

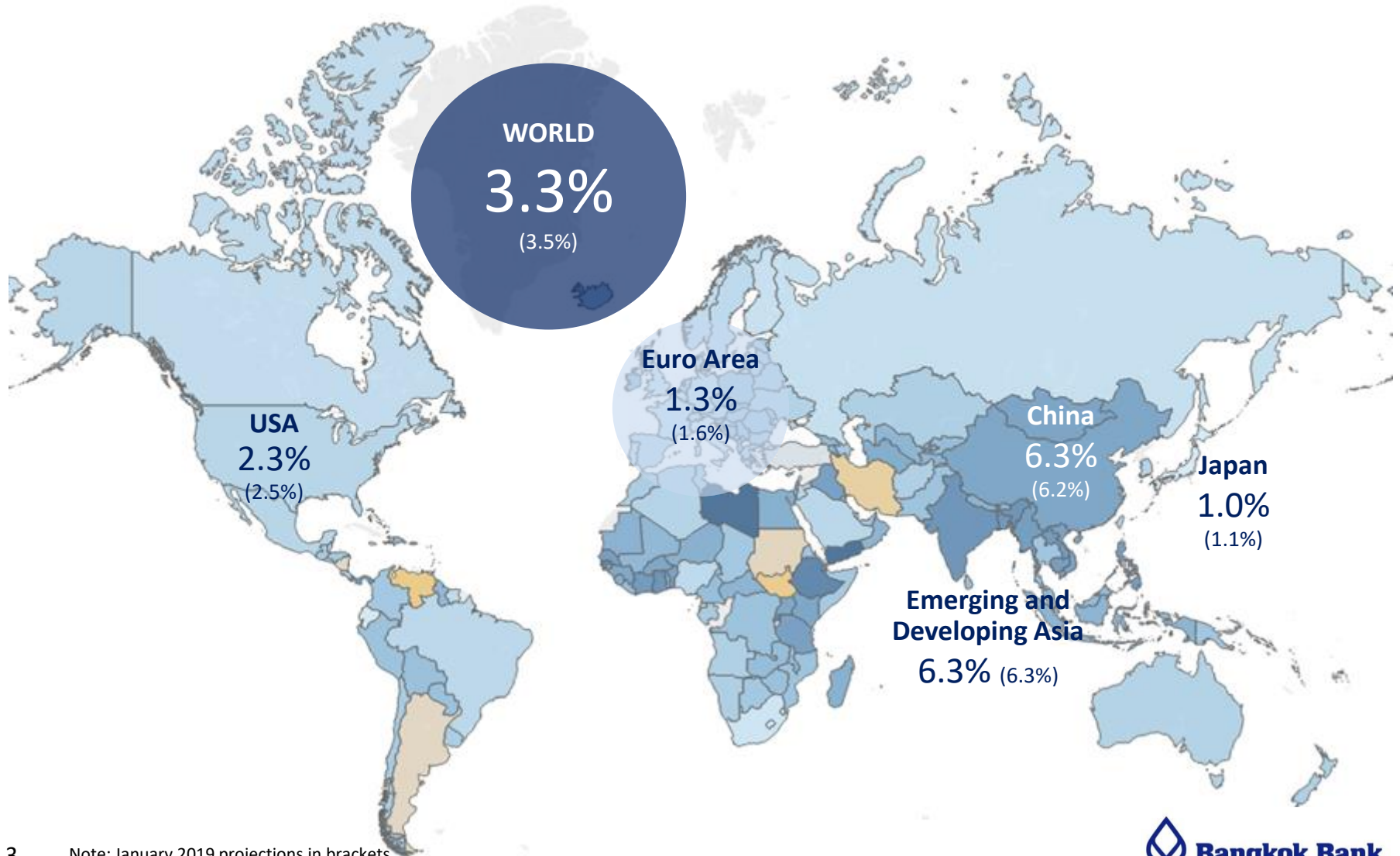


# Bangkok Bank

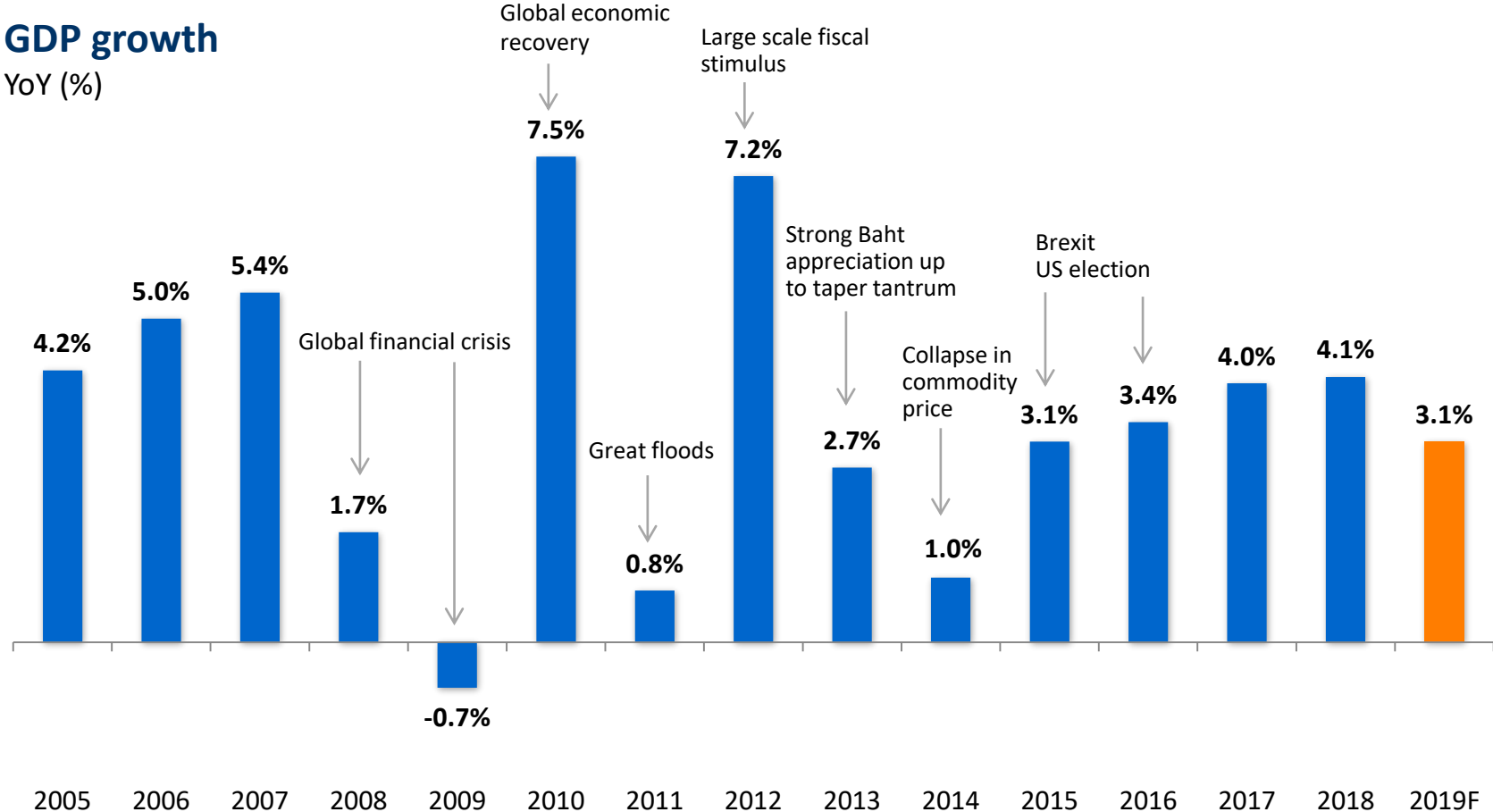
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- **Operating Environment**
- 2019 Focus
- Financial Performance

# Global Economy in 2019 is set to slow against the backdrop of the **US-China trade escalation**

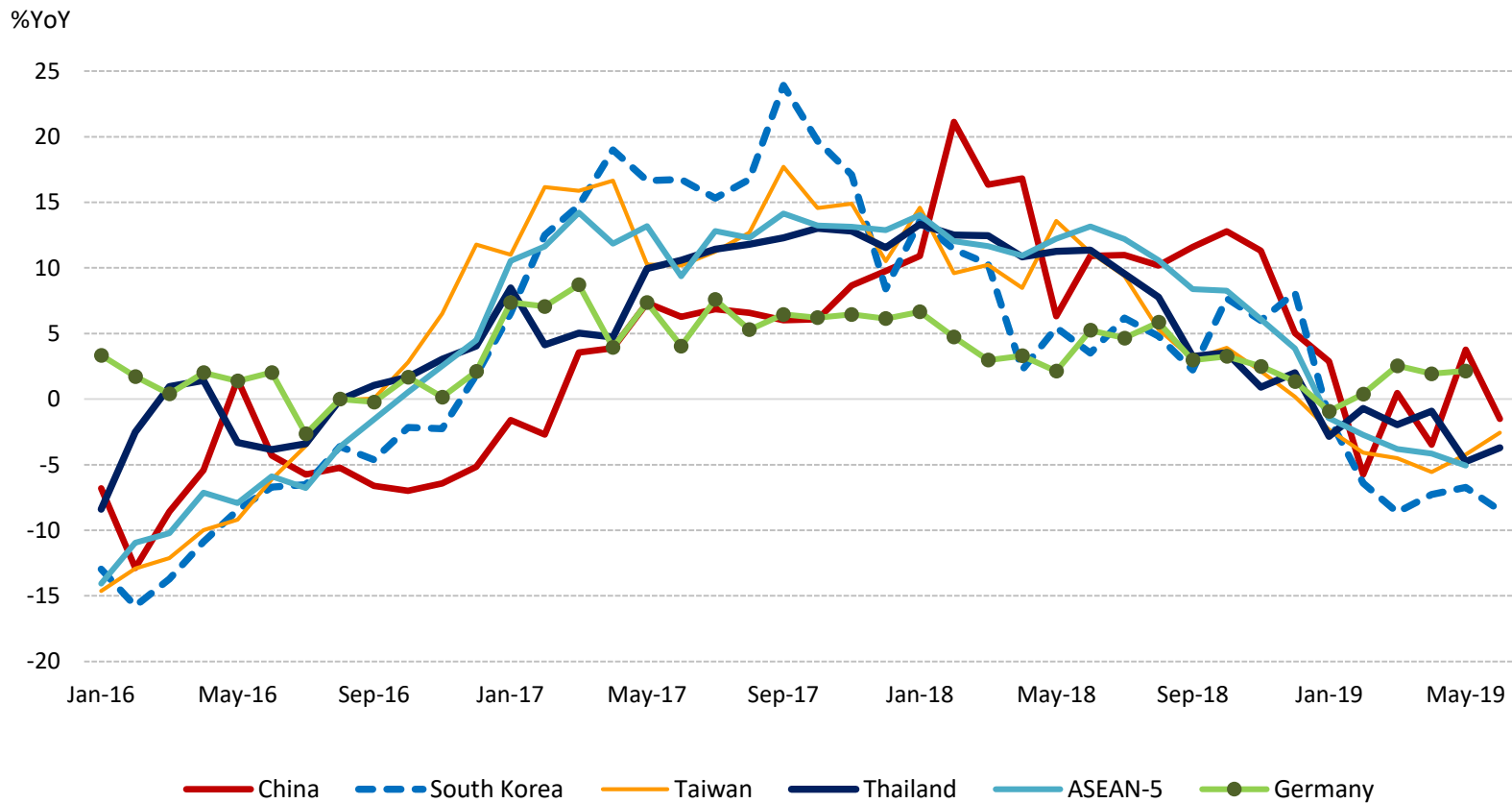


# Thailand's GDP growth in 2019 is projected to moderate as the world economy slows



Source: Office of the National Economic and Social Development Council and Bank of Thailand

# Exports of Thailand and other Asian countries have weakened significantly

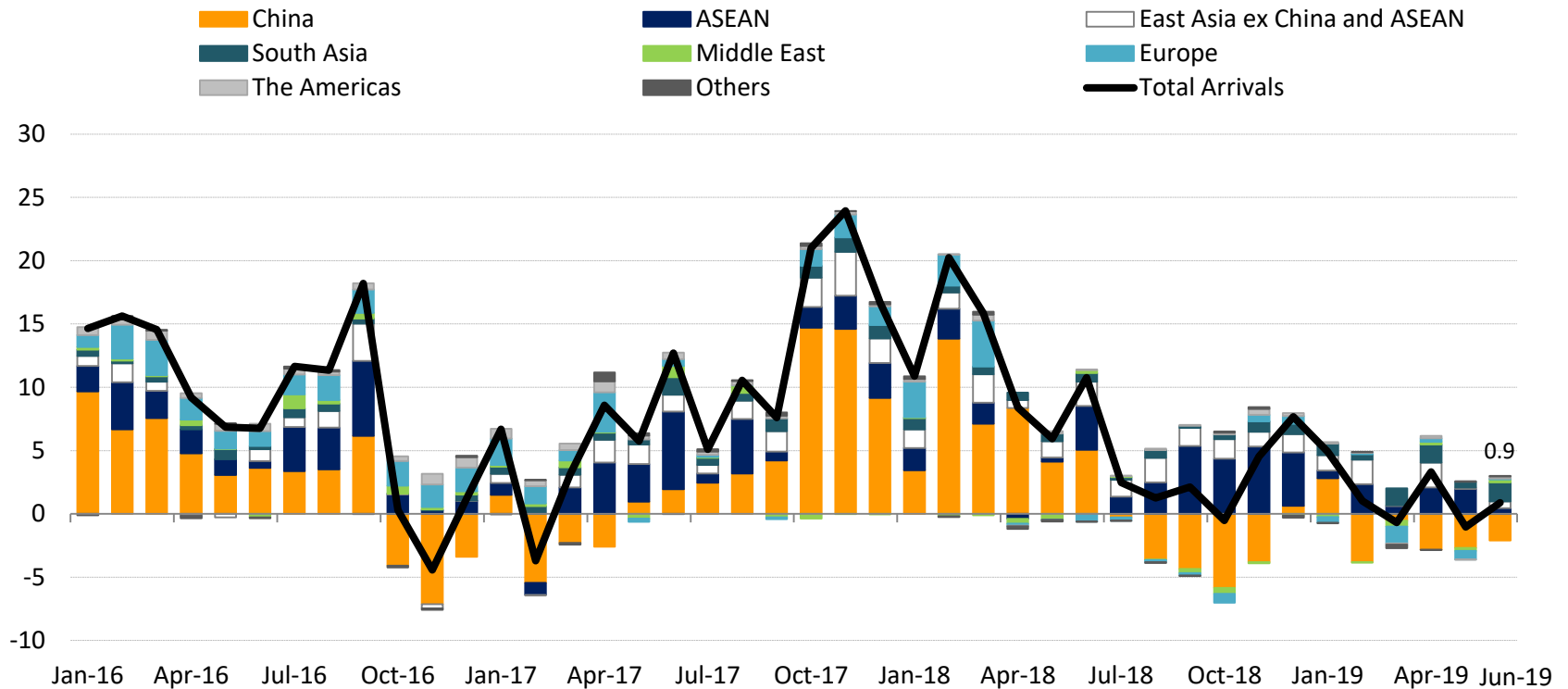


Source: CEIC

# Tourist arrivals have softened in 2019

## Contributions to international tourist arrivals

%YoY

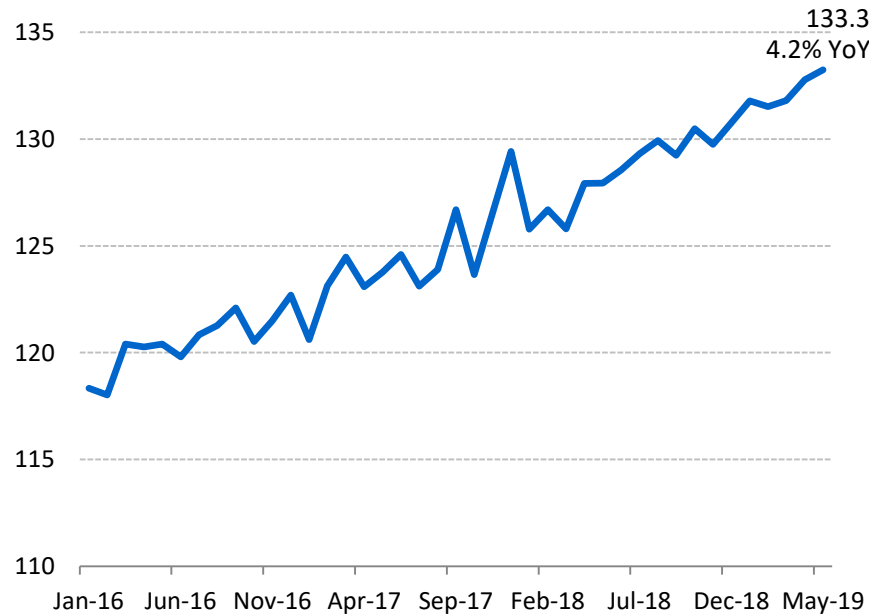


Source: Tourism Authority of Thailand, CEIC

# Private consumption gained traction but household debt is still a challenge

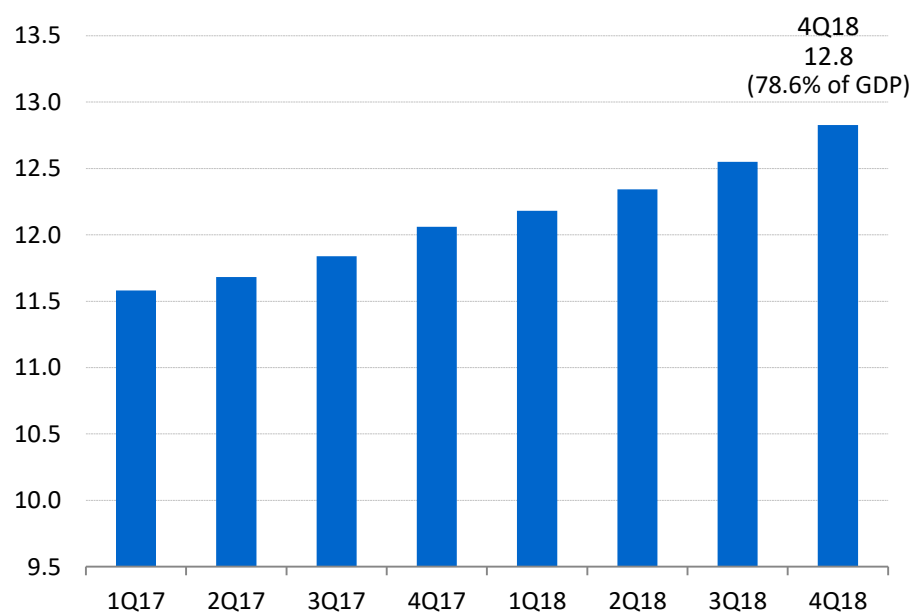
## Private consumption

Monthly Index  
2010 = 100



## Household debt

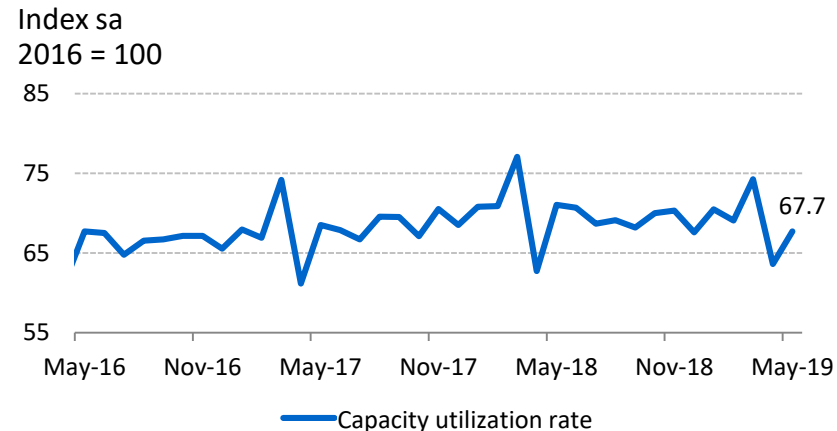
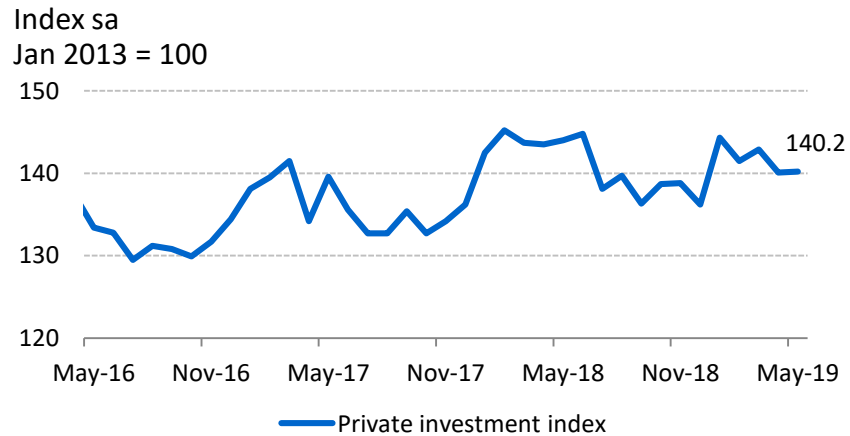
Trillion Baht



Source: Bank of Thailand, CEIC

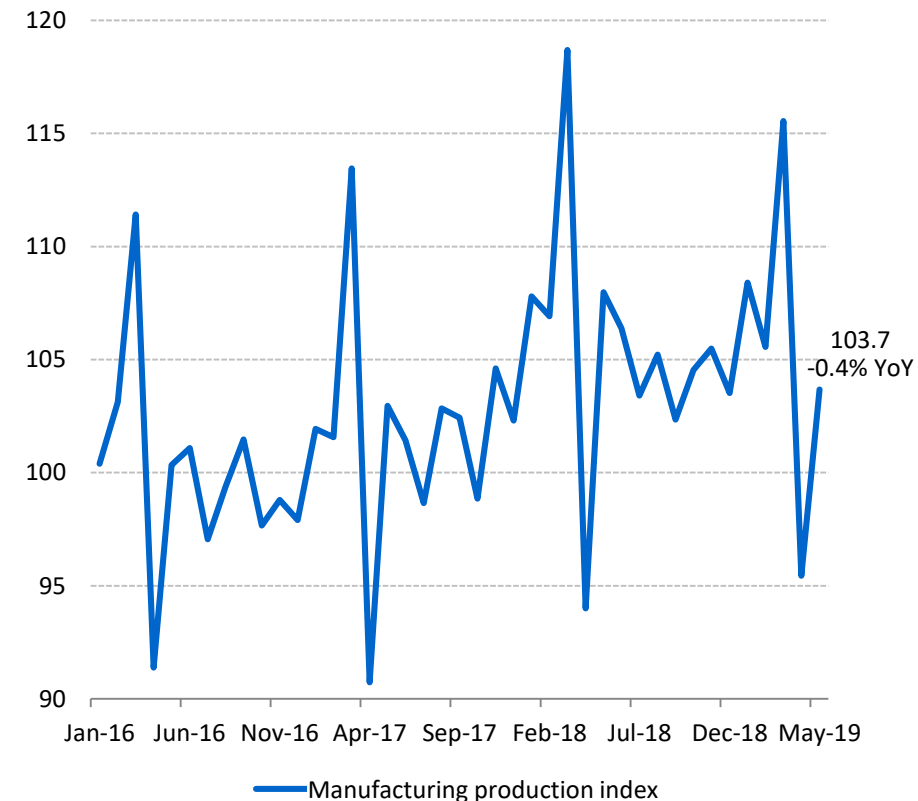
# Private investment and capacity utilization remained solid

## Private investment index and capacity utilization rate



## Manufacturing production index

Monthly index (2011=100)





# Thailand continued to maintain strong external fundamentals amongst EMs

	(1) Current Account to GDP	(2) Reserve to External Debt	(3) Budget Balance to GDP	(4) External Debt to GDP	(5) Inflation
Turkey	-1.2	16.6	-1.9	57.5	18.0
Argentina	-3.4	21.5	-5.0	51.8	56.3
Colombia	-4.6	36.6	-2.4	39.9	3.3
South Africa	-2.9	28.2	-3.9	46.8	4.2
Brazil	-1.8	66.4	-7.5	29.9	4.3
Mexico	-1.8	37.4	-2.1	36.5	4.2
India	-0.7	76.0	-3.5	20.1	3.1
Russia	9.1	84.8	2.9	27.4	5.2
Philippines	-1.5	91.6	-3.2	23.9	3.0
Malaysia	4.5	45.0	-3.1	63.9	-0.3
<b>Thailand</b>	<b>9.3</b>	<b>127.7</b>	<b>1.2</b>	<b>35.2</b>	<b>1.1</b>
China	1.5	0.2	-2.6	14.4	2.6
Indonesia	-2.6	32.1	-1.8	36.2	3.1
South Korea	2.8	92.0	1.6	25.6	0.7
Taiwan	11.8	238.0	1.0	32.4	0.6

Note: (1) = for 1Q19

(2) = for 1Q19 except Thailand (4Q18)

(3) = for 2018 except Malaysia and Taiwan (2017)

(4) = for 2018

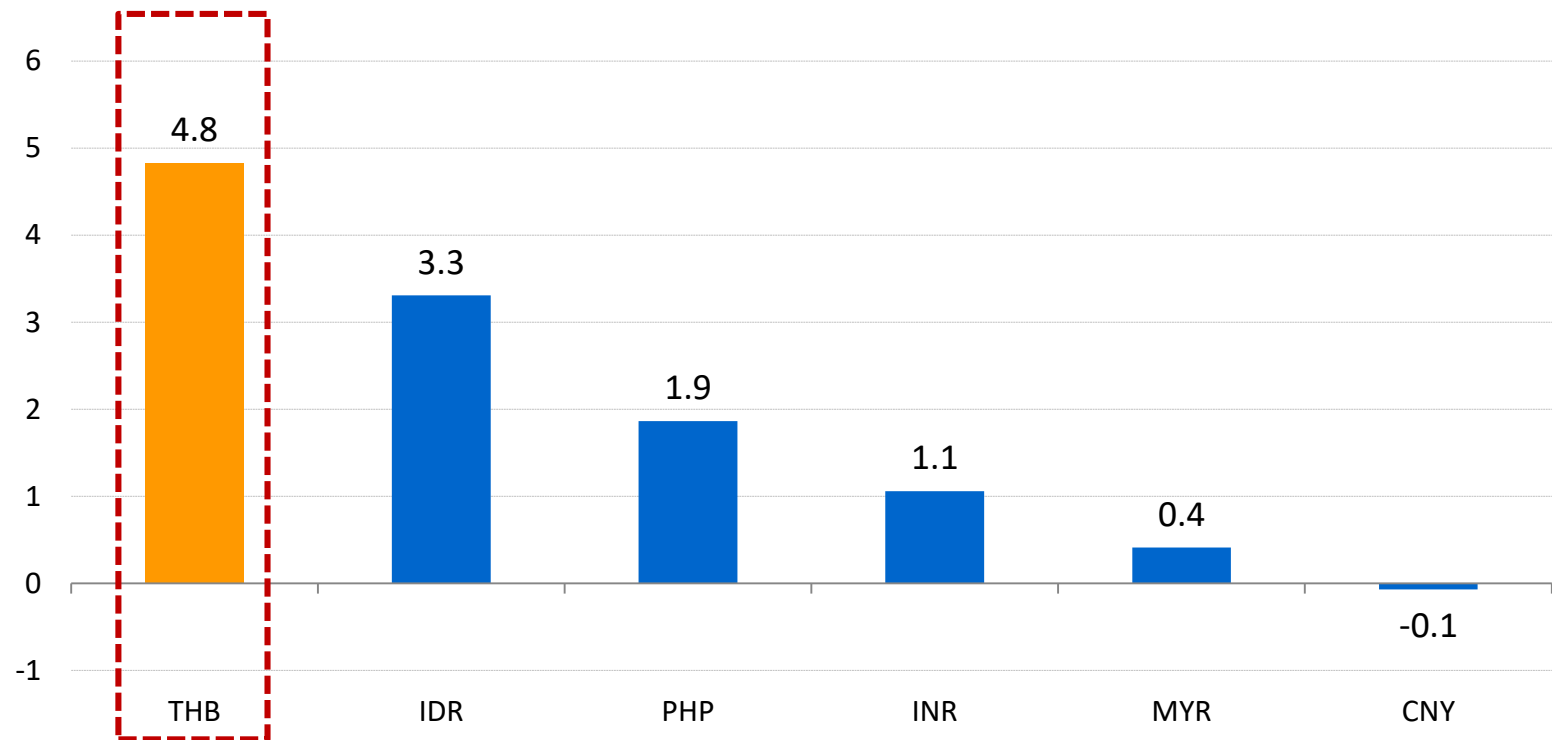
(5) = for 2Q19 except South Africa, Russia, and Malaysia (1Q19)

Source: CEIC

# THB is one of the best performers amongst EM currencies

## Currency movement (since 1 January 2019)

%YoY



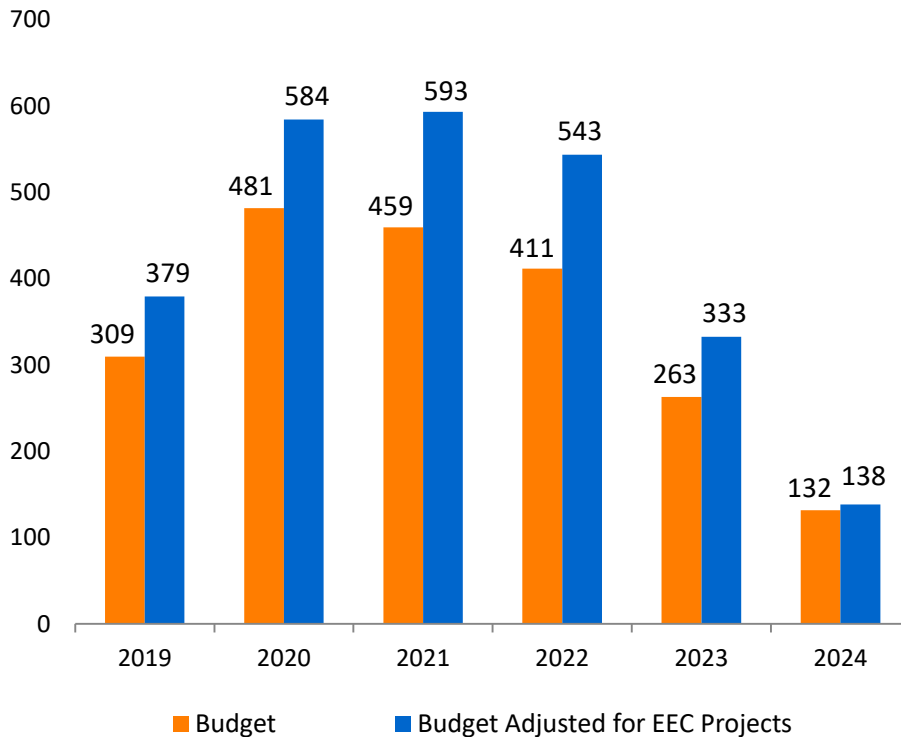
Note: As of 23 July 2019

Source: Bloomberg

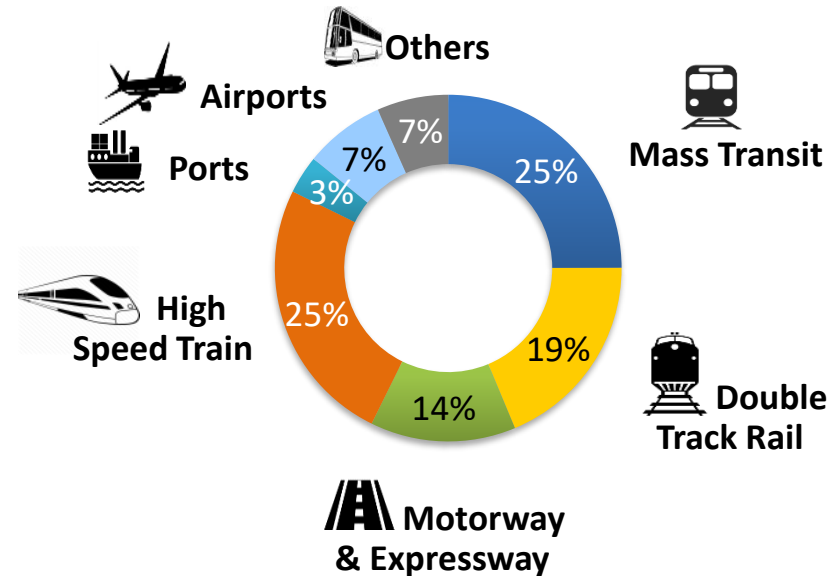
# Budget disbursement for infrastructure projects to rise with more clarity of EEC-related projects

## Disbursement schedule

Billion Baht



## Types of infrastructure projects



Note: The disbursement schedule for the EEC-related projects are calculated by Bangkok Bank Economics Team

Source: Ministry of Transport, Office of Transport and Traffic Policy and Planning, EECO

# Combined public and private investments: approximately 1.9 Trillion Baht for the first 5 years

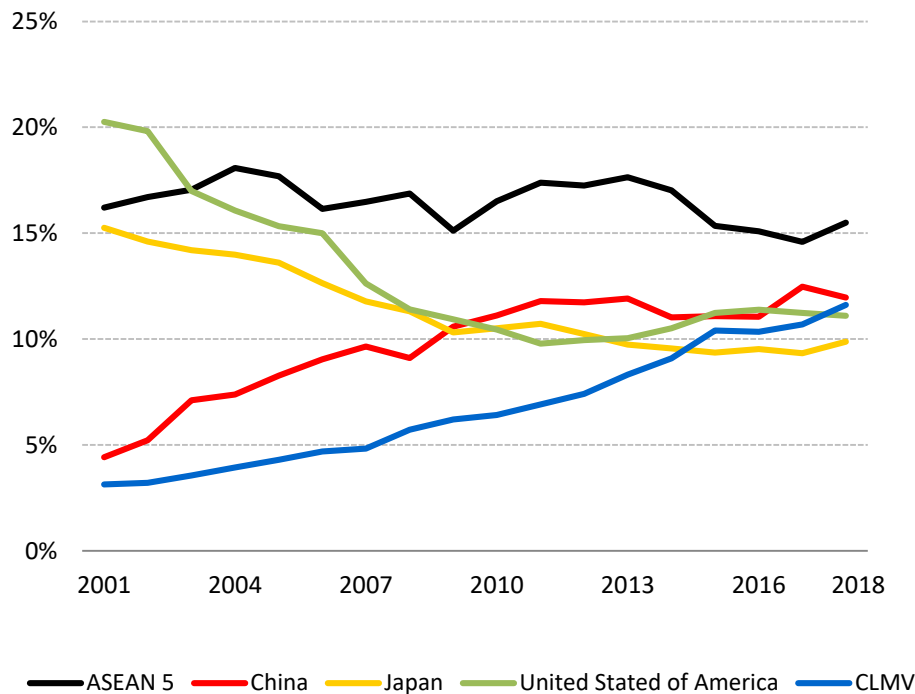


Note: As of October 2018  
Source: EEC Office

# Opportunities from Regionalization and Urbanization

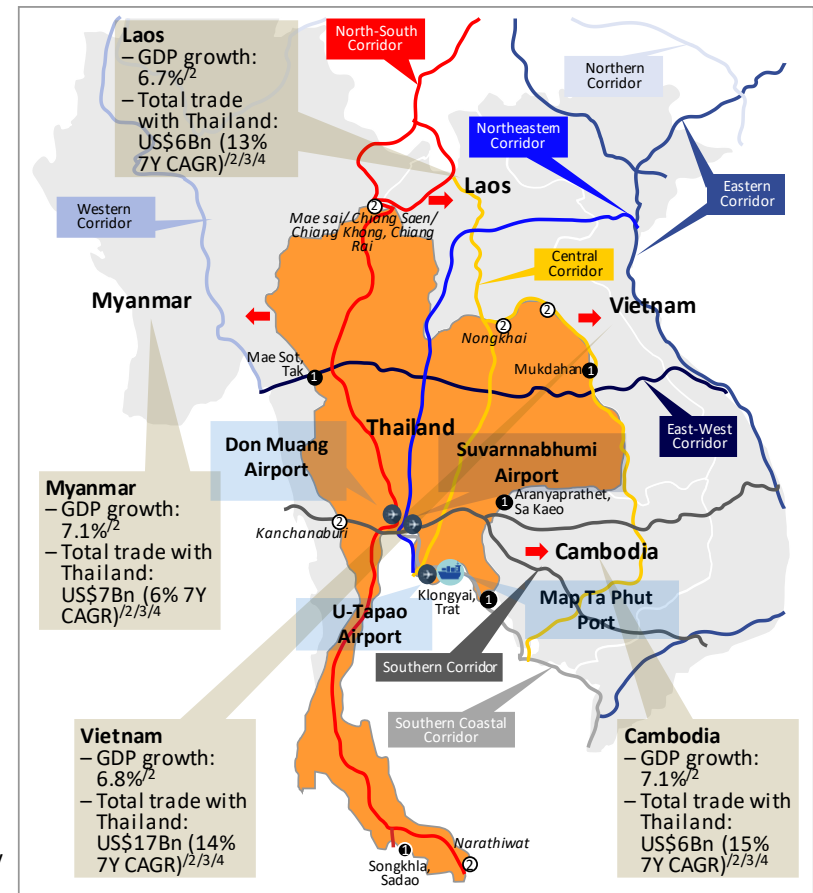
ASEAN countries have become Thailand's major trading partners

## Thailand's top export destinations



Note: /1 "CLMV" stands for "Cambodia, Laos, Myanmar, and Vietnam"  
 /2 As of 2017; GDP growth refers to YoY growth between 2016-17  
 /3 Using an FX rate of 33.23 THB/US\$ as of 31 December 2017  
 /4 Total trade is calculated as the sum of exports and imports

## Thailand: gateway to the CLMV/<sup>1</sup> region



① Phase 1 (5 Economic zones)

② Phase 2 (7 Economic zones)

# Bangkok Bank

---

- Operating Environment
- 2019 Focus
- Financial Performance

# 2019 Focus : Creating Value



## Regionalization

Connect the region using our network and leveraging our corporate and international expertise



## Urbanization

Support business customers with opportunities in infrastructure, the EEC and urban development and meet the wealth needs of individual customers



## Digitalization

Enhance customer experience by strengthening our digital banking capability

# Financial Performance

 Prudent, diversified approach to loan growth



 Steady and sustainable profit supported by diversified income stream



 Strong capital base



 Manageable asset quality



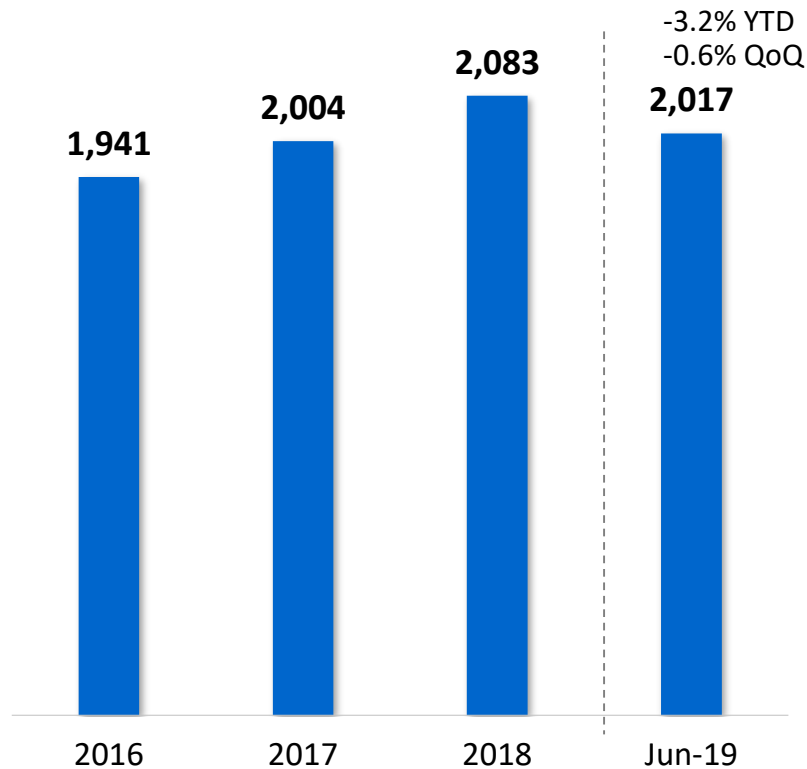
 Healthy liquidity positioning



## 1. PRUDENT, DIVERSIFIED APPROACH TO LOAN GROWTH

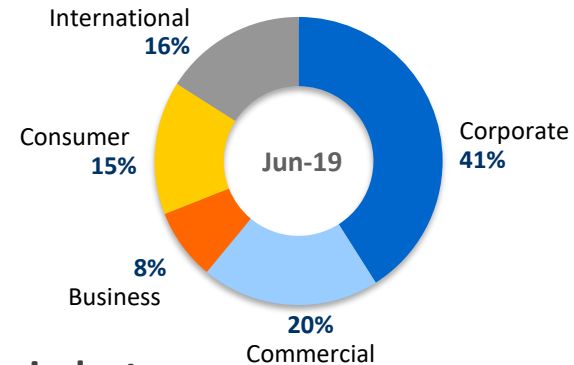
# Prudent approach to loan growth, credit diversification driving earnings stability

Loan  
Billion Baht



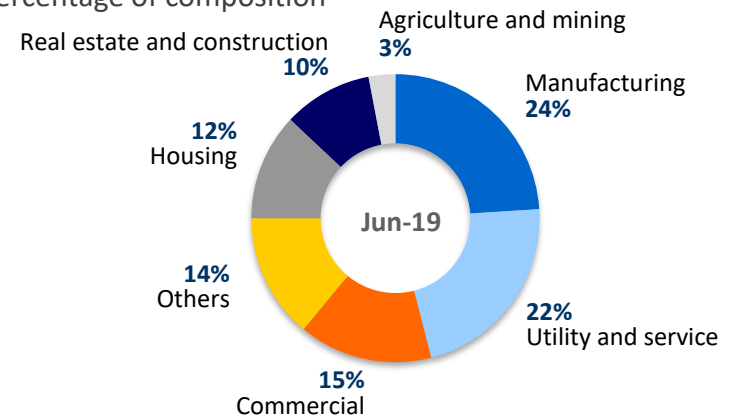
Loan by business unit

Percentage of composition



Loan by industry

Percentage of composition

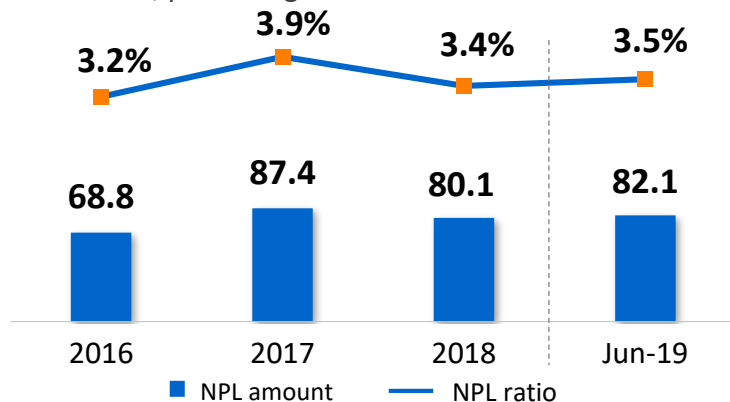


## 2. MANAGEABLE ASSET QUALITY

# Strong loan loss reserve against downside risks

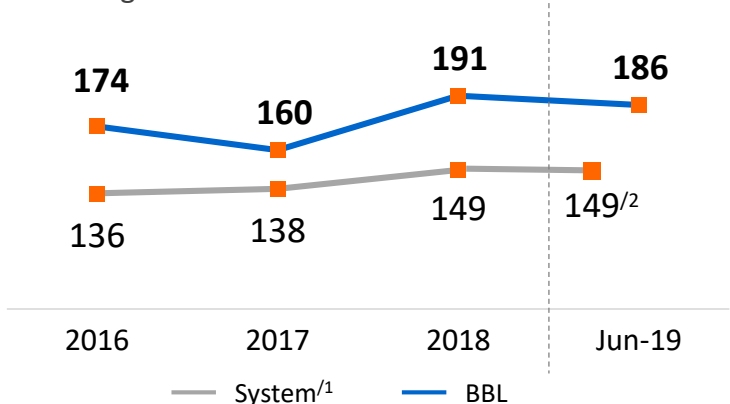
### NPL amount

Billion Baht, percentage



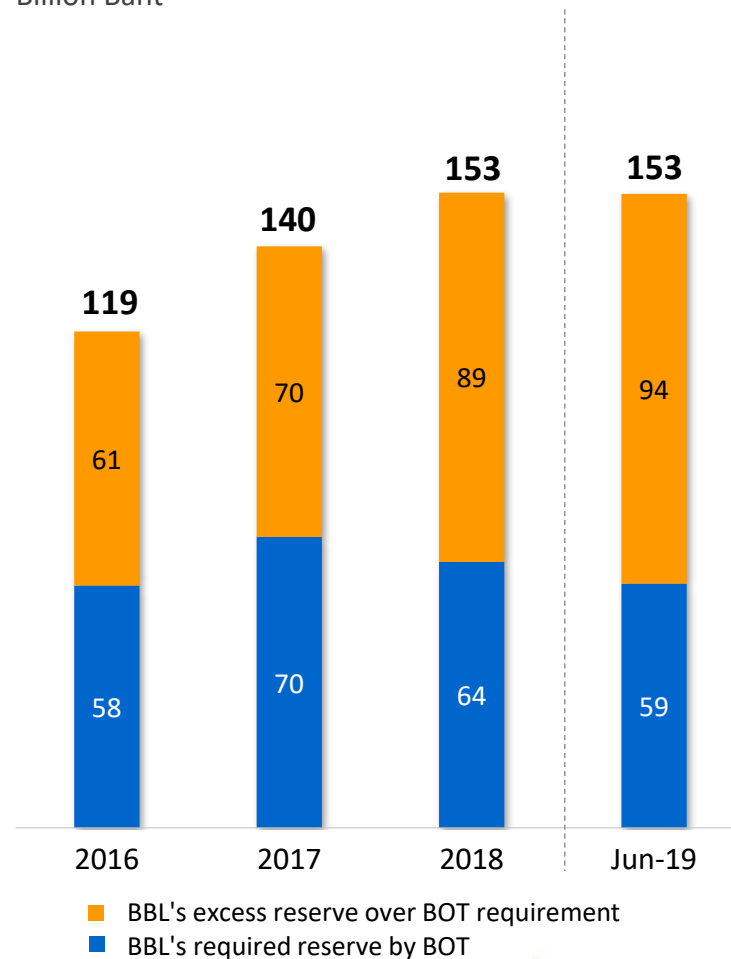
### Coverage ratio

Percentage



### Loan loss reserve

Billion Baht

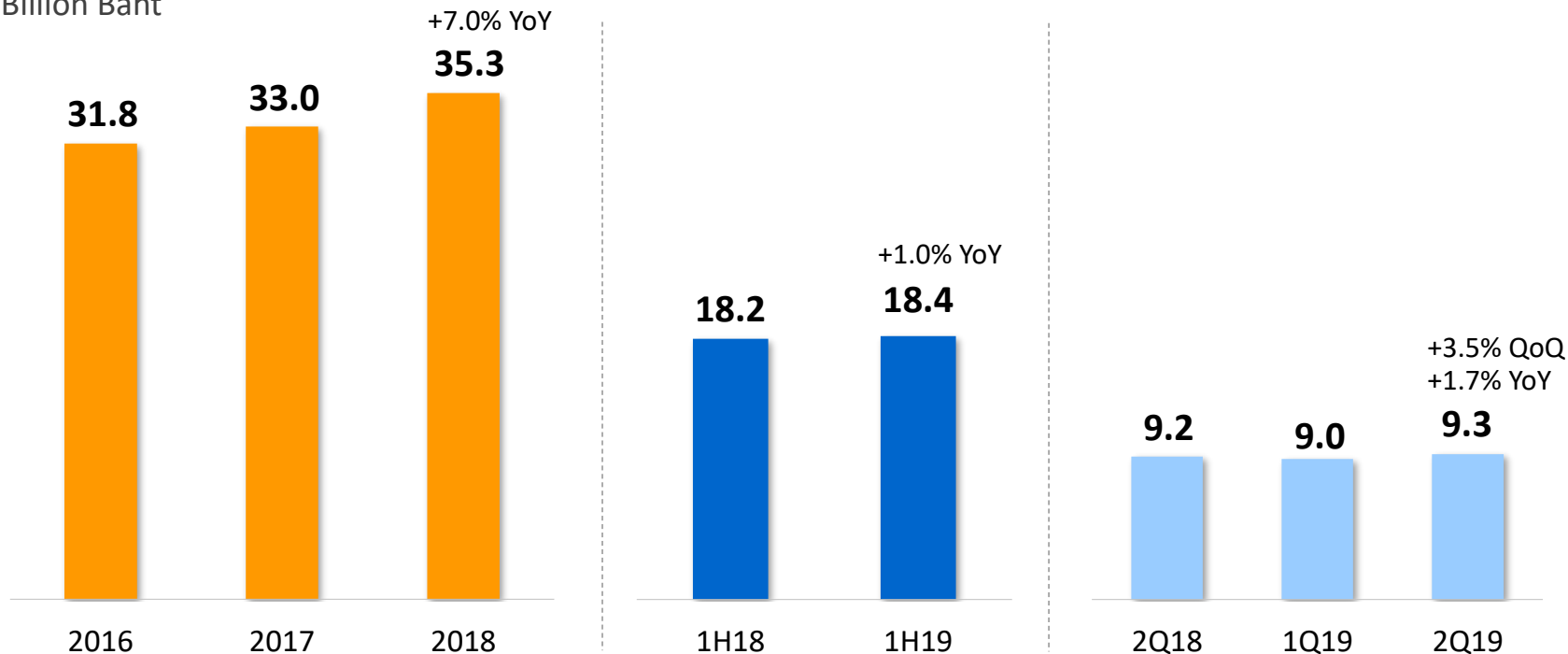


### 3. STEADY AND SUSTAINABLE PROFIT SUPPORTED BY DIVERSIFIED INCOME STREAM

## Consistently delivering profits over business cycles

### Net profit<sup>/1</sup>

Billion Baht



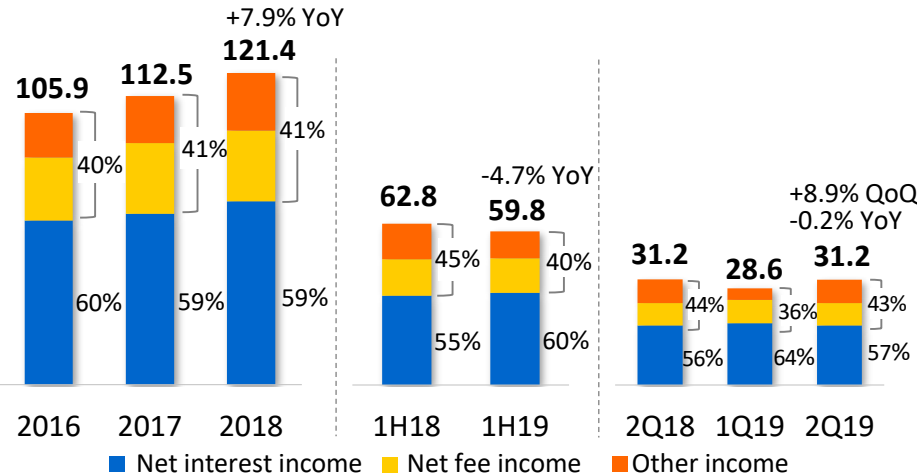
Note: /1 Attributable to owners of the Bank

### 3. STEADY AND SUSTAINABLE PROFIT SUPPORTED BY DIVERSIFIED INCOME STREAM

# Diversified operating income and effective cost management

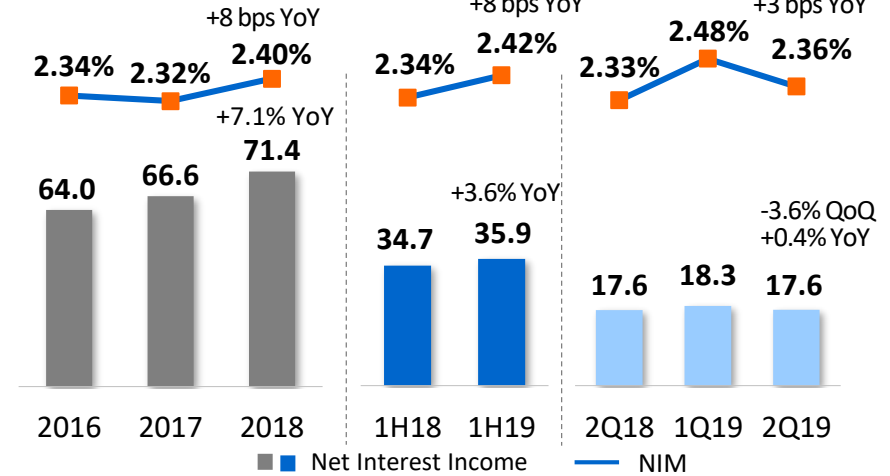
## Income breakdown

Billion Baht, percentage of composition



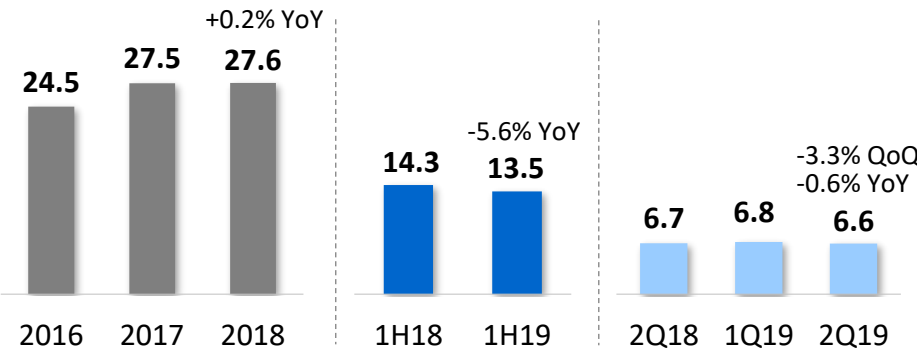
## Net interest income, NIM

Billion Baht, percentage



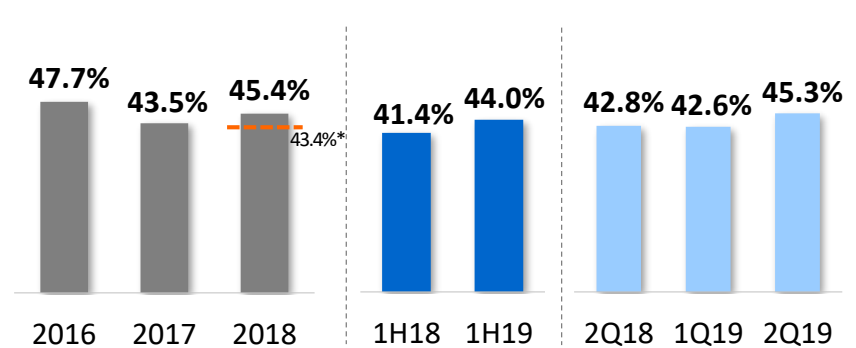
## Net fee income

Billion Baht



## Cost-to-income ratio

Percentage



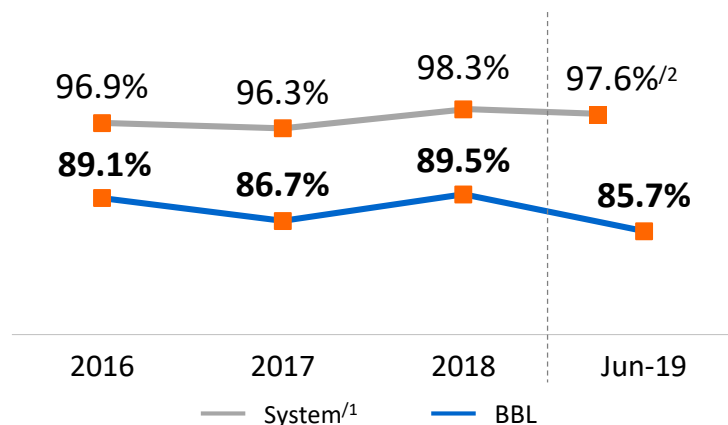
Note: \* If excluding the recognition of provision for post-employment benefits for the compensation in lieu of notice in the case of retirement of employees according to the new Labor Protection Act (7) B.E. 2562 (2019).

## 4. HEALTHY LIQUIDITY POSITIONING

# Solid deposit franchise supports our funding and liquidity

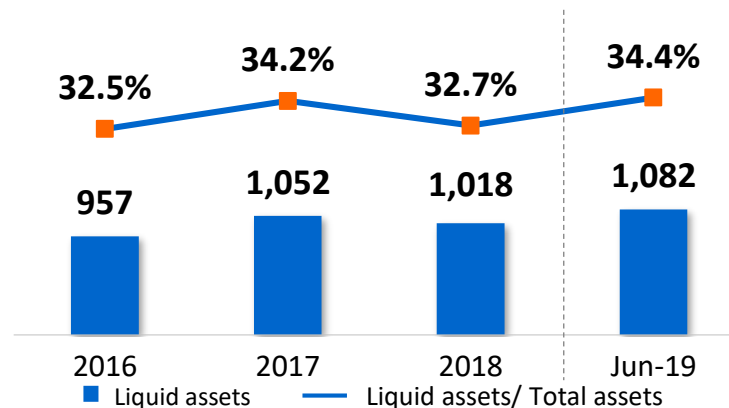
### Loan-to-deposit ratio

Percentage



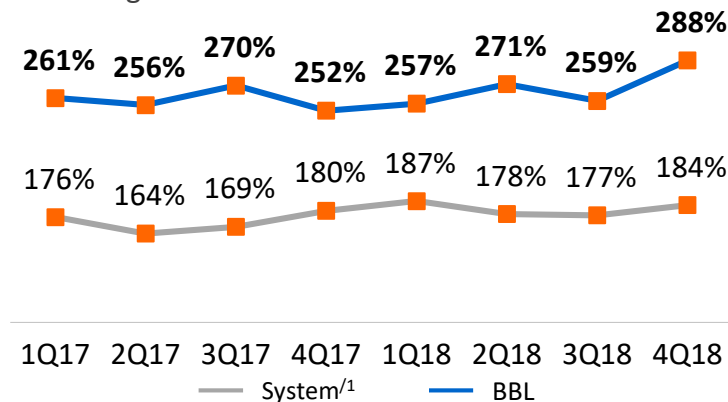
### Liquid assets<sup>3</sup>

Billion Baht



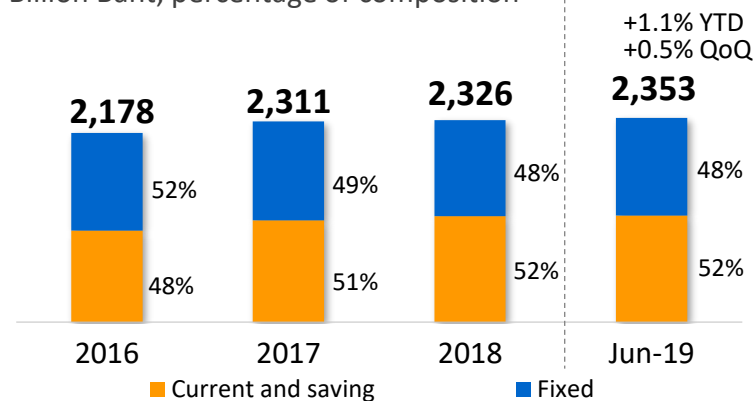
### Liquidity coverage ratio<sup>4</sup>

Percentage



### Deposit

Billion Baht, percentage of composition



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

/2 As of May 2019

/3 Liquid assets are defined as cash, interbank and money market assets and trading & available-for-sale securities

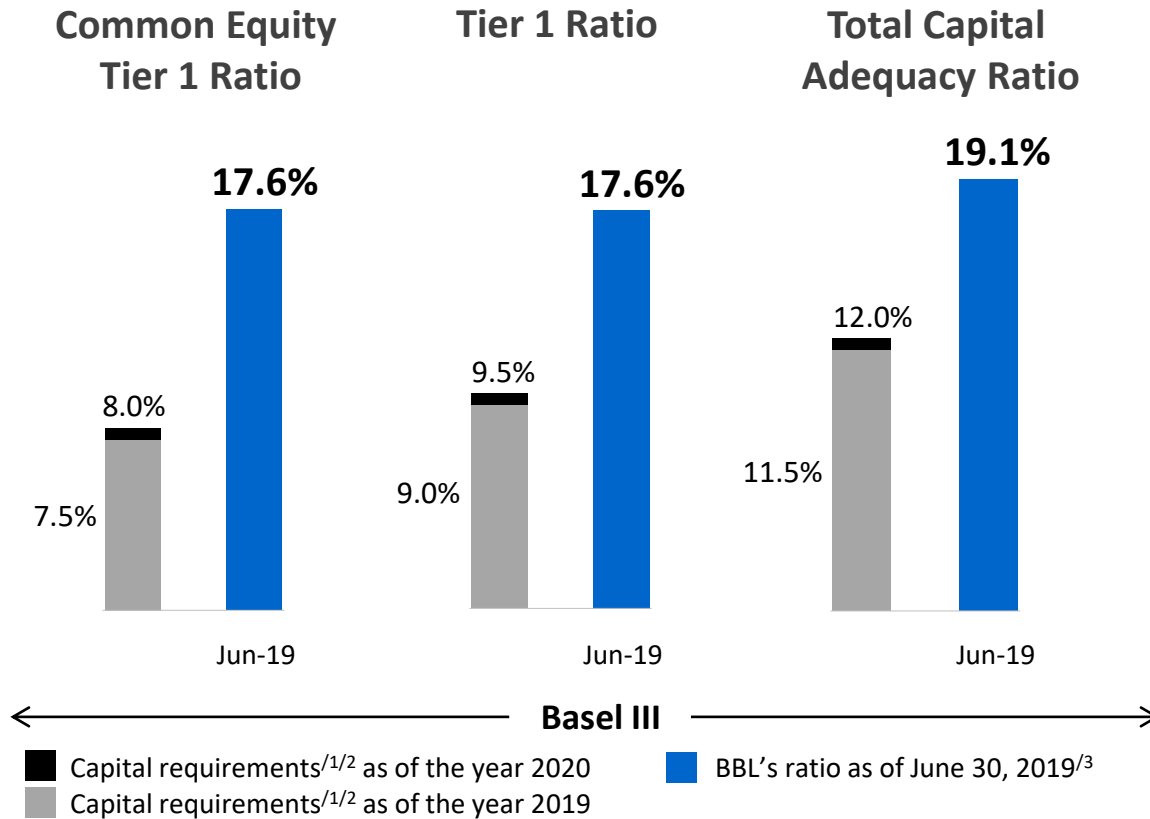
/4 The BOT requires commercial banks to maintain Liquidity Coverage Ratio (LCR) at the end of each month not less than 60%, starting from January 1, 2016. The LCR requirement is to increase by 10% yearly until it reaches 100% on January 1, 2020.

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

Source: Bank of Thailand, Bangkok Bank analysis

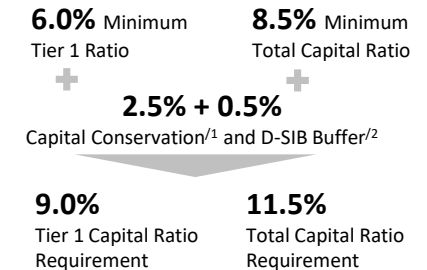
## 5. STRONG CAPITAL BASE

# Capital level is comfortably above minimum requirements

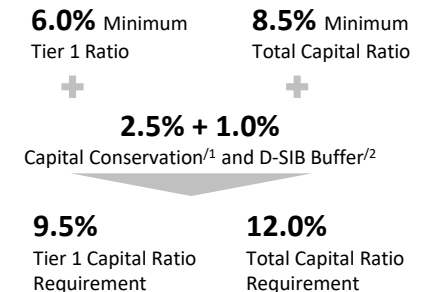


### Regulatory capital ratio requirements

#### 2019



#### 2020



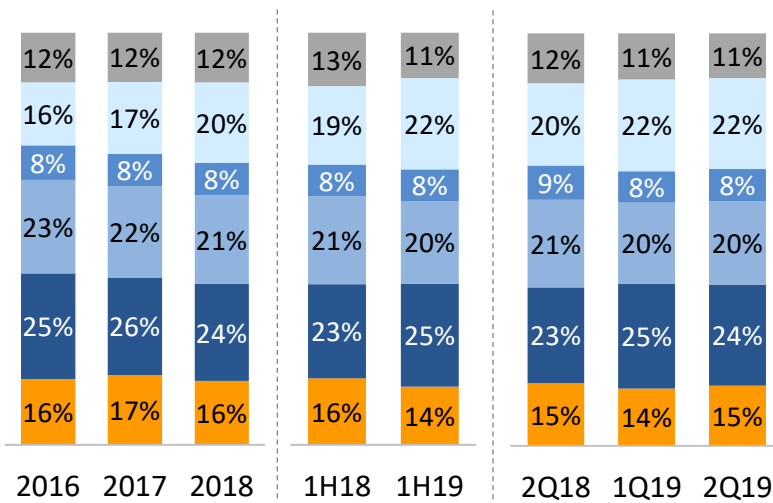
- Note: /1 The Bank of Thailand requires commercial banks to maintain an additional capital conservation buffer. The buffer will gradually increase by more than 0.625% each year from January 1, 2016 until it reaches more than 2.5% in January 1, 2019.
- /2 The Bank of Thailand announced the guidelines for identifying and regulating Domestic Systemically Important Banks (D-SIBs) in September 2017. The BOT requires D-SIBs to hold additional capital for Higher Loss Absorbency (HLA) by gradually increasing its additional capital ratio by an increment of 0.5 percent from January 1, 2019 until completion of the increment to 1.0 percent in January 1, 2020 onwards.
- /3 The ratios include net profit for the first half of 2019.

# Appendix

# Fee income

## Fee income breakdown

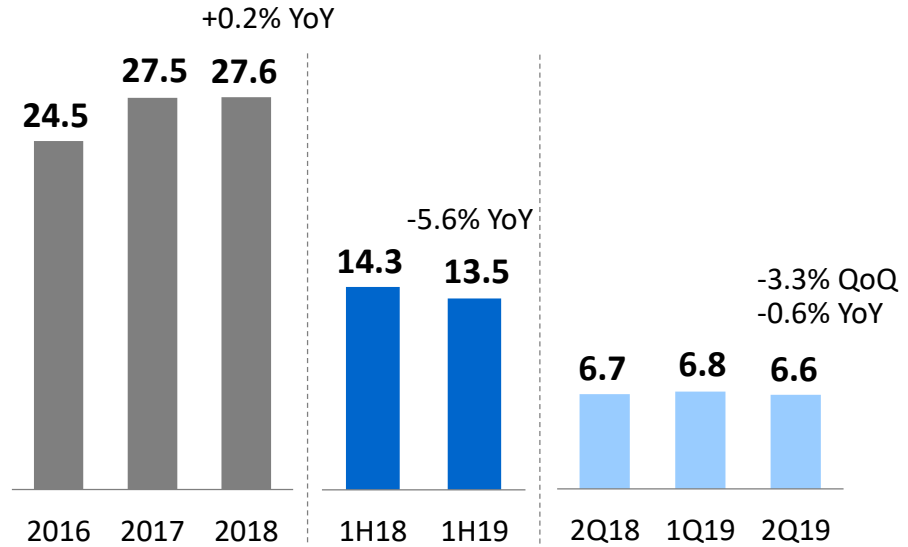
Percentage of composition



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

## Net fee income

Billion Baht





# Financial position

Million Baht

	Dec-16	Dec-17	Dec-18	Jun-19	Growth (%)	
					QoQ	YTD
Loan <sup>/1</sup>	1,941,093	2,003,989	2,083,160	2,017,314	-0.6%	-3.2%
Deposit	2,178,141	2,310,743	2,326,470	2,352,679	0.5%	1.1%
LDR	89.1%	86.7%	89.5%	85.7%	-1.0%	-3.8%
NPL	68,841	87,419	80,137	82,148	-1.8%	2.5%
NPL ratio	3.2%	3.9%	3.4%	3.5%	0.0%	0.1%
LLR to NPL	174%	160%	191%	186%	-3.2%	-5.1%
LLR to loan	6.2%	7.0%	7.3%	7.6%	-0.2%	0.3%
Liquid assets <sup>/2</sup>	956,841	1,051,975	1,018,448	1,082,206	-1.7%	6.3%
Liquid assets to total assets	32.5%	34.2%	32.7%	34.4%	-0.6%	1.7%
CASA	48.4%	50.7%	52.4%	52.2%	0.0%	-0.2%
CET1/Tier 1 ratio <sup>/3</sup>	16.8%	17.0%	16.8%	17.6%	0.2%	0.8%
CAR <sup>/3</sup>	18.7%	18.5%	18.4%	19.1%	0.2%	0.7%

Note:

/1 Loan = Loan to customer less deferred revenue

/2 Liquid assets consist of cash, net interbank and money market items, trading securities and available-for-sale securities

/3 For 2015-2018, the ratios include net profit and deducted dividend. For Jun-19, the ratios include net profit for the first half of 2019.

# Financial performance – 2Q19

Million Baht

	2Q18	1Q19	2Q19	Growth (%)	
				QoQ	YoY
Net interest income	17,573	18,299	17,635	-3.6%	0.4%
Net fee income	6,655	6,840	6,615	-3.3%	-0.6%
Other operating income	7,012	3,488	6,919	98.4%	-1.3%
Total income	31,240	28,627	31,169	8.9%	-0.2%
Operating expense	13,376	12,201	14,108	15.6%	5.5%
Provisioning expense	6,533	5,078	5,549	9.3%	-15.1%
Net profit <sup>/1</sup>	9,194	9,028	9,347	3.5%	1.7%
EPS <sup>/1</sup> (Baht per share)	4.82	4.73	4.90	3.5%	1.7%
NIM	2.33%	2.48%	2.36%	-0.12%	0.03%
Net fee income ratio	21.3%	23.9%	21.2%	-2.7%	-0.1%
Cost to income ratio	42.8%	42.6%	45.3%	2.7%	2.5%
ROA <sup>/1</sup>	1.16%	1.17%	1.19%	0.02%	0.03%
ROE <sup>/1</sup>	9.16%	8.74%	8.84%	0.10%	-0.32%

Note:

/1 Attributable to owners of the Bank

# Financial performance – 1H19

Million Baht

	1H17	1H18	1H19	Growth YoY
Net interest income	32,845	34,696	35,935	3.6%
Net fee income	13,091	14,257	13,455	-5.6%
Other operating income	9,317	13,824	10,406	-24.7%
Total income	55,253	62,777	59,796	-4.7%
Operating expense	23,925	25,970	26,310	1.3%
Provisioning expense	11,494	13,854	10,627	-23.3%
Net profit <sup>/1</sup>	16,352	18,199	18,375	1.0%
EPS <sup>/1</sup> (Baht per share)	8.57	9.53	9.63	1.0%
NIM	2.33%	2.34%	2.42%	0.08%
Net fee income ratio	23.7%	22.7%	22.5%	-0.2%
Cost to income ratio	43.3%	41.4%	44.0%	2.6%
ROA <sup>/1</sup>	1.10%	1.17%	1.18%	0.01%
ROE <sup>/1</sup>	8.61%	9.12%	8.81%	-0.31%

Note:

<sup>/1</sup> Attributable to owners of the Bank

# Financial performance – year

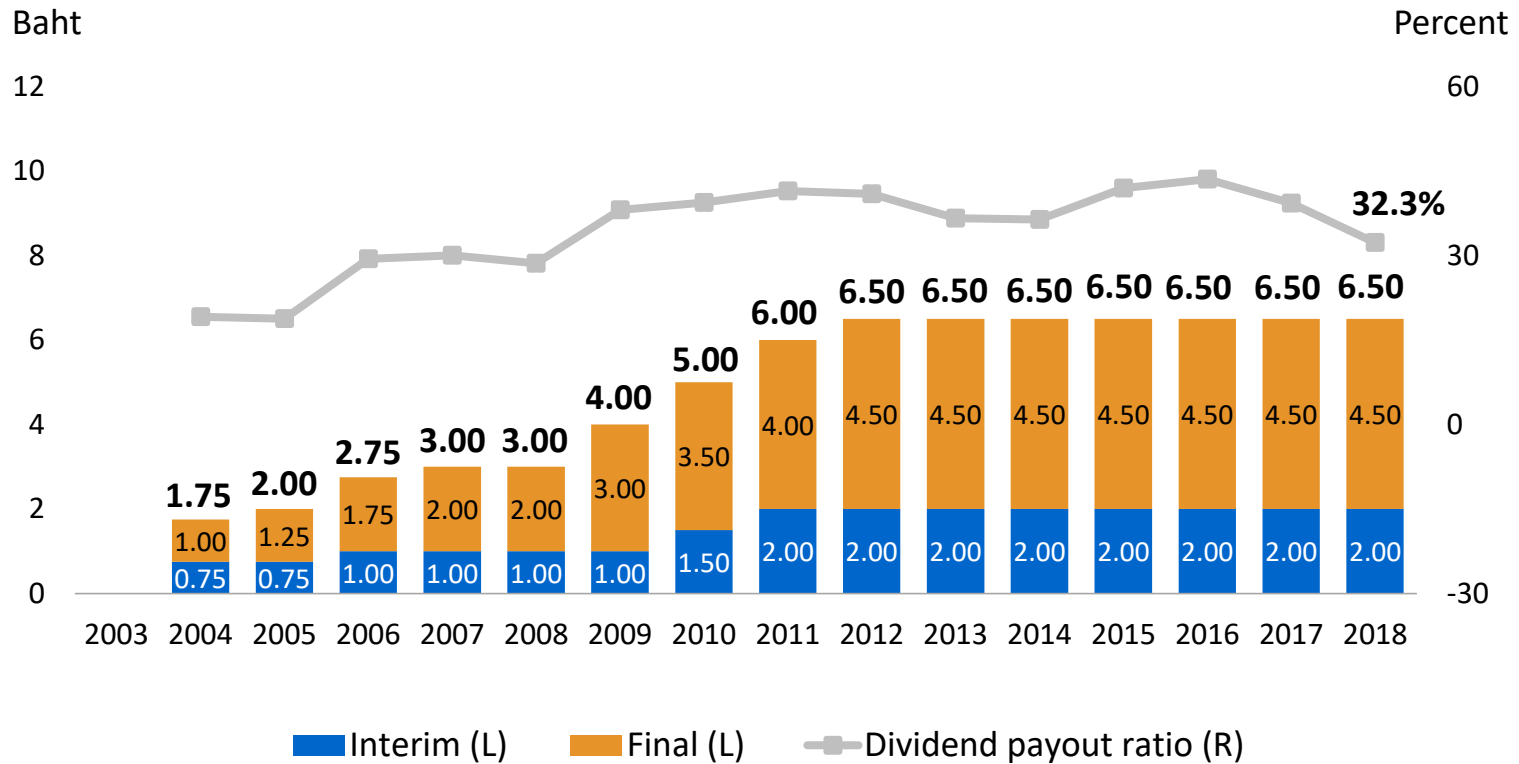
Million Baht

	2016	2017	2018	Growth (%) YoY
Net interest income	63,998	66,625	71,376	7.1%
Net fee income	24,492	27,526	27,590	0.2%
Other operating income	17,368	18,317	22,435	22.5%
Total income	105,858	112,468	121,400	7.9%
Operating expense	50,505	48,948	55,165	12.7%
Provisioning expense	15,728	22,370	21,965	-1.8%
Net profit <sup>/1</sup>	31,815	33,009	35,330	7.0%
EPS <sup>/1</sup> (Baht per share)	16.67	17.29	18.51	7.0%
NIM	2.34%	2.32%	2.40%	0.08%
Net fee income ratio	23.1%	24.5%	22.7%	-1.8%
Cost to income ratio	47.7%	43.5%	45.4%	1.9%
ROA <sup>/1</sup>	1.09%	1.09%	1.13%	0.04%
ROE <sup>/1</sup>	8.59%	8.49%	8.73%	0.24%

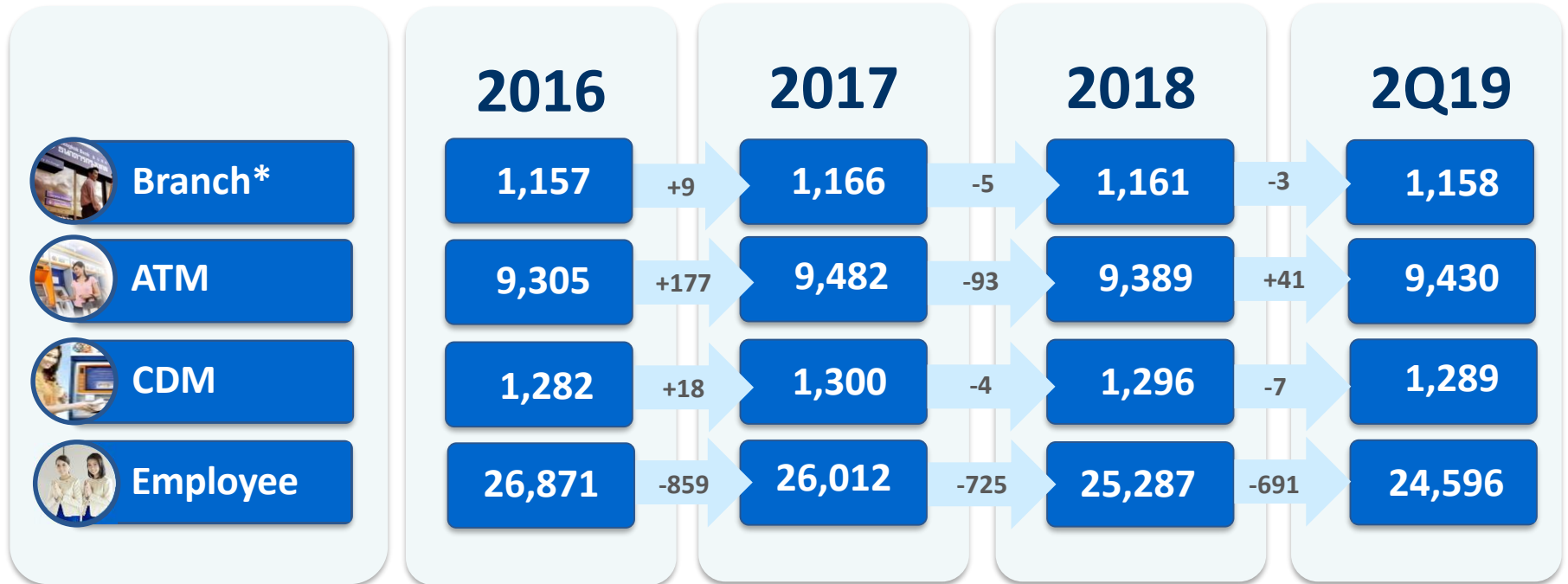
Note:

/1 Attributable to owners of the Bank

# Dividend and payout ratio



# Network



Note: Consolidated  
 \* Domestic branches

# Long-standing international presence

**32** International locations  
in **15** economies

## UK

Branch: 1  
Number of year: 62

## Cayman Islands

Branch: 1  
Number of year: 3

## USA

Branch: 1  
Number of year: 54

## Laos

Branch: 2  
Number of year: 25

## Myanmar

Branch: 1  
Number of year: 23

## Malaysia<sup>/1</sup>

Branch: 5  
Number of year: 60

## Singapore

Branch: 1  
Number of year: 62

## Vietnam

Branch: 2  
Number of year: 26

## China<sup>/1</sup>

Branch: 6  
Number of year: 33

## Japan

Branch: 2  
Number of year: 63

## Philippines

Branch: 1  
Number of year: 23

## Taiwan

Branch: 3  
Number of year: 54

## Hong Kong

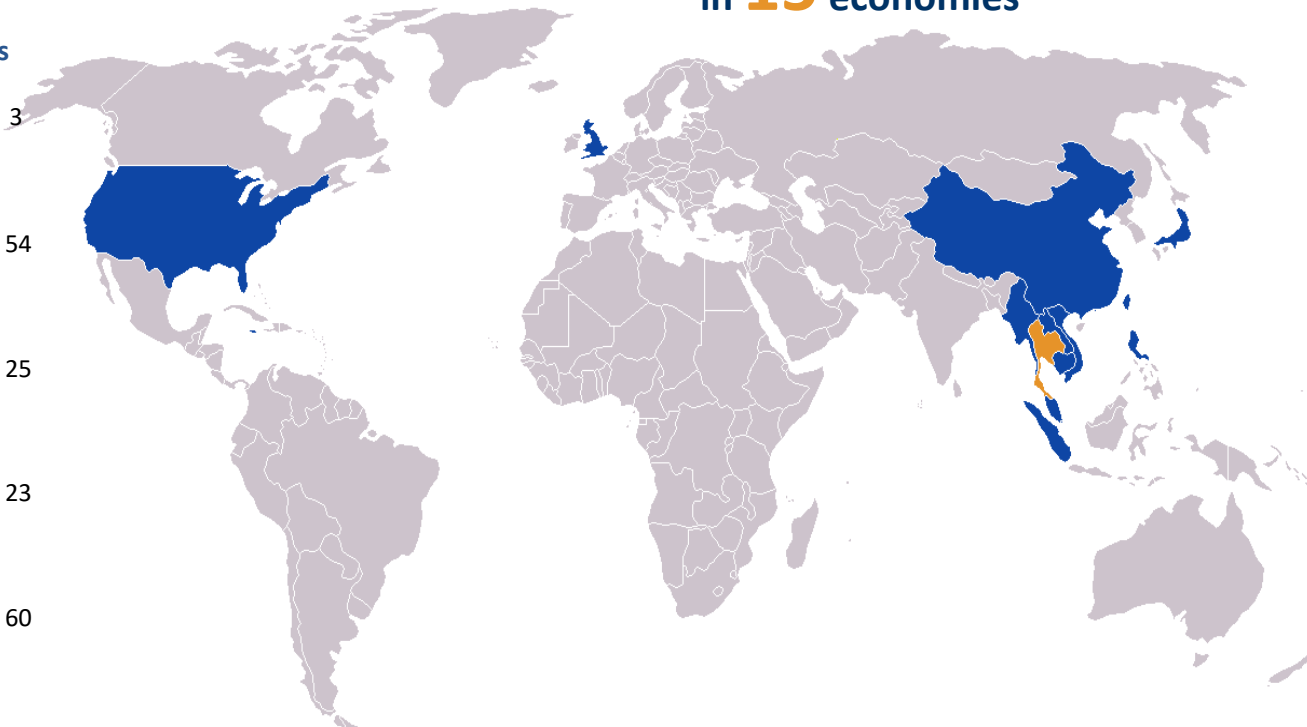
Branch: 2  
Number of year: 65

## Cambodia

Branch: 1  
Number of year: 4

## Indonesia

Branch: 3  
Number of year: 46



Note: As at June 2019  
/1 Wholly-owned subsidiary  
Source: Bangkok Bank filing

# 2019 Financial target

Consolidated	2019 Financial target
Loan growth	4-6%
NPL ratio (gross)	Maintain
Net interest margin	Slightly increase
Net fee income growth	Mid single digit
Cost to income ratio	Mid-40s

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



# For further information

## Contact:

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**Bangkok Bank website**

**[www.bangkokbank.com](http://www.bangkokbank.com)**

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