
Summary of Operating Results for the Bank and its Subsidiaries

Quarter and Year Ended December 31, 2020

In 2020, the Covid-19 pandemic caused the greatest disruption seen in decades to both the global and the Thai economies. Businesses, especially in the export and tourism sectors, were affected by government measures to control the spread of the virus, such as lockdowns and international travel bans. This hampered both the employment and consumption of households. In the third quarter, the government lifted city lockdowns and introduced various stimulus measures, helping economic activities to recover. However, after an initial surge in demand following the lifting of the lockdown, the pace of the rebound slowed and new domestic Covid-19 cases surged. The latter development could adversely impact the economy if infections become more widespread.

The government and the Bank of Thailand (BOT) launched a series of measures to mitigate the effects of the pandemic and to help sustain the economy, including discussing the situation with financial institutions to support debtors facing financial difficulties in systematic and appropriate ways. However, the economic recovery remains fragile and highly uncertain due to the new wave of domestic outbreaks, control measures to reduce the spread of the virus, the efficacy and distribution of vaccines, and progress of protocols for admitting foreign tourists. In this regard, the Bank continues to closely monitor the situation and maintain support for customers, while continuing to focus on its prudent approach towards credit underwriting and risk management as well as maintaining a sound financial position, and liquidity and capital reserves to support its financial sustainability.

In 2020, the Bank's net profit amounted to Baht 17,181 million. Net interest income rose by 8.4 percent from 2019 to Baht 77,047 million due to the consolidation of Permata's net interest income. The net interest margin stood at 2.25 percent. Net fees and service income and other operating income declined primarily due to lower fee income from loan related services and income from investments from the implementation of TFRS 9 since January 1, 2020. Operating expenses increased by 20.0 percent mainly due to the inclusion of Permata's operating expenses and expenses related to integration of Bangkok Bank's branches in Indonesia and Permata in December, resulting in the cost to income ratio of 55.6 percent.

The Bank set aside expected credit losses of Baht 31,196 million, driven the ratio of loan loss reserves to non-performing loans to 181.6 percent. This is in line with the Bank's prudent management to provide a cushion against uncertainty from the economic contraction caused by the Covid-19 pandemic.

At the end of December 2020, the Bank's loans amounted to Baht 2,363,338 million, an increase of 14.7 percent from the end of 2019. Excluding Permata, loans grew by 2.7 percent due mainly to increases in large corporate lending. The non-performing loan (NPL) ratio was 3.9 percent. The Bank continued to keep close control of credit underwriting and risk management while maintaining the allowance for doubtful accounts at a prudent level.

In terms of capital and liquidity, as of December 31, 2020, the Bank's deposits amounted to Baht 2,810,863 million, an increase of 18.6 percent from the end of December 2019. When excluding Permata, deposits increased by 7.3 percent mainly from savings accounts. The loan to deposit ratio was 84.1 percent, reflecting an adequate liquidity position to cushion against economic uncertainties. Furthermore, the Bank issued USD 750 million in additional Tier 1 Subordinated Notes under Basel III regulations on September 23, 2020, to strengthen the Bank's capital structure. At the end of December 2020, the total capital adequacy ratio, Tier 1 capital adequacy ratio and Common Equity Tier 1 capital adequacy ratio of the Bank and its subsidiaries were 18.3 percent, 15.7 percent, and 14.9 percent respectively, comfortably above the BOT's minimum capital requirements.

Permata becomes a new member of our financial group

In 2020, Bangkok Bank, Thailand's largest bank by total assets and the 6th largest Southeast Asian bank, acquired a stakeholding of 98.71 percent in PT Bank Permata Tbk (Permata) in Indonesia, welcomed it as a new member of its financial group and officially integrated Bangkok Bank Indonesia's branches into Permata's operations since December 21, 2020. This integration has made Permata one of Indonesia's 10 largest banks by total assets. These synergies will enable the Bank to provide enhanced financial services to support customers operating in ASEAN, in line with the Bank's strategy to strengthen its foundation for sustainable growth.

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 principal changes can be summarized into classification and measurement of financial assets and liabilities, calculation of impairment using the concept of expected credit loss, hedge accounting, and the change in recognition of interest income from loans using the effective interest rate (EIR) method.

Overall Picture of the Bank and its Subsidiaries

| | Million Baht | | | | | | | |
|---|--------------|-------|-------|---------|---------|---------------|--------|---------|
| Item | Q4/20 | Q3/20 | Q4/19 | %QoQ | %YoY | Y'20 | Y'19 | %YoY |
| Net profit ^{/1} | 2,398 | 4,017 | 8,002 | (40.3)% | (70.0)% | 17,181 | 35,816 | (52.0)% |
| Earnings per share (Baht) | 1.26 | 2.10 | 4.19 | (40.3)% | (70.0)% | 9.00 | 18.76 | (52.0)% |
| Net interest margin | 2.12% | 2.18% | 2.22% | (0.06)% | (0.10)% | 2.25% | 2.35% | (0.10)% |
| Net fees and service income to operating income ratio | 20.8% | 21.7% | 18.7% | (0.9)% | 2.1% | 20.8% | 21.3% | (0.5)% |
| Cost to income ratio | 65.8% | 66.0% | 36.6% | (0.2)% | 29.2% | 55.6% | 41.1% | 14.5% |
| Return on average assets ^{/1} | 0.25% | 0.42% | 0.99% | (0.17)% | (0.74)% | 0.48% | 1.13% | (0.65)% |
| Return on average equity ^{/1} | 2.15% | 3.64% | 7.40% | (1.49)% | (5.25)% | 3.96% | 8.45% | (4.49)% |

^{/1} Attributable to owners of the Bank

| | Million Baht | | | | |
|---|------------------|-----------|-----------|--------|---------|
| Item | Dec'20 | Sep'20 | Dec'19 | %QoQ | %YTD |
| Loans | 2,363,338 | 2,367,296 | 2,061,309 | (0.2)% | 14.7% |
| Deposits | 2,810,863 | 2,821,883 | 2,370,792 | (0.4)% | 18.6% |
| Loan to deposit ratio | 84.1% | 83.9% | 86.9% | 0.2% | (2.8)% |
| Non-performing loan (Gross NPL) ^{/1} | 104,405 | 107,743 | 79,149 | (3.1)% | 31.9% |
| Gross NPL to total loans ratio ^{/1} | 3.9% | 4.1% | 3.4% | (0.2)% | 0.5% |
| Allowance for expected credit losses to NPL ratio ^{/1} | 181.6% | 178.0% | 220.2% | 3.6% | (38.6)% |
| Total capital adequacy ratio | 18.3% | 17.6% | 20.0% | 0.7% | (1.7)% |

^{/1} Including interbank and money market lending

Operating Income and Expenses of the Bank and its Subsidiaries

Million Baht

| Item | Q4/20 | Q3/20 | Q4/19 | %QoQ | %YoY | Y'20 | Y'19 | %YoY |
|--|---------------|--------|---------|---------|---------|---------------|--------|---------|
| Net interest income | 19,263 | 19,852 | 17,193 | (3.0)% | 12.0% | 77,047 | 71,071 | 8.4% |
| Non-interest income | 11,364 | 9,569 | 26,530 | 18.8% | (57.2)% | 41,682 | 62,675 | (33.5)% |
| Operating expenses | 20,144 | 19,427 | 15,988 | 3.7% | 26.0% | 65,973 | 54,963 | 20.0% |
| Expected credit losses | 7,203 | 5,668 | - | 27.1% | N/A | 31,196 | - | N/A |
| Impairment loss of loans and debt securities | - | - | 16,342 | - | N/A | - | 32,351 | N/A |
| Operating profit before tax | 3,280 | 4,326 | 11,393 | (24.2)% | (71.2)% | 21,560 | 46,432 | (53.6)% |
| Income tax expenses | 799 | 212 | 3,290 | 276.9% | (75.7)% | 4,014 | 10,219 | (60.7)% |
| Net profit | 2,481 | 4,114 | 8,103 | (39.7)% | (69.4)% | 17,546 | 36,213 | (51.5)% |
| Net profit ^{/1} | 2,398 | 4,017 | 8,002 | (40.3)% | (70.0)% | 17,181 | 35,816 | (52.0)% |
| Total comprehensive income ^{/1} | 10,817 | 1,169 | (2,427) | 825.3% | 545.7% | 30,132 | 27,029 | 11.5% |

^{/1} Attributable to owners of the Bank

In the fourth quarter of 2020, Bangkok Bank and its subsidiaries reported a net profit attributable to owners of the Bank of Baht 2,398 million, a decrease from the previous quarter. This was mainly due to an increase in expected credit losses from the potential impact of the Covid-19 outbreak, and higher operating expenses due to seasonality of expenses and expenses to develop working systems and improve the efficiency of business operations. Non-interest income increased, predominantly on an increase in gains on financial instruments measured at Fair Value Through Profit or Loss (FVTPL), in line with the improved market situation.

Compared with the fourth quarter of 2019, net profit attributable to owners of the Bank declined by Baht 5,604 million, mainly due to a decrease in income from investments owing to the adoption of TFRS 9 from January 1, 2020 onwards.

In 2020, net profit attributable to owners of the Bank totaled Baht 17,181 million, decreased from last year mainly due to a decrease in fees from loan-related services and lower income from investments owing to the adoption of TFRS 9. There was also an increase in operating expenses mainly from the consolidation of Permata's expenses and expenses related to the integration of the Bank's branches in Indonesia with Permata in December. Although the Bank has gradually cut its loan interest rates to support some customers affected by the Covid-19 situation, net interest income increased from last year due to the consolidation of Permata's net interest income since the second quarter of 2020 and partly from the change in recognition of interest income from loans according to TFRS 9.

Net Interest Income

Net interest income amounted to Baht 19,263 million in the fourth quarter of 2020, slightly decreased from the previous quarter. Net interest income rose by 12.0 percent from the fourth quarter of 2019, while net interest income in 2020 rose by 8.4 percent from 2019 due to the acquisition of Permata in the second quarter of 2020 and partly from the change in recognition of interest income from loans according to TFRS 9.

Million Baht

| Item | Q4/20 | Q3/20 | Q4/19 | %QoQ | %YoY | Y'20 | Y'19 | %YoY |
|--|---------------|---------------|---------------|----------------|----------------|----------------|----------------|----------------|
| Interest Income | | | | | | | | |
| Loans | 23,454 | 24,945 | 23,015 | (6.0)% | 1.9% | 95,994 | 93,155 | 3.0% |
| Interbank and money market items | 1,106 | 1,226 | 1,971 | (9.8)% | (43.9)% | 5,431 | 9,101 | (40.3)% |
| Investments | 2,892 | 3,075 | 2,729 | (6.0)% | 6.0% | 11,099 | 10,309 | 7.7% |
| Total interest income | 27,452 | 29,246 | 27,715 | (6.1)% | (0.9)% | 112,524 | 112,565 | (0.0)% |
| Interest expenses | | | | | | | | |
| Deposits | 4,902 | 6,106 | 5,811 | (19.7)% | (15.6)% | 22,437 | 23,044 | (2.6)% |
| Interbank and money market items | 174 | 167 | 396 | 4.2% | (56.1)% | 952 | 2,100 | (54.7)% |
| Contributions to the Deposit Protection Agency and Financial Institutions Development Fund | 1,528 | 1,536 | 2,500 | (0.5)% | (38.9)% | 5,846 | 9,953 | (41.3)% |
| Debt issued and borrowings | 1,585 | 1,585 | 1,815 | - | (12.7)% | 6,242 | 6,397 | (2.4)% |
| Total interest expenses | 8,189 | 9,394 | 10,522 | (12.8)% | (22.2)% | 35,477 | 41,494 | (14.5)% |
| Net interest income | 19,263 | 19,852 | 17,193 | (3.0)% | 12.0% | 77,047 | 71,071 | 8.4% |
| Yield on earning assets | 3.02% | 3.22% | 3.57% | (0.20)% | (0.55)% | 3.28% | 3.72% | (0.44)% |
| Cost of funds | 1.03% | 1.18% | 1.57% | (0.15)% | (0.54)% | 1.19% | 1.59% | (0.40)% |
| Net interest margin | 2.12% | 2.18% | 2.22% | (0.06)% | (0.10)% | 2.25% | 2.35% | (0.10)% |

| Bangkok Bank Interest Rate | Dec'20 | Sep'20 | May'20 | Apr'20 | Mar'20 | Feb'20 | Dec'19 | Sep'19 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|-------------|
| Loans (%) | | | | | | | | |
| MOR | 5.875 | 5.875 | 5.875 | 6.100 | 6.500 | 6.750 | 6.875 | 6.875 |
| MRR | 5.750 | 5.750 | 5.750 | 6.100 | 6.500 | 6.625 | 6.875 | 6.875 |
| MLR | 5.250 | 5.250 | 5.250 | 5.475 | 5.875 | 6.000 | 6.000 | 6.250 |
| Deposits (%) | | | | | | | | |
| Savings | 0.250 | 0.250 | 0.250 | 0.375 | 0.375 | 0.500 | 0.500-0.625 | 0.500-0.625 |
| 3-month Fixed | 0.375 | 0.375 | 0.375 | 0.500 | 0.500 | 0.625 | 1.000 | 1.000 |
| 6-month Fixed | 0.500 | 0.500 | 0.500 | 0.625 | 0.625 | 0.875 | 1.250 | 1.250 |
| 12-month Fixed | 0.500 | 0.500 | 0.500 | 0.750 | 0.750 | 1.000 | 1.375-1.500 | 1.500 |
| | Dec'20 | Sep'20 | May'20 | Mar'20 | Feb'20 | Dec'19 | Sep'19 | |
| Bank of Thailand Policy Rate (%) | 0.500 | 0.500 | 0.500 | 0.750 | 1.000 | 1.250 | 1.500 | |

Non-Interest Income

Non-interest income amounted to Baht 11,364 million, an increase of Baht 1,795 million or 18.8 percent from the previous quarter, due predominantly to an increase in gains on financial instruments measured at FVTPL, in line with the market condition. Net fees and service income slightly decreased from the previous quarter. The Bank's main sources of fee income continues to be mutual funds and bancassurance, electronic services and remittances, and securities services.

Non-interest income declined from the fourth quarter of 2019 and from the full year of 2019 due mainly to decreases in income from investments, and net fees and service income from the implementation of TFRS 9, while fees from securities services increased.

Million Baht

| Item | Q4/20 | Q3/20 | Q4/19 | %QoQ | %YoY | Y'20 | Y'19 | %YoY |
|--|---------------|-------|--------|---------|---------|---------------|--------|----------|
| Fees and service income | 9,120 | 8,531 | 11,075 | 6.9% | (17.7)% | 34,168 | 39,280 | (13.0)% |
| <u>Less fees and service expenses</u> | 2,764 | 2,151 | 2,890 | 28.5% | (4.4)% | 9,457 | 10,776 | (12.2)% |
| Net fees and service income | 6,356 | 6,380 | 8,185 | (0.4)% | (22.3)% | 24,711 | 28,504 | (13.3)% |
| Gains on financial instruments measured at FVTPL | 3,703 | 1,983 | - | 86.7% | N/A | 11,058 | - | N/A |
| Gains on tradings and foreign exchange transactions | - | - | 2,172 | - | N/A | - | 7,848 | N/A |
| Gains on investments | 480 | 565 | 14,988 | (15.0)% | (96.8)% | 2,512 | 19,765 | (87.3)% |
| Share of profit (losses) from investment for using equity method | 7 | (70) | 5 | 110.0% | 40.0% | (14) | 93 | (115.1)% |
| Gains on disposal of assets | 553 | 78 | 435 | 609.0% | 27.1% | 734 | 2,134 | (65.6)% |
| Dividend income | 215 | 457 | 616 | (53.0)% | (65.1)% | 2,039 | 3,769 | (45.9)% |
| Other operating income | 50 | 176 | 129 | (71.6)% | (61.2)% | 642 | 562 | 14.2% |
| Total other operating income | 5,008 | 3,189 | 18,345 | 57.0% | (72.7)% | 16,971 | 34,171 | (50.3)% |
| Total non-interest income | 11,364 | 9,569 | 26,530 | 18.8% | (57.2)% | 41,682 | 62,675 | (33.5)% |
| Net fees and service income to operating income ratio | 20.8% | 21.7% | 18.7% | (0.9)% | 2.1% | 20.8% | 21.3% | (0.5)% |

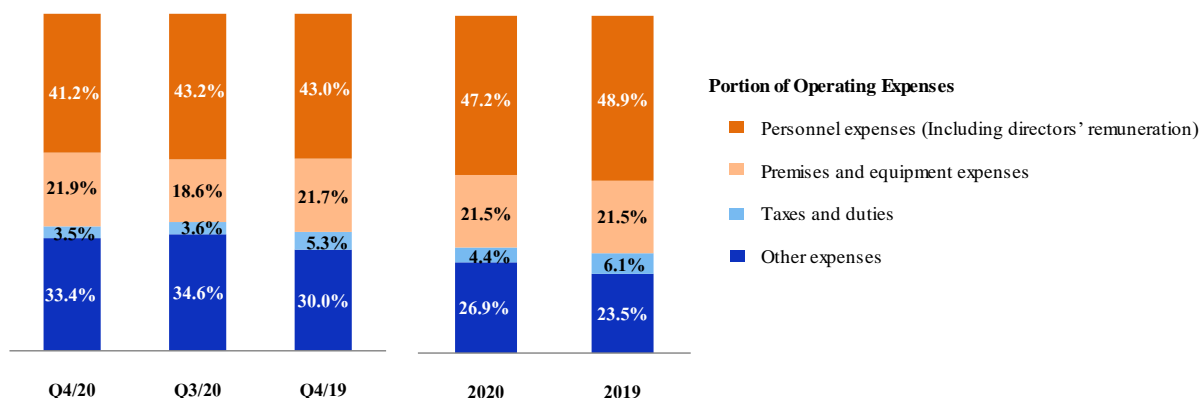
Operating Expenses

In the fourth quarter of 2020, operating expenses amounted to Baht 20,144 million, an increase of Baht 717 million or 3.7 percent from the previous quarter due to seasonality of expenses and expenses to develop working systems and improve the efficiency of business operations.

Total Operating expenses of 2020 increased from last year due mainly to the consolidation of Permata's operating expenses and expenses related to the integration of branches with Permata in December 2020.

Million Baht

| Item | Q4/20 | Q3/20 | Q4/19 | %QoQ | %YoY | Y'20 | Y'19 | %YoY |
|---------------------------------|---------------|--------|--------|--------|---------|---------------|--------|---------|
| Personnel expenses | 8,248 | 8,356 | 6,817 | (1.3)% | 21.0% | 30,959 | 26,726 | 15.8% |
| Directors' remuneration | 45 | 42 | 56 | 7.1% | (19.6)% | 187 | 167 | 12.0% |
| Premises and equipment expenses | 4,422 | 3,619 | 3,463 | 22.2% | 27.7% | 14,165 | 11,789 | 20.2% |
| Taxes and duties | 699 | 687 | 856 | 1.7% | (18.3)% | 2,929 | 3,364 | (12.9)% |
| Other expenses | 6,730 | 6,723 | 4,796 | 0.1% | 40.3% | 17,733 | 12,917 | 37.3% |
| Total operating expenses | 20,144 | 19,427 | 15,988 | 3.7% | 26.0% | 65,973 | 54,963 | 20.0% |
| Cost to income ratio | 65.8% | 66.0% | 36.6% | (0.2)% | 29.2% | 55.6% | 41.1% | 14.5% |



Expected Credit Losses

In 2020, the Bank set aside Baht 31,196 million in expected credit losses in accordance with its prudent approach to prepare for an economic contraction resulting from the Covid-19 pandemic. Expected credit losses cover loans, interbank and money market items, and debt securities, which are not measured at fair value through profit or loss, loan commitments, and financial guarantee contracts.

| Item | Million Baht | | | | | | | |
|--|--------------|-------|--------|-------|------|--------|--------|------|
| | Q4/20 | Q3/20 | Q4/19 | %QoQ | %YoY | Y'20 | Y'19 | %YoY |
| Expected credit losses | 7,203 | 5,668 | - | 29.0% | N/A | 31,196 | - | N/A |
| Impairment loss of loans and debt securities | - | - | 16,342 | - | N/A | - | 32,351 | N/A |

Significant Items in the Financial Position

Assets

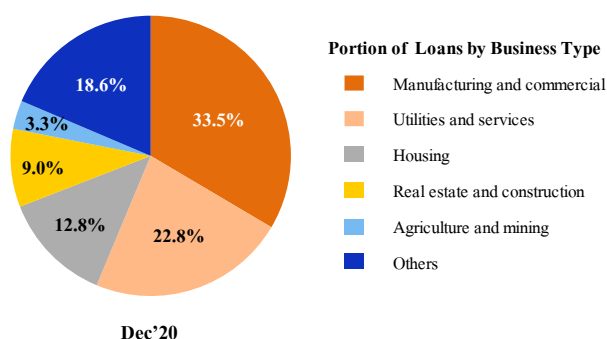
Total assets as of December 31, 2020 amounted to Baht 3,822,960 million, at the same level as the previous quarter. Compared with the end of December 2019, total assets increased considerably from the consolidation of Permata's assets.

| Item | Million Baht | | | | |
|--------------------------------------|------------------|------------------|------------------|-------------|--------------|
| | Dec'20 | Sep'20 | Dec'19 | %QoQ | %YTD |
| Net interbank and money market items | 519,036 | 531,391 | 472,349 | (2.3)% | 9.9% |
| Financial assets measured at FVTPL | 57,936 | 65,472 | - | (11.5)% | N/A |
| Net investments | 758,482 | 749,649 | 647,697 | 1.2% | 17.1% |
| Net investments in associates | 911 | 903 | 1,737 | 0.9% | (47.6)% |
| Loans | 2,363,338 | 2,367,296 | 2,061,309 | (0.2)% | 14.7% |
| Net properties for sale | 9,754 | 10,293 | 9,363 | (5.2)% | 4.2% |
| Total assets | 3,822,960 | 3,810,591 | 3,216,743 | 0.3% | 18.8% |

Loans

As of December 31, 2020, loans were at the same level as the previous quarter but increased by 14.7 percent from the end of December 2019. Excluding Permata, loans rose by 2.7 percent due to an increase in loans to large corporate customers.

| Loans by Business Type | Million Baht | | | | |
|------------------------------|------------------|-----------|-----------|--------|-------|
| | Dec'20 | Sep'20 | Dec'19 | %QoQ | %YTD |
| Manufacturing and commercial | 791,828 | 828,942 | 755,979 | (4.5)% | 4.7% |
| Utilities and services | 539,152 | 545,764 | 470,159 | (1.2)% | 14.7% |
| Housing | 302,155 | 296,202 | 251,197 | 2.0% | 20.3% |
| Real estate and construction | 211,511 | 215,048 | 200,736 | (1.6)% | 5.4% |
| Agriculture and mining | 78,175 | 77,338 | 61,569 | 1.1% | 27.0% |
| Others | 440,516 | 404,002 | 321,669 | 9.0% | 36.9% |
| Total | 2,363,338 | 2,367,296 | 2,061,309 | (0.2)% | 14.7% |



The Bank and its subsidiaries had loans distributed across business sectors, with 33.5 percent in the manufacturing and commercial sector, 22.8 percent in the utilities and services sector, 12.8 percent in the housing sector, and 9.0 percent in the real estate and construction sector. The decrease in loans from the end of September 2020 were mainly driven by loans from manufacturing and commercial sector, while loans from other sectors increased. The increase in loans from the end of December 2019 were mainly driven by other sectors and the utilities and services sector.

Classified Loans and Allowance for Expected Credit Losses

Non-performing loan (Gross NPL) at the end of December 2020 was Baht 104,405 million. The gross NPL to total loans ratio was 3.9 percent.

The allowance for expected credit losses was Baht 189,589 million and the allowance for expected credit losses to NPL ratio was 181.6 percent.

Million Baht

| Item | Dec'20 | Sep'20 | Dec'19 | %QoQ | %YTD |
|---|----------------|---------|--------|--------|---------|
| Consolidated | | | | | |
| Non-performing loan (Gross NPL) ^{/1} | 104,405 | 107,743 | 79,149 | (3.1)% | 31.9% |
| Gross NPL to total loans ratio ^{/1} | 3.9% | 4.1% | 3.4% | (0.2)% | 0.5% |
| Net NPL to net total loans ratio ^{/1} | 1.1% | 1.5% | 1.2% | (0.4)% | (0.1)% |
| Allowance for expected credit losses to NPL ratio ^{/2} | 181.6% | 178.0% | 220.2% | 3.6% | (38.6)% |
| The Bank | | | | | |
| Non-performing loan (Gross NPL) ^{/1} | 91,978 | 94,244 | 78,093 | (2.4)% | 17.8% |
| Gross NPL to total loans ratio ^{/1} | 4.0% | 4.0% | 3.4% | - | 0.6% |

^{/1} Including interbank and money market lending

^{/2} Before the adoption of the TFRS 9, calculating from allowance for expected credit losses of loans

Million Baht

| Item | Loans and Interbank & Money Market | | Allowance for Expected Credit Losses ^{/1} | |
|---------------------|---------------------------------------|-----------|---|---------|
| | Dec'20 | Sep'20 | Dec'20 | Sep'20 |
| Non credit-impaired | 2,776,423 | 2,791,328 | 110,407 | 116,626 |
| Credit-impaired | 104,405 | 107,743 | 79,182 | 75,136 |
| Total | 2,880,828 | 2,899,071 | 189,589 | 191,762 |

^{/1} Including allowance for expected credit losses of loans, interbank and money market items, loan commitments and financial guarantee contracts

Million Baht

| Item | Loans & Accrued Interest Receivables | Allowance for Doubtful Accounts Classified to Bank of Thailand Criteria |
|---|--------------------------------------|--|
| | Dec'19 | Dec'19 |
| Normal | 1,918,520 | 16,119 |
| Special mentioned | 67,596 | 848 |
| Substandard | 9,783 | 1,359 |
| Doubtful | 14,522 | 6,259 |
| Doubtful of loss | 54,901 | 30,087 |
| Total | 2,065,322 | 54,672 |
| <u>Add</u> Excess allowance for doubtful accounts | | 113,094 |
| Total allowance for doubtful accounts from loan classification | | 167,766 |
| <u>Add</u> Revaluation allowance for debt restructuring | | 6,510 |
| Total allowance for doubtful accounts | | 174,276 |

Investments

Investments as of December 31, 2020 amounted to Baht 816,412 million, increasing from the end of September 2020 and December 2019, due mainly to higher investment in Thai government and state enterprise securities.

Most investments were in Thai government and state enterprise securities. As of December 31, 2020, these amounted to Baht 486,888 million, accounting for 59.6% percent of total investments. The remaining investments were foreign debt securities of Baht 157,995 million, private enterprise debt securities of Baht 31,925 million, and net investment in equity securities of Baht 93,205 million.

| Million Baht | | | |
|--|----------------|----------------|-------------|
| Investments by Investment Holding | Dec'20 | Sep'20 | %QoQ |
| Trading securities | 7,833 | 17,450 | (55.1)% |
| Securities measured at FVTPL | 50,096 | 48,016 | 4.3% |
| Debt securities measured at amortized cost | 38,884 | 51,829 | (25.0)% |
| Debt securities measured at FVOCI | 639,438 | 629,227 | 1.6% |
| Equity securities measured at FVOCI | 80,161 | 68,593 | 16.9% |
| Total investments | 816,412 | 815,115 | 0.2% |

| Million Baht | |
|-----------------------------------|----------------|
| Investments by Investment Holding | Dec'19 |
| Trading securities | 13,613 |
| Available-for-sale securities | 574,720 |
| Held-to-maturity debt securities | 23,257 |
| General investments | 36,107 |
| Total investments | 647,697 |

Liabilities and Shareholders' Equity

Total liabilities as of December 31, 2020 amounted to Baht 3,372,713 million, at the same level as the previous quarter. Compared with the end of December 2019, total liabilities increased from the acquisition of Permata. Excluding Permata, total liabilities rose mainly from increases of 7.3 percent in deposits and 25.8 percent in interbank and money market items.

| Million Baht | | | | | |
|---|------------------|------------------|------------------|-------------|--------------|
| Item | Dec'20 | Sep'20 | Dec'19 | %QoQ | %YTD |
| Deposits | 2,810,863 | 2,821,883 | 2,370,792 | (0.4)% | 18.6% |
| Interbank and money market items | 219,149 | 174,840 | 134,346 | 25.3% | 63.1% |
| Financial liabilities measured at FVTPL | 19,257 | 20,295 | - | (5.1)% | N/A |
| Debt issued and borrowings | 136,177 | 171,140 | 144,681 | (20.4)% | (5.9)% |
| Total liabilities | 3,372,713 | 3,369,926 | 2,788,627 | 0.1% | 20.9% |
| Shareholders' equity ^{/1} | 449,014 | 439,508 | 427,751 | 2.2% | 5.0% |

^{/1} Attributable to owners of the Bank

Deposits

Total deposits at the end of December 2020 amounted to Baht 2,810,863 million. Excluding Permata, deposits rose by 0.3 percent from the end of September 2020, and rose by 7.3 percent from the end of December 2019, owing to increases in savings deposits.

Million Baht

| Deposits Classified by Product Type | Dec'20 | | Sep'20 | | Dec'19 | | %QoQ | %YTD |
|--|------------------|---------------|------------------|---------------|------------------|---------------|---------------|--------------|
| | Amount | Portion | Amount | Portion | Amount | Portion | | |
| Current | 165,912 | 5.9% | 199,484 | 7.1% | 113,067 | 4.8% | (16.8)% | 46.7% |
| Savings | 1,435,331 | 51.1% | 1,365,835 | 48.4% | 1,145,106 | 48.3% | 5.1% | 25.3% |
| Fixed | 1,209,620 | 43.0% | 1,256,564 | 44.5% | 1,112,619 | 46.9% | (3.7)% | 8.7% |
| Total | 2,810,863 | 100.0% | 2,821,883 | 100.0% | 2,370,792 | 100.0% | (0.4)% | 18.6% |
| Loan to deposit ratio | | 84.1% | | 83.9% | | 86.9% | 0.2% | (2.8)% |

Debt Issued and Borrowings

Total debt issued and borrowings as of December 31, 2020 amounted to Baht 136,177 million. In September 2020, the Bank issued USD 750 million worth of additional Tier 1 Subordinated Notes under Basel III, while there was a maturity of USD 800 million worth of subordinated notes in October 2020.

Million Baht

| Debt Issued and Borrowings Classified by Type of Instruments | Dec'20 | | Sep'20 | | Dec'19 | | %QoQ | %YTD |
|---|----------------|---------|----------------|---------|----------------|---------|----------------|---------------|
| | Amount | Portion | Amount | Portion | Amount | Portion | | |
| Senior unsecured notes | 75,099 | 55.1% | 105,181 | 61.4% | 99,530 | 66.3% | (28.6)% | (24.5)% |
| Subordinated notes | 59,835 | 43.9% | 64,913 | 37.9% | 49,757 | 33.1% | (7.8)% | 20.3% |
| Bills of exchange | 914 | 0.7% | 624 | 0.4% | 8 | 0.1% | 46.5% | 11,325.0% |
| Others | 408 | 0.3% | 512 | 0.3% | 838 | 0.5% | (20.3)% | (51.3)% |
| Total (before less discount on borrowings) | 136,256 | 100.0% | 171,230 | 100.0% | 150,133 | 100.0% | (20.4)% | (9.2)% |
| <u>Less</u> Discount on borrowings | 79 | | 90 | | 5,452 | | (12.5)% | (98.6)% |
| Total | 136,177 | | 171,140 | | 144,681 | | (20.4)% | (5.9)% |

Shareholders' Equity

Shareholders' equity attributable to owners of the Bank as of December 31, 2020 amounted to Baht 449,014 million, an increase of Baht 21,263 million or 5.0 percent from the end of 2019. This is due to net profit attributable to owners of the Bank of Baht 17,181 million for 2020, net of an interim dividend payment of Baht 9,544 million (Baht 5.00 per share) for the second half of 2019's operating performance (between July to December 2019) according to a resolution from the Board of Directors' meeting on April 1, 2020. There was also a surplus from the revaluation of land and buildings of Baht 10,612 million, while gains on investments measured at FVOCI declined by Baht 1,100 million.



Sources and Utilization of Funds

The primary sources of funds as of December 31, 2020 were Baht 2,810,863 million or 73.5 percent in deposits, Baht 449,014 million or 11.7 percent in shareholders' equity attributable to owners of the Bank, Baht 219,149 million or 5.7 percent in interbank and money market liabilities, and Baht 155,434 million or 4.1 percent in debt issued and borrowings including financial liabilities measured at FVTPL.

The utilization of funds comprised Baht 2,363,338 million or 61.8 percent in loans, Baht 817,329 million or 21.4 percent in net investments including financial assets measured at FVTPL and net investments in associates, and Baht 519,036 million or 13.6 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, beginning with a 0.50 percent increase from January 1, 2019, rising to 1.00 percent from January 1, 2020 onwards. To satisfy the BOT's minimum levels and capital buffer requirements, the Bank in 2020 was 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 December 31, 2020, the regulatory capital position of the Bank's financial group according to the consolidated financial statements was Baht 502,065 million. The Common Equity Tier 1 capital adequacy ratio was 14.9 percent, the Tier 1 capital adequacy ratio was 15.7 percent and the total capital adequacy ratio was 18.3 percent.

Consolidated

| Item | Million Baht | | | | | | | |
|------------------------------|----------------|------------------------|----------------|------------------------|-----------------------------|----------------|------------------------|-----------------------------|
| | Dec'20 | | Sep'20 | | BOT's requirements for 2020 | Dec'19 | | BOT's requirements for 2019 |
| | Capital | Capital Adequacy Ratio | Capital | Capital Adequacy Ratio | | Capital | Capital Adequacy Ratio | |
| | | | | | | | | |
| Common Equity Tier 1 capital | 407,621 | 14.9% | 391,459 | 14.2% | > 8.00% | 406,463 | 17.0% | > 7.50% |
| Tier 1 capital | 431,380 | 15.7% | 415,122 | 15.1% | > 9.50% | 406,529 | 17.0% | > 9.00% |
| Tier 2 capital | 70,685 | 2.6% | 70,858 | 2.6% | | 72,211 | 3.0% | |
| Total capital | 502,065 | 18.3% | 485,980 | 17.6% | > 12.00% | 478,740 | 20.0% | > 11.50% |

The Bank

Million Baht

| Item | Dec'20 | | Sep'20 | | BOT's requirements for 2020 | Dec'19 | | BOT's requirements for 2019 |
|----------------------|------------------------------|------------------------------|--------------|------------------------------|--------------------------------------|---------|------------------------------|--------------------------------------|
| | Capital | Capital Adequacy Ratio | Capital | Capital Adequacy Ratio | | Capital | Capital Adequacy Ratio | |
| | Common Equity Tier 1 capital | 404,418 | 16.3% | 386,642 | | 15.5% | > 8.00% | |
| Tier 1 capital | 428,010 | 17.3% | 410,234 | 16.4% | > 9.50% | 399,842 | 17.1% | > 9.00% |
| Tier 2 capital | 69,839 | 2.8% | 69,943 | 2.8% | | 71,420 | 3.1% | |
| Total capital | 497,849 | 20.1% | 480,177 | 19.2% | > 12.00% | 471,262 | 20.2% | > 11.50% |

Liquid Assets

Liquid assets consisted of cash, net interbank and money market items, debt securities, and marketable equity securities. As of December 31, 2020, the ratio of liquid assets to total assets and liquid assets to deposits were 35.3 percent and 48.1 percent respectively.

| Item | Dec'20 | Sep'20 | Dec'19 |
|--------------------------------|-------------|-------------|--------|
| Liquid assets/Total assets (%) | 35.3 | 35.4 | 35.5 |
| Liquid assets/Deposits (%) | 48.1 | 47.7 | 48.2 |

Credit Ratings

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

| Credit Rating Agency | December 2020 | September 2020 | December 2019 |
|---|---------------|----------------------|---------------|
| Moody's Investors Service | | | |
| 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 | - |
| Financial Strength (BCA) | baa1 | baa1 | baa1 |
| Outlook | Stable | Stable ^{/1} | Positive |
| S&P Global Ratings | | | |
| 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 ^{/1} | Positive |

| Credit Rating Agency | December 2020 | September 2020 | December 2019 |
|---|-----------------|------------------|---------------|
| Fitch Ratings | | | |
| International Rating | | | |
| Long-term Issuer Default Rating | BBB | BBB ² | BBB+ |
| Short-term Issuer Default Rating | F2 | F2 | F2 |
| Senior Unsecured Debt Instrument | BBB | BBB | BBB+ |
| Subordinated Debt Instrument | BB+ | BB+ | BBB |
| Subordinated Debt (Basel III-compliant Tier 2 securities) | BB+ | BB+ | BBB |
| Financial Strength (VR) | bbb | bbb | bbb+ |
| Outlook | Stable | Stable | Stable |
| National Rating | | | |
| Long-term | AA+(tha) | AA+(tha) | AA+(tha) |
| Short-term | F1+(tha) | F1+(tha) | F1+(tha) |
| Outlook | Stable | Stable | Stable |

¹ Changed the outlook to stable from positive following sovereign outlook in April 2020.

² Revised ratings due to large-scale economic disruptions from the Covid-19 pandemic in April 2020.