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## Summary of Operating Results for the Bank and its Subsidiaries

### Quarter Ended March 31, 2020

In the first quarter of 2020, the Thai economy contracted sharply due to the effects of the Coronavirus (COVID-19) pandemic and a drastic decline in Thai exports and imports. The pandemic containment measures implemented by many countries around the world, such as travel restrictions and lockdowns, have led to a significant drop in the number of inbound tourist arrivals. Furthermore, the Thai government's containment efforts by closing shopping centers, service providers, and entertainment venues, as well as enacting a nationwide curfew from 10:00 pm to 4:00 am, have resulted in a steep decline in domestic consumption. At the same time, Thailand has been experiencing a severe drought which is significantly weighing on agricultural production.

Due to the above mentioned impacts, the Cabinet has launched a series of financial and fiscal relief measures to mitigate the negative economic impact on individuals and businesses in the sectors most affected by the COVID-19 outbreak. The Bank is also committed to helping entrepreneurs and the public overcome this crisis by issuing its own various measures as well as supporting those from the government and the Bank of Thailand. These measures enable the Bank to look after and assist affected companies so they can have sufficient funds and liquidity to operate their businesses and maintain employment, as well as help affected people reduce their financial burden and get through this crisis together.

The Bank's net interest income for the first quarter of 2020 increased by 15.3 percent from the previous quarter due to corporate loan growth and the change in recognition of interest income from loans using the effective interest rate (EIR) method. These factors saw the net interest margin stand at 2.52 percent. Net fees and service income decreased by 22.4 percent predominantly due to lower fees from loan-related services. The Bank's other operating income declined mainly from the high base achieved in the fourth quarter of 2019 due to a one-off gain on investment of Baht 14,988 million as well as from new accounting standards on financial instruments measured at fair value whose valuation was affected by the unprecedented COVID-19 outbreak which resulted in poor market conditions. The Bank's operating expenses decreased by 28.8 percent. The Bank has introduced safety and protection measures for customers, employees and other stakeholders, whose health, hygiene and wellbeing are its priority, whereby regular management meetings have been convened to promptly manage and adjust the measures since the early days of COVID-19. The cost-to-income ratio stood at 43.1 percent. The expected credit loss sharply decreased as the Bank set aside a one-off higher provision in the previous quarter to strengthen the loan loss reserves before the adoption of the Thai Financial Reporting Standard No.9 (TFRS 9).

At the end of March 2020, the Bank's total loans amounted to Baht 2,115,950 million, an increase of 2.7 percent from the end of 2019, due to an increase in large corporate and international lending and in line with the pipeline projections at the end of last year. The ratio of non-performing loan (NPL) was 3.5 percent with the strong loan loss reserves to NPL ratio at 203.9 percent. The Bank continues to assist customers and support them through the COVID-19 crisis, while strengthening loan portfolio quality through robust control of credit underwriting and risk management and maintaining the allowance for doubtful accounts at a prudent level. This is in line with the Bank's conservative business management approach under both normal economic conditions and recession.

The Bank's financial position remained healthy with a strong capital base and ample liquidity position. At the end of March 2020, the loan to deposit ratio was 84.2 percent. The total capital adequacy ratio, Common Equity Tier 1 capital adequacy ratio and Tier 1 capital adequacy ratio of the Bank and its subsidiaries were 18.5 percent, 15.7 percent and 15.7 percent respectively, comfortably above the Bank of Thailand's minimum capital requirements.

The Bank and its subsidiaries adopted TFRS 9 from January 1, 2020 onwards, without restating previous financial statements. The significant changes in principle can be summarized into classification and measurement of financial assets and liabilities, calculation of impairment using the concept of expected credit loss, and hedge accounting.

### **Adoption of the pack of Thai Financial Reporting Standards relating to financial instruments**

This year, the Bank and its subsidiaries have adopted the pack of Thai Financial Reporting Standards relating to financial instruments issued by the Thai Federation of Accounting Professions (TFAC) and announced in the Royal Gazette, applying to financial statements of the periods beginning on or after January 1, 2020. The significant changes in principle from the adoption can be summarized as follows:

- Guidance on the classification and measurement of financial instruments at either fair value or amortized cost based on determination the type of financial instruments, the contractual cash flow characteristics and the business model.
- Impairment assessment using the expected credit loss approach. The instruments that are in the scope of impairment requirement are loan receivable and financial assets which are debt instruments that are not measured at fair value through profit and loss, loan commitment and financial guarantee contract. The expected credit loss and its movement shall be recognized to reflect the change of credit risk since initial recognition.
- Hedge accounting which determines the type of transactions eligible for hedge accounting requirement, the types of instruments that qualify for hedging instruments and hedged items, and effectiveness testing which is more aligned with risk management strategy.
- Principle for presentation of hybrid instruments, financial instruments as liabilities or equity and for offsetting financial assets and financial liabilities.
- Disclosure requirement that enable the users of financial statements to evaluate how significant financial instrument may have on the financial position and performance. The disclosure also includes the nature and extent of risks arising from the financial instruments and how such risks are managed.

Adoption of a pack of Standards in relation to financial instruments results to have the following changes to the financial statements and accounting policies of the Bank for the periods beginning on or after 1 January 2020:

#### **Classification of financial assets**

##### **Financial assets - Debt instrument**

The Bank has classified its financial assets - debt instrument as subsequently measured at either amortized cost or fair value in accordance with the Bank's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets as follows :

- A financial asset measured at Amortized Cost (AMC) only if both following conditions are met: the financial asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms of the financial assets represent contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.
- A financial asset measured at Fair Value through Other Comprehensive Income (FVOCI) if both following conditions are met: the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets as well as the contractual terms of the financial assets represent contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.
- A financial asset measured at Fair Value Through Profit or Loss (FVTPL) unless the financial asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows or, the contractual terms of the financial assets represent contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset may be designated at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

### **Investment in equity instrument**

All equity investments are measured at fair value in the statement of financial position. The Bank has classified equity investments as the financial asset measured at FVOCI, except for those equity investments measured at FVTPL in accordance with the Bank's Investment Policy.

The significant changes can be summarized as follows:

- The held-to-maturity (HTM) and available-for-sale (AFS) investment in debt securities as well as available-for-sale and general investment in equity securities are removed.
- Classify the whole HTM debt securities to be financial asset measured at AMC.
- Classify almost AFS debt securities to be financial asset measured at FVOCI.
- Classify almost investment in equity securities to be financial asset measured at FVOCI except for some that are classified to be financial assets measured at FVTPL in accordance with the Bank's Investment Policy, or some items that are classified as 'Debt' in accordance with the financial reporting standards and their contractual cash flows are not solely payments of principal and interest on the principal amount outstanding.
- The investment in equity securities which are elected to be measured at FVOCI cannot be subsequently revoked. All gains and losses are presented in other comprehensive income except for dividend which is recognized in profit or loss.
- The interest income from loans recognition method has changed to the effective interest rate method. Therefore, fee income directly related to lending (EIR Related Fee), such as Front End Fee, is recognized as interest income over the expected life of loans.

### **Classification of financial liabilities**

Classification of financial liabilities mainly remain unchanged for the Bank. Majority of financial liabilities continue to be measured at amortized cost. The criteria for designating a financial liability to be measured at fair value through profit and loss are as follows:

- Eliminates or significantly reduces an accounting mismatch.
- A group of financial instruments is managed and their performance is managed on a fair value basis.

### **Impairment of financial assets**

The TFRS 9 impairment requirements are based on an expected credit loss model from the model and management overlay for the factors which are not captured by the model. TFRS 9 requires the Bank to record an allowance for expected credit loss (ECLs) for all loans and investment in debt securities which are not measured at FVTPL, together with loan commitments and financial guarantee contracts. The allowance is measured basing on the ECLs associated with the probability of default in the next twelve months except for the case that there has been a significant increase in credit risk since origination and credit impaired, the allowance is based on the ECLs associated with the probability of default over the expected life of the financial instrument. Overall, impairment under TFRS 9 results in earlier recognition of credit losses than under the previous practice.

### **Hedge accounting**

The general hedge accounting requirements aim to align the accounting with risk management strategy, permitting to have a greater variety of hedging instruments and risks being hedged, However they do not explicitly address hedge accounting for Dynamic Risk Management, as a result included an accounting policy choice to remain with the existing accounting practice.

### **Transition**

Changes in accounting policies resulting from the adoption of a pack of Thai Financial Reporting Standards in relation to financial instruments will be applied retrospectively, except for the alternative treatments the Thai Financial Reporting Standards permit which the Bank will adopt as described below.

- Comparative periods will not be restated. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of a pack of Thai Financial Reporting Standards in relation to financial instruments will be recognized in retained earnings and other reserves as at January 1, 2020. Accordingly, the information presented for 2019 does not reflect the requirement of a pack of Thai Financial Reporting Standards in relation to financial instruments and therefore is not comparable to the information presented for 2020.
- Reclassification of financial assets and liabilities according to the business model and asset and liability management of the Bank in line with facts and existing circumstances during the date of initial adoption, on January 1, 2020. The effects of reclassification of the financial figures can be summarized as follows:

Million Baht

	Book value as at December 31, 2019	The impact from the adoption the pack of standards in relation to financial instruments			Book value as at January 1, 2020 after the adoption the pack of standards in relation to financial instruments
		Classification and measurement	Hedge accounting	Allowance for expected credit loss	
<b>Assets</b>					
Interbank and money market items, net	472,349	-	-	1,092	473,441
Financial assets measured at fair value through profit or loss	-	57,764	-	-	57,764
Derivatives assets	49,807	607	545	-	50,959
Investments, net	647,697	(46,497)	-	(8)	601,192
Loans to customers and accrued interest receivables, net	1,891,046	-	-	1,178	1,892,224
Customer liability under acceptance	1,627	(1,627)	-	-	-
Deferred tax assets	4,542	61	-	2,886	7,489
Others	149,675	-	-	-	149,675
<b>Total assets</b>	<b>3,216,743</b>	<b>10,308</b>	<b>545</b>	<b>5,148</b>	<b>3,232,744</b>
<b>Liabilities</b>					
Financial liabilities measured at fair value through profit or loss	-	19,403	-	-	19,403
Derivatives liabilities	37,837	-	1,599	-	39,436
Debt issued and borrowings	144,681	(8,227)	-	-	136,454
Bank's Liability under acceptance	1,627	(1,627)	-	-	-
Provisions	18,702	-	-	1,652	20,354
Deferred tax liabilities	2,364	1,253	(211)	-	3,406
Others	2,583,416	-	-	-	2,583,416
<b>Total liabilities</b>	<b>2,788,627</b>	<b>10,802</b>	<b>1,388</b>	<b>1,652</b>	<b>2,802,469</b>
<b>Shareholders' equity</b>					
Other reserves	34,472	(559)	(848)	610	33,675
Retained earnings	317,845	63	5	2,886	320,799
Others	75,799	2	-	-	75,801
<b>Total shareholders' equity</b>	<b>428,116</b>	<b>(494)</b>	<b>(843)</b>	<b>3,496</b>	<b>430,275</b>
<b>Total liabilities and shareholders' equity</b>	<b>3,216,743</b>	<b>10,308</b>	<b>545</b>	<b>5,148</b>	<b>3,232,744</b>

As of January 1, 2020, the Total capital adequacy ratio, Common Equity Tier 1 capital adequacy ratio and Tier 1 capital adequacy ratio each increased by 9 basis points (bps) to 20.1 percent, 17.1 percent and 17.1 percent, respectively.

## Overall Picture of the Bank and its Subsidiaries

Million Baht

Item	Quarter			Change (%)	
	1/2020	4/2019	1/2019	4/2019	1/2019
Net profit <sup>/1</sup>	7,671	8,002	9,028	(4.1)%	(15.0)%
Earnings per share (Baht)	4.02	4.19	4.73	(4.1)%	(15.0)%
Net interest margin	2.52%	2.22%	2.48%	0.30%	0.04%
Net fees and service income to operating income ratio	24.1%	18.7%	23.9%	5.4%	0.2%
Expense to operating income ratio	43.1%	36.6%	42.6%	6.5%	0.5%
Return on average assets <sup>/1</sup>	0.93%	0.99%	1.17%	(0.06)%	(0.24)%
Return on average equity <sup>/1</sup>	7.32%	7.40%	8.74%	(0.08)%	(1.42)%

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

Million Baht

Item	March 2020	December 2019	March 2019	Change (%)	
				December 2019	March 2019
Loans	2,115,950	2,061,309	2,029,810	2.7%	4.2%
Deposits	2,514,331	2,370,792	2,340,979	6.1%	7.4%
Loan to deposit ratio	84.2%	86.9%	86.7%	(2.7)%	(2.5)%
Non-performing loan (Gross NPL) <sup>/1</sup>	85,240	79,149	83,668	7.7%	1.9%
Gross NPL to total loans ratio <sup>/1</sup>	3.5%	3.4%	3.5%	0.1%	-
Allowance for expected credit loss to NPL ratio <sup>/1</sup>	203.9%	220.2%	189.0%	(16.3)%	14.9%
Total capital adequacy ratio	18.5%	20.0%	18.1%	(1.5)%	0.4%

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

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

Million Baht

Item	Quarter			Change (%)	
	1/2020	4/2019	1/2019	4/2019	1/2019
Net interest income	<b>19,820</b>	17,193	18,299	15.3%	8.3%
Non-interest income	<b>6,574</b>	26,530	10,328	(75.2)%	(36.3)%
Operating expenses	<b>11,377</b>	15,988	12,201	(28.8)%	(6.8)%
Expected credit loss	<b>5,087</b>	-	-	N/A	N/A
Impairment loss of loans and debt securities	-	16,342	5,078	N/A	N/A
Operating profit before tax	<b>9,930</b>	11,393	11,348	(12.8)%	(12.5)%
Income tax expenses	<b>2,169</b>	3,290	2,225	(34.1)%	(2.5)%
Net profit	<b>7,761</b>	8,103	9,123	(4.2)%	(14.9)%
Net profit <sup>/1</sup>	<b>7,671</b>	8,002	9,028	(4.1)%	(15.0)%
Total comprehensive income (losses) <sup>/1</sup>	<b>(5,516)</b>	(2,427)	12,442	(127.3)%	(144.3)%

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

In the first quarter of 2020, Bangkok Bank and its subsidiaries reported a net profit attributable to owners of the Bank of Baht 7,671 million, a decrease of Baht 331 million from the previous quarter. Net interest income rose by Baht 2,627 million due partly to higher loan volume, and the change in recognition of interest income from loans using the effective interest rate method combined with the Bank of Thailand's announcement of temporary reduction of the contribution rate to the Financial Institutions Development Fund (FIDF) from 0.46 percent to 0.23 percent per annum during 2020 to 2021 in order for financial institutions to further reduce loan interest rates to customers and the business sector. Non-interest income declined mainly from a decrease in gains on investments due to gains on sale of investments of Baht 14,988 million in the previous quarter. Operating expenses fell by Baht 4,611 million from high expenses in the previous quarter due to seasonality of expenses. In this quarter, expected credit loss was Baht 5,087 million, a decrease of Baht 11,255 million from the previous quarter as the Bank set aside additional reserves in the previous quarter to strengthen the Bank's reserve level before the adoption of the Thai Financial Reporting Standard No. 9 regarding financial instruments (TFRS 9).

Compared with the first quarter of 2019, net profit attributable to owners of the Bank fell by Baht 1,357 million. Non-interest income fell by Baht 3,754 million in this quarter due mainly to a net loss from financial instruments measured at Fair Value Through Profit or Loss (FVTPL) due to the impact of the novel Coronavirus 2019 (COVID-19) outbreak on financial and capital markets. Net interest income rose by Baht 1,521 million.

### *Net Interest Income*

In the first quarter of 2020, net interest income rose by Baht 2,627 million or 15.3 percent from the previous quarter and by Baht 1,521 million from the same period last year due to higher interest income from loans. The increase was mainly driven by the change in recognition of interest income from loans using the effective interest rate method, combined with an increase in loan volume net of the effect of lower interest rates after two cuts in policy interest rates during the first quarter of 2020. Interest expenses declined due to the reduction in contribution rate to the FIDF from 0.46 percent to 0.23 percent per annum. Net interest margin for the first quarter of 2020 stood at 2.52 percent.

Million Baht

Item	Quarter			Change (%)	
	1/2020	4/2019	1/2019	4/2019	1/2019
<b>Interest Income</b>					
Loans	24,369	23,015	23,696	5.9%	2.8%
Interbank and money market items	1,728	1,971	2,321	(12.3)%	(25.5)%
Investments	2,528	2,729	2,348	(7.4)%	7.7%
<b>Total interest income</b>	<b>28,625</b>	<b>27,715</b>	<b>28,365</b>	<b>3.3%</b>	<b>0.9%</b>
<b>Interest expenses</b>					
Deposits	5,596	5,811	5,526	(3.7)%	1.3%
Interbank and money market items	375	396	557	(5.3)%	(32.7)%
Contributions to the Deposit Protection Agency and Financial Institutions Development Fund	1,314	2,500	2,453	(47.4)%	(46.4)%
Debt issued and borrowings	1,520	1,815	1,530	(16.3)%	(0.7)%
<b>Total interest expenses</b>	<b>8,805</b>	<b>10,522</b>	<b>10,066</b>	<b>(16.3)%</b>	<b>(12.5)%</b>
<b>Net interest income</b>	<b>19,820</b>	<b>17,193</b>	<b>18,299</b>	<b>15.3%</b>	<b>8.3%</b>
Yield on earning assets	3.64%	3.57%	3.84%	0.07%	(0.20)%
Cost of funds	1.31%	1.57%	1.58%	(0.26)%	(0.27)%
Net interest margin	2.52%	2.22%	2.48%	0.30%	0.04%

Bangkok Bank Interest Rate	Mar'20	Dec'19	Sep'19	Jun'19	Mar'19	Dec'18
<b>Loans (%)</b>						
MOR	6.500	6.875	6.875	7.125	7.125	7.125
MRR	6.500	6.875	6.875	7.125	7.125	7.125
MLR	5.875	6.000	6.250	6.250	6.250	6.250
<b>Deposits (%)</b>						
Savings	0.375	0.500-0.625	0.500-0.625	0.500-0.625	0.500-0.625	0.500-0.625
3-month Fixed	0.500	1.000	1.000	1.000	1.000	1.000
6-month Fixed	0.625	1.250	1.250	1.250	1.250	1.250
12-month Fixed	0.750	1.375-1.500	1.500	1.500	1.500	1.500
<b>Bank of Thailand Policy Rate (%)</b>	<b>0.750</b>	<b>1.250</b>	<b>1.500</b>	<b>1.750</b>	<b>1.750</b>	<b>1.750</b>

### Non-Interest Income

In the first quarter of 2020, non-interest income amounted to Baht 6,574 million, a decrease of Baht 19,956 million or 75.2 percent from the previous quarter predominantly due to gains on investments of Baht 14,988 million, combined with a net loss from financial instruments measured at FVTPL in this quarter which declined in fair value due to the effects of the COVID-19 outbreak on the market and a decline in net fees and service income mainly due to lower fee income from loan-related services of which partly due to loan-related services being presented as a part of interest income from loans after the adoption of TFRS 9, while fee income from the securities business continued to grow well.

Compared with the first quarter of 2019, non-interest income fell by Baht 3,754 million, due mainly to a net loss from financial instruments measured at FVTPL in this quarter. In addition, net fees and service income decreased, mainly from a decrease in fee income from loan-related services, while fee income from the securities business and investment banking services increased.

Million Baht

Item	Quarter			Change (%)	
	1/2020	4/2019	1/2019	4/2019	1/2019
Fees and service income	9,083	11,075	9,587	(18.0)%	(5.3)%
<u>Less Fees and service expenses</u>	<u>2,729</u>	<u>2,890</u>	<u>2,747</u>	<u>(5.6)%</u>	<u>(0.7)%</u>
<b>Net fees and service income</b>	<b>6,354</b>	<b>8,185</b>	<b>6,840</b>	<b>(22.4)%</b>	<b>(7.1)%</b>
Gains on financial instruments measured at FVTPL	(1,689)	-	-	N/A	N/A
Gain on tradings and foreign exchange transactions	-	2,172	1,759	N/A	N/A
Gains on investments	1,150	14,988	775	(92.3)%	48.4%
Share of profit from investment for using equity method	12	5	44	140.0%	(72.7)%
Gains on disposal of assets	58	435	156	(86.7)%	(62.8)%
Dividend income	486	616	637	(21.1)%	(23.7)%
Other operating income	203	129	117	57.4%	73.5%
<b>Total other operating income</b>	<b>220</b>	<b>18,345</b>	<b>3,488</b>	<b>(98.8)%</b>	<b>(93.7)%</b>
<b>Total non-interest income</b>	<b>6,574</b>	<b>26,530</b>	<b>10,328</b>	<b>(75.2)%</b>	<b>(36.3)%</b>
Net fees and service income to operating income ratio	24.1%	18.7%	23.9%	5.4%	0.2%

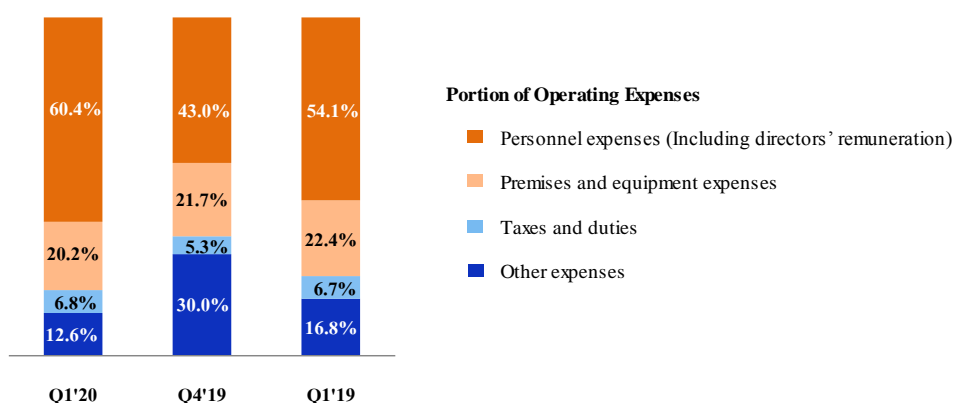
### Operating Expenses

In the first quarter of 2020, operating expenses amounted to Baht 11,377 million, a decrease of Baht 4,611 million or 28.8 percent from the previous quarter, due predominantly to declines in other expenses and premises and equipment expenses, as expenses to improve efficiency of business operations and marketing expenses were high in the previous quarter. Compared with the first quarter of 2019, operating expenses fell by Baht 824 million or 6.8 percent due to a decrease of Baht 619 million in other expenses and a decrease of Baht 442 million in premises and equipment expenses relating to expenses to improve efficiency of business operations.

Million Baht

Item	Quarter			Change (%)	
	1/2020	4/2019	1/2019	4/2019	1/2019
Personnel expenses	6,836	6,817	6,563	0.3%	4.2%
Directors' remuneration	33	56	34	(41.1)%	(2.9)%
Premises and equipment expenses	2,296	3,463	2,738	(33.7)%	(16.1)%
Taxes and duties	781	856	816	(8.8)%	(4.3)%
Other expenses	1,431	4,796	2,050	(70.2)%	(30.2)%
<b>Total operating expenses</b>	<b>11,377</b>	<b>15,988</b>	<b>12,201</b>	<b>(28.8)%</b>	<b>(6.8)%</b>
Expense to operating income ratio	43.1%	36.6%	42.6%	6.5%	0.5%





### Expected Credit Loss

In the first quarter of 2020, expected credit loss amounted to Baht 5,087 million including loans, interbank and money market items, debt securities that are not measured at fair value through profit and loss, and off balance sheet items regarding TFRS 9. When expected credit loss is compared to the impairment loss of loans and debt securities, in the fourth quarter of 2019, impairment loss of loans and debt securities were Baht 16,342 million which were especially high as the Bank strengthened its reserve level to prepare for the adoption of TFRS 9, in line with its prudent approach to financial management. However, in the first quarter of 2019, impairment loss of loans was Baht 5,078 million.

Item	Million Baht		
	1/2020	Quarter 4/2019	1/2019
Expected credit loss	5,087	-	-
Impairment loss of loans and debt securities	-	16,342	5,078

### Significant Items in the Financial Position

#### Assets

Total assets as of March 31, 2020 amounted to Baht 3,395,290 million, an increase of Baht 178,547 million from the end of December 2019. Significant items included loans of Baht 2,115,950 million, an increase of Baht 54,641 million or 2.7 percent, and net interbank and money market items of Baht 505,156 million, an increase of Baht 32,807 million or 6.9 percent, due mainly to increases in lending volume. Net investments amounted to Baht 615,788 million, a decrease of Baht 31,909 million or 4.9 percent, due to the change in classification and measurement of investments as financial assets measured at FVTPL.

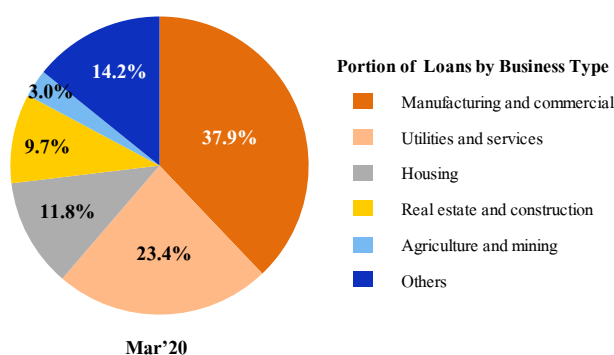
Item	March 2020	December 2019	March 2019	Change (%)	
				December 2019	March 2019
Net interbank and money market items	505,156	472,349	520,967	6.9%	(3.0)%
Financial assets measured at FVTPL	71,634	-	-	N/A	N/A
Net investments	615,788	647,697	575,605	(4.9)%	7.0%
Net investments in associates	1,750	1,737	1,652	0.7%	5.9%
Loans	2,115,950	2,061,309	2,029,810	2.7%	4.2%
Net properties for sale	9,503	9,363	10,613	1.5%	(10.5)%
<b>Total assets</b>	<b>3,395,290</b>	<b>3,216,743</b>	<b>3,148,836</b>	<b>5.6%</b>	<b>7.8%</b>

### Loans

Loans as of March 31, 2020 amounted to Baht 2,115,950 million, an increase of Baht 54,641 million or 2.7 percent from the end of December 2019, owing to an increase in loans to large corporate customers and loans made through the Bank's international network.

Million Baht

Loans by Business Type	March 2020	December 2019	March 2019	Change (%)	
				December 2019	March 2019
Manufacturing and commercial	801,718	755,979	801,647	6.1%	0.0%
Utilities and services	495,693	470,159	446,513	5.4%	11.0%
Housing	249,845	251,197	243,754	(0.5)%	2.5%
Real estate and construction	205,235	200,736	199,224	2.2%	3.0%
Agriculture and mining	62,654	61,569	53,134	1.8%	17.9%
Others	300,805	321,669	285,538	(6.5)%	5.3%
<b>Total</b>	<b>2,115,950</b>	<b>2,061,309</b>	<b>2,029,810</b>	<b>2.7%</b>	<b>4.2%</b>



The Bank and its subsidiaries had loans distributed across business sectors, with 37.9 percent in the manufacturing and commercial sector, 23.4 percent in the utilities and services sector, 11.8 percent in the housing sector, and 9.7 percent in the real estate and construction sector. The increase in loans from the end of December 2019 was mainly driven by the manufacturing and commercial sector, and the utilities and services sector.

### Classified Loans and Allowance for Expected Credit Loss

Non-performing loan (Gross NPL) at the end of March 2020 was Baht 85,240 million. The gross NPL to total loans ratio was 3.5 percent.

Allowance for expected credit loss was Baht 173,788 million and the allowance for expected credit loss to NPL ratio was 203.9 percent.

Million Baht

Item	March 2020	December 2019	March 2019	Change (%)	
				December 2019	March 2019
<b>Consolidated</b>					
Non-performing loan (Gross NPL) <sup>/1</sup>	85,240	79,149	83,668	7.7%	1.9%
Gross NPL to total loans ratio <sup>/1</sup>	3.5%	3.4%	3.5%	0.1%	-
Net NPL to net total loans ratio <sup>/1</sup>	1.5%	1.2%	1.2%	0.3%	0.3%
Allowance for expected credit loss to NPL ratio <sup>/2</sup>	203.9%	220.2%	189.0%	(16.3)%	14.9%
<b>The Bank</b>					
Non-performing loan (Gross NPL) <sup>/1</sup>	83,941	78,093	82,883	7.5%	1.3%
Gross NPL to total loans ratio <sup>/1</sup>	3.5%	3.4%	3.6%	0.1%	(0.1)%

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

<sup>/2</sup> Before the adoption of TFRS 9, calculating from allowance for expected credit loss of loans

Million Baht

Item	Loans and Interbank & Money Market	Allowance for Expected Credit Loss <sup>/1</sup>
	March 2020	March 2020
Non credit-impaired	2,536,194	122,564
Credit-impaired	85,240	51,224
<b>Total</b>	<b>2,621,434</b>	<b>173,788</b>

<sup>/1</sup> Including expected credit loss of loans, interbank and money market items and off balance sheet items regarding TFRS 9

Million Baht

Item	Loans & Accrued Interest Receivables		Allowance for Doubtful Accounts Classified to Bank of Thailand Criteria	
	December 2019	March 2019	December 2019	March 2019
Normal	1,918,520	1,901,489	16,119	15,567
Special mentioned	67,596	50,516	848	623
Substandard	9,783	11,044	1,359	4,121
Doubtful	14,522	19,035	6,259	9,296
Doubtful of loss	54,901	53,718	30,087	28,969
<b>Total</b>	<b>2,065,322</b>	<b>2,035,802</b>	<b>54,672</b>	<b>58,576</b>
<u>Add</u> Excess allowance for doubtful accounts			113,094	93,476
<b>Total allowance for doubtful accounts from loan classification</b>			<b>167,766</b>	<b>152,052</b>
<u>Add</u> Revaluation allowance for debt restructuring			6,510	6,042
<b>Total allowance for doubtful accounts</b>			<b>174,276</b>	<b>158,094</b>

### Investments

Investments as of March 31, 2020 amounted to Baht 687,422 million, an increase of Baht 39,725 million or 6.1 percent from the end of December 2019 due partly to higher investment in government and state-enterprise securities.

Most investments were in government and state-enterprise securities. As of March 31, 2020, these amounted to Baht 385,390 million, accounting for 56.1 percent of total investments. The remaining investments were foreign debt securities of Baht 124,290 million, private enterprise debt securities of Baht 71,284 million, and investment in equity securities of Baht 71,259 million.

Million Baht

Investments by Investment Holding	March 2020
Trading securities	28,267
Securities measured at FVTPL	43,367
Debt securities measured at AMC	26,966
Debt securities measured at FVOCI	526,858
Equity securities measured at FVOCI	61,964
<b>Total investments</b>	<b>687,422</b>

Million Baht

Investments by Investment Holding	December 2019	March 2019
Trading securities	13,613	12,746
Available-for-sale securities	574,720	508,813
Held-to-maturity debt securities	23,257	20,904
General investments	36,107	33,142
<b>Total investments</b>	<b>647,697</b>	<b>575,605</b>

### Liabilities and Shareholders' Equity

Total liabilities as of March 31, 2020 amounted to Baht 2,979,985 million, an increase of Baht 191,358 million from the end of December 2019. Deposits amounted to Baht 2,514,331 million, an increase of Baht 143,539 million or 6.1 percent. Interbank and money market items amounted to Baht 108,595 million, a decrease of Baht 25,751 million or 19.2 percent, due largely to a decrease in borrowings under repurchase agreements. Debt issued and borrowings amounted to Baht 147,693 million, increasing from foreign exchange rates.

Million Baht

Item	March 2020	December 2019	March 2019	Change (%)	
				December 2019	March 2019
Deposits	<b>2,514,331</b>	2,370,792	2,340,979	6.1%	7.4%
Interbank and money market items	<b>108,595</b>	134,346	146,232	(19.2)%	(25.7)%
Financial liabilities measured at FVTPL	<b>21,046</b>	-	-	N/A	N/A
Debt issued and borrowings	<b>147,693</b>	144,681	114,172	2.1%	29.4%
<b>Total liabilities</b>	<b>2,979,985</b>	2,788,627	2,723,141	6.9%	9.4%
<b>Shareholders' equity</b> <sup>/1</sup>	<b>414,848</b>	427,751	425,256	(3.0)%	(2.4)%

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

### Deposits

Total deposits as of March 31, 2020 amounted to Baht 2,514,331 million, an increase of Baht 143,539 million or 6.1 percent from the end of December 2019, due to the increases of 106,195 million in savings and 39,420 million in fixed deposits.

Million Baht

Deposits Classified by Product Type	March 2020		December 2019		March 2019		Change (%)	
	Amount	Portion	Amount	Portion	Amount	Portion	December 2019	March 2019
Current	<b>110,991</b>	<b>4.4%</b>	113,067	4.8%	107,105	4.6%	(1.8)%	3.6%
Savings	<b>1,251,301</b>	<b>49.8%</b>	1,145,106	48.3%	1,113,948	47.6%	9.3%	12.3%
Fixed <sup>/1</sup>	<b>1,152,039</b>	<b>45.8%</b>	1,112,619	46.9%	1,119,926	47.8%	3.5%	2.9%
<b>Total</b>	<b>2,514,331</b>	<b>100.0%</b>	2,370,792	100.0%	2,340,979	100.0%	6.1%	7.4%
Loan to deposit ratio		<b>84.2%</b>		86.9%		86.7%	(2.7)%	(2.5)%

<sup>/1</sup> Including negotiable certificates of deposit

### Debt Issued and Borrowings

Total debt issued and borrowings as of March 31, 2020 amounted to Baht 147,693 million, an increase of Baht 3,012 million from the end of December 2019, due to an increase in the value of foreign debentures resulting from the depreciation of the baht.

Million Baht

Debt Issued and Borrowings Classified by Type of Instruments	March 2020		December 2019		March 2019		Change (%)	
	Amount	Portion	Amount	Portion	Amount	Portion	December 2019	March 2019
Senior unsecured notes	107,880	73.0%	99,530	66.3%	104,994	87.6%	8.4%	2.7%
Subordinated notes	39,228	26.5%	49,757	33.1%	14,310	11.9%	(21.2)%	174.1%
Bills of exchange	7	0.1%	8	0.1%	8	0.1%	(12.5)%	(12.5)%
Others	690	0.4%	838	0.5%	535	0.4%	(17.7)%	29.0%
<b>Total (before less discount on borrowings)</b>	<b>147,805</b>	<b>100.0%</b>	<b>150,133</b>	<b>100.0%</b>	<b>119,847</b>	<b>100.0%</b>	<b>(1.6)%</b>	<b>23.3%</b>
Less Discount on borrowings	112		5,452		5,675		(97.9)%	(98.0)%
<b>Total</b>	<b>147,693</b>		<b>144,681</b>		<b>114,172</b>		<b>2.1%</b>	<b>29.4%</b>

### Shareholders' Equity

Shareholders' equity attributable to owners of the Bank as of March 31, 2020 amounted to Baht 414,848 million, a decrease of Baht 12,903 million or 3.0 percent from the end of 2019, due to net profit attributable to owners of the Bank for the first quarter of 2020 of Baht 7,671 million, net of a decline of Baht 17,819 million in gains on investments measured at FVOCI.

### Contingent Liabilities

Contingent liabilities as of March 31, 2020 amounted to Baht 713,052 million, an increase of Baht 87,161 million from the end of December 2019 due predominantly to an increase in "others" (under other commitments).

Million Baht

Item	March 2020	December 2019	March 2019	Change (%)	
				December 2019	March 2019
Avals to bills	5,826	7,598	6,876	(23.3)%	(15.3)%
Guarantees of loans	31,737	27,513	31,489	15.4%	0.8%
Liability under unmatured import bills	20,753	17,745	19,122	17.0%	8.5%
Letters of credit	25,414	22,116	38,166	14.9%	(33.4)%
Other commitments					
Amount of unused bank overdrafts	165,637	165,562	171,623	0.0%	(3.5)%
Other guarantees	243,939	247,490	264,096	(1.4)%	(7.6)%
Others	219,746	137,867	139,160	59.4%	57.9%
<b>Total</b>	<b>713,052</b>	<b>625,891</b>	<b>670,532</b>	<b>13.9%</b>	<b>6.3%</b>

### *Sources and Utilization of Funds*

The primary sources of funds as of March 31, 2020 were Baht 2,514,331 million or 74.1 percent in deposits, Baht 414,848 million or 12.2 percent in shareholders' equity attributable to owners of the Bank, Baht 168,739 million or 5.0 percent in debt issued and borrowings including financial liabilities measured at FVTPL, and Baht 108,595 million or 3.2 percent in interbank and money market liabilities.

The utilization of funds comprised Baht 2,115,950 million or 62.3 percent in loans, Baht 689,172 million or 20.3 percent in net investments including financial assets measured at FVTPL and net investments in associates, and Baht 505,156 million or 14.9 percent in net interbank and money market assets.

### *Capital Reserves and Capital Adequacy Ratio*

Under the principles of Basel III, the Bank of Thailand requires commercial banks registered in Thailand and members of their financial groups to maintain minimum levels of capital adequacy as measured by three ratios, including the Common Equity Tier 1 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 Bank of Thailand 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 Bank of Thailand's minimum levels and capital buffer requirements, the Bank in 2020 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, 2020, the regulatory capital position of the Bank's financial group according to the consolidated financial statements was Baht 463,299 million, Common Equity Tier 1 capital adequacy was Baht 392,840 million, and Tier 1 capital adequacy was Baht 392,914 million. The total capital adequacy ratio was 18.5 percent, the Common Equity Tier 1 capital adequacy ratio was 15.7 percent, and the Tier 1 capital adequacy ratio was 15.7 percent.

#### *Consolidated*

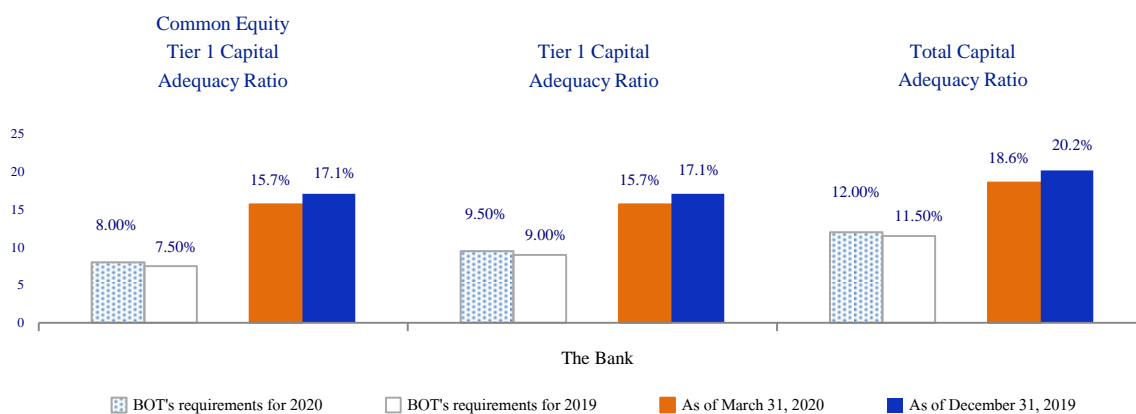
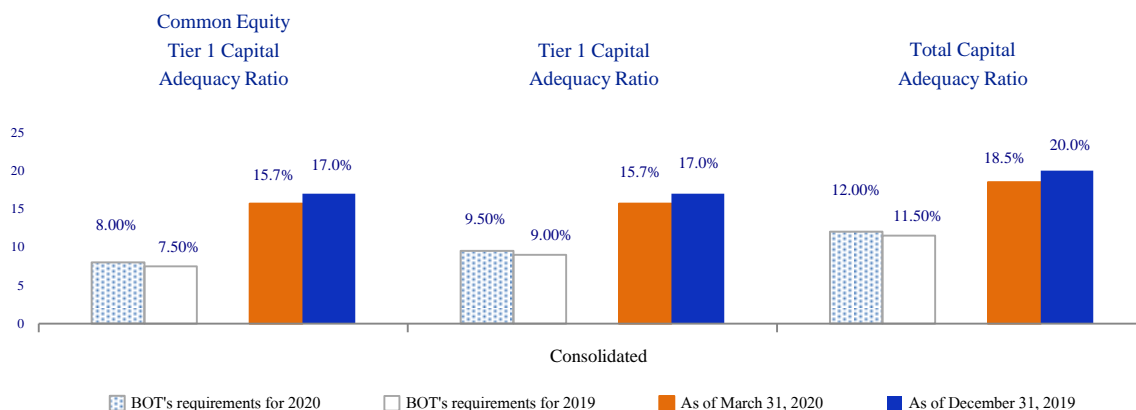
Million Baht

Item	Capital			Capital Adequacy Ratio		
	March 2020	December 2019	March 2019	March 2020	December 2019	March 2019
<b>Total capital</b>	<b>463,299</b>	478,740	429,548	<b>18.5%</b>	20.0%	18.1%
Tier 1 capital	<b>392,914</b>	406,529	394,189	<b>15.7%</b>	17.0%	16.6%
Common Equity Tier 1 capital	<b>392,840</b>	406,463	394,128	<b>15.7%</b>	17.0%	16.6%

#### *The Bank*

Million Baht

Item	Capital			Capital Adequacy Ratio		
	March 2020	December 2019	March 2019	March 2020	December 2019	March 2019
<b>Total capital</b>	<b>453,268</b>	471,262	413,127	<b>18.6%</b>	20.2%	17.9%
Tier 1 capital	<b>383,530</b>	399,842	378,459	<b>15.7%</b>	17.1%	16.4%
Common Equity Tier 1 capital	<b>383,530</b>	399,842	378,459	<b>15.7%</b>	17.1%	16.4%



### Liquid Assets

Liquid assets consisted of cash, net interbank and money market items, debt securities and marketable equity securities. As of March 31, 2020, liquid assets to total assets and liquid assets to deposits were 35.7 percent and 48.2 percent, respectively.

Item	Million Baht		
	March 2020	December 2019	March 2019
Liquid assets/Total assets (%)	35.7	35.5	35.6
Liquid assets/Deposits (%)	48.2	48.2	47.9

## Credit Ratings

As of March 31, 2020, Moody's Investors Service, S&P Global Ratings and Fitch Ratings maintained the Bank's credit ratings from the end of December 2019 and the end of March 2019. In July 2019, Moody's Investors Service upgraded the Bank's subordinated debt instrument rating from Baa3 to Baa2 and the Bank's Baseline Credit Assessment (BCA) from baa2 to baa1 and changed the outlook from stable to positive. In December 2019, S&P Global Ratings changed the outlook from stable to positive.

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

Credit Rating Agency <sup>/1</sup>	March 2020	December 2019	March 2019
<b>Moody's Investors Service</b>			
Long-term Deposit	Baa1	Baa1	Baa1
Short-term Deposit	P-2	P-2	P-2
Senior Unsecured Debt Instrument	Baa1	Baa1	Baa1
Subordinated Debt Instrument	Baa2	Baa2	Baa3
Subordinated Debt (Basel III-compliant Tier 2 securities)	Baa3	Baa3	-
Financial Strength (BCA)	baa1	baa1	baa2
Outlook	Positive	Positive	Stable
<b>S&amp;P Global Ratings</b>			
Long-term Issuer Credit Rating	BBB+	BBB+	BBB+
Short-term Issuer Credit Rating	A-2	A-2	A-2
Senior Unsecured Debt Instrument	BBB+	BBB+	BBB+
Subordinated Debt Instrument	BBB	BBB	BBB
Financial Strength (SACP)	bbb	bbb	bbb
Outlook	Positive	Positive	Stable
<b>Fitch Ratings</b>			
<b>International Rating</b>			
Long-term Issuer Default Rating	BBB+	BBB+	BBB+
Short-term Issuer Default Rating	F2	F2	F2
Senior Unsecured Debt Instrument	BBB+	BBB+	BBB+
Subordinated Debt Instrument	BBB	BBB	BBB
Subordinated Debt (Basel III-compliant Tier 2 securities)	BBB	BBB	-
Financial Strength (VR)	bbb+	bbb+	bbb+
Outlook	Stable	Stable	Stable
<b>National Rating</b>			
Long-term	AA+(tha)	AA+(tha)	AA+(tha)
Short-term	F1+(tha)	F1+(tha)	F1+(tha)
Outlook	Stable	Stable	Stable

<sup>/1</sup> Long-term credit ratings classified as investment grade by Moody's Investors Service, S&P Global Ratings and Fitch Ratings are Baa3, BBB- and BBB-, or higher, respectively. Short-term credit ratings classified as investment grade by Moody's Investors Service, S&P Global Ratings and Fitch Ratings are P-3, A-3 and F3, or higher, respectively.