

April 21, 2020

### **Bangkok Bank reports net profit of Baht 7,671 million for first quarter 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.

### **Amid challenging economic conditions, Bangkok Bank delivered first quarter net profit of Baht 7,671 million**

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).

## **Bangkok Bank posts a healthy balance sheet and strong capital position**

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.

## **Implementation of new financial reporting standards (Group of financial instruments)**

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.

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