



# **Bangkok Bank Public Company Limited**

## **Management Discussion and Analysis**

for the Quarter Ended March 31, 2021

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## **Management Discussion and Analysis**

### **Overview of the Economy and Banking Industry**

#### *Thai Economy in the First Quarter of 2021*

The Thai economy in the first quarter of 2021 was supported by a faster-than-expected recovery in exports following the recovery of trading partners' economies, especially in March when the export value rose by 15.8 percent from the same period last year. Meanwhile, the tourism sector and related businesses continued to contract due to continued restrictions on international travel. Private consumption shrank as a result of the second wave of Covid-19 outbreak. Household income still had not recovered and household debt remained at a high level though government stimulus measures were able to stabilize household purchasing power to a certain extent. Private investment expanded following strong investment in the machinery and equipment category, in line with the increase in exports. However, investment in the construction category slowed down due to weak construction activities. Government spending continues to play an important role in supporting the economy.

Headline inflation in the first quarter of 2021 was minus 0.53 percent, compared with 0.41 percent in the same quarter last year and below the Bank of Thailand (BOT)'s target range of 1-3 percent. Core inflation was 0.11 percent, compared with 0.53 percent in the same quarter last year. The average exchange rate was 30.26 THB/USD, stronger than the 31.30 THB/USD and 30.61 THB/USD from the same period last year and the previous quarter respectively.

Since May 2020, the Monetary Policy Committee (MPC) has maintained the policy interest rate at 0.50 percent, assessing that the Thai economy is likely to grow less than expected. This is due to fewer number of tourists and effects of the new wave of Covid-19. The MPC viewed that the continuity of government measures and policy coordination among government agencies would be critical to support economic recovery going forward and therefore monetary policy would remain accommodative. In addition, the MPC supports the government to expedite financial rehabilitation measures to help affected businesses, assist liquidity distribution to targeted groups and reduce debt burdens. While financial institutions should accelerate debt restructuring, fiscal measures must continue to sustain the economy. In particular, the government should expedite budget disbursement under the restoration plan once the latest wave of the outbreak becomes well-contained. In addition, the government should simultaneously implement supply-side policies to support business remodeling and upskilling of labor, which would help support sustainable economic recovery in the long term.

The Thai economy in 2021 is likely to recover more slowly than expected due to a new round of Covid-19 in the second quarter which was more severe than last year because the rapid spread of a new variant of coronavirus infected many more people than in the first round. The government's control measures including restrictions on economic activity in some areas created uncertainty about plans to open the country to international tourists in the second half of the year. Economic recovery for the rest of the year will depend on the efficiency of pandemic control and the efficacy of vaccine distribution which includes building people's confidence about getting vaccinated. Meanwhile, the use of fiscal measures to assist affected people, together with the ongoing use of economic stimulus measures, will help the domestic economy to rebound in the second half of the year. Exports are likely to grow faster than expected, following recovery in the world economy, particularly in major economies which are likely to recover rapidly in line with the rollout of vaccinations to their citizens and the gradual launch of stimulus measures. Other key risks to the Thai economy for the rest of the year are conflicts between the US and China in both trade and geopolitics, turmoil in neighboring countries that may affect border trade, and domestic political issues.

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*Thai Banking Industry*

In the first quarter of 2021, the commercial banking system in Thailand continued to face challenges from the Covid-19 outbreak. At the end of March, loans and deposits grew at a similar rate, as a result, the ratio of loans to deposits was stable compared to the end of last year. The ratio of non-performing loans (NPL) to total loans was similar to last year end.

The BOT's Senior Loan Officer Survey indicated that in the first quarter of 2021, credit demand from the business sector covering both large corporates and small and medium sized enterprises (SME) increased from the previous quarter, due mainly to loan demand for working capital. Large corporates had more demand for project finance to participate in government investment projects, while SME continued to accelerate fund-raising to increase liquidity to cope with the impact of the Covid-19 outbreak at the end of 2020. Meanwhile, credit demand for investment in fixed assets and exports improved as the increase in credit demand was broad-based across various businesses and mostly came from new debtors. In terms of consumer loans, demand for home loans declined and demand for auto-leasing loans slightly decreased, while demand for credit card and other consumer loans increased. Looking forward, demand for loans from large corporates and SME is expected to increase, as large corporates will require more project finance and SME will need to increase their liquidity during a period of economic uncertainty. Demand for consumer loans is likely to increase for auto-leasing, credit cards and other consumer loans as the household sector has low savings, while demand for home loans tends to decline mainly from credit tightening.

Providing assistance and support to customers affected by the Covid-19 outbreak is of paramount importance for commercial banks which continued to help businesses and individuals in line with assistance measures gradually issued by the government and the BOT. On March 23, 2021, the BOT, together with the Ministry of Finance and related sectors, issued financial rehabilitation measures to support businesses and help them cope with the post-Covid-19 situation. The measures include a special loan facility for businesses totaling Baht 250 billion to enable financial institutions to pass on such liquidity to SME affected by Covid-19 but still have potential as well as an asset warehousing scheme totaling Baht 100 billion. The latter will help businesses severely affected by Covid-19 that will need a longer time to recover, though they have potential for growth and assets that can be used as collateral. They can negotiate with financial institutions to delay payments or reduce their debt burden.

Commercial banks continued to place greater emphasis on liquidity management with a focus on restructuring deposits and appropriately managing costs by increasing the proportion of CASA and maintaining liquid assets to cope with severe liquidity situations in compliance with BOT guidelines, including the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). The BOT temporarily relaxed liquidity requirements, adjusting the LCR and NSFR to lower than 100 percent until December 31, 2021 in order to reduce the burden on commercial banks when assisting customers during the Covid-19 pandemic.

The adoption of TFRS 9 requires financial institutions to set aside provisions or expected credit losses by considering economic conditions in the past, present and future under various assumptions and circumstances. Meanwhile, the Covid-19 outbreak has caused a dramatic slowdown in economic activities across many sectors in the Thai and global economies, which would affect the commercial banking system's loan quality. As a result commercial banks will continue to focus on managing loan quality and setting aside provisions. High levels of capital and loan loss reserve, in commercial banking system will be able to support credit demand and the economic volatility caused by Covid-19.

## Overall Picture of the Bank and its Subsidiaries

Million Baht					
Item	Q1/21	Q4/20	Q1/20	%QoQ	%YoY
Net profit <sup>/1</sup>	<b>6,923</b>	2,398	7,671	188.7%	(9.8)%
Earnings per share (Baht)	<b>3.63</b>	1.26	4.02	188.7%	(9.8)%
Net interest margin	<b>2.17%</b>	2.12%	2.52%	0.05%	(0.35)%
Net fees and service income to operating income ratio	<b>23.8%</b>	20.8%	24.1%	3.0%	(0.3)%
Cost to income ratio	<b>51.1%</b>	65.8%	43.1%	(14.7)%	8.0%
Return on average assets <sup>/1</sup>	<b>0.72%</b>	0.25%	0.93%	0.47%	(0.21)%
Return on average equity <sup>/1</sup>	<b>6.18%</b>	2.15%	7.32%	4.03%	(1.14)%

<sup>/1</sup> Attributable to owners of the Bank

Million Baht					
Item	Mar'21	Dec'20	Mar'20	%QoQ	%YoY
Loans	<b>2,369,276</b>	2,368,238	2,115,950	0.0%	12.0%
Deposits	<b>2,904,276</b>	2,810,863	2,514,331	3.3%	15.5%
Loan to deposit ratio	<b>81.6%</b>	84.3%	84.2%	(2.7)%	(2.6)%
Non-performing loan (Gross NPL) <sup>/1</sup>	<b>108,470</b>	104,401	85,240	3.9%	27.3%
Gross NPL to total loans ratio <sup>/1</sup>	<b>3.7%</b>	3.9%	3.5%	(0.2)%	0.2%
Allowance for expected credit losses to NPL ratio <sup>/1</sup>	<b>187.3%</b>	186.8%	203.9%	0.5%	(16.6)%
Total capital adequacy ratio	<b>18.43%</b>	18.34%	18.48%	0.09%	(0.05)%

<sup>/1</sup> Including interbank and money market lending

The Bank and its subsidiaries reported a net profit of Baht 6,923 million, increased by Baht 4,525 million from the last quarter of 2020. Net interest income increased by 2.3 percent due to funding cost management. The net interest margin stood at 2.17 percent. Net fees and service income rose by 15.4 percent mainly from higher fee income from mutual funds and bancassurance, and securities business. Operating expenses decreased, resulting in a cost to income ratio of 51.1 percent. The level of expected credit losses was set at Baht 6,326 million in line with the Bank's continuous prudent management.

At the end of March 2021, the Bank's total loans amounted to Baht 2,369,276 million, same level as at the end of 2020. The non-performing loan (NPL) ratio was 3.7 percent, slightly declined from the end of December 2020. The Bank continues to closely control of credit underwriting and risk management. The ratio of loan loss reserves to non-performing loans was 187.3 percent.

In terms of liquidity, as of March 31, 2021, the Bank's deposits amounted to Baht 2,904,276 million, an increase of 3.3 percent from the end of December 2020, from all types of deposits. The loan to deposit ratio was 81.6 percent, reflecting adequate liquidity to cushion against economic uncertainties.

In terms of capital, as of March 31, 2021, the Bank's total capital adequacy ratio, Tier 1 capital adequacy ratio and Common Equity Tier 1 capital adequacy ratio of the Bank and its subsidiaries were 18.43 percent, 15.93 percent and 15.06 percent respectively, comfortably above the Bank of Thailand's minimum capital requirements.

## Operating Income and Expenses of the Bank and its Subsidiaries

	Million Baht				
Item	Q1/21	Q4/20	Q1/20	%QoQ	%YoY
Net interest income	<b>19,707</b>	19,264	19,820	2.3%	(0.6)%
Non-interest income	<b>11,166</b>	11,364	6,574	(1.7)%	69.9%
Operating expenses	<b>15,761</b>	20,144	11,377	(21.8)%	38.5%
Expected credit losses	<b>6,326</b>	7,203	5,087	(12.2)%	24.4%
Operating profit before tax	<b>8,786</b>	3,281	9,930	167.8%	(11.5)%
Income tax expenses	<b>1,747</b>	799	2,169	118.6%	(19.5)%
Net profit	<b>7,039</b>	2,482	7,761	183.6%	(9.3)%
Net profit <sup>/1</sup>	<b>6,923</b>	2,398	7,671	188.7%	(9.8)%
Total comprehensive income <sup>/1</sup>	<b>11,195</b>	10,741	(5,516)	4.2%	303.0%

<sup>/1</sup> Attributable to owners of the Bank

In the first quarter of 2021, Bangkok Bank and its subsidiaries reported a net profit attributable to owners of the Bank of Baht 6,923 million, an increase of 4,525 million from the previous quarter. This was mainly due to higher net interest income and net fee and services income from mutual funds and bancassurance services, and the securities business, offset by a decrease in gains on financial instruments measured at Fair Value Through Profit or Loss (FVTPL), in line with the market situation, together with expenses to develop and improve working systems, which was partly completed, and higher seasonality of operating expenses in the previous quarter.

Compared with the first quarter of 2020, net profit attributable to owners of the Bank declined by Baht 748 million or 9.8 percent, mainly due to increases in expected credit losses to cushion the impact of the Covid-19 outbreak, and operating expenses due to the consolidation of Permata's expenses. Non-interest income increased from higher gains on financial instruments measured at FVTPL, in line with the market situation.

### *Net Interest Income*

Net interest income in the first quarter of 2021 amounted to Baht 19,707 million, the same level as the first quarter last year, but an increase from the previous quarter. This was due to lower interest expenses from deposits, owing to management of the cost of deposits, offset by lower interest income from loans, resulting from interest rate reductions to assist some customers affected by the Covid-19 situation.

Million Baht					
Item	Q1/21	Q4/20	Q1/20	%QoQ	%YoY
<b>Interest Income</b>					
Loans	23,273	23,454	24,369	(0.8)%	(4.5)%
Interbank and money market items	1,529	1,106	1,728	38.2%	(11.5)%
Investments	2,710	2,892	2,528	(6.3)%	7.2%
<b>Total interest income</b>	<b>27,512</b>	<b>27,452</b>	<b>28,625</b>	<b>0.2%</b>	<b>(3.9)%</b>
<b>Interest expenses</b>					
Deposits	4,548	4,902	5,596	(7.2)%	(18.7)%
Interbank and money market items	224	174	375	28.7%	(40.3)%
Contributions to the Deposit Protection Agency and Financial Institutions Development Fund	1,542	1,528	1,314	0.9%	17.4%
Debt issued and borrowings	1,491	1,584	1,520	(5.9)%	(1.9)%
<b>Total interest expenses</b>	<b>7,805</b>	<b>8,188</b>	<b>8,805</b>	<b>(4.7)%</b>	<b>(11.4)%</b>
<b>Net interest income</b>	<b>19,707</b>	<b>19,264</b>	<b>19,820</b>	<b>2.3%</b>	<b>(0.6)%</b>
Yield on earning assets	3.02%	3.02%	3.64%	-	(0.62)%
Cost of funds	0.98%	1.03%	1.31%	(0.05)%	(0.33)%
Net interest margin	2.17%	2.12%	2.52%	0.05%	(0.35)%

Bangkok Bank Interest Rate	Mar'21	Dec'20	Sep'20	May'20	Apr'20	Mar'20	Feb'20	Dec'19
<b>Loans (%)</b>								
MOR	5.875	5.875	5.875	5.875	6.100	6.500	6.750	6.875
MRR	5.750	5.750	5.750	5.750	6.100	6.500	6.625	6.875
MLR	5.250	5.250	5.250	5.250	5.475	5.875	6.000	6.000
<b>Deposits (%)</b>								
Savings	0.250	0.250	0.250	0.250	0.375	0.375	0.500	0.500-0.625
3-month Fixed	0.375	0.375	0.375	0.375	0.500	0.500	0.625	1.000
6-month Fixed	0.500	0.500	0.500	0.500	0.625	0.625	0.875	1.250
12-month Fixed	0.500	0.500	0.500	0.500	0.750	0.750	1.000	1.375-1.500
	Mar'21	Dec'20	Sep'20	May'20	Mar'20	Feb'20	Dec'19	
<b>Bank of Thailand Policy Rate (%)</b>	0.500	0.500	0.500	0.500	0.750	1.000	1.250	

### Non-Interest Income

In the first quarter of 2021, non-interest income amounted to Baht 11,166 million, a decrease of Baht 198 million or 1.7 percent from the previous quarter, due to lower gains on financial instruments measured at FVTPL, in line with the market situation. Net fees and service income increased due to increases in fee income from mutual funds and bancassurance, and the securities business.

Non-interest income increased by Baht 4,592 million or 69.9 percent from the first quarter of last year due predominantly to an increase in gains on financial instruments measured at FVTPL, in line with the market situation, an increase in net fees and service income from the consolidation of Permata's income, as well as increases in fee income from mutual funds and bancassurance services, and the securities business.



Million Baht

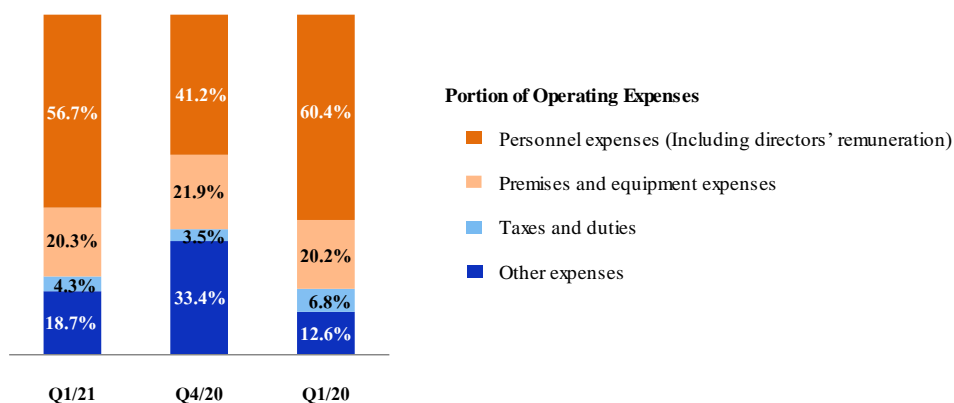
Item	Q1/21	Q4/20	Q1/20	%QoQ	%YoY
Fees and service income	9,637	9,120	9,083	5.7%	6.1%
<u>Less fees and service expenses</u>	<u>2,303</u>	<u>2,764</u>	<u>2,729</u>	<u>(16.7)%</u>	<u>(15.6)%</u>
<b>Net fees and service income</b>	<b>7,334</b>	<b>6,356</b>	<b>6,354</b>	<b>15.4%</b>	<b>15.4%</b>
Gains (losses) on financial instruments measured at FVTPL	2,088	3,703	(1,689)	(43.6)%	223.6%
Gains on investments	841	480	1,150	75.2%	(26.9)%
Share of profit from investment for using equity method	32	7	12	357.1%	166.7%
Gains on disposal of assets	79	553	58	(85.7)%	36.2%
Dividend income	525	215	486	144.2%	8.0%
Other operating income	267	50	203	434.0%	31.5%
<b>Total other operating income</b>	<b>3,832</b>	<b>5,008</b>	<b>220</b>	<b>(23.5)%</b>	<b>1,641.8%</b>
<b>Total non-interest income</b>	<b>11,166</b>	<b>11,364</b>	<b>6,574</b>	<b>(1.7)%</b>	<b>69.9%</b>
Net fees and service income to operating income ratio	<b>23.8%</b>	<b>20.8%</b>	<b>24.1%</b>	<b>3.0%</b>	<b>(0.3)%</b>

### Operating Expenses

In the first quarter of 2021, operating expenses amounted to Baht 15,761 million, a decrease of Baht 4,383 million or 21.8 percent from the previous quarter due to expenses to develop and improve working systems, which was partly completed, and the higher seasonality of operating expenses in the previous quarter. Compared with the first quarter of 2020, operating expenses increased by Baht 4,384 million or 38.5 percent due mainly to the consolidation of Permata's operating expenses and intangible assets amortization.

Million Baht

Item	Q1/21	Q4/20	Q1/20	%QoQ	%YoY
Personnel expenses	8,902	8,248	6,836	7.9%	30.2%
Directors' remuneration	42	45	33	(6.7)%	27.3%
Premises and equipment expenses	3,198	4,422	2,296	(27.7)%	39.3%
Taxes and duties	679	699	781	(2.9)%	(13.1)%
Other expenses	2,940	6,730	1,431	(56.3)%	105.5%
<b>Total operating expenses</b>	<b>15,761</b>	<b>20,144</b>	<b>11,377</b>	<b>(21.8)%</b>	<b>38.5%</b>
Cost to income ratio	<b>51.1%</b>	<b>65.8%</b>	<b>43.1%</b>	<b>(14.7)%</b>	<b>8.0%</b>



### *Expected Credit Losses*

In the first quarter of 2021, the Bank set aside Baht 6,326 million in expected credit losses in accordance with its prudent approach to prepare for an economic slowdown 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.

### **Significant Items in the Financial Position**

#### *Assets*

Total assets as of March 31, 2021 amounted to Baht 3,952,809 million, increasing from the end of December 2020, mainly from an increase in interbank and money market items, due largely to higher loan volume, as a result of the Bank's liquidity management.

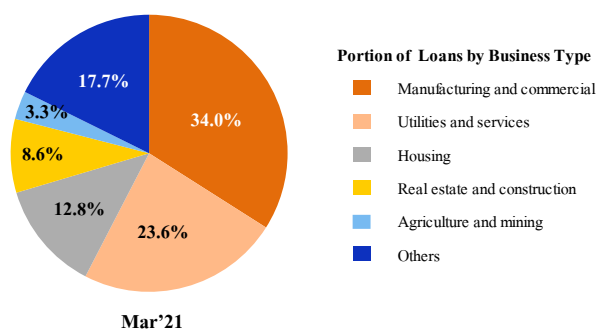
	Million Baht				
Item	Mar'21	Dec'20	Mar'20	%QoQ	%YoY
Net interbank and money market items	758,200	519,036	505,156	46.1%	50.1%
Financial assets measured at FVTPL	64,660	57,936	71,634	11.6%	(9.7)%
Net investments	680,784	758,482	615,788	(10.2)%	10.6%
Net investments in associates	944	911	1,750	3.6%	(46.1)%
Loans	2,369,276	2,368,238	2,115,950	0.0%	12.0%
Net properties for sale	9,579	9,754	9,503	(1.8)%	0.8%
<b>Total assets</b>	<b>3,952,809</b>	<b>3,822,960</b>	<b>3,395,290</b>	<b>3.4%</b>	<b>16.4%</b>

#### *Loans*

As of March 31, 2021, loans amounted to Baht 2,369,276 million, the same level as the end of December 2020, with business loans decelerating. Significant risk factors depend on the effectiveness and distribution of the Covid-19 vaccine, the return of foreign tourists and the continuity of government support measures.

	Million Baht				
Loans by Business Type	Mar'21	Dec'20	Mar'20	%QoQ	%YoY
Manufacturing and commercial	805,112	791,828	801,718	1.7%	0.4%
Utilities and services	558,694	539,151	495,693	3.6%	12.7%
Housing	304,299	302,142	249,845	0.7%	21.8%
Real estate and construction	204,797	211,510	205,235	(3.2)%	(0.2)%
Agriculture and mining	77,577	78,175	62,654	(0.8)%	23.8%
Others	418,797	445,432	300,805	(6.0)%	39.2%
<b>Total loans</b>	<b>2,369,276</b>	<b>2,368,238</b>	<b>2,115,950</b>	<b>0.0%</b>	<b>12.0%</b>





The Bank and its subsidiaries had loans distributed across business sectors, with 34.0 percent in the manufacturing and commercial sector, 23.6 percent in the utilities and services sector, 12.8 percent in the housing sector, and 8.6 percent in the real estate and construction sector. Loans at the end of March 2021 were at the same level as the end of December 2020.

### *Classified Loans and Allowance for Expected Credit Losses*

Non-performing loan (Gross NPL) at the end of March 2021 was Baht 108,470 million. The gross NPL to total loans ratio was 3.7 percent.

The allowance for expected credit losses was Baht 203,125 million and the allowance for expected credit losses to NPL ratio was 187.3 percent.

Item	Million Baht				
	Mar'21	Dec'20	Mar'20	%QoQ	%YoY
<b><u>Consolidated</u></b>					
Non-performing loan (Gross NPL) <sup>/1</sup>	<b>108,470</b>	104,401	85,240	3.9%	27.3%
Gross NPL to total loans ratio <sup>/1</sup>	<b>3.7%</b>	3.9%	3.5%	(0.2)%	0.2%
Net NPL to net total loans ratio <sup>/1</sup>	<b>1.2%</b>	1.4%	1.5%	(0.2)%	(0.3)%
Allowance for expected credit losses to NPL ratio	<b>187.3%</b>	186.8%	203.9%	0.5%	(16.6)%
<b><u>The Bank</u></b>					
Non-performing loan (Gross NPL) <sup>/1</sup>	<b>95,048</b>	91,978	83,941	3.3%	13.2%
Gross NPL to total loans ratio <sup>/1</sup>	<b>3.7%</b>	4.0%	3.5%	(0.3)%	0.2%

<sup>/1</sup> Including interbank and money market lending

Item	Million Baht					
	Loans and Interbank & Money Market			Allowance for Expected Credit Losses <sup>/1</sup>		
	Mar'21	Dec'20	Mar'20	Mar'21	Dec'20	Mar'20
Non-credit-impaired	<b>3,019,462</b>	2,781,073	2,536,194	<b>124,976</b>	121,083	122,564
Credit-impaired	<b>108,470</b>	104,401	85,240	<b>78,149</b>	73,890	51,224
<b>Total</b>	<b>3,127,932</b>	2,885,474	2,621,434	<b>203,125</b>	194,973	173,788

<sup>/1</sup> Including allowance for expected credit losses of loans, interbank and money market items, loan commitments and financial guarantee contracts

### Investments

As of March 31, 2021, investments amounted to Baht 745,444 million, decreasing from the end of December 2020, due mainly to lower investment in Thai government and state enterprise securities.

However, a significant proportion of investments were in Thai government and state enterprise securities. As of March 31, 2021, these amounted to Baht 403,842 million, accounting for 54.2 percent of total investments. The remaining investments were foreign debt securities of Baht 165,417 million, private enterprise debt securities of Baht 23,820 million, and net investment in equity securities of Baht 102,966 million.

	Million Baht				
<b>Investments by Investment Holding</b>	<b>Mar'21</b>	<b>Dec'20</b>	<b>Mar'20</b>	<b>%QoQ</b>	<b>%YoY</b>
Trading securities	<b>10,237</b>	7,833	28,267	30.7%	(63.8)%
Securities measured at FVTPL	<b>54,423</b>	50,097	43,367	8.6%	25.5%
Debt securities measured at amortized cost	<b>37,549</b>	38,884	26,966	(3.4)%	39.2%
Debt securities measured at FVOCI	<b>555,176</b>	639,438	526,858	(13.2)%	5.4%
Equity securities measured at FVOCI	<b>88,059</b>	80,160	61,964	9.9%	42.1%
<b>Total investments</b>	<b>745,444</b>	816,412	687,422	(8.7)%	8.4%

### Liabilities and Shareholders' Equity

Total liabilities as of March 31, 2021 amounted to Baht 3,491,106 million, increasing from the end of December 2020 owing to an increase of 3.3 percent in deposits from all types of deposits and an increase of 14.0 percent in interbank and money market items, due largely to borrowings under repurchase agreements and borrowing transactions.

	Million Baht				
<b>Item</b>	<b>Mar'21</b>	<b>Dec'20</b>	<b>Mar'20</b>	<b>%QoQ</b>	<b>%YoY</b>
Deposits	<b>2,904,276</b>	2,810,863	2,514,331	3.3%	15.5%
Interbank and money market items	<b>249,830</b>	219,149	108,595	14.0%	130.1%
Financial liabilities measured at FVTPL	<b>19,503</b>	19,257	21,046	1.3%	(7.3)%
Debt issued and borrowings	<b>142,151</b>	136,177	147,693	4.4%	(3.8)%
<b>Total liabilities</b>	<b>3,491,106</b>	3,372,713	2,979,985	3.5%	17.2%
<b>Shareholders' equity</b> <sup>/1</sup>	<b>460,209</b>	449,014	414,848	2.5%	10.9%

<sup>/1</sup> Attributable to owners of the Bank

### Deposits

Total deposits as of March 31, 2021 amounted to Baht 2,904,276 million, rising by 3.3 percent from the end of December 2020, owing to increases in all types of deposits.

Deposits Classified by Product Type	Million Baht							
	Mar'21		Dec'20		Mar'20		%QoQ	%YoY
	Amount	Portion	Amount	Portion	Amount	Portion		
Current	228,605	7.9%	165,912	5.9%	110,991	4.4%	37.8%	106.0%
Savings	1,450,648	49.9%	1,435,331	51.1%	1,251,301	49.8%	1.1%	15.9%
Fixed	1,225,023	42.2%	1,209,620	43.0%	1,152,039	45.8%	1.3%	6.3%
<b>Total deposits</b>	<b>2,904,276</b>	<b>100.0%</b>	<b>2,810,863</b>	<b>100.0%</b>	<b>2,514,331</b>	<b>100.0%</b>	<b>3.3%</b>	<b>15.5%</b>
Loan to deposit ratio		<b>81.6%</b>		<b>84.3%</b>		<b>84.2%</b>	<b>(2.7)%</b>	<b>(2.6)%</b>

### Debt Issued and Borrowings

Total debt issued and borrowings as of March 31, 2021 amounted to Baht 142,151 million, an increase of Baht 5,974 million from the end of December 2020 due to an increase in the value of foreign denominated debentures following the depreciation of the Baht.

Debt Issued and Borrowings Classified by Type of Instruments	Million Baht							
	Mar'21		Dec'20		Mar'20		%QoQ	%YoY
	Amount	Portion	Amount	Portion	Amount	Portion		
Senior unsecured notes	78,364	55.1%	75,100	55.1%	107,880	73.0%	4.3%	(27.4)%
Subordinated notes	62,418	43.9%	59,835	43.9%	39,228	26.5%	4.3%	59.1%
Bills of exchange	916	0.6%	814	0.6%	7	0.1%	12.5%	12,985.7%
Others	529	0.4%	507	0.4%	690	0.4%	4.3%	(23.3)%
Total (before less discount on borrowings)	142,227	100.0%	136,256	100.0%	147,805	100.0%	4.4%	(3.8)%
<u>Less</u> Discount on borrowings	76		79		112		(3.8)%	(32.1)%
<b>Total debt issued and borrowings</b>	<b>142,151</b>		<b>136,177</b>		<b>147,693</b>		<b>4.4%</b>	<b>(3.8)%</b>

### Shareholders' Equity

Shareholders' equity attributable to owners of the Bank as of March 31, 2021 amounted to Baht 460,209 million, an increase of Baht 11,195 million or 2.5 percent from the end of 2020. This is due to net profit attributable to owners of the Bank for the first quarter of 2021 of Baht 6,923 million, and a decrease of Baht 4,957 million in losses on translation of the financial statements of foreign operations.

### Sources and Utilization of Funds

As of March 2021, the primary sources of funds were Baht 2,904,276 million or 73.5 percent in deposits, Baht 460,209 million or 11.6 percent in shareholders' equity attributable to owners of the Bank, Baht 249,830 million or 6.3 percent in interbank and money market liabilities, and Baht 161,654 million or 4.1 percent in debt issued and borrowings including financial liabilities measured at FVTPL.

The utilization of funds comprised Baht 2,369,276 million or 59.9 percent in loans, Baht 758,200 million or 19.2 percent in net interbank and money market assets, and Baht 746,388 million or 18.9 percent in net investments including financial assets measured at FVTPL and net investments in associates.

### 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 from January 1, 2020 onwards. To satisfy the BOT's minimum levels and capital buffer requirements, from January 1, 2020 onwards, the Bank is 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 March 31, 2021, the regulatory capital position of the Bank's financial group according to the consolidated financial statements was Baht 502,776 million. The Common Equity Tier 1 capital adequacy ratio was 15.06 percent, the Tier 1 capital adequacy ratio was 15.93 percent, and the total capital adequacy ratio was 18.43 percent.

#### Consolidated

Item	Million Baht						BOT's requirements 2020 onwards
	Mar'21		Dec'20		Mar'20		
	Capital	Capital Adequacy Ratio	Capital	Capital Adequacy Ratio	Capital	Capital Adequacy Ratio	
Common Equity Tier 1 capital	410,911	15.06%	407,621	14.89%	392,840	15.67%	> 8.00%
Tier 1 capital	434,679	15.93%	431,381	15.76%	392,914	15.67%	> 9.50%
Tier 2 capital	68,097	2.50%	70,686	2.58%	70,385	2.81%	
<b>Total capital</b>	<b>502,776</b>	<b>18.43%</b>	<b>502,067</b>	<b>18.34%</b>	<b>463,299</b>	<b>18.48%</b>	<b>&gt; 12.00%</b>

#### The Bank

Item	Million Baht						BOT's requirements 2020 onwards
	Mar'21		Dec'20		Mar'20		
	Capital	Capital Adequacy Ratio	Capital	Capital Adequacy Ratio	Capital	Capital Adequacy Ratio	
Common Equity Tier 1 capital	415,731	16.63%	404,418	16.33%	383,530	15.72%	> 8.00%
Tier 1 capital	439,323	17.57%	428,010	17.28%	383,530	15.72%	> 9.50%
Tier 2 capital	67,364	2.70%	69,839	2.82%	69,738	2.86%	
<b>Total capital</b>	<b>506,687</b>	<b>20.27%</b>	<b>497,849</b>	<b>20.10%</b>	<b>453,268</b>	<b>18.58%</b>	<b>&gt; 12.00%</b>

### Liquid Assets

Liquid assets consisted of cash, net interbank and money market items, debt securities, and marketable equity securities. As of March 31, 2021, the ratio of liquid assets to total assets and liquid assets to deposits were 38.1 percent and 51.8 percent, respectively.

Item	Mar'21	Dec'20	Mar'20
Liquid assets/Total assets (%)	38.1	35.3	35.7
Liquid assets/Deposits (%)	51.8	48.1	48.2

### Credit Ratings

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

Credit Rating Agency	March 2021	December 2020	March 2020
<b>Moody's Investors Service</b>			
Long-term Deposit	<b>Baa1</b>	Baa1	Baa1
Short-term Deposit	<b>P-2</b>	P-2	P-2
Senior Unsecured Debt Instrument	<b>Baa1</b>	Baa1	Baa1
Subordinated Debt Instrument	<b>Baa2</b>	Baa2	Baa2
Subordinated Debt (Basel III-compliant Tier 2 securities)	<b>Baa3</b>	Baa3	Baa3
Subordinated Debt (Basel III-compliant Tier 1 securities)	<b>Ba1</b>	Ba1	-
Financial Strength (BCA)	<b>baa1</b>	baa1	baa1
Outlook	<b>Stable</b>	Stable <sup>1</sup>	Positive
<b>S&amp;P Global Ratings</b>			
Long-term Issuer Credit Rating	<b>BBB+</b>	BBB+	BBB+
Short-term Issuer Credit Rating	<b>A-2</b>	A-2	A-2
Senior Unsecured Debt Instrument	<b>BBB+</b>	BBB+	BBB+
Subordinated Debt Instrument	<b>BBB</b>	BBB	BBB
Financial Strength (SACP)	<b>bbb</b>	bbb	bbb
Outlook	<b>Stable</b>	Stable <sup>1</sup>	Positive
<b>Fitch Ratings</b>			
<b>International Rating</b>			
Long-term Issuer Default Rating	<b>BBB</b>	BBB <sup>2</sup>	BBB+
Short-term Issuer Default Rating	<b>F2</b>	F2	F2
Senior Unsecured Debt Instrument	<b>BBB</b>	BBB	BBB+
Subordinated Debt Instrument	<b>BB+</b>	BB+	BBB
Subordinated Debt (Basel III-compliant Tier 2 securities)	<b>BB+</b>	BB+	BBB
Financial Strength (VR)	<b>bbb</b>	bbb	bbb+
Outlook	<b>Stable</b>	Stable	Stable
<b>National Rating</b>			
Long-term	<b>AA+(tha)</b>	AA+(tha)	AA+(tha)
Short-term	<b>F1+(tha)</b>	F1+(tha)	F1+(tha)
Outlook	<b>Stable</b>	Stable	Stable

<sup>1</sup> Changed the outlook to stable from positive following sovereign outlook in April 2020.

<sup>2</sup> Revised ratings due to large-scale economic disruptions from the Covid-19 pandemic in April 2020.