

# Investor Presentation

**For 2Q16**



# Bangkok Bank

---

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

# Bangkok Bank

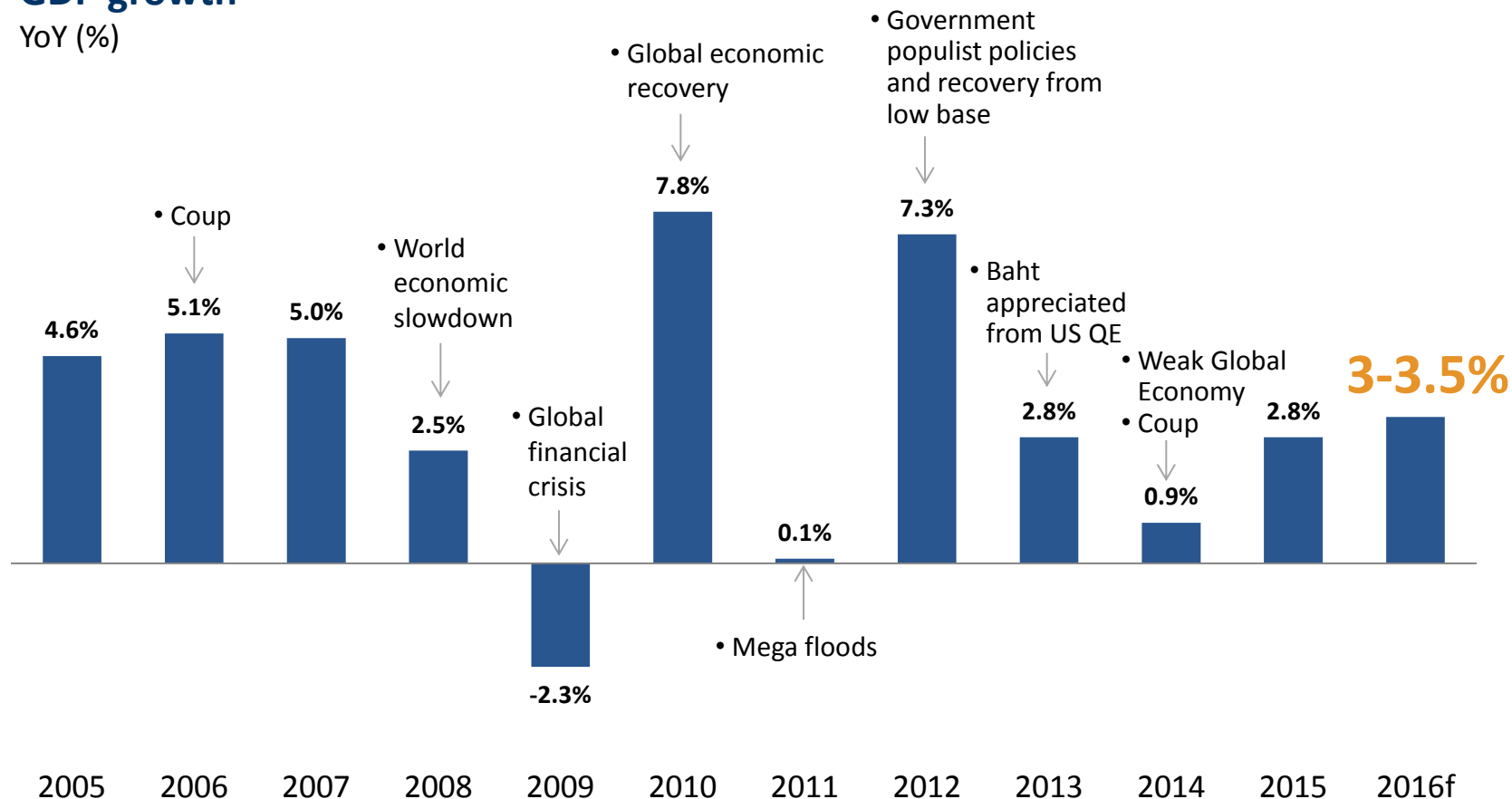
---

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

# Steady Trend of Moderate Recovery

## GDP growth

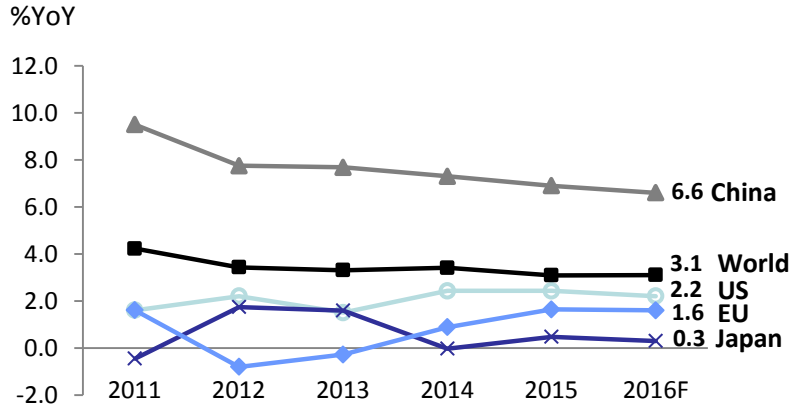
YoY (%)



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

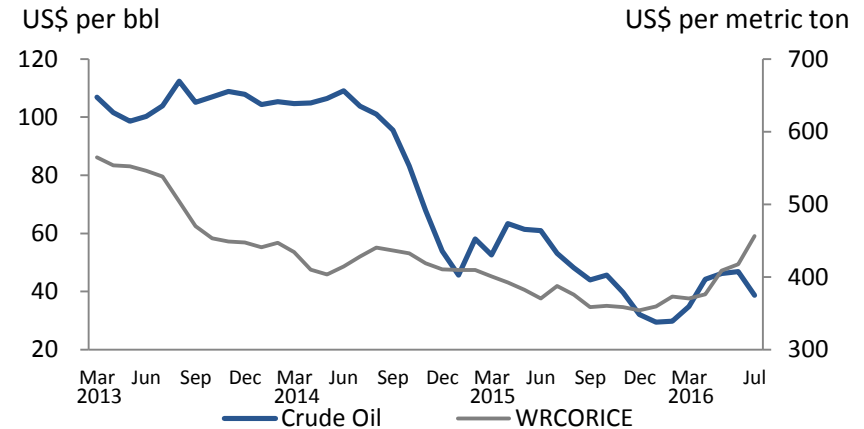
# Challenges from External Factors

## GDP growth



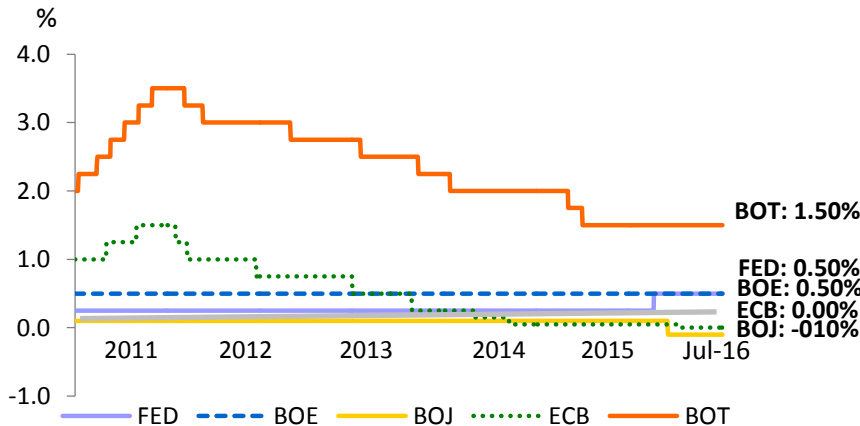
Source: International Monetary Fund, World Economic Outlook Database July 2016

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



Source: Bloomberg

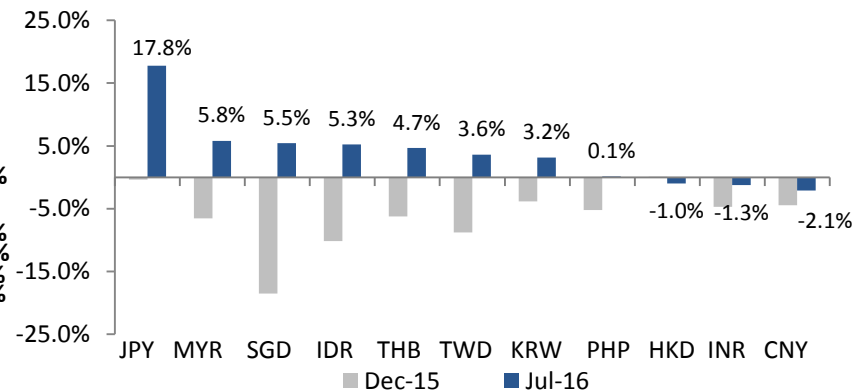
## Policy Interest Rate



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

%YTD of currencies change to US Dollar

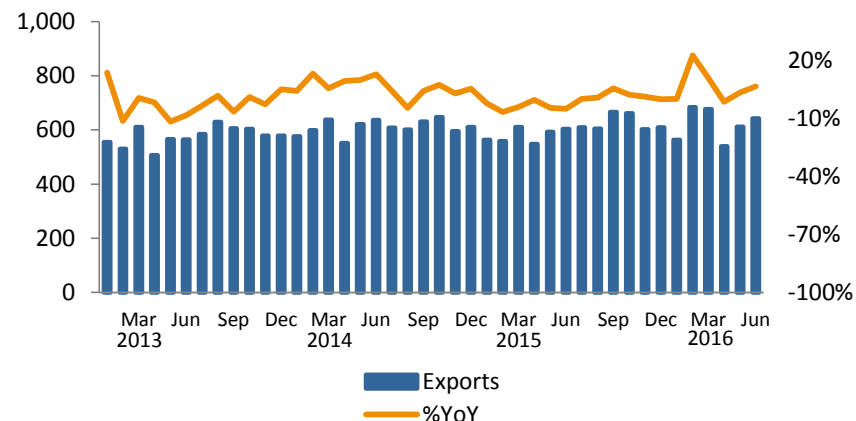


Note: IDR: Indonesian Rupiah, MYR: Malaysian Ringgit, SGD: Singapore Dollar, THB: Thai Baht, PHP: Philippine Peso  
Source: Bloomberg

# Fiscal Stimulus Supporting Economic Recovery

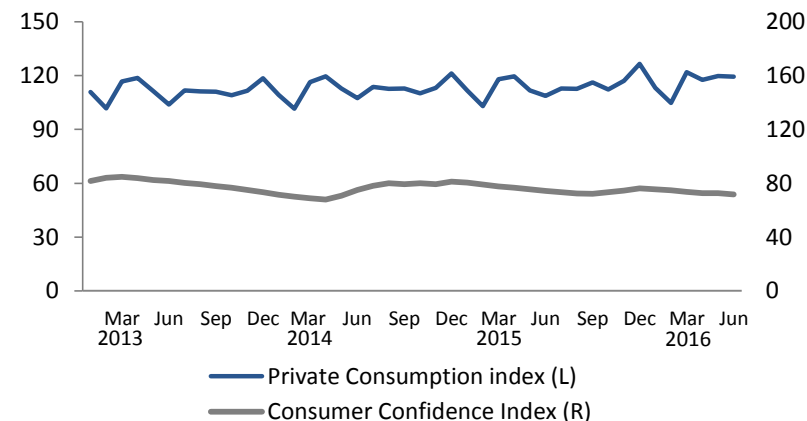
## Exports

Billion Baht



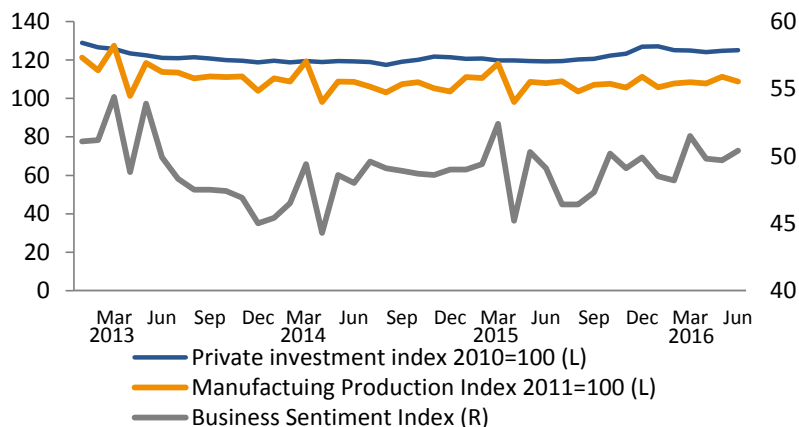
## Consumption indicators

Index (2010=100)



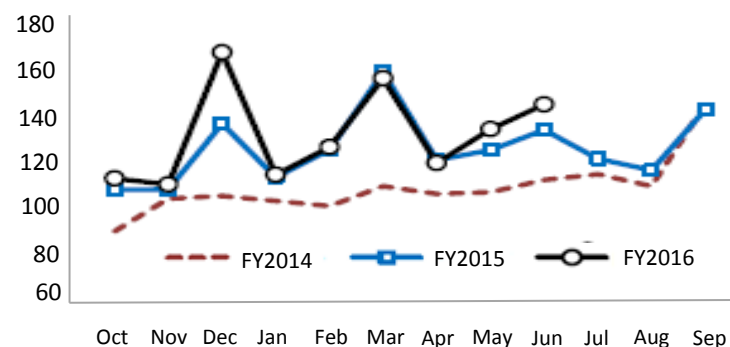
## Investment indicators

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

**Bangkok Bank**

# 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)

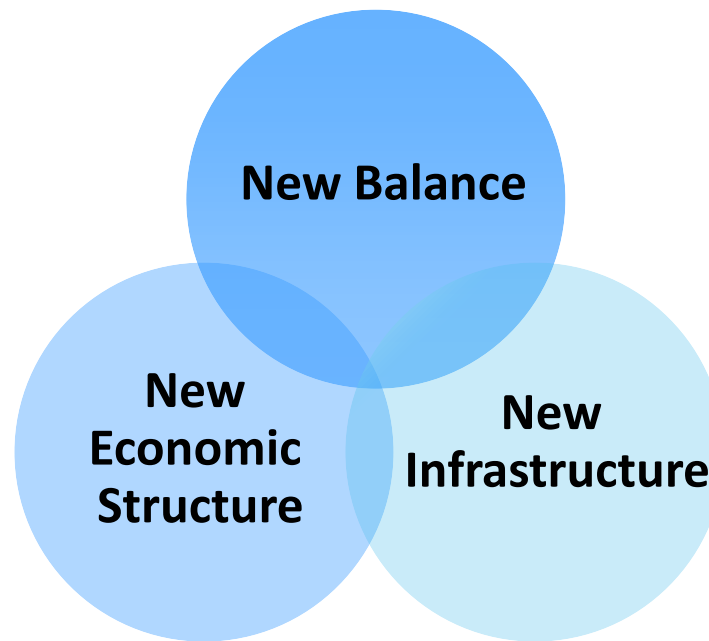
### ▶ 16 Projects bidding in 2016-2017

- Dual track (Meter Gauge) – 4 Sections
- Dual track (Standard gauge) – 4 Sections
- Mass Rapid Transit – 5 Sections
- Motorway – 1 Section
- Single Rail Transfer Operator (SRT) 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

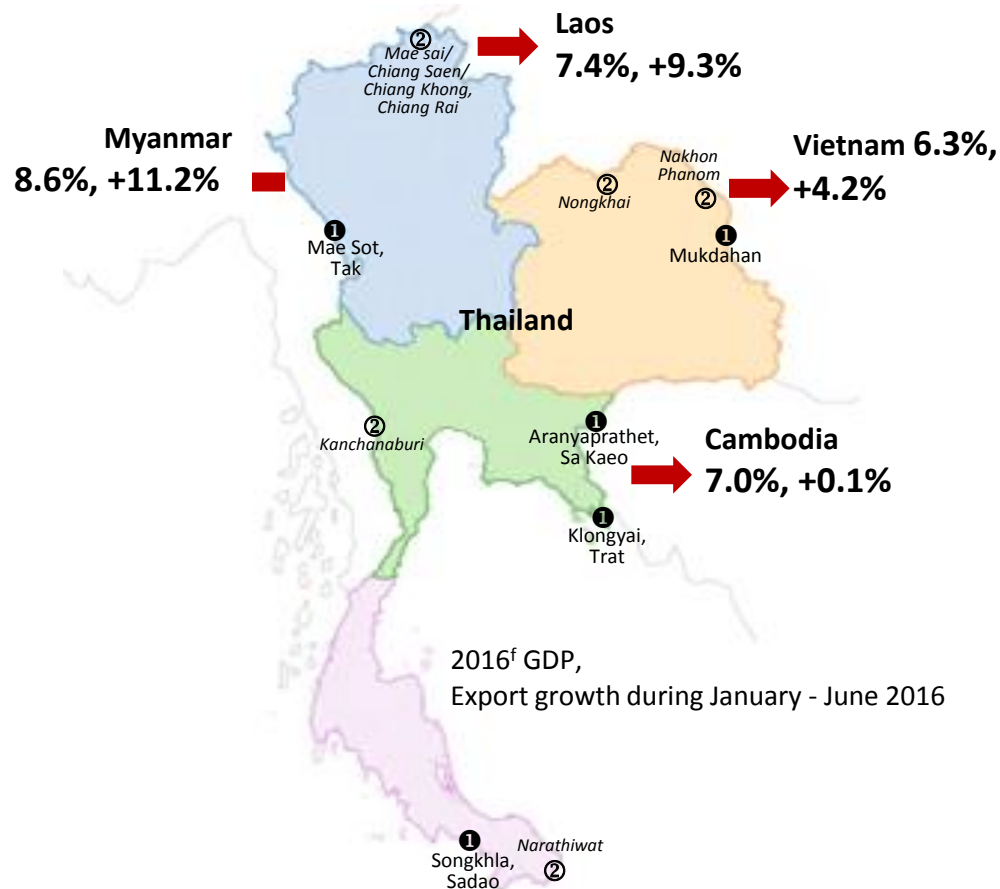
- 
- ▶ Increase Thailand's Ease of Doing Business Ranking
  - ▶ Make Thailand a Human Resource Development Hub

# 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

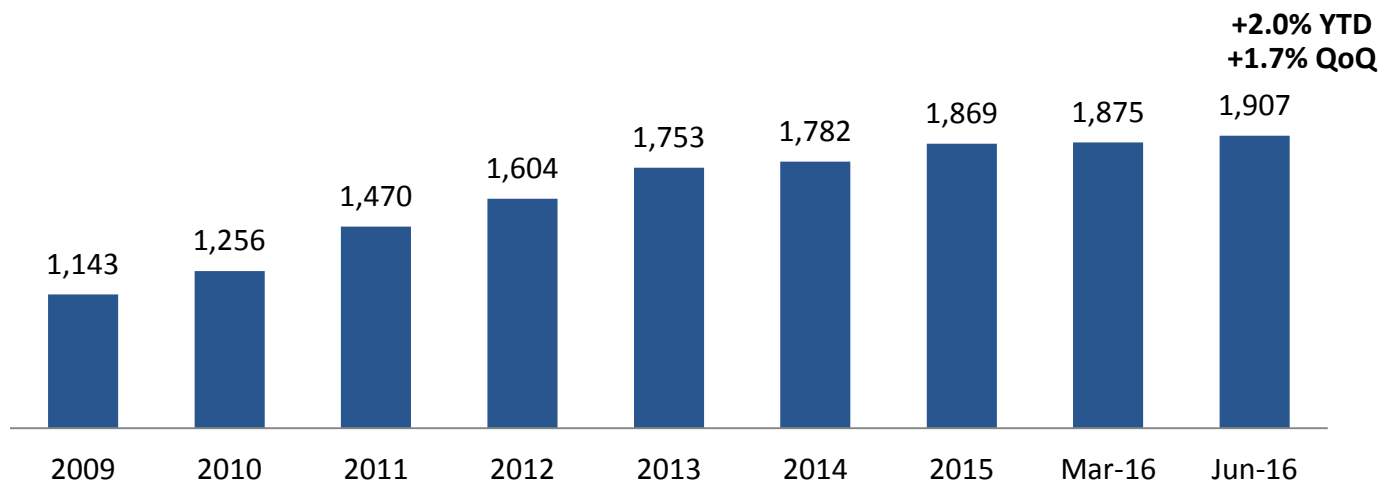
---

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

# Prudent Approach to Loan Growth

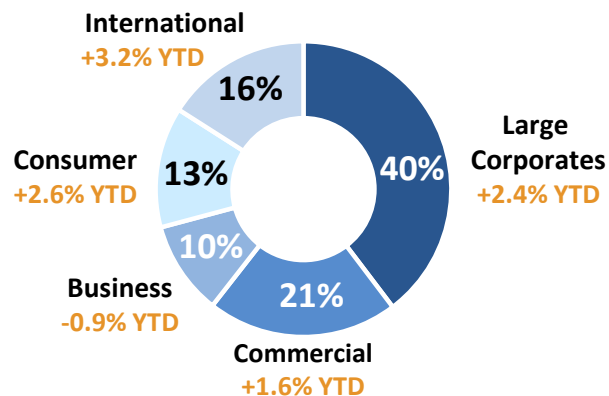
## Loan

Billion Baht



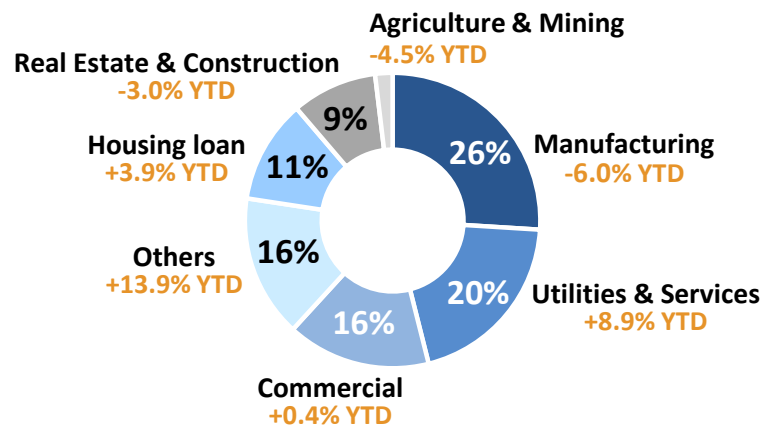
## Loan by Business Unit

As at June 2016



## Loan by Industry

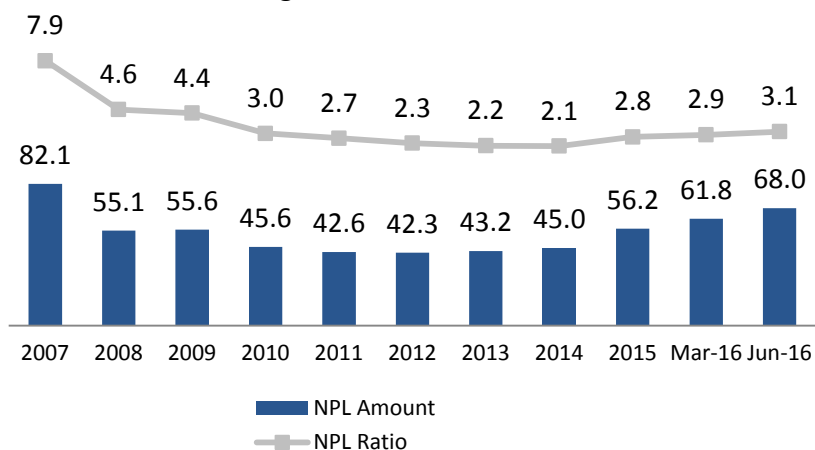
As at June 2016



# Consistent Provisioning Policy

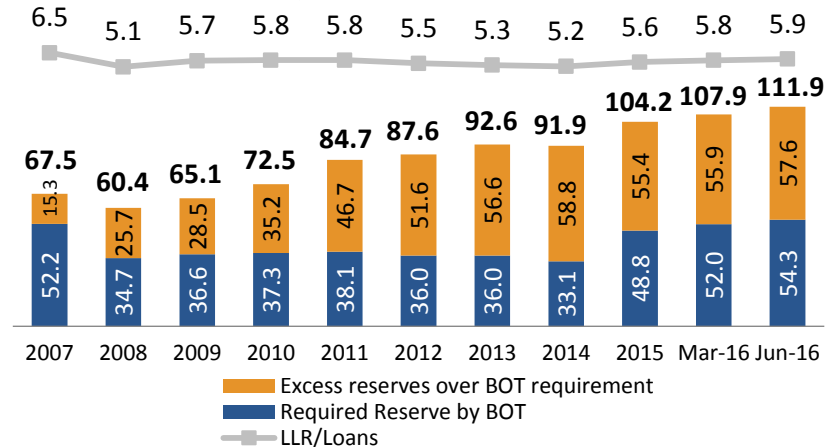
## NPL amount, NPL ratio

Billion Baht, Percentage



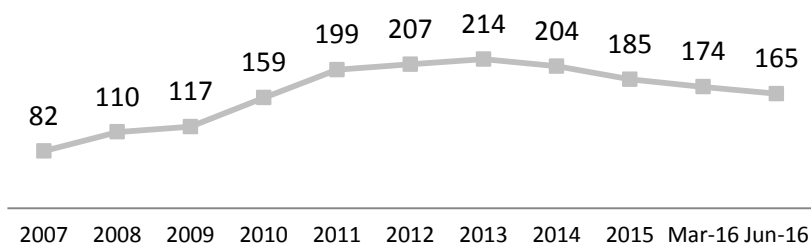
## Loan loss reserves, LLR/Loan

Billion Baht, Percentage



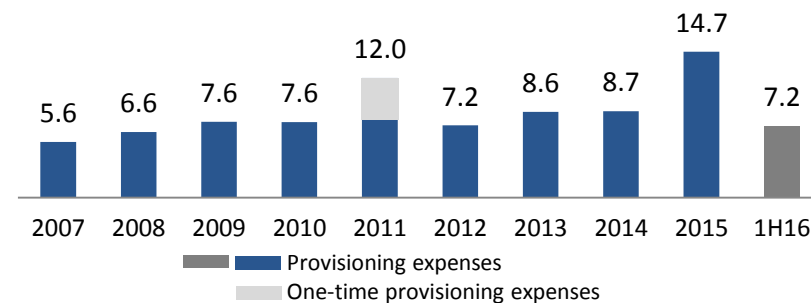
## Coverage ratio

Percentage



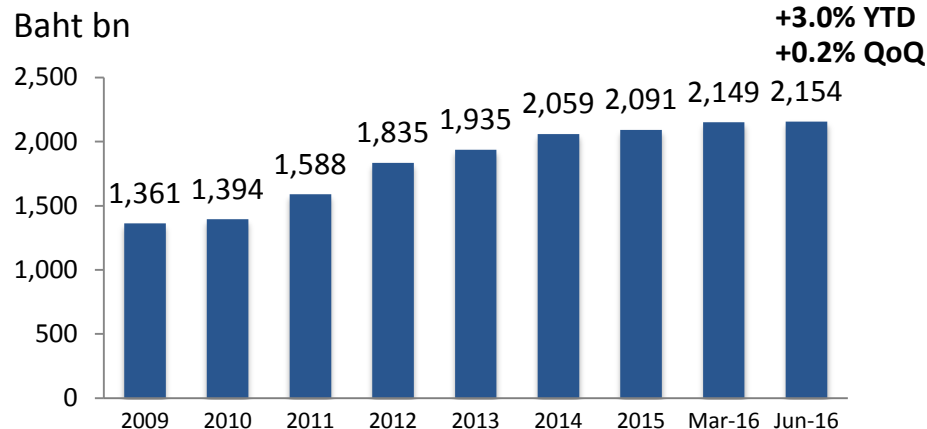
## Provisioning expenses

Billion Baht



# Stable Funding and Strong Liquidity Base

## Deposit

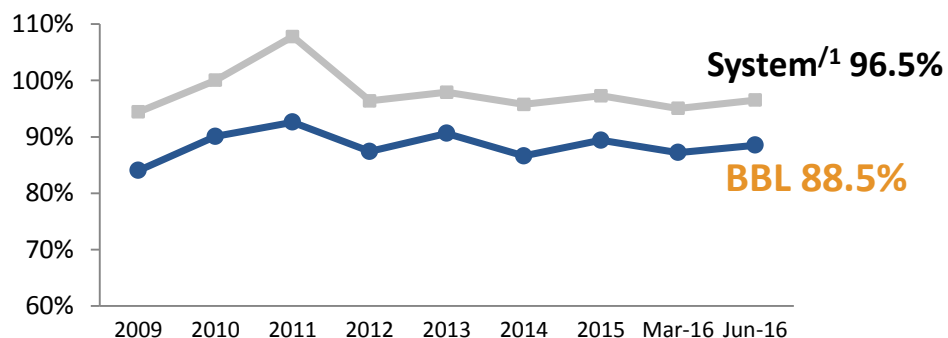


## Funding sources<sup>/2</sup>

As at June 2016

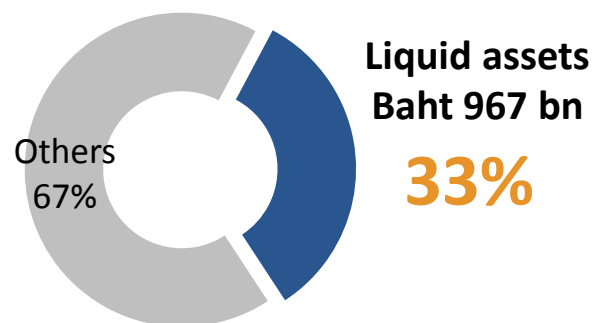


## LDR consistently lower than System



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

As at June 2016



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

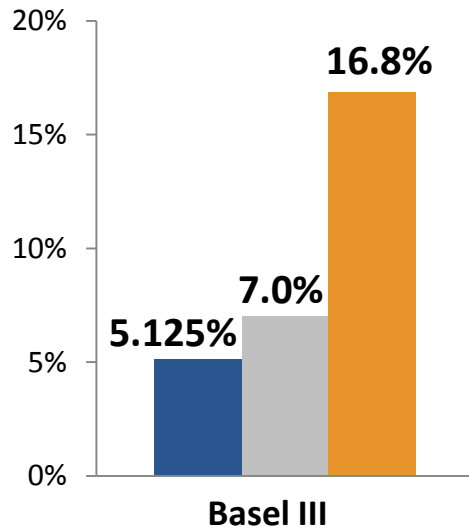
/2 Funding sources are defined as total liabilities consisting of deposit, interbank and money markets liabilities, liabilities payable on demand, borrowings, and others

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

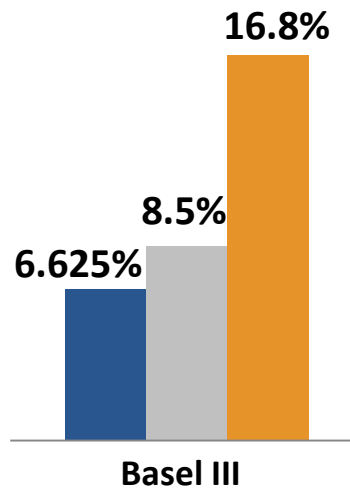
Source: Bank of Thailand, Bangkok Bank Analysis

# Solid Capital Base

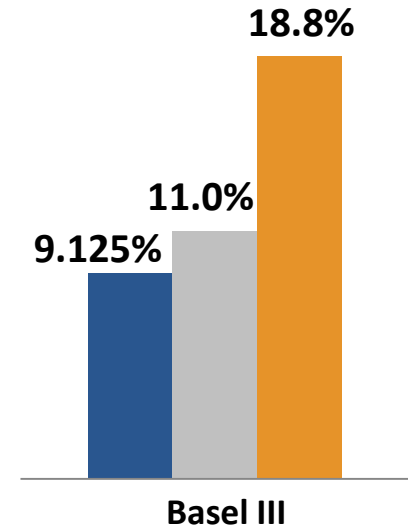
## Common Equity Tier 1 Ratio



## 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

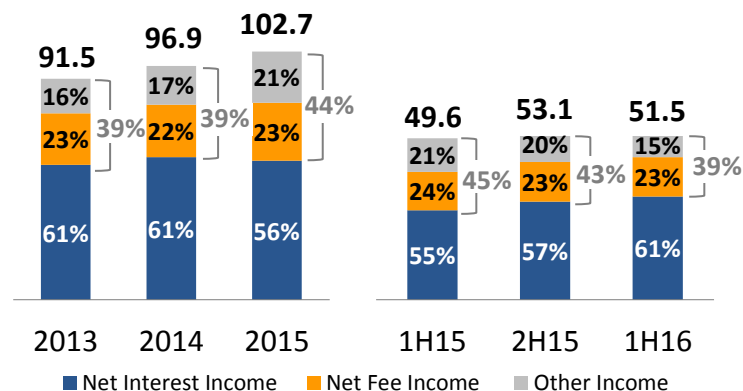
Note: /1 The Bank of Thailand requires commercial banks to maintain an additional capital conservation buffer. The buffer will gradually increase by more than 0.625% each year from January 1, 2016 until it reaches more than 2.5% in January 1, 2019

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

# Performance Driven by **Steady Income Growth**

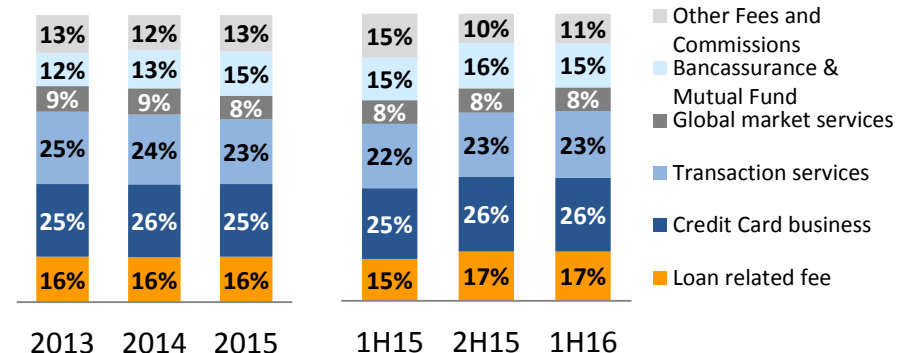
## Income breakdown

Baht bn, Percentage of composition



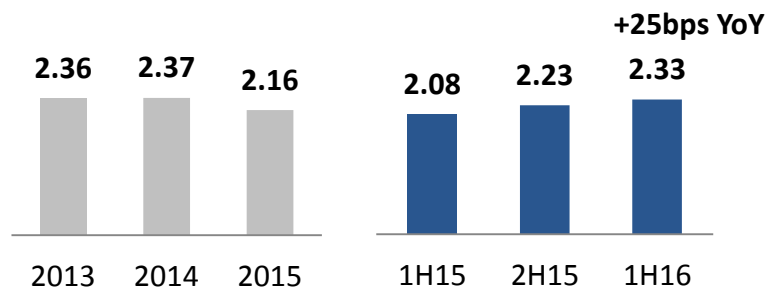
## Fee income breakdown

Percentage of composition



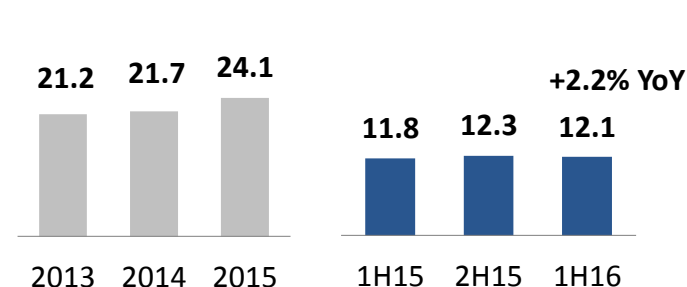
## NIM

Percentage



## Net fee income

Baht bn

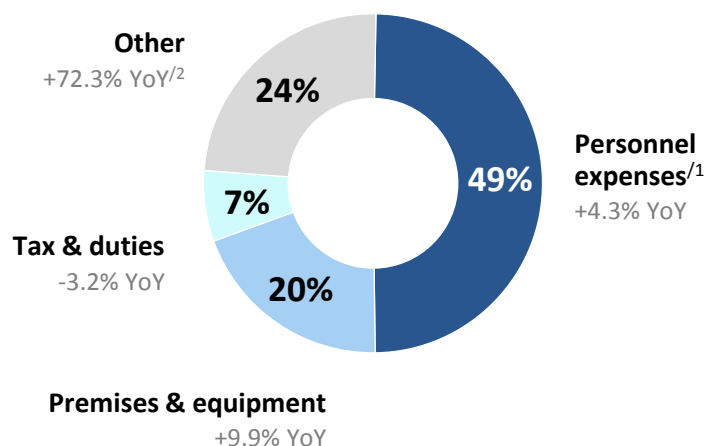


# OPEX within Manageable Range

## Operating expenses breakdown

For 1H16

Percentage

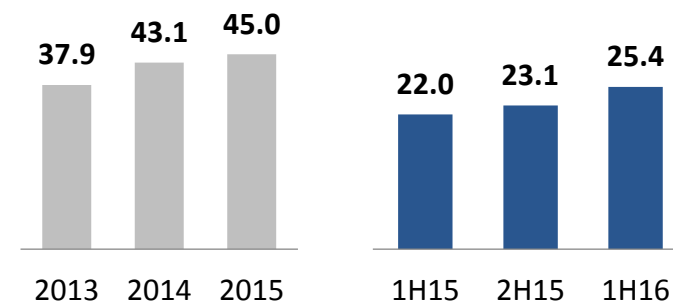


Note: <sup>/1</sup> Including directors' remuneration

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

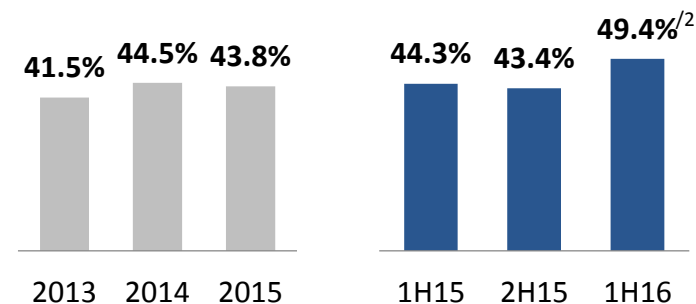
## Operating expenses

Baht bn



## Cost-to-income ratio

Percentage

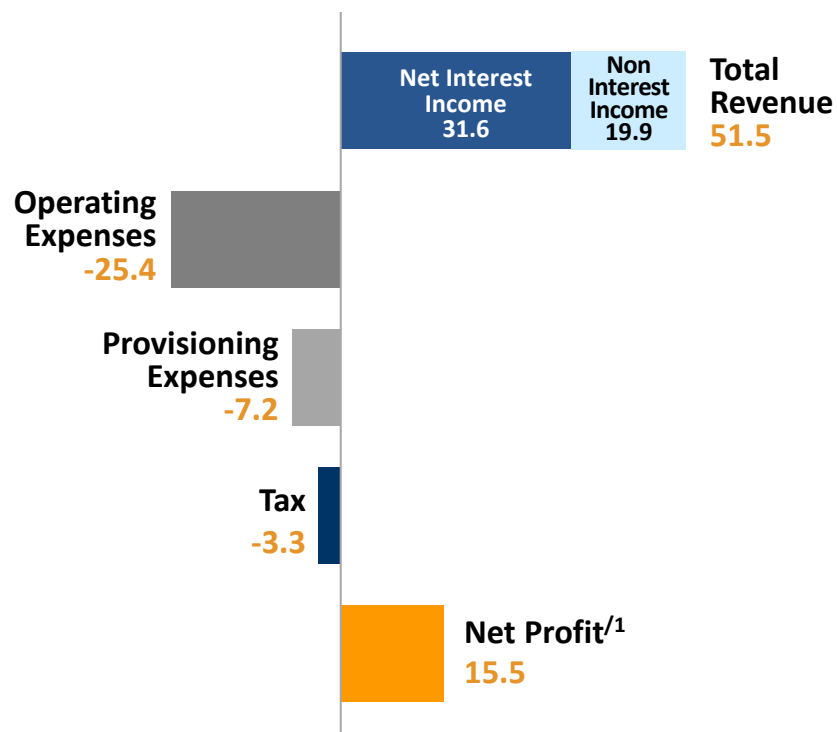


# Overall Profitability

## Profitability drivers

For 1H16

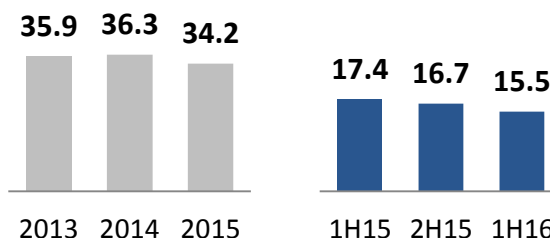
Billion Baht



Note: /1 Owners of the Bank

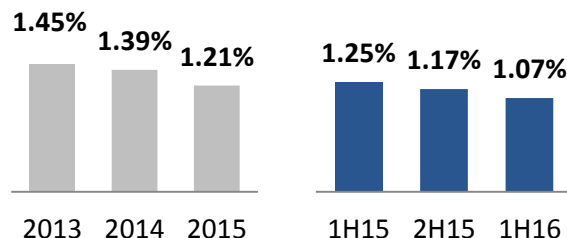
## Net Profit<sup>/1</sup>

Billion Baht



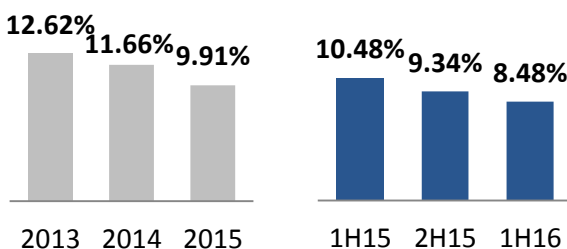
## ROA<sup>/1</sup>

Percentage



## ROE<sup>/1</sup>

Percentage



# Bangkok Bank

---

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

# 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

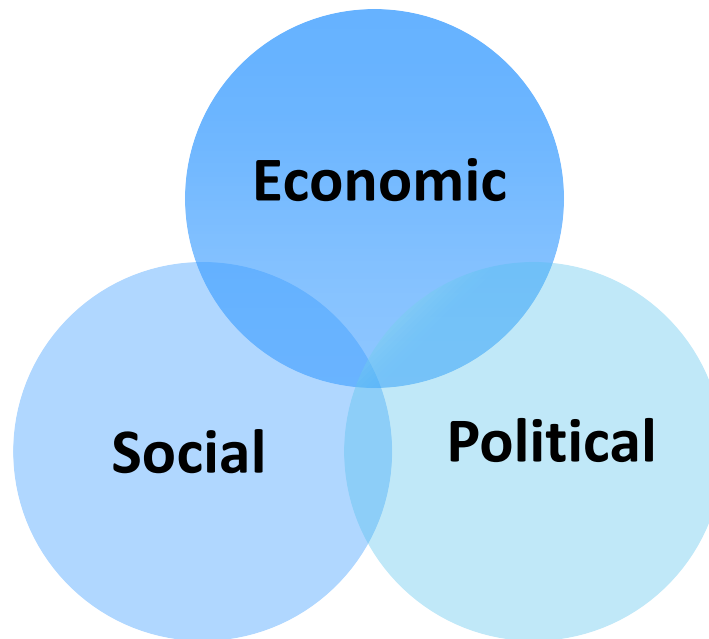
## Multiple Facets Reforms for Future Growth

### 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>

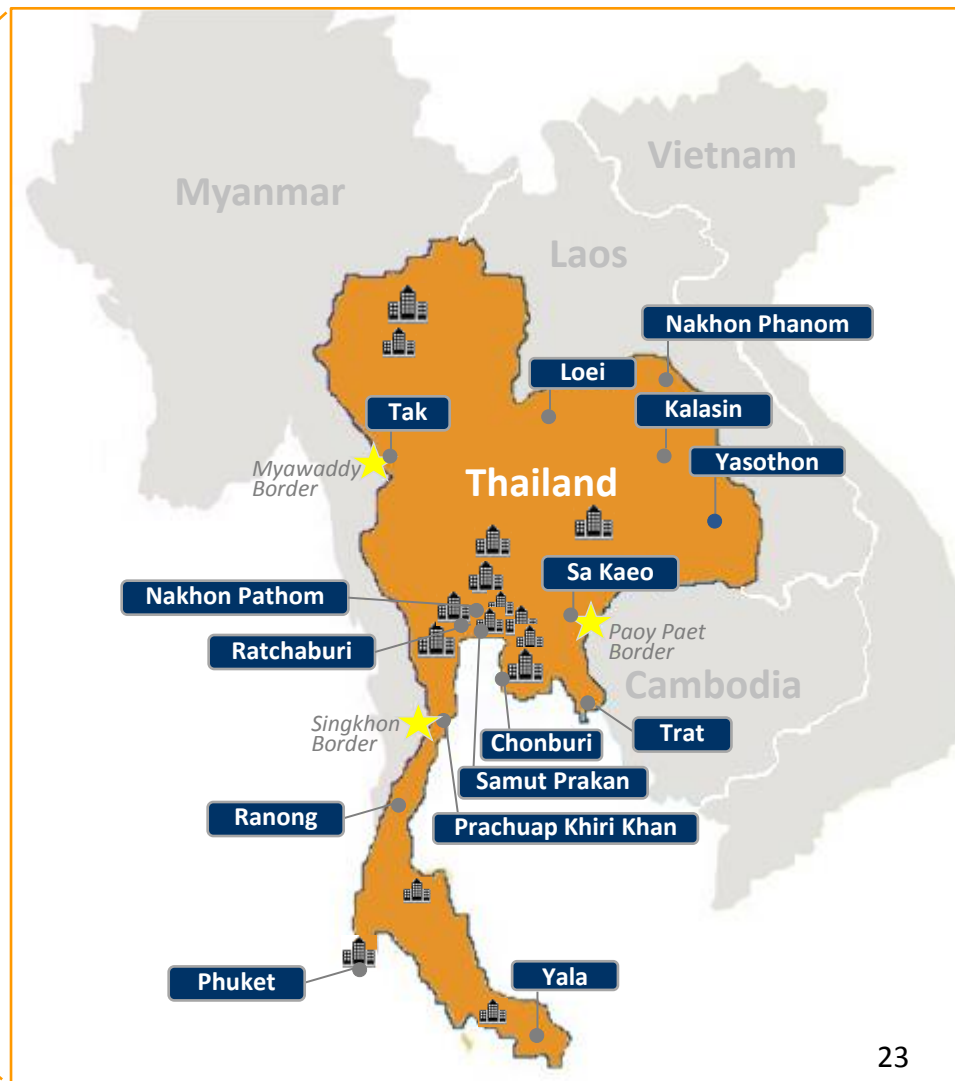
**32** international branches in **15** economies



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

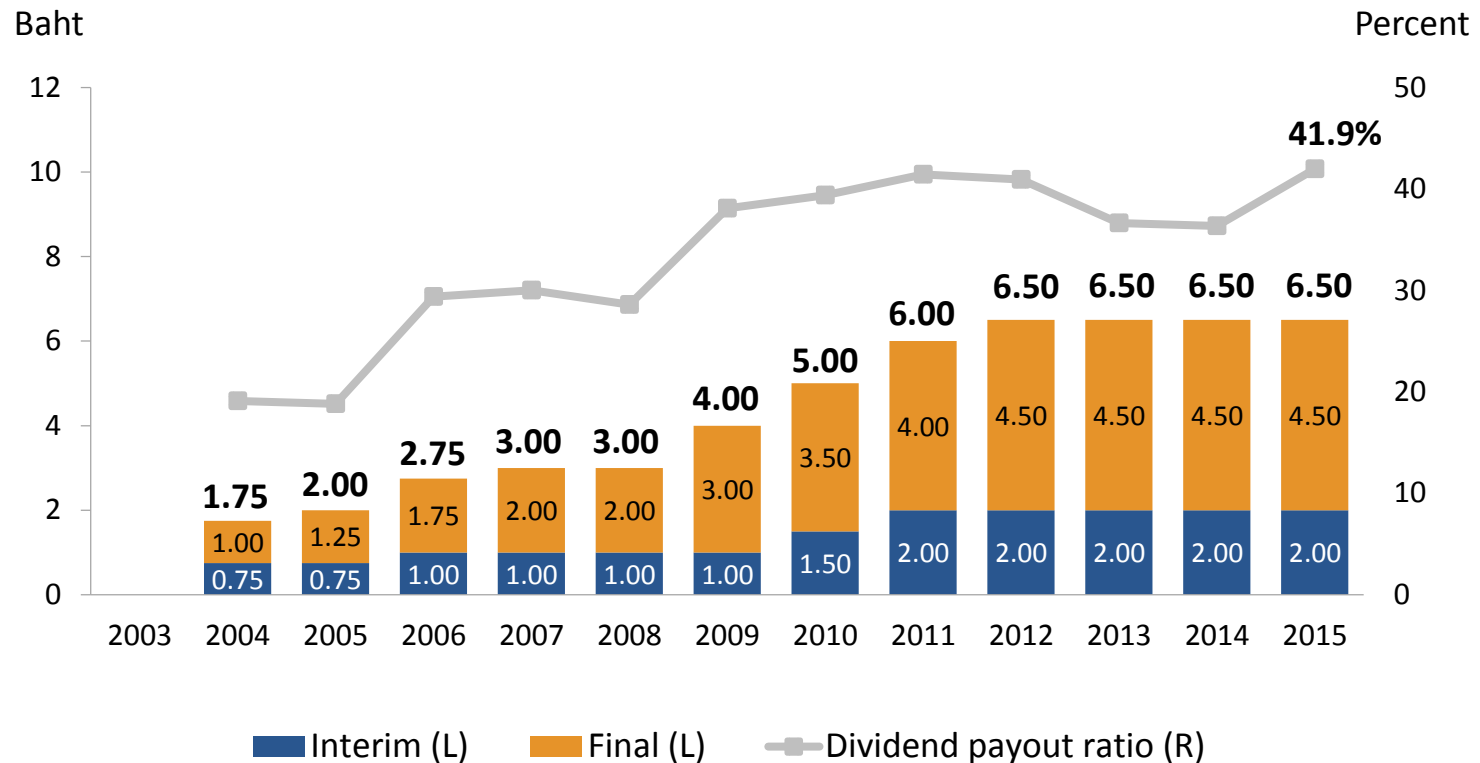
	2Q15	1Q16	2Q16	Growth (%)	
				QoQ	YoY
Net interest income	13,218	16,034	15,596	-2.7%	18.0%
Net fee income	5,426	6,103	5,976	-2.1%	10.1%
Non-interest income	11,327	10,672	9,250	-13.3%	-18.3%
Total income	24,545	26,706	24,846	-7.0%	1.2%
Operating expenses	11,589	12,856 <sup>/2</sup>	12,599	-2.0%	8.7%
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:

**Investor Relations Team**

**Tel (66) 2 626 4981-2**

**Fax (66) 2 231 4890**

**Email: IR@bbl.co.th**

**Bangkok Bank Website**

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

This presentation is made by Bangkok Bank and may not be copied, altered, offered, sold or otherwise distributed to any other person by any recipient without the consent of Bangkok Bank. Although all reasonable effort has been made to ensure the facts stated herein are accurate and that the opinions contained herein are fair and reasonable, this document is selective in nature and is intended to provide an introduction to, and overview of, the business of Bangkok Bank. Where any information and statistics are quoted from any external source, such information or statistics should not be interpreted as having been adopted or endorsed by Bangkok bank as being accurate. Neither Bangkok Bank nor any of its directors, officers, employees, and advisors nor any other person shall have any liability whatsoever for loss howsoever arising, directly or indirectly, from any use of this information. The facts and information contained herein are as up to date as is reasonably possible and may be subject to revision in the future. Neither Bangkok Bank nor any of its directors, officers, employees or advisors nor any other person makes any representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this presentation. Neither Bangkok Bank nor any of its directors, officers, employees and advisors nor any other person shall have any liability whatsoever for loss howsoever arising, directly or indirectly, from any use of this presentation. This presentation may contain projections or other forward-looking statements related to Bangkok Bank that involve risks and uncertainties. Readers are cautioned that these statements are only projections and may differ materially from actual future results or events. All forward-looking statements are based on information available to Bangkok Bank on the date of its posting and Bangkok Bank assumes no obligation to update such statements unless otherwise required by applicable law. This presentation does not constitute an offer or invitation to subscribe for, or purchase, any shares of Bangkok Bank.