

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

—

*We are committed to our core values and purpose aspiring to be a trusted partner and reliable close friend and to ensuring we live up to these values by helping people emerge stronger.*

—

**From left to right:**

Deja Tulananda, Piti Sithi-Amnuai, Chartsiri Sophonpanich

## Overview

We faced an unprecedented year in 2020 as the Coronavirus Disease 2019 (Covid-19) pandemic severely affected people, livelihoods, businesses and economies around the world. The human impacts of this global public health crisis were amplified by the public and policy responses implemented in various countries to limit the transmission of the disease and the corresponding economic damage from lockdowns, the closing of borders and the reduction in trade and exports.

In Thailand — which has been quite effective in controlling the Covid-19 situation thanks to steadfast responses from the public, business and government — working people, SME and companies operating in the tourism and hospitality sectors, and related supply chains, have been hardest hit by the fallout from the pandemic.

Our thoughts go out to all customers in Thailand and across our network as well as related parties who are facing challenges as a result of the pandemic. We will strive to help them overcome these difficulties and to develop the robustness and resilience needed to emerge from the recovery in a stronger position. The Bank is committed to our core values and purpose — notably, “puan koo kit mit koo baan”, aspiring to be a trusted partner and reliable close friend — and to ensuring we live up to these values by helping people emerge stronger.

We completed our landmark acquisition of PT Bank Permata Tbk (PermataBank) in Indonesia in May 2020 with our stake in PermataBank rising to 98.71 percent after conducting a mandatory tender offer in October. This was the largest international acquisition by a Thai bank, and a move that further strengthened Bangkok Bank’s position as having the largest network of overseas branches of any Thai bank. Bangkok Bank Indonesia’s branch offices, staff and customer base officially integrated with PermataBank in December. This investment enables Bangkok Bank to render more extensive banking services in Indonesia and our customers to access enhanced business opportunities. It will also connect PermataBank with our regional and international networks and help its customers explore growth opportunities outside of their home market.

## Creating Value Together

**Creating Value Together** is an essential factor to move forward because we believe that collaborating with each other provides us with the greatest opportunity to overcome our challenges. As a trusted partner, we are ready to create value for customers by focusing on the following three sub-themes:

**Puan Koo Kit / Trusted Partner** Bangkok Bank has always focused on building long-term, trust-based relationships with our staff, customers and other stakeholders. We have prioritized the health of our employees and customers throughout the crisis and implemented enhanced health and safety protocols as well as split teams in split sites and work from home policies. Furthermore, our people have made every effort to stay close to customers, understand their business challenges and provide them with advice and the financial support they need to navigate the crisis. We have worked with the government and related agencies to provide support measures to retail and business customers that included loans to businesses affected by the pandemic under the Bank of Thailand’s soft loan scheme. We have also made donations to a number of government hospitals to support their initiatives to combat Covid-19.

**Regional Expansion** We have leveraged our position as Thailand’s leading international bank to help business clients seek growth opportunities across Southeast Asia. The acquisition of, and integration with, PermataBank will enable us to connect clients with more opportunities in Indonesia, the region’s largest economy and one of the fastest growing economies in the world. We have also strengthened our position in other key markets, such as Vietnam, where we helped facilitate significant investments in the renewable energy sector among other activities, as well as China. As the Covid-19 situation eases, business opportunities in Southeast Asia will become even more attractive. This is consistent with our commitment to supporting the business expansion and diversification of supply chain risks among customers and investors in the region.

*To meet customer's needs, we are accelerating  
our transition towards being a digital bank  
and data-driven organization.*

**Digital Transformation** The pandemic has accelerated the digitalization of many banking services, as well as other internal processes. Customers are increasingly using digital and cashless banking and payment services rather than visit a branch or other physical touchpoints as digital adoption has surged in Thailand. To meet these needs, we are accelerating our transition towards being a digital bank and data-driven organization. Highlights during the year included launching our new mobile banking platform, Bangkok Bank Mobile Banking, using enterprise blockchain to send a digital letter of credit for a trade finance customer from Vietnam to Thailand, developing a chatbot in the Thai language that specializes in the financial sector, and using facial recognition for new account opening.

Internally, we continued to deploy and expand our portfolio of digital tools to help staff provide the highest level of service to customers. This included providing our people with the support they needed to work flexibly and remotely during the lockdown. We advanced our use of artificial intelligence, machine learning and robotic process automation to accelerate and enhance many back-office processes. Ongoing development of our next generation Data Lake and other analytical platforms is aiding our transition to becoming a data-driven organization.

## Operating environment

Thailand entered recession in 2020 due to the combined effects of the pandemic, partial lockdowns, a freeze on international travel and a global economic downturn which had particularly detrimental effects on tourism and export-related industries. The tourism and export-related sectors were worst affected. These factors further dragged down an already sluggish domestic economy which was suffering from the fallout from the US-China trade war on Thailand's export-driven economy prior to the Covid-19 pandemic. However, there were positive signs of a recovery by year-end.

Despite the economic contraction in 2020, the Bank reported a consolidated net profit of Baht 17,181 million, including PermataBank's performance since the date of acquisition on May 20, 2020. In line with the Bank's prudent management philosophy, sufficient provisions have been set aside as a cushion against economic uncertainty resulting from the effects of the Covid-19 pandemic. As such, the Bank was able to maintain capital reserves and liquidity at appropriate levels to support financial sustainability and its ability to face challenging situations. This policy was supported by our issuance of US\$750 million in Additional Tier 1 Subordinated Notes that qualified as Tier 1 capital under Basel III regulations in September 2020, to strengthen the Bank's capital structure. As of December 31, 2020, the total capital adequacy ratio stood at 18.3 percent. We are Thailand's largest bank and the 6<sup>th</sup> largest in Southeast Asia by assets. The integration with PermataBank saw the contribution of international loans to total loans increase from 17 percent to 23 percent.

The Bank and its subsidiaries have adopted Thai Financial Reporting Standards No. 9 (TFRS 9) "Financial Instruments", a new accounting method in accordance with international standards, from January 1, 2020 onwards.

## Looking forward

While we are transitioning to the New Normal, Covid-19 is still with us and, as a result, 2021 will be another challenging year. We also need to remain aware that some of the challenges we previously faced — namely, digital disruption, trade disputes, and relocation of supply chains — have not gone away and will be compounded by the pandemic.

The arrival of Covid-19 vaccines and the start of inoculation programs in various countries provide cause for optimism as they will help reduce the spread of the disease. However, it will take several quarters before the vaccinations can help bring the virus under control and accelerate economic recovery, especially within the hard-hit tourism sector. In the meantime, it is imperative that we continue to act prudently to protect the health and safety of our staff, customers and other stakeholders and the viability of our clients' businesses.

As such, we will continue to focus on creating value together throughout 2021. We will stay close to our customers to better understand their business and financial needs to provide them with the best advice to navigate the crisis, adjust their operations and capture new growth opportunities. We will also focus on maintaining a high-quality portfolio and identifying new high-growth opportunities in various sectors.

We will continue to leverage our position as a leading diversified ASEAN bank to support regional financial integration and to help customers and investors benefit from growth opportunities across Southeast Asia's varied and high potential markets which are home to some 650 million people. Meanwhile we have accelerated our digital transformation to provide our people with the tools they need to support our customers and to develop new ways of working to make digitalization a success.

Bangkok Bank remains fully committed to ethical and sustainable banking principles. We are increasing our emphasis on environmental, social and governance (ESG), protecting the environment and shaping a sustainable future for all.

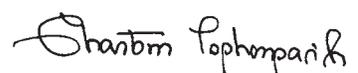
We wish to thank our customers, shareholders, business partners, management and staff for your trust and support. We remain optimistic about the opportunities in coming years to further strengthen our relationships and continue creating value together for the benefit of all stakeholders.



**(Piti Sithi-Amnuai)**  
Chairman



**(Deja Tulananda)**  
Executive Chairman



**(Chartsiri Soponpanich)**  
President