

January 21, 2020

### **Bangkok Bank reports 2019 net profit of Baht 35,816 million**

In 2019, the Thai economy expanded at a slower rate than in 2018 as export contraction led to the decline in manufacturing production and private investment. Weaker global growth, uncertainties around global trade relationship, and the stronger-than-expected Baht have all contributed to falling exports. Domestic demand was weighed down by the ongoing structural challenges such as elevated household debt and a rapidly ageing population. Furthermore, government spending expanded more slowly than anticipated following a delay in government's budget approval for the fiscal year 2020.

### **Net profit for 2019 grew 1.4% amid challenging economic environment**

In 2019 Bangkok Bank and its subsidiaries posted a net profit attributable to owners of the Bank of Baht 35,816 million, increased 1.4 percent compared to last year amid challenging economic environment. Net fees and service income increased 3.3 percent, driven by higher fees from loan-related services coupled with the strong performance in bancassurance and mutual funds in line with the Bank's strategic direction. Net interest income slightly declined with net interest margin at 2.35 percent. Other operating income grew 52.3 percent, led by higher gains on investments. While non-performing loan (NPL) had remained stable, an one-off higher provision for impairment loss of loans and debt securities was set aside on conservative premise to strengthen the loan loss reserves, in light of the imminent adoption of the new accounting regime which would entail lower credit cost provisioning rate. Operating expense marginally decreased by 0.4 percent from last year. The cost to income ratio was poised well at 41.1 percent.

### **Healthy balance sheet and strong capital position**

At the end of December 2019, loan amounted to Baht 2,061,309 million, an increase of 3.0 percent from the previous quarter, due to an increase in loan in all business units. The non-performing loan (NPL) ratio was at 3.4 percent with strong loan loss reserves to NPL at 220.2 percent. The Bank continued to focus on loan quality through robust control over credit underwriting and risk management while maintaining the allowance for doubtful accounts at prudent level.

The Bank's financial position remained healthy with a strong capital base and optimal liquidity position. At the end of December 2019, the loan to deposit ratio stood at 86.9 percent. On September 25, 2019, the Bank issued 15-year Subordinated Notes qualified as Basel III-compliant Tier 2 capital amounting to USD 1,200 million, which supported the Bank's well mixed of capital structure to be even stronger. As of December 31, 2019, total capital adequacy ratio, Common Equity Tier 1 capital adequacy ratio and Tier 1 capital adequacy ratio of the Bank and its subsidiaries were 20.0 percent, 17.0 percent and 17.0 percent, respectively, comfortably above the Bank of Thailand's minimum capital requirements.

-End-