

# Investor Presentation

**For 2Q16**



# Bangkok Bank

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- 1. Operating Environment**
- 2. Our Financial Results 1H 2016**
- 3. Our Key Focus & Strategy**

# Bangkok Bank

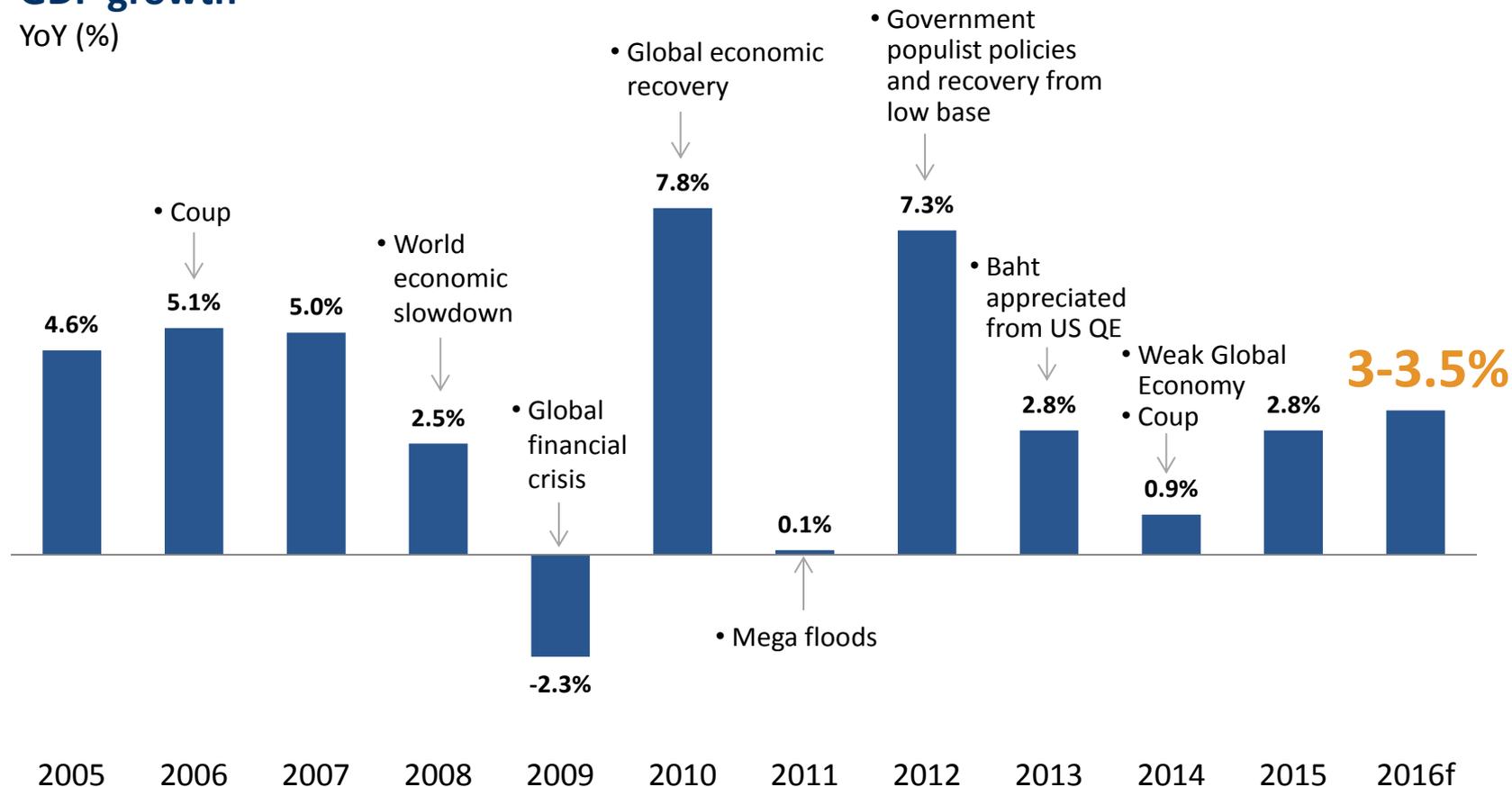
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# Steady Trend of Moderate Recovery

## GDP growth

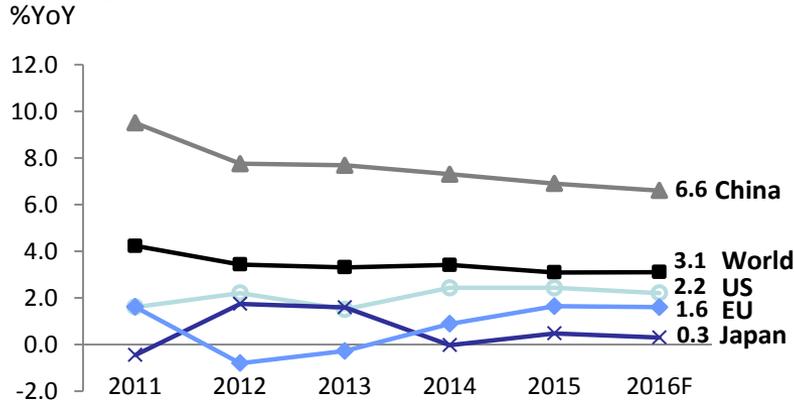
YoY (%)



Source: National Economic and Social Development Board of Thailand and Bank of Thailand  
 2016f GDP forecast by Bangkok Bank  
 Since 2012 GDP Revised by Chain Volume Measures

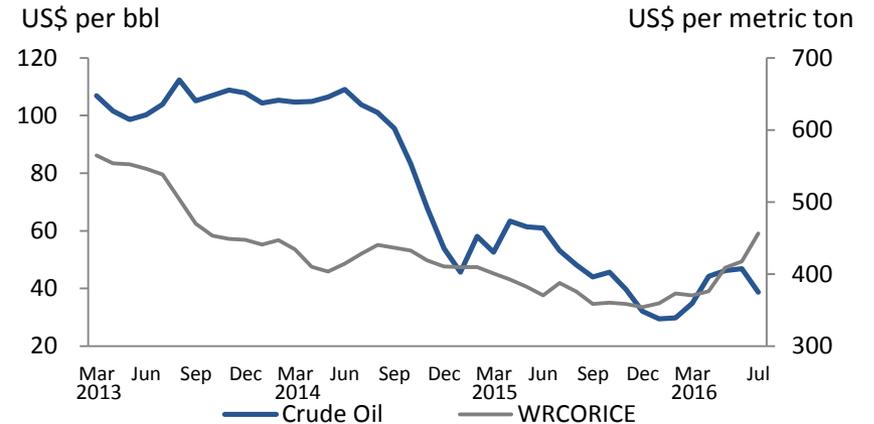
# Challenges from External Factors

## GDP growth



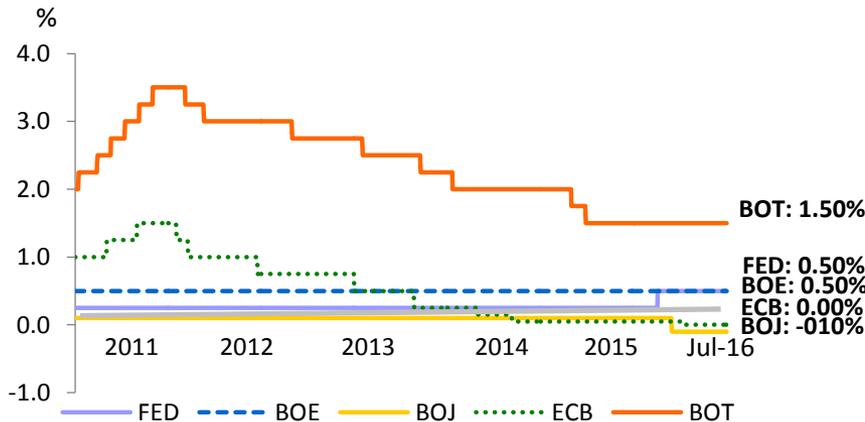
Source: International Monetary Fund, World Economic Outlook Database July 2016

## Crude Oil (Dubai) & Rice (5 percent, Thailand)



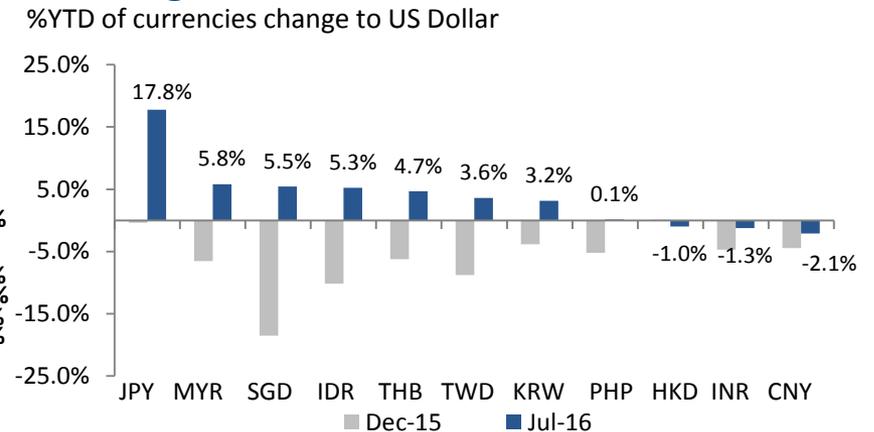
Source: Bloomberg

## Policy Interest Rate



Note: BOT : Bank of Thailand, ECB : European Central Bank, BOE : Bank of England, FED : Federal Reserve of the United States, BOJ : Bank of Japan  
Source: Bloomberg, www.cbrates.com

## Exchange Rate

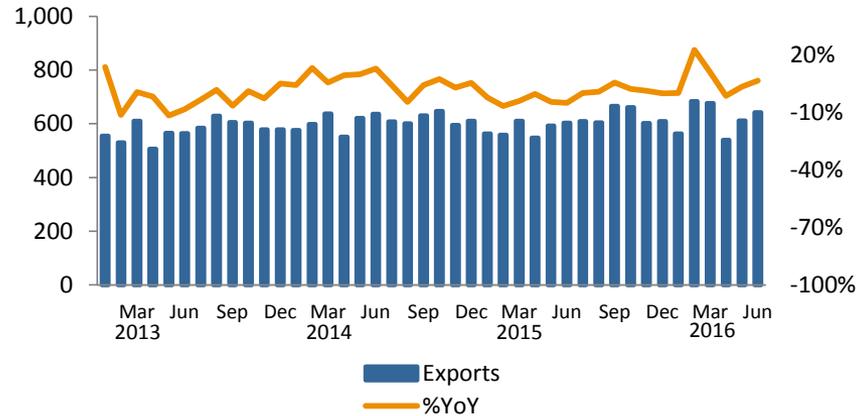


Note: IDR: Indonesian Rupiah, MYR: Malaysian Ringgit, SGD: Singapore Dollar, THB: Thai Baht, PHP: Philippine Peso  
Source: Bloomberg

# Fiscal Stimulus Supporting Economic Recovery

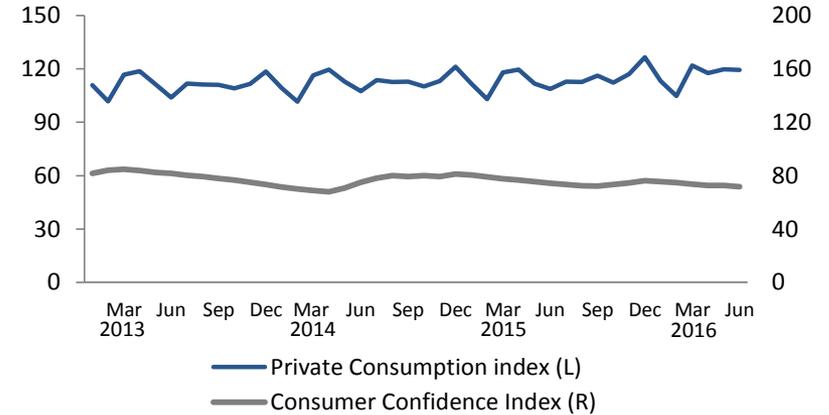
## Exports

Billion Baht



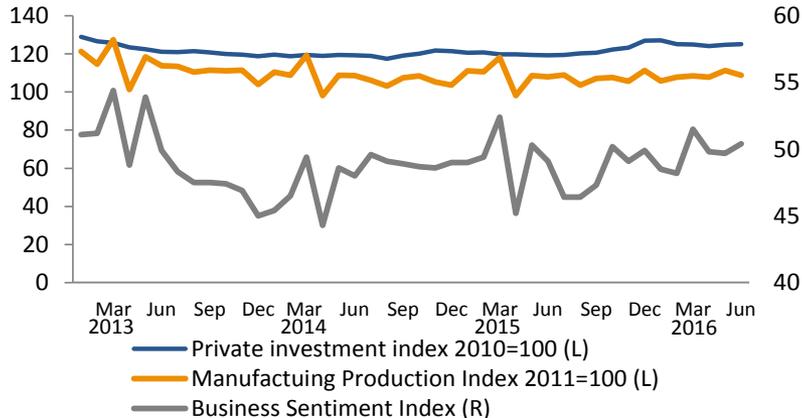
## Consumption indicators

Index (2010=100)



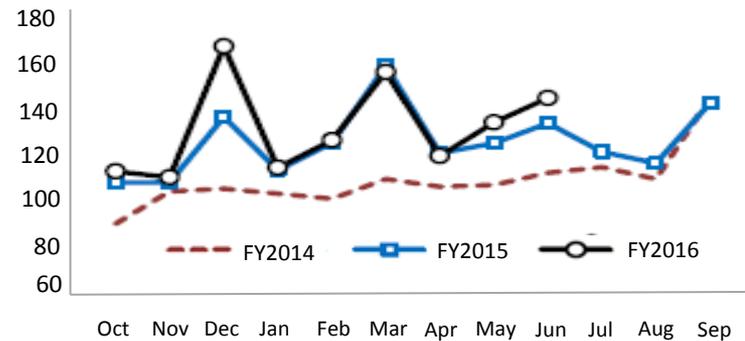
## Investment indicators

Index



## Government investment expenditure

Billion Baht



Note: Excluding subsidies/grants and other

Source: Bank of Thailand, The Office of Industrial Economics, Center for Economic and Business Forecasting, Bureau of Budget and Fiscal Policy Office and Thailand Stock Exchange

# Infrastructure Projects in the Pipeline

## 2015-2022 Infrastructure Projects 1.797 Trillion Baht

1

Inter-city rail network  
Baht 1,184.1 billion

2

Transportation in  
Bangkok & its vicinity  
Baht 396.6 billion

3

Highway network  
Baht 160.4 billion

4

Water transportation  
Baht 3.9 billion

5

Air transport  
Baht 51.6 billion



## 20 Transport Infrastructure Projects under Immediate Investment Plan

### ▶ 4 Projects approved by Cabinet and bidding in 2015

#### Meter-gauge, Dual-Track Railway

- Jira Junction - Khon Kaen Section (Baht 26 bn)

#### Motorway

- Pattaya - Mab Ta Phut (Baht 20 bn)
- Bang Pa In- Saraburi- Nakhon Ratchasima (Baht 85 bn)

**Coastal port development** (Terminal A),  
Laem Chabang Port (Baht 2 bn)

### ▶ 16 Projects bidding in 2016-2017

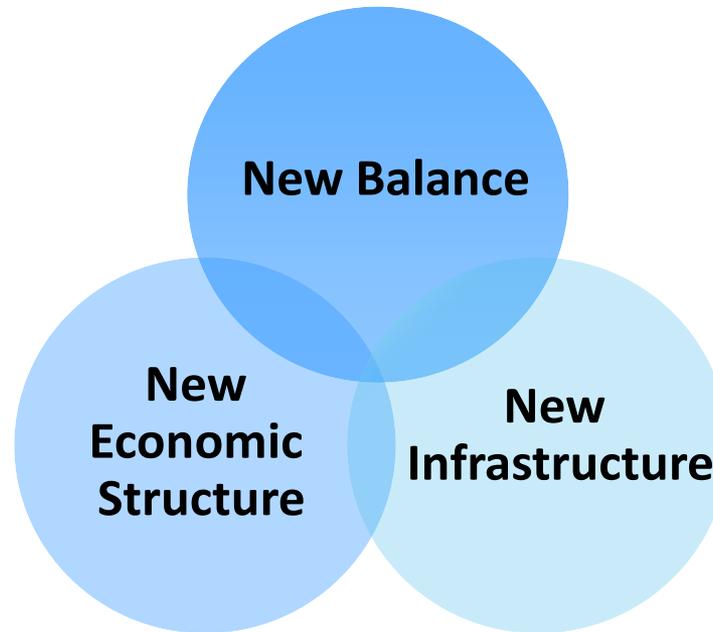
- Dual track (Meter Gauge) – 4 Sections
- Dual track (Standard gauge) – 4 Sections
- Mass Rapid Transit – 5 Sections
- Motorway – 1 Section
- Single Rail Transfer Operator (SRTO) Phase 1,  
Laem Chabang Port
- Suvarnabhumi Airport Phase II

# Long Run Policies

## Building a New Platform for the Thai Economy

- ▶ Strengthen the local economy to reduce export reliance

- ▶ Double S-Curves:  
10 flagship industries
- ▶ Special Economic Zones
- ▶ Competitiveness Fund
- ▶ 2016 > Year of Investment



- ▶ Accelerate infrastructure investment
- ▶ PPP Fast Track
- ▶ National Infrastructure Fund

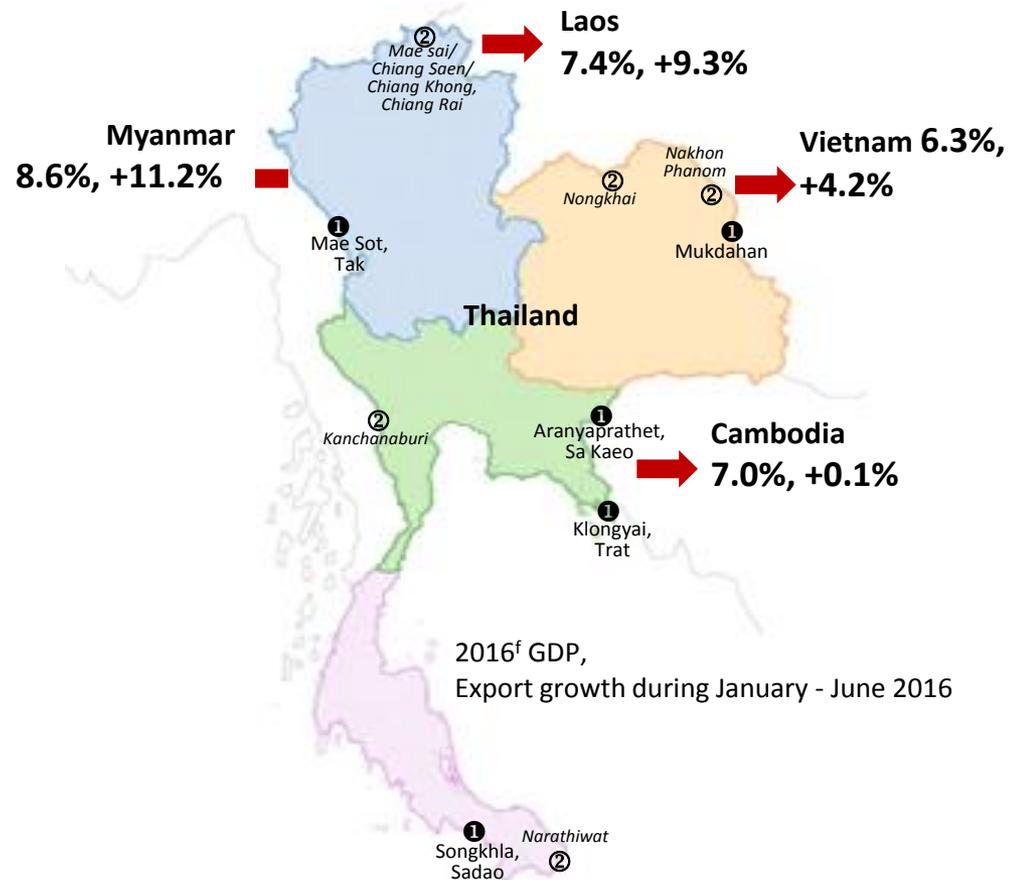
- 
- ▶ Increase Thailand's Ease of Doing Business Ranking
  - ▶ Make Thailand a Human Resource Development Hub

# Opportunities from Regionalization & Urbanization

## Linkages in the region and AEC



## Economic zones and border trade



Note: ① Phase 1 (5 Economic zones), ② Phase 2 (7 Economic zones)

CLMV refers to Cambodia, Laos, Myanmar and Vietnam

Source: Department of Foreign Trade, [www.imf.org](http://www.imf.org) (World Economic Outlook, April 2016)

# Bangkok Bank

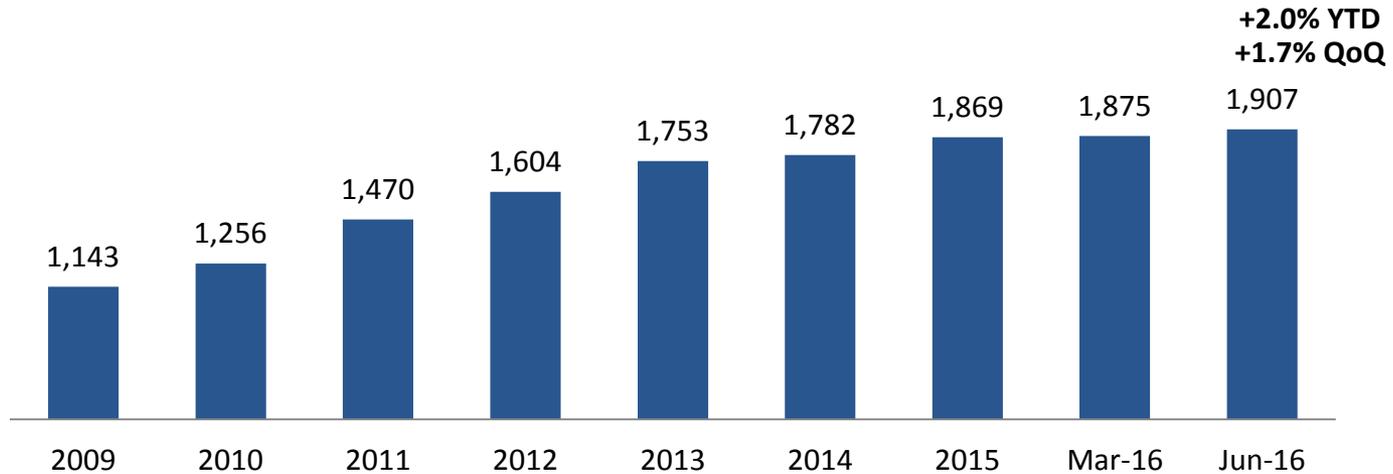
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# Prudent Approach to Loan Growth

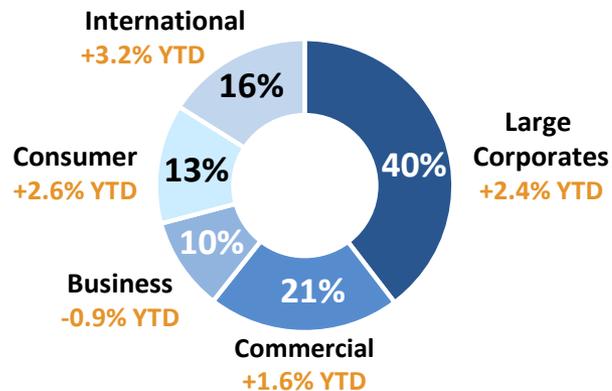
## Loan

Billion Baht



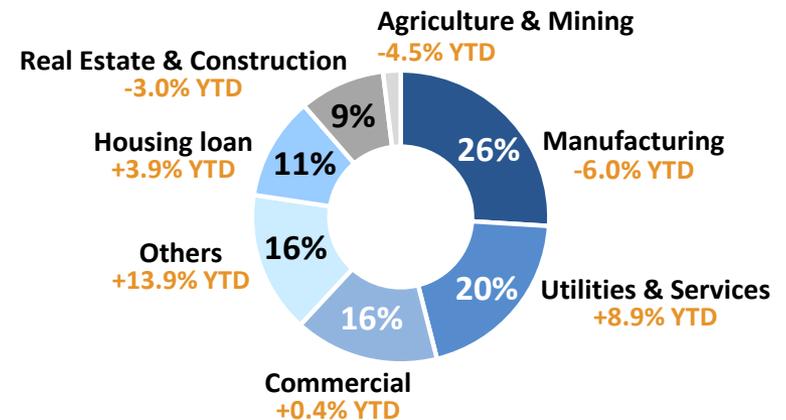
## Loan by Business Unit

As at June 2016



## Loan by Industry

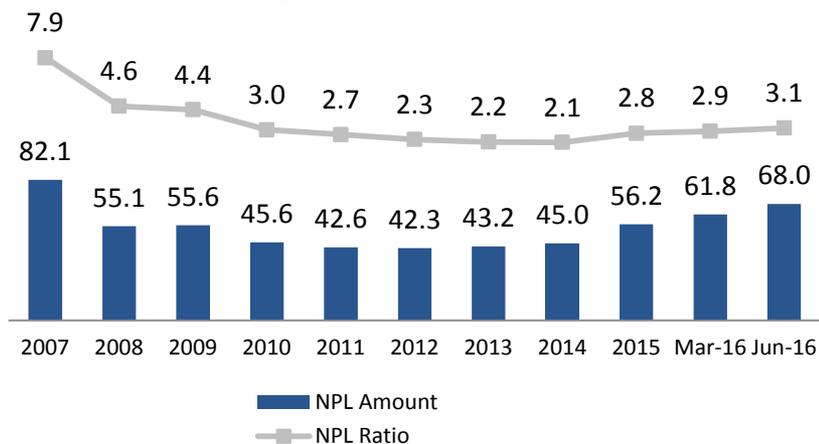
As at June 2016



# Consistent Provisioning Policy

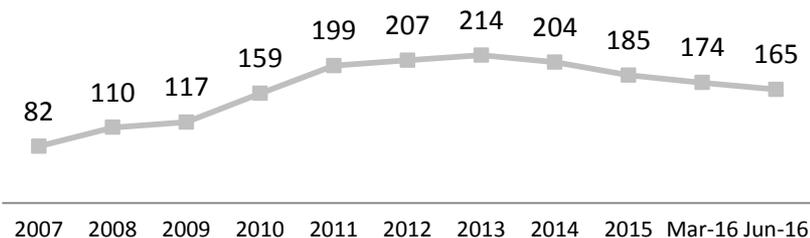
## NPL amount, NPL ratio

Billion Baht, Percentage



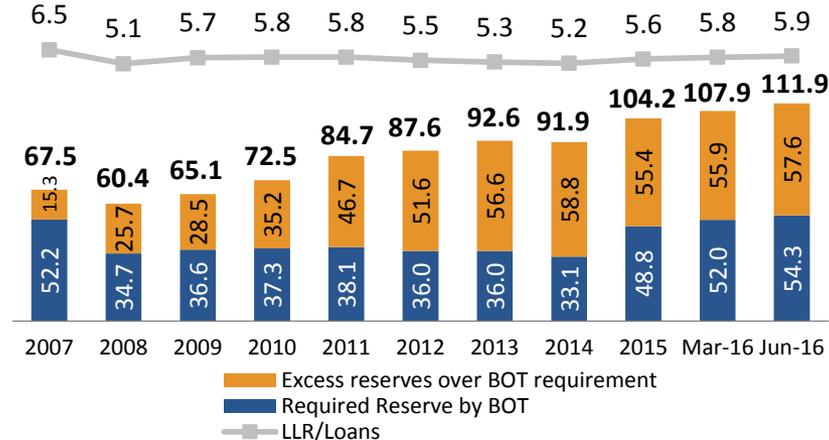
## Coverage ratio

Percentage



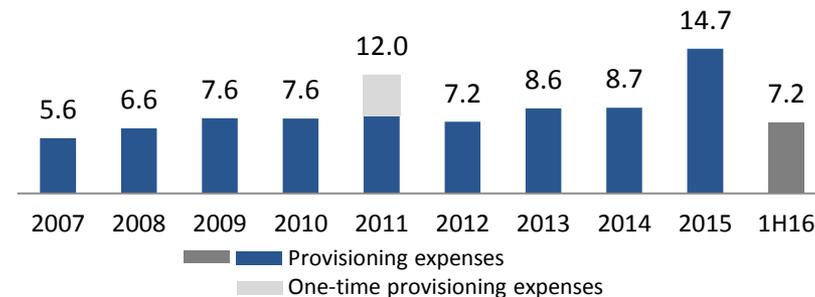
## Loan loss reserves, LLR/Loan

Billion Baht, Percentage



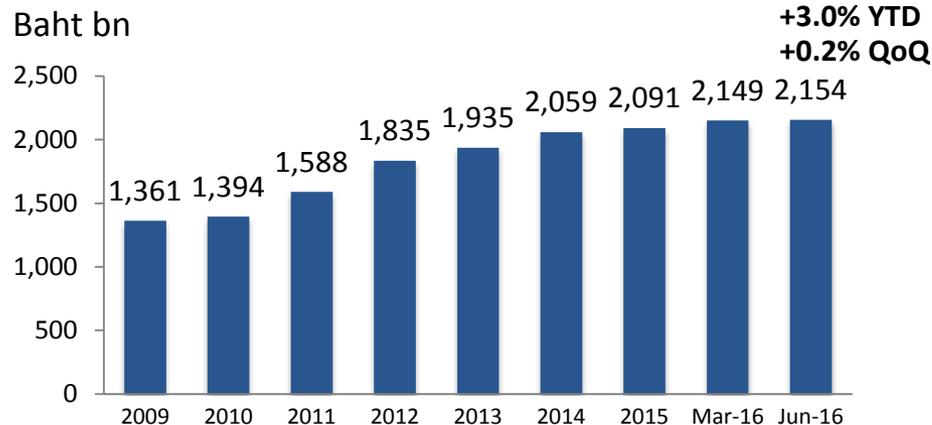
## Provisioning expenses

Billion Baht



# Stable Funding and Strong Liquidity Base

## Deposit

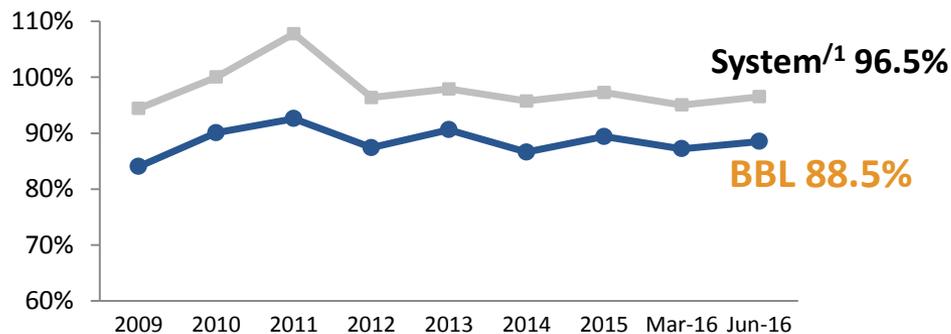


## Funding sources<sup>/2</sup>

As at June 2016



## LDR consistently lower than System



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

As at June 2016



Note: /1 System refers to 31 commercial banks in Thailand

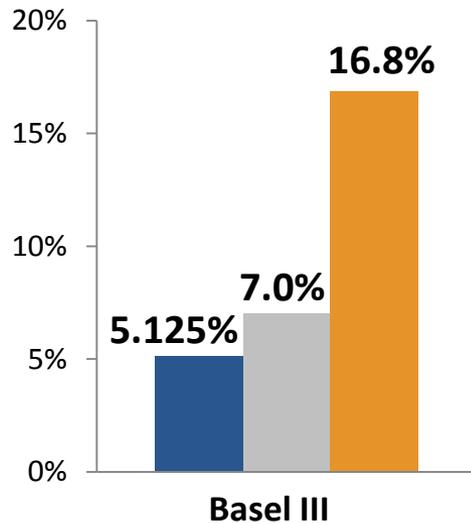
/2 Funding sources are defined as total liabilities consisting of deposit, interbank and money markets liabilities, liabilities payable on demand, borrowings, and others

/3 Liquid assets consist of cash, interbank and money market assets, claims on securities, and trading & available-for-sale securities

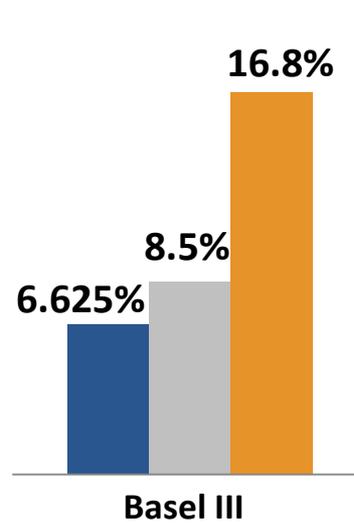
Source: Bank of Thailand, Bangkok Bank Analysis

# Solid Capital Base

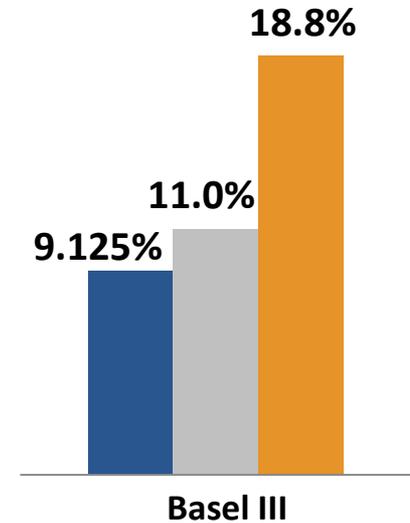
## Common Equity Tier 1 Ratio



## Tier 1 Ratio



## Total Capital Adequacy Ratio



■ Capital requirements<sup>/1</sup> until the end of 2016

■ Capital requirements<sup>/1</sup> as of the year 2019

■ BBL's ratio<sup>/2</sup> as of June 30, 2016

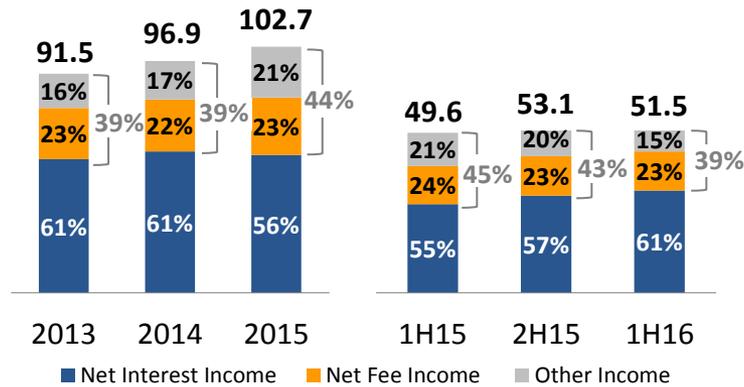
Note: /1 The Bank of Thailand requires commercial banks to maintain an additional capital conservation buffer. The buffer will gradually increase by more than 0.625% each year from January 1, 2016 until it reaches more than 2.5% in January 1, 2019

/2 The ratios include net profit for the first half of 2016

# Performance Driven by **Steady Income Growth**

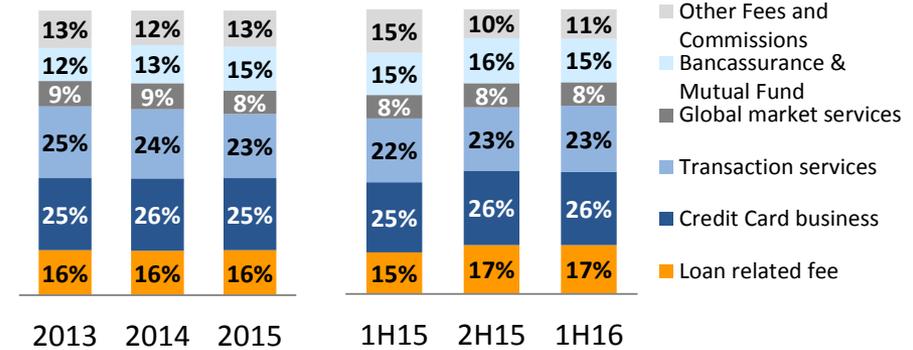
## Income breakdown

Baht bn, Percentage of composition



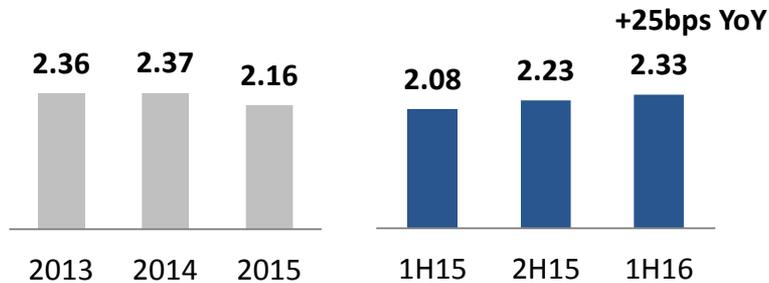
## Fee income breakdown

Percentage of composition



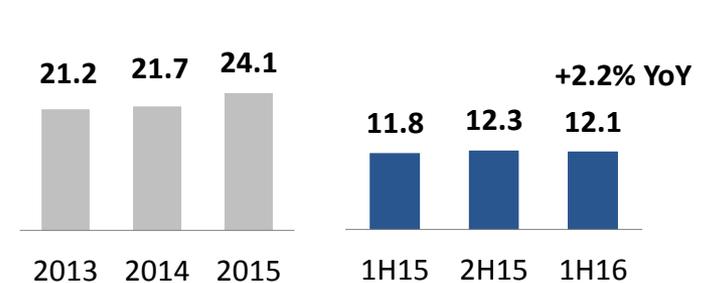
## NIM

Percentage



## Net fee income

Baht bn

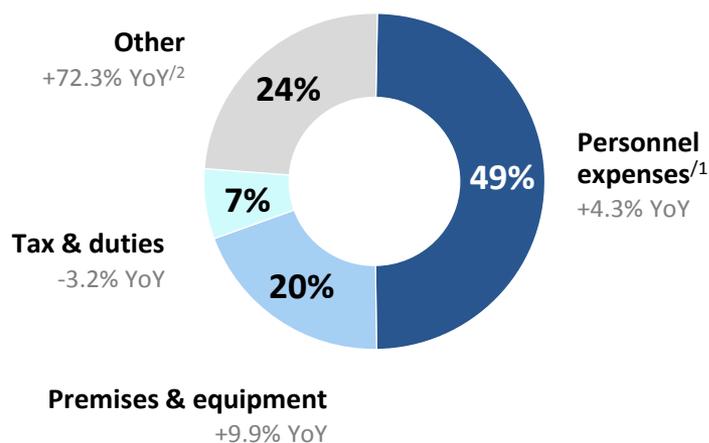


# OPEX within Manageable Range

## Operating expenses breakdown

For 1H16

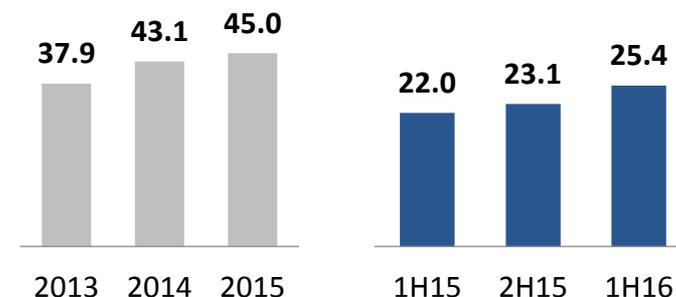
Percentage



Note: /1 Including directors' remuneration  
/2 Caused mainly by the provisions for contingencies in the first quarter of 2016

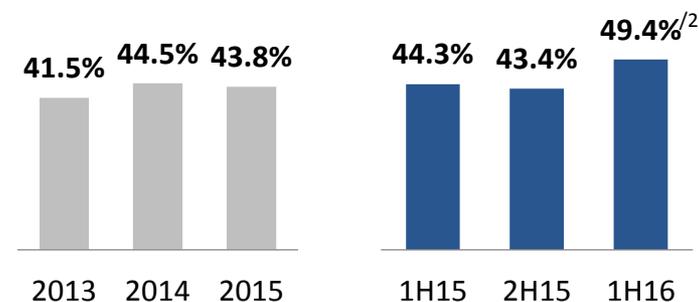
## Operating expenses

Baht bn



## Cost-to-income ratio

Percentage

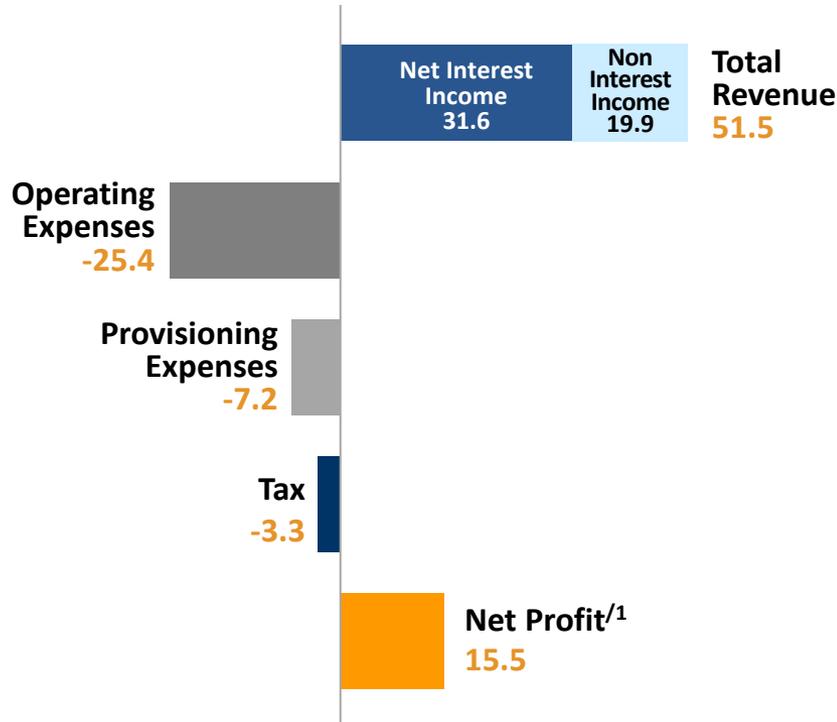


# Overall Profitability

## Profitability drivers

For 1H16

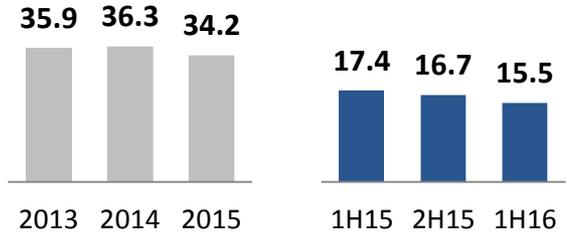
Billion Baht



Note: /1 Owners of the Bank

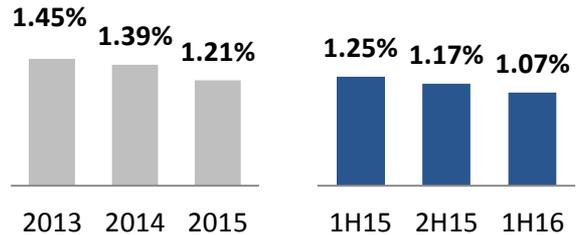
## Net Profit/1

Billion Baht



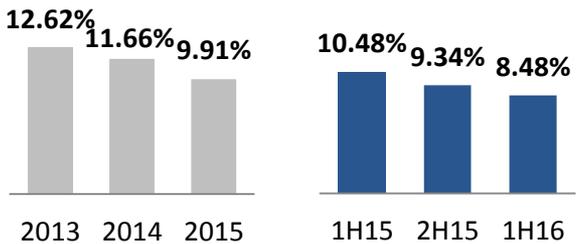
## ROA/1

Percentage



## ROE/1

Percentage



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# Our Key Focus & Strategy

Urbanization

Regionalization

Digitalization

Improve

Customer Focus

- Leverage **long-term relationships**
- Utilize **regional branch presence** and **extensive network** across the country
- **Cross-sell** to deepen financial product offerings

Deepening

Foundation Strength

- **Closely monitor portfolio** – impacted by macro economic downturn
- **Diversified credit exposure**
- **Rigorous risk management framework**

Leverage

Core Capability

- **Strong liquidity** with broad deposit base
- **Solid capital base**

# Appendix

# Baht 1.797 trillion for 2015-2022 Infrastructure Projects

## Inter-city rail network Baht 1,184.1 billion

1

- Implementation of high speed train
- Improved equipment and infrastructure

## Transportation in Bangkok & its vicinity Baht 396.6 billion

2

- 10 electric train routes
- Buy 489 NGV buses and improve 11 parking places
- Development of road networks and bridges in Bangkok and its vicinity

## Highway network Baht 160.4 billion

3

- Improved access to agricultural and tourism areas
- Network to production bases, link cities and international transportation
- Improved road facilities to connect multi-channel transportation systems

## Air transport Baht 51.6 billion

5

- Improved efficiency of airports, air fleet, and air traffic to meet international standards
- Establishment of aircraft industrial estates
- Construction of buildings for civil aviation

## Water transportation Baht 3.9 billion

4

- Development of ports
- Improved efficiency of water transportation and maintained river banks



# Thailand in Transition

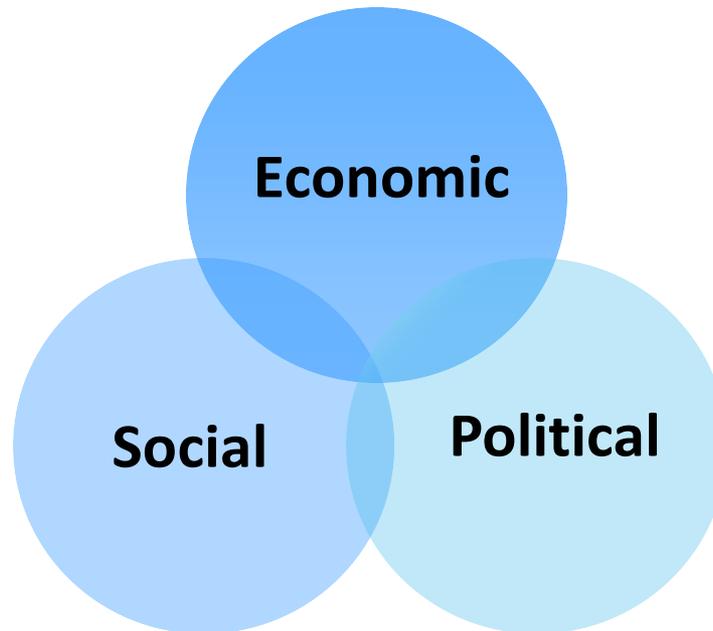
## Multiple Facets Reforms for Future Growth

### Ensure Thailand's Competitiveness

- State enterprises reforms
- Competition law
- Enforce SFIs' mandates
- Logistics infrastructure
- Overseas investment
- Special Economic Zones

### Reduce Inequality and Prepare for Aging Society

- Land ownership reforms
- Welfare reforms
- Voluntary savings scheme



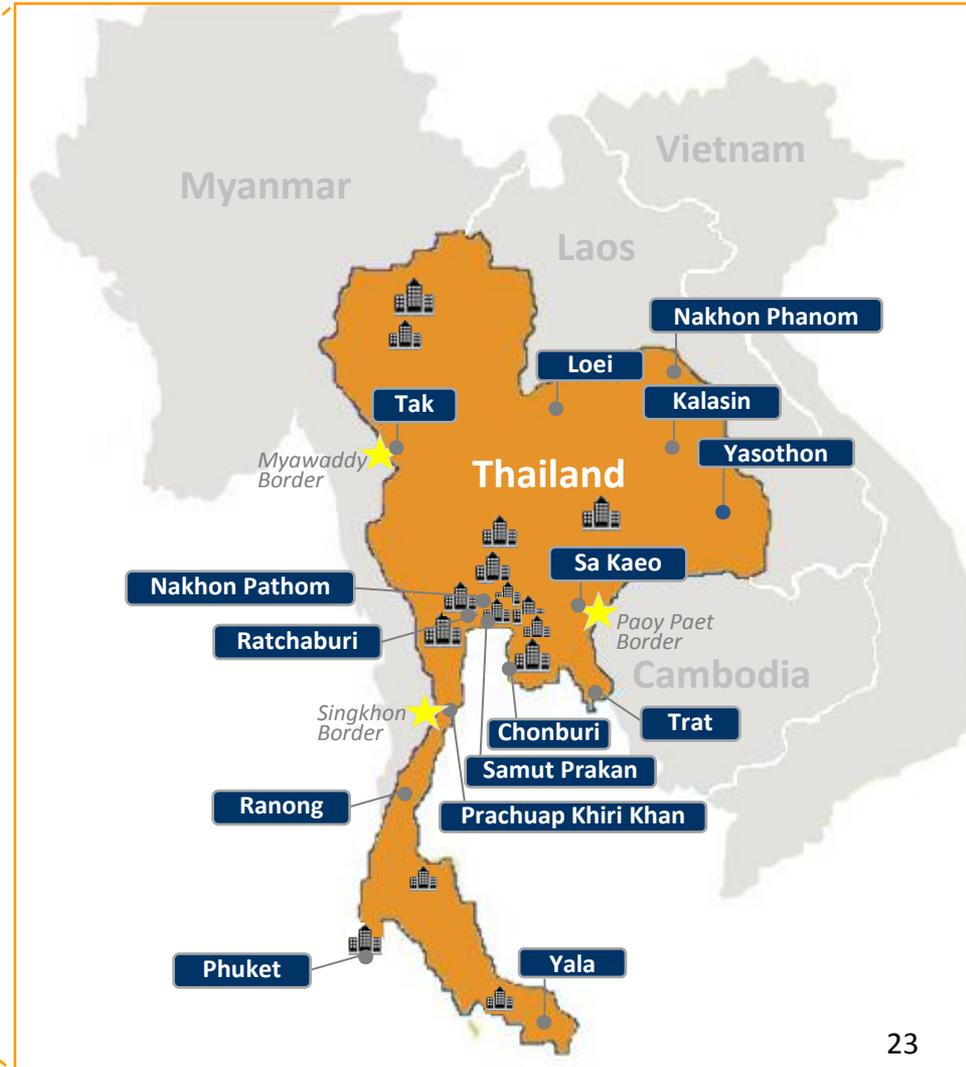
### Install Well-functioning Political System

- Election reforms
- Corruption prevention
- Improve public sector effectiveness

# Opportunities from Regionalization & Urbanization

**1,147** domestic branches<sup>/1</sup>

**32** international branches in **15** economies



Note: Business centers (offices to service SME customers) opened during 2013 – June 2016

Border crossing point Trade Finance Center

<sup>/1</sup> As at June 2016, Branches excluded 96 self-service outlet

# Long-standing International Presence

## UK

Branches: 1  
Number of Years: 59

## Cayman Island

Branches: 1  
Number of Years: 10 months

## USA

Branches: 1  
Number of Years: 51

## Laos

Branches: 2  
Number of Years: 22

## Myanmar

Branches: 1  
Number of Years: 21

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

Branches: 5  
Number of Years: 57

## Singapore

Branches: 1  
Number of Years: 59

Note: As at June 2016  
/1 Wholly-owned subsidiaries

Source: Bangkok Bank filings



## Vietnam

Branches: 2  
Number of Years: 23

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

Branches: 6  
Number of Years: 30

## Japan

Branches: 2  
Number of Years: 60

## Philippines

Branches: 1  
Number of Years: 20

## Taiwan

Branches: 3  
Number of Years: 51

## Hong Kong

Branches: 2  
Number of Years: 62

## Cambodia

Branches: 1  
Number of Years: 1

## Indonesia

Branches: 3  
Number of Years: 48

# Financial Position – June 2016

Baht mn

	2015	Mar-16	Jun-16	Growth (%)	
				QoQ	YTD
Loans <sup>/1</sup>	1,868,903	1,874,924	1,906,936	1.7%	2.0%
Deposits	2,090,965	2,149,333	2,154,256	0.2%	3.0%
LDR	89.4%	87.2%	88.5%	1.3%	-0.9%
NPL	56,226	61,841	67,995	10.0%	20.9%
NPL ratio	2.8%	2.9%	3.1%	0.2%	0.3%
LLR to NPL	185.3%	174.4%	164.5%	-9.9%	-20.8%
LLR to loans	5.6%	5.8%	5.9%	0.1%	0.3%
Liquid assets <sup>/2</sup>	906,648	1,003,089	967,285	-3.6%	6.7%
Liquid asset to total assets	32.0%	34.1%	33.0%	-1.1%	1.0%
CET1/Tier 1 ratio <sup>/3</sup>	16.2%	16.5%	16.8%	0.3%	0.6%
CAR <sup>/3</sup>	18.3%	18.5%	18.8%	0.3%	0.5%

Note:

/1 Loans = Loans to customers Less Deferred revenue

/2 Liquid assets consist of cash, interbank and money market assets, claims on securities and trading & available-for-sale securities

/3 The ratios were included net profit, for 2015 and Mar-16 deducted dividend

# Financial Performance – 1H16

Baht mn

	1H15	1H16	Growth (%) YoY
Net interest income	27,452	31,629	15.2%
Net fee income	11,820	12,079	2.2%
Non-interest income	22,135	19,916	-10.0%
Total income	49,588	51,545	3.9%
Operating expenses	21,959	25,448 <sup>/2</sup>	15.9%
Provisioning expenses	5,901	7,186	21.8%
Net profit <sup>/1</sup>	17,442	15,487	-11.2%
EPS <sup>/1</sup> (Baht per share)	9.14	8.11	-1.03
NIM	2.08%	2.33%	0.25%
Net fee income ratio	23.8%	23.4%	-0.4%
Cost to income ratio	44.3%	49.4%	5.1%
ROA <sup>/1</sup>	1.25%	1.07%	-0.18%
ROE <sup>/1</sup>	10.48%	8.48%	-2.00%

Note:

/1 Attributable to the Bank

/2 Caused mainly by the provisions for contingencies in the first quarter of 2016

# Financial Performance – 2Q16

Baht mn

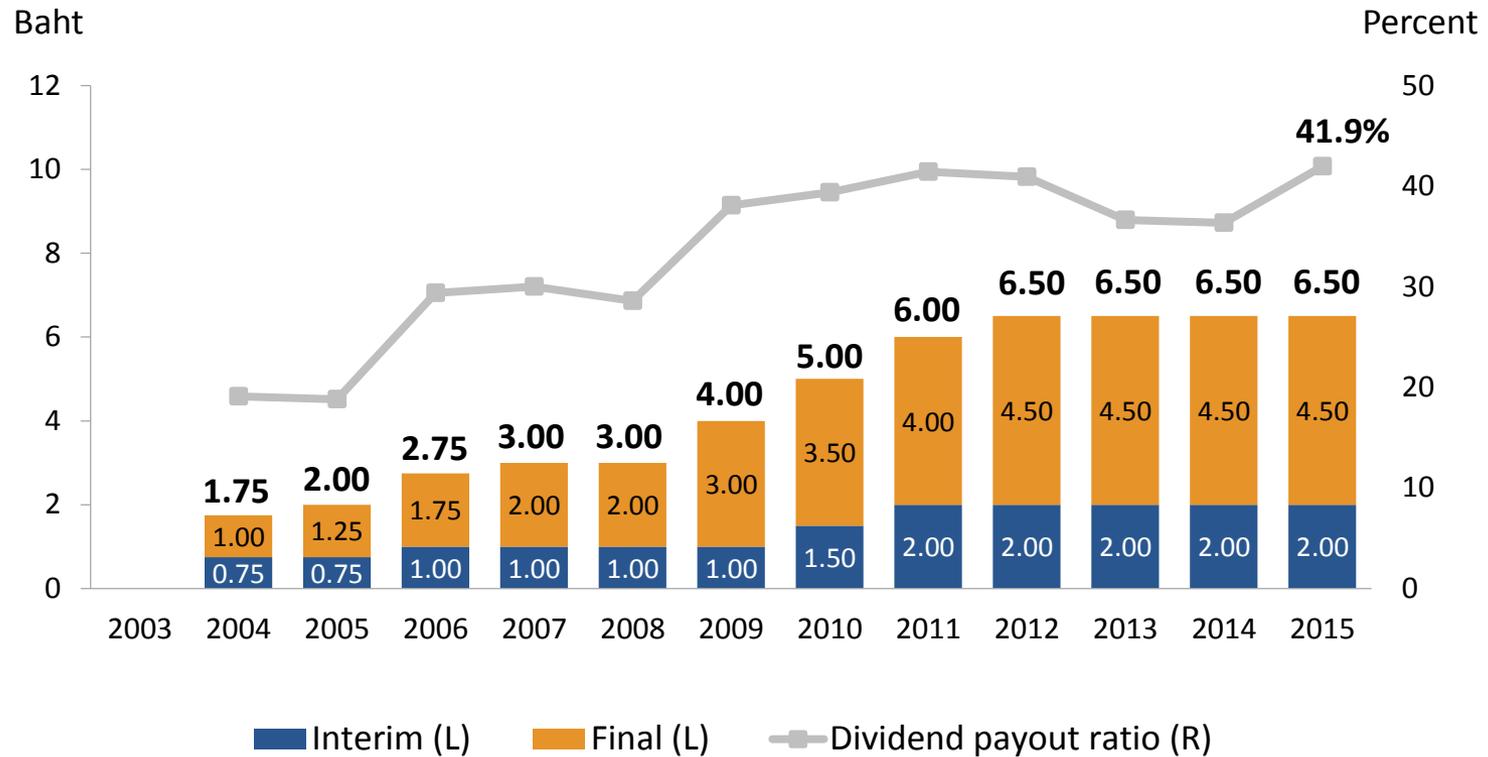
	2Q15	1Q16	2Q16	Growth (%)	
				QoQ	YoY
Net interest income	13,218	16,034	15,596	-2.7%	18.0%
Net fee income	5,426	6,103	5,976	-2.1%	10.1%
Non-interest income	11,327	10,672	9,250	-13.3%	-18.3%
Total income	24,545	26,706	24,846	-7.0%	1.2%
Operating expenses	11,589	12,856 <sup>/2</sup>	12,599	-2.0%	8.7%
Provisioning expenses	2,922	3,644	3,542	-2.8%	21.2%
Net profit <sup>/1</sup>	8,035	8,317	7,169	-13.8%	-10.8%
EPS <sup>/1</sup> (Baht per share)	4.21	4.36	3.76	-0.60	-0.45
NIM	1.97%	2.37%	2.27%	-0.10%	0.30%
Net fee income ratio	22.1%	22.9%	24.1%	1.2%	2.0%
Cost to income ratio	47.2%	48.1%	50.7%	2.6%	3.5%
ROA <sup>/1</sup>	1.13%	1.16%	0.98%	-0.18%	-0.15%
ROE <sup>/1</sup>	9.43%	9.14%	7.80%	-1.34%	-1.63%

Note:

/1 Attributable to the Bank

/2 Caused mainly by the provisions for contingencies

# Dividends and Payout ratio



# For Further Information

## Contact:

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**Bangkok Bank Website**

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

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