



Bangkok Bank Public Company Limited

Management Discussion and Analysis

for the Quarter and Nine-month Period Ended September 30, 2021



Management Discussion and Analysis

Overview of the Economy and Banking Industry

Thai Economy in the Third Quarter of 2021

The Thai economy in the third quarter of 2021 continued to be affected by a severe Covid-19 outbreak. To contain the outbreak, the government introduced strict containment measures which resulted in a steep decline in economic activities, especially in the service sector. Private consumption declined as purchasing power weakened, despite support measures from the government. Private investment and industrial production slowed in line with lower demand and supply disruption problems. Exports grew at a slower pace as the intensifying pandemic reduced demand from trading partners. In September, after the number of new infections began to decline and the proportion of vaccinated people continued to increase, the government gradually eased containment measures. As a result, private consumption and investment indicators started to improve and exports gradually recovered in line with trading partner economies. However, the number of foreign tourists remained low. Against this backdrop, government expenditure continued to play an important role in supporting the economy.

Headline inflation in the third quarter of 2021 stood at 0.70 percent, compared with minus 0.72 percent in the same quarter last year, which was lower than the Bank of Thailand's (BOT) target range of 1-3 percent. Core inflation was 0.14 percent, down from 0.31 percent in the same quarter last year. The average exchange rate was 32.92 THB/USD, weaker than 31.33 THB/USD during the same quarter last year and 31.36 THB/USD in the previous quarter.

Since mid-2020, the Monetary Policy Committee (MPC) has maintained the policy interest rate at 0.50 percent on the assessment that the Thai economy is likely to improve in the near future due to the effective distribution of vaccines and an earlier-than-expected easing of containment measures which should help stimulate private sector confidence and consumption for the remainder of 2021. In 2022, the economy is likely to gradually recover from domestic spending due to a sustained improvement in private sector confidence. Foreign tourist arrivals are expected to recover at a slower pace, while merchandise exports will likely be affected by shortages of shipping containers and semiconductors. The labor market is set to improve as the incomes of service workers and self-employed workers recover in line with economic activities. The Thai economy will continue to face many challenges including the implementation of pandemic control measures to facilitate the recovery of economic activities and incomes, the targeted distribution of assistance measures to those affected by the outbreak, as well as the acceleration of economic recovery by focusing on generating incomes and the preparation of additional measures to restore and leverage economic potential.

The Thai economy in 2021 is likely to grow less than previously expected due to the severe Covid-19 infections during the third quarter. However, the effective distribution of vaccines, together with the earlier-than-expected easing of containment measures, should brighten the economic outlook for the remainder of the year following the recovery of domestic economic activities and reopening of the country to foreign tourists from 63 countries starting on November 1, 2021. Exports are likely to expand despite constraints caused by supply disruption issues. Meanwhile, government measures will also stimulate a recovery in domestic demand. Downside risks for the remainder of the year include further virus mutations that limit vaccine effectiveness, potential outbreaks in major economies and neighboring countries affecting Thai exports, high levels of household debt, and domestic political issues.

Thai Banking Industry

In the third quarter of 2021, the commercial banking system in Thailand continued to face challenges from the Covid-19 outbreak. At the end of September 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 rose from the end of last year.

The BOT's Senior Loan Officer Survey indicated that in the third quarter of 2021, loan demand from both large corporates and small and medium sized enterprises (SME) continued to increase from the previous quarter, due to loan demand for working capital and export credit. In addition, large corporates required less credit for fixed asset investment but more for mergers and acquisitions (M&A) and project finance. Consumer loan demand declined in most categories, especially auto-leasing as consumer confidence declined due to the outbreak. Other personal loans saw a slight increase in demand from households to support liquidity management and consumption. Going forward, loan demand from large corporate and SME clients are likely to increase, especially large corporates. Commercial businesses will require more working capital as operations return to normal. Businesses in the service sector related to tourism will need liquidity to maintain operations. Manufacturing businesses will require more working capital and export credit. Businesses in the energy and petrochemical sectors will need more loans for M&A and project finance to support their domestic and foreign investment projects. However, loan demand for investment in fixed assets will continue to contract. Consumer loan demand in all categories will rebound, particularly for auto-leasing and housing loans, due to improvement in consumer confidence. Nevertheless, some households may remain cautious in their spending to guard against future uncertainties from the outbreak.

Providing assistance and support to customers affected by the Covid-19 outbreak is of paramount importance for commercial banks which have continued to help businesses and individuals in line with assistance measures issued by the government, the BOT and related sectors. These include personal loan and credit card debt mitigation measures which also extend to car and motorcycle leasing. For business customers, commercial banks have accelerated the implementation of financial rehabilitation measures consisting of a special loan facility, debt restructuring through asset warehousing and a two-month debt moratorium to help debtors who had to close their business 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. This is 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 caused a dramatic slowdown in economic activities across many sectors, affecting the commercial banking system's loan quality. To manage this, commercial banks will continue to focus on managing loan quality. However, the commercial banking system still has high levels 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	Q3/21	Q2/21	Q3/20	%QoQ	%YoY	9M21	9M20	%YoY
Net profit ^{/1}	6,909	6,357	4,017	8.7%	72.0%	20,189	14,783	36.6%
Earnings per share (Baht)	3.62	3.33	2.10	8.7%	72.0%	10.58	7.74	36.6%
Net interest margin	2.04%	2.08%	2.18%	(0.04)%	(0.14)%	2.10%	2.28%	(0.18)%
Net fees and service income to operating income ratio	21.4%	20.4%	21.7%	1.0%	(0.3)%	21.8%	20.8%	1.0%
Cost to income ratio	46.1%	48.2%	66.0%	(2.1)%	(19.9)%	48.4%	52.0%	(3.6)%
Return on average assets ^{/1}	0.65%	0.63%	0.42%	0.02%	0.23%	0.67%	0.56%	0.11%
Return on average equity ^{/1}	5.74%	5.49%	3.64%	0.25%	2.10%	5.79%	4.59%	1.20%

^{/1} Attributable to owners of the Bank

Million Baht					
Item	Sep'21	Jun'21	Dec'20	%QoQ	%YTD
Loans	2,523,772	2,420,305	2,368,238	4.3%	6.6%
Deposits	3,124,277	3,046,985	2,810,863	2.5%	11.2%
Loan to deposit ratio	80.8%	79.4%	84.3%	1.4%	(3.5)%
Non-performing loan (Gross NPL) ^{/1}	112,433	111,035	104,401	1.3%	7.7%
Gross NPL to total loans ratio ^{/1}	3.7%	3.7%	3.9%	-	(0.2)%
Allowance for expected credit losses to NPL ratio ^{/1}	198.9%	190.3%	186.8%	8.6%	12.1%
Total capital adequacy ratio	19.67%	18.37%	18.34%	1.30%	1.33%

^{/1} Including interbank and money market lending

In the first nine months of 2021, Bangkok Bank and its subsidiaries reported a net profit of Baht 20,189 million, an increase of 36.6 percent from the same period last year. Net interest income rose by 4.6 percent due to the consolidation of Permata's net interest income since May 2020 and lower interest expenses resulting from cost management. The net interest margin stood at 2.10 percent. Non-interest income rose by 27.6 percent mainly due to an increase in net fees and service income from higher fee income from securities business and loan-related services, together with an increase in gain on financial instruments measured at Fair Value Through Profit or Loss (FVTPL), in line with the market situation. Operating expenses rose by 4.6 percent while a cost to income ratio declined to 48.4 percent. The Bank set aside expected credit losses under its prudent approach as it continues to assess the impact of the Covid-19 pandemic on the Thai economy and to prepare for and accommodate uncertainty.

At the end of September 2021, the Bank's total loans amounted to Baht 2,523,772 million, an increase of 6.6 percent from the end of last year, owing to loans to large corporate customers and loans made through the international network. Meanwhile, the non-performing loan ratio remained at 3.7 percent. The Bank continues to set aside expected credit losses to cover the delayed and uncertain economic recovery, with the ratio of loan loss reserves to non-performing loans remaining strong at 198.9 percent.

As of September 30, 2021, the Bank's deposits amounted to Baht 3,124,277 million, an increase of 11.2 percent from the end of December 2020. The rise reflected customers' desire to maintain highly liquid assets during a time of uncertainty. Accordingly, the loan to deposit ratio stood at 80.8 percent. In September 2021, the Bank issued 15-year Subordinated Notes qualified as Basel III-complaint Tier 2 capital amounting to USD 1,000 million, which further strengthen the Bank's well mixed of capital structure. At the end of September 2021, the 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 19.67 percent, 16.09 percent and 15.25 percent respectively, comfortably above the Bank of Thailand's minimum capital requirements.

Operating Income and Expenses of the Bank and its Subsidiaries

Item	Million Baht								
	Q3/21	Q2/21	Q3/20	%QoQ	%YoY	9M21	9M20	%YoY	
Net interest income	20,705	20,027	19,852	3.4%	4.3%	60,440	57,782	4.6%	
Non-interest income	13,725	13,796	9,569	(0.5)%	43.4%	38,687	30,319	27.6%	
Operating expenses	15,879	16,289	19,427	(2.5)%	(18.3)%	47,930	45,830	4.6%	
Expected credit loss	9,870	9,810	5,668	0.6%	74.1%	26,006	23,993	8.4%	
Operating profit before tax	8,681	7,724	4,326	12.4%	100.7%	25,191	18,278	37.8%	
Income tax expenses	1,662	1,263	212	31.6%	684.0%	4,672	3,215	45.3%	
Net profit	7,019	6,461	4,114	8.6%	70.6%	20,519	15,063	36.2%	
Net profit ^{1/}	6,909	6,357	4,017	8.7%	72.0%	20,189	14,783	36.6%	
Total comprehensive income ^{1/}	20,976	12,400	1,169	69.2%	1,694.4%	44,572	19,315	130.8%	

^{1/} Attributable to owners of the Bank

Bangkok Bank and its subsidiaries reported a net profit attributable to owners of the Bank in the third quarter of 2021 of Baht 6,909 million, an increase of Baht 552 million from the previous quarter as net interest income rose by 3.4 percent from higher loan and investment volume, while non-interest income was at nearly the same level as the previous quarter. Operating expenses declined slightly due to seasonality, while expected credit losses were at the same level as the previous quarter. However, the Bank continues to take a prudent approach as it assesses the potential impact of the Covid-19 situation.

Compared with the third quarter of 2020, net profit attributable to owners of the Bank increased by Baht 2,892 million or 72.0 percent, from an increase in operating income from higher net interest income due to the management of the cost of deposits, an increase in non-interest income owing to higher net fees and service income from the securities business and loan-related services, and an increase in gains on financial instruments measured at FVTPL, in line with the market situation. Operating expenses declined from a higher base last year due to expenses related to the merging of Bangkok Bank's branches in Indonesia with Permata. Expected credit losses increased as the Bank strengthened its reserve level to cope with the impact of the Covid-19 outbreak.

For the first nine months of 2021, net profit attributable to owners of the Bank amounted to Baht 20,189 million, an increase of Baht 5,406 million from the same period last year. Net interest income increased by 4.6 percent, due mainly to the consolidation of Permata's earnings since May 2020 combined with a decline in interest expenses from the management of the cost of deposits. Non-interest income rose due to an increase in net fees and service income from the securities business and loan-related 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 since the second quarter of 2020. The Bank maintains its prudent approach in setting aside its reserves to take into account the impact of the Covid-19 situation and accommodate future uncertainties, consequently, the expected credit losses increased.

Net Interest Income

Net interest income in the third quarter of 2021 amounted to Baht 20,705 million, rising by 3.4 percent from the previous quarter due to increases in business loans and loans made through the Bank's international network, as well as an increase in investment volume. Compared with the third quarter of 2020, net interest income rose by 4.3 percent from a decrease in interest expenses on deposits due to the management of the cost of deposits.

For the first nine months of 2021, net interest income rose by 4.6 percent from the same period last year mainly because of the consolidation of Permata's income since May 2020, together with a decrease in interest expenses on deposits due to the management of the cost of deposits.

	Million Baht								
Item	Q3/21	Q2/21	Q3/20	%QoQ	%YoY	9M21	9M20	%YoY	
Interest Income									
Loans	24,419	23,692	24,945	3.1%	(2.1)%	71,383	72,540	(1.6)%	
Interbank and money market items	1,601	1,684	1,226	(4.9)%	30.6%	4,815	4,325	11.3%	
Investments	2,835	2,548	3,075	11.3%	(7.8)%	8,093	8,206	(1.4)%	
Total interest income	28,855	27,924	29,246	3.3%	(1.3)%	84,291	85,071	(0.9)%	
Interest expenses									
Deposits	4,619	4,514	6,106	2.3%	(24.4)%	13,681	17,535	(22.0)%	
Interbank and money market items	220	230	167	(4.3)%	31.7%	674	778	(13.4)%	
Contributions to the Deposit Protection Agency and Financial Institutions Development Fund	1,667	1,612	1,536	3.4%	8.5%	4,821	4,318	11.6%	
Debt issued and borrowings	1,644	1,541	1,585	6.7%	3.7%	4,675	4,658	0.4%	
Total interest expenses	8,150	7,897	9,394	3.2%	(13.2)%	23,851	27,289	(12.6)%	
Net interest income	20,705	20,027	19,852	3.4%	4.3%	60,440	57,782	4.6%	
Yield on earning assets	2.85%	2.90%	3.22%	(0.05)%	(0.37)%	2.92%	3.35%	(0.43)%	
Cost of funds	0.92%	0.94%	1.18%	(0.02)%	(0.26)%	0.95%	1.24%	(0.29)%	
Net interest margin	2.04%	2.08%	2.18%	(0.04)%	(0.14)%	2.10%	2.28%	(0.18)%	

Bangkok Bank Interest Rate	Sep'21	Jun'21	Mar'21	Dec'20	Sep'20	May'20	Apr'20	Mar'20	Feb'20	Dec'19
Loans (%)										
MOR	5.875	5.875	5.875	5.875	5.875	5.875	6.100	6.500	6.750	6.875
MRR	5.950	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	5.250	5.475	5.875	6.000	6.000
Deposits (%)										
Savings	0.250	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	0.375	0.500	0.500	0.625	1.000
6-month Fixed	0.500	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	0.500	0.750	0.750	1.000	1.375-1.500
	Sep'21	Jun'21	Mar'21	Dec'20	Sep'20	May'20	Mar'20	Feb'20	Dec'19	
Bank of Thailand Policy Rate (%)	0.500	0.500	0.500	0.500	0.500	0.500	0.750	1.000	1.250	

Non-Interest Income

Non-interest income for the third quarter of 2021 amounted to Baht 13,725 million, similar to the previous quarter due to higher net fees and service income, mainly from an increase in fees from loan-related services. Meanwhile, gains on financial instruments measured at FVTPL declined in line with the market situation.

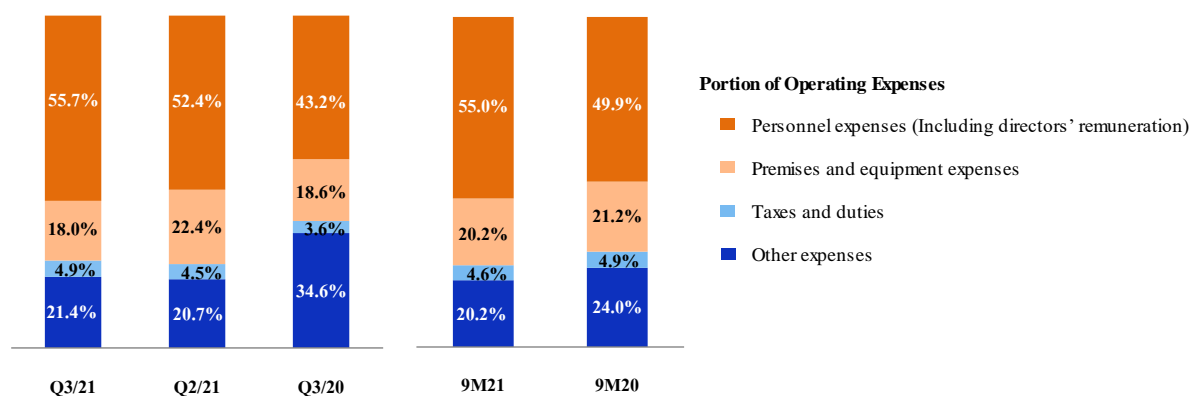
Compared with the third quarter of 2020 and the first nine months of 2020, non-interest income rose 43.4 percent and 27.6 percent, respectively. This was due mainly to higher gains on financial instruments measured at FVTPL in line with the market situation and higher net fees and service income from an increase in fee income from the securities business, loan-related services and bancassurance and mutual fund services. Meanwhile fee income from electronic services and fund transfers declined in line with transaction volume as consumers shifted their lifestyles and increased the use of digital channels.

	Million Baht							
Item	Q3/21	Q2/21	Q3/20	%QoQ	%YoY	9M21	9M20	%YoY
Fees and service income	9,727	9,322	8,531	4.3%	14.0%	28,687	25,048	14.5%
<u>Less</u> fees and service expenses	2,354	2,426	2,151	(3.0)%	9.4%	7,084	6,693	5.8%
Net fees and service income	7,373	6,896	6,380	6.9%	15.6%	21,603	18,355	17.7%
Gains on financial instruments measured at FVTPL	5,030	5,954	1,983	(15.5)%	153.7%	13,071	7,356	77.7%
Gains (losses) on investments	165	(240)	565	168.8%	(70.8)%	766	2,032	(62.3)%
Share of profit (losses) from investment for using equity method	117	24	(70)	387.5%	267.1%	174	(22)	890.9%
Gains on disposal of assets	93	90	78	3.3%	19.2%	263	181	45.3%
Dividend income	641	806	457	(20.5)%	40.3%	1,972	1,825	8.1%
Other operating income	306	266	176	15.0%	73.9%	838	592	41.6%
Total other operating income	6,352	6,900	3,189	(7.9)%	99.2%	17,084	11,964	42.8%
Total non-interest income	13,725	13,796	9,569	(0.5)%	43.4%	38,687	30,319	27.6%
Net fees and service income to operating income ratio	21.4%	20.4%	21.7%	1.0%	(0.3)%	21.8%	20.8%	1.0%

Operating Expenses

Operating expenses for the third quarter of 2021 amounted to Baht 15,879 million, decreasing by Baht 410 million or 2.5 percent from the previous quarter due partly to seasonality of expenses. Compared with the third quarter of 2020, operating expenses decreased by Baht 3,548 million or 18.3 percent from the recognition of expenses related to the merging of branches in Indonesia in the third quarter last year. For the first nine months of 2021, operating expenses increased by 4.6 percent from the same period last year due mainly to the consolidation of Permata's expenses since the second quarter of 2020.

Item	Million Baht							
	Q3/21	Q2/21	Q3/20	%QoQ	%YoY	9M21	9M20	%YoY
Personnel expenses	8,805	8,455	8,356	4.1%	5.4%	26,162	22,711	15.2%
Directors' remuneration	47	88	42	(46.6)%	11.9%	177	142	24.6%
Premises and equipment expenses	2,854	3,645	3,619	(21.7)%	(21.1)%	9,696	9,743	(0.5)%
Taxes and duties	780	731	687	6.7%	13.5%	2,191	2,230	(1.7)%
Other expenses	3,393	3,370	6,723	0.7%	(49.5)%	9,704	11,004	(11.8)%
Total operating expenses	15,879	16,289	19,427	(2.5)%	(18.3)%	47,930	45,830	4.6%
Cost to income ratio	46.1%	48.2%	66.0%	(2.1)%	(19.9)%	48.4%	52.0%	(3.6)%



Expected Credit Losses

The Bank set aside Baht 9,870 million in expected credit losses in the third quarter of 2021 as it continued to assess the impact from the 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

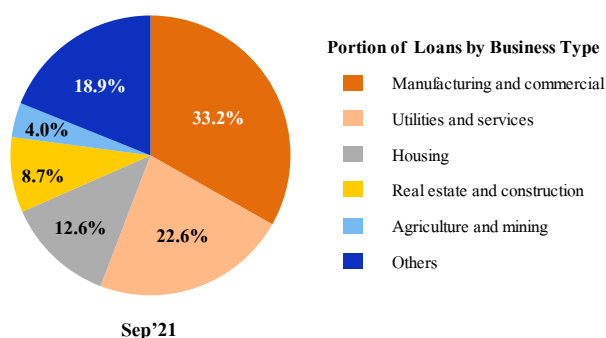
As of September 30, 2021, total assets amounted to Baht 4,275,691 million, increasing by 3.7 percent from the end of the previous quarter predominantly from higher net investments and loans. Compared with the end of December 2020, total assets rose by 11.8 percent mainly from an increase in loan volume under net interbank and money market items, due to the Bank's liquidity management.

Million Baht					
Item	Sep'21	Jun'21	Dec'20	%QoQ	%YTD
Net interbank and money market items	776,521	805,307	519,036	(3.6)%	49.6%
Financial assets measured at FVTPL	88,800	71,991	57,936	23.3%	53.3%
Net investments	806,176	752,776	758,482	7.1%	6.3%
Net investments in associates	980	904	911	8.4%	7.6%
Loans	2,523,772	2,420,305	2,368,238	4.3%	6.6%
Net properties for sale	9,535	9,422	9,754	1.2%	(2.2)%
Total assets	4,275,691	4,121,961	3,822,960	3.7%	11.8%

Loans

As of September 30, 2021, loans amounted to Baht 2,523,772 million, rising by 4.3 percent from the end of the previous quarter and 6.6 percent from the end of last year due to increases in loans to corporate customers and loans made through the Bank's international network.

Million Baht					
Loans by Business Type	Sep'21	Jun'21	Dec'20	%QoQ	%YTD
Manufacturing and commercial	838,474	813,199	791,828	3.1%	5.9%
Utilities and services	571,417	572,550	539,151	(0.2)%	6.0%
Housing	317,176	309,432	302,142	2.5%	5.0%
Real estate and construction	218,211	206,453	211,510	5.7%	3.2%
Agriculture and mining	101,156	88,666	78,175	14.1%	29.4%
Others	477,338	430,005	445,432	11.0%	7.2%
Total loans	2,523,772	2,420,305	2,368,238	4.3%	6.6%



The Bank and its subsidiaries had loans distributed across business sectors, with 33.2 percent in the manufacturing and commercial sector, 22.6 percent in the utilities and services sector, 12.6 percent in the housing sector, and 8.7 percent in the real estate and construction sector. The increase in loans from the end of June 2021 was mainly driven by other sectors and the manufacturing and commercial sector, and the increase from the end of December 2020 was mainly driven by the manufacturing and commercial sector and the utilities and services sector.

Classified Loans and Allowance for Expected Credit Losses

Non-performing loan (Gross NPL) at the end of September 2021 were Baht 112,433 million. The gross NPL to total loans ratio was 3.7 percent.

The allowance for expected credit losses was Baht 223,645 million and the allowance for expected credit losses to NPL ratio was 198.9 percent.

	Million Baht				
Item	Sep'21	Jun'21	Dec'20	%QoQ	%YTD
<u>Consolidated</u>					
Non-performing loan (Gross NPL) ^{/1}	112,433	111,035	104,401	1.3%	7.7%
Gross NPL to total loans ratio ^{/1}	3.7%	3.7%	3.9%	-	(0.2)%
Net NPL to net total loans ratio ^{/1}	1.2%	1.2%	1.4%	-	(0.2)%
Allowance for expected credit losses to NPL ratio	198.9%	190.3%	186.8%	8.6%	12.1%
<u>The Bank</u>					
Non-performing loan (Gross NPL) ^{/1}	93,315	96,586	91,978	(3.4)%	1.5%
Gross NPL to total loans ratio ^{/1}	3.5%	3.7%	4.0%	(0.2)%	(0.5)%

^{/1} Including interbank and money market lending

	Million Baht					
Item	Loans and Interbank & Money Market			Allowance for Expected Credit Losses ^{/1}		
	Sep'21	Jun'21	Dec'20	Sep'21	Jun'21	Dec'20
Non-credit-impaired	3,188,686	3,115,391	2,781,073	143,562	132,276	121,083
Credit-impaired	112,433	111,035	104,401	80,083	79,060	73,890
Total	3,301,119	3,226,426	2,885,474	223,645	211,336	194,973

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

Investments

As of September 30, 2021, investments amounted to Baht 894,976 million, increasing by Baht 70,209 million or 8.5 percent from the previous quarter and Baht 78,564 million or 9.6 percent from the end of last year due mainly to higher investments in Thai government and state enterprise securities.

A significant proportion of investments were in Thai government and state enterprise securities. As of September 30, 2021, these amounted to Baht 512,045 million, accounting for 57.2 percent of total investments. There were foreign debt securities of Baht 194,885 million, private enterprise debt securities of Baht 22,553 million, and net investment in equity securities of Baht 105,603 million.

Million Baht

Investments by Investment Holding	Sep'21	Jun'21	Dec'20	%QoQ	%YTD
Trading securities	22,251	11,405	7,833	95.1%	184.1%
Securities measured at FVTPL	66,549	60,586	50,097	9.8%	32.8%
Debt securities measured at amortized cost	49,450	40,782	38,884	21.3%	27.2%
Debt securities measured at FVOCI	667,570	622,907	639,438	7.2%	4.4%
Equity securities measured at FVOCI	89,156	89,087	80,160	0.1%	11.2%
Total investments	894,976	824,767	816,412	8.5%	9.6%

Liabilities and Shareholders' Equity

Total liabilities as of September 30, 2021, amounted to Baht 3,787,029 million, increasing by 3.7 percent from the end of the previous quarter and 12.3 percent from the end of last year, mainly due to increases in deposits.

Million Baht

Item	Sep'21	Jun'21	Dec'20	%QoQ	%YTD
Deposits	3,124,277	3,046,985	2,810,863	2.5%	11.2%
Interbank and money market items	245,955	253,407	219,149	(2.9)%	12.2%
Financial liabilities measured at FVTPL	21,466	20,374	19,257	5.4%	11.5%
Debt issued and borrowings	187,887	145,503	136,177	29.1%	38.0%
Total liabilities	3,787,029	3,652,681	3,372,713	3.7%	12.3%
Shareholders' equity ^{/1}	486,905	467,837	449,014	4.1%	8.4%

^{/1} Attributable to owners of the Bank

Deposits

Total deposits as of September 30, 2021 amounted to Baht 3,124,277 million, rising by 2.5 percent from the end of June 2021, owing to savings and current deposits and by 11.2 percent from the end of December 2020, from all type of deposits.

Million Baht

Deposits Classified by Product Type	Sep'21		Jun'21		Dec'20		%QoQ	%YTD
	Amount	Portion	Amount	Portion	Amount	Portion		
Current	250,413	8.0%	227,160	7.5%	165,912	5.9%	10.2%	50.9%
Savings	1,576,480	50.5%	1,521,445	49.9%	1,435,331	51.1%	3.6%	9.8%
Fixed	1,297,384	41.5%	1,298,380	42.6%	1,209,620	43.0%	(0.1)%	7.3%
Total deposits	3,124,277	100.0%	3,046,985	100.0%	2,810,863	100.0%	2.5%	11.2%
Loan to deposit ratio		80.8%		79.4%		84.3%	1.4%	(3.5)%

Debt Issued and Borrowings

Total debt issued and borrowings as of September 30, 2021, amounted to Baht 187,887 million, an increase of Baht 42,384 million from the end of June 2021 and an increase of Baht 51,710 million from the end of December 2020, due mainly to the issuance of 15-year Subordinated Notes qualifying as Basel III-compliant Tier 2 capital of USD 1,000 million in September 2021.

Debt Issued and Borrowings Classified by Type of Instruments	Sep'21		Jun'21		Dec'20		%QoQ	%YTD
	Amount	Portion	Amount	Portion	Amount	Portion		
Senior unsecured notes	84,827	45.1%	80,182	55.1%	75,100	55.1%	5.8%	13.0%
Subordinated notes	101,511	54.0%	63,864	43.9%	59,835	43.9%	58.9%	69.7%
Bills of exchange	917	0.5%	914	0.6%	814	0.6%	0.3%	12.7%
Others	699	0.4%	613	0.4%	507	0.4%	14.0%	37.9%
Total (before less discount on borrowings)	187,954	100.0%	145,573	100.0%	136,256	100.0%	29.1%	37.9%
Less Discount on borrowings	67		70		79		(4.3)%	(15.2)%
Total debt issued and borrowings	187,887		145,503		136,177		29.1%	38.0%

Million Baht

Shareholders' Equity

Shareholders' equity attributable to owners of the Bank as of September 30, 2021, amounted to Baht 486,905 million, an increase of Baht 37,891 million or 8.4 percent from the end of December 2020. Net profit attributable to owners of the Bank for the first nine months of 2021 was Baht 20,189 million, net of a dividend payment during 2021 of Baht 6,680 million which consisted of a dividend payment for the operating performance in 2020 of Baht 4,772 million (2.50 baht per share) according to the resolution of the shareholders' meeting on April 12, 2021 and the interim dividend payment from net profit from operations in the first half (January to June) of 2021 of Baht 1,908 million (Baht 1.00 per share), combined with an increase of Baht 22,103 million in gains on translation of the financial statements of foreign operations.

Sources and Utilization of Funds

As of September 30, 2021, the primary sources of funds were Baht 3,124,277 million or 73.1 percent in deposits, Baht 486,905 million or 11.4 percent in shareholders' equity attributable to owners of the Bank, Baht 245,955 million or 5.8 percent in interbank and money market liabilities, and Baht 209,353 million or 4.9 percent in debt issued and borrowings including financial liabilities measured at FVTPL.

The utilization of funds comprised Baht 2,523,772 million or 59.0 percent in loans, Baht 895,956 million or 21.0 percent in net investments including financial assets measured at FVTPL and net investments in associates and Baht 776,521 million or 18.2 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 September 30, 2021, the regulatory capital position of the Bank's financial group according to the consolidated financial statements was Baht 561,142 million. The Common Equity Tier 1 capital adequacy ratio was 15.25 percent, the Tier 1 capital adequacy ratio was 16.09 percent, and the total capital adequacy ratio was 19.67 percent.

Consolidated

Million Baht

Item	Sep'21		Jun'21		Dec'20		BOT's requirements 2020 onwards
	Capital	Capital Adequacy Ratio	Capital	Capital Adequacy Ratio	Capital	Capital Adequacy Ratio	
Common Equity Tier 1 capital	435,115	15.25%	415,274	15.04%	407,621	14.89%	> 8.00%
Tier 1 capital	458,877	16.09%	439,040	15.90%	431,381	15.76%	> 9.50%
Tier 2 capital	102,265	3.58%	68,411	2.47%	70,686	2.58%	
Total capital	561,142	19.67%	507,451	18.37%	502,067	18.34%	> 12.00%

The Bank

Million Baht

Item	Sep'21		Jun'21		Dec'20		BOT's requirements 2020 onwards
	Capital	Capital Adequacy Ratio	Capital	Capital Adequacy Ratio	Capital	Capital Adequacy Ratio	
Common Equity Tier 1 capital	426,286	16.54%	416,715	16.48%	404,418	16.33%	> 8.00%
Tier 1 capital	449,878	17.45%	440,307	17.41%	428,010	17.28%	> 9.50%
Tier 2 capital	101,549	3.94%	67,726	2.68%	69,839	2.82%	
Total capital	551,427	21.39%	508,033	20.09%	497,849	20.10%	> 12.00%

Liquid Assets

Liquid assets consisted of cash, net interbank and money market items, debt securities, and marketable equity securities. As of September 30, 2021, the ratio of liquid assets to total assets and liquid assets to deposits were 38.8 percent and 53.2 percent, respectively.

Item	Sep'21	Jun'21	Dec'20
Liquid assets/Total assets (%)	38.8	39.4	35.3
Liquid assets/Deposits (%)	53.2	53.3	48.1

Credit Ratings

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

Credit Rating Agency	Sep'21	Jun'21	Dec'20
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	Ba1
Financial Strength (BCA)	baa1	baa1	baa1
Outlook	Stable	Stable	Stable
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	Stable
Fitch Ratings			
International Rating			
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
National Rating			
Long-term	AA+(tha)	AA+(tha)	AA+(tha)
Short-term	F1+(tha)	F1+(tha)	F1+(tha)
Outlook	Stable	Stable	Stable