



# **Bangkok Bank Public Company Limited**

## **Management Discussion and Analysis**

for the Quarter and Six-month Period Ended June 30, 2021

---



## **Management Discussion and Analysis**

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

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

The Thai economy in the second quarter of 2021 was affected by the third wave of the Covid-19 outbreak as a virus mutation resulted in a high number of daily infections, especially in major economic centers. Although the government has implemented strict epidemic control measures for specific areas and businesses, the number of daily infections grew steadily, raising public concern and leading to a decline in economic activity, especially private consumption and domestic travel. Meanwhile, the number of foreign tourists remained low due to international travel restrictions. Private investment in machinery and equipment for export slightly improved in line with export growth from the recovery in the economies of trading partners. However, investment in construction slowed following a decline in local demand and epidemic control measures for construction workers. Therefore, government expenditure continues to play an important role in supporting the economy.

Headline inflation in the second quarter of 2021 was 2.36 percent, increasing from minus 0.53 percent in the previous quarter and within the Bank of Thailand (BOT)'s target range of 1-3 percent. Core inflation was 0.43 percent, increasing from 0.12 percent in the previous quarter. The average exchange rate was 31.36 THB/USD, weakening from 30.26 THB/USD in the previous quarter.

Since the beginning of 2021, the Monetary Policy Committee (MPC) has kept the policy interest rate unchanged at 0.50 percent, assessing a slower and more uneven recovery in the Thai economy than previously forecast as the third wave of the outbreak would prevent a recovery in international tourism and domestic demand. The labor market has become more fragile and may be slow to recover, especially in the service sector and among the self-employed. In the committee's view the most important issues facing the Thai economy are the acceleration of procurement and distribution of effective vaccines to prevent the outbreak from being prolonged and expediting of adequate and timely fiscal and financial measures to assist those affected in the labor market and business sectors in the vulnerable areas. Monetary policy must remain accommodative. The distribution of liquidity to those affected should be targeted, while financial institutions need to adjust and broaden their debt structuring process in line with debtors' ability to repay in the long term.

The Thai economy in 2021 is likely to grow less than expected as the mutated virus is spreading rapidly causing high numbers of infections while the vaccination rollout is still slow, and vaccines are less effective with the new variant. The government has responded with strict control measures that lock down areas with high numbers of infections. The economic outlook for the remainder of the year will depend on the procurement and distribution of sufficient vaccines that are effective with the new virus strains; the government's ability to provide remedial measures for those affected by the outbreak in a timely and targeted manner; and the adequacy of the economic stimulus measures once the epidemic has been controlled. Exports are likely to expand at a high rate following the recovery in the global economy, especially exports to the major economies that are recovering quickly. Other downside risks to the Thai economy are new waves of outbreaks in major economies that may affect Thai exports; outbreaks in neighboring countries that might affect cross-border trade and further virus mutations that limit vaccine effectiveness.

---

*Thai Banking Industry*

In the second quarter of 2021, the commercial banking system in Thailand continued to face challenges from the Covid-19 outbreak. At the end of June 2021, loans grew faster than deposits so the ratio of loans to deposits rose compared to the end of last year. The ratio of non-performing loans (NPL) to total loans fell slightly from the end of last year.

The BOT's Senior Loan Officer Survey indicated that in the second quarter of 2021, credit demand from the business sector covering both large corporates and small and medium sized enterprises (SME) continued to increase from the previous quarter, due mainly to loan demand for working capital from large corporates in the petrochemical and chemical, utilities, clothing and fashion goods, and export industries. Many SME such as hotels and restaurants as well as those in trading and construction required more loans for working capital, funding for operations, and building inventory. In terms of consumer loans, demand for housing loans declined as the latest Covid-19 outbreak affected consumer confidence. Meanwhile, the outbreak also caused real estate developers to delay new housing projects and promotion campaigns. Demand for auto-leasing loans also declined, while demand for credit card and other consumer loans continued to increase. Looking forward, financial institutions expect a continuous increase in demand for working capital from large corporates and SME, particularly existing debtors in the service sector and exports, as well as demand for project finance. Household loan demand for credit card and other consumer loans for general spending and liquidity management will tend to increase. Households are expected to continue to be cautious in spending on durable goods.

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, the BOT and related sectors. These include personal loans and credit card debt mitigation measures which also extended to auto-leasing. In addition, the BOT, together with the Ministry of Finance and related sectors, issued financial rehabilitation measures consisted of a soft loan facility for businesses totaling Baht 250 billion and debt restructuring through asset warehousing totaling Baht 100 billion. On July 15, 2021, the BOT, in cooperation with the Thai Bankers' Association and the Association of International Banks, issued a 2-month debt moratorium to help the affected debtors due to the government's control measures.

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 constraints, 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 less than 100 percent until December 31, 2021, to reduce the burden on commercial banks 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 including the Covid-19 outbreak. The epidemic has dramatically caused a slowdown in economic activities across many sectors, which would affect the commercial banking system's loan quality. As a result, commercial banks will continue to focus on managing loan quality. However, the commercial banking system still has high level of capital and has regularly increased loan loss reserves. This will allow the commercial banking system to support credit demand and the economic volatility caused by Covid-19.

## Overall Picture of the Bank and its Subsidiaries

Million Baht								
Item	Q2/21	Q1/21	Q2/20	%QoQ	%YoY	H1/21	H1/20	%YoY
Net profit <sup>/1</sup>	<b>6,357</b>	6,923	3,095	(8.2)%	105.4%	<b>13,280</b>	10,765	23.4%
Earnings per share (Baht)	<b>3.33</b>	3.63	1.62	(8.2)%	105.4%	<b>6.96</b>	5.64	23.4%
Net interest margin	<b>2.08%</b>	2.17%	2.13%	(0.09)%	(0.05)%	<b>2.12%</b>	2.31%	(0.19)%
Net fees and service income to operating income ratio	<b>20.4%</b>	23.8%	17.4%	(3.4)%	3.0%	<b>22.0%</b>	20.4%	1.6%
Cost to income ratio	<b>48.2%</b>	51.1%	46.5%	(2.9)%	1.7%	<b>49.5%</b>	45.0%	4.5%
Return on average assets <sup>/1</sup>	<b>0.63%</b>	0.72%	0.35%	(0.09)%	0.28%	<b>0.68%</b>	0.62%	0.06%
Return on average equity <sup>/1</sup>	<b>5.49%</b>	6.18%	2.92%	(0.69)%	2.57%	<b>5.83%</b>	5.07%	0.76%

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

Million Baht						
Item	Jun'21	Mar'21	Dec'20	%QoQ	%YTD	
Loans	<b>2,420,305</b>	2,369,276	2,368,238	2.2%	2.2%	
Deposits	<b>3,046,985</b>	2,904,276	2,810,863	4.9%	8.4%	
Loan to deposit ratio	<b>79.4%</b>	81.6%	84.3%	(2.2)%	(4.9)%	
Non-performing loan (Gross NPL) <sup>/1</sup>	<b>111,035</b>	108,470	104,401	2.4%	6.4%	
Gross NPL to total loans ratio <sup>/1</sup>	<b>3.7%</b>	3.7%	3.9%	-	(0.2)%	
Allowance for expected credit losses to NPL ratio <sup>/1</sup>	<b>190.3%</b>	187.3%	186.8%	3.0%	3.5%	
Total capital adequacy ratio	<b>18.37%</b>	18.43%	18.34%	(0.06)%	0.03%	

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

The Bank and its subsidiaries reported net profit for the first half of 2021 amounting to Baht 13,280 million. The net interest income increased by 4.8 percent due mainly to the consolidation of Permata since May 2020, while the net interest margin stood at 2.12 percent, decreased from the same period of 2020 following multiple interest rate cut during the first half of last year. Net fees and service income rose by 18.8 percent, due to fee income from bancassurance and mutual funds services and fee from securities business, as well as the consolidation of Permata's fee income. The cost to income ratio was 49.5 percent. Meanwhile, the Bank set aside expected credit losses under its prudent approach as the Bank continued to assess the potential impact from the prolonged Covid-19 pandemic on the Thai economy and to prepare for and accommodate uncertainty.

At the end of June 2021, the Bank's total loans amounted to Baht 2,420,305 million, an increase of 2.2 percent from the end of last year, owing to increases in loans to business customers and loans made through the international network. Nonetheless the non-performing loan ratio remained at 3.7 percent. The Bank continues to set aside expected credit losses in response to the potential impacts from a prolonged Covid-19 outbreak on the Thai economy, driven a ratio of loan loss reserves to non-performing loan remaining strong at 190.3 percent.

As of June 30, 2021, the Bank's deposits amounted to Baht 3,046,985 million, an increase of 8.4 percent from the end of December 2020. The rise reflected customers' desire to maintain their highly liquid assets during a time of uncertainty. Accordingly, the loan to deposit ratio stood at 79.4 percent. In terms of capital, the Bank's total capital adequacy ratio, Tier 1 capital adequacy ratio, and Common Equity Tier 1 capital adequacy ratio of the Bank and its subsidiaries stood at 18.37 percent, 15.90 percent and 15.04 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	Q2/21	Q1/21	Q2/20	%QoQ	%YoY	H1/21	H1/20	%YoY
Net interest income	<b>20,027</b>	19,707	18,110	1.6%	10.6%	<b>39,734</b>	37,930	4.8%
Non-interest income	<b>13,796</b>	11,166	14,175	23.6%	(2.7)%	<b>24,963</b>	20,749	20.3%
Operating expenses	<b>16,289</b>	15,761	15,026	3.4%	8.4%	<b>32,050</b>	26,403	21.4%
Expected credit loss	<b>9,810</b>	6,326	13,238	55.1%	(25.9)%	<b>16,137</b>	18,325	(11.9)%
Operating profit before tax	<b>7,724</b>	8,786	4,021	(12.1)%	92.1%	<b>16,510</b>	13,951	18.3%
Income tax expenses	<b>1,263</b>	1,747	834	(27.7)%	51.4%	<b>3,010</b>	3,003	0.2%
Net profit	<b>6,461</b>	7,039	3,187	(8.2)%	102.7%	<b>13,500</b>	10,948	23.3%
Net profit <sup>/1</sup>	<b>6,357</b>	6,923	3,095	(8.2)%	105.4%	<b>13,280</b>	10,765	23.4%
Total comprehensive income <sup>/1</sup>	<b>12,400</b>	11,195	23,662	10.8%	(47.6)%	<b>23,595</b>	18,146	30.0%

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

In the second quarter of 2021, Bangkok Bank and its subsidiaries reported a net profit attributable to owners of the Bank of Baht 6,357 million, a decrease from the previous quarter due to an increase in expected credit losses to cope with uncertainty from the prolonged Covid-19 pandemic. Operating income rose on increases in net interest income from higher loan volume and non-interest income due to higher dividend income and gains on financial instruments measured at Fair Value Through Profit or Loss (FVTPL), in line with the market situation.

Compared with the second quarter of 2020, net profit attributable to owners of the Bank increased by Baht 3,262 million or 105.4 percent, from an increase in operating income due mainly to the consolidation of Permata's income, together with increases in fee income from loan-related services and the securities business. Expected credit losses decreased as the Bank continued to assess the potential impact of the Covid-19 pandemic. Meanwhile operating expenses increased from the consolidation of Permata's expenses.

In the first half of 2021, net profit attributable to owners of the Bank amounted to Baht 13,280 million, increasing from the first half of last year. Net interest income increased by 4.8 percent, due mainly to the consolidation of Permata's earnings since May 2020 and non-interest income increased from higher fee income from the securities business, mutual funds and bancassurance services, together with an increase in gains on financial instruments measured at FVTPL, in line with the market situation. Meanwhile, operating expenses increased from the consolidation of Permata's expenses. Expected credit losses declined as the Bank continues to assess the ongoing impact of Covid-19 on the Thai economy. It has continued to set aside expected credit losses under its prudent approach to cope with any future uncertainty.

### Net Interest Income

Net interest income in the second quarter of 2021 amounted to Baht 20,027 million, rising by Baht 320 million or 1.6 percent from the previous quarter due to increases in business loans and loans made through the Bank's international network.

Compared with the second quarter of 2020 and the first half of 2020, net interest income rose by 10.6 percent and 4.8 percent, respectively. This was mainly due to the consolidation of Permata's income from May 2020 onwards, together with a decrease in interest expenses on deposits in accordance with the interest rate situation.

	Million Baht								
Item	Q2/21	Q1/21	Q2/20	%QoQ	%YoY	H1/21	H1/20	%YoY	
<b>Interest Income</b>									
Loans	<b>23,692</b>	23,273	23,226	1.8%	2.0%	<b>46,964</b>	47,595	(1.3)%	
Interbank and money market items	<b>1,684</b>	1,529	1,371	10.1%	22.8%	<b>3,213</b>	3,098	3.7%	
Investments	<b>2,548</b>	2,710	2,603	(6.0)%	(2.1)%	<b>5,258</b>	5,132	2.5%	
<b>Total interest income</b>	<b>27,924</b>	27,512	27,200	1.5%	2.7%	<b>55,435</b>	55,825	(0.7)%	
<b>Interest expenses</b>									
Deposits	<b>4,514</b>	4,548	5,832	(0.7)%	(22.6)%	<b>9,061</b>	11,428	(20.7)%	
Interbank and money market items	<b>230</b>	224	237	2.7%	(3.0)%	<b>454</b>	611	(25.7)%	
Contributions to the Deposit Protection Agency and Financial Institutions Development Fund	<b>1,612</b>	1,542	1,469	4.5%	9.7%	<b>3,154</b>	2,783	13.3%	
Debt issued and borrowings	<b>1,541</b>	1,491	1,552	3.4%	(0.7)%	<b>3,032</b>	3,073	(1.3)%	
<b>Total interest expenses</b>	<b>7,897</b>	7,805	9,090	1.2%	(13.1)%	<b>15,701</b>	17,895	(12.3)%	
<b>Net interest income</b>	<b>20,027</b>	19,707	18,110	1.6%	10.6%	<b>39,734</b>	37,930	4.8%	
Yield on earning assets	<b>2.90%</b>	3.02%	3.20%	(0.12)%	(0.30)%	<b>2.96%</b>	3.40%	(0.44)%	
Cost of funds	<b>0.94%</b>	0.98%	1.23%	(0.04)%	(0.29)%	<b>0.96%</b>	1.26%	(0.30)%	
Net interest margin	<b>2.08%</b>	2.17%	2.13%	(0.09)%	(0.05)%	<b>2.12%</b>	2.31%	(0.19)%	

Bangkok Bank Interest Rate	Jun'21	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	5.875	6.100	6.500	6.750	6.875
MRR	5.950	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	5.250	5.475	5.875	6.000	6.000
<b>Deposits (%)</b>									
Savings	0.250	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	0.375	0.500	0.500	0.625	1.000
6-month Fixed	0.500	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	0.500	0.750	0.750	1.000	1.375-1.500
	Jun'21	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	0.500	0.750	1.000	1.250	



### *Non-Interest Income*

In the second quarter of 2021, non-interest income amounted to Baht 13,796 million, increasing by Baht 2,630 million or 23.6 percent from the previous quarter, due to higher dividend income and gains on financial instruments measured at FVTPL, in line with the improvement in the financial and capital markets from the previous quarter. However, net fees and service income declined due to lower fee income from mutual funds and bancassurance services.

Compared with the second quarter of 2020, non-interest income fell slightly from lower gains on financial instruments measured at FVTPL. Meanwhile, net fees and service income increased due to higher fee income from loan-related services, the securities business and the consolidation of Permata's income.

In the first half of 2021, non-interest income amounted to Baht 24,963 million, rising by Baht 4,214 million or 20.3 percent from the first half of 2020, due mainly to an increase in net fees and service income from higher fee income from the securities business, fee income from mutual funds and bancassurance services, and the consolidation of Permata's income. This was coupled with an increase in gains on financial instruments measured at FVTPL, in line with the market situation.

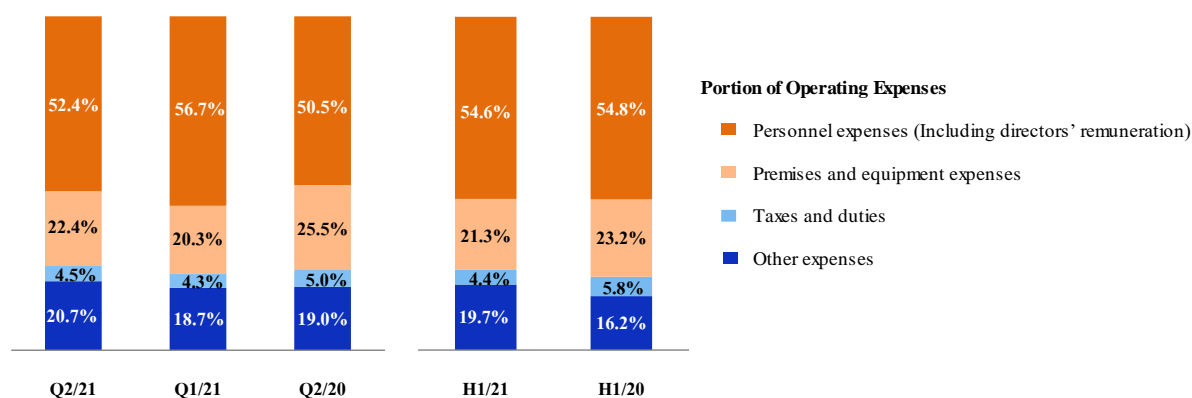
Million Baht								
Item	Q2/21	Q1/21	Q2/20	%QoQ	%YoY	H1/21	H1/20	%YoY
Fees and service income	<b>9,322</b>	9,637	7,434	(3.3)%	25.4%	<b>18,959</b>	16,517	14.8%
<u>Less</u> fees and service expenses	<b>2,426</b>	2,303	1,813	5.3%	33.8%	<b>4,729</b>	4,542	4.1%
<b>Net fees and service income</b>	<b>6,896</b>	7,334	5,621	(6.0)%	22.7%	<b>14,230</b>	11,975	18.8%
Gains on financial instruments measured at FVTPL	<b>5,954</b>	2,088	7,062	185.2%	(15.7)%	<b>8,042</b>	5,372	49.7%
Gains (losses) on investments	<b>(240)</b>	841	317	(128.5)%	(175.7)%	<b>601</b>	1,467	(59.0)%
Share of profit from investment for using equity method	<b>24</b>	32	36	(25.0)%	(33.3)%	<b>57</b>	48	18.8%
Gains on disposal of assets	<b>90</b>	79	45	13.9%	100.0%	<b>169</b>	103	64.1%
Dividend income	<b>806</b>	525	882	53.5%	(8.6)%	<b>1,331</b>	1,368	(2.7)%
Other operating income	<b>266</b>	267	212	(0.4)%	25.5%	<b>533</b>	416	28.1%
<b>Total other operating income</b>	<b>6,900</b>	3,832	8,554	80.1%	(19.3)%	<b>10,733</b>	8,774	22.3%
<b>Total non-interest income</b>	<b>13,796</b>	11,166	14,175	23.6%	(2.7)%	<b>24,963</b>	20,749	20.3%
Net fees and service income to operating income ratio	<b>20.4%</b>	23.8%	17.4%	(3.4)%	3.0%	<b>22.0%</b>	20.4%	1.6%

### *Operating Expenses*

In the second quarter of 2021, operating expenses amounted to Baht 16,289 million, increasing slightly from the previous quarter. Compared with the second quarter of 2020 and the first half of 2020, operating expenses increased due mainly to the consolidation of Permata's operating expenses and intangible assets amortization.

Million Baht

Item	Q2/21	Q1/21	Q2/20	%QoQ	%YoY	H1/21	H1/20	%YoY
Personnel expenses	8,455	8,902	7,519	(5.0)%	12.4%	17,357	14,356	20.9%
Directors' remuneration	88	42	66	109.5%	33.3%	130	99	31.3%
Premises and equipment expenses	3,645	3,198	3,829	14.0%	(4.8)%	6,843	6,124	11.7%
Taxes and duties	731	679	763	7.7%	(4.2)%	1,410	1,543	(8.6)%
Other expenses	3,370	2,940	2,849	14.6%	18.3%	6,310	4,281	47.4%
<b>Total operating expenses</b>	<b>16,289</b>	<b>15,761</b>	<b>15,026</b>	<b>3.4%</b>	<b>8.4%</b>	<b>32,050</b>	<b>26,403</b>	<b>21.4%</b>
Cost to income ratio	48.2%	51.1%	46.5%	(2.9)%	1.7%	49.5%	45.0%	4.5%



### Expected Credit Losses

In the second quarter of 2021, the Bank set aside Baht 9,810 million in expected credit losses as its continued to assess the potential impact from the prolonged Covid-19 pandemic on the Thai economy and to prepare for and accommodate uncertainty under its prudent approach. Expected credit losses cover loans, interbank and money market items, and debt securities, which are not measured at FVTPL, as well as loan commitments and financial guarantee contracts.

### Significant Items in the Financial Position

#### Assets

As of June 30, 2021, total assets amounted to Baht 4,121,961 million, increasing by 4.3 percent from the end of previous quarter due mainly to net investments and loans. Compared with the end of December 2020, total assets rose by 7.8 percent mainly from an increase in loan volume under net interbank and money market items, due to the Bank's liquidity management.

Million Baht

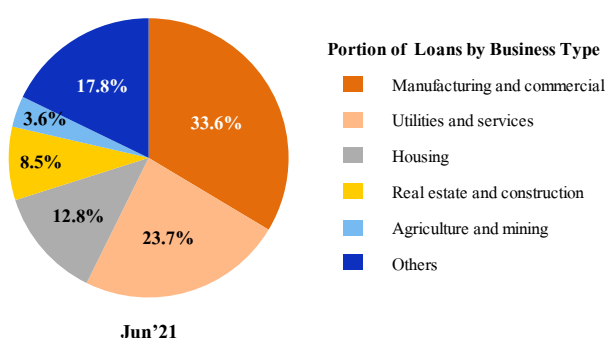
Item	Jun'21	Mar'21	Dec'20	%QoQ	%YTD
Net interbank and money market items	805,307	758,200	519,036	6.2%	55.2%
Financial assets measured at FVTPL	71,991	64,660	57,936	11.3%	24.3%
Net investments	752,776	680,784	758,482	10.6%	(0.8)%
Net investments in associates	904	944	911	(4.2)%	(0.8)%
Loans	2,420,305	2,369,276	2,368,238	2.2%	2.2%
Net properties for sale	9,422	9,579	9,754	(1.6)%	(3.4)%
<b>Total assets</b>	<b>4,121,961</b>	<b>3,952,809</b>	<b>3,822,960</b>	<b>4.3%</b>	<b>7.8%</b>



## Loans

As of June 30, 2021, loans amounted to Baht 2,420,305 million, rising by 2.2 percent from the end of the previous quarter and the end of last year due to increases in loans to business customers and loans made through the Bank's international network.

	Million Baht				
Loans by Business Type	Jun'21	Mar'21	Dec'20	%QoQ	%YTD
Manufacturing and commercial	813,199	805,112	791,828	1.0%	2.7%
Utilities and services	572,550	558,694	539,151	2.5%	6.2%
Housing	309,432	304,299	302,142	1.7%	2.4%
Real estate and construction	206,453	204,797	211,510	0.8%	(2.4)%
Agriculture and mining	88,666	77,577	78,175	14.3%	13.4%
Others	430,005	418,797	445,432	2.7%	(3.5)%
<b>Total loans</b>	<b>2,420,305</b>	<b>2,369,276</b>	<b>2,368,238</b>	<b>2.2%</b>	<b>2.2%</b>



The Bank and its subsidiaries had loans distributed across business sectors, with 33.6 percent in the manufacturing and commercial sector, 23.7 percent in the utilities and services sector, 12.8 percent in the housing sector, and 8.5 percent in the real estate and construction sector. The increase in loans from the end of March 2021 and December 2020 were mainly driven by utilities and services sector.

## Classified Loans and Allowance for Expected Credit Losses

Non-performing loan (Gross NPL) at the end of June 2021 were Baht 111,035 million. The gross NPL to total loans ratio was 3.7 percent.

The allowance for expected credit losses was Baht 211,336 million and the allowance for expected credit losses to NPL ratio was 190.3 percent.

	Million Baht				
Item	Jun'21	Mar'21	Dec'20	%QoQ	%YTD
<b>Consolidated</b>					
Non-performing loan (Gross NPL) <sup>/1</sup>	111,035	108,470	104,401	2.4%	6.4%
Gross NPL to total loans ratio <sup>/1</sup>	3.7%	3.7%	3.9%	-	(0.2)%
Net NPL to net total loans ratio <sup>/1</sup>	1.2%	1.2%	1.4%	-	(0.2)%
Allowance for expected credit losses to NPL ratio	190.3%	187.3%	186.8%	3.0%	3.5%
<b>The Bank</b>					
Non-performing loan (Gross NPL) <sup>/1</sup>	96,586	95,048	91,978	1.6%	5.0%
Gross NPL to total loans ratio <sup>/1</sup>	3.7%	3.7%	4.0%	-	(0.3)%

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

Million Baht

Item	Loans and Interbank & Money Market			Allowance for Expected Credit Losses <sup>/1</sup>		
	Jun'21	Mar'21	Dec'20	Jun'21	Mar'21	Dec'20
Non-credit-impaired	3,115,391	3,019,462	2,781,073	132,276	124,976	121,083
Credit-impaired	111,035	108,470	104,401	79,060	78,149	73,890
<b>Total</b>	<b>3,226,426</b>	<b>3,127,932</b>	<b>2,885,474</b>	<b>211,336</b>	<b>203,125</b>	<b>194,973</b>

<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 June 30, 2021, investments amounted to Baht 824,767 million, increasing by Baht 79,323 million or 10.6 percent from the previous quarter due mainly to higher investments in Thai government and state enterprise securities. The investments were at the same level as the end of last year.

A significant proportion of investments were in Thai government and state enterprise securities. As of June 30, 2021, these amounted to Baht 462,696 million, accounting for 56.1 percent of total investments. There were foreign debt securities of Baht 180,658 million, private enterprise debt securities of Baht 23,048 million, and net investment in equity securities of Baht 104,397 million.

Million Baht

Investments by Investment Holding	Jun'21	Mar'21	Dec'20	%QoQ	%YTD
Trading securities	11,405	10,237	7,833	11.4%	45.6%
Securities measured at FVTPL	60,586	54,423	50,097	11.3%	20.9%
Debt securities measured at amortized cost	40,782	37,549	38,884	8.6%	4.9%
Debt securities measured at FVOCI	622,907	555,176	639,438	12.2%	(2.6)%
Equity securities measured at FVOCI	89,087	88,059	80,160	1.2%	11.1%
<b>Total investments</b>	<b>824,767</b>	<b>745,444</b>	<b>816,412</b>	<b>10.6%</b>	<b>1.0%</b>

### Liabilities and Shareholders' Equity

Total liabilities as of June 30, 2021, amounted to Baht 3,652,681 million, increasing by 4.6 percent from the end of previous quarter and 8.3 percent from the end of last year, mainly due to increases in deposits.

Million Baht

Item	Jun'21	Mar'21	Dec'20	%QoQ	%YTD
Deposits	3,046,985	2,904,276	2,810,863	4.9%	8.4%
Interbank and money market items	253,407	249,830	219,149	1.4%	15.6%
Financial liabilities measured at FVTPL	20,374	19,503	19,257	4.5%	5.8%
Debt issued and borrowings	145,503	142,151	136,177	2.4%	6.8%
<b>Total liabilities</b>	<b>3,652,681</b>	<b>3,491,106</b>	<b>3,372,713</b>	<b>4.6%</b>	<b>8.3%</b>
<b>Shareholders' equity <sup>/1</sup></b>	<b>467,837</b>	<b>460,209</b>	<b>449,014</b>	<b>1.7%</b>	<b>4.2%</b>

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

### Deposits

Total deposits as of June 30, 2021, amounted to Baht 3,046,985 million, rising by 4.9 percent from the end March 2021 and 8.4 percent from the end of December 2020, owing to increases in savings and fixed deposits.

Million Baht								
Deposits Classified by Product Type	Jun'21		Mar'21		Dec'20		%QoQ	%YTD
	Amount	Portion	Amount	Portion	Amount	Portion		
Current	227,160	7.5%	228,605	7.9%	165,912	5.9%	(0.6)%	36.9%
Savings	1,521,445	49.9%	1,450,648	49.9%	1,435,331	51.1%	4.9%	6.0%
Fixed	1,298,380	42.6%	1,225,023	42.2%	1,209,620	43.0%	6.0%	7.3%
<b>Total deposits</b>	<b>3,046,985</b>	<b>100.0%</b>	<b>2,904,276</b>	<b>100.0%</b>	<b>2,810,863</b>	<b>100.0%</b>	<b>4.9%</b>	<b>8.4%</b>
Loan to deposit ratio		<b>79.4%</b>		81.6%		84.3%	(2.2)%	(4.9)%

### Debt Issued and Borrowings

Total debt issued and borrowings as of June 30, 2021, amounted to Baht 145,503 million, an increase of Baht 3,352 million from the end of March 2021 and an increase of Baht 9,326 million from the end of December 2020, due to an increase in the value of foreign denominated debentures following the depreciation of the Baht.

Million Baht								
Debt Issued and Borrowings Classified by Type of Instruments	Jun'21		Mar'21		Dec'20		%QoQ	%YTD
	Amount	Portion	Amount	Portion	Amount	Portion		
Senior unsecured notes	80,182	55.1%	78,364	55.1%	75,100	55.1%	2.3%	6.8%
Subordinated notes	63,864	43.9%	62,418	43.9%	59,835	43.9%	2.3%	6.7%
Bills of exchange	914	0.6%	916	0.6%	814	0.6%	(0.2)%	12.3%
Others	613	0.4%	529	0.4%	507	0.4%	15.9%	20.9%
Total (before less discount on borrowings)	145,573	100.0%	142,227	100.0%	136,256	100.0%	2.4%	6.8%
<u>Less</u> Discount on borrowings	70		76		79		(7.9)%	(11.4)%
<b>Total debt issued and borrowings</b>	<b>145,503</b>		<b>142,151</b>		<b>136,177</b>		<b>2.4%</b>	<b>6.8%</b>

### Shareholders' Equity

Shareholders' equity attributable to owners of the Bank as of June 30, 2021, amounted to Baht 467,837 million, an increase of Baht 18,823 million or 4.2 percent from the end of December 2020. This is due to net profit attributable to owners of the Bank for the first half of 2021 of Baht 13,280 million, net of a dividend payment for the operating performance of 2020 of Baht 4,772 million (2.50 baht per share) according to the resolution of the shareholders' meeting on April 12, 2021, together with a decrease of Baht 9,736 million in losses on translation of the financial statements of foreign operations.

### *Sources and Utilization of Funds*

As of June 30, 2021, the primary sources of funds were Baht 3,046,985 million or 73.9 percent in deposits, Baht 467,837 million or 11.3 percent in shareholders' equity attributable to owners of the Bank, Baht 253,407 million or 6.1 percent in interbank and money market liabilities, and Baht 165,877 million or 4.0 percent in debt issued and borrowings including financial liabilities measured at FVTPL.

The utilization of funds comprised Baht 2,420,305 million or 58.7 percent in loans, Baht 825,671 million or 20.0 percent in net investments including financial assets measured at FVTPL and net investments in associates, and Baht 805,307 million or 19.5 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 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 June 30, 2021, the regulatory capital position of the Bank's financial group according to the consolidated financial statements was Baht 507,451 million. The Common Equity Tier 1 capital adequacy ratio was 15.04 percent, the Tier 1 capital adequacy ratio was 15.90 percent, and the total capital adequacy ratio was 18.37 percent.

### *Consolidated*

Item	Million Baht						BOT's requirements 2020 onwards
	Jun'21		Mar'21		Dec'20		
	Capital	Capital Adequacy Ratio	Capital	Capital Adequacy Ratio	Capital	Capital Adequacy Ratio	
Common Equity Tier 1 capital	415,274	15.04%	410,911	15.06%	407,621	14.89%	> 8.00%
Tier 1 capital	439,040	15.90%	434,679	15.93%	431,381	15.76%	> 9.50%
Tier 2 capital	68,411	2.47%	68,097	2.50%	70,686	2.58%	
<b>Total capital</b>	<b>507,451</b>	<b>18.37%</b>	<b>502,776</b>	<b>18.43%</b>	<b>502,067</b>	<b>18.34%</b>	<b>&gt; 12.00%</b>

### *The Bank*

Item	Million Baht						BOT's requirements 2020 onwards
	Jun'21		Mar'21		Dec'20		
	Capital	Capital Adequacy Ratio	Capital	Capital Adequacy Ratio	Capital	Capital Adequacy Ratio	
Common Equity Tier 1 capital	416,715	16.48%	415,731	16.63%	404,418	16.33%	> 8.00%
Tier 1 capital	440,307	17.41%	439,323	17.57%	428,010	17.28%	> 9.50%
Tier 2 capital	67,726	2.68%	67,364	2.70%	69,839	2.82%	
<b>Total capital</b>	<b>508,033</b>	<b>20.09%</b>	<b>506,687</b>	<b>20.27%</b>	<b>497,849</b>	<b>20.10%</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 June 30, 2021, the ratio of liquid assets to total assets and liquid assets to deposits were 39.4 percent and 53.3 percent, respectively.

Item	Jun'21	Mar'21	Dec'20
Liquid assets/Total assets (%)	39.4	38.1	35.3
Liquid assets/Deposits (%)	53.3	51.8	48.1

### Credit Ratings

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

Credit Rating Agency	Jun'21	Mar'21	Dec'20
<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	Baa2
Subordinated Debt (Basel III-compliant Tier 2 securities)	Baa3	Baa3	Baa3
Subordinated Debt (Basel III-compliant Tier 1 securities)	Ba1	Ba1	Ba1
Financial Strength (BCA)	baa1	baa1	baa1
Outlook	Stable	Stable	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	Stable	Stable	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	BB+	BB+	BB+
Subordinated Debt (Basel III-compliant Tier 2 securities)	BB+	BB+	BB+
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