






Investor Presentation

For 2Q20

CREATING
VALUE

Bangkok Bank

-  **Operating environment**
-  2Q20 Financial performance
-  2020 Outlook

Global growth to contract the most since the Great Depression

GDP 2020	OECD (Double Hit Scenario)	OECD (Single Hit Scenario)	World Bank	IMF (June 2020)	Capital Economics	AMRO (April 2020)
World	-7.6	-6.0	-5.2	-4.9	-5.5	-
US	-8.5	-7.3	-6.1	-8.0	-5.5	-
China	-3.7	-2.6	1.0	1.0	-1.0	3.5
Euro area	-11.5	-9.1	-9.1	-10.2	-12.0	-
Japan	-7.3	-6.0	-6.1	-5.8	-6.5	-1.8
ASEAN	-	-	-1.0*	-2.0**	-	1.1

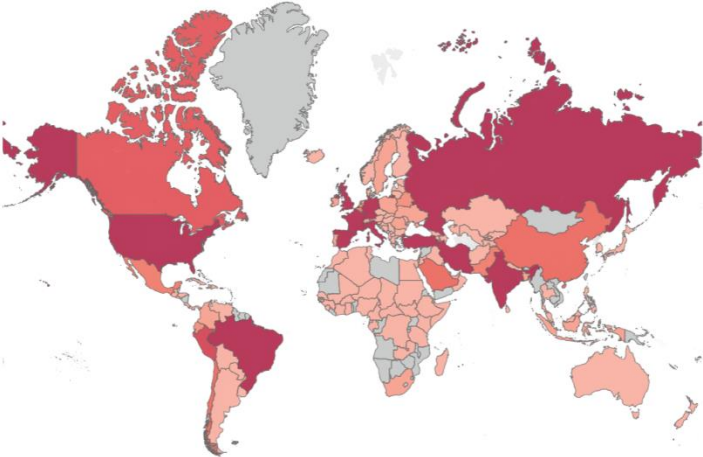
OECD's possible epidemiological scenario in the double-hit scenario: Presence of another less intense virus outbreak in Oct/Nov due to seasonal factors in some regions (especially in the Northern Hemisphere) or ineffective tracing and isolating.

*Weighted average of World Bank's ASEAN countries (excluding Singapore and Brunei Darussalam)

**IMF's ASEAN-5 forecast

COVID19 turns out to be much worse than previous pandemic

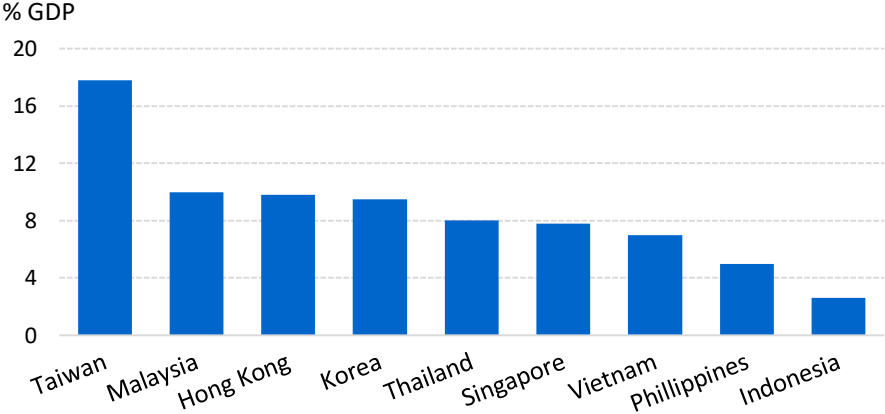
Coronavirus Confirmed Cases



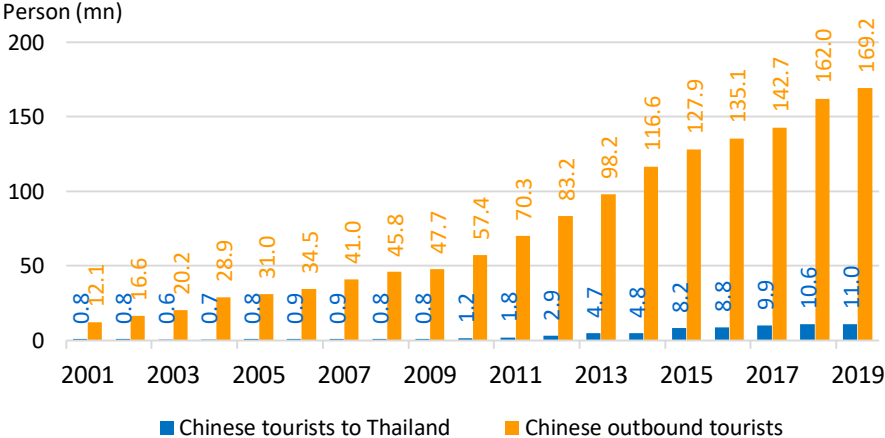
Confirmed Cases	12,166,688
Deaths	552,046
Recovered Cases	7,064,772

As of July 9, 2020

Domestic Value Added Content of Intermediate Exports to China



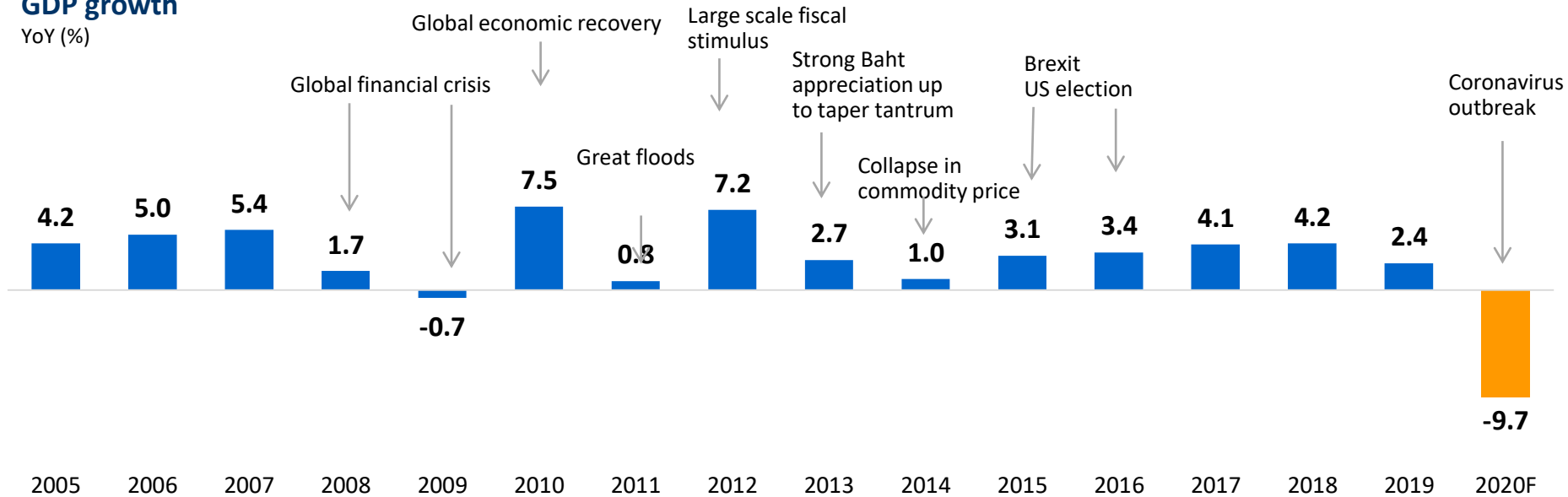
Chinese Visitors



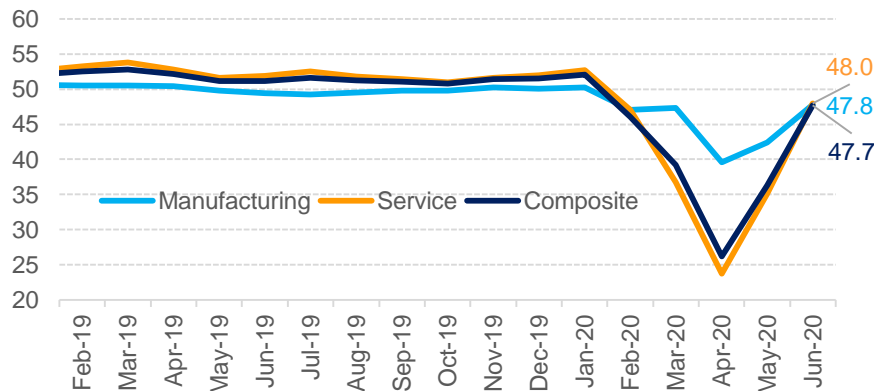
GDP 2020- worst since 1997 crisis

GDP growth

YoY (%)

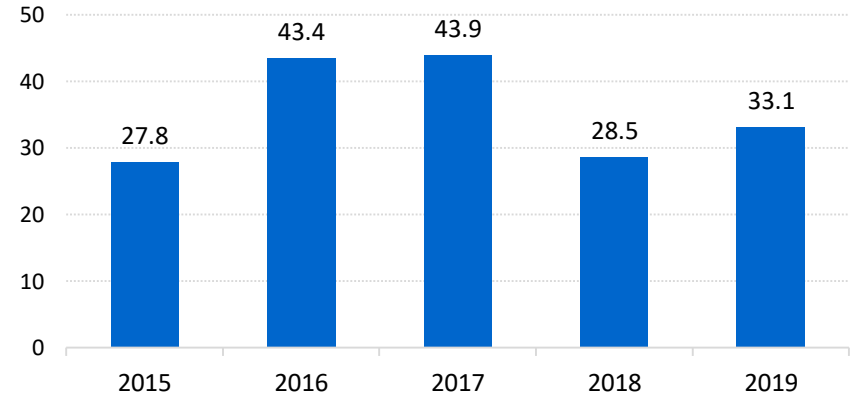


Global Purchasing Managers' Index (PMI)



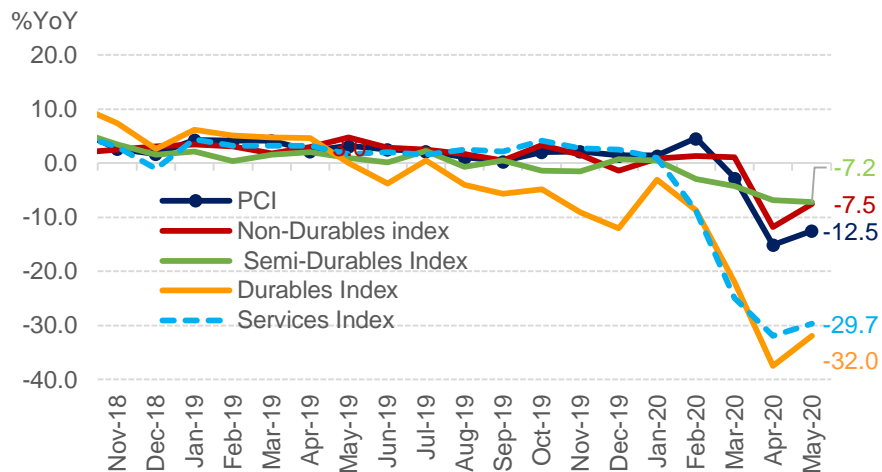
Current Account

USD billion

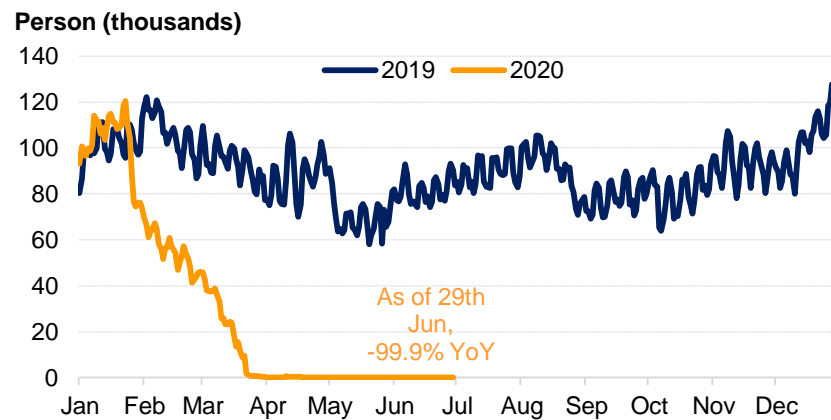


Domestic demand tumbled with lockdowns, gloomy outlook and shattered confidence

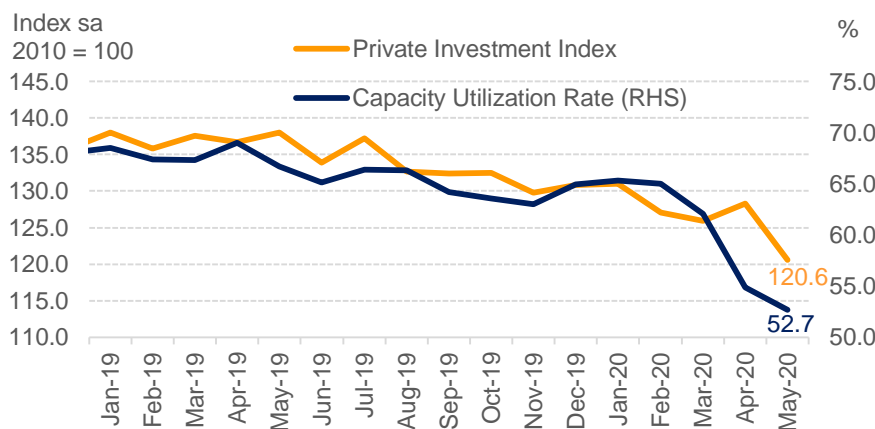
Private consumption



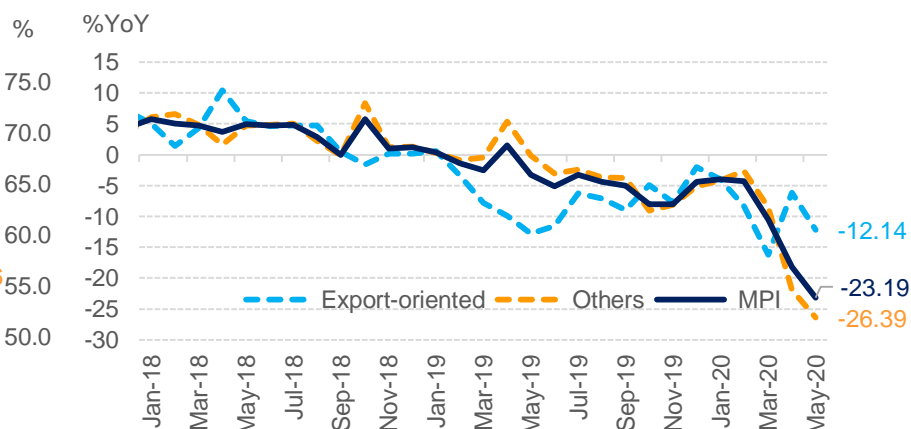
Daily Foreign Arrivals



Private investment index and capacity utilization rate

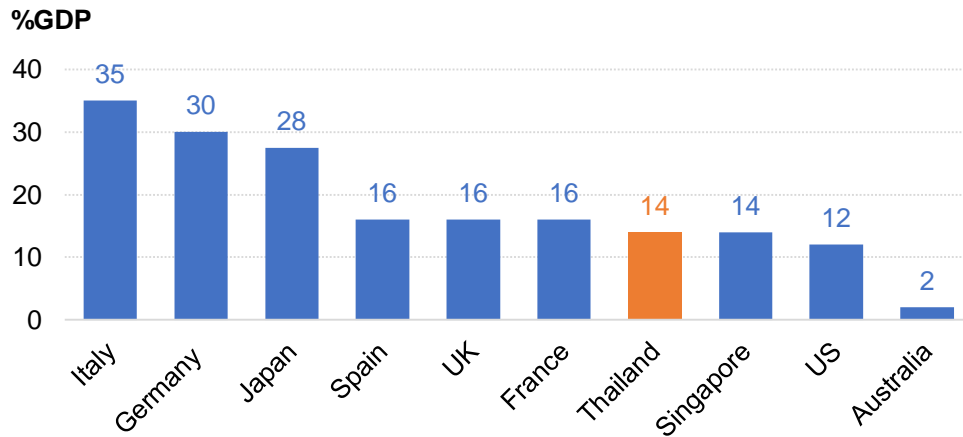


Manufacturing production index

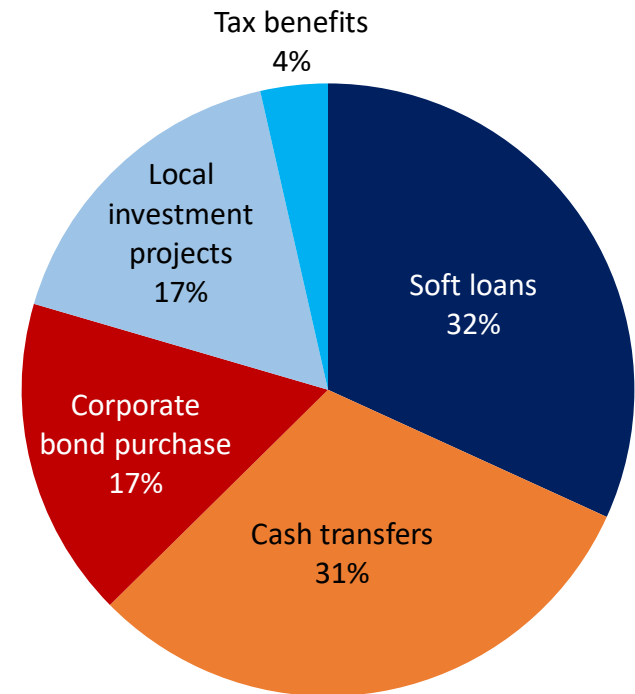


Thailand unveiled THB 2.4 tn to cushion severe economic impacts from Coronavirus

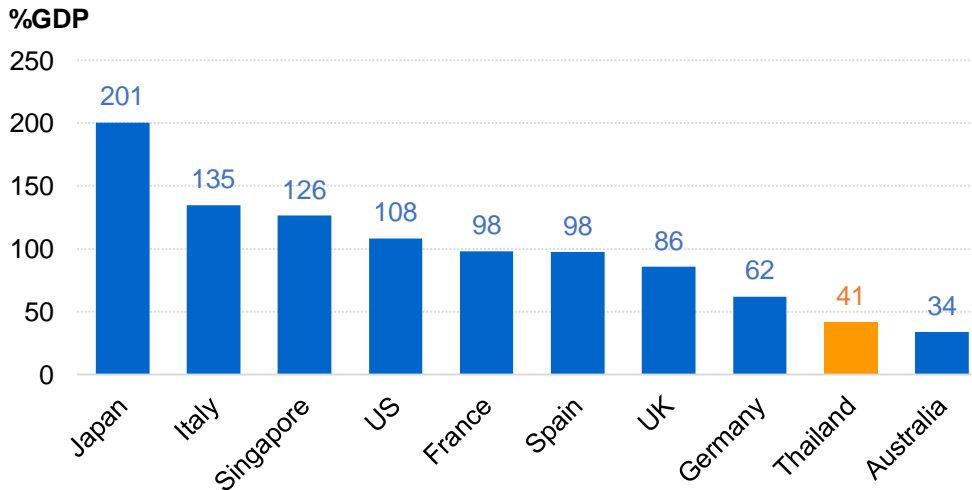
Fiscal Stimulus as % of GDP



Three Phases of Policy Stimulus

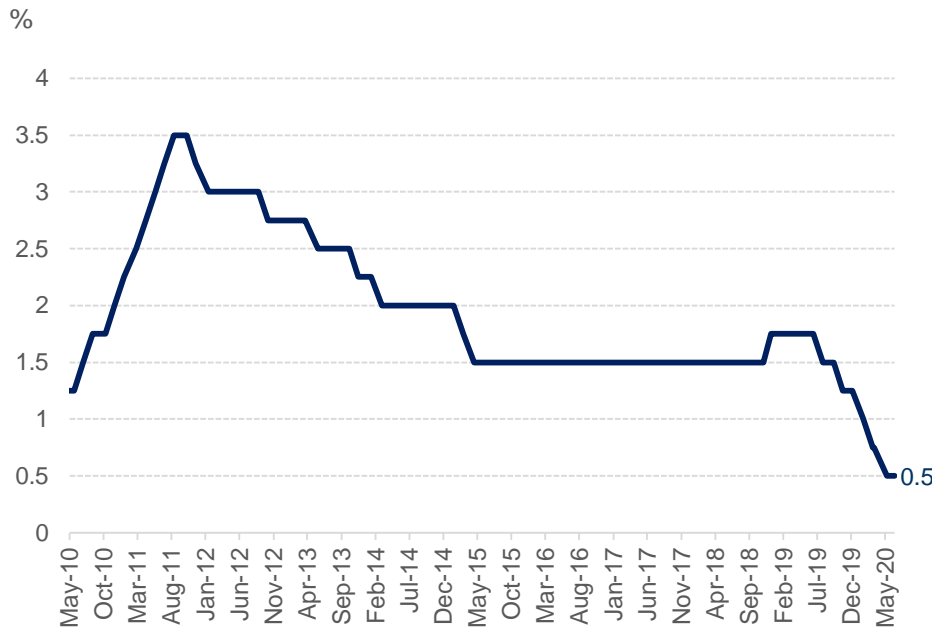


Government Debt as % of GDP

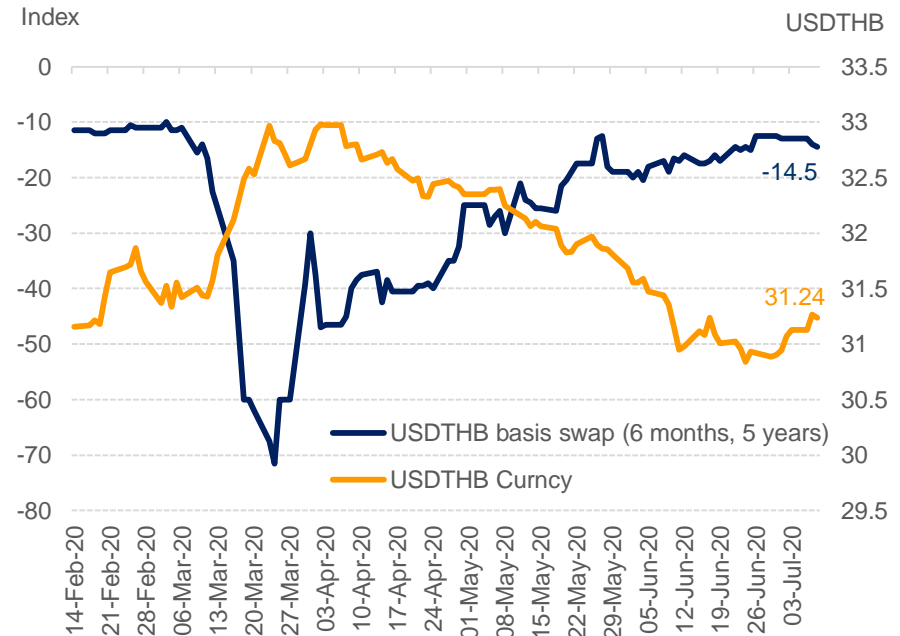


Record-low policy rate at 0.5% and THB is set to appreciate against the USD as the world is awash with dollar liquidity




BOT Policy Rate



USDTHB and USDTHB Basis Swap



Bangkok Bank

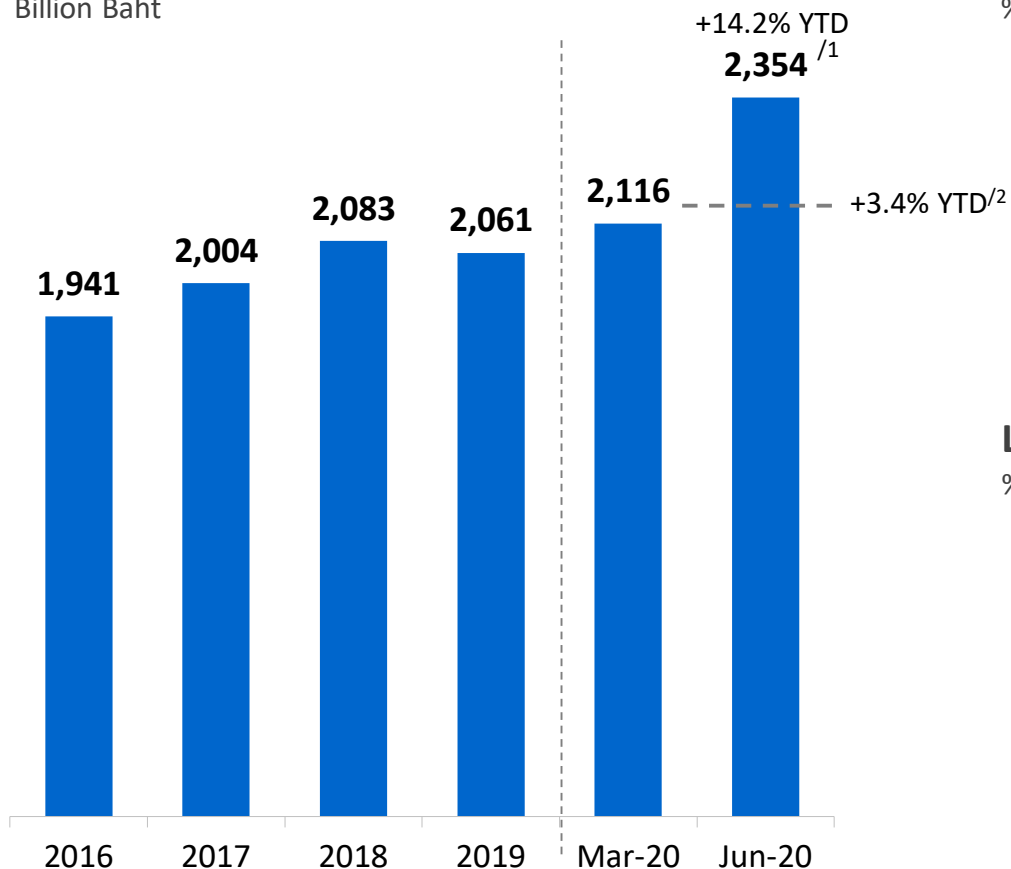
-  Operating environment
-  **2Q20 Financial performance**
-  2020 Outlook

FINANCIAL POSITION

Prudent and diversified loan growth

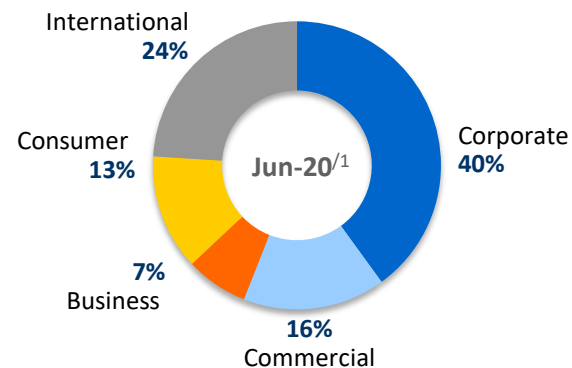
Loan

Billion Baht



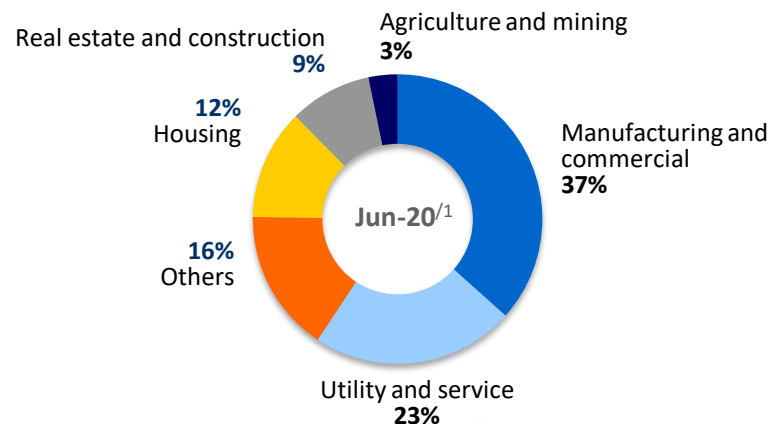
Loan by business unit

% of composition



Loan by industry

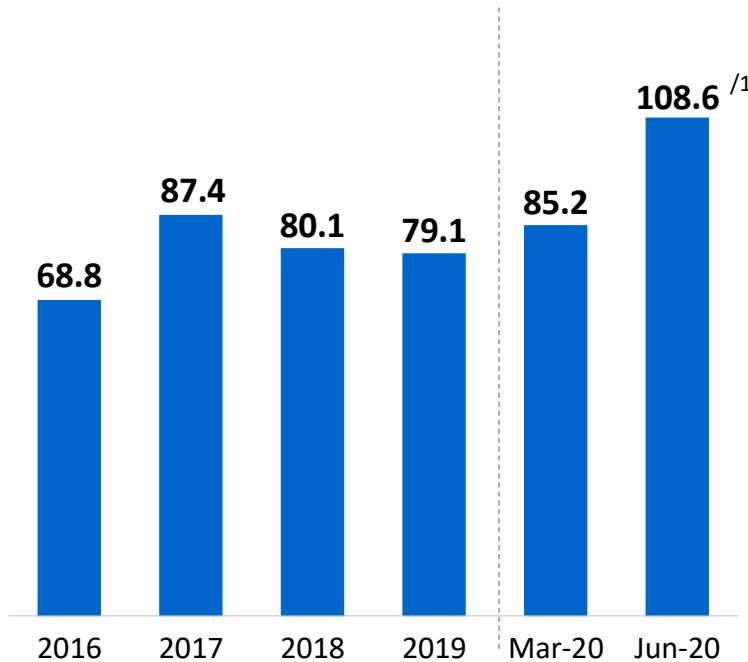
% of composition



Manageable asset quality amid an uncertain economic environment

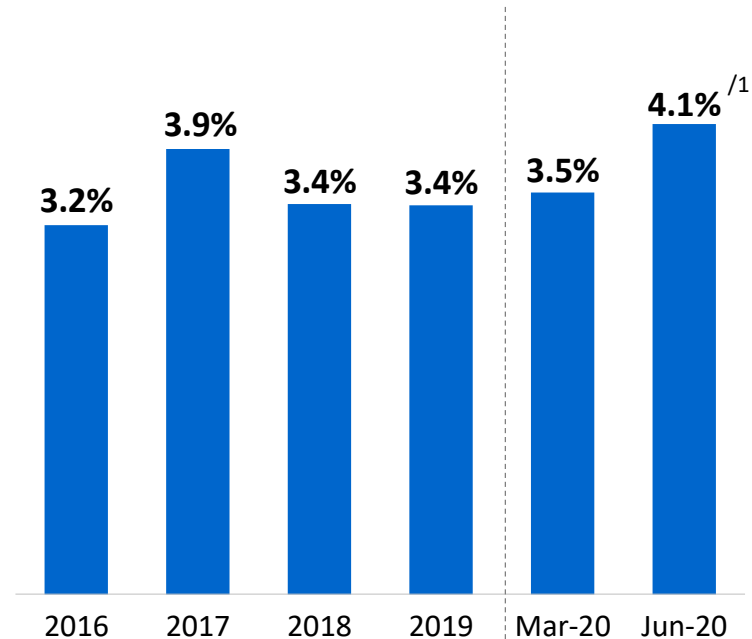
NPL amount

Billion Baht



NPL ratio

%

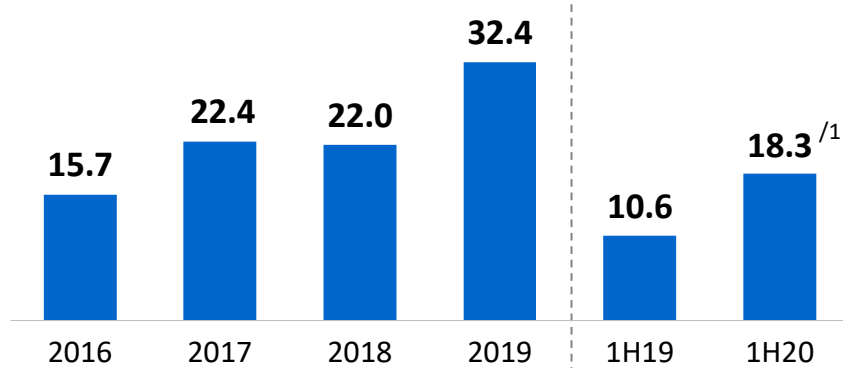


FINANCIAL POSITION

Built up financial loss absorption with prudent management given uncertainties ahead

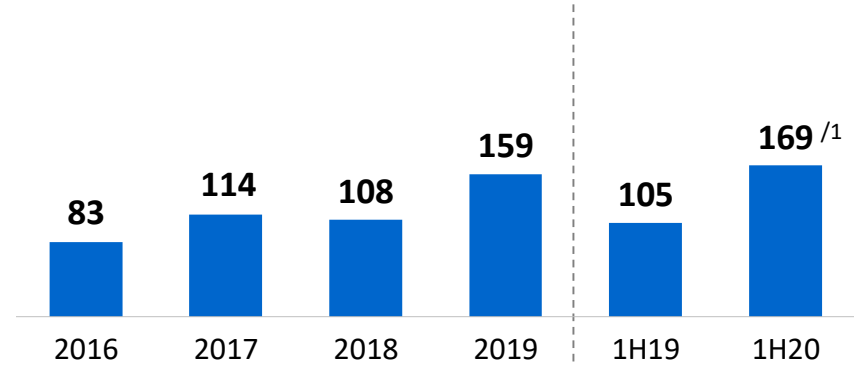
Expected credit loss (Provision)

Billion Baht



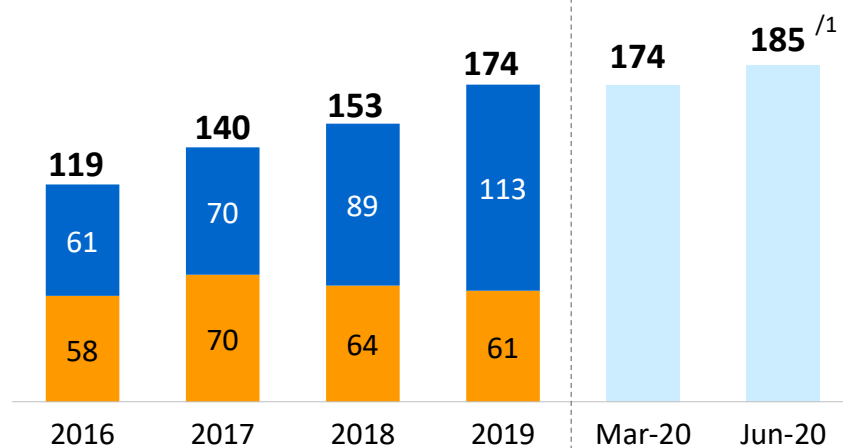
Credit cost

bps



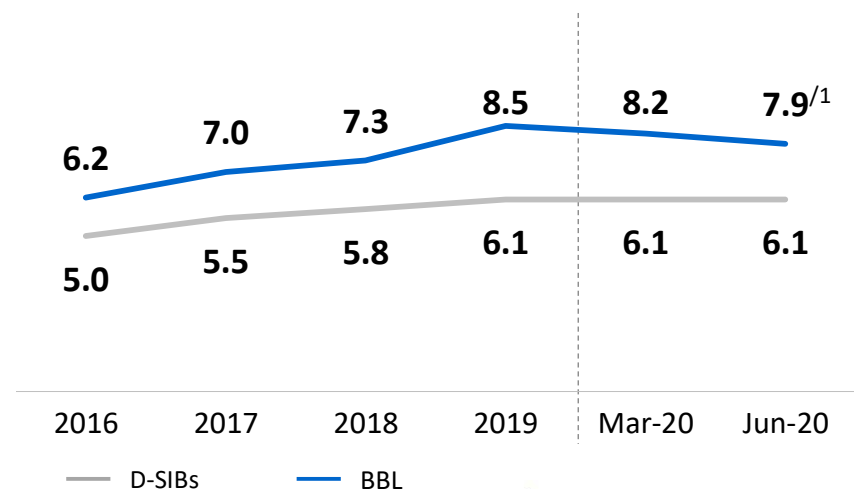
Loan loss reserve (LLR)

Billion Baht



LLR / Loan

%



■ BBL's excess reserve over BOT requirement

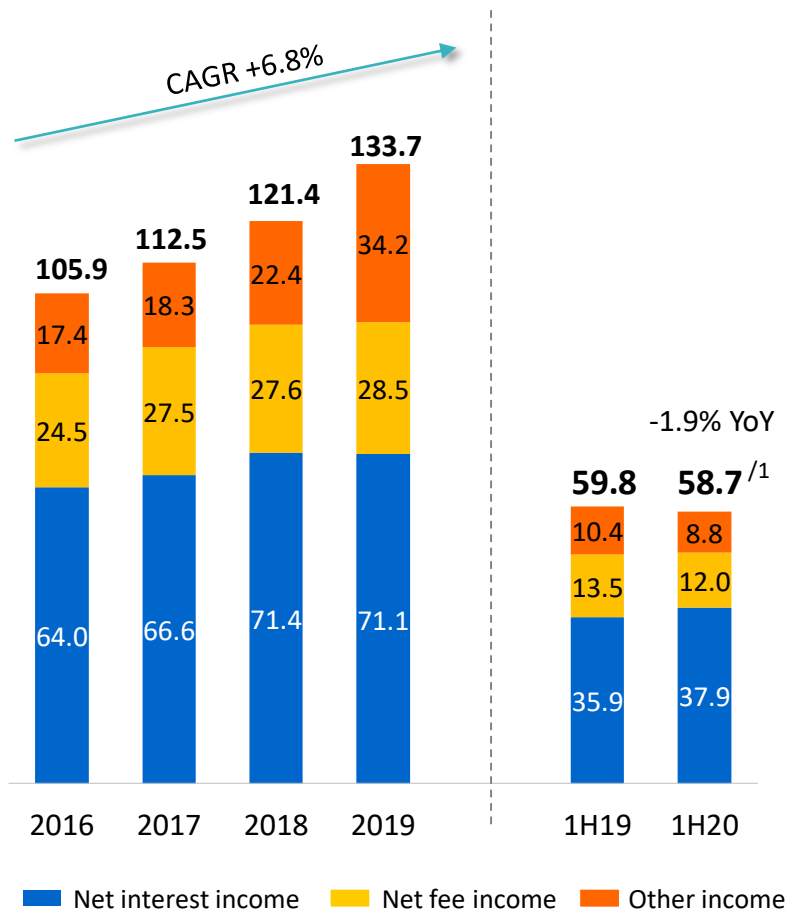
■ BBL's required reserve by BOT

FINANCIAL PERFORMANCE

Continued delivering earnings over business cycles

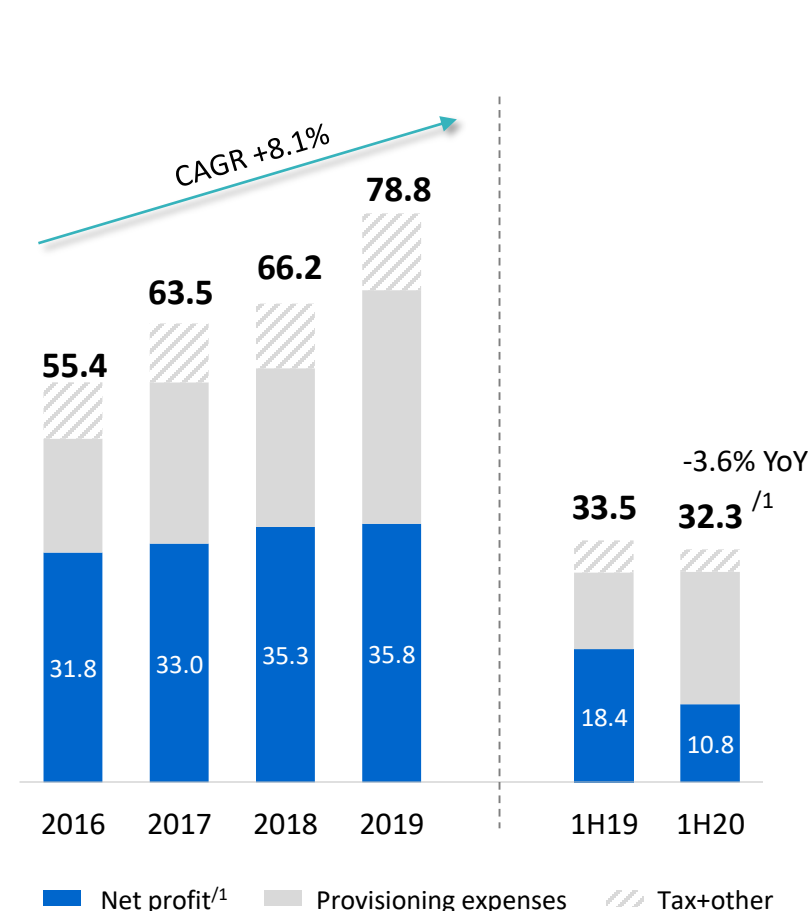
Total income

Billion Baht



Pre-provisioning operating profit (PPOP)

Billion Baht



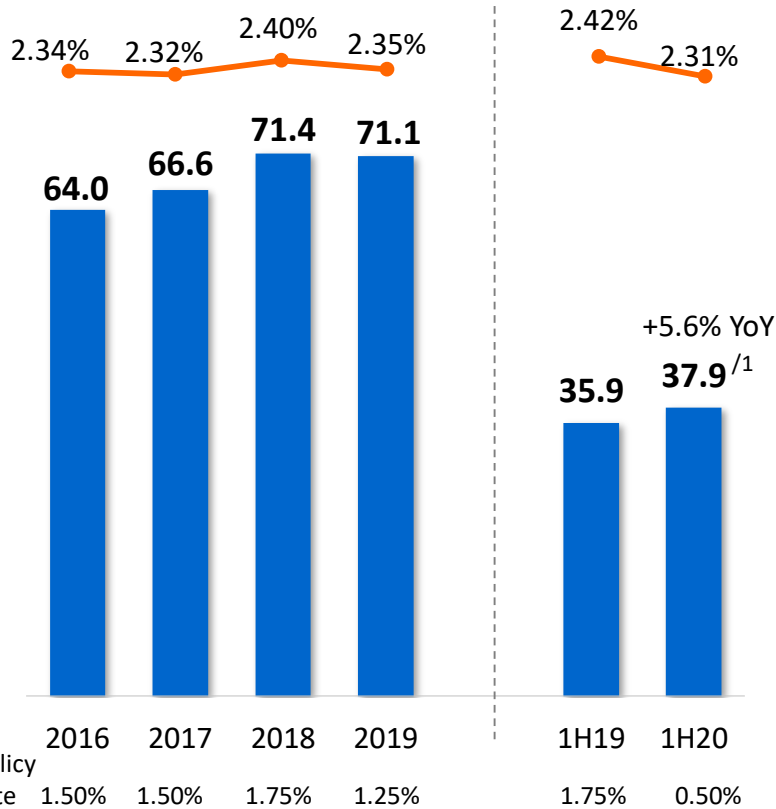
Note: ^{/1} Attributable to owners of the Bank

FINANCIAL PERFORMANCE

Net interest margin followed the low interest rate environment while fee income was affected by TFRS9 and Covid-19 pandemic

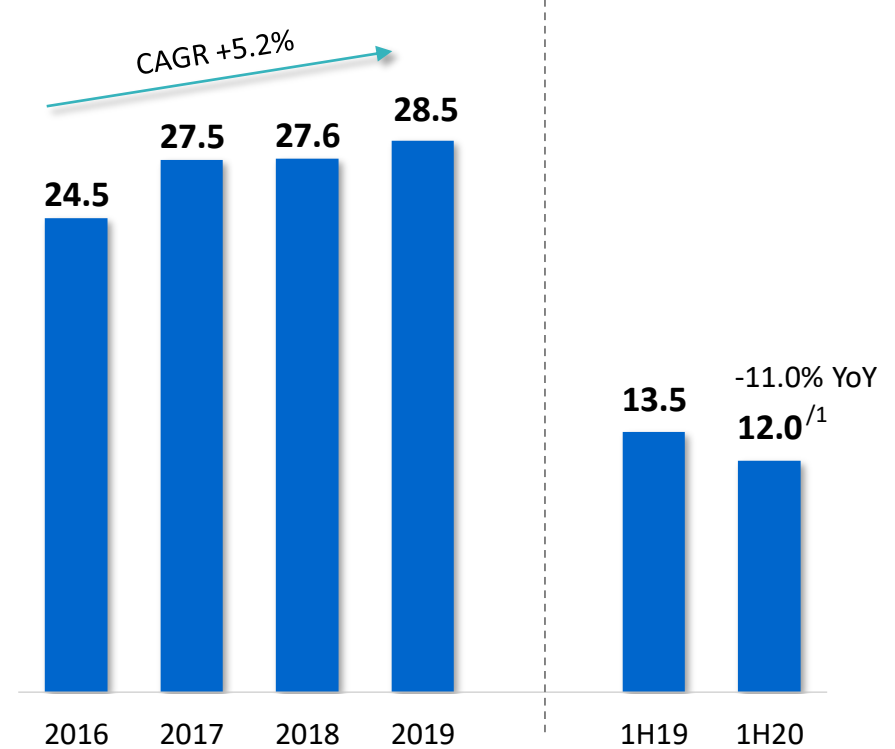
Net interest income, NIM

Billion Baht, %



Net fees and service income

Billion Baht

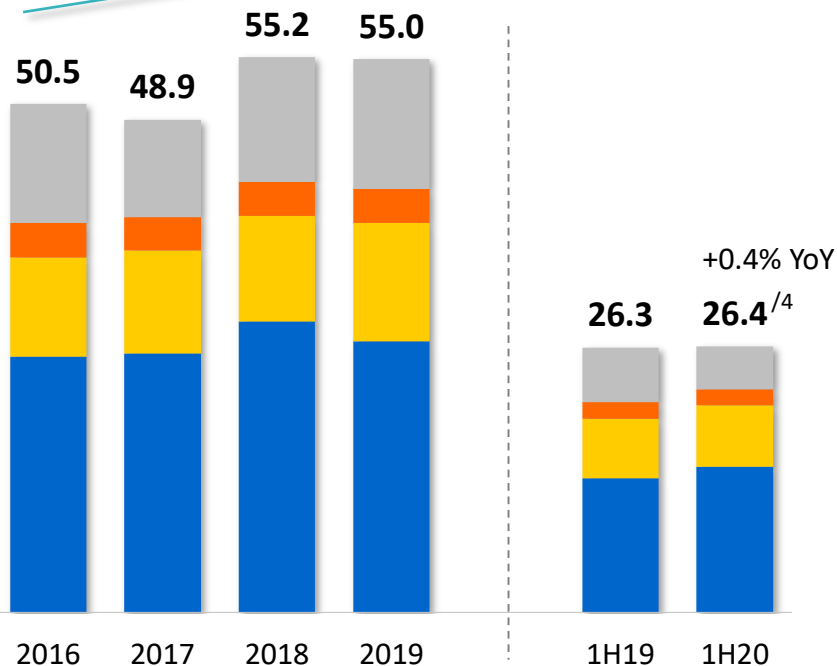


Well disciplined approach to cost management

Operating expenses

Billion Baht

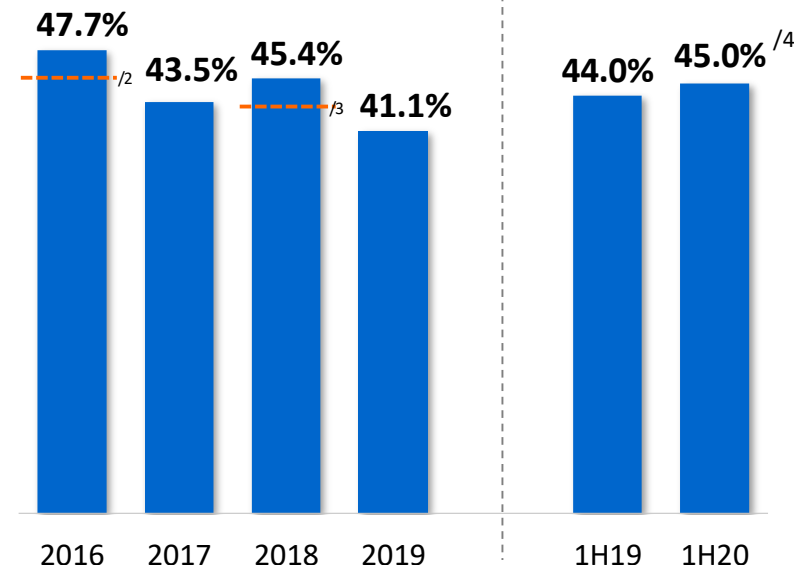
CAGR +2.9%



- Others
- Taxes and duties
- Premises and equipment expenses
- Personnel expenses^{/1}

Cost to income ratio

%



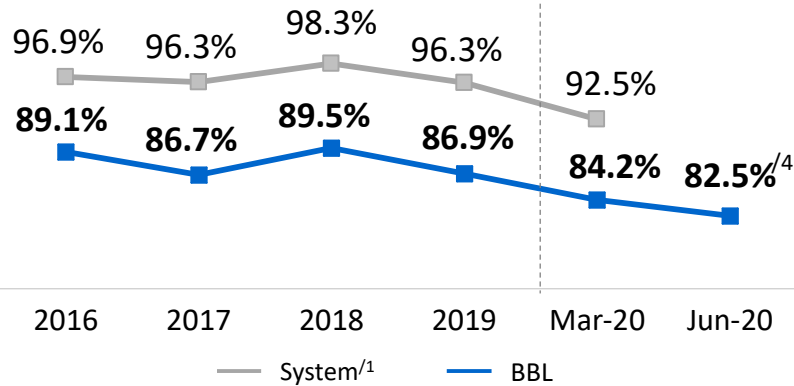
Note: /1 Including directors' remuneration
 /2 If excluding one-time provision for contingency, cost-to-income ratio will be 43.4%
 /3 If excluding the recognition of provision for post-employment benefits for the compensation in lieu of notice in the case of retirement of employees according to the new Labor Protection Act (7) B.E. 2562 (2019), cost-to-income ratio will be 44.9%
 /4 Include Permata's financial performance for 41 days (21 May – 30 June 2020)

FINANCIAL POSITION

Healthy liquidity position supported by strong deposit growth

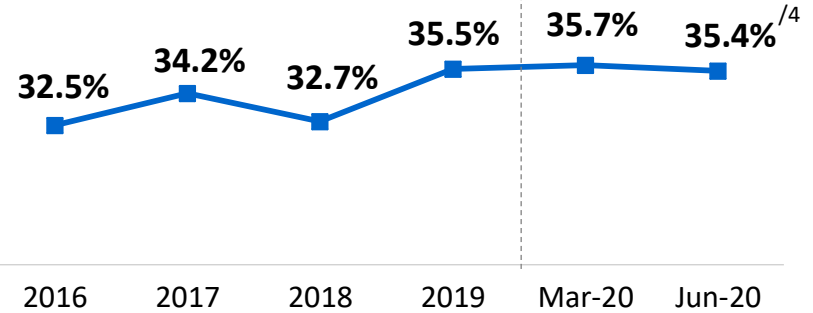
Loan-to-deposit ratio

%



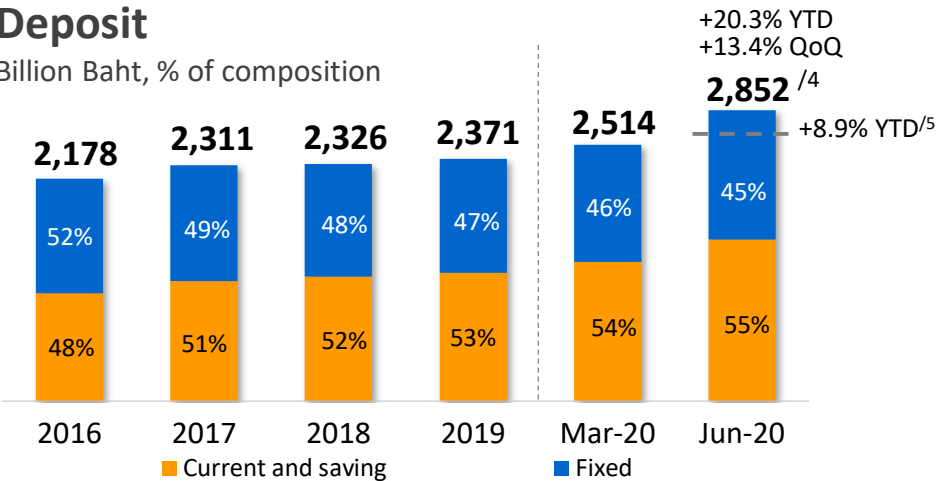
Liquid assets²

% of total assets



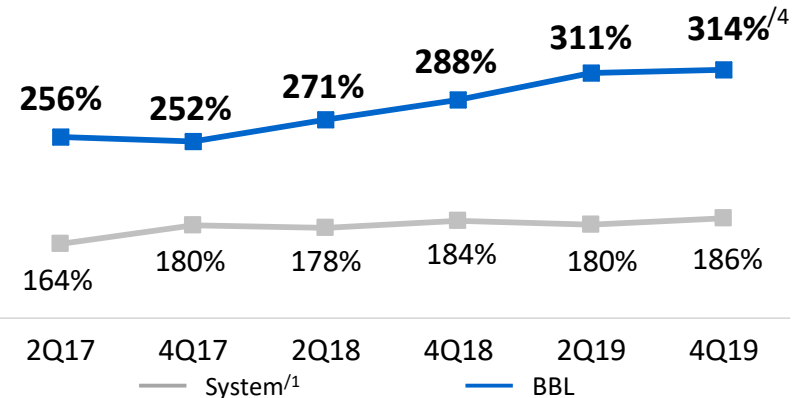
Deposit

Billion Baht, % of composition



Liquidity coverage ratio³

%



Notes: /1 System refers to all commercial banks in Thailand

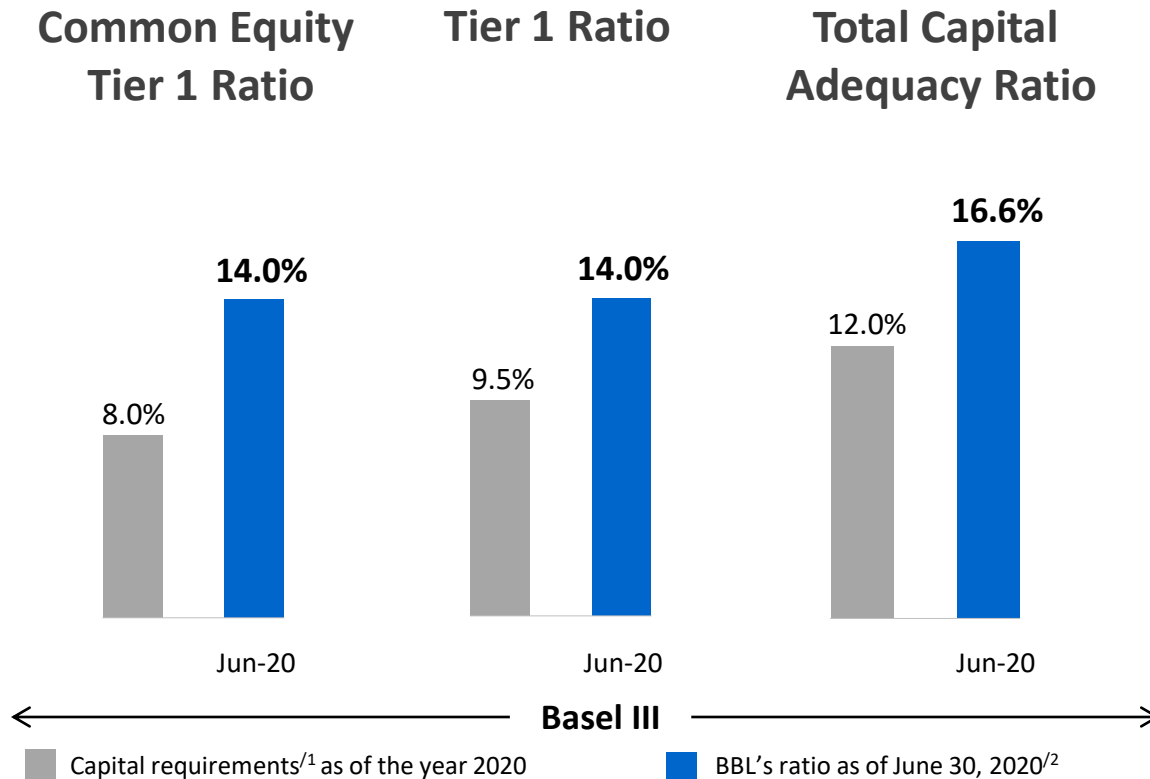
/2 Since 2019 liquid assets are defined as cash, net interbank and money market items, debt securities and marketable equity securities

/3 For BBL, LCR is computed as an average ratio of month-end LCR in the quarter. For System, LCR is as of month.

/4 Include Permata's financial position

/5 Exclude Permata's financial position

Robust capital base above minimum requirements



Regulatory capital ratio requirements

2020

6.0% Minimum Tier 1 Ratio + 8.5% Minimum Total Capital Ratio

+

+




2.5% + 1.0%
Capital Conservation¹ and D-SIB Buffer²

9.5% Tier 1 Capital Ratio Requirement + 12.0% Total Capital Ratio Requirement

Note: /1 The Bank of Thailand's capital requirements include additional 2.5% capital conservation buffer and 1.0% D-SIBs buffer (capital for Higher Loss Absorbency)

/2 Based on Basel III standards issued by BOT since January 1, 2013

Bangkok Bank

-  Operating environment
-  2Q20 Financial performance
-  **2020 Outlook**

2020 Financial target

Consolidated	2020 Financial target
Loan growth	4-6%*
NPL ratio (gross)	4.0-4.5%
Net interest margin	±2.20%
Net fee income growth	approximately -15%
Cost to income ratio	High 40%
Expected credit loss	±28,000 million Baht

Note: *Loan growth target excludes Permata's loan

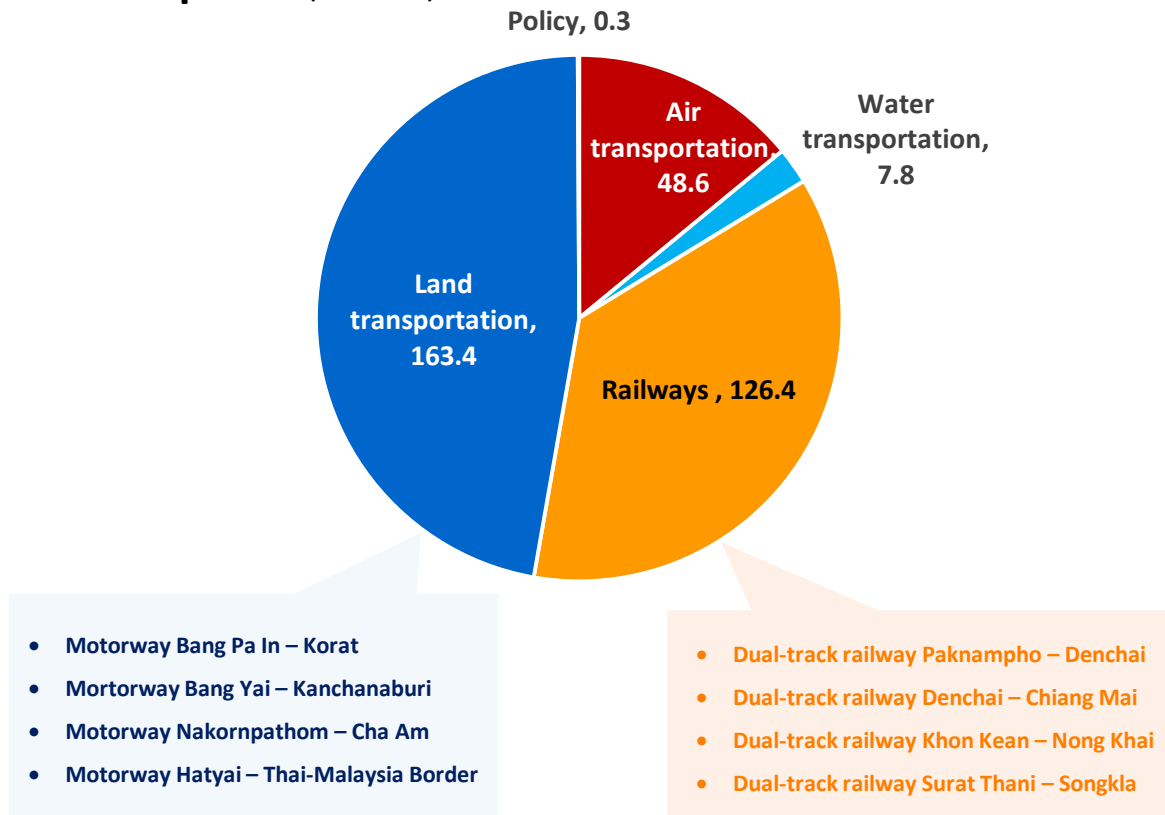
Disclaimer: The above financial targets are based on the Bank's preliminary estimates that may change due to the operating environments and other unforeseen circumstances.

Appendix

Budget reallocation may put new infrastructure projects further behind schedule

2020 Budget for Government and State-owned Enterprises (THB bn)

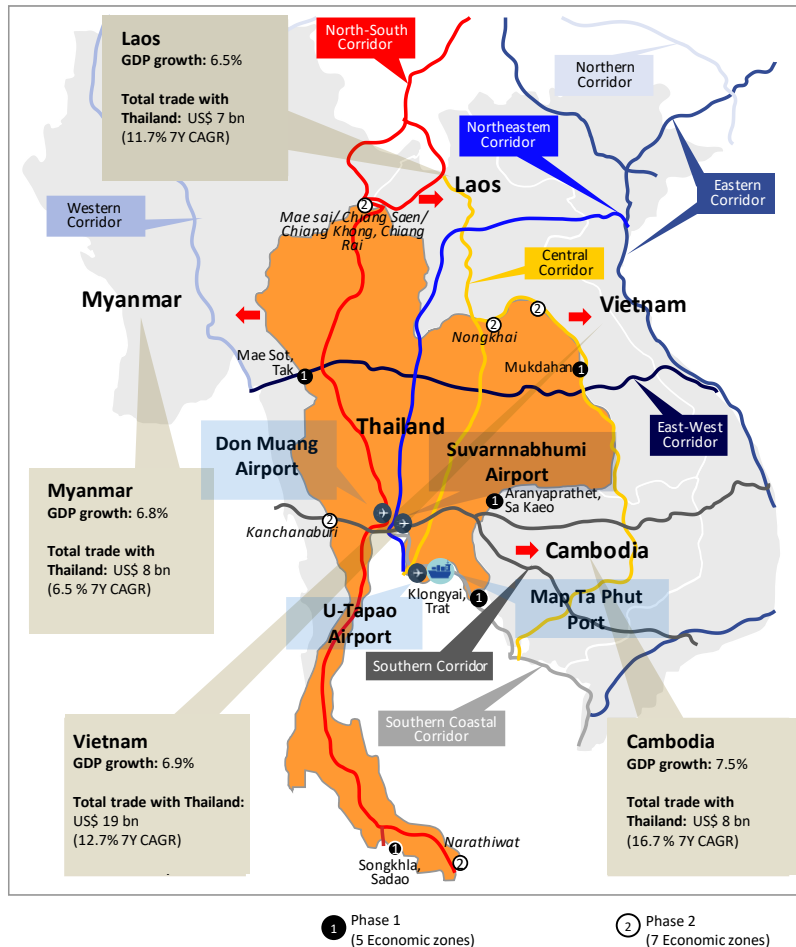
5-Year Infrastructure Mega Projects	
Status	Budget (THB bn)
Waiting for Cabinet approval	1,239.6
Waiting for bidding	314.6
In the bidding process	153.3
Waiting for construction	555.9
Construction ongoing	361.9



Source: Various News Sources

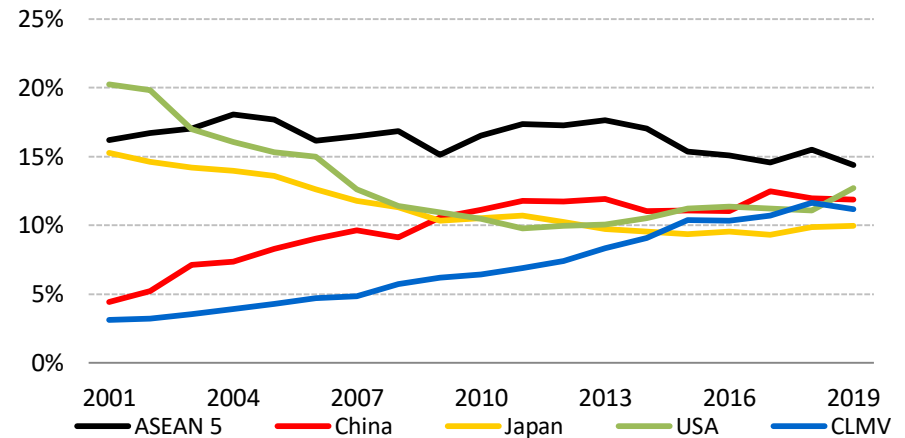
Opportunities from Regionalization and Urbanization

Thailand: gateway to the CLMV¹ region

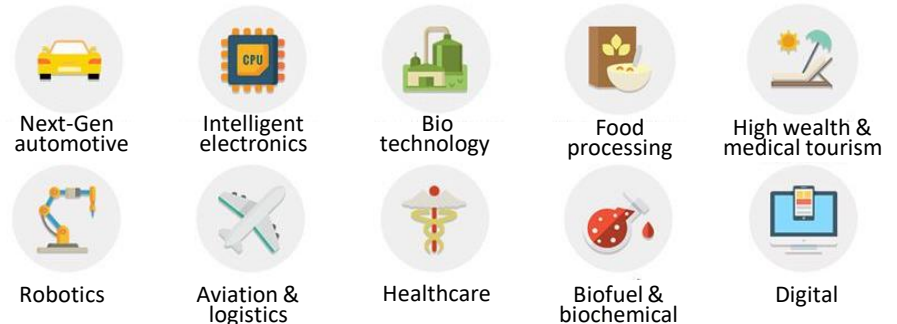


ASEAN countries have become Thailand's major trading partners

Thailand's top export destinations

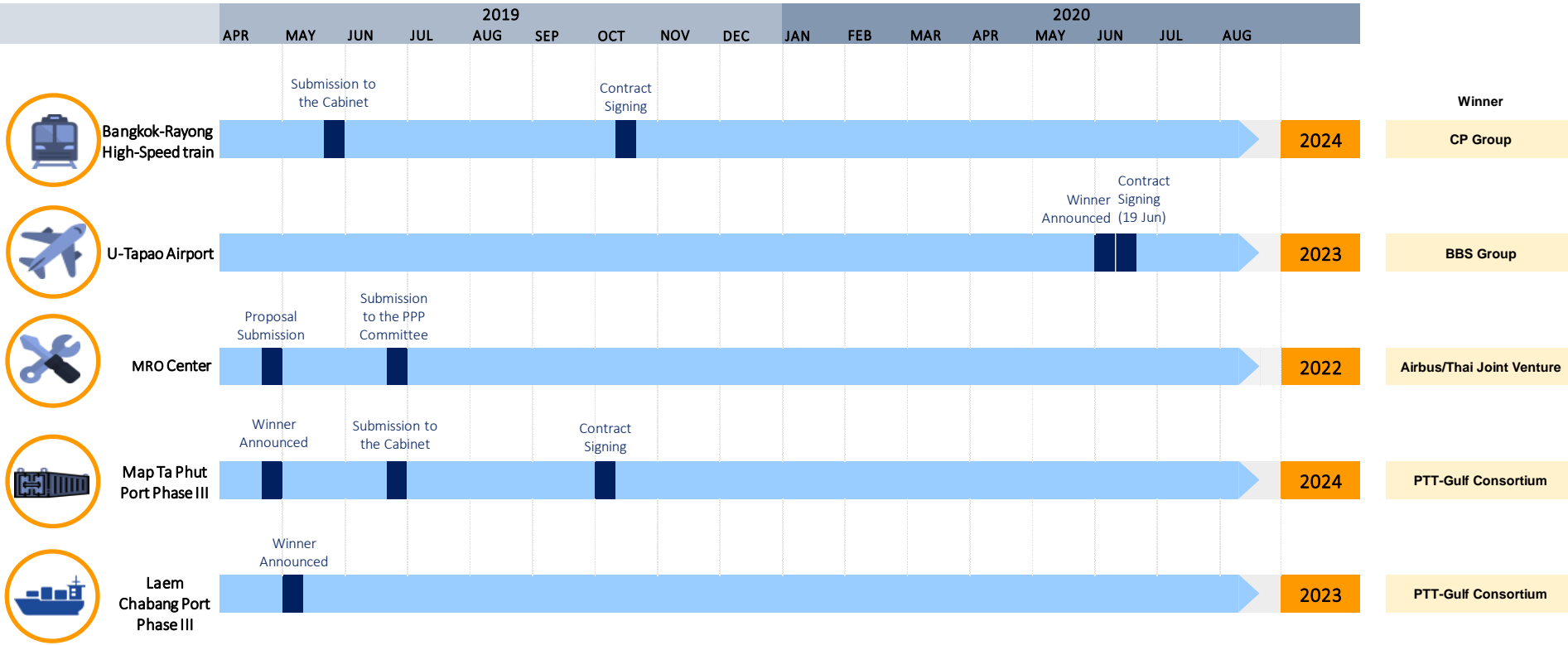


10 targeted industries



Note: /1 "CLMV" stands for "Cambodia, Laos, Myanmar, and Vietnam"
 - GDP growth as of 2018; GDP growth refers to YoY growth between 2017-18
 - Total trade is calculated as the sum of exports and imports as of 2018

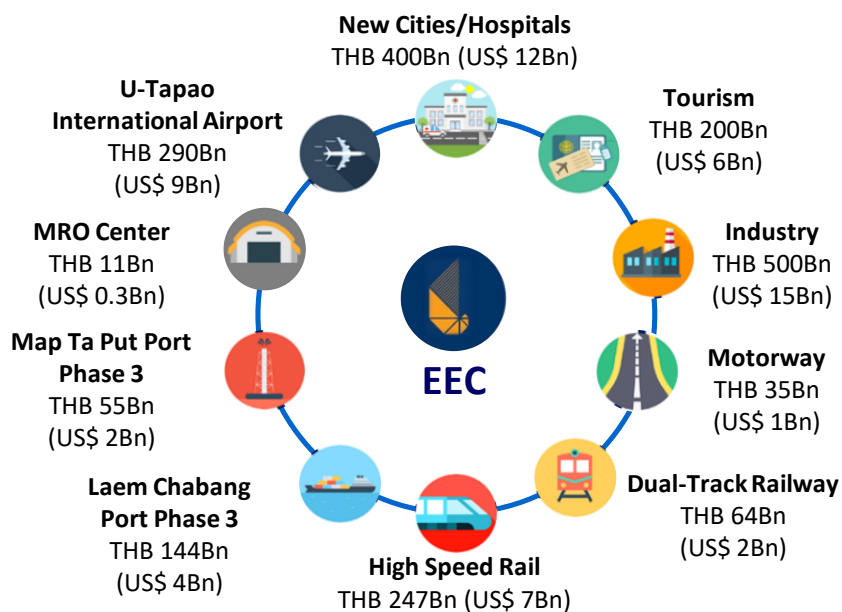
EEC Projects Timeline



Budget disbursement for infrastructure projects to rise with more clarity of EEC-related projects

Combined public and private investments

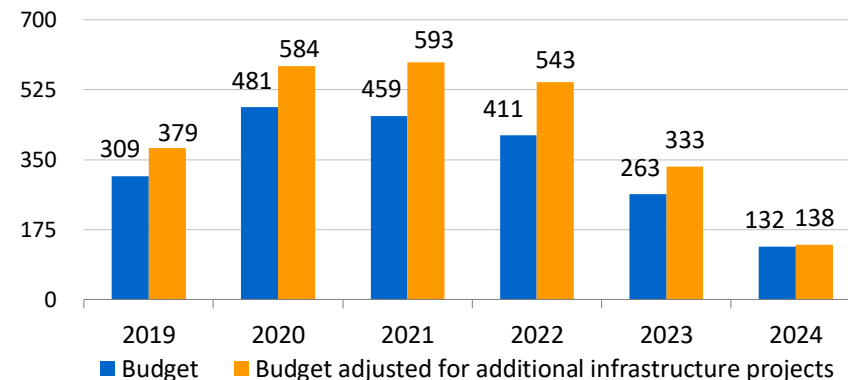
Approximately THB1.9Tn (US\$62Bn) over the next 5 years



Source: EECO

Disbursement schedule

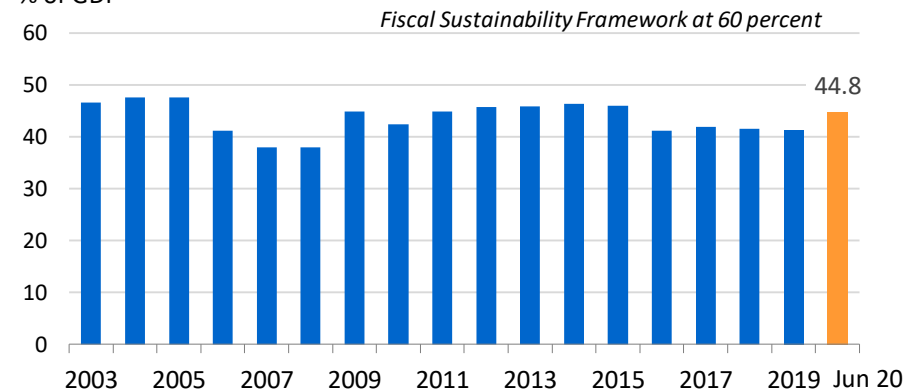
Billion Baht



Source: Ministry of Transport, OTTPP, EECO, Bangkok Bank Economic Team

Public debt to GDP

% of GDP



Source: Bank of Thailand

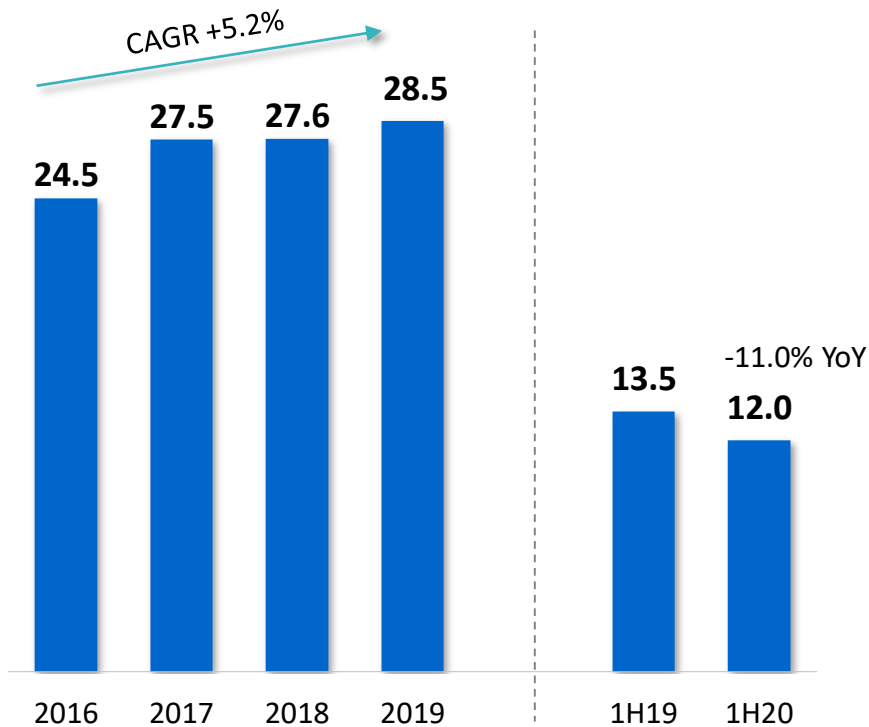
Customer relief measures

<p>SME business loan^{/1}</p> <ul style="list-style-type: none"> • credit line < 100 million baht 	<ul style="list-style-type: none"> • Customers whose credit not over 100 million baht • Automatically eligible for a suspension of principal and interest for 6 months (23 April – 22 October 2020)
<p>SME business loan^{/1}</p> <ul style="list-style-type: none"> • credit line < 500 million baht 	<ul style="list-style-type: none"> • Customers whose credit not over 500 million baht, offered soft loan to support liquidity • Able to borrow loan up to 20% of outstanding balance as of 31 December 2019 • Fixed interest rate of 2% per annum for 2 years with 0% interest for the first 6 months
<p>Mortgage loan</p>	<ul style="list-style-type: none"> • Apply to defer payment of principal and interest, or paying interest only for 3 months • Apply to extend their payment period with reduced principal and interest installments
<p>Credit card</p>	<ul style="list-style-type: none"> • Reduced minimum payment to 5% (from 10%) until December 31, 2021, automatically applied to all types of BBL credit cards • Register for a suspension of principal and interest payments for 3 months with a special interest rate adjustment to 12% • Register to turn outstanding debt into an installment with a special interest rate adjustment to 12% and can use the available credit limit with a regular interest rate

Fee and service income

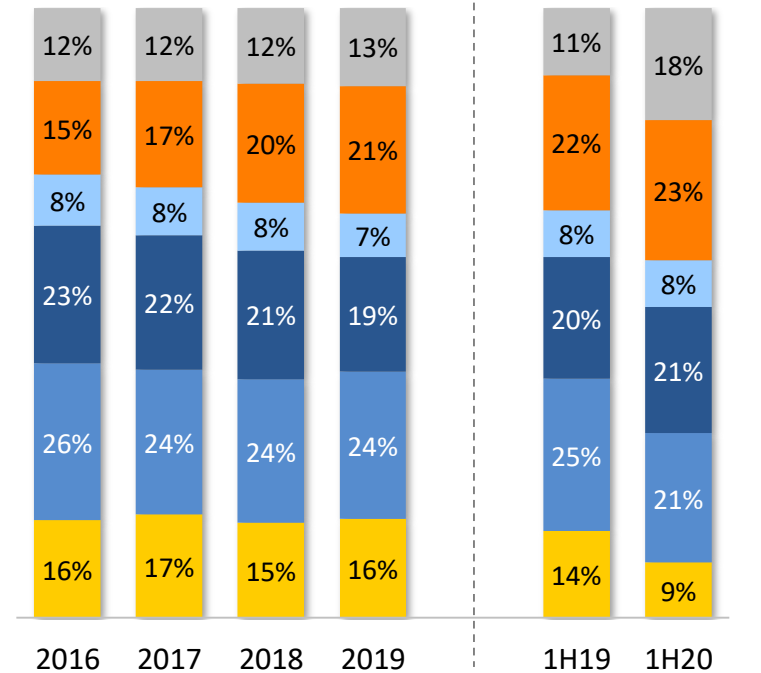
Net fees and service income

Billion Baht



Fees and service income

% of composition



- Other fees and commissions including Permata fee
- Bancassurance and mutual fund
- Global market service
- Transaction service
- Credit card business
- Loan related fee

Fully prepared for IFRS9 implementation

Key Areas of Impact

Provisioning based on “lifetime expected credit loss”

Credit fee income included in interest income

New classification of financial assets and financial liabilities : accounted for fair value to profit and loss (FVTPL)

Banking book derivatives “mark to market” instead of “accrual basis”

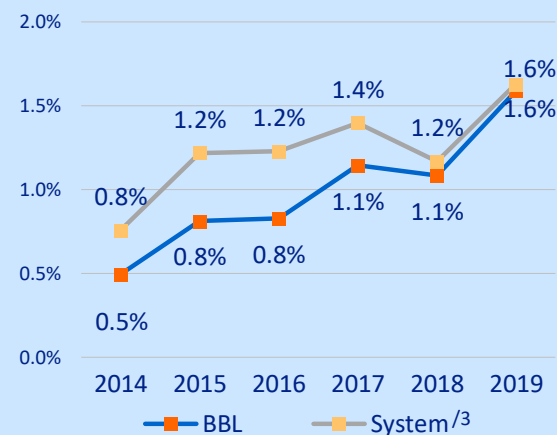
Bangkok Bank Mitigants

Sound credit management and consistent reserving policies

Provisioning expense (THB Bn) ⁽¹⁾



Cost of credit (%) ⁽²⁾



Lower non-interest income

Most of investment in equities is classified to fair value to OCI (FVTOCI). The remaining is classified to FVTPL which a movement of market value will go through PL.

Derivatives that qualify for hedge accounting reduce income volatility

Derivative assets and derivative liabilities constitute less than 2% of total assets and total liabilities, respectively

Notes: /1 Impairment loss of loan and debt securities

/2 Impairment loss of loan and debt securities divided by average loan less deferred income

/3 System refers to all commercial banks in Thailand

Source: Bank of Thailand, Bangkok Bank analysis

Financial position

Million Baht

	Dec-16	Dec-17	Dec-18	Dec-19	Jun-20	Growth (%)	
						QoQ	YTD
Loan	1,941,093	2,003,989	2,083,160	2,061,309	2,353,848	11.2%	14.2%
Deposit	2,178,141	2,310,743	2,326,470	2,370,792	2,852,295	13.4%	20.3%
LDR	89.1%	86.7%	89.5%	86.9%	82.5%	-1.7%	-4.4%
NPL ^{/1}	68,841	87,419	80,137	79,149	108,604	27.4%	37.2%
NPL ratio ^{/1}	3.2%	3.9%	3.4%	3.4%	4.1%	0.6%	0.7%
Allowance for ECL to NPL ^{/1}	174%	160%	191%	220%	171%	-33.4%	-49.7%
Allowance for ECL to loan	6.2%	7.0%	7.3%	8.5%	7.9%	-0.3%	-0.6%
Liquid assets ^{/2} to total assets	32.5%	34.2%	32.7%	35.5%	35.4%	-0.3%	-0.1%
CASA	48.4%	50.7%	52.4%	53.1%	55.4%	1.2%	2.3%
CET1/Tier 1 ratio ^{/3}	16.4%	16.6%	16.4%	17.0%	14.0%	-1.7%	-3.0%
CAR ^{/3}	18.3%	18.2%	18.0%	20.0%	16.6%	-1.9%	-3.4%

Note:

/1 Including interbank and money market lending

/2 Since 2019, liquid assets consist of cash, net interbank and money market items, debt securities and marketable equity securities

/3 Based on Basel III standards issued by BOT since January 1, 2013

Financial performance – 2Q20

Million Baht

	2Q19	1Q20	2Q20	Growth (%)	
				QoQ	YoY
Net interest income	17,635	19,820	18,110	-8.6%	2.7%
Net fee income	6,615	6,354	5,621	-11.5%	-15.0%
Other operating income	6,919	220	8,554	3,788.2%	23.6%
Total income	31,169	26,394	32,285	22.3%	3.6%
Operating expense	14,108	11,377	15,026	32.1%	6.5%
Expected credit loss ^{/1}	5,549	5,087	13,238	160.2%	138.6%
Net profit ^{/2}	9,347	7,671	3,095	-59.7%	-66.9%
EPS ^{/2} (Baht per share)	4.90	4.02	1.62	-59.7%	-66.9%
NIM	2.36%	2.52%	2.13%	-0.39%	-0.23%
Net fee income ratio	21.2%	24.1%	17.4%	-6.7%	-3.8%
Cost to income ratio	45.3%	43.1%	46.5%	3.4%	1.2%
ROA ^{/2}	1.19%	0.93%	0.35%	-0.58%	-0.84%
ROE ^{/2}	8.84%	7.32%	2.92%	-4.40%	-5.92%

Note:

/1 Before 2020 is impairment loss of loans and debt securities

/2 Attributable to owners of the Bank

Financial performance – 1H20

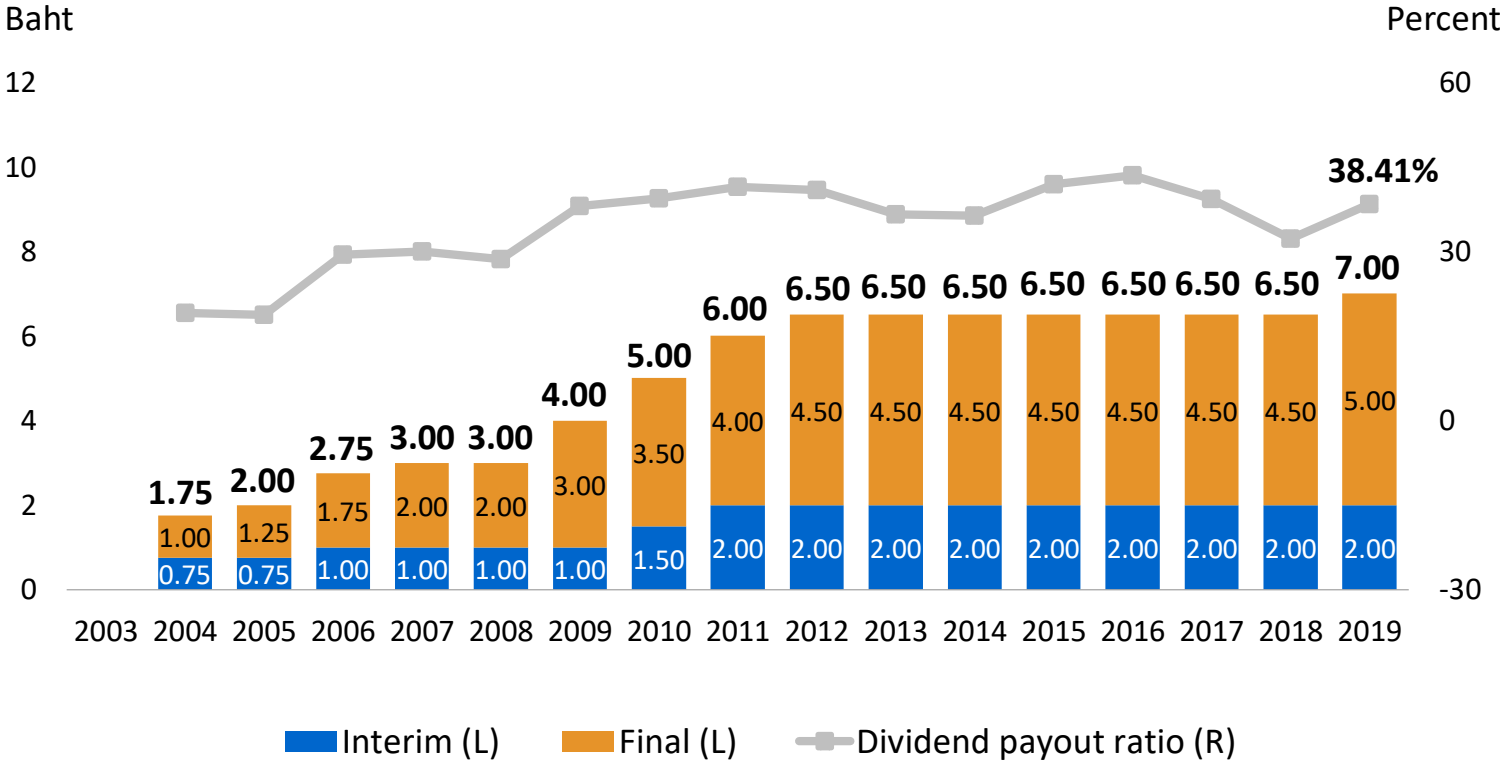
Million Baht

	1H18	1H19	1H20	Growth (%) YoY
Net interest income	34,696	35,935	37,930	5.6%
Net fee income	14,257	13,455	11,975	-11.0%
Other operating income	13,824	10,406	8,774	-15.7%
Total income	62,777	59,796	58,679	-1.9%
Operating expense	25,970	26,310	26,403	0.4%
Provisioning expense	13,854	10,627	18,325	72.4%
Net profit/ ¹	18,199	18,375	10,765	-41.4%
EPS/ ¹ (Baht per share)	9.53	9.63	5.64	-41.4%
NIM	2.34%	2.42%	2.31%	-0.11%
Net fee income ratio	22.7%	22.5%	20.4%	-2.1%
Cost to income ratio	41.4%	44.0%	45.0%	1.0%
ROA/ ¹	1.17%	1.18%	0.62%	-0.56%
ROE/ ¹	9.12%	8.81%	5.07%	-3.74%

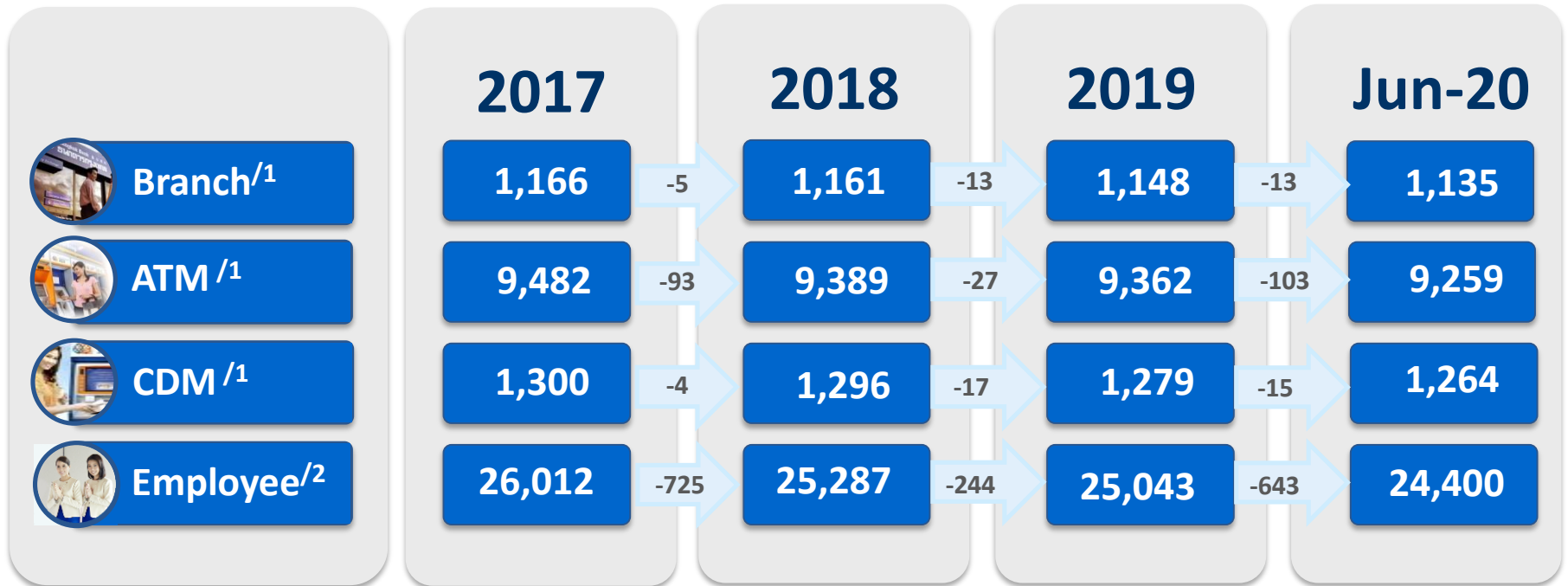
Financial performance – year

	Million Baht				
	2016	2017	2018	2019	Growth (%) YoY
Net interest income	63,998	66,625	71,376	71,071	-0.4%
Net fee income	24,492	27,526	27,590	28,504	3.3%
Other operating income	17,368	18,317	22,435	34,171	52.3%
Total income	105,858	112,468	121,400	133,746	10.2%
Operating expense	50,505	48,948	55,165	54,963	-0.4%
Provisioning expense	15,728	22,370	21,965	32,351	47.3%
Net profit ^{/1}	31,815	33,009	35,330	35,816	1.4%
EPS ^{/1} (Baht per share)	16.67	17.29	18.51	18.76	1.4%
NIM	2.34%	2.32%	2.40%	2.35%	-0.05%
Net fee income ratio	23.1%	24.5%	22.7%	21.3%	-1.4%
Cost to income ratio	47.7%	43.5%	45.4%	41.1%	-4.3%
ROA ^{/1}	1.09%	1.09%	1.13%	1.13%	0.00%
ROE ^{/1}	8.59%	8.49%	8.73%	8.45%	-0.28%

Dividend and payout ratio



Network



Note: Consolidated

/1 Domestic operation

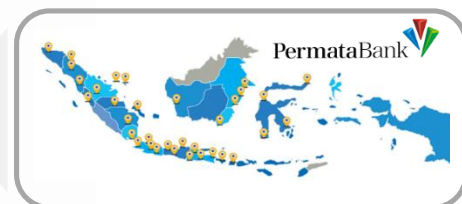
/2 Exclude PT Bank Permata Tbk (Permata)

Long-standing international presence

in **14** economies



more than **300** branches
in Indonesia



ASEAN

- Singapore 63 years (1)
- Malaysia^{/1} 61 years (5)
- Indonesia^{/1} 52 years (3+300)
- Vietnam 28 years (2)
- Laos 27 years (2)
- Philippines 25 years (1)
- Myanmar 25 years (1)
- Cambodia 6 years (1)

Other important Economies

- Hong Kong 66 years (2)
- Japan 65 years (2)
- United Kingdom 63 years (1)
- Taiwan 55 years (3)
- United States 55 years (1)
- China^{/1} 34 years (6)

Note: As at June 2020
/1 Wholly-owned subsidiary
(x) is number of locations

Source: Bangkok Bank filing

For further information

Contact:

Investor Relations team

Tel (66) 2 626 4981

Email: IR@bangkokbank.com

Bangkok Bank website

www.bangkokbank.com

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