

+ MESSAGE FROM THE CHAIRMAN, THE EXECUTIVE CHAIRMAN AND THE PRESIDENT



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From left to right : Deja Tulananda, Piti Sithi-Amnuai, Chatsiri Sophonpanich

We are committed to creating sustainable value and helping our customers succeed.

The year 2019 began with the auspicious news of the upcoming Royal Coronation Ceremony of His Majesty King Maha Vajiralongkorn Bodindradebayavarangkun, which will take place between May 4 – 6. This royal event will be conducted in accordance with royal traditions marking the King's ascension to the throne, and will be an occasion of joy for the Kingdom of Thailand and all its people.

The Passing of Mr. Chatri Sophonpanich

The loss of our Chairman Chatri Sophonpanich in June 2018 was an event of great sadness for the Sophonpanich family, the Bank's Board of Directors, executives and staff. His passing was also keenly felt by the wider local business and foreign communities touched by his wisdom and compassion. During his 12 years as President and 18 years as Chairman, Mr. Chatri oversaw changes that strengthened Bangkok Bank and set the course for quality growth. He introduced improvements to the Bank's systems, including computerizing its operations, and enhanced the management team as well as the Bank's governance. Thanks to his vision, the Bank's international network was expanded to help our customers grow and that strengthened the foundations for our position today as a leading regional bank. His unwavering commitment to be a trusted friend to customers, staff and shareholders, along with his strong leadership through good times and bad, will be his enduring legacy for generations.

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2018 Operating Environment

Thailand's GDP in 2018 increased by 4.1 percent, compared with 4.0 percent in 2017. Although overall domestic demand remained solid, the export and tourism sector weakened in the second half of the year against the backdrop of the global trade slowdown and uncertainty over US trade policy.

Benefiting from our position as a leading business bank with a comprehensive international network and strong retail franchise, we reported a net profit of Baht 35.3 billion, representing earnings per share of Baht 18.51. Our lending rose by 4.0 percent, while deposits grew by 0.7 percent.

We continued our prudent approach towards financial management in 2018, maintaining liquidity and capital reserves at appropriate levels to cope with market uncertainties, support future business expansion, and ensure our financial sustainability. In September, we issued USD 1.2 billion in senior unsecured notes, as a part of an overall financing strategy which allows us to diversify our sources of funding towards longer-term stable USD funding.

In 2019, Thailand's economic growth is expected to moderate to 3.8 percent on the back of slower exports amid several external challenges. However, increased public investment and the general election are expected to stimulate business and consumer confidence.

Longer term, the foundations of our economy are shifting as businesses respond to the megatrends of regionalization, urbanization and digitalization which are having a transformative effect on the lives and businesses of our customers and guiding our strategic direction.

Customers from both Thailand and our international network are establishing, or extending, their operations in the ASEAN Economic Community (AEC) by entering new markets, setting up manufacturing facilities, and building supply chains. With 16 of our 32 international locations in ASEAN, we are able to leverage our international network and expertise to help them achieve their regional ambitions.

Similarly, we are helping our domestic and international customers access opportunities in infrastructure development projects and high-potential industries in Thailand, particularly in the Eastern Economic Corridor (EEC). This includes investing in industries benefiting from urbanization. With customers' incomes growing and their needs changing due to increasing urbanization, we are extending our financial management services for all customer segments.

Embracing New Technologies

The digital revolution sweeping Thailand and the world means people are increasingly managing their lifestyles online, and the financial services sector is responding accordingly. At Bangkok Bank, in addition to digitizing our transaction services, we are using different kinds of technologies to connect with our customers, while using Big Data analytics to gain a better understanding of their needs so we can create better value for them.

We have established an Innovation Department to support our goal to be an innovation leader and center of excellence through research and development in financial technology, including building in-house digital capability. The team's focus on areas such as Big Data and Artificial Intelligence (AI) will improve our back office systems and ultimately the quality of the experience we can offer our customers.

We are working with global partners to develop services using Distributed Ledger Technology (DLT) and we are already piloting trade services using DLT with some of our major customers. These technologies will complement our existing services and more efficiently connect our ASEAN customers to global trade flows, reinforcing our position as Thailand's leading trade finance bank.

In addition, we are working with FinTech startups to develop innovative products and services for our customers and to deliver internal process improvements. A highlight has been Bangkok Bank InnoHub Season 2, the second year of our accelerator program, which is focusing on five major themes: creating unique customer experience, digitization and automation, future SME solutions, innovative payment, and discovering cutting-edge technologies.

Sustainable Banking

We deliver greater certainty in an uncertain world by going beyond providing a safe haven for savings and investments to generating deep insights into global, regional and local trends and identifying how they might affect people and businesses in Thailand.

In line with our motto “puan koo kit mit koo baan” (aspiring to be a trusted partner and reliable close friend), we are committed to creating sustainable value and helping our customers succeed by providing them with tailored products and services that meet the highest standards of operational excellence, ethical banking and social responsibility.

As the banking industry continues to rapidly evolve, we must also continue to anticipate the financial and lifestyle needs of our customers and be a friend on whom they can rely for relevant advice. Accordingly, we are upskilling our workforce by expanding our training programs, adopting new and agile ways of working, and providing more learning options to our staff.

We are supporting our customers and other stakeholders to adjust to the changing business environment by providing expert knowledge and support and broadening the reach of our financial services to more people and businesses, including micro enterprises.

At the same time, we remain focused on continually enhancing our corporate governance to ensure we conform with industry best practices in conducting financial business and to be in line with international standards, and that all our stakeholders are treated fairly.

Conclusion

We see our role as being much more than just a bank. We firmly believe we have a responsibility to help create a sustainable, more affluent Thailand by championing good business practices, technology and new ways of thinking to support the transformation of society – giving people and businesses the confidence and support they need to make the right decisions in a changing world.

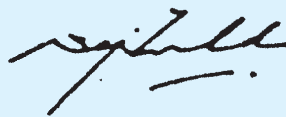
Accordingly, the Bank and all our people are responding to present and future opportunities and challenges by working collaboratively at all levels to create value, deliver sustainable financial performance, and serve our customers with passion.

On behalf of our fellow directors and executives, we would like to thank our customers, shareholders, business partners, management and staff for their loyalty and support in 2018.



Piti Sithi-Amnuai

Chairman



Deja Tulananda

Executive Chairman



Chartsiri Sophonpanich

President