statements of Bangkok Bank Public Company Limited (the “Bank”), which comprise the consolidated and Bank’s statements of financial position as at December 31, 2020, and the related consolidated and Bank’s statements of profit or loss and other comprehensive income, changes in shareholders’ equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and Bank’s financial statements present fairly, in all material respects, the financial position of Bangkok Bank Public Company Limited and subsidiaries and of Bangkok Bank Public Company Limited as at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards (“TFRSs”) and the Bank of Thailand’s regulations.

Basis for Opinion

We conducted our audit in accordance with Thai Standards on Auditing (“TSAs”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated and Bank’s Financial Statements section of our report. We are independent of the Bank and subsidiaries in accordance with the Federation of Accounting Professions’ Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to the audit of the consolidated and Bank’s financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to Note 3.1 to the financial statements, the Bank and subsidiaries have adopted the new accounting policies regarding the financial instruments which are in accordance with Group of Financial Instruments Standards and recognized the cumulative effect of initially applying such Standards as the adjustments to the beginning balances of retained earnings and other reserves as at January 1, 2020, which are presented in the aforementioned note to the financial statements, to be in accordance with the new accounting policies. Our opinion is not modified in respect of this matter.

Key Audit Matter

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated and Bank’s financial statements of the current period. This matter was addressed in the context of our audit of the consolidated and Bank’s financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Key Audit Matter

Allowance for expected credit loss

The allowance for expected credit loss for loans to customers is considered to be the key audit matter as it requires the use of various assumptions and judgment including forward economic looking and post model adjustments and it is recognized in accordance with Thai Financial Reporting Standard No. 9 - Financial Instruments (“IFRS 9”) and the relevant regulations of the Bank of Thailand which has been applied since January 1, 2020. IFRS 9 requires the Bank and subsidiaries to recognize impairment based on expected credit loss (“ECL”). We focused our audit on the following areas of allowance for expected credit loss for loans to customers specifically relating to:

- Accounting interpretations and modelling assumptions used to build the models that the Bank used to calculate the ECL which involves determining Probabilities of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD);
- Completeness and accuracy of data used to calculate the ECL;
- Inputs and assumptions used to estimate the impact of multiple economic scenarios;
- Classification of loans to customers to stage 1, 2 and 3 using criteria in accordance with IFRS 9 and the relevant regulations of the Bank of Thailand;
- Indicators that will significantly reduce the ability to pay the debt or the increase in credit risk including quantitative and qualitative information and also forward-looking analysis both events that have already occurred and may occur in the future; and
- Completeness and valuation of post model adjustments.

Accounting policy for allowance for expected credit loss and detail of allowance for expected credit loss were disclosed in Note 3.1 and Note 7.9, respectively.

Audit Responses

Key audit procedures included

- Assessing the adjustments made to the opening balances on January 1, 2020, resulted from the first time adoption of IFRS 9.
- Reviewing management written policies, which were collaborated from the Bank’s management’s experts, and procedures to derive the allowance for expected credit loss estimate. Determining whether the policies and procedures for the estimation are incorporate with the requirements of IFRS 9 and properly approved by the appropriate level of management.
- Understanding and testing design and operating effectiveness of key controls across the processes relevant to the ECL. This included the classification of assets into stages, data accuracy and completeness, credit monitoring, multiple economic scenarios, and individual provisions.
- Involvement of our internal specialists to assess the model documentation and model validation reports. This included assessing the appropriateness of model design, assumptions, inputs, formulas used and post model adjustments. We tested the data used in the ECL calculation by reconciling to source systems and recalculating the allowance for expected credit loss for a sample of models.
- Evaluating relevant inputs and assumptions used by management in each stage of the expected credit loss calculation by considering whether the inputs and assumption appear reasonable, considering the historical loss experience and adjust this for current observable data and considering the relationship between those assumptions and forecast of reasonable and supportable future economic conditions.
- Performing an overall assessment of the ECL provision levels to determine if they were reasonable considering the Bank and subsidiaries’ portfolio, risk profile, credit risk management practices and the macroeconomic factors. We considered trends in the economy and industries to which the Bank and subsidiaries are exposed.
- Considering the criteria used to classify an asset to stage 1, 2 and 3 in accordance with IFRS 9 and the relevant regulations of the Bank of Thailand. Testing sample of assets in stage 1, 2 and 3 to verify that they were classified to the appropriate stage. This also included considering the internal credit risk rating system of the Bank and also external credit risk grading.
- Assessing the adequacy and appropriateness of the disclosure in accordance with Group of Financial Instruments Standards and the BOT’s Notification.

Other Information

Management is responsible for the other information. The other information comprises information in the annual report, but does not include the consolidated and separate financial statements and our auditor's report thereon, which is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated and Bank's financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and Bank's financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to management and those charged with governance for correction of the misstatement.

Responsibilities of Management and Those Charged with Governance for the Consolidated and Bank's Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated and Bank's financial statements in accordance with TFRSs and the Bank of Thailand's regulations, and for such internal control as management determines is necessary to enable the preparation of the consolidated and Bank's financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and Bank's financial statements, management is responsible for assessing the Bank and subsidiaries' and the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank and subsidiaries and the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank and subsidiaries' financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Bank's Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and Bank's financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and Bank's financial statements.

As part of an audit in accordance with TSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and Bank's financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank and subsidiaries' and the Bank's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank and subsidiaries' and the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank and subsidiaries and the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and Bank's financial statements, including the disclosures, and whether the consolidated and Bank's financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Bank and subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and Bank's financial statements of the current period and are therefore the key audit matter. We describe this matter in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Nisakorn Songmanee

Certified Public Accountant (Thailand)

Registration No. 5035

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

BANGKOK

February 23, 2021

STATEMENT OF FINANCIAL POSITION

BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES AS AT DECEMBER 31, 2020

Baht : '000

	Notes	CONSOLIDATED		THE BANK	
		2020	2019	2020	2019
ASSETS					
CASH	7.2	73,886,309	58,090,112	70,013,515	58,012,561
INTERBANK AND MONEY MARKET ITEMS, NET	7.4	519,036,028	472,349,351	374,778,755	442,584,108
FINANCIAL ASSETS MEASURED AT FAIR VALUE					
THROUGH PROFIT OR LOSS	7.5	57,936,242	-	69,359,414	-
DERIVATIVES ASSETS	7.6	67,560,232	49,807,012	66,143,443	49,687,316
INVESTMENTS, NET	7.7	758,482,179	647,696,626	670,444,629	610,535,400
INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES, NET	7.8	911,321	1,737,450	144,589,329	38,414,900
LOANS TO CUSTOMERS AND ACCRUED					
INTEREST RECEIVABLES, NET	7.9	2,189,102,088	1,891,046,281	1,896,205,127	1,836,721,735
CUSTOMER'S LIABILITY UNDER ACCEPTANCES		-	1,626,872	-	103,722
PROPERTIES FOR SALE, NET	7.10	9,753,914	9,362,849	7,754,245	8,368,141
PREMISES AND EQUIPMENT, NET	7.11	65,049,861	40,753,955	55,460,373	39,504,853
GOODWILL AND OTHER INTANGIBLE ASSETS, NET	7.12	32,307,811	1,760,117	1,451,391	1,673,358
DEFERRED TAX ASSETS	7.13	7,939,617	4,542,443	2,082,884	3,360,374
COLLATERAL PLACED WITH FINANCIAL COUNTERPARTIES		12,833,047	17,506,277	12,699,962	17,419,107
OTHER ASSETS, NET		28,161,036	20,463,750	13,977,916	16,975,764
TOTAL ASSETS		3,822,959,685	3,216,743,095	3,384,960,983	3,123,361,339

STATEMENT OF FINANCIAL POSITION (CONTINUED)

BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
AS AT DECEMBER 31, 2020

Baht : '000

	Notes	CONSOLIDATED		THE BANK	
		2020	2019	2020	2019
LIABILITIES AND SHAREHOLDERS' EQUITY					
DEPOSITS	7.14	2,810,862,624	2,370,792,167	2,485,596,798	2,316,034,607
INTERBANK AND MONEY MARKET ITEMS	7.15	219,149,193	134,346,323	162,499,180	129,277,274
LIABILITY PAYABLE ON DEMAND		7,257,360	5,523,288	6,702,768	5,488,403
FINANCIAL LIABILITIES MEASURED AT FAIR VALUE					
THROUGH PROFIT OR LOSS	7.16	19,256,663	-	19,056,520	-
DERIVATIVES LIABILITIES	7.6	57,127,821	37,837,421	56,212,287	37,370,815
DEBT ISSUED AND BORROWINGS	7.17	136,176,779	144,680,567	133,963,539	144,315,507
BANK'S LIABILITY UNDER ACCEPTANCES		-	1,626,872	-	103,722
PROVISIONS	7.21	27,305,660	18,701,528	25,065,453	18,428,103
DEFERRED TAX LIABILITIES	7.13	2,447,583	2,364,416	2,588,682	2,158,732
OTHER LIABILITIES	7.23	93,128,867	72,754,204	53,792,151	51,721,099
TOTAL LIABILITIES		3,372,712,550	2,788,626,786	2,945,477,378	2,704,898,262
SHAREHOLDERS' EQUITY					
SHARE CAPITAL					
Registered share capital					
1,655,000 preferred shares of Baht 10 each		16,550	16,550	16,550	16,550
3,998,345,000 common shares of Baht 10 each		39,983,450	39,983,450	39,983,450	39,983,450
Issued and paid-up share capital					
1,908,842,894 common shares of Baht 10 each		19,088,429	19,088,429	19,088,429	19,088,429
PREMIUM ON COMMON SHARES		56,346,232	56,346,232	56,346,232	56,346,232
OTHER RESERVES		47,256,838	34,471,457	52,849,874	40,383,596
RETAINED EARNINGS					
Appropriated					
Legal reserve	7.26 , 7.27	25,000,000	24,000,000	25,000,000	24,000,000
Others		111,500,000	106,500,000	111,500,000	106,500,000
Unappropriated		189,822,190	187,345,092	174,699,070	172,144,820
TOTAL BANK'S EQUITY		449,013,689	427,751,210	439,483,605	418,463,077
NON-CONTROLLING INTEREST		1,233,446	365,099	-	-
TOTAL SHAREHOLDERS' EQUITY		450,247,135	428,116,309	439,483,605	418,463,077
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		3,822,959,685	3,216,743,095	3,384,960,983	3,123,361,339

Notes to the financial statements form an integral part of these financial statements



(Mr. Chartsiri Sophonpanich)

President



(Mr. Suvarn Thansathit)

Senior Executive Vice President

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
FOR THE YEAR ENDED DECEMBER 31, 2020

		Baht : '000			
		CONSOLIDATED		THE BANK	
	Notes	2020	2019	2020	2019
INTEREST INCOME	7.35	112,523,517	112,565,219	94,695,292	108,129,726
INTEREST EXPENSES	7.36	35,477,057	41,493,764	27,805,781	39,874,777
NET INTEREST INCOME		77,046,460	71,071,455	66,889,511	68,254,949
FEES AND SERVICE INCOME	7.37	34,167,918	39,280,197	26,795,044	33,873,573
FEES AND SERVICE EXPENSES	7.37	9,456,915	10,775,642	8,800,699	10,581,567
NET FEES AND SERVICE INCOME		24,711,003	28,504,555	17,994,345	23,292,006
GAINS ON FINANCIAL INSTRUMENTS					
MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS	7.38	11,057,904	-	9,651,307	-
GAINS ON TRADINGS AND FOREIGN EXCHANGE TRANSACTIONS	7.39	-	7,847,526	-	7,251,972
GAINS ON INVESTMENTS	7.40	2,512,154	19,764,691	2,177,491	19,102,850
SHARE OF PROFIT (LOSS) FROM INVESTMENT USING EQUITY METHOD		(14,492)	92,582	-	-
GAINS ON DISPOSAL OF ASSETS		734,126	2,134,552	721,912	1,031,659
DIVIDEND INCOME		2,039,396	3,769,070	3,597,669	6,632,283
OTHER OPERATING INCOME		641,626	561,599	382,131	406,089
TOTAL OPERATING INCOME		118,728,177	133,746,030	101,414,366	125,971,808
OTHER OPERATING EXPENSES					
Employee's expenses		30,959,431	26,725,848	24,848,414	24,141,378
Directors' remuneration		186,931	166,742	128,220	126,540
Premises and equipment expenses		14,165,327	11,788,808	12,034,242	11,053,997
Taxes and duties		2,928,889	3,364,301	2,880,048	3,313,109
Others		17,733,376	12,917,335	14,578,533	11,584,279
TOTAL OTHER OPERATING EXPENSES		65,973,954	54,963,034	54,469,457	50,219,303
EXPECTED CREDIT LOSS	7.41	31,195,868	-	27,888,515	-
IMPAIRMENT LOSS OF LOANS AND DEBT SECURITIES	7.41	-	32,351,077	-	31,744,338
PROFIT FROM OPERATING BEFORE INCOME TAX EXPENSES		21,558,355	46,431,919	19,056,394	44,008,167
INCOME TAX EXPENSES	7.42	4,013,619	10,219,204	3,418,355	9,220,175
NET PROFIT		17,544,736	36,212,715	15,638,039	34,787,992

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2020

		CONSOLIDATED		THE BANK	
	Notes	2020	2019	2020	2019
Baht : '000					
OTHER COMPREHENSIVE INCOME (LOSSES)					
Items that will be reclassified subsequently to profit or loss					
Gains on investments in debt instruments at fair value through other comprehensive income		2,964,758	-	1,839,100	-
Losses on remeasuring available-for-sale investment		-	(2,208,474)	-	(2,230,950)
Gains on cash flow hedges		260,583	-	260,583	-
Gains (losses) arising from translating the financial statements of foreign operations		4,115,474	(5,705,941)	4,671,025	(3,092,634)
Share of other comprehensive income of associates		-	1,969	-	-
Income tax relating to components of other comprehensive income (losses)		(231,478)	487,574	15,270	495,650
Items that will not be reclassified subsequently to profit or loss					
Changes in revaluation surplus		14,524,289	-	13,987,474	-
Losses on investment in equity instruments designated at fair value through other comprehensive income		(6,067,116)	-	(5,340,383)	-
Gains on financial liabilities designated at fair value through profit or loss		958,884	-	958,884	-
Actuarial losses on defined benefit plans		(428,401)	(1,695,259)	(284,680)	(1,703,714)
Share of other comprehensive income of associates		1,962	-	-	-
Income tax relating to components of other comprehensive income (losses)		(3,233,984)	337,942	(3,324,295)	339,678
TOTAL OTHER COMPREHENSIVE INCOME (LOSSES)		12,864,971	(8,782,189)	12,782,978	(6,191,970)
TOTAL COMPREHENSIVE INCOME		30,409,707	27,430,526	28,421,017	28,596,022
NET PROFIT ATTRIBUTABLE					
Owners of the Bank		17,180,582	35,816,094	15,638,039	34,787,992
Non-controlling interest		364,154	396,621	-	-
		17,544,736	36,212,715	15,638,039	34,787,992
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE					
Owners of the Bank		30,056,376	27,029,364	28,421,017	28,596,022
Non-controlling interest		353,331	401,162	-	-
		30,409,707	27,430,526	28,421,017	28,596,022
BASIC EARNINGS PER SHARE (BAHT)		9.00	18.76	8.19	18.22
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES (THOUSAND SHARES)		1,908,843	1,908,843	1,908,843	1,908,843

Notes to the financial statements form an integral part of these financial statements



(Mr. Chartsiri Sophonpanich)
President



(Mr. Suvarn Thansathit)
Senior Executive Vice President

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
FOR THE YEAR ENDED DECEMBER 31, 2020

Baht : '000

	Notes	Issued and Paid-up Share Capital Common Shares	Premium on Common Shares	CONSOLIDATED										Total			
				Land Appraisal Surplus	Premises Appraisal Surplus	Other Reserves			Foreign Currency Translation	Others	Retained Earnings		Unappropriated		Total Equity Attributable to the Bank's Shareholders		
						Revaluation	Cash flow Hedge Reserve	Own Credit Risk Revaluation Reserve			Appropriated	Others					
Balance as at January 1, 2019		19,088,429	56,346,232	16,829,619	6,541,158	29,855,575	-	-	-	(10,384,055)	470	23,000,000	101,500,000	170,036,820	412,814,248	344,643	413,158,891
Appropriation for previous year		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend paid	7.27	-	-	-	-	-	-	-	-	-	-	-	-	(8,370,248)	(8,370,248)	(200,703)	(8,570,951)
Legal reserve	7.26, 7.27	-	-	-	-	-	-	-	-	-	-	500,000	-	(500,000)	-	-	-
Appropriation for current year		-	-	-	-	-	-	-	-	-	-	-	-	(3,722,154)	(3,722,154)	(180,003)	(3,902,157)
Dividend paid		-	-	-	-	-	-	-	-	-	-	500,000	-	(500,000)	-	-	-
Legal reserve		-	-	-	-	-	-	-	-	-	-	-	5,000,000	(5,000,000)	-	-	-
Others		-	-	-	-	(1,720,503)	-	-	-	(5,705,941)	1,575	-	-	34,454,233	27,029,364	401,162	27,430,526
Total comprehensive income		-	-	(5,607)	(940,834)	-	-	-	-	-	-	-	-	946,441	-	-	-
Transfer to retained earnings		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at December 31, 2019		19,088,429	56,346,232	16,824,012	5,600,324	28,135,072	-	-	(16,089,996)	2,045	24,000,000	106,500,000	187,345,082	427,751,210	365,089	428,116,309	
Balance as at January 1, 2020 as previously reported		19,088,429	56,346,232	16,824,012	5,600,324	28,135,072	-	-	(16,089,996)	2,045	24,000,000	106,500,000	187,345,082	427,751,210	365,089	428,116,309	
Impact of adopting new financial reporting standard No.9		-	-	-	-	1,043,207	356,384	(2,196,285)	-	-	-	-	2,853,889	2,157,195	1,321	2,158,516	
Balance as at January 1, 2020 after adjustment		19,088,429	56,346,232	16,824,012	5,600,324	29,178,279	356,384	(2,196,285)	(16,089,996)	2,045	24,000,000	106,500,000	190,298,981	429,908,405	366,420	430,274,825	
Appropriation for previous year		-	-	-	-	-	-	-	-	-	-	-	-	(9,544,214)	(9,544,214)	(175,469)	(9,719,683)
Dividend paid	7.27	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	7.26, 7.27	-	-	-	-	-	-	-	-	-	-	500,000	-	(500,000)	-	-	-
Appropriation for current year		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend paid		-	-	-	-	-	-	-	-	-	-	500,000	-	(500,000)	-	-	-
Legal reserve		-	-	-	-	-	-	-	-	-	-	-	5,000,000	(5,000,000)	-	-	-
Others		-	-	6,250,241	5,386,899	(2,088,913)	208,466	767,107	4,135,677	1,570	-	-	-	15,395,329	30,056,376	353,331	30,409,707
Total comprehensive income		-	-	-	(1,024,698)	(54,274)	-	-	-	-	-	-	-	1,076,972	-	-	-
Transfer to retained earnings		-	-	-	-	-	-	-	-	-	-	-	-	(1,406,878)	(1,406,878)	876,667	(530,211)
Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at December 31, 2020		19,088,429	56,346,232	23,074,253	9,962,525	27,035,092	564,850	(1,429,178)	(11,954,319)	3,615	25,000,000	111,500,000	189,822,190	449,013,689	1,233,446	450,247,135	

Notes to the financial statements form an integral part of these financial statements

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
FOR THE YEAR ENDED DECEMBER 31, 2020

Bant : :000

	Notes	Issued and Paid-up Share Capital Common Shares	Premium on Common Shares	THE BANK										Total
				Land Appraisal Surplus	Premises Appraisal Surplus	Other Reserves			Own Credit Risk Revaluation Reserve	Foreign Currency Translation	Retained Earnings			
						Revaluation Surplus on Investments	Cash flow Hedge Reserve	Surplus			Legal Reserve	Appropriated	Unappropriated	
Balance as at January 1, 2019		19,088,429	56,346,232	16,765,473	6,512,228	29,771,751	-	-	-	(6,894,311)	23,000,000	101,500,000	155,870,255	401,959,457
Appropriation for previous year		-	-	-	-	-	-	-	-	-	-	-	(8,370,248)	(8,370,248)
Dividend paid	7.27	-	-	-	-	-	-	-	-	-	-	-	(500,000)	-
Legal reserve	7.26, 7.27	-	-	-	-	-	-	-	-	-	500,000	-	-	-
Appropriation for current year		-	-	-	-	-	-	-	-	-	-	-	(3,722,154)	(3,722,154)
Dividend paid		-	-	-	-	-	-	-	-	-	500,000	-	(500,000)	-
Legal reserve		-	-	-	-	-	-	-	-	-	-	5,000,000	-	-
Others		-	-	-	-	(1,735,300)	-	-	(3,092,634)	-	-	-	33,423,956	28,596,022
Total comprehensive income		-	-	(5,607)	(937,404)	-	-	-	-	-	-	-	943,011	-
Transfer to retained earnings		-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at December 31, 2019		19,088,429	56,346,232	16,759,866	5,574,824	28,036,451	-	-	(9,987,545)	24,000,000	106,500,000	172,144,820	418,463,077	
Balance as at January 1, 2020 as previously reported		19,088,429	56,346,232	16,759,866	5,574,824	28,036,451	-	-	(9,987,545)	24,000,000	106,500,000	172,144,820	418,463,077	
Impact of adopting new financial reporting standard No.9		-	-	-	-	877,277	356,384	(2,196,265)	-	-	-	-	3,277,003	2,314,379
Balance as at January 1, 2020 after adjustment		19,088,429	56,346,232	16,759,866	5,574,824	28,913,728	356,384	(2,196,265)	(9,987,545)	24,000,000	106,500,000	175,421,823	420,777,456	
Appropriation for previous year		-	-	-	-	-	-	-	-	-	-	-	(9,544,214)	(9,544,214)
Dividend paid	7.27	-	-	-	-	-	-	-	-	-	-	-	(500,000)	-
Legal reserve	7.26, 7.27	-	-	-	-	-	-	-	-	-	500,000	-	-	-
Appropriation for current year		-	-	-	-	-	-	-	-	-	500,000	-	(500,000)	-
Legal reserve		-	-	-	-	-	-	-	-	-	-	5,000,000	-	-
Others		-	-	-	-	-	-	-	-	-	-	-	(500,000)	-
Total comprehensive income		-	-	6,044,614	5,145,365	(2,374,065)	208,466	767,107	4,671,025	-	-	-	13,958,525	28,421,017
Transfer to retained earnings		-	-	-	(979,420)	(54,170)	-	-	-	-	-	-	1,033,590	-
Others		-	-	-	-	-	-	-	-	-	-	-	(170,654)	(170,654)
Balance as at December 31, 2020		19,088,429	56,346,232	22,804,480	9,740,769	26,485,473	564,850	(1,429,178)	(5,316,520)	25,000,000	111,500,000	174,699,070	439,483,605	

Notes to the financial statements form an integral part of these financial statements



(Mr. Chantsiri Sophonpanich)

President



(Mr. Suvarn Thansattit)

Senior Executive Vice President

STATEMENT OF CASH FLOWS

BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2020

		CONSOLIDATED		THE BANK	
	Note	2020	2019	2020	2019
Baht : '000					
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit from operating before income tax expenses		21,558,355	46,431,919	19,056,394	44,008,167
Items to reconcile profit from operating before income tax expenses to cash received (paid) from operating activities					
Depreciation and amortization expenses		5,545,356	4,127,314	4,494,384	3,924,659
Expected credit loss		31,195,868	-	27,888,515	-
Bad debt and doubtful accounts		-	31,208,166	-	30,601,427
Losses on debt restructuring		-	1,142,911	-	1,142,911
Gains on foreign exchange of long-term borrowings		(830,663)	(9,038,049)	(830,663)	(9,038,049)
Amortization of premium on investment in debt securities		1,199,165	208,974	1,140,896	368,642
Unrealized losses on financial instruments measured at fair value through profit or loss		4,938,476	-	6,242,749	-
Unrealized gain on revaluation of trading securities		-	(270,285)	-	(17,068)
Gains on investments		(2,512,154)	-	(2,177,491)	-
Gains on disposal of securities for investments		-	(20,272,149)	-	(19,610,308)
Losses on impairment of investments		-	507,458	-	507,458
Share of profit (loss) from investment using equity method		14,492	(92,582)	-	-
Losses on impairment of properties for sale		1,124,720	909,267	1,061,250	514,489
Gain on disposal of premises and equipment		(356,255)	(64,089)	(356,493)	(64,280)
Gain on revaluation of land and premises		(196,180)	-	(196,180)	-
Loss on impairment of other assets (reversal)		368,892	(46,722)	254,704	(46,751)
Provision expenses		1,392,950	984,145	752,667	906,373
Net interest income		(77,046,460)	(71,071,455)	(66,889,511)	(68,254,949)
Dividend income		(2,039,396)	(3,769,070)	(3,597,669)	(6,632,283)
Proceeds from interest income		111,778,327	113,718,086	93,345,665	109,327,492
Interest expenses paid		(40,860,836)	(40,865,236)	(33,042,463)	(39,015,108)
Proceeds from dividend income		2,039,396	3,767,549	1,899,134	3,592,262
Income tax paid		(6,566,399)	(9,630,583)	(5,638,459)	(8,040,620)
(Increase) decrease in other accrued receivables		(4,054)	(637,904)	31,380	(657,998)
Increase (decrease) in other accrued expenses		1,289,301	101,084	417,606	(44,177)
Profit from operating before changes in operating assets and liabilities		52,032,901	47,348,749	43,856,415	43,472,289
(Increase) decrease in operating assets					
Interbank and money market items		21,975,455	(20,810,795)	68,282,173	(37,778,031)
Financial assets measured at fair value through profit or loss		(6,058,883)	-	(25,396,647)	-
Investment in short-term securities		-	373,514	-	2,704,971
Loans to customers		(91,771,656)	10,715,732	(76,751,199)	11,443,470
Properties for sale		642,208	1,803,018	719,896	1,331,449
Other assets		(16,147,080)	(38,638,815)	(9,835,598)	(41,367,622)

STATEMENT OF CASH FLOWS (CONTINUED)

BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2020

Baht : '000

	Notes	CONSOLIDATED		THE BANK	
		2020	2019	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED)					
Increase (decrease) in operating liabilities					
Deposits		193,025,477	44,322,627	169,562,191	53,544,229
Interbank and money market items		32,197,568	(2,515,800)	33,221,906	882,869
Liability payable on demand		1,168,013	(1,699,853)	1,214,364	(1,710,983)
Short-term borrowings		(677,549)	223,516	(8,086)	(14,541)
Other liabilities		30,075,396	15,068,983	17,747,643	17,563,391
Net cash from operating activities		<u>216,461,850</u>	<u>56,190,876</u>	<u>222,613,058</u>	<u>50,071,491</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investment securities measured at fair value through other comprehensive income		(473,224,079)	-	(445,490,013)	-
Purchase of available-for-sale securities		-	(580,621,168)	-	(565,635,275)
Proceeds from disposal of investment securities measured at fair value through other comprehensive income		369,398,464	-	343,276,461	-
Proceeds from disposal of available-for-sale securities		-	507,543,770	-	497,030,202
Purchase of investment securities measured at amortized cost		(108,871,614)	-	(20,846,462)	-
Purchase of held-to-maturity debt securities		-	(87,451,141)	-	(10,352,832)
Proceeds from redemption of investment securities measured at amortized cost		105,105,900	-	28,323,094	-
Proceeds from redemption of held-to-maturity debt securities		-	84,472,790	-	5,723,379
Purchase of general investments		-	(9,304,111)	-	(8,357,583)
Proceeds from disposal of general investments		-	2,242,534	-	2,137,272
Purchase of investments in subsidiaries and associate		(77,195,676)	(124,267)	(105,263,739)	(1,124,267)
Proceeds from dividend income from subsidiaries and associates		41,512	89,212	1,698,535	3,038,500
Purchase of premises and equipment		(2,308,393)	(1,715,299)	(925,775)	(1,582,812)
Proceeds from disposal of premises and equipment		753,477	100,007	537,155	76,499
Net cash from investing activities		<u>(186,300,409)</u>	<u>(84,767,673)</u>	<u>(198,690,744)</u>	<u>(79,046,917)</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Cash received from issuance of subordinated notes	7.3	23,755,703	36,727,413	23,755,703	36,727,413
Cash paid for senior unsecured notes extinguishment	7.3	(25,620,963)	-	(24,964,624)	-
Increase (decrease) in long-term borrowings	7.3	(1,363,569)	143,207	(107,063)	143,207
Cash paid for lease liabilities		(1,275,888)	-	(1,106,844)	-
Dividend paid		(9,544,214)	(12,092,402)	(9,544,214)	(12,092,402)
Dividend paid to non-controlling interest		(362,972)	(380,706)	-	-
Net cash from financing activities		<u>(14,411,903)</u>	<u>24,397,512</u>	<u>(11,967,042)</u>	<u>24,778,218</u>
Effect on cash due to changes in the exchange rates		46,659	(124,694)	45,682	(119,519)
Net increase (decrease) in cash		15,796,197	(4,303,979)	12,000,954	(4,316,727)
Cash as at January 1,		58,090,112	62,394,091	58,012,561	62,329,288
Cash as at December 31,		<u>73,886,309</u>	<u>58,090,112</u>	<u>70,013,515</u>	<u>58,012,561</u>

Notes to the financial statements form an integral part of these financial statements



(Mr. Chartsiri Sophonpanich)
President



(Mr. Suvarn Thansathit)
Senior Executive Vice President

MANAGEMENT DISCUSSION AND ANALYSIS

Overall Picture of the Bank and its Subsidiaries

	2020	2019	Million Baht Change (%)
Net profit ^{/1}	17,181	35,816	(52.0)%
Earnings per share (Baht)	9.00	18.76	(52.0)%
Net interest margin	2.24%	2.35%	(0.11)%
Net fees and service income to operating income ratio	20.8%	21.3%	(0.5)%
Cost to income ratio	55.6%	41.1%	14.5%
Return on average assets ^{/1}	0.48%	1.13%	(0.65)%
Return on average equity ^{/1}	3.96%	8.45%	(4.49)%

^{/1} Attributable to owners of the Bank

	December 2020	December 2019	Million Baht Change (%)
Loans	2,368,238	2,061,309	14.9%
Deposits	2,810,863	2,370,792	18.6%
Loan to deposit ratio	84.3%	86.9%	(2.6)%
Non-performing loan (Gross NPL) ^{/1}	104,401	79,149	31.9%
Gross NPL to total loans ratio ^{/1}	3.9%	3.4%	0.5%
Allowance for expected credit losses to NPL ratio ^{/1}	186.8%	220.2%	(33.4)%
Total capital adequacy ratio	18.34%	20.04%	(1.70)%

^{/1} Including interbank and money market lending

In 2020, the Bank's net profit amounted to Baht 17,181 million. Net interest income rose by 8.4 percent from 2019 to Baht 77,046 million due to the consolidation of PermataBank's net interest income. The net interest margin stood at 2.24 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 PermataBank's operating expenses and expenses related to integration of Bangkok Bank's branches in Indonesia with PermataBank 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, driving the ratio of loan loss reserves to non-performing loans to 186.8 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.

At the end of December 2020, the Bank's loans amounted to Baht 2,368,238 million, an increase of 14.9 percent from the end of 2019. Excluding PermataBank, 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. Excluding PermataBank, deposits increased by 7.3 percent mainly from savings accounts. The loan to deposit ratio was 84.3 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 18.34 percent, 15.76 percent, and 14.89 percent respectively, comfortably above the BOT's minimum capital requirements.

Effects of Covid-19 on classification and provisioning for expected credit losses

In terms of loans classification, the Bank adheres to the BOT's guidelines on providing relief measures to debtors affected by adverse Thai economic conditions. In this regard, the Bank is allowed to provide pre-emptive assistance measures to non-NPL debtors who can be classified as Stage 1 having no significant increase in credit risk (Stage 1: Performing) if the Bank performs the review that they can comply with the new debt restructuring agreement. The Bank is also allowed to provide assistance measures to debtors affected by the economic conditions and those with credit impairment who can be classified under Stage 1 if they can repay their debts under the new restructuring agreement for three consecutive months or periods, whichever is longer.

In terms of provisioning, the Bank adheres to TFRS 9 principle, which requires financial institutions to calculate expected credit loss by considering economic conditions in the past, present, and future under various assumptions and circumstances to estimate the provision for credit loss. Meanwhile, the Bank has considered additional potential factors from the Covid-19 pandemic affecting the Thai and global economies. The Bank, therefore, takes into consideration the impact of Covid-19 both in the short and long term, as well as management discretion to increase additional provision (Management Overlay) above the amount calculated from the model. This will enable the Bank's provisioning to effectively cope with this uncertain situation.

Operating Income and Expenses of the Bank and its Subsidiaries

	2020	2019	Million Baht Change (%)
Net interest income	77,046	71,071	8.4%
Non-interest income	41,682	62,675	(33.5)%
Operating expenses	65,974	54,963	20.0%
Expected credit losses	31,196	-	N/A
Impairment loss of loans and debt securities	-	32,351	N/A
Operating profit before tax	21,558	46,432	(53.6)%
Income tax expenses	4,013	10,219	(60.7)%
Net profit	17,545	36,213	(51.6)%
Net profit ^{/1}	17,181	35,816	(52.0)%
Total comprehensive income ^{/1}	30,056	27,029	11.2%

^{/1} Attributable to owners of the Bank

In 2020, net profit attributable to owners of the Bank totaled Baht 17,181 million, decreasing from last year mainly due to a reduction in fees from loan-related services and lower income from investments owing to the adoption of TFRS 9. There was also an increase in operating expenses mainly from the consolidation of PermataBank's expenses and expenses related to the integration of the Bank's branches in Indonesia with

PermataBank in December. Although the Bank has gradually cut its loan interest rates to support some customers affected by the Covid-19 situation, net interest income increased from last year due to the consolidation of PermataBank's net interest income since the second quarter of 2020 and partly from the change in recognition of interest income from loans according to TFRS 9.

Net Interest Income

Net interest income for 2020 amounted to Baht 77,046 million, rising by 8.4 percent due to the acquisition of PermataBank in

the second quarter of 2020 as well as the change in recognition of interest income from loans according to TFRS 9.

	2020	2019	Million Baht Change (%)
Interest income			
Loans	95,994	93,155	3.0%
Interbank and money market items	5,431	9,101	(40.3)%
Investments	11,098	10,309	7.7%
Total interest income	112,523	112,565	(0.0)%
Interest expenses			
Deposits	22,437	23,044	(2.6)%
Interbank and money market items	952	2,100	(54.7)%
Contributions to the Deposit Protection Agency and Financial Institutions Development Fund	5,846	9,953	(41.3)%
Debt issued and borrowings	6,242	6,397	(2.4)%
Total interest expenses	35,477	41,494	(14.5)%
Net interest income	77,046	71,071	8.4%
Yield on earning assets	3.28%	3.72%	(0.44)%
Cost of funds	1.19%	1.59%	(0.40)%
Net interest margin	2.24%	2.35%	(0.11)%

Bangkok Bank Interest Rate	Dec'20	Sep'20	May'20	Apr'20	Mar'20	Feb'20	Dec'19	Sep'19
Loans (%)								
MOR	5.875	5.875	5.875	6.100	6.500	6.750	6.875	6.875
MRR	5.750	5.750	5.750	6.100	6.500	6.625	6.875	6.875
MLR	5.250	5.250	5.250	5.475	5.875	6.000	6.000	6.250
Deposits (%)								
Savings	0.250	0.250	0.250	0.375	0.375	0.500	0.500-0.625	0.500-0.625
3-month Fixed	0.375	0.375	0.375	0.500	0.500	0.625	1.000	1.000
6-month Fixed	0.500	0.500	0.500	0.625	0.625	0.875	1.250	1.250
12-month Fixed	0.500	0.500	0.500	0.750	0.750	1.000	1.375-1.500	1.500
	Dec'20	Sep'20	May'20	Mar'20	Feb'20	Dec'19	Sep'19	
Bank of Thailand Policy Rate (%)	0.500	0.500	0.500	0.750	1.000	1.250	1.500	

Non-Interest Income

In 2020, non-interest income was Baht 41,682 million, 33.5 percent less than last year due mainly to decreases in income from investments, and net fees and service income from the implementation of TFRS 9, while fees from securities services

increased. The major sources of fee income were mutual funds and bancassurance, electronic services and money transfers, as well as fees from securities services.

	2020	2019	Change (%)
			Million Baht
Fees and service income	34,168	39,280	(13.0)%
Less fees and service expenses	9,457	10,776	(12.2)%
Net fees and service income	24,711	28,504	(13.3)%
Gains on financial instruments measured at FVTPL	11,058	-	N/A
Gains on tradings and foreign exchange transactions	-	7,848	N/A
Gains on investments	2,512	19,765	(87.3)%
Share of profit (losses) from investment for using equity method	(14)	93	(115.1)%
Gains on disposal of assets	734	2,134	(65.6)%
Dividend income	2,039	3,769	(45.9)%
Other operating income	642	562	14.2%
Total other operating income	16,971	34,171	(50.3)%
Total non-interest income	41,682	62,675	(33.5)%
Net fees and service income to operating income ratio	20.8%	21.3%	(0.5)%

Operating Expenses

In 2020, total operating expenses amounted to Baht 65,974 million, up by 20.0 percent from last year due mainly to the consolidation of PermataBank's operating expenses

and expenses related to the integration of branches with PermataBank in December 2020.

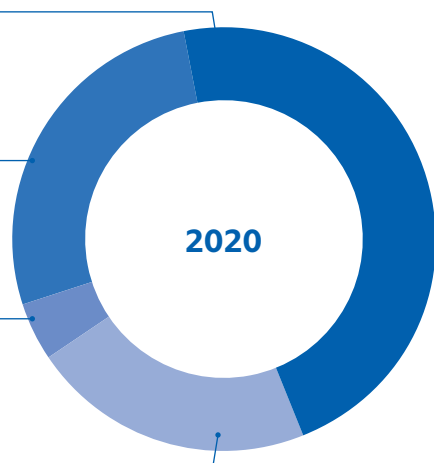
	2020	2019	Change (%)
			Million Baht
Personnel expenses	30,960	26,726	15.8%
Directors' remuneration	187	167	12.0%
Premises and equipment expenses	14,165	11,789	20.2%
Taxes and duties	2,929	3,364	(12.9)%
Other expenses	17,733	12,917	37.3%
Total operating expenses	65,974	54,963	20.0%
Cost to income ratio	55.6%	41.1%	14.5%

47.2%

21.5%

4.4%

26.9%

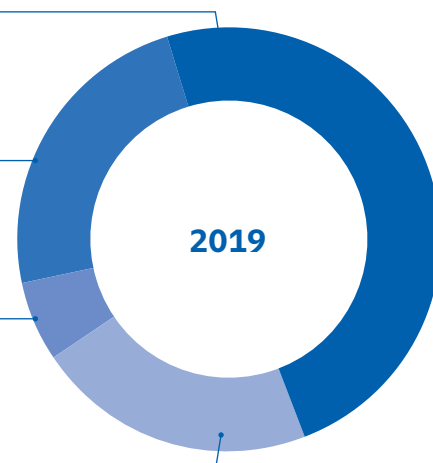


48.9%

21.5%

6.1%

23.5%



● Personnel expenses (Including directors' remuneration) ● Premises and equipment expenses ● Taxes and duties ● Other expenses

Expected Credit Losses

In 2020, the Bank set aside Baht 31,196 million in expected credit losses in accordance with its prudent approach to prepare for an economic contraction resulting from the Covid-19 pandemic. Expected credit losses cover loans, interbank and

money market items, debt securities, which are not measured at fair value through profit or loss, loan commitments, and financial guarantee contracts.

	2020	2019	Million Baht Change (%)
Expected credit losses	31,196	-	N/A
Impairment loss of loans and debt securities	-	32,351	N/A

Significant Items in the Financial Position

Assets

Total assets as of December 31, 2020 amounted to Baht 3,822,960 million, increasing by 18.8 percent from the end of

December 2019. Total assets increased considerably from the consolidation of PermataBank's assets.

	December 2020	December 2019	Million Baht Change (%)
Net interbank and money market items	519,036	472,349	9.9%
Financial assets measured at FVTPL	57,936	-	N/A
Net investments	758,482	647,697	17.1%
Net investments in associates	911	1,737	(47.6)%
Loans	2,368,238	2,061,309	14.9%
Net properties for sale	9,754	9,363	4.2%
Total assets	3,822,960	3,216,743	18.8%

Loans

As of December 31, 2020, loans were 2,368,238 million, up by 14.9 percent. Excluding PermataBank, loans rose by 2.7 percent due to an increase in loans to large corporate customers.

Loan by Business Type

The loans of Bank and its subsidiaries were distributed across business sectors, with 33.4 percent in the manufacturing and commercial sector, 22.8 percent in the utilities and services sector, 12.8 percent in the housing sector, 8.9 percent in the real estate and construction sector, 3.3 percent in the agriculture and mining sector, and 18.8 percent in the others category. Loans increased from the end of December 2019 mainly driven by the categories of 'others' and 'utilities and services'.

	December 2020	December 2019	Change (%)
Manufacturing and commercial	791,828	755,979	4.7%
Utilities and services	539,151	470,159	14.7%
Housing	302,142	251,197	20.3%
Real estate and construction	211,510	200,736	5.4%
Agriculture and mining	78,175	61,569	27.0%
Others	445,432	321,669	38.5%
Total loans	2,368,238	2,061,309	14.9%

33.4%

Manufacturing and commercial

18.8%

Others

3.3%

Agriculture and mining

8.9%

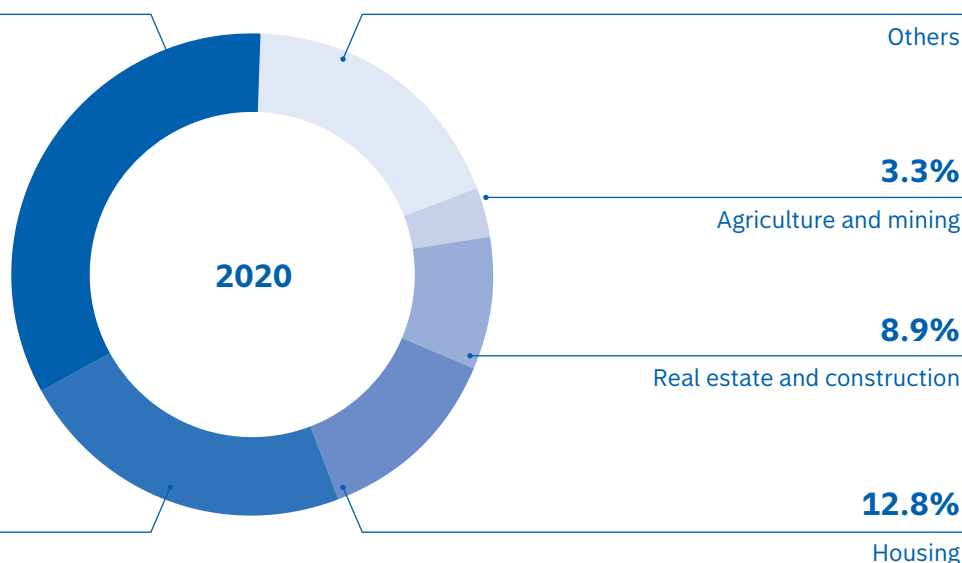
Real estate and construction

22.8%

Utilities and service

12.8%

Housing



Classified Loans and Allowance for Expected Credit Losses

Non-performing loan (Gross NPL) at the end of December 2020 was Baht 104,401 million. The gross NPL to total loans ratio was 3.9 percent.

The allowance for expected credit losses was Baht 194,973 million and the allowance for expected credit losses to NPL ratio was 186.8 percent.

	December 2020	December 2019	Million Baht Change (%)
Consolidated			
Non-performing loan (Gross NPL) ^{/1}	104,401	79,149	31.9%
Gross NPL to total loans ratio ^{/1}	3.9%	3.4%	0.5%
Net NPL to net total loans ratio ^{/1}	1.4%	1.2%	0.2%
Allowance for expected credit losses to NPL ratio ^{/2}	186.8%	220.2%	(33.4)%
The Bank			
Non-performing loan (Gross NPL) ^{/1}	91,978	78,093	17.8%
Gross NPL to total loans ratio ^{/1}	4.0%	3.4%	0.6%

^{/1} Including interbank and money market lending

^{/2} Before the adoption of the TFRS 9, calculating from allowance for expected credit losses of loans

	Loans and Interbank & Money Market December 2020	Allowance for Expected Credit Loss ^{/1} December 2020	Million Baht
Non credit-impaired	2,781,073		121,083
Credit-impaired	104,401		73,890
Total	2,885,474		194,973

^{/1} Including allowance for expected credit losses of loans, interbank and money market items, loan commitments and financial guarantee contracts

	Loans & Accrued Interest Receivables	Allowance for Doubtful Accounts Classified to Bank of Thailand Criteria
	December 2019	December 2019
Normal	1,918,520	16,119
Special mentioned	67,596	848
Substandard	9,783	1,359
Doubtful	14,522	6,259
Doubtful of loss	54,901	30,087
Total	2,065,322	54,672
<u>Add</u> Excess allowance for doubtful accounts		113,094
Total allowance for doubtful accounts from loan classification		167,766
<u>Add</u> Revaluation allowance for debt restructuring		6,510
Total allowance for doubtful accounts		174,276

Investments

Investments as of December 31, 2020 amounted to Baht 816,412 million, increasing from the end of December 2019, due mainly to higher investment in Thai government and state enterprise securities.

Most investments were in Thai government and state enterprise securities. As of December 31, 2020, these amounted to Baht 486,889 million, accounting for 59.6 percent of total investments. The remaining investments were foreign debt securities of Baht 157,995 million, private enterprise debt securities of Baht 31,925 million, and net investment in equity securities of Baht 93,205 million.

Investments by Investment Holding	Million Baht December 2020
Trading securities	7,833
Securities measured at FVTPL	50,097
Debt securities measured at amortized cost	38,884
Debt securities measured at FVOCI	639,438
Equity securities measured at FVOCI	80,160
Total investments	816,412

Investments by Investment Holding	Million Baht December 2019
Trading securities	13,613
Available-for-sale securities	574,720
Held-to-maturity debt securities	23,257
General investments	36,107
Total investments	647,697

Liabilities and Shareholders' Equity

Total liabilities as of December 31, 2020 amounted to Baht 3,372,713 million, up by 20.9 percent from the end of December 2019, from the acquisition of PermataBank. Excluding

PermataBank, total liabilities rose mainly due to increases of 7.3 percent in deposits and 25.8 percent in interbank and money market items.

	December 2020	December 2019	Million Baht Change (%)
Deposits	2,810,863	2,370,792	18.6%
Interbank and money market items	219,149	134,346	63.1%
Financial liabilities measured at FVTPL	19,257	-	N/A
Debt issued and borrowings	136,177	144,681	(5.9)%
Total liabilities	3,372,713	2,788,627	20.9%
Shareholders' equity ^{/1}	449,014	427,751	5.0%

^{/1} Attributable to owners of the Bank

Deposits

Total deposits at the end of December 2020 amounted to Baht 2,810,863 million. Excluding PermataBank, deposits rose by 7.3

percent from the end of December 2019, owing to increases in savings deposits.

Deposits Classified by Product Type	December 2020		December 2019		Change (%)
	Amount	Portion	Amount	Portion	
Current	165,912	5.9%	113,067	4.8%	46.7%
Savings	1,435,331	51.1%	1,145,106	48.3%	25.3%
Fixed	1,209,620	43.0%	1,112,619	46.9%	8.7%
Total deposits	2,810,863	100.0%	2,370,792	100.0%	18.6%
Loan to deposit ratio		84.3%		86.9%	(2.6)%

Debt Issued and Borrowings

Total debt issued and borrowings as of December 31, 2020 amounted to Baht 136,177 million. In September 2020, the Bank issued USD 750 million worth of Additional Tier 1

Subordinated Notes under Basel III, while there was a maturity of USD 800 million worth of Senior Unsecured Notes in October 2020.

Debt Issued and Borrowings Classified by Type of Instruments	December 2020		December 2019		Change (%)
	Amount	Portion	Amount	Portion	
Senior unsecured notes	75,100	55.1%	99,530	66.3%	(24.5)%
Subordinated notes	59,835	43.9%	49,757	33.1%	20.3%
Bills of exchange	814	0.6%	8	0.1%	10,075.0%
Others	507	0.4%	838	0.5%	(39.5)%
Total (before less discount on borrowings)	136,256	100.0%	150,133	100.0%	(9.2)%
Less Discount on borrowings	79		5,452		(98.6)%
Total debt issued and borrowings	136,177		144,681		(5.9)%

Shareholders' Equity

Shareholders' equity attributable to owners of the Bank as of December 31, 2020 amounted to Baht 449,014 million, an increase of Baht 21,263 million or 5.0 percent from the end of 2019. This is due to net profit attributable to owners of the Bank of Baht 17,181 million for 2020, net of an interim dividend payment of Baht 9,544 million (Baht 5.00 per share) for the second half of 2019's operating performance (between July to December 2019) according to a resolution from the Board of Directors' meeting on April 1, 2020. There was also a surplus from the revaluation of land and buildings of Baht 10,612 million, while gains on investments measured at FVOCI declined by Baht 1,100 million.

Sources and Utilization of Funds

The primary sources of funds as of December 31, 2020 were Baht 2,810,863 million or 73.5 percent in deposits, Baht 449,014 million or 11.7 percent in shareholders' equity attributable to owners of the Bank, Baht 219,149 million or 5.7 percent in interbank and money market liabilities, and Baht 155,434 million or 4.1 percent in debt issued and borrowings including financial liabilities measured at FVTPL.

The utilization of funds comprised Baht 2,368,238 million or 61.9 percent in loans, Baht 817,329 million or 21.4 percent in net investments including financial assets measured at FVTPL and net investments in associates, and Baht 519,036 million or 13.6 percent in net interbank and money market assets.

Capital Reserves and Capital Adequacy Ratio

Under the principles of Basel III, the Bank of Thailand (BOT) requires commercial banks registered in Thailand and members of their financial groups to maintain minimum levels of capital adequacy as measured by three ratios, the Common Equity Tier 1 capital adequacy ratio at no less than 4.50 percent, the Tier 1 capital adequacy ratio at no less than 6.00 percent, and the Total capital adequacy ratio at no less than 8.50 percent – measured as a percentage of total risk-weighted assets. The BOT also requires a capital conservation buffer of more than 2.50 percent. It 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 BOT's minimum levels and capital buffer requirements, the Bank in 2020 was required to maintain the Common Equity Tier 1 capital adequacy ratio at more than 8.00 percent, the Tier 1 capital adequacy ratio at more than 9.50 percent, and the Total capital adequacy ratio at more than 12.00 percent – measured as percentages of total risk-weighted assets.

As of December 31, 2020, the regulatory capital position of the Bank's financial group according to the consolidated financial statements was Baht 502,067 million. The Common Equity Tier 1 capital adequacy ratio was 14.89 percent, the Tier 1 capital adequacy ratio was 15.76 percent and the total capital adequacy ratio was 18.34 percent.

Million Baht

Consolidated	December 2020			December 2019		
	Capital	Capital Adequacy Ratio	BOT's requirements for 2020	Capital	Capital Adequacy Ratio	BOT's requirements for 2019
Common Equity Tier 1 capital	407,621	14.89%	> 8.00%	406,463	17.01%	> 7.50%
Tier 1 capital	431,381	15.76%	> 9.50%	406,529	17.01%	> 9.00%
Tier 2 capital	70,686	2.58%		72,211	3.03%	
Total capital	502,067	18.34%	> 12.00%	478,740	20.04%	> 11.50%

Million Baht

The Bank	December 2020			December 2019		
	Capital	Capital Adequacy Ratio	BOT's requirements for 2020	Capital	Capital Adequacy Ratio	BOT's requirements for 2019
Common Equity Tier 1 capital	404,418	16.33%	> 8.00%	399,842	17.14%	> 7.50%
Tier 1 capital	428,010	17.28%	> 9.50%	399,842	17.14%	> 9.00%
Tier 2 capital	69,839	2.82%		71,420	3.06%	
Total capital	497,849	20.10%	> 12.00%	471,262	20.20%	> 11.50%

Liquid Assets

Liquid assets consisted of cash, net interbank and money market items, debt securities, and marketable equity securities. As of December 31, 2020, the ratio of liquid assets to total assets

and liquid assets to deposits was 35.3 percent and 48.1 percent respectively.

	December 2020	December 2019
Liquid assets/Total assets (%)	35.3	35.5
Liquid assets/Deposits (%)	48.1	48.2

Credit Ratings

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

Credit Rating Agency	December 2020	December 2019
Moody's Investors Service		
Long-term Deposit	Baa1	Baa1
Short-term Deposit	P-2	P-2
Senior Unsecured Debt Instrument	Baa1	Baa1
Subordinated Debt Instrument	Baa2	Baa2
Subordinated Debt (Basel III-compliant Tier 2 securities)	Baa3	Baa3
Subordinated Debt (Basel III-compliant Tier 1 securities)	Ba1	-
Financial Strength (BCA)	baa1	baa1
Outlook	Stable ^{/1}	Positive
S&P Global Ratings		
Long-term Issuer Credit Rating	BBB+	BBB+
Short-term Issuer Credit Rating	A-2	A-2
Senior Unsecured Debt Instrument	BBB+	BBB+
Subordinated Debt Instrument	BBB	BBB
Financial Strength (SACP)	bbb	bbb
Outlook	Stable ^{/1}	Positive
Fitch Ratings		
International Rating		
Long-term Issuer Default Rating	BBB ^{/2}	BBB+
Short-term Issuer Default Rating	F2	F2
Senior Unsecured Debt Instrument	BBB	BBB+
Subordinated Debt Instrument	BB+	BBB
Subordinated Debt (Basel III-compliant Tier 2 securities)	BB+	BBB
Financial Strength (VR)	bbb	bbb+
Outlook	Stable	Stable
National Rating		
Long-term	AA+(tha)	AA+(tha)
Short-term	F1+(tha)	F1+(tha)
Outlook	Stable	Stable

^{/1} Changed the outlook to stable from positive following sovereign outlook in April 2020.

^{/2} Revised ratings due to large-scale economic disruptions from the Covid-19 pandemic in April 2020.



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Bangkok Bank Public Company Limited

Head Office 333 Silom Road, Silom, Bang Rak,
Bangkok 10500, Thailand

Bualuang Phone 1333 or (66) 0-2645-5555

www.bangkokbank.com