Bangkok Bank

Press Release

April 18, 2019

Bangkok Bank reports first quarter 2019 net profit of Baht 9,028 million

Thailand's economic growth in 2019 is expected to be 3.8 percent, decreasing from 4.1 percent in 2018. Amid slower world trade and risks from the US trade policies, exports declined for the first two months of the year. This has squeezed manufacturing production of export-oriented sectors, which has led to the fall in overall domestic production activity. Nevertheless, private consumption continued to expand in line with continuous improvement in farm income. Going forward, although downside risks to Thailand's economic growth are greater given weaker global economy, public policy continuity—including the implementation of infrastructure projects such as the Eastern Economic Corridor (EEC)—will be key to underpinning private sector sentiment. Moreover, policies to improve household purchasing power—which are likely to be implemented by the incoming government—will, to some extent, provide additional support to domestic consumption.

Bangkok Bank and its subsidiaries reported a net profit attributable to owners of the Bank of Baht 9,028 million, a slight increase of 0.3 percent from the first quarter of 2018. Net interest income increased by 6.9 percent and net interest margin increased from 2.34 percent to 2.48 percent. Non-interest income decreased by 28.3 percent due mainly to declines in gains on investments and net fees and service income. The decrease in net fees and service income was due to the exemption of transaction fees via digital channels and lower fees from loan-related services. Operating expenses declined by 3.1 percent and the ratio of expense to operating income stood at 42.6 percent.

At the end of March 2019, the Bank's loans amounted to Baht 2,029,810 million, a decrease of 2.6 percent from the end of 2018 mainly due to the decline in loans to businesses and consumers. The ratio of non-performing loan (NPL) to total loans was 3.5 percent, while the ratio of loan loss reserves to NPL was 189.0 percent.

In terms of capital, as per the Bank of Thailand (BOT) announcement of the guidelines for identifying and regulating Domestic Systemically Important Banks (D-SIBs), Bangkok Bank, which is classified as a D-SIB, is required by the BOT to have additional capital to meet the Higher Loss Absorbency (HLA) requirement, which raises the Common Equity Tier 1 ratio by 1.0 percent, beginning with a 0.5 percent increasing from January 1, 2019, rising to 1.0 percent from January 1, 2020 onwards. For the Bank, with the inclusion of net profit for the six months from July to December 2018 and net profit for the first quarter of 2019 minus the May 2019 dividend payment, the total capital adequacy ratio, the Common Equity Tier 1 capital adequacy ratio and the Tier 1 capital adequacy ratio of the Bank and its subsidiaries would be approximately 18.9 percent, 17.4 percent and 17.4 percent, respectively. These capital adequacy ratios are above the Bank of Thailand's minimum capital requirements and satisfy capital buffer requirement as per the guidelines on D-SIBs.

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