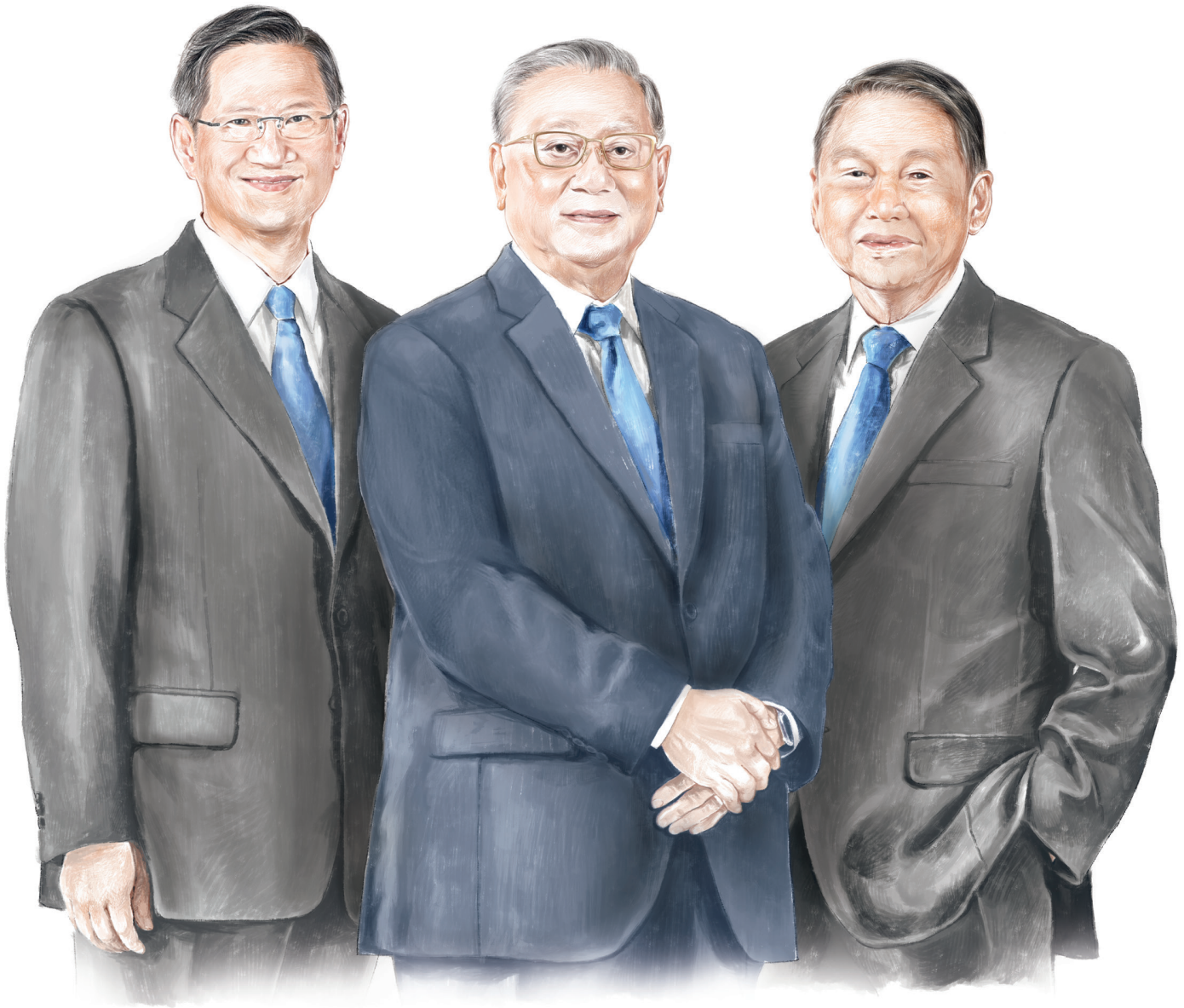


MESSAGE FROM THE CHAIRMAN, THE EXECUTIVE CHAIRMAN AND THE PRESIDENT

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*We seek to help customers and
communities thrive in our rapidly
changing world*

In 2019, we celebrated the Royal Coronation Ceremony of His Majesty King Maha Vajiralongkorn Bodindradebayavarangkun. He was given the title of His Majesty King Maha Vajiralongkorn Phra Vajiraklaochaoyuhua, the 10th King of the Chakri Dynasty, in a ceremony conducted according to Thai traditions. During the joyous and auspicious year, we also celebrated the royal wedding ceremony, together with the royal investiture of Her Majesty Queen Suthida Bajrasudhabimalalakshana.

OVERVIEW

The new government, which was formed following the March 24 election, brightened the outlook for private investment by committing to continuing key policies of the previous administration. Progress was made on important infrastructure developments such as the Bangkok-Rayong high speed train linking three major international airports, and the expansion of seaport and airport facilities in the Eastern Economic Corridor (EEC), which aims to serve as a gateway to the region and a special economic zone for high value-added industries.

The year also marked the 75th anniversary of our founding. Our success as a leading Thai and regional bank has been due to our commitment to serve our customers, supporting their financial needs and their business goals. In December we further reinforced our position as Thailand's most international bank by entering into an agreement to purchase an 89.12 percent stake in PT Bank Permata Tbk (Permata), the 12th largest commercial bank in Indonesia by total assets. The acquisition is expected to be completed by the third quarter of 2020. It will enable us to deepen our presence in Indonesia and take our strategy of regionalization to a higher level as a leading and well-diversified ASEAN bank.

In another major breakthrough we piloted the first trade finance transaction in ASEAN using Enterprise Blockchain, with a Letter of Credit (L/C) sent from Indonesia to Thailand. The L/C was digitized from end to end and the breakthrough reduced processing time and cut paperwork by more than half. In 2020 we expect to extend the service to other customers in Thailand and across the region.

We continue to add value to Thailand's ecosystem, increase financial inclusion and build a stronger, sustainable future

Our strategy for the year centered on **Creating Value** for customers and other stakeholders with a focus on three major themes: **True Friend**, **Digital Revolution** and **Ethical Banking**. This aligns with our long-term focus on regionalization, urbanization and digitalization – major trends that continue to shape our business environment.

OPERATING ENVIRONMENT

In 2019, the Thai economy faced a number of headwinds. The US-China trade war affected exports worldwide and fueled investor uncertainty while the Thai baht reached a six-year high against the US dollar, dampening Thai exports and inbound tourism. Small and medium enterprises (SME) faced increasing competition from lower-cost foreign imports and domestic demand was constrained by high debt levels. These and other factors contributed to a slowdown in economic growth in Thailand which fell from 4.21 percent in the previous year to 2.46 percent.

However, every challenge presents an opportunity. As a result of the US-China trade war, investment inflows increased from China into Thailand as well as to countries such as Vietnam and Indonesia. Thai government investment incentives also helped attract Chinese companies affected by trade disputes. We were able to support potential investors through our international network covering nine economies in ASEAN as well as major trading partners such as China, Hong Kong, Taiwan, Japan, the US and the United Kingdom.

2020 is shaping up to be another challenging year with the outbreak of the Coronavirus Disease 2019 (COVID-19) which is severely affecting the Chinese economy and Thai travel industry. However, monetary policy easing and public policy continuity, including the implementation of infrastructure projects in the EEC, mass transit systems in Bangkok, and high-speed railways, will support public investment and underpin private sector sentiment. Over time, some production may be relocated to Thailand due to changes in global supply chains resulting from the US-China trade war, particularly in sectors such as electronics and automotive parts, and we are supporting our customers as they respond to these changing trends.

Despite the lower economic growth in 2019, the Bank's net profit rose by 1.4 percent to Baht 35,816 million, representing earnings per share of Baht 18.76. Total capital amounted to Baht 478,740 million, representing a total capital adequacy ratio of 20.0 percent. The Bank continued its prudent approach towards financial management, maintaining capital reserves and liquidity at strong levels to ensure the Bank's financial sustainability. The low interest rate environment encouraged many customers to issue bonds to lock in attractive rates and increase their liquidity. Bangkok Bank also issued 15-year Subordinated Notes qualified as Basel III compliant Tier 2 capital amounting to USD 1,200 million. This will help to provide us with a balanced capital structure.

We strengthened our credit risk management, especially the lending process, and developed information technology, ahead of adoption of the Thai Financial Reporting Standards No.9 (TFRS9) "Financial Instruments" on January 1, 2020.

CREATING VALUE

As a **True Friend** we seek to support our customers throughout the different stages of their life journeys. By combining digital and analytical tools with service delivered in line with our core purpose of "puen koo kit mit koo baan" (aspiring to be a trusted partner and reliable close friend), we can deepen our understanding of customers, improve their banking experience and develop innovative services to support the needs of all customer groups.

Urbanization is also affecting the consumer landscape and we are increasing our specialist advisory services in areas such as bancassurance, home loans and wealth planning, so we can help our customers achieve a more comfortable and secure financial future.

We are working with our customers to provide solutions that add value to their businesses and integrate with their ecosystems, including their customers, supply chains and partners. For example, we developed a payment solution for a major logistics company to better serve its cash-on-delivery customers, reduce its costs of handling cash and enable it to more easily reconcile payments. We also provided a credit line for its e-Commerce customers.

As regional integration gathers pace, we have been helping our customers explore regional growth opportunities. Increasingly they are expanding their operations across different ASEAN markets, drawing on the local knowledge, experience and specialist skills of our International and Corporate Banking groups. To support this trend and provide seamless service across different markets we have been developing our IT systems to support international banking.

As the **Digital Revolution** continues to transform lifestyles and businesses, our Innovation Department has been developing our Artificial Intelligence (AI) and machine learning capabilities including constructing a next generation data lake, which will enable us to both collect more diverse types of data and gain deeper insights from them. We successfully completed Season 2 of Bangkok Bank InnoHub, our technology startup accelerator program. This season focused on working with startups with a track record and resulted in the development and piloting of new services, such as digital commerce and cloud accounting for SME as well as AI-powered automation services. Through such innovations we can provide more value-added services to our customers and improve our own efficiency.

We are upgrading our mobile banking, cash management and transaction banking platforms as well as our back-office systems where we are changing from paper documents to using electronic documents and using cloud-based solutions to further improve

efficiency, convenience, stability and security. The enhanced Bualuang mBanking mobile application will be launched in early 2020. It will provide a rich customer experience on a dynamic platform which will be regularly updated with new features, functions and services to suit customers' evolving lifestyles. The first phase of our upgraded cash management and transaction banking platforms is expected to be completed in 2020 and will deliver value to our clients across all aspects of their business, from dealing with suppliers to distribution of products and services to customers.

These efforts are helping develop a stronger innovation mindset in our staff and business units. We also expanded our digital learning platform and rolled out new technologies within our organization in 2019, so our teams are equipped with advanced tools that serve the needs of contemporary, increasingly digitalized, customers.

Ethical Banking is a core value consistently driven by our leadership at Bangkok Bank. We strive to continually strengthen good governance, social responsibility and sound environmental practices. We are establishing guidelines for responsible lending as part of our commitment to sustainability and working closely with corporates and businesses to help them strengthen their ethical business practices. We also collaborate with regulators and other stakeholders in areas such as the National Digital ID (NDID), Project Inthanon – the use of Distributed Ledger Technology (DLT) for interbank lending – and facilitating cross-border payments using a standardized QR Code. As part of our commitment to financial inclusion we introduced a new credit service for micro enterprises and held a workshop for visually impaired people to help them to use mobile banking services.

These initiatives will help create a sound financial future for Thailand and increase the country's ability to respond to trends such as digital banking, urbanization and regionalization. We are also committed to expanding financial inclusion by making it easier for people to access, apply for and use digital financial services.

LOOKING FORWARD

Our long-term goal is to be a digitalized data-driven organization that generates and analyzes rich data and provides deep insights from it. This will enable us to personalize services to meet the needs of each customer while maintaining the human touch and sharing of knowledge. Beyond banking, we seek to help customers and the communities in which we operate thrive in our rapidly changing world.

We will continue to add value to Thailand's broader ecosystem, increase financial inclusion for people and micro enterprises, contribute to efforts to protect the environment, and strengthen the digital skills of people and businesses, thereby playing a part in building a stronger, sustainable future for Thailand.

We wish to thank all our stakeholders for their continued support and cooperation. We look forward to continuing to create value for our customers while building on our strong foundations to achieve sustainable growth and stability.



Piti Sithi-Amnuai

Chairman



Deja Tulananda

Executive Chairman



Chartsiri Sophonpanich

President