



# ne Bank One Goal

for Thais' Life-long Financial Well-being



Form 56-1 One Report 2021  
TMBThanachart Bank Public Company Limited



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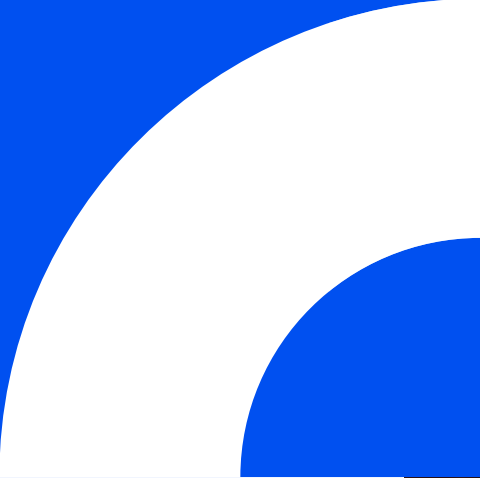


# Vision

To become the recommended  
bank of choice by our customers

# Mission

To improve our customers' life-long  
financial well-being









# Message from the Chairman of the Board of Directors

2021 was a year in which the world, including Thailand, remained afflicted by the prolongation of the COVID-19 pandemic, posing a significant challenge to the country's already slowing economy. However, TMBThanachart or ttb has recognized the role of financial institutions in influencing the economy. It is critical to assist both retail and commercial customers in overcoming economic hardship together and to collaborate with all sectors to support activities that promote economic recovery. All of these efforts were the Bank's key priorities. At the same time, another bank's primary mission was to complete the planned merger of TMB and Thanachart Bank.

As a result of the merger, TMBThanachart has grown significantly in asset size, customer base, and financial transactions associated with Thai economy. Consequently, the Bank of Thailand announced TMBThanachart as one of the country's Domestic Systemically Important Banks (D-SIBs), which are critical to the country's financial stability and economic system. Additionally, the Bank's credit rating has been steadily increasing since the announcement of the merger in 2019 from three leading institutions: Moody's Investor Service, S&P Global Ratings, and most recently, Fitch Ratings, which announced an increase of one notch for TMBThanachart's long-term foreign currency rating from BBB- to BBB in 2021, reflecting the Bank's increased potential and strength after the merger.

Following the "Make REAL Change" philosophy, TMBThanachart is committed to improve the life-long financial well-being of Thai people. At the same time, the Bank has continuously adhered to and placed a high priority on prudent and transparent business practices that are consistent with the principles of good corporate governance and sustainability. Guided by good corporate governance policy, the Bank has consistently enhanced its tight internal control measures to adapt to ever-changing circumstances and comply with international standards. All of the Bank's efforts are crucial to its robust and sustainable growth and serve the best interests of all the stakeholders as a whole.

With its unwavering commitment, the Bank garnered numerous notable awards from a number of distinguished organizations, including the following:

- Ranked "Excellence" for "Good Corporate Governance" by The Thai Institute of Directors Association for the thirteenth consecutive year
- Selected for the Thailand Sustainability Investment (THSI) list by the Stock Exchange of Thailand for the fourth consecutive year
- Selected for the FTSE4Good Index for the sixth consecutive year
- Ranked No. 1 in the Bank's assessment in compliance with the Fair Finance Thailand guideline for the third consecutive year
- Received the Thailand Corporate Excellence Awards 2021 for Financial Management Excellence from the Thailand Management Association and the Sasin Graduate Institute of Business Administration of Chulalongkorn University

In terms of social responsibility, the Bank continues to put an emphasis on driving social initiatives. Last year, the Bank's activities turned to online platforms to keep on inspiring youth and communities in the midst of the COVID-19 crisis. Among the Bank's activities was the fai-fah learning centers, which shifted to online classes for youth to learn art and life skills. Meanwhile, to maintain community engagement in the face of the pandemic, ttb volunteers worked with communities to help transform them toward sustainability through online consultations and other means.

Lastly, I would like to express my gratitude to shareholders, customers, business partners and all of our stakeholders for their continued support, particularly during challenging times last year. I believe that the potential and strength of TMBThanachart's successful integration, combined with the steadfast commitment of all management team members and employees to Make REAL Change, will serve as a critical driving force in enhancing services and delivering financial solutions and innovations that cater to each customer throughout their life journey, with the ultimate goal of improving life-long financial well-being of Thai people.



Mr. Ekniti Nitithanprapas  
Chairman of the Board





# Message from the Chief Executive Officer

Throughout 2021, the COVID-19 pandemic has continued to persist with broader impacts. However, since the first outbreak in 2020, we have witnessed sustained efforts from all sectors joining forces to solve problems, mitigate impacts and assist those in hardship. Notably, we have observed acceleration of adaptation and steadfastness in the face of a longer-lasting crisis than expected.

So did TMBThanachart; we are entirely committed to changing our ways of working and increasing efficiency so that the COVID-19 situation does not constrain nor affect customer services, corporate social responsibility activities through fai-fah program, as well as the integration mission. We recognize that the Bank's successful merger is an opportunity to fully synergize and leverage the strengths of both banks, which is instrumental in strengthening the Bank's continued commitment to customers, shareholders, employees, and society.

## One Bank, One Goal

The integration mission began in 2020 with a series of reorganizations and reinforcement of management teams and employees from both banks to serve a business that has grown double in size. Subsequently, the service channels of the two banks were integrated. And in the last six months of the integration plan in 2021, the new bank and new brand were launched concurrently with system integration and the database migration of retail customers, which accounted for the largest customer segment and was the most challenging procedure.

In the midst of COVID-19 pandemic, the safety of our customers and employees has become one of the top priorities of the Bank's merger mission. We enhanced safety measures at our branches to ensure customer safety while expanding and optimizing online service channels to meet an increasing usage and assisting customers in need of financial assistance.

In terms of employee welfare, the Bank expedited work system enhancements that enabled employees to work from home at the highest possible rate. Other efforts included vaccine procurement, insurance welfare benefits and care for COVID-19 infected employees. For frontline customer service staff and those involved in the integration processes, the Bank made significant actions to alleviate the workload burden and created a safer working environment to reduce the risk of COVID-19 infection, such as separation of operating areas, provision of an alternative working location with full accommodation and Bubble and Seal working facilities.

Despite a number of challenges and constraints imposed by the COVID-19 situation, our employees were determined and motivated to overcome impediments and achieved the mission of integrating two banks as one on July 5, 2021, as planned. Under this mission, the Bank successfully merged two banks' databases, as well as migrating the databases of 4 million customers, a loan base of THB 620 billion and a deposit of THB 470 billion from Thanachart Bank to the TMBThanachart system. Furthermore, the Bank enhanced its efficiency after the merger by reducing IT systems and applications of the 2 banks from over 600 to 290 systems and applications. And with the addition of more than 8,000 employees from Thanachart Bank, TMBThanachart now has a total of over 15,000 employees who are essential forces in delivering better financial experiences to over 10 million customers through over 600 branches, ttb contact center 1428, ttb internet banking and the newly-streamlined ttb mobile application.

With strong potential of the new merged bank and significantly increased importance to the country's financial system and economy, the Bank of Thailand announced shortly after the successful integration that TMBThanachart is identified as one of the Domestic Systemically Important Banks (D-SIBs). Additionally, the Bank later received a credit rating upgrade from Fitch Ratings.

## Prudent Business Operations for Future Quality Growth

With the commitment to all stakeholders and being one of the financial institutions critical to the country's financial and economic system, throughout the COVID-19 crisis, TMBThanachart has adhered to prudent business practices and avoided aggressive growth during unfavorable economic circumstances that could entail greater risks than at time of normal business environment. This is to preserve the Bank's financial strength and resources for future quality and sustainable expansion.

With this direction, the Bank therefore prudently grew new loans in 2021, with a focus on low-risk secured lending, namely home loans and hire purchase, which are the Bank's areas of expertise and we are one of market leaders. At the same time, the Bank continuously enhances loan portfolio quality by providing proactive solutions and de-risking weak loans.

As a result of such a direction, the Bank reported total loans of THB 1,372 billion at the end of 2021, which declined 1.5% from 2020. Although loan growth was slowdown, loan portfolio quality was improved in terms of both diversification and staging. This can be indicated by the diversification of loan portfolio to retail-secured loans. And for loan staging, the combination of outstanding stage 2 loans and stage 3 loans reduced by approximately THB 7 billion or 4.4% from the previous year. On the deposit side, the deposit balance was THB 1,339 billion, which dropped 2.5% from 2020 as a result of a decrease in term-deposit balance from deposit optimization post-merger and liquidity management amid a slow loan growth environment.

In terms of the operating revenue, the Bank realized the benefits of the balance sheet synergy from deposit and loan optimization post-merger as planned. Nevertheless, due to rising pressure from the COVID-19 situation, operating revenue declined 5.5% from previous year to THB 65,537 million.

In such a revenue-constrained environment, cost efficiency was greatly crucial. The Bank executed strong cost discipline and realized the cost synergy from reducing overlapping costs between the two banks on top of boosting operational optimization. As a result, despite additional expenses incurred from the integration, operating expenses were not accelerated. Operating expense was THB 31,219 million, a 3.0% decrease from the previous year.

And because the asset quality was managed in accordance with the target, the expense provision was not accelerated and remained at THB 21,514 million, which was slightly lower than in 2020 at THB 24,831 million. However, it was still at a higher level than normal and sufficient to support risks. As a result, the net profit of 2021 was THB 10,474 million, increased 3.6% from 2020.

Although the Bank continued to focus on a conservative business strategy in 2021, we have worked diligently to enhance business potential and competitiveness for future growth. Our efforts included establishing business partnerships through an acquisition of a 10% stake in Thanachart Insurance and Thanachart Securities, as well as implementing digital technology to develop new products and services that will be rolled out in 2022.

#### **One Goal for Thais' Life-long Financial Well-being**

The COVID-19 crisis has highlight financial fragility issues for many of Thai people. And that underscores the importance of our goals: that is, to improve Thai people's life-long financial well-being.

Thus, moving forward, TMBThanachart remains steadfast in the responsibility to raise awareness and educate Thai people about the importance of financial literacy. The Bank also determines to fully leverage great potential from the merger to continuously create financial solutions that improve customers' financial well-being across all dimensions, including Mindful Spending & Start Saving, Healthy Borrowing, Investing for Future, and Sufficient Protection.

Lastly, I would like to thank all of our customers and shareholders for supporting us along our journey of transformation and growth. Additionally, it is indispensable to recognize every one of our employees for their collaborative efforts in shaping TMBThanachart into an organization with full potential and ready to Make REAL Change for Thai people.



**Mr. Piti Tantakasem**  
**Chief Executive Officer**









# One Bank One Goal

## for Thais' Life-long Financial Well-being

From the signing of a non-binding Memorandum of Understanding on a merger between TMB and Thanachart Bank on 27 February 2019 to the 18 months of preparation for consolidation under challenging COVID-19 pandemic circumstances, the integration operations continued unabated as all TMB and Thanachart Bank employees joined forces and worked collaboratively to accomplish the milestone task of integrating the two banks. On 5 July 2021, the merged bank began its very first operational day as TMBThanachart Bank Public Company Limited or TMBThanachart, with ttb as the Bank's logo. Following the integration completion, TMBThanachart Bank has been designated as one of Domestic Systemically Important Banks (D-SIBs) according to the announcement of the Bank of Thailand, marking a significant consolidation milestone of the two entities into "One Bank" that is truly committed and strive to improve the financial well-being of its customers as an ultimate "One Goal".



ให้ชีวิตการเงินดี  
ทั้งวันนี้และอนาคต



"TMB" and "Thanachart" are words that reflect financial institutions that have been steadfast and long sided with the Thai people. The merger is the result of the strong will to combine unique-yet-complementary strengths of both banks, bringing each aspect of prominence into a larger and stronger bank under the name

# TMBThanachart

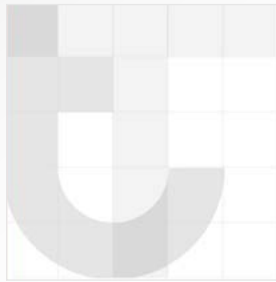


เปลี่ยน...  
เพื่อให้ชีวิตคุณดีขึ้น



"TMBThanachart" or ttb, with determination to Make REAL Change by delivering tangible results through the core mission of improving the financial well-being of all Thai people.

The Bank's commitment is reflected in the ttb logo, which is entirely composed of lowercase letters and comprised of two "tt", one from TMB and the other from Thanachart and one "b" from the word Bank.



TMB



Thanachart



Bank



All three letters are connected together as a symbolic gesture of moving forward. It also signifies TMB and Thanachart synergizing to grow and progress while siding with customers throughout their life journey. And with no square angles obstructing our commitment, we can provide financial products, services, solutions, and experiences that satisfy the needs of the Thai people. And we intend to keep the logo in lowercase letters to remind ourselves that even as we grow larger, we will stay with the people. We will always stand by their side to care for and improve the Thai people's financial well-being today and in the future.

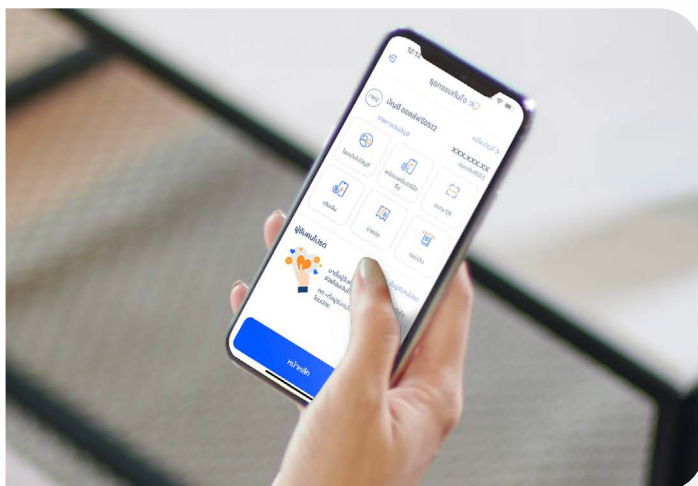
And as a result of the integration of two banks, customers will have a better financial experience than ever before through a comprehensive range of products and service channels, all delivered in a brand new atmosphere and image that fosters a sense of caring with human touch and sincerity in serving our customers, as well as a sense that banking is no longer a far-fetched matter. Customers will have convenient and complete access to all banking channels through over 600 branches and over 4,000 newly designed ATMs/ADMs across the country and other digital service channels, including ttb touch mobile application, ttb internet banking and the website [www.ttbbank.com](http://www.ttbbank.com).



Branches with brand new design nationwide



Brand new design ATM/ADM

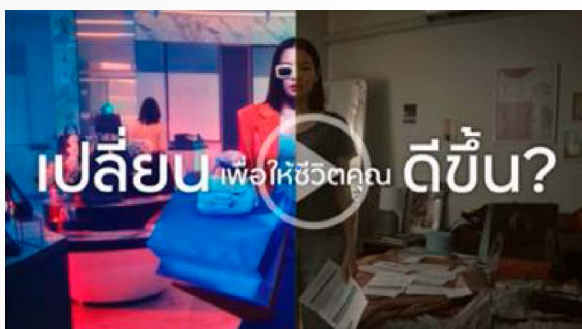




# We Change You Change

Let's Change Together

## The Mission to Help Thai People in Achieving Better Financial Well-being




Click the picture to watch a video

Following the merger completion, the Bank begins pursuing the mission of improving Thai people's financial well-being by enhancing its services and delivering financial solutions tailored to each customer's needs throughout their life journey by focusing on four important financial pillars: 1. Mindful Spending & Start Saving 2. Healthy Borrowing 3. Investing for Future and 4. Sufficient Protection. These pillars will assist individuals in establishing a solid financial foundation, including providing financial literacy to customers for prompt adoption, which will enable them to get through the economic downturn caused by the COVID-19 pandemic.

And in keeping with its significant goal, the Bank launched the campaign **"ttb Make REAL Change - We Change You Change"** through various public relations and media channels, demonstrating the Bank's sincerity and commitment to execute its obligations and exhibiting the Bank's intention to bring about change. This change, however, can only be sustainable if "you also change", which means that all customers must work together to truly improve their financial well-being.

## debt consolidation


To reduce interest burden

 Click the picture to watch a video



## cash2care


Lower interest rate when  
borrowed for necessary purposes

 Click the picture to watch a video



## no fixed


A saving account  
with high interest

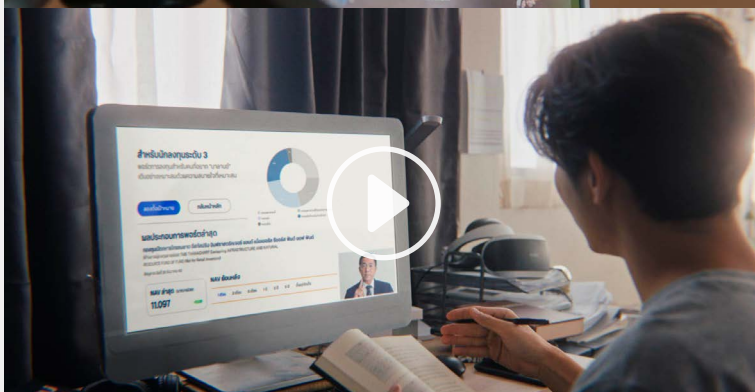
 Click the picture to watch a video



## smart port

Investment portfolio  
managed by experts

 Click the picture to watch a video



## all free

An account with  
free accident insurance coverage

 Click the picture to watch a video



The Bank is ready to provide care with expert advice on a broad range of financial solutions that adhere to the fundamental four financial pillars to improve customers' financial well-being.

## Financial Pillar: Mindful Spending & Start Saving

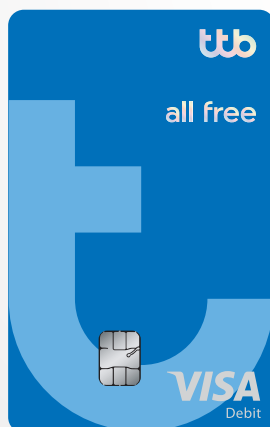



### ttb all free

#### Live your life like all free

Customer behaviors have dramatically shifted after the emergence of the COVID-19 pandemic. A series of changes are being made to stay up to the ever-changing circumstances. Savings and mindful spending have become crucial. The deposit account "ttb all free" is a revolutionary new type of bank account that can significantly cut down expenses and enable customers to live "all-around free lives." ttb all free continues to evolve in response to changing customer trends, introducing the "all free digital" debit card, which provides added convenience and agility for online spending without the need to carry a physical card, reducing contact exposure while also saving customers money, and achieving the value for money goal. With ttb all free, customers can enjoy complimentary perks, discounts, and cashback on all online purchases, including "free" online shopping insurance, special "discounts" on online shopping platforms, and 1% "cashback" of purchase prices in the form of wow points (1 wow equals THB 1). Wow points can be redeemed as digital monetary points, making online shopping more enjoyable and cost-effective than ever.

Additionally, the benefits of ttb all free helps Thai people save money through free welfare perks such as free accident coverage or no transaction fee, thereby enhancing their financial well-being.



 [Click here for more information](#)



## ttb credit card

### Make every spending matters

Everyone's lifestyle is unique, as are their financial goals. ttb has designed credit card products to fulfill the unique lifestyle needs of each individual.



#### ttb absolute

Designed for travelers who want to have a more fulfilling life and go above and beyond. Earn points 2X faster when shopping online, where customers can also benefit from a low conversion rate when shopping overseas as there is no 2.5% foreign currency exchange fee, on top of other superior privileges.



#### ttb so fast

Designed for dedicated point collectors, it offers reward redemption and life experiences. Earn points faster for every purchase. The more points you earn, the sooner you will receive your rewards. No entrance and annual fee.



#### ttb so smart

Ideal for spenders who enjoy everything value for money. Earn 1% cashback on all purchases, regardless of promotional packages. No entrance and annual fee.



#### ttb so chill

Ideally suited for individuals in need of financial liquidity. No charge for each 3% cash withdrawal. No entrance and annual fee.



[Click here for more information](#)

## ttb reserve

### reserving your infinite success

The ultimate exclusive credit card for high-net-worth customers, designed around their needs and aspirations to enhance every stage of their financial well-being, which includes the most advanced and new privileges, such as ttb reserve infinite and ttb reserve signature, with features aimed at extending their wealth endlessly under the concept of "Earn Fast – Burn Smart."

- Earn up to 180,000 additional points each year with no actual spending. Earn points faster by earning one point for every THB 10 spent and double points when shopping at online stores and leading hospitals.
- Redeeming points at a bargain designed to suit financial and lifestyle needs, such as receiving 1,200 baht in cashback when subscribing to a ttb mutual fund or redeeming 10,000 points for special gifts through the ttb reserve catalog.
- Earn benefits from credit card purchases, such as no 2.5% foreign currency conversion fee and discounts and privileges from leading hospitals.
- Take advantage of financial benefits such as financial advisor services for tailored investments and fees at special rates.



[Click here for more information](#)

# ttbreserve




## Financial Pillar: Healthy Borrowing

### ttb debt consolidation

Unlock your burden, unleash your life

TMBThanachart is keenly aware of the Thai people's current economic predicament. As a result, we have developed a series of debt management solutions that address financial needs under the concept of "Healthy Borrowing" by leveraging assets such as home, car, or invoice of expenses into a single loan via debt consolidation through several solutions, such as **ttb cash your home**, **ttb DRIVE cash your car**, and **ttb cash2care**. These solutions are designed to reduce interest rates, make monthly installment payment more manageable resulting in debt relief in a timely manner, and create financial liquidity to improve your financial well-being today and in the future.

 Click here to apply online




## Financial Pillar: Investing for Future

ให้โอกาสผลตอบแทนเติบโต  
ใครก็ทำได้ตามเป้าหมาย



ที่ก็มี สมาร์ท พอร์ต  
ลงทุนง่าย สบายใจ ใครก็ทำได้ผลตอบแทนดี



 Click here for more information

### ttb smart port

Invest easily and carefree. Take the opportunity to earn good return.

How to start investing for the future? This is the biggest question for anyone seeking to begin investing. Some believe it is difficult to achieve because it needs a lump sum of money to invest or be afraid of taking on too much risk, which results in delayed investment. We have developed a new investment solution, "ttb smart port," that makes investing "easy and carefree with the opportunity to earn good return." Consumers can invest as little as one baht with the support of global fund managers such as Amundi Asset Management and Thanachart Fund Eastspring, which automatically curate and manage funds to help customers achieve their investment goals and improve their financial well-being.





## Total Financial Well-being Solution



### ttb payroll

#### Every month will be a better month with ttb payroll solution

In 2021, TMBThanachart is dedicated to improving financial well-being by providing unique advantages through its ttb payroll services. Customers can enjoy not only ttb payroll services, but also other solutions provided by the Bank that are meant to fit well throughout the customer's life journey under the concept "Every month will be a better month with ttb payroll solution." A series of comprehensive solutions include the following:

1. Increase liquidity with ultra-low interest rates ranging from 10.99% - 12.99% per year (depending on the customer's income level) on a ttb cash4good personal loan.
2. Save and spend smartly with ttb all free account that enables you to live your life like all free, including free accident insurance coverage up to THB 3,000 with unlimited claims, or earning wow points on financial transactions.
3. Invest your monthly salary in ttb smart port with an initial investment of as low as THB 1.
4. Enjoy coverage and up to 12% cashback when purchasing a designated non-life insurance product. Get 2% cashback on premium payments for tax reduction planning when purchasing insurance or a SSF/RMF mutual funds subscription.

Besides that, ttb payroll offers a rewards campaign called #happy16ดีดีใจ, in which wow points are worth more on the 16th of every month. For example, just 16 wow points can be redeemed up to THB 50 (from normally 50 wow points) when used at top brand e-marketplaces and stores, such as Shopee, Lazada, Lotus's, or the popular milk tea Kamu.

Additionally, the Bank offers extra privileges in the form of webinars designed to equip customers with useful and practical financial knowledge, such as Financial Literacy and Tax Talk 2021, in which the Bank's investment experts provide investment knowledge, insurance product recommendations, tax reduction strategies, and solutions tailored to each customer. ttb believes that financial literacy is the most vital part of achieving the life-long financial well-being.

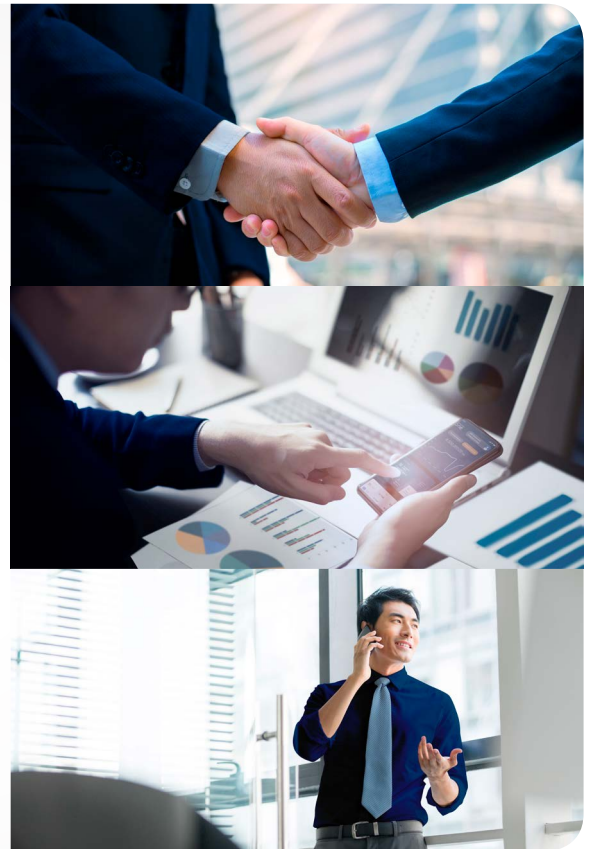


[Click here for more information](#)

# Corporate Banking and SME Customers

We are committed to being the trusted partner to drive our corporates and SME clients' businesses towards success and sustainable growth thru delivering services and digital solutions that helps our clients to achieve

- Sustainable and Sufficient Funding, both working capital and term loans, for our clients to expand their businesses and to achieve full-potential.
- Operational Excellence, solutions and services to elevate our clients towards operational excellence for both domestic and international businesses.
- Stakeholder's Financial Well-being, true financial well-being inclusive of employees and business partners as well as prudent risk management and investment.



## Financial Solutions for Corporate Banking Customer


### ttb business one

#### digital banking for business

ttb business one is the completed digital banking platform for corporate clients and SMEs, enables our clients to conduct the online transaction from one platform. ttb business one comes with global security standards and best financial-business management tools to help manage clients' businesses, regardless of its size, whether it's large-scale businesses or SMEs.

- ONE Platform: A single platform that shares the same experience in all devices such as computer, tablet and smartphone
- ONE to Control: A platform that can access full suite of payment and collection services both domestic and international transactions with a single log-in
- ONE to Command: A platform that all transactions can be viewed with a consolidated financial summary, approved in a single location and presented in Dashboard for you easy and convenient.



 [Click here for more information](#)



### **ttb pocketeer**

ttb pocketeer is an integrated sales platform or e-voucher platform developed to serve the needs and improve efficiency and competitive advantage for business segments such as hospitals, hotels, beauty parlors, and health centers. The system helps manage the sales process of e-voucher package from end to end, including buyer-seller front line, service appointment, and real-time payment validation. It allows businesses to extend sales channel to capture online demand using the company's own LINE OA with no system development cost. Not only save cost, the platform also allow businesses to expand customer based thru online channel easier and more convenient.

### **ttb one life business insurance**

ttb one life is the life insurance for business owner who has loan with ttb. It provides risk protection from disease, death and disability to your business and your family. The insurance covers the insured in case of severe critical illness diagnosed, death or totally disability that will help you and your business move on in difficult time.

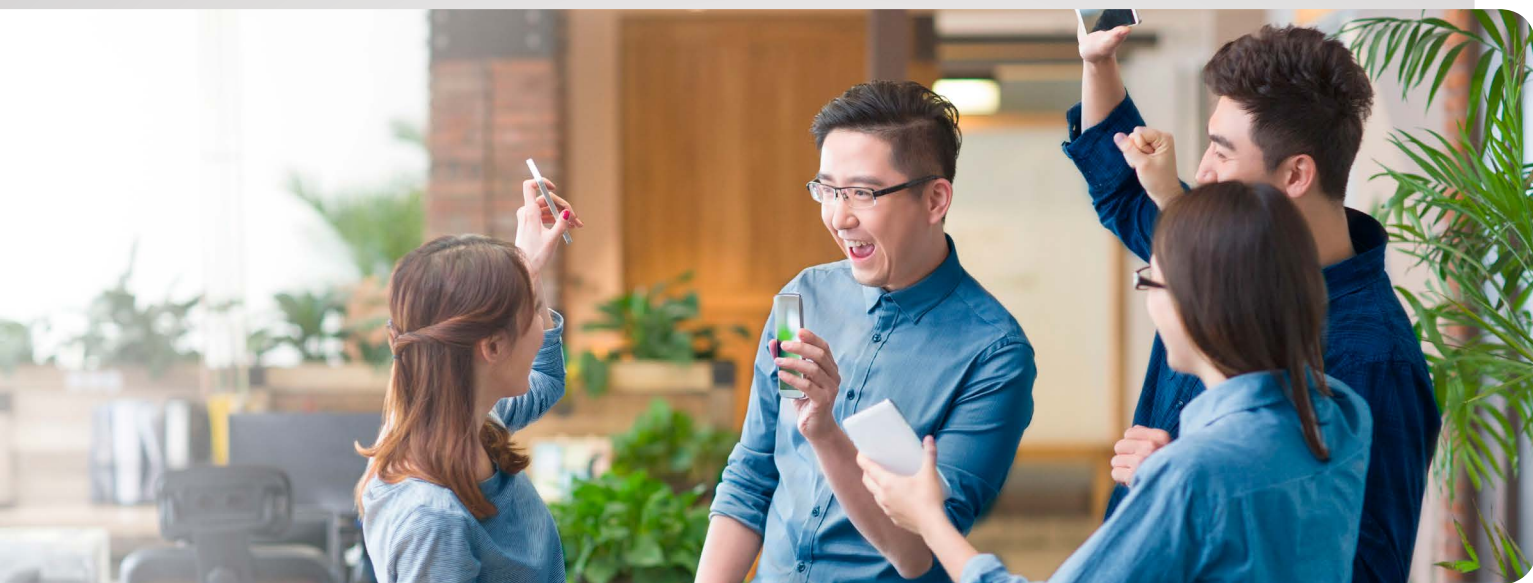


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## Financial Solutions for SME Customer



### ttb payroll plus

ttb payroll plus is the service which allows corporate clients and SMEs or employers to pay salary, allowance, and wages thru digital banking platform (ttb business one) 24/7. It also allows employees to choose accounts with any banks to receive their payroll. With ttb payroll plus, companies and employees will also benefit from extra 4- Plus special services.

- **Plus 1: Employee Benefit**

Employees can receive additional benefits such as accident insurance coverage, special interest rate from saving accounts and loan application and special offerings for employee's investment for using ttb account to receive payroll.

- **Plus 2: Group Insurance**

Business owners are eligible to purchase group insurance for their employees, which covers health and accident protection. For companies with 5 or more employees can take advantage of group insurance at a discounted rate, in addition to the monthly premium payment option.

- **Plus 3: Provident Fund**

Provident fund management service by experts provide long-term saving plan for employees. Thus, employees will have enough money to spend after retirement and get the tax allowance benefits.

- **Plus 4: Digital HRM**

Digital human resource management system. The system can record clock-in/clock-out time of employees and make the real time approval of leave request by mobile phone using face scan system. The system can generate monthly summary reports. It can calculate salary from leave data automatically.



[Click here for more information](#)





## ttb fleet card

ttb fleet card simplifies fuel cost control by allowing SMEs enjoy refueling, oil changes, and automobile service at participating gas stations nationwide, satisfying the demands of corporate customers.

- Enable expense limit control for gasoline cost, which customers can specify the type of gasoline and gas stations.
- Ensure cashless safety with card payments that require entering a pin code upon each usage, allowing you to track all of your expenses.



[Click here for more information](#)

## ttb online acceptance

ttb online acceptance is the collection service that provides an easy-to-use, one-stop solution for SME business needs. SME can receive money anytime, from anywhere, 24 hours a day, with notifications when the account balance is credited. As well as knowing the balance instantly. There are two key services under collection product family that help improve SME collection transaction to be simpler, more convenient, and faster.

### • ttb quick pay

ttb quick pay is the online collection services by sharing payment links with customers through SMS, email, or social media platform without the need for a website. Quick pay is user-friendly, convenient, and fast. It is designed for B2C online commerce, with merchants receiving payment for goods and services after the sales summary is submitted to the bank the next business day, with the report available for download via the Payment Gateway system.



[Click here for more information](#)

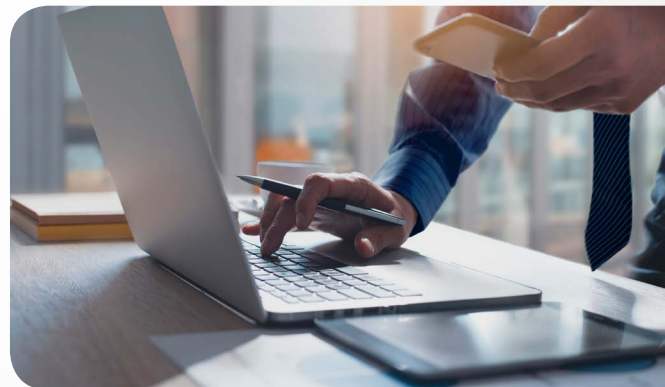


### • ttb digital invoice management

ttb digital invoice management solution aggregates invoices from the Bank's database and delivers them to corporate clients' and SMEs' customers via SMS or email, where their customers can pay using a debit card, a credit card, or a QR code. It is suitable for B2B businesses who need systematic and corporate-like invoicing or group invoicing where payment results are reported instantly, and proof of payment is delivered to partners.



[Click here for more information](#)




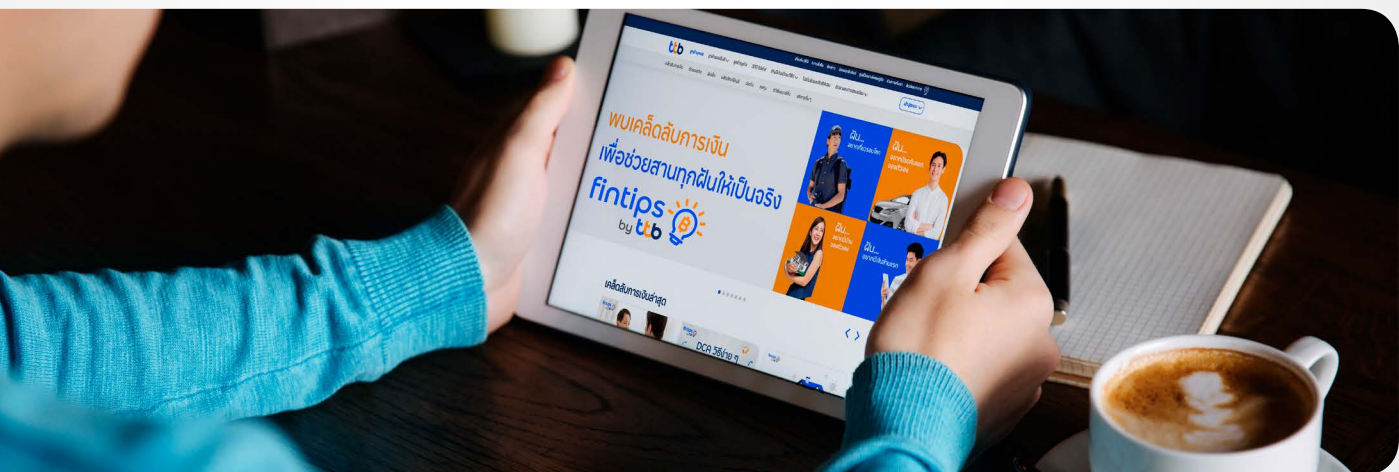
# Financial Literacy

Aside from delivering best-in-class financial solutions tailored to each customer's needs, another Bank's key mission is to provide individuals with all critical dimensions of financial literacy to improve their long-term financial well-being. The mission is to bolster financial strength immunity, which is crucial for establishing a sustainable life-long financial well-being in which customers can spend and manage their money sensibly. TMBThanachart has developed four digital platforms to promote financial literacy, making information accessible to a diverse population of customers in a simple and easy-to-use manner.

## 1. fintips by ttb


is a financial knowledge resource for Gen Y and younger generations on the Bank's website [ttbbank.com](http://ttbbank.com) and social media platforms, with practical financial solutions provided.

 [Click here for more information](#)



## 2. finfit with ttb


is an online community for anyone interested in living a financially healthy lifestyle. The community is established in a Facebook closed group as a forum for members to share their financial journeys and ideas to inspire members to make positive changes to achieve their life goals.

 [Click here for more information](#)



### 3. fin live & learn by ttb


is a financial literacy program for employees of businesses that utilize TMBThanachart's payroll and welfare services. The program provides users with active learning courses designed to promote behavioral change and customized courses for employees with distinct contexts of interest.

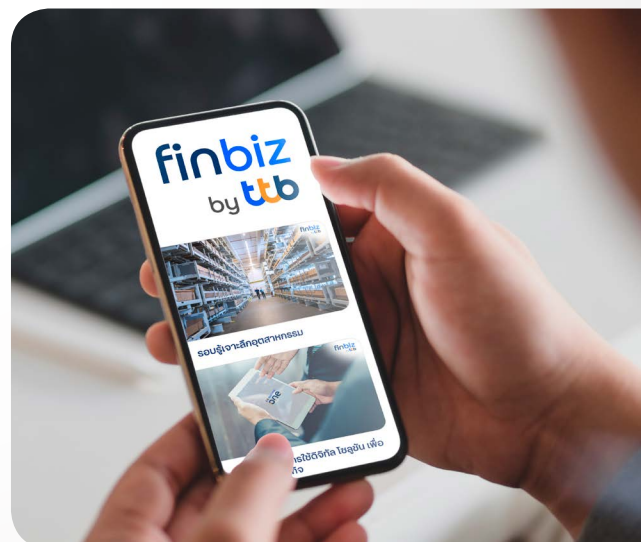
 [Click here for more information](#)



### 4. finbiz by ttb

is a program to enhance SME business knowledge through the concept **"All-in-One learning hub to learn, grow and thrive"** that empowers SMEs with in-depth content that delves into the context of each industry in the digital age. The content is also available across multiple platforms i.e., Website and Social Media. The program enables entrepreneurs to increase their knowledge, capability, productivity as well as help improving their company's financial health to cope with changes, adapt, and develop sustainably.

 [Click here for more information](#)





# Corporate Social Responsibility by TMBThanachart

## Let's Make REAL Change

### to Inspire Our Youths and Communities

The year 2021 was another year in which Thai society endured a crisis caused by the COVID-19 pandemic. Despite the challenges, TMBThanachart has continued to drive social initiatives to promote sustainability and positive change in Thai society, reflecting the "Make REAL Change" philosophy. "fai-fah" has always been the Bank's primary initiative for inspiring young children and community members to work together to overcome this year's crisis.



The meaning of **fai-fah**:

**fai** The power inherent  
in every child  
& community

**fah** The power of  
giving from  
ttb volunteers





## fai-fah for Youths

- o **fai-fah Learning Centers:** Rather than giving away free fish, the goal of all fai-fah learning centers is to teach youth to fish by encouraging community children aged 12-17 to spend their free time learning art and life skills at no cost. The program's goal is to inspire youths to use their newfound knowledge to better themselves and their families and create positive change in society. This year, all fai-fah learning centers have launched 3C strategies to inspire youths to work together to overcome the COVID-19 challenge. The 3C consists of the following:

  1. **Connect:** Ensure continued learning by adapting classes (such as art, singing, dance, guitar, and music band) to be entirely online during the COVID-19 pandemic, allowing fai-fah youths to continue studying during the temporary closure of fai-fah learning centers. Additionally, the learning centers offer a variety of activities designed to inspire children and teach financial literacy using an online platform, which keeps fai-fah youths involved in sharing experiences and participating in activities together during COVID-19 pandemic.
  2. **Care:** Provide care to community youths through do-it-yourself activities delivered to their homes via the fai-fah "Happy Box", which is stocked with equipment for activities that help build art skills and inspire creativity while staying at home, as well as the "Caring Box", which is filled up with basic medical supplies for children such as face masks and alcohol to keep them safe and "Lunch Box" to support fai-fah youth & families during crisis situation.
  3. **Contribute:** Spread positive vibes through fai-fah Art Fest 2021 in a virtual format to inspire youths to apply what they learn at fai-fah learning centers to sustainably enhance communities and society. By doing this, fai-fah youths will learn how to collaborate online and brainstorm ideas for creative presentations and give back to society in a variety of ways, including designing and producing products for sale using skills learned at the centers, or performing their artistic abilities such as singing, dancing, or sports in the form of video clips to the public online space and generating revenue to support several charities from such creative efforts.



- **Tae Young Thai by fai-fah ttb:** This initiative aims to cultivate social activities that promote the preservation of Thai identities by providing a space for young people across the country to gain knowledge while having equal opportunities to express their love and convey national identities through three online contest activities: Thai Etiquette Contest, Reading Aloud Contest, and Digital Painting Contest to compete for trophies bestowed by Her Royal Highness Princess Maha Chakri Sirindhorn and educational scholarships. This year, more than 2,000 youngsters from over 500 schools participated through the website. [www.เท่อย่างไทย.com](http://www.เท่อย่างไทย.com)

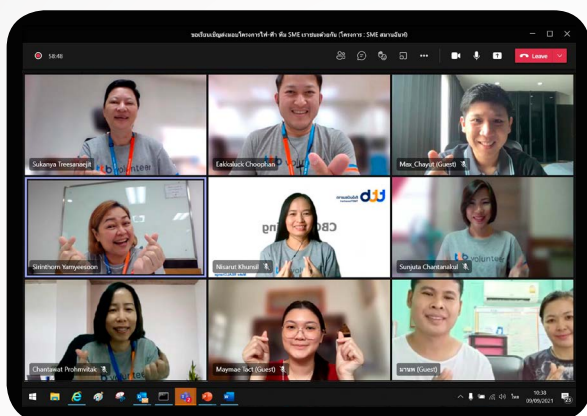


## fai-fah for Communities


- **Free Cooking Classes inspired by fai-fah ttb during COVID-19 pandemic:** It is a two-season special program that provides free culinary, sales, and entrepreneurial training classes to over 500 unemployed or affected due to the COVID-19 crisis. The program's objective is to encourage participants to develop the necessary life skills that will enable them to earn additional income through side jobs. Notably, participants will learn to be givers by leveraging the knowledge from the classes to support good causes in addition to being recipients.



- fai-fah for Communities:** It is the core fai-fah program that reinforces the philosophy of "Make REAL Change." This year, ttb volunteers continued to improve and sustain communities by offering a diverse range of expertise and abilities such as accounting and finance, brand building, product development, sales and marketing, and others to spark change and grow communities in the targeted areas via online volunteering approach due to the COVID-19 pandemic. Through six projects led by six teams of ttb volunteers, the program has evolved away from its three-month online volunteering program. The six programs are as follows: Creating Opportunity, Educating, and Raising Income for a Better and Sustainable Life at Sirisat Flat Community (Sriyan Soi 3) in Bangkok, Samannachan SME project at Samannachan Factory Community in Bangkok, Organic Agriculture and Happiness project at Inudom Community in Bangkok, ttb fai-fah for Community at Khonkaen 2 Hospital in Khon Kaen, Ajumma Salted Eggs and Coconut Milk at Quality of Life Development Community in Bangkok.



fai-fah by ttb is committed to moving forward to inspire the youths and communities in a sustainable way, reflecting our philosophy of Make REAL Change. More detailed information at: [www.ttbfoundation.or.th](http://www.ttbfoundation.or.th)

 [Click here for more information](http://www.ttbfoundation.or.th)



## TMBThanachart's Royal Kathin Robe Presentation 2021



In 2021, TMBThanachart Bank Public Company Limited was graciously bestowed by His Majesty King Maha Vajiralongkorn Phra Vajiraklaochaoyuhua to offer the Royal Kathin Robes to monks who have completed a three-month rain retreat at a Royal temple, Wat Pa Lelai Worawihan in Suphan Buri. TMBThanachart Bank has been granted the presentation of Royal Kathin Robes for the 15th consecutive year. This year's Royal Kathin Robe presentation, themed "One Great Charitable Cause Expands into More Than 100 Benignities," invited customers, partners, and employees to join a grand merit-making effort in which a single contribution can benefit over 100 sites for the common good. In 2021, donors collectively donated more than THB 19 million to Wat Pa Lelai Worawihan, where donations are given to 167 charities under the program "Punboon" to help charities affected by the COVID-19 crisis worth THB 9.5 million.

## The Annual Thai Red Cross Fair 2021



The Thai Red Cross Society is renowned for its prominent charitable role as a place Thai people turn for solace in times of difficulties. TMBThanachart contributed to this cause by selling 200,000 Thai Red Cross lottery tickets through the Bank's distribution channels and making a THB 6.5 million donation (TMBThanachart holds the third-largest organizational donor of over 40 organizations that donate to the Thai Red Cross Society in 2020). TMBThanachart offered a series of rewards to participants who bought the Thai Red Cross lottery tickets 2021. The Bank increased the number of prizes to 351, including a Mercedes-Benz C300 e AMG Sport valued at THB 2.7 million and 350 prizes of gold bars and necklaces.



# Awards for Annual Report 2021



## 1. Fair Finance Awards 2021

(Ranked No.1 for the third consecutive year)

Category : Rank no.1 Fair Finance assessment  
based on Fair Finance International Guideline  
By : Fair Finance Thailand

## 2. Thailand Corporate Excellence Awards 2021

Category : Financial Management Excellence  
By : Thailand Management Association  
(TMA) and SASIN

## 3. IAA Awards for Listed Companies 2020

Category : BEST CEO 2020\*  
By : Investment Analysts Association (IAA)  
\*Award announcement and ceremony was held in 2021

## 4. LinkedIn Talent Awards 2021 Thailand

Category : Best Employer Brand  
By : LinkedIn

## 5. The Asian Banker Thailand Awards 2021 ttb business one

Category : Financial Technology & Innovation Awards  
in Thailand  
By : The Asian Banker

## 6. Marketeer No.1 Brand Thailand 2020-2021 ttb DRIVE

Category : Auto Hire Purchase Loan  
By : Marketeer Magazine, the leading business  
and marketing media in Thailand

## 7. Moral Media Awards 2020 Fai-Fah online film

Category : Film  
By : Moral Promotion Center  
(Public Organization) and Thai Media Fund

## 8. ASEAN Energy Awards 2021

Category : Retrofitted Building  
By : ASEAN Centre for Energy (ACE)

## 9. Thailand Energy Awards 2021

Category : Energy Efficient Buildings  
By : Department of Alternative Energy  
Development and Efficiency

## 10. BSA Building Safety Award 2021

Category : Bronze  
By : THE BUILDING INSPECTORS ASSOCIATION

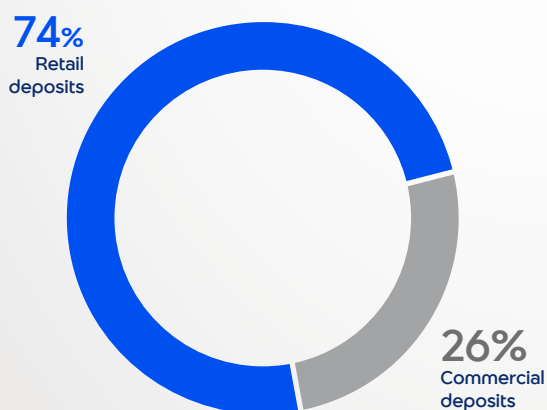
# Financial Highlight

Under fragile economic environment affected by Covid-19 epidemic, TMBThanachart maintained conservative business direction and continued to further improve deposit and loan portfolio quality. Our key objective was to preserve financial strengths for resuming quality growth once economic situation allows.

At the same time, we also focused on merger initiatives. With successful execution, we could capture synergy realization and completed the integration process as planned. Following the merger completion, TMBThanachart was announced as one of D-SIBs or Domestic Systemically Important Banks. This reflected the Bank's systemic importance to the country's financial stability and economy.

## Stable Deposit Structure

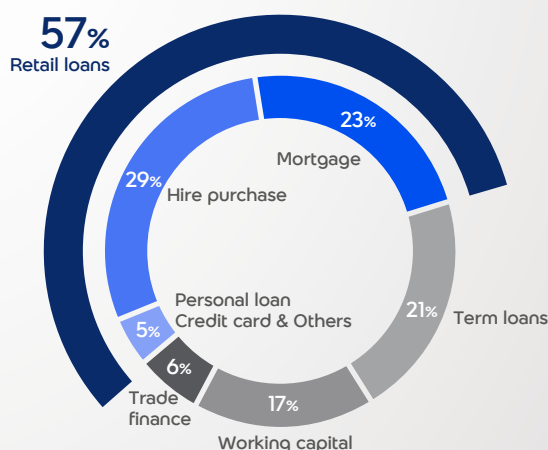
Deposits **THB 1,339** billion



High portion of retail deposit base which is a stable deposit source

## Diversified Loan Portfolio

Loans **THB 1,372** billion



Avoid concentration risk by leaning toward retail lending base, especially low risk-secured loans from mortgage and hire purchase



### Net Profit

**THB 10,474<sub>mn.</sub>**

**+3.6%**

Driven by the realization of balance sheet and cost synergies post-mergers, cost discipline and well-managed asset quality



### Robust Capital Base

High level of capital adequacy  
Capital Adequacy Ratio

**19.3%**

Tier 1 Ratio

**15.3%**



### High Liquidity Position

Reflected by high LCR of

**165%-185%**

through 2021



### Credit Rating Upgrade from Fitch Ratings

from **BBB-**  
to **BBB**

Credit rating upgrade after becoming one of D-SIBs, reflecting the Bank's potentials and stability from the successful merger



# Historical Financial Performance

TMBThanachart consolidated financial statement has included TBANK's financial performance results and its subsidiary, starting 4 December 2019 onwards.

## Consolidated financial statements

(Unit: THB million)

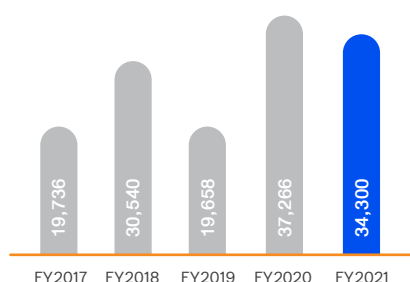
Selected statements of profit or loss and other comprehensive income items	FY2021	FY2020*	FY2019**	FY2018	FY2017
Interest income	64,239	72,320	39,837	35,128	34,713
Interest expenses	13,239	18,515	12,972	10,632	9,979
<b>Net interest income</b>	<b>51,000</b>	<b>53,805</b>	<b>26,865</b>	<b>24,497</b>	<b>24,734</b>
<b>Net fees and service income and other operating income</b>	<b>14,537</b>	<b>15,541</b>	<b>12,956</b>	<b>23,545</b>	<b>12,705</b>
<b>Total operating income</b>	<b>65,537</b>	<b>69,346</b>	<b>39,821</b>	<b>48,042</b>	<b>37,439</b>
Other operating expenses	31,219	32,177	20,674	17,475	17,792
Impairment loss on loans and debt securities	0	0	10,337	16,100	8,915
Expected credit loss	21,514	24,831	0	0	0
Income tax	2,327	2,223	1,588	2,866	2,004
<b>Profit for the year</b>	<b>10,477</b>	<b>10,115</b>	<b>7,222</b>	<b>11,601</b>	<b>8,728</b>
<b>Equity holders of the Bank</b>	<b>10,474</b>	<b>10,112</b>	<b>7,222</b>	<b>11,601</b>	<b>8,687</b>
<b>Non-controlling interest</b>	<b>3</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>41</b>
Total other comprehensive income for the year, net of income tax	-274	309	1,287	-48	164
<b>Total comprehensive income for the year</b>	<b>10,203</b>	<b>10,424</b>	<b>8,509</b>	<b>11,554</b>	<b>8,892</b>
Basic earnings per share (THB/Share)	0.1086	0.1049	0.1485	0.2646	0.1982

## Selected statements of financial position items

Loans to customers and accrued interest receivables	1,379,684	1,400,447	1,394,108	687,015	644,342
<b>Total assets</b>	<b>1,759,181</b>	<b>1,808,332</b>	<b>1,858,190</b>	<b>891,713</b>	<b>843,872</b>
Deposits	1,339,195	1,373,408	1,398,112	649,568	611,430
<b>Total liabilities</b>	<b>1,548,345</b>	<b>1,603,582</b>	<b>1,663,379</b>	<b>792,934</b>	<b>754,016</b>
<b>Total equity</b>	<b>210,836</b>	<b>204,750</b>	<b>194,811</b>	<b>98,779</b>	<b>89,856</b>
Equity attributable to equity holders of the Bank	210,835	204,713	194,777	98,779	89,856
Non-controlling interest	1	37	35	0	0

## Income generation ability

■ Pre-provision operating profit (PPOP) (THB million)

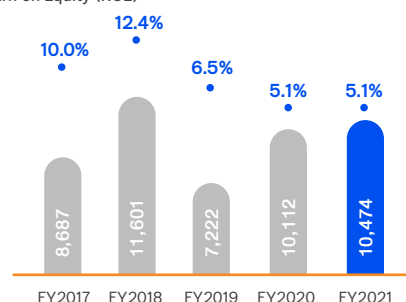


Note: Consolidated financial statements, 2018 results included gain from selling 65% of TMBAM shares

## Profitability

■ Net profit to equity holder of the Bank (THB million)

● Return on Equity (ROE)



Note: Consolidated financial statements, 2018 results included gain from selling 65% of TMBAM shares



## Consolidated financial statements

Key financial ratios	FY2021	FY2020*	FY2019**	FY2018	FY2017
<b>Profitability</b>					
Return on equity (ROE)	5.1%	5.1%	6.5%	12.4%	10.0%
Return on assets (ROA)	0.6%	0.5%	0.7%	1.4%	1.1%
Cost to income ratio <sup>1/</sup>	47.6%	45.8%	50.6%	36.4%	47.3%
Net interest margin (NIM)	2.97%	3.00%	2.81%	2.94%	3.13%
<b>Liquidity</b>					
Loan to deposit (LDR) <sup>2/</sup>	103%	101%	100%	106%	105%
Current and saving accounts to total deposits (CASA) <sup>3/</sup>	88%	86%	70%	88%	86%
<b>Capital adequacy</b>					
Tier I ratio (Tier I)	15.3%	15.5%	14.6%	13.5%	13.3%
Capital adequacy ratio (CAR)	19.3%	19.6%	18.9%	17.3%	17.4%
<b>Asset quality</b>					
NPL ratio	2.81%	2.50%	2.35%	2.76%	2.35%
Coverage ratio	129%	131%	120%	152%	143%
<b>Others</b>					
Book value per share (THB/Share)	2.18	2.12	2.02	2.25	2.05
Number of employees	15,102	17,012	19,432	8,373	8,547
Number of branches	636	733	895	416	431
Number of ATMs and ADMs	3,894	4,372	4,837	2,891	2,841

Note: \* TFRS 9 Adoption and certain accounts in the 2020 financial statement, have been reclassified to conform to the presentation in the 2021 financial statements.

\*\* Statement of comprehensive income consolidated TBANK's result for 28 days (4-31 December 2019), Statement of financial position included TBANK's results as of 31 December 2019

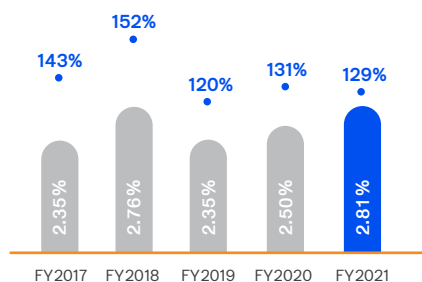
<sup>1/</sup> Excluded extra ordinary items and credit related items

<sup>2/</sup> Excluded interbank and money market items

<sup>3/</sup> FY2019-2020 CASA included No-Fixed, ME and Ultra Saving and excluded NCD, FY2016-2018 CASA included No-Fixed, ME and excluded NCD and FCD

### Asset quality

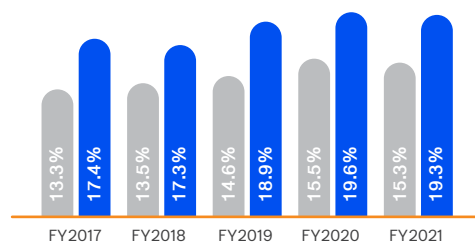
■ NPL ratio  
● Coverage ratio



Note: Consolidated financial statements

### Capital adequacy

■ Tier I ratio  
■ Capital adequacy ratio (CAR)



Note: Consolidated financial statements

# Board of Directors



**1 Mr. Ekniti Nitithanprapas**

- Chairman of the Board

**2 Mr. Suphadej Poonpipat**

- Vice Chairman of the Board
- Vice Chairman of the Board of Executive Directors

**3 General Apinun Kumproh**

- Director

**4 Mr. Philippe G.J.E.O. Damas**

- Director
- Chairman of the Board of Executive Directors
- Chairman of the Nomination, Remuneration and Corporate Governance Committee

**5 Mr. Praisun Wongsmith\***

- Independent director
- Chairman of the Audit Committee

*\* Resigned effective from January 27, 2022*

**6 Mr. Willem Frederik Nagel**

- Independent Director
- Chairman of the Risk Oversight Committee
- Member of the Nomination, Remuneration and Corporate Governance Committee
- Member of the IT Oversight Committee

**7 Mr. Yokporn Tantisawetrat**

- Director
- Chairman of the Credit Committee
- Member of the Risk Oversight Committee



**8 Mr. Teeranun Srihong**

- Independent Director
- Chairman of the IT Oversight Committee
- Member of the Nomination, Remuneration and Corporate Governance Committee
- Member of the Risk Oversight Committee

**9 Mr. Somjate Moosirilert**

- Director
- Member of the Board of Executive Directors
- Member of the Nomination, Remuneration and Corporate Governance Committee
- Member of the Credit Committee

**10 Mr. Prinya Hom-aneek**

- Independent Director
- Member of the Audit Committee
- Member of the Risk Oversight Committee
- Member of the IT Oversight Committee

**11 Mr. Michal Jan Szczurek**

- Director
- Member of the Board of Executive Directors
- Member of Risk Oversight Committee

**12 Mrs. Chananyarak Phetcharat**

- Independent Director
- Member of the Audit Committee
- Member of the IT Oversight Committee

**13 Mrs. Patricia Mongkhonvanit**

- Director
- Member of the Board of Executive Directors
- Member of the Nomination, Remuneration and Corporate Governance Committee
- Member of the IT Oversight Committee

**14 Mr. Piti Tantakasem**

- Director and Chief Executive Officer
- Member of the Board of Executive Directors
- Member of the Risk Oversight Committee
- Member of the Credit Committee
- Member of the IT Oversight Committee



# Management Team



**1 Mr. Piti Tantasem**  
Chief Executive Officer



**2 Mr. Praphan Anupongongarch**  
President and Acting Chief  
Automotive Lending Officer \*  
*\* Acting Chief Automotive Lending Officer  
effective from January 1, 2022*



**3 Mr. Anuwat Luengtaweekul**  
Chief Retail Banking Officer



**4 Mr. Pompert Rasanon\***  
Chief Automotive Lending  
Officer  
*\*Early retirement effective  
from January 1, 2022*



**5 Mr. Senathip Sripaipan**  
Chief Commercial Banking Officer



**6 Mr. Johannes Franciscus Grisel**  
Chief Risk Officer

**7 Mrs. Prapasiri Kositthanakorn**  
Chief Financial Officer

**8 Mr. Sutthikan Rungsritthong**  
Chief Information Officer

**9 Mrs. Rattana Arkachaisri**  
Chief Operating Officer





**10 Mrs. Vijitra Thumpothong**  
Chief People Officer



**11 Mrs. Pittimart Sanguansook**  
Chief Audit Officer



**12 Mrs. Kanchana Rojvatunyu**  
Chief Market  
and Experience Officer



# Section 1

## Business Operations

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Structure and Business Operations

Risk Management

Steering Business Towards Sustainability

Management Discussion and Analysis

General Information and Other Significant Information



## 1. Structure and Business Operations

### 1.1 Policy and Business Overview

#### 1.1.1 The Bank's vision, target and strategy

##### Background

TMB Bank Public Company Limited. ("TMB" or "the Bank") was established on November 5, 1957 at Mansion 2, Rajdamnern Avenue, Bangkok. At that time, Field Marshal Saridi Dhanarajata was Chairman of the Board of Directors, Mr. Chote Guna-Kasem was the Bank's President, and the Bank had a total workforce of 26. TMB's initial registered capital was THB 10 million, divided into 100,000 shares, each with THB 100 par value. Most of the shareholders in the initial stage were military personnel both in-service and out-of-service.

The year 1982 marked a milestone for the Bank as His Majesty King Bhumibol Adulyadej graciously bestowed the Royal Garuda Emblem to TMB and its registered capital had its first increase, from THB 10 million to THB 100 million. To expand the fund-raising capability, TMB was listed on the Stock Exchange of Thailand (SET) on December 23, 1983 and transformed into a public company limited in 1994. As of December 31, 2013, the Bank's registered capital was THB 41,903,301,555 of which THB 41,426,006,153 was paid up and 43,606,322,266 from common stock with par value of THB 0.95 per share.

Thai Military Bank Pcl., DBS Thai Danu Bank Pcl. and the Industrial Finance Corporation of Thailand legally merged to become TMB Bank Pcl. on September 1, 2004. This merger enabled the Bank to operate as a universal bank, with total assets of THB 673 billion as of December 31, 2004.

In December 2007, TMB underwent a share capital increase of THB 37,622 million by forming a new business partnership with ING Group, a leading financial institution from The Netherlands. After recapitalization, the Ministry of Finance held 26.1% and ING Group held 25.2% of the entire issued and offered shares of the Bank. ING Group also held NVDRs (Non-Voting Depository Receipts) representing rights to TMB's securities and/or ordinary shares for 4.92% of the entire issued and offered shares of the Bank.

In December 2019, TMB merged with Thanachart Bank and the integration was completed in July 2021. After the merger, TMBThanachart is the sixth largest bank in Thailand in term of total assets, deposits and loans. The Bank has total assets of THB 1,759 billion, deposits of THB 1,339 billion and loan to customers of THB 1,372 billion as of December 31, 2021.

#### The Bank's vision and strategy in business operations for the next 5 years

**Aspiration:** TMBThanachart helps people achieve better Financial Well-being

The Bank has formulated **7 Strategic Intent**s and continued to deepen our relationship with customers through multiple products and life-long customer solution to engage our customers to become our main bank customers:

### **1. Customer Centricity**

TMBThanachart places emphasis on the customer at a centre of business operation by gathering and analysing customer's behaviour in order to develop financial products and services to meet their needs and provide better customer experience. Moreover, TMBThanachart also measures customer satisfactory to continuously improve the Bank's products and services. TMBThanachart will continue to support our customers in need of help from the impact of the COVID-19.

### **2. Build Deposit and Transactional Banking Products Excellence**

TMBThanachart has used Deposit-led strategy to differentiate customer value proposition in deposit products and transactional banking services. TMBThanachart will continue to focus on developing flagship deposits product that allow the Bank to deepen relationship with customers and understand customers better which will result in the Bank becoming main bank of customers.

### **3. Continue Leading in Auto Loan and Lending products**

After the merger, TMBThanachart has leveraged the strength of TBANK's auto loan which equipped with available personnel, car dealer network, and brand's strength to further expand the business and to cater customer's needs. For example, the offering of TBANK's auto loans to the Bank's customers. With comprehensive financial product offerings and services, it enhances the Bank's ability to cope with the change in market environment and competition, and to maintain its leadership position in auto lending.

### **4. Build Sustainable and Recurring Non-interest Income**

TMBThanachart continued to emphasize on building sustainable non-interest income capability. Building non-interest income capability allows the Bank to effectively manage capital because of the minimal capital requirement compare to credit-related income, for example, bancassurance products and mutual fund products. Moreover, non-interest income will help ensure sustainable bottom line through business cycles. TMBThanachart applied business model of distributor and open architecture by searching for suitable business partners and best product to be available on the Bank's shelf. This is to ensure the best offering which cater to variety needs of our customers.

### **5. Optimize Capital Utilization and Liquidity Management**

TMBThanachart is strongly committed to delivering the level of profit expected by investors and has set the target to earn same level of ROE with top bank performers within the next 3-5 years. To achieve this, the Bank continues to put our focus on selectively growing balance sheet to generate incremental return.

## **6. Enhance Digital Capability and Solutions**

The financial transaction on digital channel has been continuously growing due to the shift in customer's behaviour toward digital channel and the rapid technological advancement. The COVID-19 pandemic, meanwhile, has accelerated changes in consumer behaviours and has brought a heightened awareness of use of financial services through digital channel. The Bank aims to digitize and migrate banking services to digital channel through the concept of "Digital-first" with humanized touch or so called "Humanized digital platform". The digitalization journey to operate under digital first operating model starts from 1) reducing costs and operational burden by serving customer via digital channel, 2) deepen customer's engagement through personalization, 3) generate sustainable growth in traditional revenue stream, and 4) create revenue from new business and ecosystem. The Bank's digital strategy has geared toward beyond banking services and ecosystem play developed with strategic partners in order to deepen customer engagement in throughout life-stages and life-events. The ecosystem play will be built around the Bank's strong market presence and competitive advantage, for example automotive industry where the Bank is the leader in automotive lending business with high network coverage of dealers and automotive supply chain. The ecosystem play will also act as an engagement tool for our customers., i.e. lessen the burden for owing a car.

## **7. Capture Synergy Realization**

After the merger, the Bank has realized benefits from Balance sheet synergies, Cost synergy and Revenue synergy:

- 1) Balance sheet synergies through balance sheet optimization by allowing the Merged Bank to utilize its assets and raise funds more efficiently.
- 2) Cost synergies from a greater economy of scale, especially from the integration of key business support areas such as IT infrastructure investment, operations, overlapped branch and redundant back-office employees.
- 3) Revenue synergies which would enhance ability to introduce more variety of financial products and services to cater its customer's need and to serve the enlarged customer base of more than 10 million customer, which enhance the Merged bank's ability to maximize its income generation.

The EBT was smoothly completed in July 2021. After the successful EBT, the Bank aims to maximize the revenue potential of the Merged bank's large customer base through financial Well-being as guiding principle with sharper value proposition delivered via our top-tier digital platform.

### 1.1.2 Significant changes and development

#### Significant changes and development in the past years

Stage	Key Highlights	Result
1. Strengthen the foundation 2008 – 2009	<ul style="list-style-type: none"> <li>• Reorganization</li> <li>• End-to-end process improvement</li> <li>• HR transformation</li> <li>• Raised service standards</li> <li>• Enhanced risk management</li> </ul>	<ul style="list-style-type: none"> <li>• Improved overall asset quality</li> <li>• Achieved top quartile employee engagement</li> </ul>
2. Acquire good customers 2010 – 2011	<ul style="list-style-type: none"> <li>• Customer base expansion in SME &amp; retail banking</li> <li>• Service and operational excellence</li> <li>• Products and services that match with customers' needs</li> <li>• Physical channel optimization</li> <li>• Brand enhancement</li> </ul>	<ul style="list-style-type: none"> <li>• Successfully grew customer base through improvement of quality services and products which matched with customers' needs</li> <li>• Branch renovation and relocation</li> <li>• Launch of Make THE Difference</li> </ul>
3. Differentiate and deepen share of wallet 2012 – 2014	<ul style="list-style-type: none"> <li>• Transactional banking excellence and branded customer experience</li> <li>• Leveraged transactional relationship with customers to offer the right products that answer customers' needs</li> <li>• Better quality of assets (larger proportion of SME lending)</li> <li>• Introduced integrated channel with focus on digital transformation</li> </ul>	<ul style="list-style-type: none"> <li>• Successful release of flagship transactional products</li> <li>• Cross-selling based on customer understanding at industry and segment level</li> <li>• Optimization of loan portfolio</li> <li>• Offer best-in-class E-Channels</li> </ul>
4. Induce a game change and enter into new business 2015 – 2018	<ul style="list-style-type: none"> <li>• Focused on building the right digital platform that address customer needs and lifestyles to empower them to make the most of their lives</li> <li>• Developed employee capability and restructure organization to allow the employees to work at their full potential</li> <li>• Potentially entered into new businesses that suit customer needs</li> </ul>	<ul style="list-style-type: none"> <li>• Infrastructure readiness for digital platform to serve National E-Payment</li> <li>• Prepared IT capability to ensure digital channels stability</li> <li>• Reduced employee corporate layer down from 6 to 5 to improve agility</li> <li>• Introduced customer data roadmap to improve in data completeness, quality and enrichment</li> </ul>



Stage	Key Highlights	Result
	<ul style="list-style-type: none"> <li>Built Data analytic capability to leverage on data enrichment to be able to offer right products and services to the customers at better efficiency</li> </ul>	<ul style="list-style-type: none"> <li>Formed a partnership with Eastspring Investments (Singapore) from a deal to sell 65% stake in TMBAM</li> </ul>
5. Leapfrog via inorganic growth and Covid-19 relief program 2019 - 2021	<ul style="list-style-type: none"> <li>Introduce new way of work and revamp key process to ensure simple and easy banking experiences</li> <li>Complete merger transaction with TBANK to enhance scale and competitiveness</li> <li>Execute integration plan and synergy realization, including balance sheet optimization and cost synergy realization</li> <li>Provide debt relief program for customers impacted from Covid-19 so they can continue their business amid the difficult circumstances</li> </ul>	<ul style="list-style-type: none"> <li>“Agile way of work” to shorten product launch process</li> <li>Enhanced business capability thru better networks and new product development</li> <li>Completed product suites for investment and lending products</li> <li>Expanded customer base to 10 mn</li> <li>Better cost management and C/I</li> <li>Helped over 98% of customers requested for debt relief program</li> </ul>
6. Embark on business transformation 2022 - present	<ul style="list-style-type: none"> <li>Maximize the potential of the merged bank’s customers thru Financial Well-being, serving banking &amp; beyond banking needs of customers, and become a top-tier digital platform</li> <li>Fully operate under “Digital First” model</li> <li>Revamp group structure to unlock value and optimize return</li> </ul>	<ul style="list-style-type: none"> <li>Deepen relationship with customers through multiple products and life-long customer engagement</li> <li>Allow better customer experience, higher agility, and leaner cost-to-serve</li> <li>Accelerate growth in unsecured loan business and improve efficiency in asset and liability management</li> </ul>

## Significant changes and development in year 2021

- The Entire Business Transfer between TMB Bank and Thanachart Bank was completed on July 5<sup>th</sup>, 2021 as planned and TMB shareholders approved to change the name of the new bank after the merger to “TMBThanachart Bank” or “ttb”. The new name reflects the strengths of the two banks with the mission to create a better Financial Well-being for Thai people. After the success of the merger, the Bank of Thailand has declared TMBThanachart to be a Domestic Systemically Important Banks (D-SIBs) or commercial banks that are important to the financial stability and economic system of the country.
- Supported by being a D-SIBs bank which reflects potential and stability of the merged bank, Fitch Ratings has upgraded the Bank’s long-term Issuer Default Rating (IDR) to ‘BBB’ from ‘BBB-’ and the National Long-Term Rating to ‘AA+(tha)’ from ‘AA-(tha)’. The Outlook is Stable. Fitch has also upgraded the Short-Term IDR to ‘F2’ from ‘F3’ and affirmed the National Short-Term Rating at ‘F1+(tha)’. Fitch’s upgrade came after the re-assessment of the Bank’s systemic importance, and the likelihood of extraordinary supports from authorities, if needed, following the completion of integration with Thanachart Bank and declaration of being a D-SIBs by the Bank of Thailand.
- TMBThanachart completed the share purchase transaction of 10% shares in Thanachart Insurance PCL and 10% shares in Thanachart Securities PCL from Scotia Netherlands Holding BV or BNS, a group company of The Bank of Nova Scotia. Thanachart Insurance should help support hire purchase business by co-developing auto insurance products that meet the needs of customers, including opportunities to develop the platform to provide a comprehensive car ecosystem in the future. Thanachart Securities, meanwhile should help enhance investment services and provide one stop service for by offering a wide variety of products and services with holistic portfolio management.
- In December 2021, the Bank has launched ttb spark, which is the Bank’s Digital Hub committing to create meaningful change and tangible impacts to the lives of customers through digital technology and creative ideas without sticking to the original conceptual framework and dare to do new things to come true. ttb spark acts as the Bank’s digital talent attraction unit and focuses on agile approach to develop digital solutions and innovations that respond to the fast-changing technology and rapid changes in customer needs.
- The Bank was awarded with “Thailand Corporate Excellence Awards 2021” in the field of financial management excellence. The reward was organized by Thailand Management Association (TMA) in collaboration with Sasin Graduate Institute of Business Administration of Chulalongkorn University. This reinforces the Bank’s commitment to manage and operate under good governance that the benefits of customers, shareholders and society come first and commitment to create a better financial life for Thai people.

- The Bank was awarded No.1 among commercial banks in Thailand from Fair Finance Thailand for the third year in a row in 2021. This reinforces the Bank's commitment to operate a sustainable banking business which places high importance on fairness and transparency in parallel with growth and to meet the Bank's aspiration to create a better financial life or Financial Well-being for Thai people across the country. For example, the Bank offers protection insurance coverage to all free customers which helps increase the country's insurance penetration and lower customer financial risks from accidents. In addition, the Bank has launched ttb Smart Port (TSP) which allows easy access to asset allocation investment for mid-income customers through online account opening with investment amount starting from only 1 Baht. The Bank also focuses on Responsible Lending where we acknowledge and commit to our role to facilitate and finance responsibly for the better of society and environment, by establishing a clear objectives and guideline for assessing the indirect environmental and social (E&S) risks and impacts from our banking activities. In the midst of ongoing Covid-19 crisis, the Bank helps customers to reduce their debt burden and increase liquidity through debt consolidation program via product such as "Cash 2 Care", "Car for Cash" and "Home for Cash".
- TMBThanachart are included in the 2022 Bloomberg Gender-Equality Index (GEI) for the first time. GEI tracks the performance of companies committed to disclosing the efforts to support gender equality through policy development, representation, and transparency where it assesses companies' performance and disclosure in five pillars: female leadership and talent pipeline, equal pay and gender pay parity, inclusive culture, sexual harassment policies, and pro-women brand. The inclusion in GEI reflects the Bank's commitment to value inclusion, gender equality, diversity, and sustainability reporting.

## 1.2 Nature of Business

### 1.2.1 Income structure

Income structure of the Bank and its subsidiaries consist of interest income, fees and service income and other operating income. Details are in the following income structure table for the years ended December 31, 2019-2021:

(Unit: THB million)

Income structure	For the year ended December 31,					
	2021	%	2020*	%	2019	%
<b>Interest income</b>	<b>64,239</b>	<b>77.7</b>	<b>72,320</b>	<b>78.1</b>	<b>39,837</b>	<b>71.1</b>
Interbank and money market items	1,060	1.3	1,922	2.1	1,965	3.5
Investments and trading transactions	66	0.1	109	0.1	131	0.2
Investments in debt securities	1,247	1.5	1,920	2.1	1,555	2.8
Loans to customers	39,827	48.1	45,633	49.3	34,334	61.3
Hire purchase and finance leases	22,034	26.7	22,734	24.5	1,822	3.2
Others	5	-	2	-	30	0.1
<b>Fees and service income</b>	<b>15,190</b>	<b>18.4</b>	<b>16,139</b>	<b>17.4</b>	<b>11,343</b>	<b>20.2</b>
Gains on trading and foreign exchange transactions, net	-	-	-	-	1,528	2.7
Losses on financial liabilities designated at fair value through profit or loss, net	-	-	-	-	(22)	-
Gains on financial instruments measured at fair value through profit or loss	1,480	1.8	1,726	1.9	-	-
Gains on investments, net	182	0.2	678	0.7	1,956	3.5
Share of profit from investment using equity method	346	0.4	363	0.4	324	0.6
Other operating income	1,280	1.5	1,426	1.5	1,072	1.9
<b>Total income</b>	<b>82,717</b>	<b>100.0</b>	<b>92,652</b>	<b>100.0</b>	<b>56,038</b>	<b>100.0</b>

#### Note:

\* Certain accounts in the 2020 financial statement have been reclassified to conform to the presentation in the 2021 financial statements.



### 1.2.2 Products and services

TMBThanachart offers financial products and services, ranging from deposit, loans, investment product and bancassurance. However, each customer segment has different financial needs. As a customer centric organization, understanding customer's needs is one of TMBThanachart key success factors. TMBThanachart business is organized into 2 key customer segments as follows:

#### Product and services for Commercial Banking customers

- Multi-corporate Banking segment: Customer group with annual sales turnover more than THB 5.0 billion.
- Corporate Banking segment: Customer group with annual sales turnover of THB 1.0 billion – THB 5.0 billion.
- Business Banking segment: Customer group with annual sales turnover of THB 100 million – THB 1.0 billion.
- Small Enterprise: Customer group with annual sales per year up to THB 100 million.

Key products for Commercial customers:

Type	Products and services
Deposit	Business accounts (ttb one bank) SME account (ttb one bank)
Loan and Financing	Working capital Supply chain solutions Letter of guarantee Special funding program for SME (ttb SME Smart Biz)
Payment and Collection	Payment service Collection service Liquidity management
International Trade	International trade finance service Capital market risk management
Insurance	Bancassurance & Business Protection
Others	Corporate card Agency service Investment banking

#### Products and service for Retail customers

- Affluent for customers who have income from THB 100,000 and above.
- Middle Income for customers who have income from THB 15,000 to THB 100,000.
- Mass for customers who have income up to THB 15,000.

Key products for Retail customers:

Type	Products and services
Deposit	Transactional account (ttb all free) Savings account (ttb no-fixed)
Loan	Personal loan Home loan Auto loan Credit card loan
Mutual fund	TTB Open Architecture
Insurance	Savings towards future securities Life and health protection Properties protection
Wealth banking	Wealth banking Superior banking

### TTB Open Architecture

The Bank is considered as a first Thai bank that offer open architecture platform for all group of customers. The Bank set a long-term strategy to distribute under an open-architecture platform and offer a wide variety of mutual fund products in order to match various client needs and risk-return profiles. In 2021, the Bank has strong 12 partners with leading asset management both domestic and international asset managements including TMB Asset Management Co, Ltd., UOB Asset Management (Thailand) Co., Ltd., Aberdeen Asset Management Co, Ltd., Principal Asset Management Co., Ltd., SCB Asset Management Co., Ltd, King Wai Asset Management Co., Ltd, TISCO Asset Management Co., Ltd, One Asset Management Co., Ltd, Kasikorn Asset Management Co., Ltd, Krungsri Asset Management Co., Ltd, Krungthai Asset Management Co., Ltd, and Thanachart Asset Management Co., Ltd. This enables the Bank to offer a broader range of products and asset classes that suit different risk profiles of the customers.

### Bancassurance

The Bank entered into a strategic bancassurance partnership with Prudential Life Assurance (Thailand) Public Company Limited (“Prudential Thailand”), a subsidiary of Prudential plc, for an initial term of 15 years which took effect from Jan 1, 2021 to provide Prudential’s leading product offerings of health and wealth solutions to the whole enlarged network of the merged entity under TMBThanachart.

Prudential Life Assurance (Thailand), a leading life insurer which has operated in Thailand for more than 24 years and is a member of Prudential PCL. Prudential Life Insurance offers a comprehensive range of products,

mainly life and health insurance, to fulfill the customers' needs throughout the different stages of their lives. Also, based on this partnership, the Bank and Prudential will be able to leverage on technology to better serve our customers.

For Non-life insurance business, the Bank offers insurance for loan collateral in association with non-life insurance companies. After the merger, the Bank has leveraged on TBANK's strong auto loans customer base which has enhanced the Bank's non-life insurance premiums substantially. The Bank also provides other non-life insurance products such as personal accident, health and motor insurance.

### 1.2.3 Market and Competition

#### 1) Thai Economy and Banking Industry

##### Thai Economy in 2021

**Merchandise exports support Thai economic rebound, whereas domestic economy improved along with better COVID-19 outbreak situation**

In 2021, Thai economy encountered challenges from the third wave of COVID-19 pandemic outbreak, causing a drag on economic recovery after the implementation of strict containment measures in the areas with severe outbreak, totally accounting for 77% of national GDP. Private consumption got negative impacts from fragile labor market as well as the decline in labor incomes and consumer confidence, inserting greater pressure on domestic purchasing powers even with the government's relief measures and stimulus packages. Likewise, private investment was negatively affected by temporary closure of construction camp and widespread pandemic outbreak across manufacturing sectors and provinces.

However, merchandise exports have been the sole growth driver with the annual growth figure of 2021 in US dollar term being at 17%, registering the highest growth figure in 11 years. This is due to the recovery of Thailand's major trading partners, particularly the United States, and the gradual resolution of supply disruption problem in the last quarter. Regarding tourism sector, it didn't show a clear recovery path even though the outbreak situation, both domestic and abroad, had improved since the late third quarter with the easing of domestic containment measures and the Thailand kingdom's border reopening on 1<sup>st</sup> November. For the last two months of the year, the number of foreign tourists entering Thailand was 320 thousand persons. However, the total number of tourists for 2021 remained at low level of only 430 thousand persons. With the economic growth outcome of the fourth quarter being at 1.9%, annual Thai economy of 2021 expanded by 1.6% after a contraction of 6.2% in 2020.

##### Economic Outlook for 2022

**Thai economy would continue to expand by 3.9% from all components but would remain below pre-pandemic level**

According to greater momentums of all economic components in the last quarter of 2021, ttb analytics thus projects Thai economy in 2022 to grow by 3.9% with the supports from domestic activities' recovery, robust merchandise export rebound and a gradual improvement in tourism sector especially in the second half of the year.

However, the Omicron outbreak starting in late 2021 would pose some negative impacts on Thai economic recovery especially in the first quarter of 2022. However, the impact is expected to be with less degree as compared to the last year's pandemic outbreak. This is since the government has eased some restrictions such as limiting the areas in which outbreak containment measures have been implemented as well as resuming Test & GO kingdom entry scheme. With respect to domestic economy, private consumption is about to steadily recover with the continuous supports from government's relief measures and economic stimulus packages throughout the first half of 2022, for which the budgets come from 500 billion budget bill, recently the approved spending amounting to 80% of total planned budget.



Private investment will expand at a greater degree in line with the recovery in domestic demands and merchandise exports as well as the greater amount of project investments in the targeted industries within EEC area, which most of them have got approval before the onset of COVID-19 crisis. Regarding external sector, ttb analytics estimates that the 2022 merchandise export value in US dollar term will increase by 4.5% due to the global economic recovery, as shown by the IMF's global goods and services trade growth forecast being at 6%, and positive spillover from The Regional Comprehensive Economic Partnership (RCEP) enforced on 1<sup>st</sup> January 2022. Thailand's export products to RCEP membership, accounting for more than 50% of total Thai exports, would receive import tariff cuts to zero% which would be great benefits for Thai exporters in the term of greater opportunity to expand export markets. Moreover, against the backdrop of COVID-19 outbreak situation improvement in several countries, this has led to the relaxation of international travelling restriction measures and the inbound tourists are accordingly expected to recover in the second half of the year, making the estimated inbound tourist figure for 2022 to be 7.5 million persons.

Regarding financial market, the Monetary policy committee would maintain the policy rate at 0.5% throughout the year to accommodate Thailand's economic recovery under high uncertainty in pandemic variant outbreak and inflation dynamic. With respect to inflation, price pressure is expected to be high in the former half of the year due to rising global petroleum costs and world commodity prices, but it will gradually decline in the latter half. Despite this, Thailand's heading inflation in 2022 is forecasted to remain within the BOT's targeted range. According to Thai baht, it is projected to face volatility and a depreciation trend due to US dollar's appreciation as a result of Fed' tightening monetary policy stance. ttb analytics thus projects Thai baht to move between 32.5 to 34.0 baht per dollar in 2022.

## **Banking Industry**

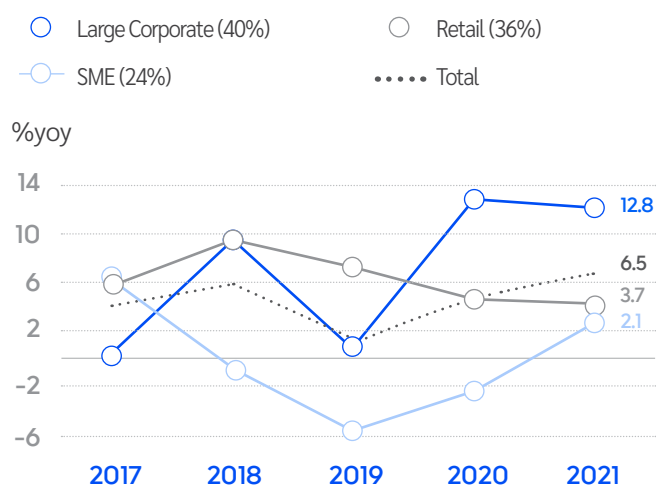
### **Banking Industry in 2021**

Commercial banks had stronger growth from 2020 as loan expansion accelerated from business recoveries after the economic crisis caused by the COVID-19 pandemic.

In 2021, credit expanded at a faster pace than deposits. This caused loan-to-deposit ratio to increase to 108.8% from 106.9% in 2020. As a result, liquidity in Thai banking system at year-end stood at THB 4.2 trillion, dropping from THB 4.4 trillion from the same period last year. Total assets of domestically registered commercial banks rose 4.8% to THB 20.8 trillion.

Commercial banks' total loans in 2021, stood at THB 15.1 trillion, expanding by 6.5% from 2020. Key drivers were from large corporate loan growth which expanded at 12.8%, mostly in manufacturing and commerce due to business expansions following global demands. Small and Medium Enterprises' (SME) loan extended due to business recoveries after the COVID-19 pandemic by 2.1%. Consumer loans grew at slower rates at 3.7% due to smaller growths in mortgage and hire purchase when compared to 2020. Credit card loan and personal loans improved from last year following greater economic activities.

### Banking Industry: Loan Growth

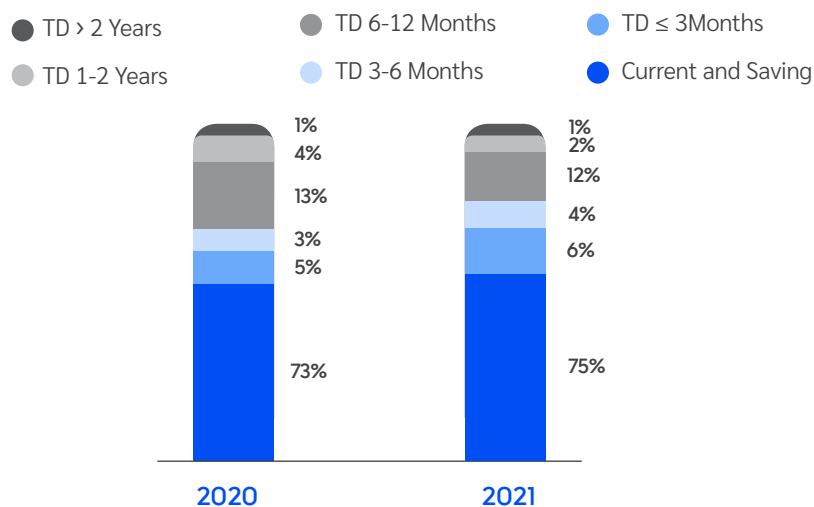


Source: Bank of Thailand

MLR of the six largest commercial banks were averaged at 5.42% at the end of 2021, remaining the same from the previous year due to zero rate cut in 2021. Current policy rate was at 0.50% at the end of December 2021. With the same policy rate, commercial banks also kept their lending and deposit rates closely to last year rates. As a result, the spread between MLR and 12-month time deposit rate increased to 497 basis points from 495 basis points last year.

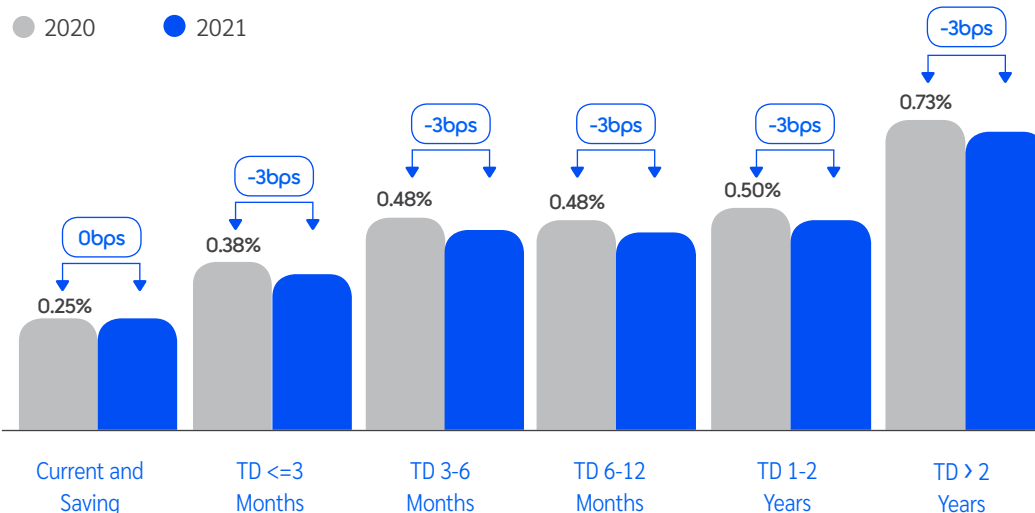
In 2021, commercial banks' deposits dropped 0.8% from last year to THB 16.2 trillion mainly from term deposits due to low interest rates. Consequently, the share of current and saving deposits increased to 75% from 73% of total deposit last year. Six largest banks' average time, current, and saving deposits interest rates remain the same due to the policy rate.

### Banking Industry: Composition of Deposits by Maturity



Source: Bank of Thailand

### Banking Industry: Average Deposit Rates by Maturity

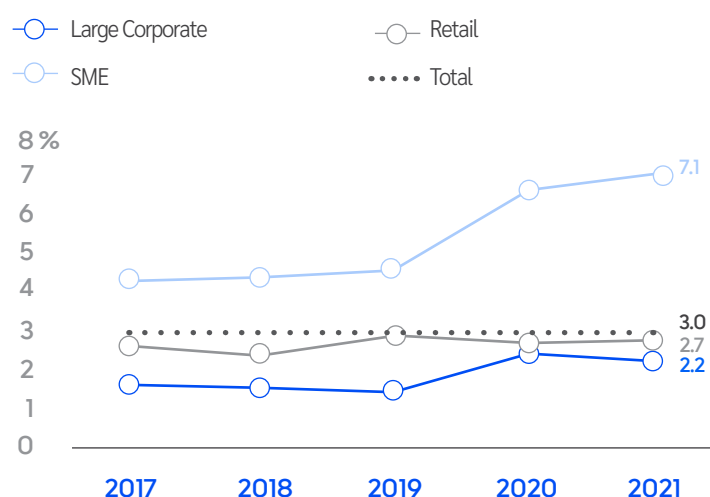


\*Average from 6 largest commercial banks' rates

Source: CEIC

Total NPLs (gross NPLs) of commercial banks as of December 2021 increased to THB 530 billion or rose by THB 7.5 billion from the same period last year. NPL ratio decreased by 13 basis point and dropped to 3.0%. It was largely driven by loan expansions and debt restructuring policy which helped improve loan qualities. Retail's NPL ratio dropped slightly to 2.7%. The decrease was from mortgage and hire purchase loans due to debt restructuring and measures from commercial banks.

### Banking Industry: NPL Ratio



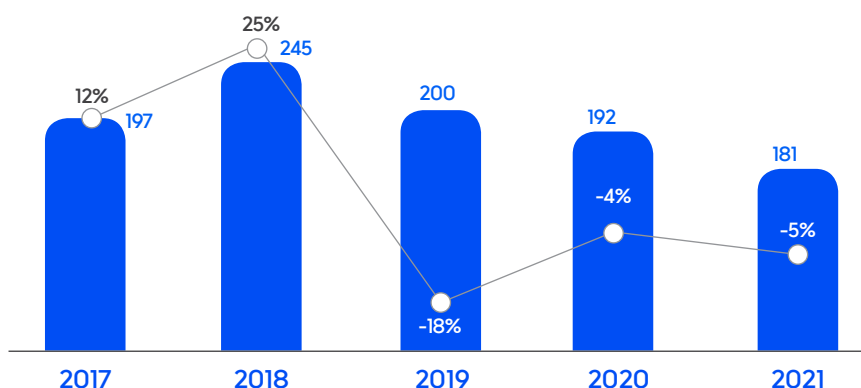
Source: Bank of Thailand

In 2021, interest income of commercial banks registered in Thailand dropped but net interest income improved from smaller interest expense while non-interest income increased. Net profit stood at THB 168 billion, increased by THB 36 billion or 27% from last year due to smaller provisions against economic risks that decreased 13% from the previous year. Fee and service income increased slightly from commission and other fees.

## Banking Industry: Fee Income

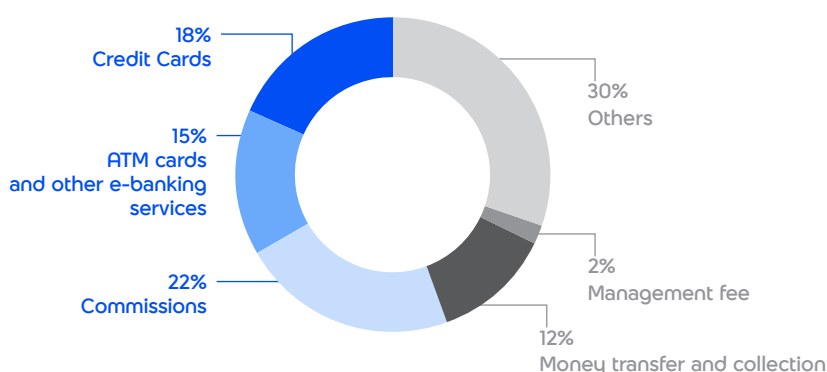
Fees and service income (Billion Baht)

Growth (%yoy)



Source: Bank of Thailand

## Banking Industry: Fee Income Structure



Source: Bank of Thailand

## Banking Industry Outlook in 2022

### • Loan and Deposit Trend

The commercial banking industry in 2022 is expected to recover in line with Thai economic recovery from COVID-19 outbreak. This is due to growth in exports which should follow returning international demands. Private consumption should resume this year with supports from government policies. However, tourism might remain weak due to the uncertainty from COVID-19, affecting tourism and service businesses.

Corporate loan tends to grow in alignment with investment and growths. Loan for SMEs will accelerate from the previous year as working capitals grow following private consumption. Credit quality remain solid from debt restructuring policy from the bank of Thailand. However, weak economic returns and uncertainty from COVID-19 in service and tourism industries cause commercial banks to be more cautious in loan approval especially for SMEs.



Consumer loan, credit card and personal loan are expected to expand further this year as economic activities return. Relaxing LTV measure should help stimulate demands for mortgage. EV package from the government should also help support hire purchase loans. However, the credit standard could be tightened amid concerns over households' debt serviceability. In addition, the growth of mortgage loan and car loan should accelerate after a drop in previous year.

Deposits are likely to decelerate partly because of returning economic activities. Also, given a low interest rate level, low returns from deposits will encourage depositors to allocate their savings to other financial products with higher returns than term deposit, which offers low interest rate since mid-2020. Additionally, the slow increase in loan growth together with prevailing high liquidity will not lead to intense deposit competition.

- **Ongoing Challenges in Banking Business in 2022**

- 1. Nano/Micro Lending via Digital Channels**

After commercial banks have invested in digital infrastructure to reduce operating costs and provide greater opportunity of wider customer reach, banks now began to utilize detailed data extracted from digital platform to provide a financial product that satisfy customer's needs with prompt response as well as enhancing more efficiency in risk management. The product is digital lending which continued to grow after Bank of Thailand allowed financial institutions both bank and non-bank to acquire licenses to operate. Digital lending helps customers with unreliable sources of income to provide substantial supporting evidence to apply for loans. Digital information such as utility bills and online transactions can be used as supporting evidence. With more competitions from non-financial players in the digital lending market, banks need to develop technologies to enhance their risk management and their competitiveness.

- 2. National Digital ID (NDID) Platform**

National Digital ID is a new online cross-bank identity verification which offers a new choice that the customers do not have to present him/herself right at the bank. In other way, they can however request the original bank, which their identification process with the bank had been already once done, to send the identification data to a new bank instead (Authentication). This will significantly cut the numbers of related documents and redundant working process, especially between the banks. Accordingly, it will reduce operating cost and provide more convenient financial services for people and businesses in a timely manner and with global-standard safety. This thus helps enhancing the ease of doing business in Thailand in another way. In the first phase, the verification platform will be applied only in opening bank accounts and loan approval. Later, in the second phase, it is expected to be more widely used in opening portfolio account, mutual fund and insurance services for those foreigners as well as corporate.

### **3. National e-Payment**

National e-payment is a national agenda so as to promote standardized and modern electronic payment system that will help cutting transaction costs in the economy. Thai commercial banks are therefore expected to continue promoting Prompt Payment (PromptPay) services, EDC usage and expanding QR code payment. During the COVID-19 pandemic, Prompt Payment and QR code payment expanded significantly. In most recent period, Thai government has already utilized more e-Payment platform for tax rebating and cash transferring in welfare scheme for Thais through Prompt Payment system. In longer run, there will be further service launched for wider ranges of transactions such as dividend payment for stockholders and security orders payment in mutual fund.

### **4. Virtual Banking/Metaverse**

Due to great technological developments in the past five years, consumer behaviors and the Thai financial system have shifted towards digital channels. Virtual banking could be the new opportunities for the banking industry. It would operate solely online with no physical branches and mainly rely on digital channels to provide services including KYC, deposits, payments, loans, and investments. Furthermore, with the developments of Metaverse, the banking industry can find a way to develop new products to serve young customers.

### **5. Financial Technology and Cryptocurrencies**

With a major leap of cryptocurrencies in the last 2 years, banks need to adapt in order to find new opportunities in new products and tools within the cryptocurrencies world by investing through venture capital and merging with Fintech firms. Incorporating new technology, this enables banks to satisfy their customers' financial service needs with new products, ranging from money transfer, payment, investment to insurance services, in a more-timely manner. Commercial banks are now interested to invest in blockchain and Defi (Decentralized Financial system) which are considered as non-traditional competitors of the banking system in the future. Looking forwards, the cooperation between bank and Fintech firms will accordingly be prominent. This would result in bringing together the strength of bank in wide customers base and Fintech firm in advance technology capacity to offer better financial services for customers with more efficiency.

### **6. Regional Partnership and Expansion**

Thai commercial banks began to expand in the ASEAN region through acquisition of foreign banks and financial services. Partnership building among ASEAN banks through the establishment of QABs (Qualified ASEAN Banks) along with the guideline of financial services liberalization will help reducing obstacles for Thai commercial banks in doing business in the region and for those Thai business sectors to gain more easy access in trade and investment within the region.

## 2) Product and Service Marketing Strategy

### Commercial Banking

#### Our Intent

TMBThanachart will continue to offer innovative E2E solution and value-added products and services for business customers in order to deliver seamless experiences and improve customers' financial Well-being and operational efficiency. With these offerings, we aim to be customers' most advocated operating bank and value-added business partner.

#### 2021 Summary

Despite the outbreak of Covid-19 pandemic, the Bank was still able to achieve target milestone and overcame new challenges and all difficulties. The successful launch of ttb's new internet banking platform for business customers "Business One" was offered as a world-class digital solution and platform to support the business customers especially during the challenging time of Covid-19 pandemic. The volume of digital transactions has shown a strong growth ramped up to 160% compared to last year. Regarding to the ease of use, simple UX, high security level, as well as the automation of business processes, the new platform implementation was recognized and awarded as **"Best Digital Transformation Implementation"** from The Asian Banker Thailand Awards 2021.

Moreover, 2021 is the remarkable year for Trade Finance and FX business from the expansion of customer base into new segments as well as the synergy realization from the integration. Quality of new customer acquisition and portfolio optimization was strongly focused in order to drive sustainable growth gearing toward higher-risk adjusted return and proactively helped businesses that have been impacted by the pandemic through various customized relief programs.

#### Plan for 2022

- 1. Profitable and Qualified Portfolio:** TMBThanachart will continue to focus on profitability improvement through revamping sales and service model for each customer segment in order to better support the business customers as well as optimize cost-to-serve through leveraging of digital and self-service channels. In addition, we continue to penetrate and grow SME & Mid-sized corporate segment by offering industry-based comprehensive solution. Portfolio optimization will be emphasized for better asset quality from new good-quality acquisitions as well as proactively optimize existing portfolio.
- 2. Leader in Innovative Digital Solutions for Corporate customers and SMEs:** We will continue to grow digital transactional banking and secure main-bank status through digital platform by offering Business ONE as a single platform for all business solutions supporting both financial and operational transactions of business, including ERP, HR management, CRM or other platforms in the future. This will also help improving operational efficiency of business customers as well as support their business growth.

- 3. Leader in E2E digital supply chain solution:** We will continue to develop B2B2C eco-system for strategic target industries with seamlessly-linked solution for end-users (retail customers), focusing on 4 strategic value chains-Auto, Real-estate, Healthcare and F&B and Consumer goods. This digital supply chain program will also reinforce quality-acquisition of SME dealers and suppliers.
- 4. Expert in International Financial Solution:** We will maintain and accelerate the momentum of Trade Finance and FX achievement by offering a holistic solution for Importer and Exporter including Multi-currency account (MCA), OD for importer and Digital collection. Moreover, we will continue to expand customer base into new sub-segment of importers and exporters.



## Retail Banking

### Our Intent

To become main bank of retail banking customer through delivering Financial Well-being by Trusted-Advisor and aim to create exceptional customer satisfaction with seamless omni-channel experience.

### 2021 Summary

In 2021, TMB and Thanachart Bank was successfully merged with the ambition to align skill as Trusted Advisor, providing professional financial consultation to customers. We have developed and implemented new system to provide seamless excellent customer experience, to respond to customers' financial needs, and more importantly to improve customers' Financial Well-being while allowing bank to achieve sustainable business growth.

TMBThanachart (ttb) has strived to innovate variety of products and services to address customers' financial needs. In the past year, our financial offerings aiming to increase customers' Financial Well-being include: **Mindful Spending & Maximizing Savings** – Mindful spending consists of lifestyle-based money management, creating awareness of how spending supports life goals and needs. ttb all free is the best-in-class transactional service which offers various useful benefits at free of charge covering all-financial purposes one can possibly gain for daily life, 20X personal accident death protection, free overseas travel insurance, and special FX rate for overseas spending. ttb all free uplifts customers' Financial Well-being to another level by offering a free personal accident medical protection of 3,000 Baht per accident (unlimited times) when customers maintain 5,000 Baht balance. In addition, we launched digital all free debit card which provide a good and convenient financial experience such as withdrawal, flight/hotels booking, online shopping, and no FX rate charge for overseas online shopping without having to carry physical card. Customers can request to issue digital cards easily through touch app with no additional fees. To provide convenience in doing daily transactions, our credit card provides variety of card benefits according to customer preference; 1% cash back for every transaction, 1 reward points for every 10 Baht spending, to name a few. In 2021, TMBThanachart launched first wealth credit card, ttb reserve, for customers with minimum assets under management (AUM) of 5 million Baht with special features which are designed to focus on endless wealth extension. Earn Fast-earn points faster than anyone, Burn Smart - redeem points worth more than anyone, and Special bonus point and special burn rate linked with ttb financial products and solutions.

**Healthy Borrowing** – Borrowing only when necessary using the appropriate loans and suitable tools ensures a right balance between today's needs and future liabilities. To serve as financial tools for customers to acquire asset and their business including financial liquidity management, we offer consultation and recommend the most appropriate lending products (Home Loan, Auto Loan, Unsecured Loan and Small Business Loan) to customers. We re-launched Cash Your Home and Cash Your Car products to help customers relieve burden from high interest charge from other FIs. In 2021, many lending customers still faced a challenging situation

from COVID-19 pandemic, our special Debt Advisory Team proactively reached out to customers, provided advisory, and offered most suitable and beneficial options tailored to each customer for their maximum benefits.

**Investing for the Future** - Smart investing with appropriate asset allocation using risk profiles is the crucial next step for managing savings in preparation for the future and life-long stability. To assist customers to build financial stability and wealth, we launched ttb up and up term deposit account, an extraordinary term deposit account which provides faster return and higher yield with the interest rate increase every 6 month and paid every quarter. Customers may redeem before maturity date (24 months) but still enjoy high interest rate. This is to serve customers who need guaranteed high rate of return and low risk. Additionally, we have wide selection of mutual fund, which focuses on providing most suitable investment advice according to customers risk profile. In 2021, we launched new ttb smart port, an investment tool that offers asset allocation service with fund selection based on 5 levels of customers' risk appetite which is managed in collaboration with Amundi, Europe's #1 expert and Thanachart Fund Eastspring, Asia's leading experts. Customer portfolio allocation will be automatically adjusted according to market situation where customers are also notified. Customers can easily track, buy, sell, switch and open a portfolio via ttb touch app (ttb all free saving account is required). For better customer financial behaviors, we promote long-term saving habits by allowing customer to start investment with minimal amount as 1 baht where customers can choose to do DCA to reduce the impact of volatility on the overall purchase as well. Furthermore, ttb smartport-SSF is also available to serve customers who would like to invest and to get benefits from tax saving.

**Sufficient Protection** – Having appropriate protection ensures financial stability and enables the mitigation of loss of customer and family. TMBThanachart aims to address protection needs of our customers through bancassurance products. We innovate products to address variety of protection needs, including wealth protection and transfer, life insurance with high coverage, health insurance, and protection of assets (car and home). TMBThanachart focuses on ensuring that customers' Financial Well-being is not confined to only wealth aspect, we aspire to develop solutions for customers to use protection as a financial solution to protect themselves and love ones.

#### **Plans for 2022**

- Continue to deepen customer relationship with our existing customers by offering relevant and need-base products. We continue to create superior product solutions and promote customers' Financial Well-being through our aspired role as Trusted-Advisor. Our financial solutions and services will be offered at the right time, right place, and most suitable for customers to address their individual and unique financial needs. Furthermore, bank will continuously expand customer base through our flagship products, namely deposit, auto-loan, unsecured loan and credit card

- Develop and train staffs on essential skills including investment management, portfolio planning, banking product knowledge to ensure that staffs have well-rounded abilities to be one stop service, Trusted-Advisor, who can offer best financial products and solutions to help customers reach their financial goal.
- Improve and innovate financial solutions that promote Financial Well-being to cover wider financial needs. **Transactional Banking** – To continue improving ttb all free and credit card to facilitate daily transactions with special privilege linked with ttb financial products and solutions, **Lending** – To respond to customers' need for lending while offering advisory that promotes good financial health, **Investment** – To continue adding mutual fund and investment selection, **Bancassurance** – To offer protection most suitable for each life stage and address protection needs for life, health, and asset.
- Develop service channels and technology to enable seamless banking experience and security. ttb touch will continue to be the main digital platform that can serve all financial transactions on one application. Moreover, we will further increase capability of our alternative channels, namely Private Wealth Advisor, Lending Specialist, and Investment Specialist, to promptly assist and to provide best financial consultation.

## Automotive Lending Business

### Our Intent

The Automotive Lending Business Unit's direction aims to drive and continually improve towards higher capability and more agile business unit. The AL Business aspires to maintain leadership and "Be the Trusted Market Leader in Automotive Finance" by delivering experiences beyond expectation throughout the customers' journey, from applying for loan, extra services along the installment period, others banking services, requesting after-sale services, and till closing of account; all requests can be made via branch, call center and online channel.

Our mission is "To use our market leading position to shape the future of car retail ecosystem for customers' and partners' well-being" by using Platform-Driven and Data-Driven Strategy to develop the best products, services, and financial innovations to serve customers' throughout every life stage and create seamless Omni channel experience to deliver beyond expectation experience. Moreover, we aim to become customers' main bank by offering complete suite of products, services, and financial innovations including car insurance and loan protection with Omni channel for seamless experience throughout the customers' lending period, in line with the Automotive Lending Business's aspiration to "Be the Trusted Market Leader in Automotive Finance".

### 2021 Summary

In 2021, Thai economy slightly improved as the result of the quicker easing of government's lockdown and easing the travel restriction for tourists, benefiting mostly from faster roll out of vaccination. Additional boost to the economy came from better-than-expected government's budget disbursement throughout the year. Nonetheless, the economy still faced many challenges from flood affecting agricultural sector, services, and labor, as well as uncertainty from COVID-19 pandemic. All these factors affected the industry's new car sales for the year, resulting in a continued contraction of 5% from 2020.

Against the backdrop of these challenges, the Automotive Lending Business Unit recognizes the importance of its role to help customers and partners to overcome COVID-19 pandemic since 2020 as well as preparing for the future in post-crisis periods. The Bank issued debt relief programs called "Tang Lak" and continue to improve the programs as the fast relief measure with comprehensive coverage across the country and for all customers and partners. The program reached across all parts of the automotive eco-system, whether customers, partners, dealers, and corporate clients in order to support the recovery for businesses and livelihood of the eco-system and ensure we can move forward together.



Moreover, the Unit has adapted its business and operations to be more resilient to the situation by more prudent in lending. After successful merger and integration, we focused on accelerating development of digital platform to cope with changes in customer behavior and the ongoing COVID-19 pandemic to reduce risk to customers, partners, and staffs. Overall of 2021, the Automotive Lending Business Unit continued to maintain its leadership in Automotive financing and its NPL lower than the industry's average.

### **Plans for 2022**

In 2022, ttb Analytics expects the economy to recover closer to pre-COVID-19 level, led by export growth, private consumption recovery fueled by pent-up demand and consumer's confidence, and private investment in response to export growth and EEC expansion. Automotive industry will further benefit from launch of new models with new technology, particularly in the Electric Vehicle (EV) segment boosting new car sales. Nonetheless, economic uncertainty still looms largely from prevailing COVID-19 pandemic, tourism sluggish recovery, and high household debt.

During 2022, Automotive Lending Business Unit strives to maintain its leadership in automotive finance business by delivering changes in the Ecosystem with new business platforms and deepening data analysis to understand the true needs of customer as a part of its platform-driven and data-driven strategy.

This includes a revamp of an end-to-end process to faster serve our customers and partners and a repositioning of Cash Your Car (CYC) product as a flagship product for offering to customers. Moreover, the Unit will also focus building lead management platform to support changing customer behaviors and offer the right solution to the right customer at the right timing to serve customers' throughout every life stage and create seamless omni-channel experience.

In addition, the Unit continues to put priority on reducing risk costs and increasing recovery rate by improving current credit scoring models by integrating with more synchronized data. All in all, the Automotive Lending Business unit seeks to delivering best value for our customers under Customer Centricity approach while providing the best Customer Experience that is true to our mission in using our market leading position to shape the future of car retail ecosystem for all customers' and partners' well-being.

### 3) Service Channels

In 2021, TMBThanachart under the combined strengths after the merger is ready to move forward to deliver Financial Well-being for Thai people. We enhanced serviced to become a trusted advisor, providing financial advisory that meets and answers customer's goal and need through omni-channel experience that connects digital and other human touch channels with seamless customer experience anywhere, anytime.

#### Digital Channels

**ttb touch/ttb internet banking** focus on daily financial transaction services with aims to provide customers' convenience and deliver the best customers' experience, under the concept of Financial Well-being for Thai people. In 2021, ttb introduced new services on ttb touch and ttb internet banking to customers as follows:

- Developed services for the Bank's integration
  - Provided loan and credit card information of Thanachart customers on ttb touch.
  - Provided mutual fund information of Thanachart customers on ttb touch.
  - Automatically migrated customers from T-Connect to ttb touch.
  - Provided auto-loan products on ttb touch, customers can view loan information and pay car loan installments.
- Developed user experience / Improved system stability
  - Developed "My transaction" as a fast lane for ttb touch homepage for shortcut to the favorite menu of customer
  - Added new feature development for more convenience
  - E-Payment : Connected payment system with e-commerce partners for more payment convenience with few-step transaction
  - e-KYC (IDP) : Collaboration for IDP (Identity Provider) to develop a data source for a membership's bank to leverage e-KYC data

**ttb BIZTOUCH, ttb Business CLICK, Online Account Opening For business customers** in Q2 2021, SME customers and business customers had 28% more subscriptions for digital channels compared to Q2 2020 and the number of transactions via digital channel increased to 71% of the total number of transactions of SME and business customers, which was higher than the target at 40% of ttb business one, Business CLICK & BIZ TOUCH from SME customer base and all business customers in 2021.

In addition, there was a further improvement in the Face-to-Face on boarding model for digital subscriptions within Q1 2020, to expand new customer groups and to support the changing behavior under digital business

world. To facilitate customers, TMBThanachart introduced face recognition technology for KYC and account opening for corporate clients which helped reduce the process of applying for faster than ever.

In 2021, the Bank launched a marketing and public relations campaign for a new digital platform called ttb business one, a new internet banking platform system that replaces the existing ttb Business CLICK system. ttb business one will integrate new technologies in order to uplift user experience in terms of simplicity, speed and easily connected with other systems that SME customers and large business customers currently use.

### **Branch Network**

Branch service channels aims to improve advisory service and to be trusted financial advisors for customers. In addition, service quality (NPS) will be measured to improve advisory and branch service quality. Net Promoter Score (NPS) at the end of 2021 was 64% and we aim to increase score by providing better quality service and advisory. Branch staffs have used the CRM system as the main tool to monitor customer information and to link the Bank's channels together.

Currently F2F onboarding system on tablet device has been utilized for customer facial recognition authentication at branch as well as for KYC information update, deposit account opening, and mobile banking application. During the year 2021, functionality of the F2F Onboarding tool was continuously developed for customer convenience and security.

Furthermore, to increase customers' accessibility to the Bank's services, banking agent service was introduced to customers with total of 4 payment agents (namely Thailand Post Co., Ltd., 7-Eleven, Lotus and Big C) and 7-Eleven as a deposit service agent .

### **Electronic Channels: ATMs and ADMs (Auto Deposit Machines)**

ttb has developed new features and security system enhancement on electronic channels for customer convenience and security.

- Enhanced security by upgrading the machines to support Windows 10 or providing extended support unit (ESU) / dynamic security & compensation control to prevent the risk of malware programs
- Migrated Thanachart Bank machines to be under ttb system including changing the signage of Thanachart Bank to be ttb which was align with the machine system and customer communication
- Explored new technology or service models on ATM machines, such as ATM cardless withdrawal, with the Bank of Thailand association or interested banks and identity verification through electronic branch channels

## Contact Center

### Retail Contact Center

ttb has developed and improved Contact Center channel to be easily contact and prompt respond to customer's need as follows;

- Merged Contact Center to be 1 team to serve merged bank's customers and changed the contact number to be 1428 after the merger.
- Developed UX/UI technology for customer authentication via ttb ID, ttb touch PIN, CCPIN to allow customers to make transactions more convenient, faster and more secure.
- Increased technology, process and human resource capabilities to support an increase in the number of customer contacts during Covid-19 situation which came from the increasing requests for debt relief program via Contact Center and the increase in the number of digital users and usage inquiries.

### Investment Line

- In 2021, ttb aimed to create an investment experience that was easily accessible for customers via telephone channels. Therefore, the Bank expanded the scope of service to cover general customers by combining Wealth Advisor with the Investment Line team (1428#4). License certified staffs can perform telephone consulting on investment information including buy, sell, switch funds, and subscribe to automated investment planning services follow market conduct and suitable with customer risk profile.
- In 2021, the investment advisory service via telephone (Investment Line) were expanded to provide investment consulting to merged bank's customers.

### Commercial Contact Center

- To serve the increasing number of business customers. The team has continuously adjusted the menu of the IVR system to allow business customers to access services faster as well as to simplify and facilitate self-service inquiries through the system. In addition, business customers are encouraged to conduct various transactions via electronic channels of the Bank. Specialized staff will be provided to guide you through the use, answer questions, and solve systemic problems to facilitate in case of any transaction problems through the Bank's electronic channels.
- To analyze customer service data for product and service improvement.
- As for telephone numbers for existing business customers of Thanachart Bank, customers could still contact the same number for the entire year with an automatic call to inform the new TTB's number.
- To merge the Commercial Contact Center of both banks in order to become a single point of contact for business customers and SME business customers. In addition, operating hours are extended from Mon-Fri 8:00 a.m. - 6:00 p.m. to Mon - Sat 8:00 a.m. - 8:00 p.m. and the services cover all commercial products.
- To adapt new technology called the New Telephony System in order to improve system efficiency and ability to serve customers.

## Distribution channel and network

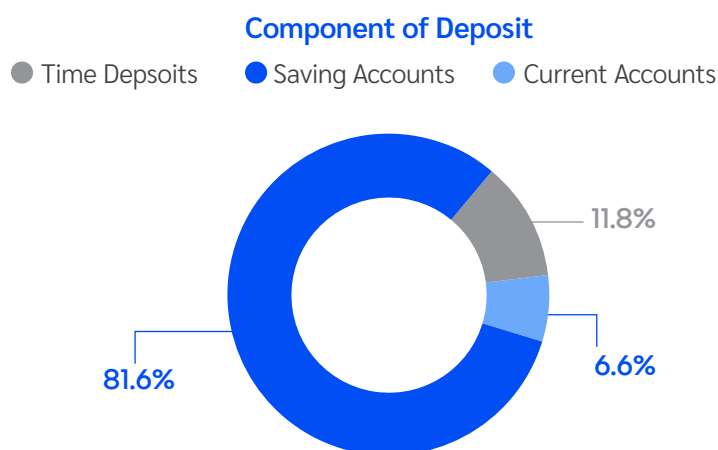
Service Channels for TMBThanachart Bank	
1. Branches and Business Centers	
Domestic branches	636 branches
Overseas Branches	<ul style="list-style-type: none"> <li>Vientiane branch, Lao P.D.R.</li> </ul>
Zone Offices	<ul style="list-style-type: none"> <li>20 zone offices for Small Business</li> <li>33 zone offices for SME</li> <li>15 zone offices for Business Banking</li> </ul>
Foreign Currency Exchange Service	<ul style="list-style-type: none"> <li>1 booth at HQ</li> </ul>
2. Electronic Channels	
ATMs and CDMs	<ul style="list-style-type: none"> <li>ATM 3,043 machines</li> <li>CDMs 598 machines</li> <li>All in Ones 253 machines</li> </ul>
3. Digital Banking	
Mobile Banking	<ul style="list-style-type: none"> <li>ttb touch application for individual customers</li> <li>ttb business one application internet banking for business customers</li> </ul>
Internet Banking	<ul style="list-style-type: none"> <li>Internet banking service for retail customers through the website <a href="http://www.ttbdirect.com">www.ttbdirect.com</a></li> <li>Internet banking service for business customers through the website <a href="http://www.ttbbusinessone.com/auth/login">www.ttbbusinessone.com/auth/login</a></li> </ul>
4. Contact Center	
Contact Center	<ul style="list-style-type: none"> <li>1428 International Call +66 2299 1428</li> </ul>
SME Call Center	<ul style="list-style-type: none"> <li>1428 International Call +66 2299 1428</li> </ul>
Corporate Call Center	<ul style="list-style-type: none"> <li>0-2643-7000 Service hours 8:00 a.m. to 8:00 p.m. available from Monday to Saturday. (except bank holidays and public holidays)</li> </ul>
5. ME by TMB	
ME Place	<ul style="list-style-type: none"> <li>Can use the service at all branches in nationwide</li> </ul>
Call Center	<ul style="list-style-type: none"> <li>1428</li> </ul>
Website	<ul style="list-style-type: none"> <li>Cancellation</li> </ul>
Mobile Application	<ul style="list-style-type: none"> <li>Integration of work systems for ME account to service via ttb touch application and <a href="http://www.ttbdirect.com">www.ttbdirect.com</a></li> </ul>



## 1.2.4 Source of Funds

### 1) Sources of Funds

Major sources of funds for TMBThanachart Bank are deposits, interbank and money market items and borrowings. As of December 31, 2021, TTB had total deposits (Consolidated) of THB 1,339,195 million, where saving account, time deposits, and current account represented 81.6 %, 11.8 % and 6.6 % respectively.



Besides total deposits that were represented 89.7% of total funds. In addition, the Bank recorded interbank and money market items of THB 84,966 million and borrowings of THB 68,398 million, making up 5.7% and 4.6% of total funds respectively.

### TTB's Sources of Funds

	As of December, 31					
	2021		2020		2019	
	Amount (THB million)	As % of total fund	Amount (THB million))	As % of total fund	Amount (THB million)	As % of total fund
(Consolidated)						
Time Deposits	157,885	10.6	186,876	12.2	418,819	26.3
Saving Accounts	1,093,116	73.2	1,103,241	71.7	903,198	56.7
Current Accounts	88,194	5.9	83,291	5.4	76,095	4.8
<i>Total deposits</i>	<i>1,339,195</i>	<i>89.7</i>	<i>1,373,408</i>	<i>89.3</i>	<i>1,398,112</i>	<i>87.8</i>
Interbank and money market items	84,966	5.7	75,909	4.9	86,626	5.4
Debts issued and borrowings	68,398	4.6	88,965	5.8	108,835	6.8
<i>Total debt issued and borrowings</i>	<i>153,364</i>	<i>10.3</i>	<i>164,874</i>	<i>10.7</i>	<i>195,461</i>	<i>12.2</i>
<b>Total Funding</b>	<b>1,492,559</b>	<b>100.0</b>	<b>1,538,282</b>	<b>100.0</b>	<b>1,593,573</b>	<b>100.0</b>

## 2) Policy on Funding and Pricing

The Bank has a policy to mobilize funds from the sources mentioned above with the amount and tenor that is most closely aligned to its requirements. Other factors taken into account are proper liquidity for the Bank's operation and comparison of funding costs from various sources. Meanwhile, suitable deposit interest rates are determined based on liquidity in the money market and of the Bank itself, together with external factors such as interest rate trends, the Bank of Thailand's monetary policy, competition in mobilizing deposits, national economic trends and other such factors.

## 3) Policy on Liability Management

The Bank manages its short- term and long-term liabilities both in Thai baht and foreign currencies to match with the asset or clients' demand for loans. In order to hedge both interest rate and FX risks, various financial instruments such as FX swap, Interest rate swap and Cross currency swap are applied manage the above liabilities efficiently, which constitutes the alignment of the Bank's cash inflow and outflow.

## 4) Capital Adequacy

The Bank and its subsidiaries' capital adequacy ratios consisted of the following:

(Unit: percentage)

	The BoT's regulation minimum requirement *	31 Dec 21	31 Dec 20	31 Dec 19
Capital ratio (under Basel III framework)				
Capital Adequacy Ratio/Total Risk-Weighted Asset	11.0	19.33	19.59	18.95
Tier 1 Capital Ratio/Total Risk-Weighted Asset	8.5	15.33	15.46	14.62
Common Equity Tier 1 Capital Ratio/ Total Risk-Weighted Asset	7.0	14.35	14.45	13.62

\* Includes capital conservation buffer as required by the BoT commencing 1 January 2016.

### 1.2.5 Business Assets

#### 1) Core fixed assets used in business operations

Net book value of premises & equipment and right-of-use assets of the Bank and its subsidiaries as at December 31, 2019-2021 are as follows:

(Unit: THB million)

Item	As at December 31,		
	2021	2020	2019
1. Land	11,769	12,316	13,763
2. Building	12,744	12,854	13,736
3. Right-of-use assets-premise	1,913	1,808	-
4. Leasehold improvements	1,599	1,169	1,373
5. Equipment	7,330	7,185	7,963
6. Right-of-use assets-equipment	1,707	1,816	-
<b>Total</b>	<b>37,062</b>	<b>37,148</b>	<b>36,835</b>
<u>Less</u> Accumulated depreciation	15,175	12,957	13,029
Allowance for impairment losses	262	152	164
<b>Premises &amp; equipment and right-of-use assets, net</b>	<b>21,625</b>	<b>24,039</b>	<b>23,642</b>

#### 2) Leasehold right

The Bank has leased lands, buildings, and commercial buildings from government agencies, state enterprises and private entities to locate regional offices, branches, and ATMs, numbering 2,638 contracts for rental-terms ranging from 1 year to 30 years, with total rentals payable of about THB 1,051 million per year.

Leasehold right	Rental-terms	No. of contracts
Land and building	<1 year	2,224
Land and building	1-5 year	406
Land and building	≥ 5 years	8
<b>Total</b>		<b>2,638</b>

### 3) Intangible assets

As of December 31, 2021, the Bank's service marks and trademarks registered with Department of Intellectual Property, Ministry of Commerce, with the registration valid for 10 years from the registration date and renewable every 10 years.

### 4) Investment in subsidiary and associated companies

#### Policy on investments in subsidiary and associated companies

The Bank has a policy to invest in related subsidiaries and associated companies, providing that such entities engage in either financial businesses or businesses that will contribute to the Bank's core banking businesses and thereby enhance financial service offerings to customers. The companies must have good prospects with an acceptable level of risk. In order to ensure that subsidiaries and associated companies have undertaken proper business practices in line with the Bank's investment policy, the Bank will participate in directing and determining their policies, business plans, and initiatives. Investment size will not exceed the limits permitted by the BoT.

As of December 31, 2021, details of the Bank's investments in subsidiaries and associated companies compared to its total assets as shown in the financial statements (the Bank only) are tabulated below:

(Bank Only)	Total Net Investment by the Bank (THB million)	As % of total assets
Subsidiaries	725	0.04
Associated companies	4,389	0.25
<b>Subsidiary and associated companies</b>	<b>5,114</b>	<b>0.29</b>
<b>Total Assets</b>	<b>1,754,689</b>	<b>100.0</b>

#### Policy on operations of subsidiaries and associated companies

The Policy is developed by using the guideline of BoT's Consolidated Supervision Policy that requires commercial banks under BoT's supervision to comply with. The scope of the Bank's supervision is divided into various aspects to cover the implementation of the Financial Business Group. The Policy comprises 1 core policy and 7 supporting policies as follows:

## **Core Policy**

### **1. Governance Structure**

To determine the management and control structure of the Group Companies in aspect of generating strategic plan and nominating representative directors to jointly manage the Group Companies and reorganize to take responsibility of the Group Companies as appropriate. The Bank determines the guideline of representative director nomination covering investment in other companies in financial business group and general investment.

## **Supporting Policy**

### **1. Accounting Policy**

To determine the accounting and financial report policy for the Bank to collect related information from the Group Companies for generating consolidated financial report correctly, in the same direction and in compliance with the BoT's rule and regulation and analyzing performance and financial status of the Group Companies correctly and promptly for controlling and monitoring.

### **2. Corporate Governance Policy and Policy on Confidential & Insider Information and Conflicts of Interest**

#### **2.1 Corporate Governance Policy**

To determine the policy for the Group Companies to conduct under business ethic and the morality and the best practices are concerning in good corporate governance and best practices which should be in line with Corporate Governance Policy.

#### **2.2 Policy on Confidential & Insider Information and Conflicts of Interest**

To determine the policy for the Group Companies to comply with the relevant policies and procedures in preventing any transaction which might be considered as conflict of interest or breach the bank regulation regarding insider trading.

### **3. Anti-Corruption Policy**

This policy and the relevant policies are setting to manifests the Bank's and the subsidiaries intention on anti-corruption. Giving and accepting a bribe of improper benefit either from the officer/unit of the bureau office or private sector is prohibited. In this regard, each subsidiary shall be notified in writing of the policy in order to comply with this Anti-Corruption Policy and relevant policies included the relevant laws.

### **4. Risk Management Policy**

To determine the risk management policy of the Group Companies covering various aspects of risk relating to companies' performance and impacting the stability of the Group Companies including:

- Market Risk Management
- Liquidity Risk Management
- Operational Risk Management
- Credit risk management



## **5. Compliance Policy**

To determine the policy for the Group Companies to conduct under Compliance Policy and relevant Regulatory Policy such as Regulatory Compliance, Related Parties or Connected Persons Policy, BoT's Regulatory Compliance and Know Your Customer and Anti-Money Laundering.

## **6. Corporate Communication Policy**

To determine the policy regarding the communication of information to outsider for the Group Companies to conduct in the same way and promote the Bank image in aspect of name and brand and disclose information of the Group Companies.

## **7. Audit Policy**

To determine the roles of Internal Audit (AUD) and Independent Credit Review (ICR) and the Audit Committee's oversight role in conjunction with the roles of the Bank management and external auditor on auditing, controlling and monitoring the Group Companies. The ultimate objective is to ensure sound control culture and good governance throughout the Financial Business Group.

## 1.3 Shareholding Structure of the Bank

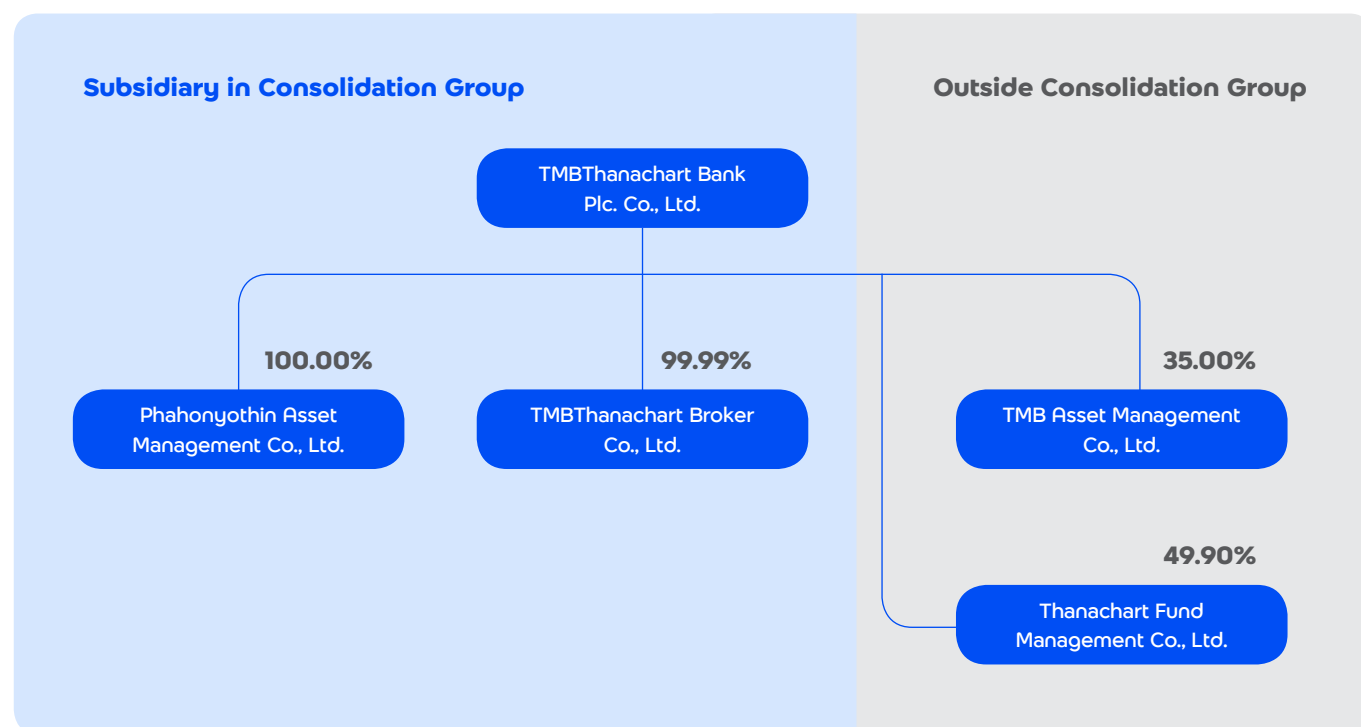
### 1.3.1 Business Consolidation Policy

TMBThanachart segregates the business activities of its group companies in accordance with the Bank of Thailand's consolidated supervision regulation, which calls for a bank's setting up of a financial business group. The financial business group consists of companies divided into two categories, based on the Bank's ownership portion and type of business, as follows:

1. **Solo consolidation** is defined as a company which operates as a credit or the business like credit which has the specific law regulated institution and the Bank holds at least 75% of its issued and paid-up share capital and its management is under the Bank's supervision.
2. **Non-consolidation** comprising companies engaging in the financial business and businesses supporting the Bank's operations, as follows:
  - **Financial business group** is defined as a company which operates financial business and the Bank holds at least 50% of its issued and paid-up share capital which such business has the specific law regulated such as security business, life insurance business, non-life insurance business, credit card business, personal loan under regulated, retail lending, and asset management business.
  - **Supporting business group** is defined into 2 types:
    - (1) Operating company which engages in function tasks that are normal banking operation or tasks that are directly support the operations of the Bank, provide service to the company in the same financial business group, or in accordance with Bank of Thailand Notification re: Permission of Commercial Bank in provide service to the financial business group or regulator (insourcing). However, if the support function is the company that doing in IT Infrastructure then such company can provide service to public. In addition, the support function such as cash delivery is permitted to provide its service to the other cash delivery operator during the crisis situation as per their Business Continuity Plan: (BCP).
    - (2) Fintech business that provide the supporting business or support the financial information for the customers in requesting the lending from the financial institutions. The supporting company is the company that the Bank holds at least 50% of its issued and paid-up share capital.

The Bank's subsidiaries are classified based on this group structure as shown in the chart below:

### 1.3.2 The Bank's Group Structure Chart



- <sup>1/</sup> Phahonyothin Asset Management Co., Ltd. is a subsidiary in solo consolidation group. TMBThanachart Broker Co., Ltd. is a subsidiary in full consolidation group.
- <sup>2/</sup> Thanachart Bank Plc. has changed the name to TBCO Plc. The company registered dissolution with Ministry of Commerce on 1 November 2021 and currently on liquidation process.

### 1.3.3 Business description of subsidiary and associated companies

As of December 31, 2021, TMBThanachart had invested in subsidiary and associated companies as described below:

Name	Type of business	Investment value by cost method as of Dec 31, 2021 (THB million)	% of shareholding by TTB as of Dec 31, 2021
<b>Subsidiary companies</b>			
1. Phahonyothin Asset Management Co., Ltd.	Asset management	298	100.00%
2. Thanachart Broker Co., Ltd. <sup>2/3/</sup>	Insurance brokerage	117	100.00%
<b>Total investment in subsidiary companies</b>		<b>415</b>	

Name	Type of business	Investment value by cost method as of Dec 31, 2021 (THB million)	% of shareholding by TTB as of Dec 31, 2021
<b>Associate Companies</b>			
1. TMB Asset Management Co., Ltd.	Fund management	197	35.00%
2. Thanachart Fund Management Co., Ltd. <sup>2/</sup>	Fund management	4,192	49.90%
<b>Total investment in associated companies</b>		<b>4,389</b>	
<b>Net investment in subsidiary and associates companies</b>		<b>4,804<sup>4/</sup></b>	

<sup>1/</sup> The remaining 0.02% of the total share in TBANK is owned by minority shareholders. Thanachart Bank Public Company Limited has ceased its services after the Entire Business Transfer (EBT)

<sup>2/</sup> Investments in Thanachart Broker and Thanachart Fund Management are consolidated in an investment in Thanachart Bank. The shares of Thanachart Broker Company Limited and Thanachart Fund Management Company Limited, which Thanachart Bank Public Company Limited was the direct shareholders as of March 31, 2021 as a direct shareholder has been transferred to TTB after the EBT

<sup>3/</sup> Thanachart Broker Company Limited has changed its name to TMB Thanachart Broker Company Limited from July 1, 2021

<sup>4/</sup> Net investment in subsidiary and associates companies does not include investment in Thanachart Bank Plc. amount of Bt 99,310 mb which Thanachart Bank Plc. has changed the name to TBCO Co.,Ltd.. The company registered dissolution with Ministry of Commerce on 1 November 2021 and currently on liquidation process

- **Phahonyothin Asset Management Co., Ltd.** – Established by the Bank to manage non-performing loans, non-performing assets and relevant collateral transferred from the Bank to ensure optimum returns.
- **TMBThanachart Broker Co., Ltd** – Operating non-life insurance brokerage and life insurance brokerage business, providing service for the car and motorcycle registration and annual registered tax to customers of Thanachart Group, recommending financial products of TBANK, providing service for the annual motor transportation tax and car insurance renewal to customers of hire-purchase from TBANK, providing service for the tax reminder and collection, and insurance fee and any related fee provide services for, and services the other businesses of non-life and life insurance businesses.
- **TMB Asset Management Co., Ltd.** – Engaging in fund management in compliance with the Securities and Exchange Act and in investment management under the permission of the Securities and Exchange Commission. TMB Asset Management Company Limited (TMBAM) was established on October 16, 1996 with TMB Bank as the main shareholder. On September 27, 2018, Prudential Corporation Asia Limited has joined TMB Bank and holds 65% of TMBAM shares together with TMB Bank which holds 35%. TMBAM has been rebranded as TMBAM Eastspring on January 21, 2019.

- **Thanachart Fund Management Co., Ltd.** – A company held by Prudential Corporation Holdings Ltd. and Prudential Holdings Ltd. (holding 50.1 percent of the total shares) and TBANK (holding 49.9 percent of the total shares). As it operates businesses related to not only management of mutual funds, private funds, and provident funds, but also investment advisory business, the company could be considered one with integrated advisory services.

#### 1.3.4 Investment in other companies holding more than 10% of the paid-up capital

Investment in other companies as of December 31, 2021 holding more than 10% of the paid-up capital in each company were as follows:

Company	Head Office Location	Type of Business	Type of Capital (Share)	Paid-up Capital (Share)	No. of shares holding (Share)	% Holding	Value (Baht), net of allowance for diminution in value
<b>Strategic Investment in Financial Business Companies</b>							
1. PHAHONYATHIN ASSET MANAGEMENT CO., LTD. Tel. 0-2299-1111	Bangkok	Finance	Common Stock	50,000,000	50,000,000	100.00	298,125,000.00
2. TBCO PUBLIC COMPANY LIMITED Previous name Thanachart Bank PCL.	Bangkok	Finance	Common Stock	6,064,862,170	6,063,411,688	99.98	310,437,330.32
3. TMBTHANACHART BROKER CO., LTD. Tel. 0-2783-0200	Bangkok	Finance	Common Stock	10,000,000	9,999,000	99.99	116,843,292.25
4. THANACHART FUND MANAGEMENT CO., LTD. Tel. 0-2217-5281	Bangkok	Finance	Common Stock	10,000,000	4,999,000	49.90	4,191,600,000.00
5. TMB ASSET MANAGEMENT CO., LTD. Tel. 0-2636-1800 Ext.1725	Bangkok	Finance	Common Stock	10,000,000	3,500,000	35.00	196,942,475.58
6. THANACHART INSURANCE PUBLIC CO., LTD. Tel. 0-2308-9300	Bangkok	Finance	Common Stock	493,000,000	49,300,000	10.00	1,101,700,587.00
7. THANACHART SECURITIES PUBLIC CO., LTD. Tel. 0-2779-9000	Bangkok	Finance	Common Stock	3,000,000,000	300,000,000	10.00	503,426,930.00



Company	Head Office Location	Type of Business	Type of Capital (Share)	Paid-up Capital (Share)	No. of shares holding (Share)	% Holding	Value (Baht), net of allowance for diminution in value
<b>Business Supporting Companies</b>							
8. TMB PROPERTY DEVELOPMENT CO., LTD.	Bangkok	Real Estate	Common Stock	10,000	9,993	99.93	4,169,342.92
<b>Other Companies</b>							
9. N D GROUP FEEDMILL CO., LTD.	Lumphun	Wholesale, Retail	Common Stock	120,000	30,000	25.00	0.00
10. WING GROUP CO., LTD.	Chiang Mai	Garment Manufacturer	Common Stock	9,000	2,250	25.00	0.00
11. TRIS CORPORATION LIMITED Tel. 0-2231-3011	Bangkok	Services	Common Stock	1,000,000	178,200	17.82	30,346,308.00
12. THAI CHAREONPHOL INDUSTRY CO., LTD.	Phrae	Production	Common Stock	15,500	2,500	16.13	0.00
13. NATIONAL ITMX CO., LTD. Tel. 0-2558-7555	Bangkok	Services	Common Stock	500,000	52,299	11.26	100,874,054.73
14. M_THAI ESTATE CO., LTD. Tel. 0-2261-1144	Bangkok	Real Estate	Common Stock	30,000,000	3,000,000	10.00	0.00
15. WHOLESALE TOWN CO., LTD. Tel. 0-2531-6860	Pathum Thani	Transportation	Common Stock	22,000	2,200	10.00	2,433,828.72
16. METROPOLITAN INDUSTRIAL LEASING CO., LTD. Tel. 0-2258-0108	Bangkok	Services	Common Stock	2,500,000	250,000	10.00	505,000.00

## 1.4 Bank's Securities and Shareholders

### 1. Bank's registered and paid up capital

#### Bank's capital

As of December 31, 2021, the Bank's registered capital was THB 92,021,136,661 of which THB 91,791,730,851 was paid up, comprising ordinary shares of 96,622,874,580 shares at par value of THB 0.95/share.

#### Thai Trust Fund

As of December 31, 2021, Thai Trust Fund was no longer issued by the Bank.

### The number of shares impacts on shareholders' voting rights from the issuance of Non-Voting Depository Receipt (NVDR)

The number of shares or impacts on shareholders' voting rights from the issuance of Non-Voting Depository Receipt (Non-Voting depository receipt-NVDR) Non-Voting Depository Receipt (NVDR) is a trading instrument issued by Thai NVDR Co., Ltd., a subsidiary wholly owned by Stock Exchange of Thailand (SET). By investing in NVDRs, investors will receive all financial benefits including dividends, right issues or warrants, as if they had invested in a company's ordinary shares. Unlike ordinary shareholders, NVDR holders are not entitled to voting rights in a shareholders' meeting except for the case of voting to pass a resolution concerning the delisting of shares from the SET. If the Bank's shares are issued as NVDRs in a great number, its shares with voting rights will decrease and the voting rights of other shareholders will increase.

As of April 30, 2021, the latest share register closing date, Thai NVDR Co., Ltd. issued NVDRs with the Bank shares as reference asset amounting to 2,930,362,907 shares or 3.04% of the Bank's issued and paid-up ordinary shares. However, the issuance of NVDR securities does not fall within the realm of the Bank's control. Investors may check the information on NVDR shares from website of the SET at [www.set.or.th/nvdr](http://www.set.or.th/nvdr).

#### Other securities

As of December 31, 2021, details of the Bank's other securities are summarized as follows:

Type	Interest rate (%)	Year of redemption	Number and value not yet redeemed (as of December 31, 2021)
1. Subordinated Bond (TMB27NA)	Fixed interest rate 3.50% per annum	November 2027	THB 5,430 million
2. Subordinated Bond (TMB296A)	Fixed interest rate 4.00% per annum	June 2029	THB 30,000 million

Type	Interest rate (%)	Year of redemption	Number and value not yet redeemed (as of December 31, 2021)
3. Senior Bond (Green Bond)	Floating interest rate 6M Libor + 1.05% per annum	June 2025	USD 60 million (Equivalent to THB 2,005 million)
4. Senior Bond (SME Bond)	Floating interest rate 6M Libor + 1.05% per annum	December 2025	USD 90 million (Equivalent to THB 3,008 million)
5. Senior Euro Bond	Fixed interest rate 0.48% per annum	November 2022	EUR 70 million (Equivalent to THB 2,653 million)
6. Senior Euro Bond	Fixed interest rate 0.85% per annum	November 2024	EUR 155 million (Equivalent to THB 5,874 million)
7. Additional Tier 1	Fixed interest rate 4.90% per annum	Perpetual	USD 400 million (Equivalent to THB 13,368 million)
8. Senior USD Bond	Fixed interest rate 0.85% per annum	October 2022	USD 20 million (Equivalent to THB 668 million)

**Note:** Detail of debentures is available on the Bank's website at <https://www.ttbbank.com/en/ir/credit-rating-and-debenture/details-of-debentures> or scan QR code



## 2. Shareholders

### 2.1 List of 11 largest shareholders and proportion of shareholding

Top 11 highest shareholders, number of shares and % holding included their related persons and controlling persons, the share register closing dated April 30, 2021 for the shareholder who entitle to receive the dividend of the operating profit of 2020.

2021		
Major Shareholder	No. of Shares	%
1. ING BANK N.V.	22,190,033,791	23.02
2. Thanachart Capital Public Company Limited	20,416,613,367	21.18
3. Ministry of Finance	11,364,282,005	11.79
4. VAYUPAK FUND 1	10,062,694,015	10.44
5. THAI NVDR	2,930,362,907	3.04
6. SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED	1,969,887,203	2.04
7. Bualuang Top-ten Fund	923,116,300	0.96
8. Military Group *	784,612,673	0.81
9. MR. HENDRIK ROBERTUS CASTENDIJK	735,950,000	0.76
10. Mrs. Somporn Jungrungrueangkit	698,954,247	0.73
11. Bualuang Long-term Equity Fund	634,206,700	0.66

\*Included Royal Thai Army, Thai Navy, Thai Air Force, Military Units and RTA Entertainment Plc.

**Note:** Detail of major shareholders is also available on the Bank's website at <https://www.ttbbank.com/en/ir/stock-information/major-shareholders> or scan QR code



## 2.2 Report of change in TTB Shares held by Directors and Executives

As of December 31, 2021

Name	Position	TTB shares held as of 31 Dec 2020	TTB shares held as of 31 Dec 2021	Change (net) Increase/ (Decrease) in TTB shares
1. Mr. Ekniti Nitithanprapas	Chairman	-	-	-
Spouse and minor children		-	-	-
2. Mr. Suphadej Poonpipat	Vice Chairman	-	-	-
Spouse and minor children		-	-	-
3. General Apinun Kumproh <sup>1</sup>	Director	-	-	-
Spouse and minor children		-	-	-
4. Mr. Philippe G.J.E.O. Damas	Director	5,126,411	5,126,411	-
Spouse and minor children		-	-	-
5. Mr. Praisun Wongsmith	Independent Director	-	-	-
Spouse and minor children		18,592	18,592	-
6. Mr. Willem Frederik Nagel	Independent Director	-	-	-
Spouse and minor children		-	-	-
7. Mr. Yokporn Tantisawetrat	Director	-	-	-
Spouse and minor children		-	-	-
8. Mr. Teeranun Srihong	Independent Director	-	-	-
Spouse and minor children		-	-	-
9. Mr. Somjate Moosirilert	Director	-	-	-
Spouse and minor children		-	-	-
10. Mr. Prinya Hom-anek	Independent Director	-	-	-
Spouse and minor children		-	-	-



Name	Position	TTB shares held as of 31 Dec 2020	TTB shares held as of 31 Dec 2021	Change (net) Increase/ (Decrease) in TTB shares
11. Mr. Michal Jan Szczurek	Director	-	-	-
Spouse and minor children		-	-	-
12. Mrs. Chananyarak Phetcharat	Independent Director	-	-	-
Spouse and minor children		-	-	-
13. Mrs. Patricia Mongkhonvanit <sup>2</sup>	Director	-	-	-
Spouse and minor children		-	-	-
14. Mr. Piti Tantakasem	Director and Chief Executive Officer	11,572,894	15,398,994	3,826,100 <sup>4</sup>
Spouse and minor children		-	-	-
15. Mr. Praphan Anupongongarch	President	1,875,000	8,230,100	6,355,100 <sup>4</sup>
Spouse and minor children		-	-	-
16. Mr. Senathip Sripaipan	Chief Commercial Banking Officer	1,125,000	5,490,700	4,365,700 <sup>4</sup>
Spouse and minor children		-	-	-
17. Mr. Pompert Rasanon <sup>5</sup>	Chief Automotive Lending Officer	1,125,000	4,612,000	3,487,000 <sup>4</sup>
Spouse and minor children		-	-	-
18. Mr. Anuwat Luengtaweekul	Chief Retail Banking Officer	1,590,000	5,745,400	4,155,400 <sup>4</sup>
Spouse and minor children		-	-	-
19. Mrs. Prapasiri Kositthanakorn	Chief Financial Officer	1,125,000	3,738,600	2,613,600 <sup>4</sup>
Spouse and minor children		-	-	-

Name	Position	TTB shares held as of 31 Dec 2020	TTB shares held as of 31 Dec 2021	Change (net) Increase/ (Decrease) in TTB shares
20. Mrs. Kanchana Rojvatuny	Chief Marketing and Experience Officer	8,628,788	12,064,388	3,435,600 <sup>4</sup>
Spouse and minor children		-	-	-
21. Mrs. Vijitra Thumpothong	Chief People Officer	1,125,000	4,720,600	3,595,600 <sup>4</sup>
Spouse and minor children		-	-	-
22. Mrs. Pittimart Sanguansook	Chief Audit Officer	500,000	2,530,900	2,030,900 <sup>4</sup>
Spouse and minor children		-	-	-
23. Mr. Johannes Franciscus Grisel	Chief Risk Officer	-	-	-
Spouse and minor children		-	-	-
24. Mrs. Rattana Arkachaisri <sup>3</sup>	Chief Operating Officer	1,125,000	5,356,100	4,231,100 <sup>4</sup>
Spouse and minor children		-	-	-
25. Mr. Sutthikan Rungsrithong <sup>3</sup>	Chief Information Officer	750,000	3,193,700	2,443,700 <sup>4</sup>
Spouse and minor children		-	-	-

Remark: <sup>1</sup> Appointment effective on March 8, 2021.

<sup>2</sup> Appointment effective on September 1, 2021.

<sup>3</sup> Appointment effective on November 2, 2021.

<sup>4</sup> Share allocation according to TMB Stock Retention Program 2019 No.2 and TMB Stock Retention Program 2021 No.1

<sup>5</sup> Early retirement effective from January 1, 2022

### 3. Agreements between the Bank and business alliance

#### **Agreement between the Bank and Prudential Life Assurance (Thailand) Public Company Limited**

In 2020, After negotiations, Prudential Life Assurance (Thailand) Public Company Limited (Prudential), the agreed to acquire the rights to sell the life insurance products exclusively for an initial term of 15 years, with effect on and from 1 January 2021.

#### *Strategic Collaboration*

The Bank aspires to assist the Thai in achieving their financial well-being for both current & future stage, through suitable & sufficient product & service offerings that cater to their individual needs throughout their lives to protect against associated risks, Through “Sufficient Protection” concept, the Bank believes that the Thai would be able to plan ahead and live their lives with confident.

The partnership with Prudential will help bring the strengths, knowledges & experiences of the two organizations together to deliver what are best for customers, and is an important symbol of our dedication in deliver financial well-being for the Thai. Since 2021, the Bank have created insurance solutions with Prudential covering flexible life insurance with protection focus, health insurance that allows customers to customize to their needs and life insurance that helps customers plan their future and transfer their wealth systematically, with example of “ttb the treasure” which delivered 1.6 billion baht of premium within 9 months

#### **Agreement between the Bank and Asset Management Company**

Since April 2014, the Bank has set a long-term policy to have an open-architecture platform which offers a wide variety of mutual fund products in order to match various client needs and risk-return profiles. In July 2018, TMB announced partnership with Eastspring Investment, lead asset management in Asia, and the Bank agreed to sell 65% stake in TMBAM for a partnership with Eastspring. Partnering with Eastspring is in line with the Bank mutual fund open architecture strategy. It will also help enhance capabilities of TMBAM to provide with more variety of products and and uplifted services to better serve customers.

Currently, TMBThanachart has 12 Asset Management Companies on open-architecture platform including TMB Asset Management Co. Ltd., UOB Asset Management Co. Ltd., Aberdeen Asset Management Co. Ltd., CIMB-Principal Co. Ltd., Manulife Asset Management Co. Ltd, Tisco Asset Management, One Asset Management Ltd, Kasikorn Asset Management Co. Ltd, Krungsri Asset Management Co. Ltd, Krungthai Asset Management Co. Ltd, Thanachart Fund Management Co., Ltd, and SCB Asset Management Co., Ltd. This enables the Bank to offer a broader range of products and asset classes to its customers.

The Asset Management Company appoints the Bank as a Selling Agent for selling, repurchasing and switching the unit trust and provides advisory service under the Distribution Agent Agreement following the SEC regulations and other applicable laws.

#### **4. Dividend Policy**

##### **The Bank's policy**

The Bank has set out a policy on the dividend payment from financial statements (Bank only). The dividend payment is subject to the Bank's operating performance, the long-term benefits to the Bank's shareholders, the Bank's capital adequacy and reserve requirements as well as the relevant legal conditions and BOT's Notification. In addition, the dividend payment must comply with the Bank's Articles of Association number 43 which states that dividend shall not be paid other than out of profits, and if the Company still has accumulated losses, no dividend shall be paid.

##### **Policy of subsidiary companies**

Subsidiary companies' dividend payments are subject to the approval of their respective boards of directors and to be proposed at their shareholder meetings for approval. The Bank has not set out a payment rate. Their dividend payments will depend on their operational performance and business plans and must be complied with each company's regulations and relevant laws governing the company's dividend payment.

## 2. Risk management & Key risk factors

### 2.1 Overview of TMBThanachart's Risk Management

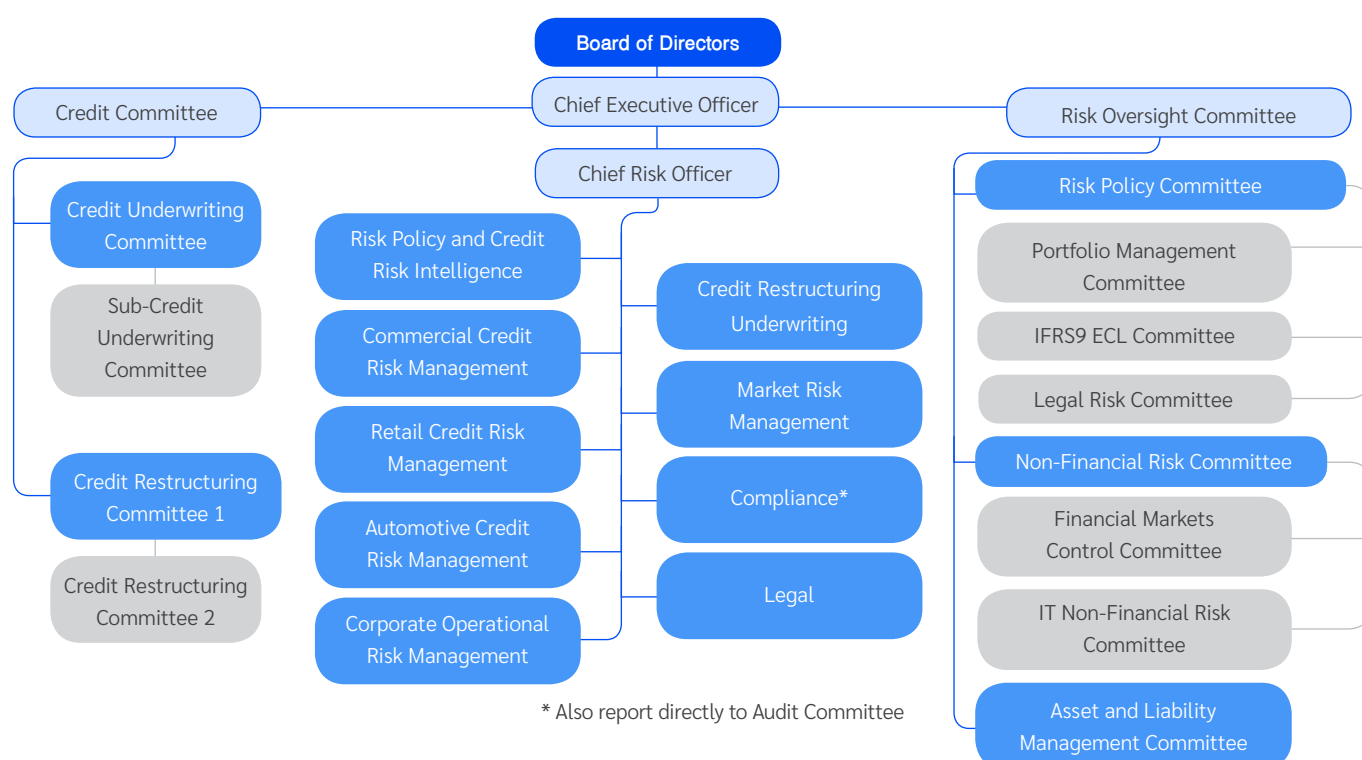
Risk management is an integral part of the Bank's business activities and strategic planning with the objective to optimize risks and returns and create sustainable shareholder value whilst remaining in compliance with regulatory requirements. The Bank has established a solid risk governance framework which serves as the foundation for consistent and effective risk management. The risk governance framework mainly consists of a clear risk governance structure, risk appetite, risk management policies, consistent risk management processes and an embedded risk culture. All of this translates into a straight forward risk management strategy in which:

- Products and portfolios are structured, underwritten, priced, approved and managed appropriately and within established risk appetites;
- Compliance with internal and external regulations and guidelines is monitored continuously;
- Our risk profile and risk appetite are transparent and consistent;
- Delegated authorities are consistent with the Bank's overall strategy and risk appetite;
- Communication to internal and external stakeholders on risk management and value creation is transparent.

#### 2.1.1 Risk Governance Structure

The Bank maintains a risk governance structure that is intended to strengthen risk management by ensuring that risk-taking authorities are properly cascaded down from the Board to the appropriate committees and functional levels. Risk issues and the changing regulatory and business environment are managed in an efficient and effective manner. To maintain the independence of the Compliance function, Compliance has a dual reporting line to both the Audit Committee and Chief Risk Officer.

**The Bank's Risk Governance Structure**



The Board of Directors (BoD) holds the ultimate responsibility of overall risk management and delegates authorities to committees as follows:

**The Risk Oversight Committee (ROC)** is appointed as a sub-committee of the Board, with clear roles and responsibilities as delegated by the Board. The Risk Oversight Committee's role is to fulfill its oversight responsibilities in relation to the Bank's risk governance framework and to ensure alignment of that framework with the Bank's overall governance framework. To that end the Risk function, on a quarterly basis, compiles a Quarterly Oversight Risk Dashboard that combines key insights from all risk areas into one overview which enables the ROC to perform its activities.

The following risk committees oversee specific risk areas and hold the responsibility to assure that each risk area is well-managed in alignment with overall risk management.

- 1. Risk Policy Committee:** Ensures that credit risk is adequately controlled via a complete and up to date set of policies, guidelines, frameworks, standards, risk appetite, delegations of authority, procedures and models. In addition, the committee ensures that all inherent risks directly related to credit products and programs are properly addressed, reported and where possible mitigated.
- 2. Portfolio Management Committees:** Ensure that the portfolio performance is on track and properly managed to meet both Business functions and Risk functions strategic short and long term goals.
- 3. IFRS9 ECL Committee:** Considers and approves the level of provisions under the IFRS9 guiding principles for Expected Credit Loss and also considers and approves the management overlay to ensure proper coverage of the portfolio.
- 4. Legal Risk Committee:** Considers and approves the proposed matters related to ISDA schedules and derivative agreements.
- 5. Bank Non-Financial Risk Committee and IT Non-Financial Risk Management Committee:** Oversees the adequate development and implementation of non-financial risk policies and minimum standards to ensure that the non-financial risks and IT risks of the Bank and its subsidiaries are managed efficiently with the appropriate level of granularity. To ensure sufficient attention to non-financial risk issues across the businesses, the Bank set up three Business Unit Non-Financial Risk Committees for Retail, Automotive and Commercial Banking that report into the Bank Non-Financial Risk Committee.
- 6. Financial Markets Control Committee:** Serves as a cross-functional forum for business and risk management functions with a primary focus on business practices, risk and control environment and end-to-end value chain of the Bank's Financial Markets activities and its product approval and review. The Financial Markets Control Committee reports to Bank Non-Financial Risk Committee.



**7. Asset and Liability Management Committee:** Assists the ROC in all matters related to the asset and liability management, balance sheet management, liquidity management and capital management.

All the risk management related functions are under the leadership of the Chief Risk Officer (CRO). The CRO, as a member of the Bank's Chief Executive Committee (CEC) and reporting directly to the Chief Executive Officer, oversees and promotes the development and implementation of consistent bank-wide risk management. The ROC sets the CRO's annual targets and confirms his performance against these targets.

### **2.1.2 Risk Appetite**

The Bank establishes its risk appetite taking into account the Bank's business strategy. The Bank's Risk Appetite Statement (RAS) expresses the type and level of risk in terms of quantitative and qualitative statements that the Bank is willing to accept in pursuit of its strategic objectives and is subject to approval by the Board of Directors. The formulation of RAS ensures that the Bank does not take more risk than its capacity to incur losses allows and the Bank's actual risk exposure is consistent with its strategic objectives. The risk exposure moving beyond risk appetite levels is timely identified and acted upon. The risk exposure is regularly monitored against risk appetite and reported to the Risk Oversight Committee and the Board of Directors through the Quarterly Oversight Risk Dashboard.

### **2.1.3 Risk Management Policy**

The Bank establishes Risk Management Policies in compliance with the Bank of Thailand's regulatory requirements and the Bank's strategic direction. The Board of Directors has the responsibility to review and approve the Bank's Master Risk Management Policies which govern all key aspects of risk management and has delegated the approval authority of underlying risk management policies, guidelines and standards to Sub-Committees as deemed appropriate.

### **2.1.4 Risk Management Process**

Risk Management in the Bank consists of 5 key risk management processes:

- 1) Risk appetite setting:** The Bank annually sets risk appetites for various risk types (Credit, Market, Non-Financial Risk). These appetites are input for and aligned with the business planning process, are discussed in and endorsed by the relevant Sub-Committees, and ultimately approved by the Board of Directors. Actual performance is regularly measured against and reported on the basis of these risk appetites.
- 2) Risk Identification:** The Bank classifies risks which are arising in daily business activities into 7 key risk areas: Credit Risk, Market Risk (including but not limited to Foreign Exchange Risk and Interest Rate Risk), Liquidity Risk, Non-Financial Risk (comprising Operational Risk, IT Risk, Compliance Risk including Market Conduct Risk, and Legal Risk), Strategic Risk, Model Risk and Reputational Risk.
- 3) Risk Assessment & Measurement:** The Bank uses different methods and tools to measure various risk types in both quantitative and qualitative aspects. In addition, the Bank also conducts Stress Testing for material risks to measure the quality and resilience of the Bank's portfolio and the Bank's capacity to absorb the impact resulting from various stress event scenarios.

- 4) Risk Monitoring and Control:** The Bank regularly monitors, controls and mitigates risks by setting key risk indicators, risk limits, as well as risk appetite at bank-wide, portfolio, product and other levels as deemed appropriate.
- 5) Risk Reporting & Communication:** The Bank regularly reports the status of various risk types covering both financial risk and non-financial risk as well as actions taken/to be taken are reported to relevant parties/committees and top management on a regular basis. The risk reports cover product level, portfolio level, functional level, and the bank-wide level.

### **Three lines of Defense:**

Over the last years, the Bank has invested significantly in strengthening its risk management culture by establishing three lines of defense. In this structure the employees in the Business Units (the 1<sup>st</sup> line of defense) identify risks, consider the impact, report if necessary and apply appropriate risk mitigation strategies. Investments include training, tooling, processes and policies. Risk Management units under the Chief Risk Officer perform the 2<sup>nd</sup> line of defense duties of formulating risk strategy and appetite, policies, guidelines, standards and appropriate risk structures, provide oversight and monitor the 1<sup>st</sup> line of defense and actively challenge the risk–return trade-off in the Business units. Internal audit as the 3<sup>rd</sup> line of defense provides independent and objective assurance on the effectiveness of controls and recommends improvements to the governance, risk & control framework.

## **2.2 Key Risk Factors**

Key risk factors that could arise from the Bank’s business operation are as follows:

### **2.2.1 Credit Risk**

Credit risk is the risk of potential loss as a result of borrowers and/or counterparties failing to meet their financial and contractual obligations in accordance with agreed terms. It arises primarily from granting loans and undertaking contingent liabilities, and also from certain off-balance sheet products such as credit derivatives.

The Bank’s credit risk management objective is to optimize the Bank’s risk-adjusted return by balancing the risk/return and by building a sustainable competitive advantage by integrating risk management into business activities and strategic planning.

In recent years, the Bank has improved and continues to improve its credit risk management capabilities with investments in people, risk management governance, processes, measurement tools and systems including the development of an economic capital framework, improved risk measurement processes, credit assessment and origination as well as various tools, such as risk rating models, application, behavioral and collection scorecards., The Bank also established frameworks which set out credit policies, procedures, and guidelines

covering the measurement and management of credit risk. This has been achieved whilst further building a stronger credit culture within the Bank, based on thorough knowledge of our borrowers and executed by well-trained staff according to our 3 lines of defense risk management framework. The 3 lines of defense principle helps us to mitigate credit risk within the Bank and consists of 3 principles:

- Management and staffs of the Bank's business units have primary responsibility and accountability for the effective control of credit risks incurred by their business units (**"1<sup>st</sup> line of defense"**).
- Credit Risk Management (**"2<sup>nd</sup> line of defense"**) supports and where necessary interferes in the 1<sup>st</sup> line of defense's risk management activities. The risk management functions are independent of the management and staff that originate the credit risk exposures.
- Audit operates as the **"3<sup>rd</sup> line of defense"**. Audit is to provide an independent assurance of the design and effectiveness of internal controls over the credit risks inherent to the Bank's business performance.

#### 2.2.1.1 Credit Risk Factors

- **Credit quality**

Stage 3 loans (Non-Performing Loans) arise when debtors fail to repay debts according to an agreed schedule. This may lead to loss of interest income but sometimes also of the principal balance, whether in whole or in part, which thereby will affect the Bank's profitability and capital adequacy.

The Bank manages the quality of its credit portfolios by monitoring and reviewing the status of our borrowers and/or counterparties constantly, both at an individual and at portfolio level. Also, here the 3 lines of defense approach is applicable: dedicated Relationship Managers monitor their Commercial Customers at an individual level. For Retail portfolio, the monitoring is performed in portfolio level. Early warning triggers, Qualitative Risk Score, and Behavioral Risk Level monitoring are in place to detect customers that may be moving towards an adverse stage or show further deterioration of their performance.

Dedicated Credit Restructuring teams and Credit Restructuring Committees are established to restructure problem loans in an effective manner and to provide advice on debt restructuring conditions. During the year 2021, the Bank provided various relief measures to support customers who have been affected by the Coronavirus pandemic to ensure their business viability and ability to have sufficient funding and liquidity and retain their workforce. In addition, the Bank sets the framework to ensure prudent staging and provisioning for customers under these relief measures and closely monitors these customers through a monthly Debt Relief Dashboard.

The Bank closely monitors and reviews loan quality to ensure that the Bank has set aside adequate loan loss provisions in accordance with guidelines from the Bank of Thailand (BOT) to mitigate the impact from portfolio deterioration. Expected Credit Loss is calculated using PD (probability of default) based on risk level, EAD (exposure at default) based on loan types or debtor types, and LGD (loss given default) based on collateral types.

- **Impairment in value of physical collateral**

A substantial portion of the Bank's loan portfolio is secured by physical collateral and other assets, the value of which may be affected by the overall economic condition in Thailand. For example, a downturn in the real estate market could result in the principal amount of loans secured by real estate exceeding the loan-to-value proportion compared to that at the time of origination. A decline in the value of collaterals securing loans may result in an increase in the Bank's allowance for expected credit loss. The Bank manages collateral value impairment risk through the collateral and appraisal guideline and executes related procedures in accordance with BOT's regulations. The Bank has established a list of selection criteria for appraiser and appraisal standards to ensure the compliance with BOT's regulations, professional standards and ethics. The reappraisal frequency is driven by the level of risk measured by the borrower's loan performance. In addition, the Bank's internal appraisal function is independent from the credit approval function to ensure transparency and prevent conflicts of interest.

- **Credit Concentration**

Concentration risk in credit portfolios is an important aspect of credit risk management. Managing concentration risk is an ongoing area of attention in the Bank's Credit Risk Management prioritization. The Bank manages and monitors credit concentration with respect to individual industry, industry cluster, countries, group of customers and individual customer by establishing Bank-wide Maximum Industry Exposure Limit at individual industry level and industry cluster level, Maximum Country Exposure Limit, Single Lending Limit as per BOT's regulation and Single Exposure Limit as per internal guideline to manage both existing and potential exposures within acceptable levels to ensure appropriate diversification of the portfolio and avoid excessive credit risk exposure in certain individual industry, industry cluster, countries, group of customers and individual customer.

#### **2.2.1.2 Credit-Related Policy**

##### **1) Policies relevant to Staging and Provisioning**

The Bank maintains a staging and provisioning framework in line with BoT's notification which requires all banks to set up clearly defined policies and guidelines to comply and align with the International Financial Reporting Standard 9 (IFRS9). The stage assignment is based on the customer's credit quality which can be assessed using both quantitative and qualitative factors. Commercial loans are classified by debtors, whereas consumer or retail loans are classified by accounts separately. If customers use both types of credits, the loans are classified by debtors based on the worst of all accounts. The Bank sets aside provision based on the Expected Credit Loss (ECL). In addition, the Bank proactively sets aside management overlay when underlying assumptions or data used to estimate ECL do not adequately reflect current circumstances at the reporting date.

## **2) Policy on Provision for Off - balance Sheet Contingent Liabilities**

The Bank estimates provisions on off-balance sheet items to make appropriate provision in line with BoT's notification regarding Classification and Provision of the Financial Institutions in the case of 1) Legal obligations that result from the Bank's activities and 2) with a high likelihood that the Bank will be liable to make (re)payment for such obligations and 3) Obligations can be reliably estimated.

## **3) Policies relevant to Stage 2 Loans (Under Performing Loans) and Stage 3 Loans (Non-Performing Loans) management**

The Bank is aware that the management of stage 3 (Non-Performing) and stage 2 (Under-Performing) loans impact the overall bank performance. To ensure independence, the Bank set up a Special Advisory Banking Services (SABS) team (in the 1st line of Defense) which together with Credit Restructuring Underwriting (the 2<sup>nd</sup> line of Defense) work together towards the objective of SABS to prevent viable clients from flowing to stage 3 based on the principle of proactive advisory and fast track measures to restructure under-performing loans and convert to stage 1-performing loans, with the objective of Credit Underwriting to ensure quality of debt restructuring at all stages, as well as the accuracy of loan staging. SABS takes care of debtors who start to be under-performing on their credit facilities and fall in "Early Warning Sign (EWS)" or show a significant deterioration in their risk profile. The debtors who are classified as stage 2 require close monitoring. To be more efficient, SABS Manager will co-ordinate/negotiate with debtors to identify debtors' problems and to set appropriate solutions based on the nature of their problem. For example, in case of short term liquidity problem, the Bank may consider term extension, restructuring loan facility, etc. In case of long term problem such as higher competition or lower sale, the Bank may consider long-term restructuring (troubled debt restructuring, TDR) based on debt service ability.

To comply with the policy, regulations and procedures, Documentation Team and Legal & Strategy Team will co-ordinate with SABS team to prepare any document or agreements to properly capture any such arrangements. To monitor the implementation, the Monitoring Team will closely follow up on all actions related to contracts by working along with SABS to ensure that the risk is controlled until the accounts are converted back to normal.

For stage 3 and to set Debt Restructuring Plans which comply with the Bank's Policies and Regulations, Special Advisory Banking Services will work with the Legal Strategy Team to establish an appropriate plan before negotiating with Debtors, In order to effectively manage the size of stage 3, the Bank may sell or write off stage 3 exposures that are not expected to be able to finalize Debt Restructuring Plans, by portfolios or on a case by case basis.

## 2.2.2 Market Risk

Market risk is defined as the potential loss due to changes in the price of market parameters. The main parameters are interest rates, foreign exchange (FX) rates, equity and commodity prices. For risk management purposes, the Bank has established various market risk policies, which set standards and guidelines for market risk management. The business units designated with the responsibility for market risk management accomplish this task under the standards set in the policies, while Market Risk Management independently monitors the bank-wide market risk.

The Bank controls the actual market risk exposures by setting limits within the Bank's risk appetite approved by the Board of Directors. The significant market risks are as follows:

### 2.2.2.1 Foreign Exchange Risk

Foreign Exchange Risk means the potential loss of earnings and/or shareholder value of the Bank resulting from changes in foreign exchange rates arising from on- or off-balance-sheet exposures in the Trading or Banking Books. The losses may arise from changes in the valuation of foreign currency positions, including losses from foreign exchange trading transactions, or translations from one currency to another.

The Bank's Global Markets and Transaction Banking department (1<sup>st</sup> Line of Defence) is responsible for managing foreign exchange positions of the Bank's Trading Book. In addition, Market Risk Management (2<sup>nd</sup> Line of Defence) puts in place a framework of market risk management measures. These measures are designed to minimize any excessive risk from unfavourable changes in market conditions which may adversely affect the prices or returns on the Bank's trading portfolios related to foreign currencies, with strict limits on:

- 1. Delta:** Defined as the rate of change of the position value with respect to changes in the price of underlying asset.
- 2. Gamma** - Defined as the rate of change of the delta with respect to changes in the price of the underlying asset.
- 3. Vega** - Defined as the rate of change of the option value with respect to the volatility of the underlying asset. Within these limits, Global Markets and Transaction Banking is responsible for trading and managing the portfolio and optimizing the return on the funds invested. Adherence to the limits is monitored by Market Risk Management.

### 2.2.2.2 Interest Rate Risk

Interest rate movements directly affect the Bank's earnings or economic value. Interest rate risk management is undertaken in accordance with the policy framework as approved by the Bank's Board of Directors, by establishing and monitoring various risk curbing limits such as Earnings-at-Risk limit, Economic Value of Equity. The ALCO is delegated by the Board of Directors to oversee the firm-wide structural interest rate risk to stay within the Bank's aggregated interest rate risk limit.



The Bank has adopted interest rate risk management measures to cushion the interest rate volatility, e.g. rebalancing of assets and liabilities or setting of a proper mismatch by considering external and internal factors including interest rate forecasted by ttb Analytics.

### **2.2.3 Liquidity Risk**

Liquidity risk is the risk that the Bank fails to meet its obligations as and when they fall due as a result of an inability to liquidate assets into cash in time or is unable to raise funds deemed adequate for its operations causing damage to the Bank. The Asset and Liability Management Committee (ALCO) is responsible for the oversight of liquidity management. The primary aim is to provide liquidity to the Bank in order to ensure that the liquidity position in both domestic and foreign currencies are sufficient for the Bank's normal operations as well as for any crisis that may arise and that the Bank's liquidity level is to exceed the minimum as required by Bank of Thailand (BoT) and comply with the risk framework and risk appetite approved by the Risk Oversight Committee and the Board of Directors. The Bank reviews its liquidity management plan and strategy for a normal and critical situation at least once a year, or under special situation due to material changes that may impact the Bank's position. This is to ensure the alignment with the Bank's core policy, the organization structure, the regulations, and the ever-changing market condition. The Bank and each company in the Bank's financial group manage liquidity risk separately.

The Balance Sheet Management (BSM) is the unit of the Bank responsible for overall liquidity management and Capital Markets is responsible for day-to-day liquidity management. Balance Sheet Management is also responsible for liquidity measurement, monitoring and reporting the performance of the liquidity management to the ALCO in order to ensure the Bank's liquidity in compliance with the approved risk appetite and limit. The Market Risk Management is responsible for identifying, monitoring and controlling the liquidity risk. The Bank has a liquidity risk management policy, which is reviewed at least once a year, or when necessary, to ensure that it is appropriate with the prevailing environment.

In order to manage liquidity, the Bank continuously monitors its funding sources and access to capital markets. The Bank recognizes the importance of holding highly liquid assets that can be quickly converted into cash or used as collateral for raising funds.

Most of the Bank's funding was mainly from deposits. The Bank's ongoing quality deposit strategy seeks to further strengthen its financial position and operating results in order to boost depositors' and customers' confidence. Meanwhile, priority is also given to liquidity risk management by maintaining the level of liquid assets, keeping abreast of risk levels on a daily and monthly basis, setting risk indicators, and taking proactive steps to contain risks at an acceptable level. In addition, the liquidity contingency plan is prepared for various crisis situations, whereby the roles of the relevant responsible units are defined, as well as funding plans and communication plans to customers, etc.

## 2.2.4 Non-Financial Risk

Non-Financial risk is defined as the risk of financial impact and non-financial impact e.g. legal or regulatory sanctions, or reputational damage due to inadequate or failing internal processes, people and systems, a failure to comply with laws, regulations and standards, or external incidents.

Non-Financial Risk Management at the Bank is managed through a governance structure where the Board of Directors holds the ultimate responsibility for bank-wide risk management. The Board has delegated several non-financial risk management related authorities to the Bank Non-Financial Risk Committee (BNFRC) and IT Non-Financial Risk Committee (IT NFRC), both chaired by the CEO, whose responsibilities are to manage the non-financial risks and IT risks of the Bank and its subsidiaries by establishing the Non-financial Risk strategy and policies and by ensuring that they are implemented effectively at all levels with the proper degree of granularity and by overseeing any outstanding risk exposures, adequate follow-up on outstanding risk mitigation actions and the compliance with NFR Policy and Minimum Standards.

The Bank has established 3 BUs (Retail Banking, Automotive Lending and Commercial Banking) Non-Financial Risk Committees: BU NFRC, chaired by Business Chiefs, reporting to BNFRC, to enable the management from lower levels to steer the operational & compliance risk management in their respective Business Units.

Chiefs, product owners and process owners in business units and support units as the 1<sup>st</sup> Line of Defense, are primarily responsible and accountable for their own operational risk management and controls. Business Operational Risk Management (BORM) is part of the first line of defense and report hierarchically to the Chief of the business or support unit, and functionally to Head of CORM. BORM supports Chiefs, product and process owners in performing risk management related activities including RCSAs, incident reporting and root cause analysis on incidents. BORM teams independently test controls.

The Bank has established a dedicated Corporate Operational Risk Management (CORM) function, as the 2<sup>nd</sup> Line of Defense, reporting to the CRO, to oversee specific non-financial risk management risks. CORM develops Non-financial Risk Management Policies (which have been approved by the Board of Directors and the Risk Oversight Committee) and ensures that the non-financial risks are properly identified, assessed, monitored, reported, analyzed, and controlled in a systematic and consistent manner. The policies provide the foundation and common infrastructure for delivering, maintaining, and governing the non-financial risk management. CORM reviews the control framework and performs QA on control testing by BORMs.

Compliance is the 2<sup>nd</sup> Line of Defense function, reporting to the CRO, that oversees compliance with Market Conduct regulation, PDPA, AML, CDD/KYC and other relevant laws and regulations. Compliance developed the Compliance Policy to ensure that the Compliance risks are properly managed.

Legal and Financial Control are the 2<sup>nd</sup> Line of Defense function, reporting to the CRO and CFO respectively, to oversee the legal risk and the financial control risk which are also under coverage of the non-financial risks.

Audit operates as the “3<sup>rd</sup> Line of Defense”. Their mission is to provide an independent assurance of the design and effectiveness of internal controls established by the first (BU/SUs) and the second (CORM, Compliance, Legal, Financial Control) line of defense. In carrying out this work, Audit provides specific recommendations for improving the governance and the risk & control framework.

The Bank uses several tools and processes to manage the operational risk such as Risk & Control Self-Assessment (RCSA), Risk Appetite Statement (RAS), Key Risk Indicators (KRI), Incident Management, Action Tracking, Product and Service Approval Process (PSAP), Third-party Risk Management, Business Continuity Plan and Disaster Recovery Plan (BCP/DRP), and Key Control Testing (KCT). The Bank uses and implements the GRC system as a tool for incident management and response and PTA identification and to keep track of the status of the actions which come from audit and non-audit findings to ensure that they are monitored and managed efficiently by all relevant parties.

RCSA is a process that helps to identify and assess key risks and controls as well as to determine the mitigating actions. The Bank has also established KRI's at corporate and business level to be a warning signal for all levels of management, enabling them to proactively manage and control their non-financial risks. Incident management is established to enable detection, resolution, analysis of non-financial risk incidents, as well as collection of loss data.

The RAS is determined based on strategy, objectives and historical incident data. The RAS contains a set of quantitative and qualitative statements. The quantitative statements are measurable and are determined by the strategic priorities of the organization. The qualitative expressions of non-financial risk appetite describe the acceptable and unacceptable attitudes and behaviors of the organization as a whole. The process of measuring, monitoring and reporting of RAS is done through the non-financial risk dashboard (NFRD) on a quarterly basis which aims to promote a pro-active risk management response. In case the Bank moves towards or beyond the tolerance level, the responsible units will highlight the issue during NFRD reporting on the Bank Non-Financial Risk Committee (BNFRC), the Risk Oversight Committee (ROC), and the Board of Director (BoD), management and staff are expected to take actions to bring the risk down to within its tolerance level.

To ensure that products and services are offered in a safe and responsible manner, the Product and Service Approval Process (PSAP) is established to set guidelines for sign-off and approval of new products and services. This due diligence process ensures that the potential risks created by the new products and services are properly identified and mitigated, and that the necessary infrastructure and controls are in place to support the new business.

The Bank has established its Third-party Risk Management Policy to set out the principles and standards for the effective identification of major risks created by outsourcing and management of such risks.

The Bank has established its Business Continuity Management (BCM) Policies and Standards to provide guidance and standards for all units to develop a Business Continuity Plan. The Business Continuity Management under Information Security Office (ISO) is set up to oversee the implementation of BCM Policies and Standards, monitor and lead the co-ordination of group-wide BCP initiatives to raise the overall BCP/DRP readiness of the Bank.

The Bank has established the Key Control Testing (KCT) minimum standard to provide guidance and standards for all Business and Support Units in the area of mandatory control testing by BORM functions. KCT is the set of methods and processes used for the key control testing in order to keep non-financial risks related to business activities actively within the Bank's risk appetite, ensure the effectiveness of controls and building proactive Risk Culture.

In terms of non-financial risk management at the subsidiaries, the subsidiaries have aligned with and adopted the Bank's Non-financial Risk Management Policies where applicable.

### **2.2.5 Reputational Risk**

Reputation can be described as a strategic asset of the Bank, which is embedded in its key stakeholders' perceptions towards the whole organization or its business practices or its employees' behaviors and cannot be transferred to and deployed by other banks and competitors.

Reputational risk can be described as the exposure incurred from unexpected incidents or from unanticipated responses to the institution's initiatives, actions, and day-to-day activities, particularly the cases that catch public attention and are negative news. Unexpected incidents range from activities of rogue employees, to questions regarding the suitability of sales practices, to the actions of disgruntled customers, to public regulatory sanctions - all of which can generate negative public reactions.

Unanticipated responses range from negative public reactions (including liquidity implications) based on announcements or activities of the institution, to organized public activities designed to impact institutional decision-making. Those incidents and responses may result in the Bank's negative images or reduced confidence in the Bank or the Bank's products or services. Such events may negatively impact present and future revenue and/or capital of the Bank.

Reputation is one of the impact factors described in the Non-Financial Risk (NFR) Footprint, which provides the guideline on how the Bank assesses the reputational impact to the Bank's brand/image based on the non-financial risk events. Reputational risk is a key area discussed as part of RCSA activities resulting in risk statements and mitigating controls, documented in control frameworks.

At the end of each year, CORM gathers information based on GRC system looking at reputational risk identified during the year and presents the consolidated result of reputational risk assessment to Bank Non-Financial Risk Committee (Bank NFRC) for acknowledgement in the 1<sup>st</sup> quarter of the following year.

The Bank is developing a climate risk framework on the basis of which the impact of climate risk on the bank's activities and assets will for the first time be reported about in the 2022 financial statements.

#### **2.2.6 Strategic Risk**

TMBThanachart is aware of the possible strategic risk that results from the strategic plans, business plans, strategic implementations and controls which may be inappropriate and/or inconsistent with both internal and external business environments.

The Bank's vision is, **"To become the recommended bank of choice by our customers"**. In order to achieve this vision, the Bank developed a 5-year rolling strategic plan focusing on a Deposit-Led Strategy and Transactional Banking Excellence. This will create a strong foundation for sustainable growth whilst the Bank builds towards achieving market leadership. In addition, realizing synergy value from the merger with Thanachart Bank will also be the strategic priorities of the Bank going forward.

The crystallization of our strategy and implementation of both Business As Usual (BAU) and integration activities are reflected in continuous improvements of key financial performances. In order to better manage the strategic risk, the Bank improved the processes of performance tracking and strategic risk control. Regular meetings of the management team and business units are held to review performance results together with remedial planning in case of target shortfalls. A strategic risk dashboard has been developed and is updated regularly to keep management informed and aware of the changing strategic risk status. A self-assessment of strategic risk is also regularly evaluated by management.

In all, the Bank strongly determined to maintain a high level of strategic risk management. Starting from the process of strategic planning, organization restructuring, staffing and project implementation as well as performance monitoring, all must be in line with the Bank's key strategies. In addition, the strategic plan itself is reviewed regularly to ensure it stays relevant with the changing business environment.

## 2.3 Other Risk Factors

### 2.3.1 Risk from Economic Condition

The Bank is fully aware of economic uncertainties and put in place a framework to manage the risks. ttb Analytics, the Bank's in-house economic research unit, has played an important role in closely monitoring and assessing the economic conditions as well as cooperating with business units on regular basis. This is to ensure that the Bank's operation is resilient and ready against any unexpected uncertainties. We also provide economic and financial information as well as industry outlook for our clients.

### 2.3.2 Risk from Material Changes in Regulations

It is the Bank's obligation to comply with statutory rules and regulations issued by relevant authorities, e.g., Financial Institutions' Businesses Act, Bank of Thailand's Regulations and Notifications, the Securities and Exchanges Act, the Securities Laws and Regulations as issued by the Stock Exchange of Thailand, the Securities and Exchange Commission, Life Insurance Act and Non-Life Insurance Act, Office of Insurance Commission's Regulations and Notifications, the Anti Money Laundering Act, Counter-Terrorism and Proliferation of Weapon of Mass Destruction Financing Act and their Royal Decrees. In addition, foreign act which substantial impact to the banking industry has also in place.

Compliance has been established in which responsible for providing advice, recommendations and opinions on various issues, cooperative with the relevant functions within the Bank in order to ensure that the Bank and its subsidiaries are in compliance with applicable statutory laws, rules and regulations as well as the Bank's internal policies and procedures. Substantial issues shall be escalated to the Bank's management and committees to effectively manage compliance risk.

In the year 2021, the Regulators who regulated Financial Institutions have issued guidelines including several regulations for the Financial Institutions. The summary of the significant regulations are as follows:

**The Bank of Thailand ("BOT")** has issued an announcement regarding the code of assistance to retail debtors and business operators. According to the impact of the Covid-19 pandemic situation, many measures continue In order to increase liquidity and modify existing debts, such as Debt Mediation, Debt Doctor. Project for the Long-term debt such as debt consolidation, reduction of refinancing restrictions. Including promoting sustainable economic growth and development to have sustainable finance concepts, formulate business strategies that take into account the environment, society, and good governance to support the more stability of financial institutions to manage risks, the adequacy of capital funds such as information technology risks.



**The Securities and Exchange Commission (SEC)** has established guidelines and tools for liquidity risk management of mutual funds. There are various and sufficient liquidity management tools to protect the unitholders and reduce risks of the financial system. Fund raising tools are promoted for sustainable enterprises that integrate environmental, social and governance factors. The issuing and offering Bond have set specifying criteria to promote sustainability (sustainability-linked bond) that has an important characteristic is there is an agreement to change the nature of the underlying instrument in relation to the achievement or performance of the issuer's sustainability indicators and goals, such as Increasing the interest rate that will be paid to the Bond holder (step-up coupon) if the issuer fails to meet the target. or reducing the interest rate (step-down coupon) if the issuer successfully completes the target including the improvement of investor definition which originally considered only from the financial position to increasing consideration of the knowledge of the product's risk to be invested. To allow investors to have more options to invest in a variety of products.

**The Office of Insurance Commission (OIC)** has set rules for personal data of the insured which insurance companies must have the system or process to manage the acquisition, retention and protection of personal data in accordance with Personal Data Protection Act B.E. 2019.

### **2.3.3 Shareholder Risk**

Shareholder risk may arise if the return from investment is not as initially expected. Returns from the investment in shares either in the form of capital gains and/or dividend income, might not materialize. Dividend income are dependent upon the Bank's profits. Capital gains are determined solely by TTB's share price, which is influenced by a variety of factors.

However, The Bank provides broad guidance on its financial targets in the beginning of each year and shareholder may face the risk that these financial targets might not be met in a particular year, which would affect both dividend and share price. However, the Bank aims to consistently maintain its operating performance and prudent risk management in order to generate sustainable returns for shareholders in the long run. Nevertheless, there are other external factors, which are beyond the Bank's control, that have the potential to affect the Bank performance and dividend payments e.g. domestic and global economic trends, domestic political stability, capital movements, changes in BOT's supervision which impact banking system including the unpredictable circumstances in particular we faced with prolonged COVID-19 pandemic. Hence, shareholders must be aware of all risk factors in which out of the Bank's control and decide on investment to suit their acceptable risk levels.

### **2.3.4 Emerging Risk**

Despite having a solid risk management framework, ttb's forward-looking risk management needs to cover the risk landscape that is constantly evolving due to a combination of internal and external factors. For the continued success of our business, it is important to identify these risk factors earlier on to be able to adapt accordingly. Thus, we need to identify and understand relevant internal and external threats that could undermine our profitability and growth.

Context of Emerging Risks	Impact and Mitigation
<p><b>Cyber risk exposure</b></p> <p>Cybercrime is evolving rapidly and is now an everyday challenge for the finance industry. Additionally, cybercriminals see crisis events such as COVID-19 as an opportunity to launch more attacks in a variety of forms, with email, web, and SMS phishing being the top threats. Thus, espionage, data leaks, system failures, and other digital risks are gaining traction in the finance industry.</p>	<ul style="list-style-type: none"> <li>• The Bank implements the three lines of defense model to ensure robust oversight of our cyber security capabilities and priorities.</li> <li>• The Bank invests in IT infrastructure in a variety of forms to establish a reliable system and technical controls to help prevent, detect, and manage threats.</li> <li>• The Bank extensively shares and collaborates with the cyber threat intelligence community to combat attacks.</li> <li>• The Bank also has a framework for remote working (working from home) and regularly communicates with employees and customers to build awareness on cyber security during the pandemic.</li> </ul>
<p><b>Digital transformation and new competitive environment</b></p> <p>COVID-19 has put businesses to the test where the organization's adaptive capacity to operate or transform digitally in the new competitive environment is crucial for survival. This has affected business strategy, customer experience, and market expectations. Regulation plays a key role in setting well-defined and balanced requirements that support business growth and innovation and establishes frameworks or controls to manage risks that stakeholders may be exposed to in the digital environment.</p>	<ul style="list-style-type: none"> <li>• The Bank is moving towards a digital-centric approach through the implementation of the Digital Transformation program. This encompasses the development of digital branding, agile organization, IT infrastructure and data analytics.</li> <li>• The Bank establishes the Digital Enabled Awards contest to promote the integration of innovation and technology into products and services that best serve customers as well as our operations to be more efficient.</li> <li>• The Bank searches for suitable digital partnerships that will enhance competitive advantage by keeping up with the rapid pace of the digital era.</li> </ul>

Context of Emerging Risks	Impact and Mitigation
	<ul style="list-style-type: none"> <li>• The Bank proactively analyzes and identifies the potential risks and opportunities of technological innovations that can help us to better serve value-added solutions to our customers and identify risky customers.</li> </ul>
<p><b>Climate change</b></p> <p>Undoubtedly, climate change will materially impact the earth’s natural environment and trigger adverse impacts on societies and economies across the globe. Climate change has become one of the key agendas of governments, authorities, and international organizations. An increasing number of climate change-related requirements, assessments, and disclosures have been promoted, and to some extent enforced, by these parties to mitigate climate change impacts. Proactive climate risk management is also essential in this regard, which will allow banks to identify and respond to risks in a timely manner. Failing to adopt such practice will put banks at risk for indirect financial and non-financial threats.</p> <p>Generally, banks have been under public scrutiny and are held accountable for negative impacts on the environment and society caused by business borrowers. Financing irresponsible borrowers will not only be a significant source of immediate reputational risk but will also undermine the Bank’s long-term sustainability in both asset value and profitability. Likewise, banks play an integral part in addressing climate change issues and facilitating the transition to a low-carbon economy through financial products and services.</p>	<ul style="list-style-type: none"> <li>• The Bank implements the Environmental and Social Responsibility (ESR) policy that outlines framework and requirements for managing environmental and social risks in commercial lending.</li> <li>• The Bank is in the process of conducting climate risk assessment and scenario analysis. The Bank plans to apply TCFD framework by 2024.</li> <li>• The Bank commits to stop financing any new coal-fired power plant projects, activities related to coal mining and exploration projects, oil sands, and commercial logging operations in primary tropical forest, as stated in the Exclusion List of the ESR Policy.</li> <li>• The Bank continues to deliver environmentally responsible products such as green loans, sustainability-linked loans, and green bonds.</li> <li>• The Bank explores and collaborates with green and sustainable businesses to increase the Bank’s green lending portfolio and assist customers through their green/sustainability transition.</li> </ul>

Context of Emerging Risks	Impact and Mitigation
<p><b>Pandemic</b></p> <p>The COVID-19 pandemic could potentially be observed as an isolated incident; however, evidence shows that there has been an increase in both the number and diversity of epidemic events over the past few decades. These events can create short-term and long-term threats towards economic and societal well-being. Measures taken to contain these events could bring about an economic downturn, induce political instability, and prolong existing, severe economic recession.</p>	<ul style="list-style-type: none"> <li>• The Bank continues to assist customers in need while navigating moral hazards and managing the overall asset quality of the Bank.</li> <li>• Prior to the pandemic, the Bank's risk management framework was already well-positioned to deal with a wide variety of business risks as well as ensure business continuity.</li> <li>• In 2021, the Bank has taken steps to improve the management of non-financial risks with predefined risk appetite. We perform regular monitoring and report to appropriated committees in order to ensure sufficient attention, care and action taken.</li> <li>• The Bank maintains strong liquidity and capital to maintain normal operations and to absorb volatility of unexpected events in the near term.</li> </ul>

### 3. Steering Business Towards Sustainability

#### 3.1 Sustainability Management Policy and Goals

TMBThanachart strives to integrate sustainability into our business practices and to ensure that our strategic objectives do not only fulfill short-term goals but also contribute to long-term sustainable growth in accordance with our philosophy and mission. Our Sustainability Framework consists of four dimensions: Business Sustainability, Environmental Sustainability, Social Sustainability, and Corporate Governance and Business Ethics.



The Bank has established sustainability-related policies, commitments, and procedures that are designed to enhance our sustainability performance to align with global best practices as follows:

- Corporate Governance Policy
- Code of Conduct
- Anti-Corruption and Bribery Policy
- Anti-Money Laundering Policy
- Gift, Entertainment, and Donation Policy
- Whistleblower Policy
- Tax Policy
- Risk Management Policy
- Market Conduct Policy
- Customer Privacy Policy
- Environmental and Social Responsibility Policy
- Human Rights Policy
- Diversity and Inclusion Statement
- Supplier Code of Conduct
- ttb Green Bond Framework

For more policy detail, please visit

<https://www.ttbbank.com/en/sustainability/policies-and-reporting/policies-and-standards>

or scan QR code



At TMBThanachart, sustainability-related key performance indicators (KPIs) are incorporated into our corporate KPIs to drive business towards sustainable growth.

Sustainability Framework	2021 Key Performance Indicators	2021 Target	2021 Performance
<b>Corporate Governance and Business Ethics</b>	Good corporate governance and effectiveness of the Board of Directors	Over 93% of corporate governance report score	94% of corporate governance report score
	Data breach cases with customer impact	0 case	0 case
<b>Business Sustainability</b>	Net Promoter Score (NPS)	65%	64%
<b>Environmental Sustainability</b>	Green loan setup	1,200 million Baht	2,309 million Baht
	Energy and water intensity reduction	10% compared to 2019	Energy intensity reduction by 35.8% and water intensity reduction by 39.7% from 2019
<b>Social Sustainability</b>	SME loans with positive social impact	300 million Baht	228 million Baht
	Healthy Borrower Program	100 million Baht	1,076 million Baht
	Talent attrition	6%	7.6%

### 3.2 Stakeholder Impact Management Within the Business Value Chain

One of ttb's purpose as a financial service provider is to make a positive impact on the wider society and the environment. Our direction and ability to create value is dependent on our relationships with stakeholders, business activities, and how well we understand our stakeholders' needs and expectations. Thus, effective stakeholder engagement and collaboration are crucial to our ability to proactively respond to sustainability challenges, opportunities, and stakeholders' needs.



# ttb Value Creation

## Input

### Financial Capital

All financial assets including assets, deposits and equity.

### Manufactured Capital

External resources such as suppliers and contractors are required for business operations; and product and service development.

### Human and Intellectual Capital

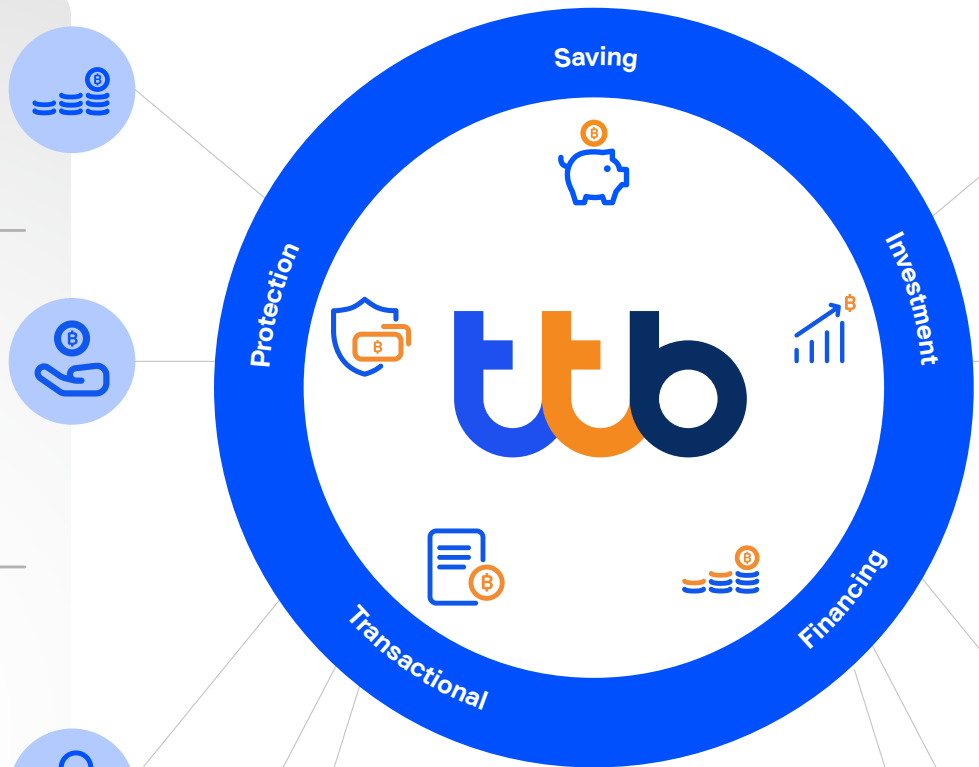
Time, skills and knowledge of our workforce; systems; technology; and innovation which contribute to business operations.

### Social and Relationship Capital

Engagement and relationship building with stakeholders including customers, employees, investors, shareholders, regulators, and society.

### Natural Capital

The consumption of natural resources by business activities, i.e., energy consumption and water withdrawal.



**ttb inspires people to Make REAL Change by using our financial expertise to address the needs of our customers for better financial well-being.**

#### ttb strategic intents:

- Focus on customer centricity
- Build deposit and transactional banking products excellence
- Continue leading in auto loan and lending products
- Build sustainable and recurring non-interest income
- Optimize capital utilization and liquidity management
- Enhance digital capability and solutions
- Capture synergy realization

## Output

### Financial Capital

- 65,537 million Baht of operating income
- 10,474 million Baht of net profit
- Return on equity: 5.1%

### Manufactured Capital

- 60% increase in ttb touch active users compared to 2020
- Zero data breach cases with customer impacts

### Human and Intellectual Capital

- Development programs such as ttb Hackathon, Objective and Key Results (OKR), etc.
- Financial well-being Awards and Digital Enabled Awards
- Launch of new products and services such as Business ONE, Cash Your Car, Cash Your Home

### Social and Relationship Capital

- The Bank's NPS score: 64
- 1,131 volunteers for 2,640 hours
- Community investment of 53 million baht

### Natural Capital

- GHG Scope 1 emissions: 297.9 tonnes of carbon dioxide equivalent
- GHG Scope 2 emissions: 5,731.9 tonnes of carbon dioxide equivalent
- GHG Scope 3 emissions: 116.0 tonnes of carbon dioxide equivalent\*\*
- GHG emissions from R22 refrigerant: 10.6 tonnes of carbon dioxide equivalent

## Value to Stakeholders

As a financial institution, ttb creates financial value for both investors and employees through dividends and compensation while playing a significant role in stimulating national economic growth and uplifting people's financial well-being through responsible, inclusive, and accessible products and services.

Our customers derive value from our products and services. As such, the bank invests in digital technologies and IT infrastructure to provide a better financial experience for our customers so that they experience faster, more convenient, easily accessible, and inclusive service.



ttb provides training and career development programs for employees with the aim of promoting career growth and opportunities within the bank. Such value creation in terms of human capital development is not only beneficial to employees, but also to shareholders, investors and society, as it creates a skilled and well-trained workforce.



The bank engages with all stakeholders on a regular basis. Stakeholders' perspectives are taken into account and their concerns addressed appropriately. We believe that having a robust relationship with our stakeholders will enable us to operate responsibly and deliver innovative need-based products and services to customers and society.



The bank is continuously mitigating its direct environmental impacts and also its consumption of natural resources while complying with environmental regulations in order to alleviate the bank's impact on climate change.



In 2021, ttb conducted a group-wide stakeholder survey to elicit relevant input from all stakeholder groups. The survey input will be used to support the Bank's materiality assessment which is conducted every two years.

Stakeholders	Engagement approach	Needs and expectations	Response to stakeholders' interests
Shareholders	<ul style="list-style-type: none"> <li>• Annual shareholder general meeting</li> <li>• Analyst meetings</li> <li>• Shareholder and investor roadshows</li> <li>• Quarterly reports</li> <li>• Seminars</li> <li>• Information disclosure via regulators' platforms</li> <li>• Enquiries submitted through ttb website</li> <li>• Investor Relations contact</li> <li>• Whistleblower and complaint channel</li> </ul>	<ul style="list-style-type: none"> <li>• Outstanding financial performance</li> <li>• Strategy and recovery plan after COVID-19</li> <li>• Changes in regulatory requirements from laws and/or government agencies</li> <li>• Transparency and accountability of information</li> </ul>	<ul style="list-style-type: none"> <li>• Disclosure of financial information and relevant documents on ttb website, <a href="https://www.ttbbank.com/en/ir">https://www.ttbbank.com/en/ir</a></li> </ul>
Employees	<ul style="list-style-type: none"> <li>• Communication with HR Business Partners</li> <li>• Employee engagement survey</li> <li>• Orientation for new employees</li> <li>• Town Halls</li> <li>• Regular emails and other online communication</li> <li>• Whistleblower and complaint channel</li> </ul>	<ul style="list-style-type: none"> <li>• COVID-19 work protocol</li> <li>• Organizational culture after bank- integration</li> <li>• Career growth and development</li> </ul>	<ul style="list-style-type: none"> <li>• Sustainability Report 2021</li> </ul>
Customers	<ul style="list-style-type: none"> <li>• Branches</li> <li>• Relationship Managers</li> <li>• ttb Contact Center</li> <li>• Online digital platforms (Facebook and ttb website)</li> <li>• Activities and events with customers</li> <li>• Whistleblower and complaint channel</li> </ul>	<ul style="list-style-type: none"> <li>• Financial assistance from the Bank to retail customers and business owners affected by COVID-19</li> <li>• Products and services</li> <li>• Improvement of IT system's effectiveness</li> <li>• Quality and effectiveness of service</li> <li>• Privacy data management</li> </ul>	<ul style="list-style-type: none"> <li>• Sustainability Report 2021</li> </ul>

Stakeholders	Engagement approach	Needs and expectations	Response to stakeholders' interests
Partners	<ul style="list-style-type: none"> <li>• Procurement channel</li> <li>• Whistleblower and complaint channel</li> </ul>	<ul style="list-style-type: none"> <li>• Enhancing workforce capabilities to prepare for business growth</li> </ul>	<ul style="list-style-type: none"> <li>• Procurement channel</li> </ul>
Competitors	<ul style="list-style-type: none"> <li>• Banking industry activities, seminars, trainings and events hosted by regulators and external parties</li> <li>• Whistleblower and complaint channel</li> </ul>	<ul style="list-style-type: none"> <li>• Driving sustainability issues that are important to the banking sector, e.g., responsible lending and investment</li> </ul>	<ul style="list-style-type: none"> <li>• Sustainability Report 2021</li> <li>• Disclosure of financial information and relevant documents on ttb website, <a href="https://www.ttbbank.com/en/ir">https://www.ttbbank.com/en/ir</a></li> </ul>
Regulators	<ul style="list-style-type: none"> <li>• Banking sector activities, seminars, trainings and events hosted by regulators and external parties</li> <li>• Whistleblower and complaint channel</li> </ul>	<ul style="list-style-type: none"> <li>• Driving sustainability issues that are important to the banking sector e.g., responsible lending and investment</li> <li>• Compliance to legal requirements e.g., PDPA</li> </ul>	<ul style="list-style-type: none"> <li>• Sustainability Report 2021</li> <li>• Reports submitted to the Bank of Thailand</li> </ul>
Communities	<ul style="list-style-type: none"> <li>• fai-fah Centers</li> <li>• Community Relations</li> <li>• Community survey</li> <li>• Whistleblower and complaint channel</li> </ul>	<ul style="list-style-type: none"> <li>• Creating positive change from youth and community development programs</li> <li>• Environmental and social risks management from bank's lending business</li> </ul>	<ul style="list-style-type: none"> <li>• Sustainability Report 2021</li> </ul>

### 3.3 Sustainability Management in the Environmental Dimension

The Bank's Environmental Sustainability dimension consists of three important aspects: responsible lending, climate finance and environmental management.

#### Responsible Lending and Climate Finance

According to the principles of sustainable banking, the bank's role in responsible lending is to facilitate capital in such a way that strengthens the economic dimension by integrating environmental, social and governance factors into the lending process. The Bank has implemented an Environmental and Social Responsibility (ESR) Policy that establishes clear objectives and guideline for assessing the indirect environmental and social (E&S) risks and impacts from our banking activities. Negative socio-environmental impact can be a significant source of reputational risk, which can lead to a decrease in asset value or even create losses for the Bank.

The Bank aims to promote businesses that are in line with the Bank's environmental objectives under ttb's sustainable financing principle, particularly, businesses that are transitioning into a low carbon economy, promoting low carbon resilience, and fostering environmental stewardship. The Bank has also made commitments to halt the financing of new coal-fired power plant projects as well as exit any financing of the tobacco industry by 2023. However, this decision does not apply to the entire tobacco value chain as companies that are partially engaged in the tobacco industry, for instance, tobacco products retailers, or companies that are engaged in transportation and packaging, will be exempted. In addition to all of these initiatives, the Bank also have plans to disclose information in accordance with the Task Force on Climate-related Financial Disclosures or the TCFD by 2024. In 2021, ttb made substantial progress on our green lending performance with the following highlights below:

- 100% of commercial lending aligns with ESR Policy.

Green lending  
setup was at



**2,309 million Baht** in 2021 which exceeded  
the set target by **1,200 million Baht.**

- The Bank established the ttb Green Bond Framework 2021 in alignment with the internationally accepted International Capital Market Association (ICMA)'s Green Bond Principles (GBP) 2021, which supports the future issuance of green bonds when offered to investors. In 2021, S&P Global Ratings reviewed the ttb Green Bond Framework 2021, after which the organization also issued a Framework Alignment Opinion (a Second Party Opinion of the Green Bond Framework's alignment with ICMA's GBP 2021) to the Bank.
- The Bank defined the green loan eligibility criteria to be fully consistent with the ICMA's GBP 2021, where some of the requirements are based on the taxonomies of the Climate Bond Initiative (CBI)'s Climate Bonds Taxonomy (2021) and the China Green Bond Endorsed Projects Catalogue (2020 Edition, Draft for Consultation). The green loan eligibility criteria can be classified into seven categories:



- The Bank is in the process of studying climate risks and impacts on lending portfolios. The strategy and action plan are expected to be established by 2022 in response to COP26, committing to limit global warming to 1.5 degrees Celsius.

## Environmental Management

The Bank has been continuously improving energy efficiency in buildings under the Bank's operational control since 2019. We focus on improving the efficiency of high-energy-intensity equipment such as air conditioning, cooling systems, lighting systems, and building engineering systems, which account for over 80% of the total electricity consumed. The Bank abides by the Energy Conservation Act (2007), where employees are strongly encouraged to responsibly consume resources such as electricity, water, and paper, through the promotion and awareness building of environmental conservation initiatives. ttb has established operational eco-efficiency targets to reduce 15% of the Bank's electricity consumption and 10% of water consumption by 2026, compared to the 2019 base line. The following list below are key environmental performance for 2021:



Reduced electricity and water consumption intensity by **35.8% and 39.7%** respectively compared to 2019



With over **1.8 million Baht** invested in 2021 to improve the effectiveness of resource consumption within the building.  
Resulting in cost saving of over **4.8 million Baht**

- In 2021, ttb overhauled the cooling and air conditioning systems to enhance energy efficiency in its buildings by using real-time analysis and automatic control of air handling unit. The regulation of water pressure in office buildings was also implemented along with the installation of automatic tree watering system to improve the Bank's water-use efficiency.
- 500 employees participated in one virtual basic firefighting and fire drill evacuation training course as well as online trainings on energy conservation, energy saving ideas for the office and homes, and energy efficiency improvement methods for air-conditioners.



Received the ASEAN Energy Awards 2021



Thailand Energy Awards 2021 with an Excellence level in the Energy Conservation – Designated Building category.

See Sustainability Report 2021 for more information and ttb's sustainability data assurance statement.



### 3.4 Sustainability Management in the Social Dimension

The Bank's Social Sustainability dimension consists of four important aspects: our people, social development, financial inclusion and literacy, and human rights.

#### Our People

Human resource management is critical for business continuity and growth of the organization such that the Bank is focused on building and strengthening workforce capabilities in order to adapt and evolve with change and uncertainty. With the ongoing COVID-19 pandemic, the Bank ensures that the well-being and safety of employees are prioritized by adhering to practices that are in compliance with related labor laws and fair treatment. The Bank's performance in 2021 related to these measures include:

- Significant increase of total employees due to the completion of bank-integration in the middle of 2021.



**46 average training hours**  
per employee.

- 5 mandatory courses in 2021



deposit protection



market conduct



anti-corruption



non-financial  
risk management



cybersecurity  
risks awareness



**Employee engagement score in 2021**  
was at **50%**

#### Social Development

tth's philosophy-- "Make REAL Change" establishes the way the Bank operates; ranging from delivering the best products and services for customers to creating value for the community and society. The Bank adheres to three strategic objectives: promote youth development and well-being in Thailand, promote sustainable development initiatives for wider society, and contribute to philanthropic activities as a good corporate citizenship. All of our efforts are executed under the fai-fah program. Some of our key performance include the following:

## The Bank and ttb

volunteers have completed  
**6 projects**

which benefited over  
**2,000 communities** and **2,000 youths**  
across Thailand with a social investment value of  
**53 million Baht.**



Over **2,604 paid**  
**working hours**



were volunteered by more than  
**1,131 ttb volunteers**  
on the fai-fah project.

## Financial Inclusion and Literacy

ttb's mission to assist customers in enhancing their financial well-being is through the endorsement and promotion of financial literacy and inclusion, which will reduce financial and social inequalities. The Bank authorizes loans for SMEs that generate positive social impact where proceeds are used to support the nation's health infrastructure such as medical related businesses, hospitals, and businesses that focus on community identity--OTOP products and products that are promoted by local authorities. The key performance for ttb's social development aspect include:

Over the past three years, more than

**30,000 students**

from **40 universities** across **Thailand**  
**attended the financial literacy program**  
spearheaded by ttb which was jointly developed by  
members of the TBA with **over 1,000 volunteers**



The value of **SME loans**  
that made positive social impact was at  
**228 million Baht.**

## Human Rights

Respecting human rights is the Bank's utmost priority, particularly in our line of business, as being a financial intermediary entails human rights implications. The Bank's Human Rights Policy adheres to the Universal Declaration of Human Rights, UN Global Compact Principles, UN Guiding Principles for Business and Human Rights, and International Labour Organization. Furthermore, the Bank has integrated the human rights risk management concept, as stated in our Environmental and Social Responsibility (ESR) Policy, into both our core business and lending business. The Bank's human rights risk assessment was initiated in 2019 and is conducted every three years while the mitigation measures for high-risk issues are monitored annually. There was no significant change in 2021.

See Sustainability Report 2021 for more information and ttb's sustainability data assurance statement.

## 4. Management Discussion & Analysis

### Executive Summary

2021 was another challenging year from prolonged COVID-19 situation. TMBThanachart Bank (TTB) has maintained conservative direction to preserve financial stability for future growth with a key focus on integration mission as well as providing COVID-19 support to customers throughout the crisis. The Bank has been focused on quality growth strategy and optimized deposit structure to ensure balance sheet healthiness during the pandemic as well as prudently managed asset quality. Despite topline growth was under pressure but balance sheet optimization strategy and proactive funding management helped lessen impact of yield compression under low rate environment. Cost saving synergies and cost discipline delivered as planned, reflected by lower OPEX. As result of muted top-line growth and prudent business direction under fragile economic recovery, PPOP decreased from the previous year. The Bank remained a prudent risk management approach and set aside sufficient level of provision for the uncertainties circumstance.

**Optimized deposit structure aligning with funding strategy:** The continuous effort of balance sheet optimization resulted in well-managed deposit mix by running down high-cost deposits and replacing with quality-hybrid deposits. As of December 2021, total deposits contracted by 2.5% YTD to THB1,339 billion, in line with the Bank's direction to optimize balance sheet and funding strategy. However, the Bank started to acquire long-term deposit, led by retail-TD up and up in 4Q21, as part of funding management and product offering for wealth customer. As a result, Time Deposit rose by 16.9% from the previous quarter. Retail hybrid deposits grew on track, led by All Free which continued its growth pace by 39.1% YTD while No-fixed deposit also favorably grew by 49.5% YTD. However, the Bank will continue to optimize and balance deposit structure thru CASA & hybrid products and Time Deposit to ensure efficiently-managed deposit cost going forward.

**Resumed loan growth with quality growth strategy:** TTB has been more selective in growing loans and focus on quality growth strategy during the pandemic. Total loan, therefore, declined by 1.5% YTD to THB1,372 billion as of December 2021. Corporate loans contracted by 5.5% YTD mainly from loan repayment while trade finance and term loan maintained its moderate growth, despite the slow economic recovery from prolonged COVID-19 pandemic. Small SME loans was still slow down, in line with the Bank's direction to de-risk weak loans and ensure quality of loan portfolio. Retail loan was relatively flat YTD as we started to resume growth in key products, led by mortgage and HP loans. Mortgage loans continued its positive momentum by 2.6% YTD while hire purchase showed a recovery sign in new auto loan booking especially in new car segment from the previous quarter. Unsecured loans and credit card also pick-up. As the Bank pursues its balance sheet optimization and maintain quality loan growth strategy, loan portfolio shifted towards retail lending since merger. Currently, retail loans represented 57% of total portfolio.

**Softened top-line growth amidst prolonged COVID-19 situation:** TTB reported 12M21 net interest income of THB51,000 million, decreased by 5.2% YoY due primarily to lower yield on loan and multiple rate cuts while balance sheet optimization led to well-managed cost of funds. Therefore, NIM slightly dropped 3 bps to 2.97% in 2021. Marginal reduction in NIM was mainly from yield compression and conservative EIR approach offsetting lower cost of deposit from balance sheet optimization. Non-NII declined by 6.5% YoY to 14,537 million from non-core revenue while net fee and service income decreased by 0.9% YoY. Despite the impact from the pandemic and market volatility, mutual fund and bancassurance fees maintained its moderate growth by 9% YoY and 2% YoY respectively. Commercial fee registered its growth pace, supported by trade finance. Total operating income, therefore, dropped by 5.5% YoY to THB65,537 million in 2021.

**2021 PPOP reflected prudent business direction and cost synergy realization:** With the effort in accelerating cost saving synergies to self-fund integration expenses and cost discipline, operating expenses were well-managed which dropped by 3.0% YoY to THB31,219 million despite there were one-time integration expenses and voluntary retirement package in 2021. Given well-managed operating expense, Cost-to-income ratio excluded purchase price allocation (PPA) impact reported at 46%, which achieved financial target in 2021 against the pressure on income side. As a result, Pre-provision operating profit (PPOP), was relatively stable QoQ and recorded at THB8,461 million in 4Q21 and THB34,300 million in 2021.

**Maintained prudent approach to strengthen portfolio quality against unstable outlook:** TTB has maintained a prudent risk management and closely monitored asset quality with stringent ECL model and considered forward-looking approach through Management Overlay. In 2021, the Bank set aside expected credit loss (ECL) and management overlay of THB21,514 million. The Bank's provisioning was prudent and based on forward-looking approach which includes reserve and preparation for unforeseeable future while stage 3 loans, reduced to THB42,121 million, representing NPL ratio of 2.81%. The reduction in stage 3 was mainly due to better NPL formation, asset warehousing initiative and better-than-planned NPL sales in 4Q21. TTB continued to de-risk loan portfolio to improve portfolio quality.

After provision and tax, TTB reported THB10,474 million of net profit in 2021 which increased by 3.6% YoY. and represented the ROE of 5.1%.

Analysis of operating performance for the accounting year as of 31 December 2021, in comparison to 31 December 2020 is as follows;

**Figure 1: Statement of comprehensive income**

(THB million)	FY2021	FY2020	YoY (%)
Interest income	64,239	72,321	-11.2%
Interest expenses	13,240	18,515	-28.5%
<b>Net interest income</b>	<b>51,000</b>	<b>53,805</b>	<b>-5.2%</b>
Fees and service income	15,190	16,139	-5.9%
Fees and service expenses	3,941	4,791	-17.7%
<b>Net fees and service income</b>	<b>11,248</b>	<b>11,348</b>	<b>-0.9%</b>
Other operating income	3,288	4,193	-21.6%
<b>Non-interest income</b>	<b>14,537</b>	<b>15,541</b>	<b>-6.5%</b>
<b>Total operating income</b>	<b>65,537</b>	<b>69,346</b>	<b>-5.5%</b>
<b>Total other operating expenses</b>	<b>31,219</b>	<b>32,177</b>	<b>-3.0%</b>
Expected credit loss	21,514	24,831	-13.4%
<b>Profit before income tax expense</b>	<b>12,804</b>	<b>12,338</b>	<b>3.8%</b>
Income tax expense	2,327	2,223	4.7%
<b>Profit for the period</b>	<b>10,477</b>	<b>10,115</b>	<b>3.6%</b>
<b>Profit to non-controlling interest of subsidiaries</b>	<b>3</b>	<b>3</b>	<b>0.0%</b>
<b>Profit to equity holders of the Bank</b>	<b>10,474</b>	<b>10,112</b>	<b>3.6%</b>
Other comprehensive income	-274	310	-213.2%
<b>Total comprehensive income</b>	<b>10,203</b>	<b>10,424</b>	<b>-2.1%</b>
<b>Basic earnings per share (THB/share)</b>	<b>0.1086</b>	<b>0.1049</b>	<b>3.5%</b>

**Note:** 1. Consolidated financial statements  
 2. In 4Q21, the Bank reclassified fee service income, service expenses and OPEX to reflect nature of business, therefore figures in previous period are reclassified for comparative purposes

#### 4.1 Operating income

In 2021, the Bank generated THB65,537 million of total operating income which decreased 5.5% from last year because the muted top-line growth from prolonged COVID-19 pandemic. Net interest income decreased by 5.2% from the same period last year, resulting from softening yield on loan and loan volume compression while non-interest income declined by 6.5% YoY due to lower net fee and service income from the sluggish business activities and partial lockdown. Operating expense was well-managed, which dropped by 3.0% from the same period last year. Details of the Bank's operating performance was as follows.

**Figure 2: Net interest income**

(THB million)	FY 2021	FY 2020	YoY (%)
<b>Interest income</b>	<b>64,239</b>	<b>72,321</b>	<b>-11.2%</b>
Interest on interbank and money market items	1,060	1,922	-44.8%
Investments and trading transactions	66	109	-38.9%
Investments in debt securities	1,247	1,920	-35.1%
Interest on loans	39,827	45,633	-12.7%
Interest on hire purchase and financial lease	22,034	22,734	-3.1%
Others	5	2	169.4%
<b>Interest expenses</b>	<b>13,240</b>	<b>18,515</b>	<b>-28.5%</b>
Interest on deposits	7,158	11,553	-38.0%
Interest on interbank and money market items	277	538	-48.6%
Contributions to the Deposit Protection Agency	3,240	3,445	-5.9%
Interest on debt issued and borrowings	2,510	2,928	-14.3%
Borrowing fee	33	37	-12.0%
Others	23	14	61.0%
<b>Net interest income (NII)</b>	<b>51,000</b>	<b>53,805</b>	<b>-5.2%</b>

**Note:** Consolidated financial statements



## Interest income

As of 31 December 2021, total interest income of the Bank and its subsidiaries was THB51,000 million, decreased by 5.2% from 2020. Such decline was mainly due to lower interest on loan from multiple rate cuts, pressure from adjusted effective interest rate (EIR) approach and loan contraction as a part of loan quality focus strategy amidst unstable economic environment. Key items are as follows.

- Interest on loans contracted by 12.7% YoY to THB39,832 million from previous year.
- Interest on hire purchase and financial lease decreased by 3.1% YoY to THB22,034 million.
- Interest on interbank and money market items dropped by 44.8% YoY to THB1,060 million.
- Interest on investments in debt securities declined by 35.1 % YoY to THB1,247 million.

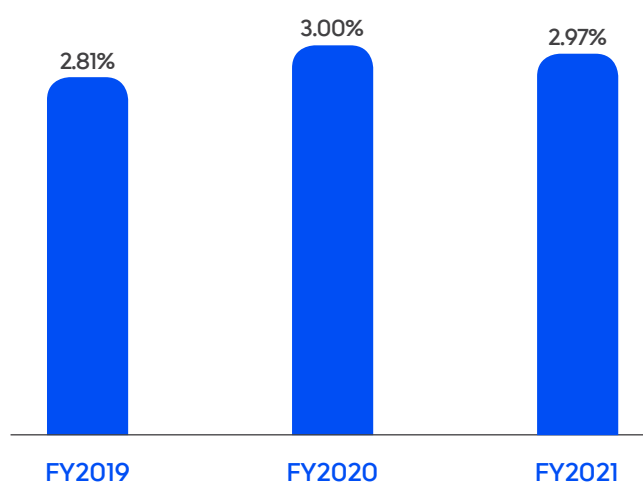
## Interest expense

At the end of 2021, total interest expenses of the Bank and its subsidiaries was THB13,240 million, a decrease of 28.5% from last year, due mainly to efficient balance sheet optimization resulting in cost of deposits reduction and lower funding cost. Details are shown below.

- Interest expense on deposits decreased by 38.0% YoY to THB7,158 million.
- Interest expense on interbank and money market items fell by 48.6% YoY to THB277 million.
- Interest on debt issued and borrowing contracted by 14.3% YoY to THB2,510 million.

**Net interest margin (NIM)** was recorded at 2.97% in 2021, slightly decreased by 3 bps from 3.00% in 2020. Such a slight decrease was because pressure from lower yield on earning assets, conservative EIR approach and low rate environment was alleviated by balance sheet optimization and efficient funding cost management.

**Figure 3: Net interest margin (NIM)**



**Note:** Consolidated financial statements

**Figure 4: Non-interest income**

(THB million)	FY2021	FY2020	YoY (%)
<b>Fees and service income</b>	<b>15,190</b>	<b>16,139</b>	<b>-5.9%</b>
Acceptance, Aval & Guarantee	587	566	3.8%
Other fee and service income	14,603	15,573	-6.2%
<b>Fees and service expenses</b>	<b>3,941</b>	<b>4,791</b>	<b>-17.7%</b>
<b>Net fees and service income</b>	<b>11,248</b>	<b>11,348</b>	<b>-0.9%</b>
Gains on financial instrument designated at fair value through profit or loss	1,480	1,726	-14.2%
Gains on investments, net	182	678	-73.2%
Share of profit from investment using equity method	346	363	-4.7%
Gains on sale of properties foreclosed, assets & other assets	368	222	65.5%
Dividend income	91	84	8.9%
Others	821	1,120	-26.7%
<b>Non-interest income</b>	<b>14,537</b>	<b>15,541</b>	<b>-6.5%</b>

**Note:** 1. Consolidated financial statements  
2. In 4Q21, the Bank reclassified fee service income, service expenses and OPEX to reflect nature of business, therefore figures in previous period are reclassified for comparative purposes

Bancassurance incentive paid to staff was reclassified from “BA fee expense” to “HR expense” to reflect nature of transaction. Hence, net fee income and HR expense increased in the fourth quarter 2021. For comparative purposes, figures in previous period were reclassified in MD&A.

In 2021, total non-interest income of the Bank and its subsidiaries was THB14,537 million, a decrease of 6.5% over-year. Key items are as follows.

- Net fees and service income was reported at THB11,248 million, decreased by 0.9% from last year, mainly due to lower Non-auto BA fees and non-recurring fee, offsetting the higher auto BA fee and mutual fund fee.
- Share of profit from investment using equity method was recorded at THB346 million.

**Figure 5: Non-interest expenses**

(THB million)	FY2021	FY2020	YoY (%)
Employee expenses	16,480	17,142	-3.9%
Directors' remuneration	74	66	10.9%
Premises and equipment expenses	5,622	6,171	-8.9%
Taxes and duties	1,573	1,799	-12.5%
Other expenses	7,470	6,999	6.7%
<b>Non-interest expenses</b>	<b>31,219</b>	<b>32,177</b>	<b>-3.0%</b>

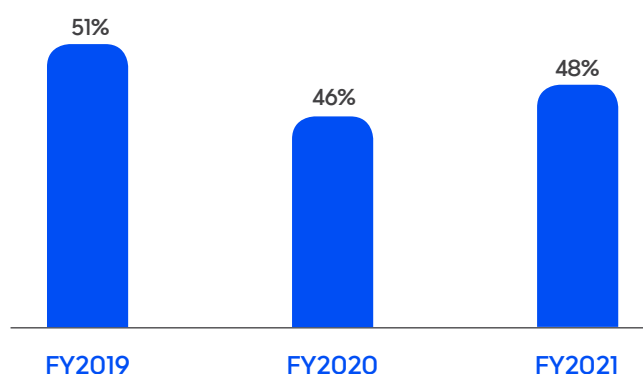
**Note:** Consolidated financial statements

At the end of 2021, total non-interest expenses of the Bank and its subsidiaries was THB31,219 million, a decrease of 3.0% from last year, due to;

- Employee expenses fell by 3.9% YoY to THB16,480 million. Lower employee expense was due to high base from voluntary ER program in 2020.
- Premises and equipment expenses declined by 8.9% YoY to THB5,622 million.
- Other expenses rose by 6.7% YoY to THB7,470 million, due owing to marketing expenses, collection expenses and subrogation expenses.

**Cost to income ratio** for the year 2021 was 48%, compared with 46% in the same period last year. If excluded reclassification, C/I ratio equaled to 47%. Nonetheless, the strong cost discipline and cost-savings helped self-fund integration costs and maintain level of C/I ratio within the target against the pressure on income side.

**Figure 6: Cost to income ratio**



**Note:** Consolidated financial statements

### Pre-provision operating profit (PPOP)

The pre-provision operating profit of the Bank and subsidiaries was THB34,300 million, decreased by 8.0% YoY.

### Expected credit loss (ECL)

The Bank has maintained a prudent approach and closely monitored asset quality with prudent ECL model and considered forward-looking risks through Management Overlay. In 2021, ECL amounted to THB21,514 million, a decrease of 13.4% YoY as the Bank set aside significantly high provision ahead of 2021. Hence, the Bank's provisioning is kept at an elevated level under forward-looking ECL model to prepare sufficient cushion against unforeseeable future and the impact of policy cliff this year.

### Profit before income tax

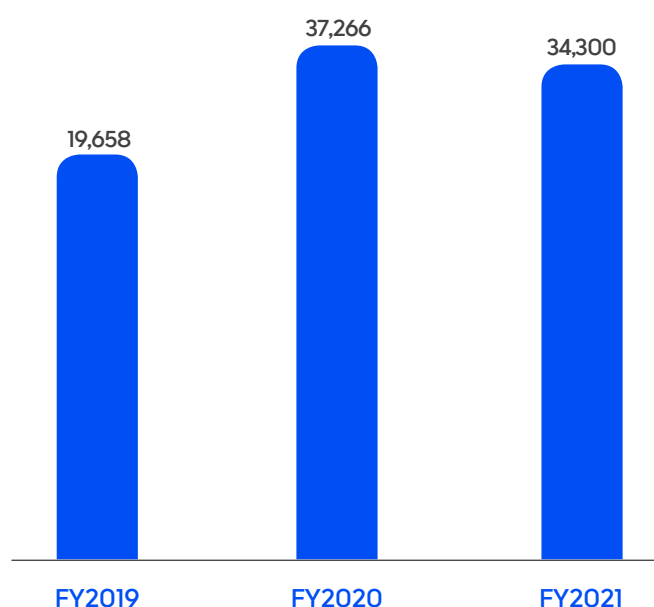
The Bank and its subsidiaries recorded profit before income tax at THB12,804 million, increased by 3.8% compared to the previous year. Income tax expense in 2021 was THB 2,327 million, an increase of 4.7% YoY.

### Net profit to equity holders of the Bank

After the provision and tax, net profit to equity holders of the Bank was THB10,474 million, grew by 3.6% from the same period of last year. The Bank generated ROE of 5.1%.

Figure 7: Pre-provision operating profit (PPOP)

THB million

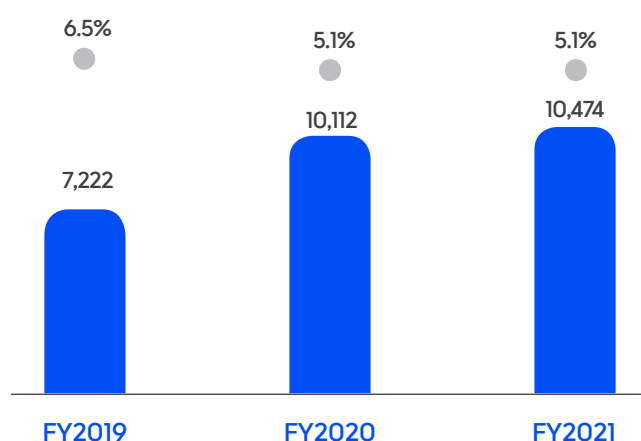


Note: Consolidated financial statements

Figure 8: Net profit and Return on equity (ROE)

THB million

● Net profit to equity holder of the Bank  
● Return on equity



Note: Consolidated financial statements

## 4.2 Financial Position

The Bank aims to maintain strong financial position as it is a foundation for quality and sustainable growth in the long run. To achieve this, the Bank focuses on Balance Sheet Optimization in order to create the optimal financial structure for sustainable returns of the merged bank. During the time of COVID-19 pandemic, the Bank carefully managed and closely monitored asset quality with stringent ECL model and considered forward-looking approach through Management Overlay. This was to prepare headroom of the balance sheet to deal with unforeseen future risks. Liquidity was also well-managed, and capital was ensured at the strong level. Key areas of 2021 financial position are as follows.

**Figure 9: Selected financial position**

(THB million)	Dec-21	Dec-20	YTD (%)
Cash	16,011	21,943	-27.0%
Interbank and money market items, net	158,873	211,185	-24.8%
Financial assets measured at fair value through profit or loss	1,421	3,788	-62.5%
Derivative assets	6,913	11,959	-42.2%
Investments, net	180,229	134,351	34.1%
Investments in subsidiaries and associate, net	8,620	8,599	0.2%
Total loans to customers	1,372,315	1,392,925	-1.5%
Add accrued interest receivables and undue interest receivables*	7,369	7,522	-2.0%
Less allowance for expected credit loss	54,472	51,967	4.8%
Total loans to customers and accrued interest receivables, net	1,325,212	1,348,480	-1.7%
Properties for sale, net	8,626	6,037	42.9%
Premises and equipment, net	21,625	24,039	-10.0%
Goodwill and other intangible assets, net	22,819	22,546	1.2%
Deferred tax assets	9	1,980	-99.6%
Other assets, net	8,822	13,425	-34.3%
<b>Total Assets</b>	<b>1,759,181</b>	<b>1,808,332</b>	<b>-2.7%</b>
Deposits	1,339,195	1,373,408	-2.5%
Interbank and money market items	84,966	75,909	11.9%
Financial liabilities designated at fair value through profit or loss	437	432	1.2%
Debts issued and borrowings, net	68,398	88,965	-23.1%
Deferred revenue	20,176	20,885	-3.4%
Other liabilities	35,173	43,984	-20.0%
<b>Total Liabilities</b>	<b>1,548,345</b>	<b>1,603,582</b>	<b>-3.4%</b>
Equity attributable to equity holders of the Bank	210,835	204,713	3.0%
Non-controlling interest	1	37	-96.9%
<b>Total equity</b>	<b>210,836</b>	<b>204,750</b>	<b>3.0%</b>
<b>Total liabilities and equity</b>	<b>1,759,181</b>	<b>1,808,332</b>	<b>-2.7%</b>
Book value per share (Baht)	2.18	2.12	2.7%

**Note:** Consolidated financial statements

\* For credit impaired loans to customers, accrued interest are presented net from allowances for expected credit loss

## Assets

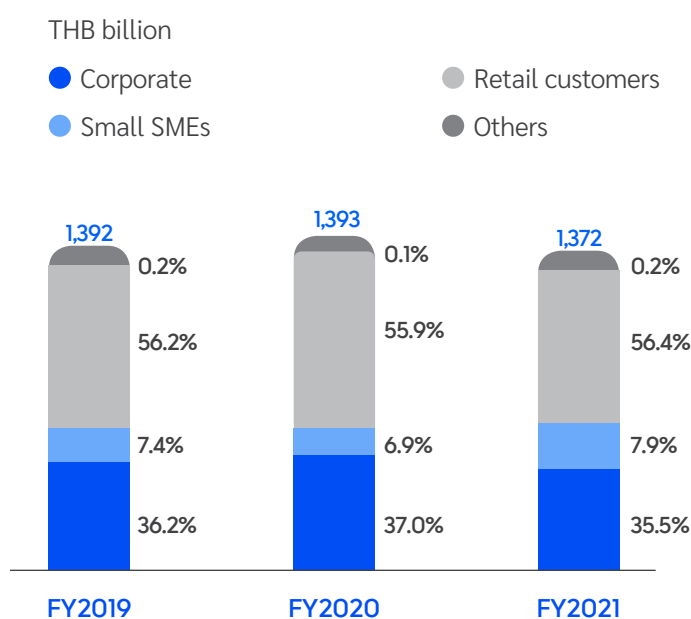
As of 31 December 2021, total assets on consolidated basis amounted to THB1,759,181 million, a decrease of 2.7% from 31 December 2020 (YTD) mainly due to financial assets measured at fair value through profit or loss. Details are as follows.

### 1) Total loans to customers

As of Dec-21, The Bank recorded total loans to customers (less deferred revenue) on consolidated basis of THB1,372,315 million, decreased by 1.5% YTD. With balance sheet synergy initiative, the Bank optimized loan mix by reducing low-yielding loans and replacing with retail high-yielding loans. However, amid the situation of COVID-19 pandemic and sluggish economic recovery, the Bank grew loans selectively resulting in relatively flat loan growth this year. Details are as follows.

- Retail lending on consolidated basis contracted by 0.5% YTD. The YTD decline was mainly due to hire purchase and unsecured loans and credit card amidst the sluggish economy from COVID-19 outbreak. However, the Bank saw a recovery sign in new auto loan booking especially in new car segment in the last quarter of 2021. Mortgage continued its moderate growth rate of 2.6% YTD against unfavorable business environment.
- Corporate lending on consolidated basis decreased by 5.5% YTD mainly from loan repayment while small SME loans remained contraction in line with the Bank's direction on small SME segment to de-risk weak loan and focus on portfolio quality to preserve balance sheet quality.

**Figure 10: Total loan breakdown by segment**



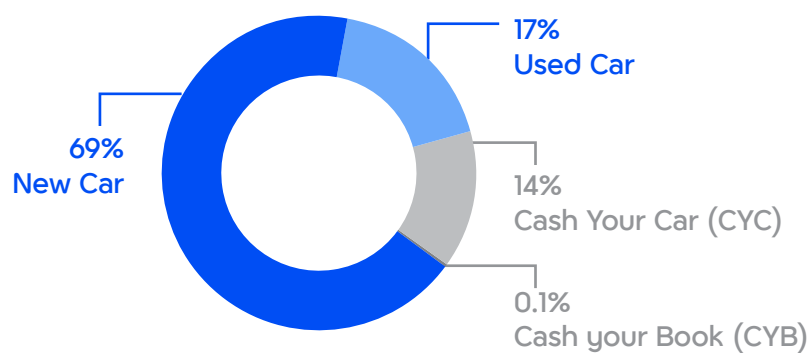


In terms of loan breakdown by customer segments, the loan portfolio has diversified and shifted to retail segment since the merger. As of 31 December 2021, retail loans accounted for 56% while corporate loans were 36% and small SMEs were 8% of total portfolio.

In terms of key products, 29% of total loan was hire purchase; followed by mortgage of 23%, term loan of 20%, working capital (OD) of 17%, trade finance of 6%, personal loan & credit card of 4% and others 1%.

For hire purchase loan as of 31 December 2021, the portfolio consisted of new car 69%, used car 17%, cash your car (CYC) 14%, cash your book (CYB) of 0.1% respectively.

**Figure 11: Hire purchase portfolio breakdown**



**Note:** Consolidated financial statements

### **Stage 3 loans/Non-performing loans (NPLs) and NPL ratio, excluded accrued interest receivables:**

According to the new accounting standard under TFRS9 which implemented on 1 January 2020, non-performing loans is classified as stage 3 loans.

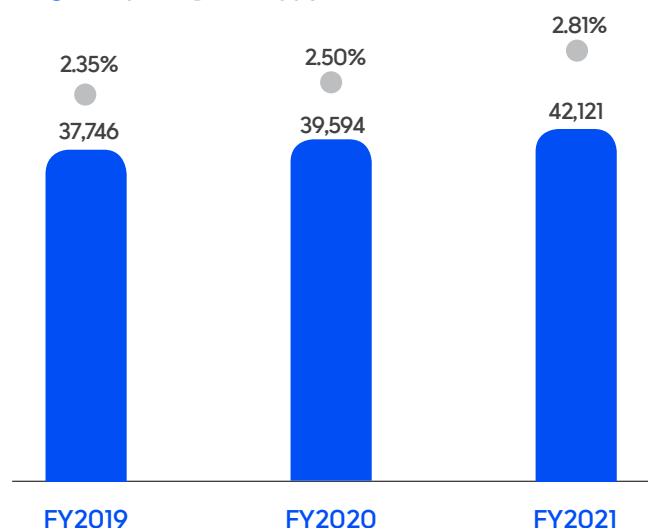
The Bank has put priority on asset quality monitoring and continued to manage NPLs with prudence. As of 31 December 2021, Stage 3 loans (NPLs), excluded accrued interest receivables on consolidated basis, was reported at THB42,121 million which increased from THB39,594 million as of 31 December 2020. Stage 3 loans (NPLs) on bank-only basis amounted to THB41,369 million, increased from THB22,005 million at the end of 2020. However, the Bank will proactively manage flow to stage 3 and continued to resolve stage 3 loans through sales, write-offs and the pre-emptive debt restructuring to maintain NPL ratio at relatively low level in preparation for the unforeseen headwinds in the future.

**Figure 12: Stage 3 loans (NPLs) and NPL ratio**

THB million

● NPLs

● NPL ratio



**Note:** Consolidated financial statements

As of 31 December 2021, NPL ratio on consolidated basis was recorded at 2.81%, compared with 2.50% at the end of 2020. Meanwhile, NPL ratio on bank-only basis stood at 2.76% when compared with 2.38% as of 31 December 2020.

#### **Allowance for loan losses**

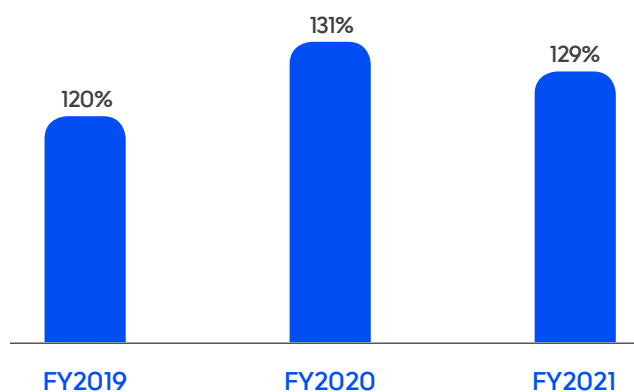
As of 31 December 2021, the Bank and its subsidiaries reported the allowance for expected credit loss at THB54,472 million, which rose by 4.8% YTD due to additional provision buffer set to preemptively limit future downside risk, reflecting the Bank's prudent risk management.

Given the current unfavorable economic conditions and the prolonged COVID-19 pandemic, the Bank remains prudent in setting provision and proactively reviews and set aside management overlay to cover both Probability of default (PD) and Loss given default (LGD) shift. Moreover, the Bank closely monitors customers under debt relief program and offers further assistance to those in need after the resurgence of COVID-19 cases. The allowance for expected credit loss was set at the prudent level, preparing for the future uncertainties.

## Coverage ratio

Coverage ratio on consolidated basis was recorded at 129%, slightly decreased from 132% as of Dec-20. The Bank consistently maintained coverage ratio at prudent level.

Figure 13: Coverage ratio



Note: Consolidated financial statements

## 2) Interbank and money market

As of 31 December 2021, Net interbank and money market item decreased by 24.8% YTD to THB158,873 million, due mainly to liquidity management.

## 3) Investment

Under TFRS9, investment items are classified into 3 categories; fair value to profit and loss (FVTPL), fair value to other comprehensive income (FVOCI) and measured at amortized cost. As of 31 December 2021, investments were classified as follows:

Figure 14: Net Investment

(THB million)	31 Dec 2021	31 Dec 2020
Financial assets measured at FVTPL	1,421	3,788
Investments in debt securities measured at amortized cost	-	621
Investments in debt securities measured at FVOCI	177,339	132,213
Investments in equity securities measured at FVOCI	2,890**	1,517
<b>Net Investment*</b>	<b>180,229</b>	<b>134,351</b>
<b>Total Investment</b>	<b>181,650</b>	<b>138,139</b>

Note: Consolidated financial statements

\* Net investments comprised of investments measured at amortised cost and measured at FVOCI

\*\* Included 10% share acquisition in Thanachart Insurance PCL and Thanachart Securities PCL

#### **4) Properties for sales**

As of 31 December 2020, net properties for sale increased to THB8,626 million, rose by 42.9% YTD. The change was due mainly to asset warehousing initiative.

#### **Liabilities**

As of 31 December 2021, total liabilities on consolidated basis was reported at THB1,548,345 million which declined by 3.4% YTD. Details are shown below;

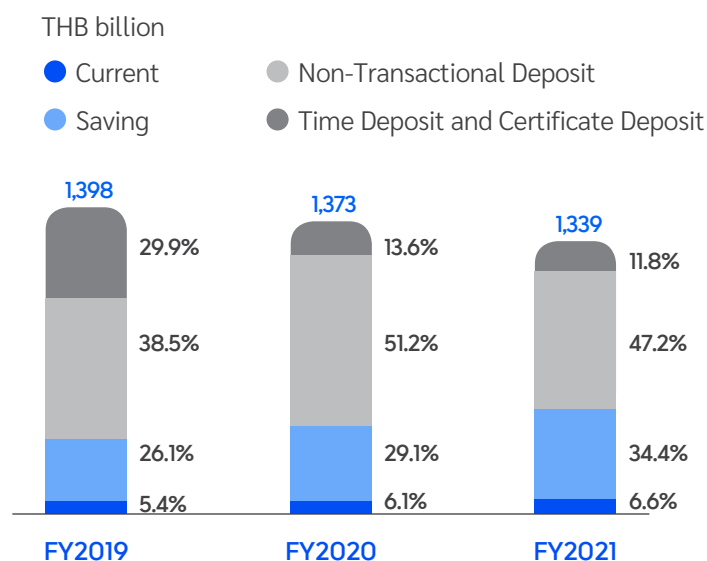
##### **1) Deposits**

As of 31 December 2021, the Bank and its subsidiaries reported total deposits on consolidated basis of THB1,339,195 million which dropped 2.5% from the end of 2020. This was in line with the Bank's direction to optimize balance sheet and funding strategy.

Since the merger, the Bank proactively optimized high cost deposit and replaced with quality-hybrid deposits and transactional deposits to align with liquidity management plan amidst slow loan growth. Deposit growth in 2021 was in line with such direction. This was attributed to No-Fixed deposit which expanded noticeably by 49.5% YTD while flagship retail transactional deposit, All Free, grew on track at 39.1% YTD. In the 4<sup>th</sup> quarter, the Bank started to acquire long-term deposit, supported by retail-TD up and up, as part of funding strategy and product offering for wealth customers. Time Deposit, as a result, grew by 16.9% from the previous quarter but dropped by 15.5% YTD.

In 2022, All Free and No-fixed deposits remained a key flagship product of TTB to capture cross-selling opportunity by converting retail deposits to other investment products while retail-TD up and up would be another key strategic product for funding cost optimization. Moreover, the Bank will continue to optimize and balance deposit structure thru CASA & hybrid products and Time Deposit to ensure efficiently-managed deposit cost.

**Figure 15: Deposits breakdown by products**



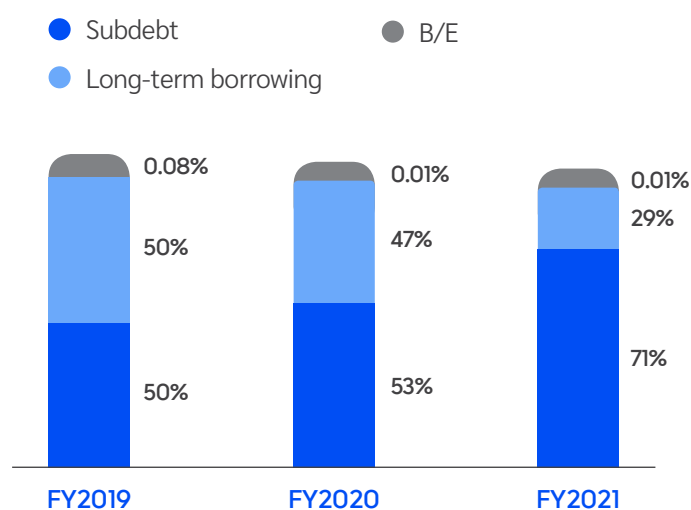
**Note:** Consolidated financial statements

Non-transactional deposit consists of “TTB No Fixed”, “ME” and “TBANK Ultra Saving”. “TTB No Fixed”, “ME” and “TBANK Ultra Saving” are classified as savings account as they are not required to maintain minimum balance and have no restriction to term of deposit

## 2) Borrowings

As of 31 December 2021, total borrowings of the Bank and its subsidiaries recorded at THB68,398 million which contracted by 23.1% YTD. The YTD decline was mainly due to the redemption of TTB’s EUR bond and USD bond, amounting to THB28 billion, offsetting TTB’s USD bond and PAMCO’s bond issuance, amounting to THB5.4 billion.

**Figure 16: Borrowings breakdown**



**Note:** Consolidated financial statements

### 3) Interbank and money market

Net interbank and money market item increased by 11.9% YTD to THB84,966 million, mainly due to the Bank's liquidity management.

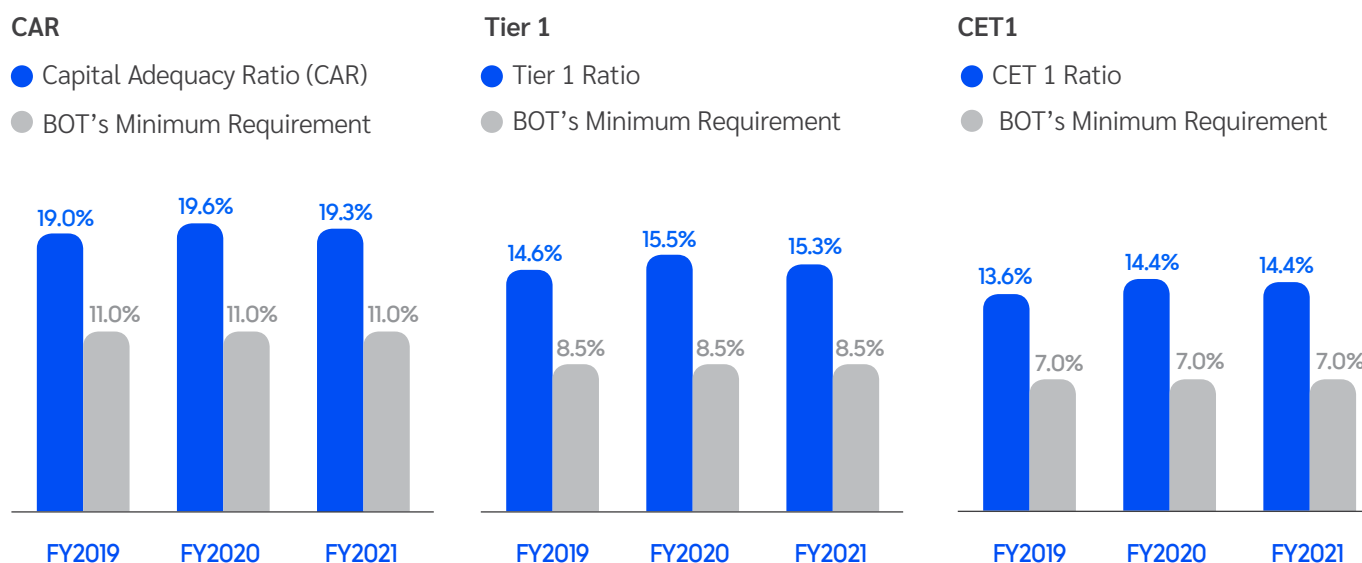
### Shareholder's equity

As of 31 December 2021, the consolidated equity was THB210,836 million which rose by 3.0% YTD mainly due to the accumulation of the net profit, offsetting the dividend payment.

### 4.3 Capital adequacy

At the end of December 2021, Capital Adequacy Ratio (CAR), Tier 1 ratio and CET1 ratio of the Bank under Basel III calculation were 19.3%, 15.3% and 14.4% respectively. The Bank has maintained the robust capital well above the Bank of Thailand's minimum requirement of 11.0%, 8.5% and 7.0% of CAR, Tier 1 and CET 1 capital ratio, respectively.

Figure 17: Capital adequacy



**Note:** Consolidated financial statements

(For the disclosure of full details of capital under BASEL III, please visit investor relations webpage at [www.ttbank.com/en/ir](http://www.ttbank.com/en/ir))



#### 4.4 Credit Ratings

The table below shows credit ratings of TMBThanachat Bank assigned by Standard & Poor's, Moody's Investor Services and Fitch Ratings as of December 2021.

Credit Rating	December 31, 2021
<b>Standard &amp; Poor's (S&amp;P)</b>	
<b>Foreign Currency</b>	
Long-term: Deposit	BBB
Short-term: Debt instrument	A-2
Stand-Alone Credit Profile (SACP)	bb+
Outlook	Negative
<b>Moody's Investors Service</b>	
<b>Foreign Currency</b>	
Long-term: Deposits	Baa1
Short-term: Deposits/Debt instrument	Prime-2
Baseline Credit Assessment (BCA)	baa3
Outlook	Stable
<b>Fitch Ratings</b>	
<b>Foreign Currency</b>	
Long-term IDR	BBB
Short-term IDR	F2
<b>National</b>	
Long-term	AA+(tha)
Short-term	F1+(tha)
Subordinated	A(thai)
Viability Rating	bbb-
Support Rating	2
Supporting Rating Floor	BBB
Outlook	Stable

#### 4.5 Impacts of the COVID-19 Pandemic

The overall Thai economy was under pressure in 2021 due to the prolonged COVID-19 pandemic. Given the unprecedented crisis, the BOT has issued several COVID-19 relief measures to support Bank's customer who affected by COVID-19 in the form of BOT relief measure phrase 3, debt moratorium for 2 months, debt consolidation, financial rehabilitation measures to support business recovery post COVID-19. The Bank has been proactively assisting customers throughout this crisis in line with the Bank of Thailand's policy guidelines under a prudent integrated risk management approach. We provide the sustainable relief program for both retail and commercial customers to ensure customer's long-term survival.

At the end of December 2021, approximate 12% of total loan portfolio was under the relief program which decreased from 40% during a full lockdown in June 2020. As of Dec 2021, commercial customer under forbearance accounted for 10% of total commercial loans and retail customers accounted for 13% of total retail loans respectively. In terms of debt relief portfolio quality, we consider our debt relief portfolio remains healthy as over 80% of debt-relief customers requested for light modified terms and are able to service their debts with full interest payment.

However, the Bank continue to monitor it closely and ensure our internal approaches are vigilant. In terms of risk management, the Bank has tightened its risk management practice while providing support to credit customers. Specifically, the Bank implemented 7 post relief schemes to track and trace their quality, so that corresponding Probability of Default (PDs) could be applied and to separate them from customers never ask for relief support. These principles are consistently applied since November 2020. The Bank has been strict to our Guiding Principle of Post Relief Risk Schemes to evaluate customers' behavior and risk profile to ensure sufficient level of ECL. According to the uncertainties outlook from COVID-19 pandemic, the Bank continues to be vigilant and keeps monitoring customers to ensure the Bank's asset quality as well as support customers to ensure that customers can recover in the long run.

As of the uncertainties from COVID-19 pandemic, the Bank also considered forward looking economic scenarios in setting up management overlay to ensure sufficient provision. In 2021, the Bank set aside expected credit loss (ECL) and management overlay of THB21,514 million or equivalent to a credit cost of 157 bps. The Bank's provisioning was prudent and based on forward-looking approach which includes reserve and preparation for unforeseeable future. Moreover, capital and liquidity positions were at strong level under COVID-19 situation and well above regulatory requirement.

In terms of employees, the Bank managed safety protocol by allowing our employees to work from home at the highest rate and hybrid work model according to BCP plan and social distancing policy. Additionally, the Bank also provided COVID vaccine, operation sites and hospital for our employees. The Bank applied the health and safety measures to prevent and minimize infection of the COVID-19 in the workplaces where our customers, employees and related parties are. We have completely done the case investigation, grouping related staff on their risk level with advices, sanitization and disinfection at the working areas.

Details on the impacts of COVID-19 can be found in Management Discussion and Analysis, Notes to Financial Statements and the Sustainability Report 2021.

## 5. General Information and Other Significant Information

### 5.1 General information

Name of the company	: TMBThanachart Bank Public Company Limited Security's symbol "TTB"
Nature of Business	: Commercial bank's businesses in accordance with Financial Institutions Businesses Act and the businesses concerning financial services under the permission of the Ministry of Finance, the Bank of Thailand, and other parties concerned.
Head Office	: 3000 Phahon Yothin Road, Chomphon, Chatuchak, Bangkok 10900
Registration No.	: 0107537000017
Telephone	: 0-2299-1111
Contact Center	: 1428
Website	: <a href="https://www.ttbbank.com">https://www.ttbbank.com</a>

### 5.2 Transactions with relating to investment

The Bank imposed the regulatory fine from BOT and SEC as detailed below.

Year	Regulatory fine
2017	None
2018	<ul style="list-style-type: none"><li>• The Bank of Thailand has fined the bank according to the Financial Institutions' Businesses Act B.E.2551 Section 60 amount of 2,128,125 Baht and Section 71 amount of 2,775,000 Baht</li><li>• The Securities and Exchange Commission has fined the bank according to section 113 of the Securities and Exchanges Act B.E.2535 amount of 832,000 Baht.</li></ul>
2019	<ul style="list-style-type: none"><li>• The Securities and Exchange Commission has fined the bank according to section 113 of the Securities and Exchanges Act B.E.2535 amount of 4,254,000 Baht.</li></ul>
2020	None
2021	None

### 5.3 Legal disputes

On December 31, 2021 TMBThanachart does not have an unsettled legal dispute which has the potential to negatively impact its assets, as the claimed amount is worth over 5% of net equity according to financial statements of Bank.

### 5.4 Audit fees

#### 5.4.1 Audit fees

The Bank and its subsidiaries paid audit fees to:

- The Bank and its subsidiaries' auditor in the previous accounting year amounting to THB 16,800,000.

Company	Auditors	Audit Fee (THB)
1. TMBThanachart Bank Public Company Limited (Formerly TMB Bank Public Company Limited)	KPMG Phoomchai Audit Ltd. (Mr. Chanchai Sakulkoedsin)	12,800,000
2. TBCO Public Company Limited (Formerly Thanachart Bank Public Company Limited)	KPMG Phoomchai Audit Ltd. (Mr. Chanchai Sakulkoedsin)	3,225,000
3. TMBThanachart Broker Company Limited (Formerly Thanachart Broker Company Limited)	KPMG Phoomchai Audit Ltd. (Mr. Chanchai Sakulkoedsin)	400,000
4. Phahonyothin Asset Management Company Limited	KPMG Phoomchai Audit Ltd. (Mr. Chanchai Sakulkoedsin)	255,000
5. TMBThanachart Bank Public Company Limited (Formerly TMB Bank Public Company Limited) Cayman Branch	KPMG Phoomchai Audit Ltd. (Mr. Chanchai Sakulkoedsin)	120,000
Total Audit Fee		16,800,000

- The respective audit company including individuals or entities related to the Bank's auditor and the respective audit company in the previous accounting year amounting to THB 100,000.

#### 5.4.2 Non-audit fees

The Bank and its subsidiaries paid fees for non-audit services i.e. special purpose audit and engagements to perform agreed-upon procedures to:

- The Bank and its subsidiaries' auditor in the previous accounting year totaling THB 430,000 together with future payment due to incomplete work in the previous accounting year totaling -THB.
- Payment to the respective audit company including individuals or entities related to the Bank's auditor and the respective audit company in the previous accounting year -THB together with future payment due to incomplete work in the previous accounting year totaling -THB.

## 5.5 Other referral parties

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### Share registrar

Thailand Securities Depository Co., Ltd.  
The Stock Exchange of Thailand Building,  
93 Ratchadaphisek Road,  
Dindaeng  
Bangkok 10400  
Tel 02-009-9999

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### Auditor

Mr Chanchai Sakulkoedsin	CPA	Registered No. 6827
Or Miss Panthip Gulsantithomrong	CPA	Registered No. 4208
Or Mrs Wilai Buranakittsophon	CPA	Registered No. 3920

### KPMG Phoomchai Audit Ltd.

50<sup>th</sup> Floors, Empire Tower  
1 South Sathorn Road  
Yannawa, Sathorn  
Bangkok 10120  
Tel 02-677-2000

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## **Section 2**

### Management and Corporate Governance

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Corporate Governance Policy  
Corporate Governance Structure and Important  
Information Concerning the Board of Directors,  
Board Committees, Executives, Employees and Others  
Report on Important Operational Results of Corporate Governance  
Internal Control and Related Party Transactions

## 6. Corporate Governance Policy

### 6.1 Corporate Governance Policy Framework

The Board of Directors is well aware of the importance and benefits of good Corporate Governance and thereby set out the written Corporate Governance Policy which applied SEC's Corporate Governance Code for Listed Companies. In this regard, the relevant regulations and banking industry code of conduct also incorporated in. The policy content focus on the good corporate governance and international standard, proper conduct the Bank business with efficiency, integrity, absence of fraud and corruption, transparency and accountability to enhance confidence of shareholders, investors, stakeholders, society and all related parties. The corporate governance policy is posted on the Bank's website <https://www.ttbbank.com/en/about-us/corporate-governance-policy> for information of the Bank's employees and for public. The mentioned policy covers role of the Board of Directors as following.

Strategy and Business target	Risk Management	Internal Control	Subsidiaries Oversight
Short term business target in 2021 is complete the integration of two banks by December 2021. Board of Directors has reported the progress of the integration in 2021 AGM.	Board of Directors approved the revision of the overall structure of risk management policy for entire business after integration.	Board supervise the adequacy of the internal control for bank-wide of merged bank.	Board of Directors approved the investment ratio in the subsidiary companies according to the bank's strategy and business target. The Board of Directors also approved the representative director appointment for all subsidiaries. The Board of Directors approved the structure of the supervisory board for subsidiary (PAMCO)
Nomination, Development, Performance Assessment	Code of Conduct and Corporate Culture	Conflict of Interest and Inside information	Anti-Corruption Oversight and Whistleblowing
Board of Directors considered and approved the qualification of person who were elected as director for approval in 2021 AGM. The skills and qualification of directors are validated according to the relevant regulations as well as the business direction.	Board of Directors supervise the implementation of code of conduct and policies via the regular agenda for updating	Board of Directors approve the Conflict of Interest Policy and Inside Information Policy which indicate the measurement for	Board of Directors delegate Audit Committee and Risk Oversight Committee regarding the role of oversight the adequacy of the internal control implementation for mitigating the corruption risk. The result of corruption risk assessment

Nomination, Development, Performance Assessment	Code of Conduct and Corporate Culture	Conflict of Interest and Inside information	Anti-Corruption Oversight and Whistleblowing
In 2021 Board of Directors acknowledged the result of the performance assessment and approved the development plan for more effectiveness of the Board of Directors's role.	the progress of corrective action of complaints and corporate culture.	monitoring on the directors and managements' securities' trading account during the blackout period.	and exception cases shall be regularly reported for Board of Directors consideration. Risk Oversight Committee regularly received the monitoring report from Compliance Unit with respect to process of the corrective action for whistleblowing and complaints cases.

### 6.1.1 Policy and procedure related to Board of Directors

#### Board of Directors oversight on Strategy and Business target

The Board of Directors oversaw the progress of the execution of the EBT (“Entire Business Transfer”) from Thanachart Bank Plc. to TMB Bank Plc. to ensure its completion within 2021. The Board of Directors approved the date for the Entire Business Transfer on July 3, 2021. The Board of Directors also oversaw the return of the commercial banking license and other relevant licenses, as well as the entering into the liquidation process of Thanachart Bank Plc. The structure of the financial business group after integration is disclosed on the Bank’s website.


Corporate Governance Policy	Process	Practice
1. Board of Directors oversees the Bank to organize the <b>shareholder meeting</b> and support the shareholder meetings in a transparent manner to exercise their right.	Bank arranges the annual general shareholder meeting for all shareholder through equitably. The Bank informed the shareholders of the schedule and the shareholders were able to exercise their rights fairly treat all shareholders equitably by having the proxy form for the attendees able to attend the meeting in person or being a proxy, arranging the staff to disseminate the registration using the fast barcode system. The Bank prepares the voting card for all shareholders to vote in	<ul style="list-style-type: none"> <li>In organizing the Annual General Meeting of Shareholders, the Bank informed shareholders of the schedule and agenda through the SET System before the meeting date 30 days in advance, and published the invitation letter together with supporting documents in both Thai and English on the Bank’s website. (<a href="http://www.ttbank.com">www.ttbank.com</a>) section “Investor relations - shareholder meeting” to allow shareholders to have sufficient time to study information for the meeting in advance.</li> </ul>

Corporate Governance Policy	Process	Practice
	each agenda item, shareholders shall be facilitated by arranging a shuttle bus and providing adequate parking space.	<ul style="list-style-type: none"> <li>After the shareholders' meeting has been completed, the Bank announces the meeting's resolution through SET website. The resolution specifies the voting in each agenda showing details of agree, disagree, abstain. The minutes of the shareholders' meeting also showing the details of names of directors who attended and did not attend the meeting, significant clarifications, questions and answers or opinions. The minutes of shareholder meeting shall be submitted to SET within 14 days from the date of the meeting and published via the bank website (<a href="http://www.ttbbank.com">www.ttbbank.com</a>) and SET website both Thai and English for shareholders to be able to check.</li> </ul>
2. Board of Directors oversight the management team to operate the business under social and environment responsibility	Nomination Remuneration and Corporate Governance Committee (NRCC) review and propose the policy and code of conduct, corporate culture for conducting sustainability business.	<ul style="list-style-type: none"> <li>Bank discloses the sustainability solution for all value chain in SD report</li> <li>Bank set up the prohibited lending in order to align with the social and environment responsibility</li> <li>Bank set the target to reduce the natural resources consumption which impact to the environment.</li> </ul>

### Board of Directors oversight on Internal Control and Risk Management

Board of Directors approves the master document and consider the reviewed principle policies and delegate the approval authorities to Risk Oversight Committee (ROC) for approval the supporting policies. All policies were communicated to the employee for understanding and implementing. Board of Directors supervises the policy implementation via reports from Risk Oversight Committee and Audit Committee.


In 2021, Board of Directors approved the annual reviewed of the Corporate Governance Policy which has incorporated the updated banking industry code of conduct of 2020. The key changes of the document covered the market conduct area. The Corporate Governance Policy is disclosed via the Bank's website.

Corporate Governance Policy	Process	Practice
3. Board of Directors has the duty in approving and review the overall business strategies and risk governance framework including sustainability and culture under risk management	<ul style="list-style-type: none"> <li>Risk Oversight Committee is assigned to propose risk governance framework including risk management to Board of Directors.</li> <li>Audit Committee conduct the effectiveness review of internal control via internal audit process.</li> </ul>	<ul style="list-style-type: none"> <li>Board of Directors review and approve the policies and risk related policies to align with strategies and stakeholder needs.</li> <li>Bank discloses role and responsibilities of Board of Directors and sub-committees on website:   <a href="#">Click here for more information</a></li> </ul>
4. Board of Directors oversees the disclosure of the financial reporting system, and disclosure of information and adequacy of the liquidity, including formulating a plan to solve problems in the crisis management	<ul style="list-style-type: none"> <li>Board of Directors report its responsibility regarding the financial report in conjunction with the auditor's report via the Bank's annual report.</li> <li>Bank's business and operating results are accurate, complete, adequate, and timely, disclosure the Bank's business and financial status so that all Bank's stakeholders can receive adequate information both financial and non-financial through various channel.</li> </ul>	<ul style="list-style-type: none"> <li>The bank discloses the information to public under the SET and SEC requirement as well as align with the corporate governance such as the financial report submission to SET, SEC under the specified time. Bank prepare Management Discussion and Analysis: MD&amp;A for quarterly financial statement and publish them on the bank's website. Bank also discloses the director's remuneration and director's bank security's holding via annual report.</li> </ul>
5. Board of Directors set up the investor relations unit	<ul style="list-style-type: none"> <li>Bank set up the investor relations unit who responsible for communicating the information to the investor and analyst to ensure that the bank's information both financial information and other information are completely communicated for decision making and maintain investor's trust.</li> </ul>	<ul style="list-style-type: none"> <li>Bank disclose the information via website for the analyst and investor both in Thai and English information and such information could be download.</li> </ul>



### Board of Directors oversight on Financial Business Group

Bank as the parent company of the financial business group aware of the key role on conduct the business in the same business direction and align with the bank's policies. Board of Directors delegate Board of Executive Directors on the oversight the subsidiary companies according to the business plan, and Board of Directors delegate Nomination Remuneration and Corporate Governance Committee on the oversight the nomination the representative director to the subsidiary companies for business and policy governing. The Board of Directors also approved the nomination of the Banks' directors to be the Advisory Board in Phahonyothin Asset Management Company Limited (the subsidiary company) to oversee the activities and risk management in the subsidiary. The Advisory Board does not have any business authority in the subsidiary.


Corporate Governance Policy	Process	Practice
6. Board of Directors oversee the bank subsidiary to comply with the bank policy.	<ul style="list-style-type: none"><li>Board of Executive Directors oversee the bank subsidiary to align with the bank strategy and business plan.</li><li>NRCC consider and endorse the nomination of the representative director to oversee the subsidiary companies.</li><li>Subsidiary companies shall adopt the parent company (bank)'s corporate governance policy, conflict of interest and inside information policy, and anti-corruption policy for their implementation</li></ul>	<ul style="list-style-type: none"><li>Bank disclose the financial business group structure via the Bank's website.</li></ul>  <a href="#">Click here for more information</a>

### Board of Directors oversight on Director Nomination

Board of Directors annually reviews the board structure. Bank considered that the directors' skill diversity suitable to the current business direction. The structure of the Board of Directors consists of 5 independent directors, 8 non-executive directors, and 1 executive director. The structure has the check and balance between the Board of Directors and management by clearly indicating role and responsibility for effectiveness oversight.


Nomination Remuneration and Corporate Governance Committee consider and propose the experience and qualified person to be elected as the director to the Board of Directors for consideration prior to propose to the shareholder meeting for approval. Detail of the qualified person proposed to AGM was disclosed in the annual shareholders' meeting invitation letter. (the Bank's website:

<https://www.ttbbank.com/en/ir/shareholder-services/notification-of-the-shareholder-meeting>

Corporate Governance Policy	Process	Practice
7. Nomination Remuneration and Corporate Governance Committee (NRCC) has its role in review and propose the person who has the proper skill and qualified characteristic to be director. NRCC also has the role to propose the bank's remuneration structure to BoD for consideration.	NRCC endorse the qualified person to propose to Board of Directors to consider the person who will be appointed as director or chairman of sub-committee	<ul style="list-style-type: none"> <li>Board of Directors propose the qualified characteristic person to the annual general shareholder meeting for approval the director nomination. In 2021, the bank proposed 5 directors to be re-elected as directors for another term in AGM namely: Mr. Teeranun Srihong, Mr. Prinya Hom-anek, Mr. Praisun Wongsmith, Mr. Philippe G.J.E.O. Damas, Mr. Piti Tantakasem. (Detail is disclosed in topic 8.1)</li> <li>Board of Directors propose the detail of annual director remuneration to the annual general shareholder meeting for approval. Bank also provide non-financial remuneration for director in the term of director's liability insurance policy to cover any liable matters according to the director's role and responsibility. (Detail is disclosed in topic 8.1.2)</li> <li>Bank set the criteria for the minority shareholders propose director nominees through the Bank's website between October 1 and December 31 every year. The Bank's website:  <a href="#">Click here for more information</a></li> </ul>


### Board of Directors oversight on Directors' Annual Performance Assessment

Board of Directors approved the annual performance assessment in compliance with the good corporate governance principle.

Corporate Governance Policy	Process	Practice
8. Board of Directors set the annual assessment every year	<ul style="list-style-type: none"><li>NRCC propose the criteria of annual assessment and process of the board and sub-committee assessment to Board of Directors for approval.</li></ul>	<ul style="list-style-type: none"><li>Bank disclose the information about the Board of Directors annual assessment via its annual report.</li></ul>
9. Board of Directors encourage in conducting the regularly director training	<ul style="list-style-type: none"><li>Bank set the orientation for new director, and set the regularly training plan (both inhouse and external course) for director.</li></ul>	<ul style="list-style-type: none"><li>Bank disclose the Board of Directors training record via its annual report via the Bank's website.  <a href="#">Click here for more information</a></li></ul>

### Board of Directors oversight on Code of Conduct and Corporate Culture

Board of Directors has key role as the leader of the corporate culture and support for growth and deliver corporate value. In aware of such role, the corporate culture namely ICARE is implemented. ICARE (Integrity, Challenge Status Quo, Agility, Respect, Execution) ICARE is workways using as same standard operating guideline for employee. Board of Directors were regularly reported about the corporate culture indicators via management report.

Corporate Governance Policy	Process	Practice
10. Board of Directors aware of scope and responsibility of Director code of conduct and able to manage the time resource for effectiveness result.	<ul style="list-style-type: none"><li>Board of Directors approve the Master Committee Charter which indicate the authority and responsibility of the board</li><li>Board of Directors's Meeting was set in advance, the meeting protocol via the board secretary also establish then directors able to completely consider the proposed agenda and document.</li></ul>	<ul style="list-style-type: none"><li>Board of Directors (Non-Executive Director) shall not be the bank staff and shall not participate the daily management. Board of Directors shall oversight the overall management function.</li><li>Bank disclose the information about the Board of Directors meeting via its annual report (topic 8.1.2) via the Bank's website.  <a href="#">Click here for more information</a></li></ul>

**Note:** on the Bank's website at [www.ttbbank.com](http://www.ttbbank.com)

### 6.1.2 Policy and procedure related to shareholder and stakeholder

#### Board of Directors oversight on Conflict of Interest and Inside Information

Board of Directors approved the annual reviewed of Confidential and Inside Information and Conflict of Interest Policy. The relevant operating procedures were established such as (1) Prohibit the director and executives, who possess the inside information, trade the bank's securities during the blackout period. Their securities trading reports, and their other beneficial interest were disclosed to public on quarterly basis (2) Any directors and executives who might having conflict of interest shall not participate for considering such transaction. Board of Directors oversee the regulation compliance of connected transaction through the Audit report of the connected transaction.

Corporate Governance Policy	Process	Practice
11. Board of Directors oversee the risk management and internal control.	<ul style="list-style-type: none"><li>• Policy and procedure manual indicated that any directors and executives who might having conflict of interest shall not participate for considering such transaction.</li><li>• Audit Committee consider the connected transaction or any possible conflict of interest transaction to ensure reasonable arrangement.</li><li>• Bank set the policy to prevent all staff take any benefit by using the insider information which might impact to the bank's security price.</li><li>• Bank set the reporting process by all <b>managements</b> and directors regarding the quarterly report of bank's security holding and the bank's security trading according to SEC regulation.</li></ul>	<ul style="list-style-type: none"><li>• Bank discloses the audit committee report regarding internal control assessment report in annual report. Audit committee report that there were no conflict of interest issue found from the examination review.</li></ul>

## Board of Directors oversight on Anti-Corruption and Whistleblowing

Board of Directors approved the annual reviewed of Anti-Corruption Policy, Director Code of Conduct, Employee Code of Conduct, Gift, Entertainment, Donation, Sponsorship Policy, and Whistleblowing Policy. Management responsible for communication and arranging the annual staff training and control procedure for implementation accordingly. Board of Directors were regularly reported the adequacy of internal control assessment from Audit Committee report. The audit function conducted the internal control testing in business areas to ensure that the control establishment were adhered to. In addition, Board of Director were reported the progress of the actions taken for remedial the complaints or whistleblowing cases from the compliance function.

Corporate Governance Policy	Process	Practice
12. Board of Directors approve the Anti-Corruption policy and related measures such as complaint handling and whistle blowing policy.	<ul style="list-style-type: none"> <li>• ROC review the anti-corruption policy and endorse for the Board of Directors approval.</li> <li>• Bank set the risk control self-assessment (RCSA) for assessment the corruption risk and monitor the relevant internal control using 3 Lines of Defense Principle regularly.</li> <li>• Bank provided the education or employee training with respect to the Anti-Corruption policy and procedures for understanding.</li> </ul>	<ul style="list-style-type: none"> <li>• Bank discloses that the bank joins the Private Sector Collective Action Coalition Against Corruption (CAC)</li> <li>• All employees attend the e-learning mandatory course regarding Anti-Corruption every year.</li> </ul>

## 6.2 Code of Conduct

Business Ethics from the Bank's vision: To become the recommended bank of choice by our customers, the Bank communicates to employees to understand the corporate culture "I CARE" including the Board of Directors has established a code of conduct for directors and employee. (Full details of the code of conduct are disclosed on the Bank's website) Whereby all directors and employees have signed and are obliged to strictly adhere to the code of conduct in order to act in their regular work. This leads to the creation of trust from stakeholders.

- **Employee honesty, confidentiality and not using inside information** for the benefit of oneself or others. The Bank establishes the measure to grant access right for the specified person and set the internal audit process to regularly review such measures to ensure the preventive control of information leakage.
- **Employees do not accept gifts that influence operational decision. Employees do not use their position in any practices that is beneficial to themselves or those involved.** Employees practice in accordance with the laws and the written Bank's regulations to ensure that the process dealing with the stakeholders such as business partners, customer, investor, regulators etc. are operated in accordance with the specified code of conduct.
- **Employees do not express behavior that violates human rights and have responsible for society and environment conservation.** The Bank encourages employees to participate in activities or projects that reduce the consume of natural resources and develop innovations or products that serve customer needs, and reduce the environment impact.

Vision	Corporate Culture	Banking Industry Code of Conduct
To become the recommended bank of choice by our customers	The Bank establishes corporate culture "I CARE" which comprising 5 core values namely <b>Integrity</b> - integrity and trust in working together, <b>Challenge Status Quo</b> - dare to do different things and start new initiatives, <b>Agility</b> - forward-looking, and embracing changes, initiating new ideas, <b>Respect</b> - collaborate, and treat each other with respect, <b>Execution</b> - aim for the best results with discipline in everything we do and pursue accomplishments.	<ol style="list-style-type: none"> <li>Code of Business Conduct to build confidence to stakeholder <ul style="list-style-type: none"> <li>Employee comply with the rules,</li> <li>Conduct business align with the anti-corruption guideline</li> <li>Establish anti-money laundering policy</li> </ul> </li> <li>Board of Directors oversight in accordance with good corporate governance <ul style="list-style-type: none"> <li>Corporate Culture</li> <li>Risk management</li> <li>Sub-committee assist the Board of Directors in screening matters in the delegated areas</li> </ul> </li> <li>Establish the standard service <ul style="list-style-type: none"> <li>Provide employee training for understanding</li> <li>Set up 3 LOD to monitor the control process</li> </ul> </li> <li>Employees have a good working environment <ul style="list-style-type: none"> <li>Provide a safe work place,</li> <li>Pay for fair compensation</li> <li>Encourage staff to be trained</li> <li>Keep employee's personal information confidential</li> <li>Provide a channel for complaints and whistleblowing</li> </ul> </li> </ol>



Vision	Corporate Culture	Banking Industry Code of Conduct
		<p>5. Responsible to customers.</p> <ul style="list-style-type: none"> <li>• Sub-committees consider the appropriateness of the new product before launching</li> <li>• Set the standard product disclosure according to the regulation</li> <li>• Set the measure for specified target customers which need special care</li> <li>• Set the complaint channel</li> </ul> <p>6. Prevent conflicts of interest</p> <ul style="list-style-type: none"> <li>• Establish no gift guideline and measure for gift offering</li> <li>• Establish insider list and guideline to prevent insider trading</li> <li>• Establish guideline for the business partner to declare the non-conflict of interest issue before engagement</li> <li>• Establish the Whistleblowing channel for external parties reporting of any non-compliance issues according to code of conduct</li> </ul> <p>7. Information management</p> <ul style="list-style-type: none"> <li>• Establish process according to PDPA</li> </ul> <p>8. Governance oversight</p> <ul style="list-style-type: none"> <li>• Establish the governance process via 3 LOD basis</li> <li>• Establish the channel for Whistleblowing reporting of non-compliance with code of conduct</li> </ul> <p>9. Business Competitive</p> <ul style="list-style-type: none"> <li>• Non violating intellectual property</li> <li>• Establish guideline regarding not offer any property or benefits to the government agency for receiving convenience</li> </ul>

**Note:** Full Corporate Governance Policy and Code of Conduct are disclosed on TTB Website  
<https://www.ttbbank.com/en/about-us/code-of-conduct> or scan QR code



## 6.3 Development of Corporate Governance

### 6.3.1 Significant Development of Corporate Governance and Board of Directors Charters

The Bank establishes and reviews corporate governance policy annually. In 2021, the Board of Directors approved the reviewed policy which incorporated the bank industry code of conduct revised by the banker association in 2020. The Bank considers the good corporate governance for the listed company (CG Code) and applied such 8 principle including banking industry code of conduct which was revised in 2020 to the continuously governance measure.

- Ensure engagement and communication with shareholders (rights of shareholders, equitable treatment of shareholders)
- Nurture innovation and responsible business
- Ensure disclosure and financial integrity
- Establish clear leadership role and responsibilities of The board
- Ensure effective CEO and people management
- Define objectives that promote sustainable value creation
- Strengthen board effectiveness
- Strengthen effective risk management and internal control

### 6.3.2 Rationale for failures to implement certain Corporate Governance principles

The Bank established the corporate governance according to CG Code for listed companies 2017 issued by the Securities and Exchange Commission and the Stock Exchange of Thailand, and Corporate Governance for the listed companies issued by the Thai Institute of Directors. There were some practices which differed from those guidelines of the good corporate governance principles due to the following reasons:

1. Practice guideline which limited the number of directors to 12:

*The Bank's consideration:* As of December 31, 2021, The Bank had 14 directors as per the resolution of the Extraordinary General Meeting (EGM) of Shareholders No. 2/2019 dated November 28, 2019. The EGM approved the increased number of directors from 12 to 14 in order to align with the proportion of the changes of the shareholders according to the business transfer project from Thanachart Bank to TMB Bank.

2. Practice guideline on complete disclosure of shareholders in detail:

*The Bank's consideration:* Regarding nominee shareholders, it was a normal practice of foreign investors to have a custodian to look after the shares. Therefore, the Bank was unable to disclose their information according to the aforesaid rationale.

3. Guidelines which require directors and executives to notify the Board of Directors 1 day in advance before trading the Bank's securities.

*The Bank's consideration:* The Bank complied with the rules and regulations which required the directors and executives to report their interest and their related persons' interest to the Bank. Also, the Bank has established the corporate governance policy which requires the directors, executives and

their related persons to report their holding of the Bank’s securities to the Board of Directors on a monthly basis. In addition, the Bank has established the procedure to prohibit any securities trading by using inside information for their personal gains or other persons’ gains. The Bank also issued reminders of the blackout period to the directors and executives before the disclosure of the quarterly and annual financial statements and 24 hours after the disclosure.

### 6.3.3 Other Corporate Governance Practices

The Bank implemented Corporate Governance guidelines in accordance with the good corporate governance principles of listed companies prescribed by the Principles of Good Corporate Governance for Listed Companies by SEC’s Corporate Governance Code for Listed Company, Criteria of Corporate Governance Report of Thai Listed Companies - CGR by IOD, and international standard such as ASEAN Corporate Governance Scorecard (ASEAN CG Scorecard), Sustainability Disclosure Standard (GRI standard) and Sustainability Reporting Disclosure (SDG)

In 2021, Board of Directors and sub-committees considered their role and responsibility to align with the regulations and the bank environment which the significant areas of implementation consist of:

Good Corporate Governance for Listed Company	The Bank’s Implementation
<p>Board of Directors’s role and responsibility</p> <p><b>Principle 1:</b> role of Board of Directors as leadership including the customer treatment according to market conduct</p> <p><b>Principle 2:</b> set up the organization objective and target for sustainability</p> <p><b>Principle 3:</b> efficiency Board of Directors</p> <p><b>Principle 4:</b> nominate and develop the executive and human resource</p> <p><b>Principle 5:</b> support the innovation and conduct responsible business</p> <p><b>Principle 6:</b> oversee for proper risk management and internal control</p> <p><b>Principle 7:</b> soundness of financial information disclosure</p> <p><b>Principle 8:</b> Support on the shareholder’s communication and participation</p>	<p>In 2021, The Bank incorporated principle 1 - 8 into the implementation,</p> <p>The additional implementation in 2021 consist of:</p> <ol style="list-style-type: none"> <li>1.Propose the shareholder approval for employee remuneration in the form of share bonus (2021 TMB Stock Retention Program) for 3 years during 2021 - 2023.</li> <li>2. Arrange the non-executive director meeting to align with the corporate governance practice regarding management oversight.</li> <li>3. Board of Directors approved the annual reviewed of Corporate Governance Policy which is incorporated the banking industry code of conduct issuance in 2020.</li> </ol>

The Bank applies the **Corporate Governance Report (CGR), ASEAN CG Scorecard and the AGM Checklist** in the shareholder's meeting arrangement as follows:

- The Bank aware of **the shareholder's right** and provides the measures as below:
  - Propose the director remunerations as agenda for the shareholder's meeting approval annually
  - Agenda item regarding the director nomination is voted by the shareholder for each director
  - Disclosure of the minutes of the shareholder's meeting that the external party validated the vote resolution
  - Allow the minority shareholder to propose the agenda and question with respect to the shareholder's meeting as well as investor to participate in the meeting
  - Establish the specific agenda of shareholder meeting
  - Establish the agenda of director nomination by providing the director profile for the shareholder consideration
  - Establish the agenda of auditor appointment by providing the profile of auditor in order to consider the appropriateness and audit fee
  - Establish the dividend payment agenda by disclosure the dividend policy, number of dividend payment and rational
  - Invitation of shareholder meeting indicate the objective and rational of each agenda as well as providing the Board of Directors's opinion on each agenda
  - No additional agenda propose during the meeting without propose the detail in the invitation letter
  - Minutes of shareholder's meeting record the director name who participate in the meeting and record the process of voting and voting result is disclosed in the following day after the meeting date
- The Bank serve **the shareholder on equivalent** basis by providing following process
  - Minority shareholder is allowed to nominate person to be director
  - Establish policy regarding inside information which employee and director have to comply with
  - Establish the connected transaction operating procedure which require the disclosure process according to SET requirement
  - The related party transaction shall be conducted under the fair price and on arm's length basis
  - Facilitate the shareholder by providing the proxy form
  - Disclose the invitation letter for the shareholder's meeting on website 30 days in advance before meeting date
- The Bank aware of all **stakeholder interest** and provide the following measures
  - Prepare the Social Responsibility Report
  - Establish the workplace safety policy and guideline for fair compensation and provident fund
  - Establish the guideline regarding the employee learning and development
  - Establish the human right policy
  - Establish the measures regarding customer, competitor, business partner, creditor, environment, community, and natural resource
  - Establish the anti-corruption policy and anti-bribery and its relevant risk assessment and control process
  - Providing the employee training with respect to anti-corruption measure

- The Bank transparently discloses the information on website which complies with certain criteria such as Bank's Articles of Association, Shareholding structure, Director and their holding of the Bank's security, Annual report which is published within 120 days after the fiscal year ended. The Bank also discloses the long-term goals, financial and operational reports, performance indicators, nature of business, business group, key risk indicator, dividend payout policy, whistleblowing policy, director profile, management compensation, director remuneration which is disclosed in detail by each director, director training and development during the year, related party transaction and the director interest reporting, investor relation etc.
- The Board of Directors aware of the duties in oversight the business in accordance with the good corporate governance practice as follows:
  - Approve vision and mission
  - Engage Thai Private Sector Collective Action Coalition
  - Establish the corporate governance policy, risk management policy, conflict of interest policy, code of conduct for director and employee, policy with respect to managing director having position in other companies
  - Establish qualification of independent director, director nomination criteria according to business strategy
  - Establish the discriminate role between director and management function
  - Disclose the Board of Directors authority and process to assess the Board of Directors performance
  - Assessment CEO annual performance
  - Arrange the orientation for new director and continuous director development
  - Set up Compliance and Internal Audit Function as well as Company Secretary
  - Arrange the annual meeting schedule and disclose the detail of meeting participation of each director, arrange the meeting among director without executive director
  - Board of Directors consider the adequacy of the internal control and risk management measure and disclose via the annual report, the report of Board of Directors's responsibility regarding the financial statement is prepared and Audit Committee also express the opinion for the overall measurement
  - Establish the Stock retention program which grant the right to management to purchase on the Bank's stock with a period of 3 years
- Others
  - The group structure did not design in the structure that might lead to any conflict of interest.
  - Board oversight the mechanism for establishment of the employee provident fund.
  - There was no violation of the labor law, consumer law, competition law, environment law.
  - There was no punishment by the regulator because of late disclose the important information.
  - BOD annually reviewed the Bank's vision, mission, strategy.
  - BOD monitored the implementation of the Bank's strategy via the sub-committee.
  - There was no violation of SEC, SET rules.
  - There was no non-executive director's resignation because of the corporate governance issue.
  - There was no negative reputation because of the failure of Board of Directors' oversight.

Board of Directors considered and concurred the reviewed Corporate Governance Policy as endorsed by the Nomination Remuneration and Corporate Governance Committee that the policy is implemented by incorporating the CG Code in the following concepts.

## Rights of shareholders

### Annual General Meeting of Shareholders

The Bank has policy to encourage all groups of shareholders including minority shareholders, institutional shareholders, and foreign shareholders to attend the annual general meeting of shareholders. In 2021, the Annual General Meeting of Shareholders was held on April 23, 2021 at the Auditorium, 7<sup>th</sup> Floor, TTB (TMB) Head Office, 3000 Phahon Yothin Road, Chom Phon, Chatuchak, Bangkok. The Bank support the shareholders for the fundamental of shareholder rights and right to access the information. This meeting was arranged during the outbreak of the novel coronavirus 2019 (COVID-19) therefore the Bank set up the preventive measures as per the recommendations of the relevant organizations, Department of Disease Control.

#### Before the Meeting Date

- For the 2021 Annual General Meeting of Shareholders, the shareholders were informed of the date and agenda of the meeting via SET's communication system on March 19, 2021 or 34 days prior to the meeting date. The Bank also disclosed the invitation letter as well as related documents in both languages, Thai and English, on the Bank's website in the section "Investor Relations" under the title of "Annual General Meeting of Shareholders" to enable the shareholders to have sufficient time to study the information.
- The Bank also assigned its registrar, Thailand Securities Depository Co., Ltd. (TSD), to deliver the said documents in printed copies to the shareholders via the registered mail on April 2, 2021 or 21 days before the meeting date, which was align with policy and longer than the legal requirement.
- The invitation letter contained objectives and rationale as well as the opinions of the Board of Directors on each agenda item, accompanied by complete and sufficient details of each item for consideration. The shareholders were clearly informed which item would be for consideration and which one for acknowledgement.
- Moreover, the invitation letter was also published in the newspaper for 3 consecutive days in accordance with the law.
- A proxy form was also enclosed to allow the shareholders to appoint any independent directors or other persons as their proxies in case they could not attend the meeting.

**Notes:** Proxy Form which can be printed form the Bank's website

<https://www.ttbank.com/en/ir/shareholder-services/notification-of-the-shareholder-meeting>

or scan QR code



### **On the Meeting Date**

- The meeting was carried out with transparency, fairness, and equitable treatment of all shareholders. Appropriate registration procedure was prepared by the Bank, with facilities provided by Bank staff, classified by type of attendees, i.e. shareholders attending in person and proxies attending on shareholders' behalf. The barcode system was used to ensure rapid and accurate registration procedure. Voting card was available for each attendee to vote on each item of the agenda. Moreover, the Bank also provided shuttle bus service at various spots and sufficient parking space to serve the shareholders.
- Before starting the meeting, the Chairman assigned the Company Secretary to clearly inform the meeting of the voting and counting methods.
- During the meeting, the Chairman proceeded with the meeting in order of the items on the agenda. The Chairman also encouraged the shareholders to cast votes and raise questions and comments.
- The vote casting and vote counting were undertaken openly and transparently. Capital Law Co., Ltd., external legal consultant, were invited to be inspectors of the voting method, collection of ballots, counting and validation of the voting results on all agenda items. The Company Secretary announced the voting result of all agenda items.

### **After the Meeting**

- After the meeting, resolutions of the meeting were disclosed via the SET system, with voting details, i.e. approved, disapproved and abstain, of each agenda item.
- Minutes of the meeting which contained complete details including attendance record of the directors, without the additional agenda that indicated in the invitation letter, clarification on key items, summary of questions, answers and comments during the meeting were submitted to the SET and related agencies within 14 days after the meeting date, and posted on the Bank's website ([www.ttbbank.com](http://www.ttbbank.com)), both Thai and English version, for verification by the shareholders.
- Furthermore, the Bank provided a recording of the meeting for the shareholders who could not attend the meeting. Interested shareholders can contact the Bank for details.

### **Equitable Treatment of Shareholders**

The Bank places importance on and assures all shareholders of their rights to fair and equitable treatment, i.e. major shareholders, minority shareholders, institutional investors, and foreign shareholders. All shareholders are treated with fairness and equality as summarized below:

#### **Rights to regularly and timely obtain adequate information on business performance**

- The Bank ensures that the shareholders are provided with complete news and information apart from those disclosed via the SET's communication system. All significant and updated information are posted on the Bank's website ([www.ttbbank.com](http://www.ttbbank.com)).

#### **Rights to attend the shareholders' meeting**

- All shareholders have equitable right to attend the meeting. Opportunity is opened to those who are unable to attend the meeting in person to appoint proxies to attend at the meeting on their behalf.



The Bank has arranged to have available for appointment as proxies its directors/ independent directors who do not have interests in the business on the agenda. (detail of right to attend the shareholders' meeting is disclosed on the Bank's website)

#### **Right to Propose Agenda, Director Nominees, and Question for AGM by Minority**

- The Bank allows the shareholders to propose agenda items and nominate persons to be elected as directors in advance, as well as allows the shareholder to propose Question for AGM in advance. The shareholders must comply with criteria specified by the Bank. In this regard, there was no nominated persons or agenda propose to the Bank for consideration. (detail of right to propose agenda in the shareholders' meeting is disclosed on the Bank's website)

#### **Right to appoint directors individually and determine directors' remuneration**

- At every Annual General Meeting of Shareholders, one-third of the total number of the directors of the Bank shall retire. The Bank has set an agenda item concerning election of the Bank's directors. The shareholders are allowed to vote for election of individual directors. The shareholders have the right to choose the person (s) that they deem having proper qualifications to perform duties as directors so as to safeguard the shareholders' interests. This will enable the Bank to have directors from diversified fields to represent the shareholders. Detail of qualified person such as name, age, education, experience, position in other listed companies, type of directorship, number of attendant, tenor of directorship etc. would be disclosed for the shareholders' consideration via the invitation letter for such agenda.
- In addition, the shareholders have the rights to consider and approve the directors' remuneration. Adequate information on directors' remuneration is also provided to support the shareholders' consideration.

#### **Right to appoint Auditors and determine audit fees**

- the Bank has set an agenda on appointment of the Bank's auditors and consideration of the audit fees. The Bank also provides sufficient details of the proposed auditors (name of auditor, audit firm, experience and independent of auditors) and audit fees for consideration of the shareholders.

### **Role of Stakeholders**

#### **Policy for Shareholders**

The Bank has policy to protect interest of shareholders and equitable treatment of all shareholders including major shareholders, minority shareholders, institutional investors and foreign shareholders.

#### *The Bank's guidelines for shareholders*

The Bank ensure that business operation is transparent and free from corruption, taking into account sustainable and long-term growth based on the Bank's full potential and capability. This is to enhance the Bank's value in terms of both share price and attractive dividend payment.

## **Policy for Employees**

The Bank supports and develops capability of employees for highest performance capacity. The employment shall be fair and appropriate for employees with career advancement opportunities and returns that reflect their ability. The Bank shall welcome employees' opinions and promote team work spirit. Employees shall be treated with politeness and their individuality shall be respected no double standard criteria. The Bank shall provide good welfare and good work environment and standard with occupational safety standard and shall concern for all employees' well-being.

### *The Bank's guidelines for employees*

The Bank shall provide good benefits and favorable work environment by determining occupational health and safety standard and assure comprehensive well-being of all employees. The Bank offers loans to help alleviate employees' difficulties, i.e. staff welfare loans, etc. The Bank has the internal procedures which align with the human right principal and Audit Committee has the regular report for oversight on thus relevant control procedures. Detail of Human right policy was disclosed via the bank's website. ([www.tmbbank.com](http://www.tmbbank.com))

In addition, the Bank continuously develops employees' capability by offering development programs for all levels of employees. In order to prepare the employee's readiness for the business goal and culture – I CARE, the bank provide the internal training course. In addition, the Bank places importance on Anti- Corruption, the Bank provides training programs on policy and guideline of Anti-Corruption for employees by setting of classroom training for new employees and providing of digital training (E-Learning) for employees.

## **Policy for Customers**

The Bank has policy to apply customer centricity strategy in its business operations to provide the customers with diversified services and products that can well respond to their needs and to create maximum customer satisfaction and to create maximum customer satisfaction.

### *The Bank's guidelines for customers*

The Bank has cultivated organizational culture "I CARE" to provide the Bank's product and service for the customers' financial well-being.

## **Policy for Business Partners**

The Bank operates business operation with partners sustainably and in long term and as good business alliances. The Bank has criteria for partner treatment, Qualified business partners are included in the Vendor List and price comparison is carried out before any procurement, employment, leasing and hire purchase. In addition, The Bank carefully and strictly complies with the criteria for fairness to all parties and transparent, free from corruption, auditable practice so as to maximize mutual benefits.

*The Bank's guidelines for business partners:*

The Bank establish Procurement policy that sets out the criteria for selecting partners who incorporate the social and environmental issues as their consideration.

The Bank has set out guidelines for employees responsible for procurement, employment, leasing and hire purchase as follows:

1. Procurement officers and those related to procurement process shall perform duty impartially, honestly, independently and transparently regarding contact and coordination with suppliers, The supplier list and information related to the bidding shall not be disclosed to other parties except for the public information of the supplier.
2. Procurement officers and relevant persons, including their direct family members, who have direct or indirect interest with procurement and employment, for example, employee, director, partner or advisor of the sale company, shall not participate in considering the specific procurement whether there is remuneration or not. The Bank has provided the in-house training regarding NO GIFTS POLICY to encourage the transparency.
3. Procurement officers and relevant persons, including their direct family members, should not be the one borrowing from or lending to the existing suppliers or suppliers who are making an offer to the Bank.
4. Procurement officers and persons related to procurement shall prepare self-declaration when the person related to procurement receives is considered under the selection process. This is to promote the transparency and avoid any conflicts of interest or corruption issues.

*The Bank's guidelines for selection partners:*

For selection partners, the Bank will consider type of goods or services, expertise and experience of business, financial status, history of business, faithfulness and experience of executive management, and information of goods' safety.

1. Selection process involve in the due diligence and KYC shall ensure that all candidates have the complete qualifications and the bank shall review and screen the supplier list regularly every 6 months to ensure that the bank has the proper supplier list with the good record according to the bank policy especially the Anti-Corruption and align with the Thai Private Sector Collective Action Coalition: CAC.
2. The bank also screens the supplier to ensure no conflict of interest issue between the supplies as well as the bank's officer.
3. The procurement committee is appointed to validate the supplier at a specified value of the transaction. The committee also certified the supplier selection is transparent arranged. The supplier contract is usually review by Legal department for fairness of both the bank and the suppliers.

**Policy for Creditors**

The Bank has policy to honor and strictly conform to contact and commitment with creditor includes condition, guarantee, cash management, not default of debt, and other matter that has made agreement with creditors. Loan and interest repayment are completely and timely made to all creditors. Loan condition are rigorously complied with and no misuse of the loans is allowed.

*The Bank's guidelines for creditors:*

The Bank shall operate business based on its full potential and capability to build creditors' confidence in the Bank's good financial status and debt service capacity to ensure that financial status of the Bank is stable and strong as well as good liquidity management to be in order payment debts to creditors timely.

**Policy for Competitors**

The Bank has code of conduct and policy to conduct business based on fair and free competition with honesty and integrity as well as fairness for services providing to the customers and rejection of corruption in all its forms, and not to damage, sabotage, destroy or restrict the business of the competitors.

*The Bank's guidelines for competitors:*

The Bank shall offer the products and services which suit for the customer's needs based on the fair treatment, the customers also freely select their satisfied product and services. The Bank shall not engage in any dishonest or inappropriate action in order to obtain the competitors' confidential information and shall refrain from attacking the competitors' reputation with false allegations.

**Policy for Investors**

The Bank shall disclose correct, complete and sufficient information for investors' decision in a timely and appropriate manner.

*The Bank's guidelines for investors:*

See more details in "Disclosure and Transparency".

**Policy for Government Agencies**

The Bank has policy to conduct its business to ensure strict compliance with the laws, rules and regulations and relevant regulatory requirements, in addition the employee would be communicated on such regulations for their strict implementation, the Bank also provide good cooperation to the regulators such as to comply with Thai law the national anti-corruption law, etc.

**Policy on Social and Environmental Responsibility**

The Bank operates its business as well as encourage the employee's awareness based on Corporate Social Responsibility (CSR) principles, supporting various activities and managing for efficiency of the energy consumption to promote sustainable quality development of the society and environment.

**Policy on Compliance with International Human Rights Principle**

The Bank places importance on equality of all stakeholders and shall not commit any conduct that violates human rights, including discrimination on grounds of the difference in origin, race, language, age, education, institution, gender, disability, physical or health condition, personal status, economic or social standing. These practical policies have been specified in the Code of Conduct of the Bank. The Bank determines hiring of any persons based on fair employment and respect human rights by considering from a person's

caliber, the bank proceed appropriate compensation according to the position structure as well as market rate.

#### *The Bank's guidelines for violation of human rights*

All employees must treat all stakeholders with politeness, respect and honor, not behave inappropriately or violation of human rights regarding discriminate via verbal, ground of the difference in origin, race, religion, language, age, education, gender, disability, physical or health condition, personal status, and economic or social standing.

### **Policy on Non-Violation Against Intellectual Property Rights or Copyrights**

The Bank operates its business without violating or exploiting copyrighted works or intellectual property, unless legal permission is granted by the copyright owners.

#### *The Bank's guidelines on non-violation against intellectual property rights or copyrights:*

In aspect of information technology, system development, procurement of IT program and equipment, the Bank complies with the Copyright Act and supports the legal protection of the Department of Intellectual Property. The Bank also welcomes inspection by the copyright owner. In addition, the Bank ensures that the employees do not, either in part or whole, copy, modify or publicize the copy or original material. Programs which are not licensed to the Bank/.exe file/songs/games/and other links to automatic installation are prohibited.

### **Anti-Fraud Policy, Anti-corruption Policy, and Gift, Entertainment, Donation and Sponsorship Policy**

The Bank places importance on anti-bribery for the Bank's business benefits or anti-bribery in any business agreement with government and private organizations. The Bank also determines Gift, Entertainment, Donation and Sponsorship Policy for use as guideline by the employees. The bank shall not accept gifts or endorsements, while any providing gifts or entertainment shall be arranged according to the context of business with the clear guideline, on necessary or traditions practices.

#### *The Bank's guidelines on anti-fraud, gift & anti-bribery:*

All employees shall comply with the Gift, Entertainment, Donation, and Sponsorship Policy. Employees must report the offered gift or the entertainment transaction, the gift or entertainment transaction must be aligned with detail stated in Gift, Entertainment, Donation and Sponsorship Policy.

### **Policy on Whistle Blowing or Complaints**

The Bank has whistle blowing policy and guideline for employees and all stakeholders' complaints to ensure that all stakeholders are able to communicate, report, or complain about improper actions.

The Bank provides channels to enable the stakeholders to report or make complaints either in writing or through the Bank's website. Policies and procedures are in place to ensure that the complaints will be forwarded to the concerned work units for quick investigation and correction as well as reporting to the Chairman of the Board of Directors and the Chairman of the Audit Committee for acknowledgement on quarterly basis. The whistleblowers will be notified of the Bank's action.

In addition, the Bank has measures to protect whistleblowers from harassment, harm, penalty, demotion or threats from the whistle blowing.

*The Bank's guidelines on Whistle Blowing or Complaints:*

Bank provides the channel for the stakeholder to report any violation or complaint case either written via email or the bank's website. The reporter will be protected from harassment, harm, penalty, demotion or threats from the whistle blowing.

**Policy on Management of Conflict of Interest**

The Bank imposes strict measures on management of conflict of interest or related transaction or connected transaction. The important transactions that may pose a conflict of interest are considered and approved by the Board of Directors and in accordance with the rules and regulations of the related agencies. These transactions are treated in the same manner as those made with the outsiders (an arm's length basis) and the stakeholders shall not participate in the approval process, the detail shall be disclosed in the annual report.

The Board of Directors' meeting, directors shall inform the Board of their conflict of interest before consideration of such particular agenda item. Such conflicts of interest shall be minutes by Secretary to the Board. The director with conflict of interest shall also abstain from participating in the discussion of such particular agenda item.

*The Bank's guidelines on Manage conflict of interest:*

All management and employee shall report, avoid, and prevent any conflict of interest issues by informing the management in higher level or the relevant party regarding the beneficial of interest under their areas and they will not participate or attend the meeting for such transaction. The approval or consideration on such transaction shall be conducted by other person or the management in higher level in order to prevent the conflict of interest issue. In addition, directors and managements, under SEC definition, must prepare the disclosure regarding the share equity held in other companies in order to prevent any conflict of interest or misuse of internal information issues. In 2021, there was found that no non-compliance issue regarding the above guideline.

**Policy on Internal Control**

The Bank sets out internal control policy for both managing and operational levels and puts in place the efficient, appropriate and adequate internal control systems with regular assessment. The Audit Committee of which all members are the Independent Directors is assigned to oversee the internal control system. The Audit Department, which directly reports to the Audit Committee, has duty to audit performance of all units such as accounting, finance, management to ensure that the operations are in accordance with the related rules, regulations and laws as well as the annual audit plan, and that the benefits of the Bank and the stakeholders are best protected.

## Anti-Corruption Policy

The Bank give important to operate the Bank with fairness and adhere responsibility for all stakeholders. The Bank provides anti-corruption policy which is align with guideline of the Private Sector Collective Action Coalition Against Corruption (CAC). The Bank oversees directors and employees to abide by this policy strictly and also provide penalty to employees in case of violation of the policy as well as provide awareness of the participation and responsibility of the Bank to prevent corruption and also make organization's culture to be a zero-tolerance on anti-corruption. In addition, the Bank has measured to protect and give fairness to employees who deny or inform clue action on corruption from harassment, harm, penalty, demotion or threats.

In addition, the Bank provides risk management process on corruption in Risk & Control Self-Assessment - RCSA process, monitoring result of assessment from policy's implementation.

### *The Bank's guidelines on anti-corruption:*

Bank communicates to all employees to acknowledge and understand the policy via infahNet every year. The training course regarding Anti-Corruption is set as the mandatory course for everyone which the training is provided via e-learning system every year. The Bank joined the activity on "Anti-Corruption Day" which this year the activity was arranged on September 6, 2021 via online (Facebook Live: Anti-Corruption Organization of Thailand). The Bank also joined the activity on "International Anti-Corruption Day" on December 9, 2021 via Zoom.

## Disclosure and Transparency

### Disclosure

The Bank's financial and non-financial information relevant to the business and operating results are disclosed in both Thai and English correctly, completely, sufficiently, transparency, and timely, which reflects its actual business operation and financial status. All stakeholders have equal access to the information. The significant information is disclosed to the public in accordance with the criteria and regulations concerning the disclosure of information of the SET and SEC, and the good corporate governance principles such as to submit the financial report to the SET and SEC within the specified timeframe. The Bank's financial statements did not contain any transactions to which the auditor had qualified opinion. The financial statements have never been revised under the order of the SET and SEC. In addition, the Bank performs Management Discussion and Analysis (MD&A) on a quarterly basis and **discloses such information on the Bank's website** to inform the investors and enable them to better understand changes in the Bank's financial position and operating results in each quarter. The Bank also discloses remuneration for the directors and executives in Form 56-1 (One report) as well as annual report, and the shareholding of the Bank's securities by the directors and executives in Form 56-1(One report) as well as annual report.



## Investor Relations

The Bank places importance on management of investor relations, both institutional and individual investors, domestic and overseas, taking into account the quality, correctness, completeness, transparency, adequacy and timeliness of information disclosed to investors, securities analysts, etc.

In 2021, the Bank provided information to analysts and investors regularly and switched from physical to virtual meeting under Covid-19 situation. The meetings in 2021 can be summarized in the table below:

Types of meeting	Number of investors	Number of companies	Number of meetings
One-on-one Meeting and Conference Calls	8	6	6
Analyst Meeting and Live Webcast	440	220	8
Investor Conference	145	94	24
Site visit	-	-	-
Virtual Non-deal Roadshow	60	8	9
<b>Total</b>	<b>653</b>	<b>328</b>	<b>47</b>

## Board of Directors Responsibilities

### The Board of Directors' Responsibility for Financial Report

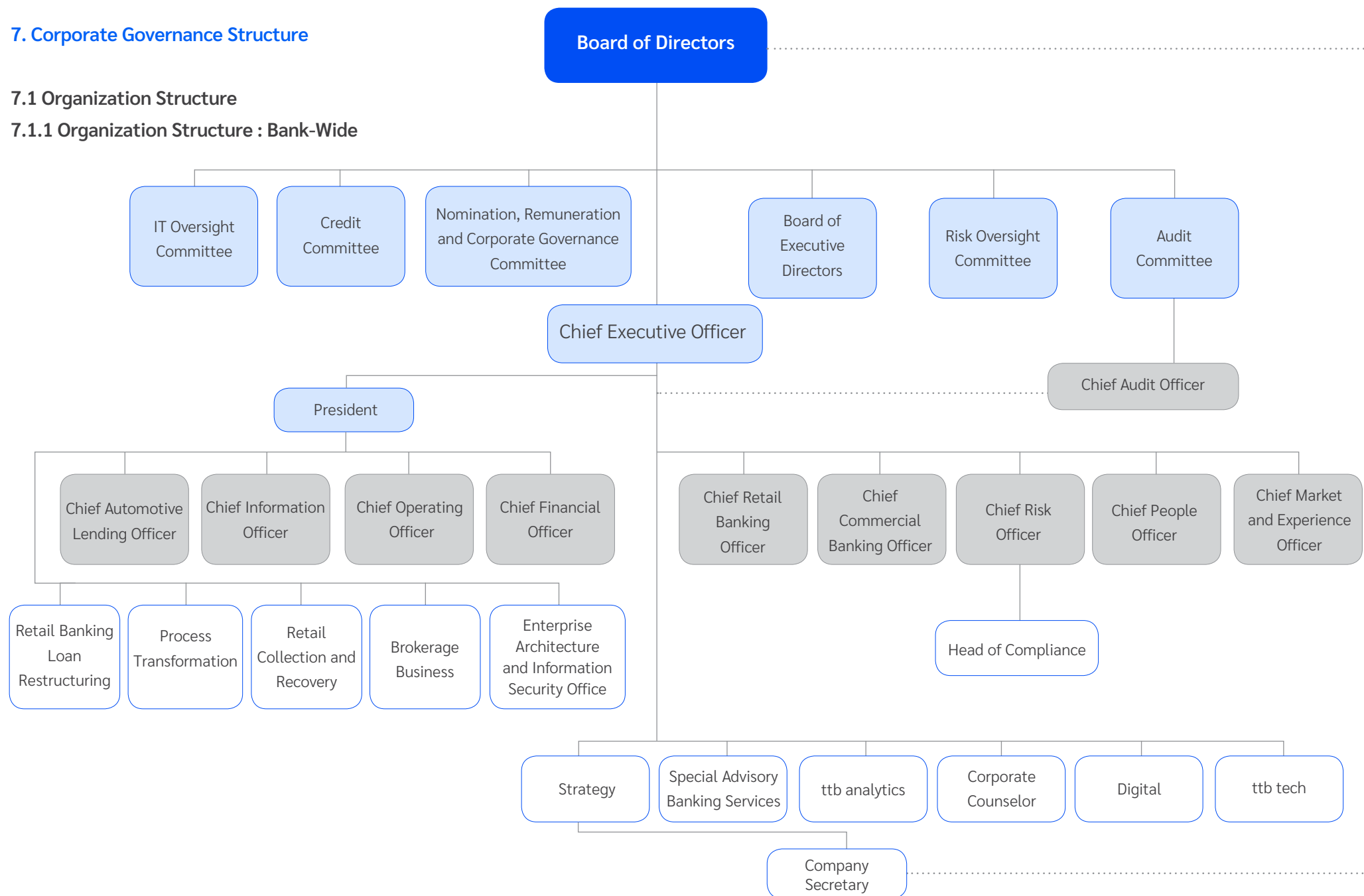
The board has presented responsibilities concerning the company's financial reports alongside the auditor's report in the company's annual report. In 2021, there was no SEC issue with respect to the financial statement.

- Board of Directors Role and responsibility (present in **Topic 7 Corporate Governance Structure**)
- Establish the responsible business (present in **Topic 8 Report on Important Operational Results of Corporate Governance**)
- Establish the risk management and internal control (present in **Topic 9 Risk Management and Internal Control**)

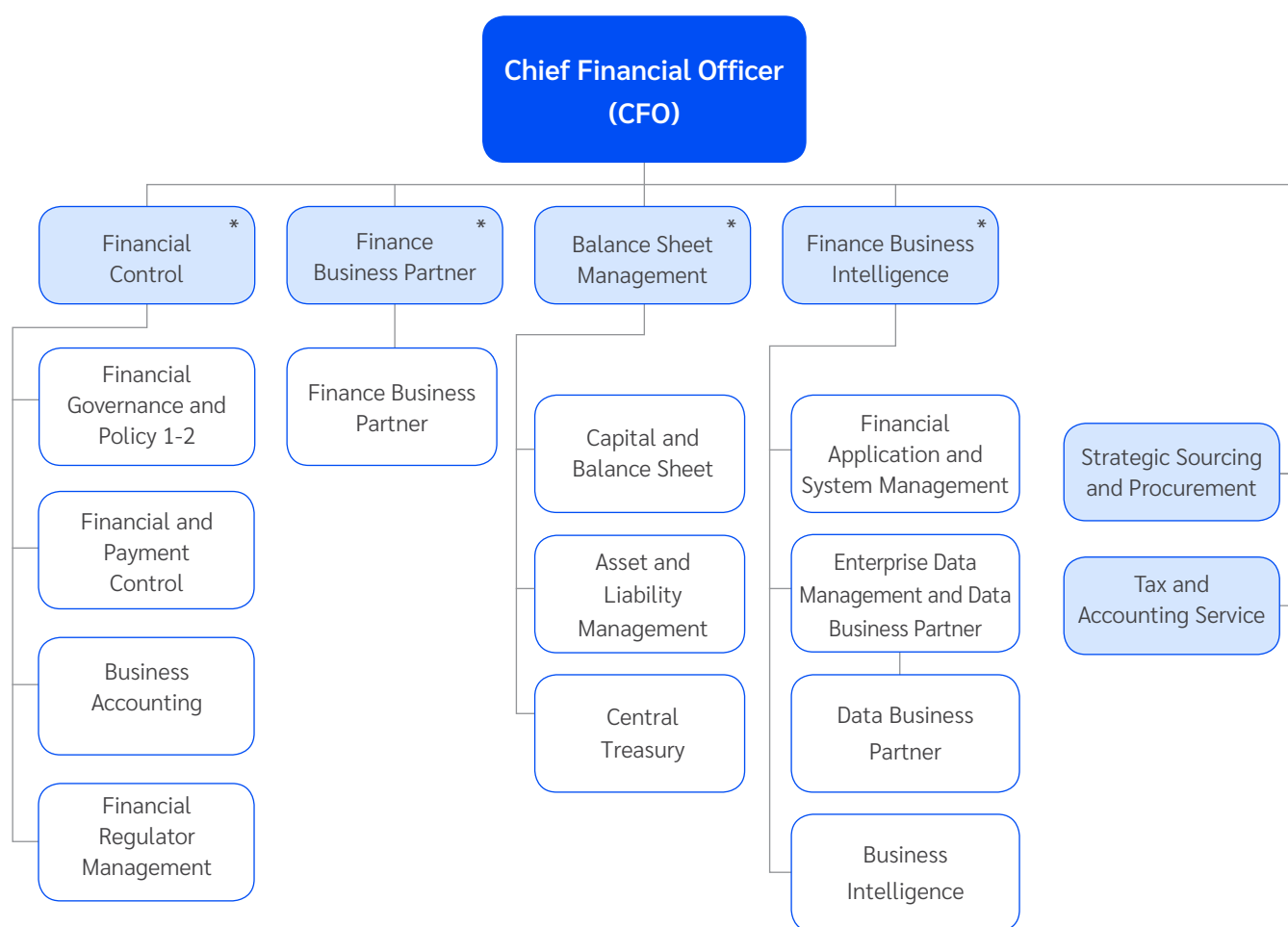
## 7. Corporate Governance Structure

### 7.1 Organization Structure

#### 7.1.1 Organization Structure : Bank-Wide



## 7.1.2 Organization Structure – Finance



**Remark:** \* “executives as defined by the Bank and align with definition of SEC” refer to manager or the next four executives succeeding the manager, the persons holding equivalent position to the fourth executive and shall include the persons holding the position of manager or equivalent in accounting or finance department (Financial Control, Finance Business Partner, Balance Sheet Management, and Finance Business Intelligence only) and staff who may know the financial information before public.

### 7.2.1 Recruitment of directors

The Bank requires that the Board of Directors’ structure has diversity of necessary experiences, professional skills, expertise and gender. The Board shall contain proper composition of members according to the resolution of annual general meeting. The Board shall also establish a clear scope of responsibilities with balance of management power without allowing any person or group of persons to have unlimited power. For recruitment of directors, the qualification of directors must be aligned with the Bank’s strategy, the Bank considers Board diversity including professional skills, expertise, experiences, and gender. In some cases, the Bank recruits directors form considering of Director Pool database. (see topic 8.1 Recruitment of Independent Director, Non-executive director) The summary of director’s expertise is disclosed via the Bank’s website <https://www.ttbank.com/en/about-us/board-of-directors> .

## Composition of the Board of Directors

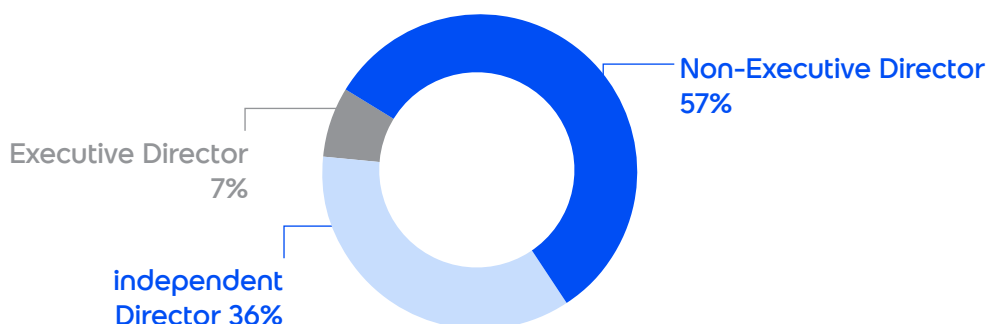
The Board shall comprise non-executive directors, executive directors and independent directors. The independent directors shall have at least the number set by the Capital Market Supervisory Board. Each independent director must have qualifications as prescribed by the qualification according to the Bank of Thailand and the Bank which are more stringent than the criteria set by the Capital Market Supervisory Board with respect to the percentage holding of the bank's equity stock not more than 0.5%

The Board of Directors consists of 14 directors (men 12, women 2) who have knowledge, experience, professional skill, and expertise in diversified fields as follows:

5 Independent Directors (or 36%)

8 Non-Executive Directors (or 57%)

1 Executive Director (or 7%)



### 7.2.2 Board of Directors

The shareholders can be assured that the directors as representatives of the shareholders could perform their duty independently and there is appropriate balance of power.

Name	Position	Type of Director	Date of Appointment	Age	Dec 31, 2021 Term of Office (Year-Month)	Expertise
1. Mr. Ekniti Nitithanprapas	• Chairman of the Board	Non-Executive Director	February 13, 2020	50	1 year 11 months	Financial Expert Banking Business Governance
2. Mr. Suphadej Poonpipat	• Vice Chairman • Vice Chairman of the Board of Executive Directors	Non-Executive Director	December 3, 2019	71	2 years 1 month	Strategic planning, Marketing, Risk Management

Name	Position	Type of Director	Date of Appointment	Age	Dec 31, 2021 Term of Office (Year-Month)	Expertise
3. Gen. Apinun Kumproh	• Director	Non-Executive Director	March 8, 2021	59	10 months	Strategic planning, Human Resource Management
4. Mr. Philippe G.J.E.O. Damas	<ul style="list-style-type: none"> <li>• Director</li> <li>• Chairman of the Board of Executive Directors</li> <li>• Chairman of the Nomination, Remuneration and Corporate Governance Committee</li> </ul>	Non-Executive Director	December 28, 2007	71	14 years	Strategic planning Management of Major Project Governance
5. Mr. Praisun Wongsmith	<ul style="list-style-type: none"> <li>• Independent director</li> <li>• Chairman of the Audit Committee</li> </ul>	Independent Director	February 12, 2016	62	5 years 11 months	Banking business Auditing Review of Financial Statements
6. Mr. Willem Frederik Nagel	<ul style="list-style-type: none"> <li>• Independent director</li> <li>• Chairman of the Risk Oversight Committee</li> <li>• Member of the Nomination, Remuneration and Corporate Governance Committee</li> <li>• Member of the IT Oversight Committee</li> </ul>	Independent Director	April 23, 2020	65	1 year 8 months	Banking Risk Management Information Technology

Name	Position	Type of Director	Date of Appointment	Age	Dec 31, 2021 Term of Office (Year-Month)	Expertise
7. Mr. Yokporn Tantisawetrat	<ul style="list-style-type: none"> <li>• Director</li> <li>• Chairman of the Credit Committee</li> <li>• Member of the Risk Oversight Committee</li> </ul>	Non-Executive Director	June 1, 2015	66	6 years 7 months	Strategic Planning, Risk and Credit Oversight Mechanism
8. Mr. Teeranun Srihong	<ul style="list-style-type: none"> <li>• Independent director</li> <li>• Chairman of the IT Oversight Committee</li> <li>• Member of the Risk Oversight Committee</li> <li>• Member of the Nomination, Remuneration and Corporate Governance Committee</li> </ul>	Independent Director	December 17, 2019	56	2 years 0.5 months	Information Technology Risk Management Human Resources Management
9. Mr. Somjate Moosirilert	<ul style="list-style-type: none"> <li>• Director</li> <li>• Member of the Credit Committee</li> <li>• Member of the Board of Executive Directors</li> <li>• Member of the Nomination, Remuneration and Corporate Governance Committee</li> </ul>	Non-Executive Director	December 3, 2019	66	2 years 1 month	Strategic Planning Risk Management Governance and Nomination

Name	Position	Type of Director	Date of Appointment	Age	Dec 31, 2021 Term of Office (Year-Month)	Expertise
10. Mr. Prinya Hom-anek	<ul style="list-style-type: none"> <li>Independent director</li> <li>Member of the Audit Committee</li> <li>Member of the Risk Oversight Committee</li> <li>Member of the IT Oversight Committee</li> </ul>	Independent Director	December 17, 2019	52	2 years 0.5 month	Information Technology Risk Management Internal Control
11. Mr. Michal Jan Szczurek	<ul style="list-style-type: none"> <li>Director</li> <li>Member of the Board of Executive Directors</li> <li>Member of the Risk Oversight Committee</li> </ul>	Non-Executive Director	December 17, 2019	50	2 years 0.5 month	Strategic Planning, Retail Banking
12. Mrs. Chananyarak Phetcharat	<ul style="list-style-type: none"> <li>Independent director</li> <li>Member of the Audit Committee</li> <li>Member of the IT Oversight Committee</li> </ul>	Independent Director	April 1, 2020	58	1 year 9 months	Financing Marketing Information Technology
13. Mrs. Patricia Mongkhonvanit	<ul style="list-style-type: none"> <li>Director</li> <li>Member of the Board of Executive Directors</li> <li>Member of the Nomination, Remuneration and Corporate Governance Committee</li> <li>Member of the IT Oversight Committee</li> </ul>	Non-Executive Director	November 2, 2021	50	- years 2 months	Law, Economics, Tax, and Audit National e-Payment



Name	Position	Type of Director	Date of Appointment	Age	Dec 31, 2021 Term of Office (Year-Month)	Expertise
14. Mr. Piti Tantakasem	<ul style="list-style-type: none"> <li>• Director</li> <li>• Member of the Board of Executive Directors</li> <li>• Member of the Risk Oversight Committee</li> <li>• Member of Credit Committee</li> <li>• Member of the IT Oversight Committee</li> <li>• Chief Executive Officer</li> </ul>	Executive Director	January 1, 2018	51	4 years	Strategic Planning, Risk Management, Banking Business and Credit Facilities
average				59	3 years 2 months	

Mr. Kriangkrai Phurivitvattana is Secretary to the Board until December 31, 2021.

Ms. Manika Sittichai is Secretary to the Board starting from January 1, 2022.

The Board meeting shall be held at least once a month, the meeting shall be held on the last Thursday of every month. In case of an urgent case, the Board can arrange a special meeting as deemed necessary.

#### Information of Director who resigned during the year

Director	Position	Board of Directors' Meeting	Shareholders' Meeting	Remuneration (Million THB)	Bonus (Million THB)	Non-financial remuneration
Mr. Chumpol Rimsakorn	Director	12/12	Attended	3.69	1.8	D&O

## Information about the existing directors who were re-elected

Director	Position	Date of Appointment	Expertise
Mr. Philippe G.J.E.O. Damas	<ul style="list-style-type: none"> <li>• Director</li> <li>• Chairman of the Board of Executive Directors</li> <li>• Chairman of the Nomination, Remuneration and Corporate Governance Committee</li> </ul>	December 28, 2007	Strategic planning Management of Major Project Governance
Mr. Praisun Wongsmith	<ul style="list-style-type: none"> <li>• Independent director</li> <li>• Chairman of the Audit Committee</li> </ul>	February 12, 2016	Banking business Auditing Review of Financial Statements
Mr. Teeranun Srihong	<ul style="list-style-type: none"> <li>• Independent director</li> <li>• Chairman of the IT Oversight Committee</li> <li>• Member of the Risk Oversight Committee</li> <li>• Member of the Nomination, Remuneration and Corporate Governance Committee</li> </ul>	December 17, 2019	Information Technology Risk Management Human Resources Management
Mr. Prinya Hom-anek	<ul style="list-style-type: none"> <li>• Independent director</li> <li>• Member of the Audit Committee</li> <li>• Member of the Risk Oversight Committee</li> <li>• Member of the IT Oversight Committee</li> </ul>	December 17, 2019	Information Technology Risk Management Internal Control
Mr. Piti Tantakasem	<ul style="list-style-type: none"> <li>• Director</li> <li>• Member of the Board of Executive Directors</li> <li>• Member of the Risk Oversight Committee</li> <li>• Member of Credit Committee</li> <li>• Member of the IT Oversight Committee</li> <li>• Chief Executive Officer</li> </ul>	January 1, 2018	Strategic Planning, Risk Management, Banking Business and Credit Facilities

### Directors Authorized to Sign to Bind the Bank

Mr. Piti Tantakasem, Chief Executive Officer, authorized to sign with the Bank's seal affixed.

### Principles for Directors

1. Understand and execute their oversight role, including understanding the Bank's risk appetite.
2. Exercise their fiduciary duty, duty of loyalty, and duty of care to the Bank under applicable Thai laws and supervisory standards.
3. Avoid conflicts of interest and the appearance of such conflicts, and institute and enforce measures to monitor and avoid potential conflicts by the Bank's personnel in dealings with other persons and organizations.
4. Commit sufficient time and energy to fulfilling their responsibilities.
5. Avoid direct participation in day-to-day management of the Bank except executive director.

6. Secure information from management to enable the Board to fulfill its functions. It is the Board's responsibility to decide what information it wants.
7. Excuse themselves from decisions when they themselves or someone related to or connected with them have a conflict of interest.
8. Provide oversight of the senior management of the Bank by exercising their duty and authority to question and insist upon straightforward explanations from management and receive on a timely basis sufficient information to judge the performance of management.
9. Ensure that the Bank's confidential information and customer information is not given either inadvertently or deliberately to third parties and shall not use the information to seek gains without the Bank's consent or permission by law.

### **7.2.3 Role and Responsibilities of Board of Directors and Sub-Committees**

#### **Segregation of Duties and Balance of Power of Non-Executive Directors**

Chairman of the Board of Directors, and Chief Executive Officer shall not be the same person to prevent any person or group of persons to have unlimited power and to ensure balance of power. The Chairman of the Board of Directors shall not serve in any position of the committees.

#### **Segregation of Duties, Roles, and Responsibilities between the Board of Directors and Executive**

Member of the Board (except the executive directors) shall not be the Bank's staff and shall not involve in normal daily executive activities of the Bank. The Board of Directors has the Charter or the Corporate Governance Policy which indicate the authority, role, and responsibility of the Board of Directors that specified the framework of role that will be referred when supervision.

#### **Roles and Responsibilities of Chairman of the Board of Directors**

The chairman is responsible for leading the board. The chairman's duties should at least cover the following matters

- (1) Oversee, monitor, and ensure that the board efficiently carries out its duties to achieve the company's objectives.
- (2) Ensure that all directors contribute to the company's ethical culture and good corporate governance, joint consider with Chief Executive Officer in determine the Board of Directors's meeting agenda and oversee that significant issues were incorporated in the agenda.
- (3) Promote a culture of openness and debate through ensuring constructive relations between executive and non-executive directors, and between the board and management.

Chairman shall be chairperson in the Board of Directors meeting and the bank's shareholders' meeting. Chairman of the Board of Directors is non-executive director which in line with the Corporate Governance Notification which stated that Chairman could be independent director or non-executive director.

The Bank established a balance of power between the Board of Directors and the management by requiring the Chairman of the Board to be Independent director or non-executive director. The Chairman of the Board is not involved in the Bank's regular management, which is According to the principle of separating duties between supervision and administration. In addition, the Bank has set the role and duties of the chairman. The Chairman shall be the chairperson over the Board of Directors' meeting and ensures that the Board meetings run efficiently.

### **Roles and Responsibilities of Chief Executive Officer**

The Chief Executive Officer's principal duties are to implement the Bank's strategies, plan, and ensure the smooth functioning of the Bank according to the policies set by the Board. The Chief Executive Officer has ultimate responsibility for the performance of the Bank.

### **Executive Succession Plan**

The executive succession plan is prepared by the Bank as it is a key composition of the personnel strategic planning. The Bank has policy, work plans, and procedures in connection with its vision, mission and business goal as well as organizational culture to ensure that the executive succession is carried out smoothly and the succession personnel shall be prepared to ensure continuous operations of the Bank.

### **Board of Directors**

Board of Directors regularly monitors the management's implementation to ensure that the Bank's vision & mission and strategies is effectively, efficiently and sustainably achieved.

### **Principles of Corporate Governance of the Bank**

1. The Bank shall operate business with care, efficiency, and effectiveness for stability and sustainable growth in accordance with its organization culture, WE CARE: We care about customers' financial well-being enough that we dare to do things differently. We are customer-centric in everything we do to truly improve their financial well-being.
2. The Bank shall operate business in compliance with good corporate governance principles without fraud and corruption, and based on key fundamentals of accountability, responsibility, equitable treatment, loyalty, and transparency.
3. The directors and employees shall protect the Bank's benefits, whilst taking into account the benefits, rights and equality of stakeholders. This will enhance the confidence of both domestic and foreign investors and contribute to an increase of the Bank's share value.
4. The Bank shall operate business in compliance with laws, rules and regulations, and relevant regulatory requirements.
5. The Bank shall determine guideline to treat the stakeholders with fairness and transparency.
6. The Bank shall prevent any conflict of interest among the Bank, directors, employees and stakeholders, and to determine scope of responsibilities of the Board and executives to stakeholders.
7. The Bank shall determine comprehensive operational procedures, efficient internal control, as well as risk management system at international standard.

8. The Bank shall accurate, complete and timely disclosure of the Bank's financial report and information affecting the decision-making.

### **Roles and Responsibilities of the Board of Directors**

The Board has delegated the management and day to day running of the Bank to the Chief Executive Officer including implementation of the strategy approved by the Board. The Board plays an important role in determining policies and overseeing the Bank to ensure appropriate and adequacy process and resources to enable operations in accordance with those policies, and to ensure monitoring, control, and audit of the implementation. In addition, The Board approves vision, mission, and strategy and ensure that vision, mission, and strategy are implemented by management. The Board shall review vision, mission, and strategy annually according to the change of economy and business competition.

The Board of Directors authority according to the Article of Association and the resolution of the shareholders' meeting concerning the following matters shall be passed by the votes of not less than three-fourths of the total votes of the shareholders attending the meeting and having voting rights:

- (1) Sale or transfer of the whole or a substantial part of the Company's business to other persons
- (2) Purchase or acceptance of the transfer of business from other public companies or private companies to the Company
- (3) Conclusion, amendment or termination of contracts relating to the lease of the whole or a substantial part of the business of the Company; assignment to any other persons to undertake the business of the Company; or consolidation of business with other persons with the objective of profit and loss sharing
- (4) Increase of registered capital through issuance of new shares
- (5) Decrease of registered capital through reduction of par value of each share or the number of shares, but to the extent not lower than that prescribed by the law
- (6) Borrowing through issuance of debentures to the public
- (7) Amalgamation of the Company with other public or private companies
- (8) Dissolution of the Company; and
- (9) Amendment to the Memorandum of Association or the Articles of Association of the Company.

Role of the sub-committee describe in Committee Charters which discloses via the Bank website. Summary of role are as follow. (Appendix 5: Corporate Governance Policy, Code of Conduct, Master Committee Charter were disclosed via the Bank's website: <https://www.ttbbank.com/en/about-us/scope-and-responsibility>)

### **Board of Executive Directors (BoED)**

The primary responsibilities of BoED are to review and propose annual budget, business plan and capital planning, to perform tracking by business lines; to monitor performance of the subsidiaries, to review and propose or approve large-scale investment scheme relating to the plan and strategy under its authority, to review and propose new business plan which is the bank's business strategy, to prepare investment

planning in other companies; to monitor progress of the branding and corporate communications programs; to approve of NPL portfolio sale, to recommend any changes of the organization restructure, and to perform other tasks assigned by the board.

#### **Audit Committee (AC)**

The primary responsibilities of AC are to ensure that the bank has effective internal control system as well as accurate and sufficient financial reporting system; to perform a review to ensure the bank's compliance with the securities and stock exchange laws, regulations of the SET and the laws relating to the bank's business; to take charge of the consideration, selection and appointment of an independent person to perform as the bank's auditor; to propose remuneration for the auditor; to supervise the bank's internal audit function; to concur the hiring, transferring, removal of Head of Audit, and to perform other tasks as assigned by the board. The chairman of the audit committee must not be the chairman of the Board of Directors, Risk Oversight Committee or Nomination, Remuneration and Corporate Governance Committee,

#### **Nomination, Remuneration and Corporate Governance Committee (NRCC)**

The primary responsibilities of NRCC are to **screen and recommend** to the board candidates for appointment as directors, as members of Board committees, as CEO and some senior management positions; to **review remuneration** for directors and senior management to be consistent with the bank's culture, **sustainable objectives**, strategies and internal control environment; to **review good corporate governance policies** to ensure effectiveness; and to perform other tasks as assigned by the board.

#### **Risk Oversight Committee (ROC)**

The primary responsibilities of ROC are to oversee and give advice to the board on risk appetite, risk tolerance, risk strategy, risk management system, risk control and monitoring, risk identification, evaluation, collection, control and report; to align strategies with the bank's risk management policy; to ensure appropriate risk level of financial institution; to maintain culture that supports appropriate risk management by implementing procedures, providing training and conducting leadership actions to enable all employees to realize the wide impacts of their actions on the bank and their business unit; and to perform other tasks as assigned by the board.

#### **Credit Committee (CC)**

The primary responsibilities of CC are credit approval, correction and restructuring, NPL write-off, NPA acquisition/transfer, NPA sales and NPA write-off which exceed the management's approval authority. The CC also has responsibility to review specific credit proposals before submission for the board's approval; to review the credit decisions of the management's credit committee; to approve credit risk and other related risks for transactional investments or underwriting commitments which exceeds the management's approval authority.

## **IT Oversight Committee (ITOC)**

The primary responsibilities of ITOC are oversight IT Strategy, IT Management and IT Operations, IT Investment and expenditures budget to ensure the alignment with Bank's strategy, and oversight IT Risk Management of both normal and crisis situation, as well as oversight development programs for staffs to have sufficient knowledge on information technology and IT risk awareness.

For an appointment of the board committees, the NRCC shall consider, give endorsement and then submit to The board for consideration and appointment thereof. To appoint the board committees, the board shall consider the requirements of profound expertise in respect of roles and responsibilities of each board committee. Qualified persons shall have competence, professional experience and specialized qualifications without conflict of interest to hold the position. Each board committee shall also have all compositions and qualifications in accordance with the regulatory requirements.

## **7.3 Sub-Committee Structure**

### **Board Committees**

To achieve effective and efficient performance, the Board has appointed board committees to relieve its burden in monitoring or consideration of important businesses of the Bank. The board committees have the authority to make decision on behalf of the Board subject to the Board's delegation of authority.

The Board has determined the scope of duties and responsibilities of the board committees in accordance with their missions. The segregation of duty is clearly defined without duplication of work, as well as in compliance with the regulatory requirements. In addition, the board committees' meetings must be held on a regular basis to report their performance for the Board' acknowledgement.

The board committees comprise of:

1. Board of Executive Directors
2. Audit Committee
3. Nomination, Remuneration and Corporate Governance Committee
4. Risk Oversight Committee
5. Credit Committee
6. IT Oversight Committee



## (1) Board of Executive Directors

As of December 31, 2021, the Board of Executive Directors was composed of 6 members as below, the Board of Executive Directors' meeting is usually held twice a month or as deemed necessary and instructed by the Chairman of the Board of Executive Directors:

Name	Position	Note
1. Mr. Philippe G.J.E.O. Damas	Chairman	Non-Executive Director
2. Mr. Suphadej Poonpipat	Vice chairman	Non-Executive Director
3. Mr. Somjate Moosirilert	Committee Member	Non-Executive Director
4. Ms. Patricia Mongkhonvanit	Committee Member	Non-Executive Director
5. Mr. Michal Jan Szczurek	Committee Member	Non-Executive Director
6. Mr. Piti Tantakasem	Committee Member	Executive Director (Chief Executive Officer)

Mr. Kriangkrai Phurivitvattana is Secretary to the Board of Executive Directors until December 31, 2021.

Ms. Manika Sittichai is Secretary to the Board of Executive Directors on January 1, 2022.

## (2) Audit Committee

As of December 31, 2021, the Audit Committee comprised of 3 members whose qualifications must conform to the Securities and Exchange Commission's requirements as below, the Audit Committee's meeting is usually held once a month or as deemed necessary and instructed by the Chairman of the Audit Committee.:

Name	Position	Note
1. Mr. Praisun Wongsmith*	Chairman	Independent Director
2. Mrs. Chananyarak Phetcharat	Committee Member	Independent Director
3. Mr. Prinya Hom-anek	Committee Member	Independent Director

Mr. Praisun Wongsmith is Member of the Audit Committee with well experienced and reviewing financial statement.

Mrs. Chananyarak Phetcharat graduated in Major of Accounting

Mrs. Pittimart Sanguansook is Secretary to the Audit Committee.

\*Mr. Praisun Wongsmith tendered his resignation from the directorship of the member of Board of Directors and chairman of Audit Committee effective on January 27, 2022. Mrs. Charita Leelayudth is approved to be director and Chairman of Audit Committee effective on February 3, 2022).

Mrs. Charita Leelayudth is Member of the Audit Committee with well experienced and reviewing financial statement, graduated in Major of Accounting.

### (3) Nomination, Remuneration and Corporate Governance Committee

As of December 31, 2021, the Nomination, Remuneration and Corporate Governance Committee comprised of 5 directors not holding executive position as below, term of office shall follow the annual director election. The meeting of this Committee is usually held once a month or as deemed necessary and instructed by the Chairman of the Nomination, Remuneration and Corporate Governance Committee.:

Name	Position	Note
1. Mr. Philippe G.J.E.O. Damas	Chairman	Non-Executive Director
2. Mr. Somjate Moosirilert	Committee Member	Non-Executive Director
3. Mrs. Patricia Mongkhonvanit	Committee Member	Non-Executive Director
4. Mr. Teeranun Srihong	Committee Member	Independent Director
5. Mr. Willem Frederik Nagel	Committee Member	Independent Director

Mrs. Vijitra Thumponthong is secretary to the Nomination, Remuneration and Corporate Governance Committee.

### (4) Risk Oversight Committee

As of December 31, 2021, the Risk Oversight Committee comprised of 7 members, the meeting of this Committee is quarterly basis or as deemed necessary and instructed by the Chairman of the Risk Oversight Committee.

Name	Position	Note
1. Mr. Willem Frederik Nagel	Chairman	Independent Director
2. Mr. Teeranun Srihong	Committee Member	Independent Director
3. Mr. Prinya Hom-anek	Committee Member	Independent Director
4. Mr. Yokporn Tantisawetrat	Committee Member	Non-Executive Director
5. Mr. Michal Jan Szczurek	Committee Member	Non-Executive Director
6. Mr. Piti Tantakasem	Committee Member	Executive Director (Chief Executive Officer)
7. Mr. Johannes Franciscus Grisel	Committee Member	Management (Chief Risk Officer)

Ms. Chaowanat Kitpracha is Secretary to Secretary to the Risk Oversight Committee.

#### (5) Credit Committee

As of December 31, 2021, the Credit Committee composed of 4 members. The Credit Committee's meeting is usually held twice a month or as deemed necessary and instructed by the Chairman of the Credit Committee.

Name	Position	Note
1. Mr. Yokporn Tantisawetrat	Chairman	Non-Executive Director
2. Mr. Somjate Moosirilert	Committee Member	Non-Executive Director
3. Mr. Piti Tantakasem	Committee Member	Executive Director (Chief Executive Officer)
4. Mr. Johannes Franciscus Grisel	Committee Member	Management (Chief Risk Officer)

Mr. Ekanat Kieatinapasin is Secretary to the Credit Committee.

#### (6) IT Oversight Committee

As of December 31, 2021 the IT Oversight Committee comprised of 6 members, the meeting of this Committee is least on quarterly basis or as deemed necessary and instructed by the Chairman of the IT Oversight Committee.

Name	Position	Note
1. Mr. Teeranun Srihong	Chairman	Independent Director
2. Mr. Prinya Hom-anek	Committee Member	Independent Director
3. Mrs. Patricia Mongkhonvanit	Committee Member	Non-Executive Director
4. Mrs. Chananyarak Phetcharat	Committee Member	Independent Director
5. Mr. Willem Frederik Nagel	Committee Member	Independent Director
6. Mr. Piti Tantakasem	Committee Member	Executive Director (Chief Executive Officer)

Mr. Sutthikan Rungsrithong is Secretary to IT Oversight Committee.

## 7.4 Executives

As of December 31, 2021, the Bank's executives as defined by the Bank and align with definition of SEC are comprised of 44 persons as follows:

Name-Surname	Position
1. Mr. Piti Tantasem	Chief Executive Officer (CEO)
2. Mr. Praphan Anupongongarch	President
3. Mr. Anuwat Luengtaweekul	Chief Retail Banking Officer (CRBO)
4. Mr. Pompet Rasanon <sup>(1)</sup>	Chief Automotive Lending Officer (CALO)
5. Mr. Senathip Sripaipan	Chief Commercial Banking Officer (CCBO)
6. Mr. Johannes Franciscus Grisel	Chief Risk Officer (CRO)
7. Mrs. Prapasiri Kositthanakorn	Chief Financial Officer (CFO)
8. Mrs. Vijitra Thumpothong	Chief People Officer (CPO)
9. Mrs. Kanchana Rojvatuny	Chief Marketing and Experience Officer (CMXO)
10. Mrs. Pitimart Sanguansook	Chief Audit Officer (CAO)
11. Mrs. Rattana Arkachaisri <sup>(2)</sup>	Chief Operating Officer (COO)
12. Mr. Sutthikan Rungsrithong <sup>(2)</sup>	Chief Information Officer (CIO)
13. Mr. Mate Kanokpibool	Financial Controller
14. Ms. Somkid Preechasammakul	Head of Finance Business Partner
15. Ms. Pimolwan Puarattana-Aroonkorn	Head of Finance Business Partner - CCBO
16. Ms. Jittrawadee Srivichit	Head of Finance Business Partner - CIO
17. Ms. Preediorn Klungnark	Head of Financial Business Partner - CFO, Corporate Function
18. Ms. Tharinee Totab	Head of Finance Business Partner - CALO
19. Ms. Somruetai Tantakitti	Head of Finance Business Partner - CTOO
20. Mr. Andrew Kent Jan	Head of Balance Sheet Management
21. Mr. Chalermchai Paisithmongkol	Head of Central Treasury
22. Mrs. Voraluck Chokchaitam	Head of Asset and Liability Management

Name-Surname	Position
23. Mrs. Kwanhatai Sukhumtammarat	Head of Financial Application and System Management
24. Ms. Waree Thanmongkolswad	Head of Financial Regulatory Management
25. Mrs. Suphavadee Wuthithien	Head of Regulatory Analysis - BoT Reporting
26. Mr. Prayut Boonlerd	Head of Accounting Control
27. Mr. Komkrit Suttitossatum <sup>(3)</sup>	Head of Business Accounting
28. Ms. Kunakorn Makornkaewkeyoon <sup>(4)</sup>	Head of Business Accounting - Retail
29. Ms. Somjai Deesrisak <sup>(4)</sup>	Head of Business Accounting - Commercial Treasury & Others
30. Ms. Kansinee Kongrod <sup>(4)</sup>	Head of Business Accounting - AL
31. Mr. Kittipong Phanopas <sup>(4)</sup>	Head of Accounting Service
32. Ms. Rochana Ratant-Ubol	Head of Financial Payment and Control
33. Ms. Maline Laoitthi	Head of Finance Business Intelligence and Data Management Centre
34. Mr. Pichan Ruechuzed	Head of Tax Strategy & Compliance
35. Mr. Pakpoom Visawameteekul	Head of Capital and Balance Sheet Strategy
36. Mr. Surapong Chanthasittiporn	Head of Business Intelligence
37. Ms. Jiranun Nitnun <sup>(5)</sup>	Head of Regulatory Analysis - Financial Reporting
38. Ms. Ratinat Puttanan <sup>(4)</sup>	Head of Business Performance and ALM Application
39. Ms. Thanaporn Chanchanasophon <sup>(4)</sup>	Head of Financial Governance and Policy
40. Mrs. Pimchaya Thammasorn	Executive Finance Business Partner
41. Ms. Veeraya Mahakhan	Executive Finance Business Partner
42. Ms. Pinyada Yamsiri	Executive Finance Business Partner
43. Mr. Chanchai Mateepithaktham <sup>(6)</sup>	Senior Finance Business Partner
44. Mrs. Pemika Yachai <sup>(4)</sup>	Senior Associate - Accounting

**Remark:**

<sup>(1)</sup> Early retirement effective from January 1, 2022

<sup>(2)</sup> Appointment effective on September 1, 2021

<sup>(3)</sup> Appointment effective on July 24, 2021

<sup>(4)</sup> Appointment effective on August 1, 2021

<sup>(5)</sup> Appointment effective on September 25, 2021

<sup>(6)</sup> Appointment effective on July 22, 2021

## Remuneration for Executive Officers

As of 31 December 2021, the number of executives totaled 44 persons (as defined by the Bank and align with definition of SEC). The remuneration for executives (including newly appointed and resigned executives) for the fiscal year 2021 was THB 315 million., consisting of salary, bonus, provident fund and other benefits. (“executives as defined by the Bank and align with definition of SEC” refer to manager or the next four executives succeeding the manager, the persons holding equivalent position to the fourth executive and shall include the persons holding the position of manager or equivalent in accounting or finance department and staff who may know the financial information before public.)

## 7.5 Employees

### Personnel

#### Number of Employees

As of December 31, 2021, the Bank has a total number of 15,102 employees.

The Bank’s employees broken down by group as follows

Group	2021 No. of Staff	2020 No. of Staff
1. Chief Executive Officer (CEO)	499	337
2. President	1,074	1,161
3. Chief Automotive Lending Officer (CALO)	1,604	1,659
4. Chief Operation Officer <sup>1</sup> (COO) Chief Technology and Operating Officer <sup>1</sup> (CTOO)	1,885 -	- 2,604
5. Chief Information Officer <sup>1</sup> (CIO)	596	-
6. Chief Financial Officer (CFO)	262	291
7. Chief Retail Banking Officer (CRBO)	7,195	8,694
8. Chief Commercial Banking Officer (CCBO)	980	1,165
9. Chief Risk Officer (CRO)	607	645
10. Chief People Officer (CPO)	124	146
11. Chief Marketing and Experience Officer (CMXO)	160	158
12. Chief Audit Officer (CAO)	116	129
Chief Integration Officer <sup>2</sup>	-	23
<b>Total</b>	<b>15,102</b>	<b>17,012</b>

**Remark:** Organization Structure was changed from last year as follows;

<sup>1</sup> Separated Chief Technology and Operating Officer (CTOO’s) direct report division into Chief Information Officer and Chief Operation Officer division effective on 1 September 2021

<sup>2</sup> Revoked Chief Integration Officer division after EBT.

### **Staff's compensation**

The Bank is well aware that employees are its valued resources and key contributors towards its success and achievement. Therefore, the Bank gives priority to the boosting of the employees' morale and ensure that they receive compensation based on their performance, skills and competence, as well as other welfare and benefits that are reasonable, fair and comparable to other financial institutions'.

### **Total compensation and types of compensation for employees**

The Bank has compensation scheme in the form of base salary and variable pay depending on the business achievement. The industry benchmarking is conducted among financial institutions to ensure the competitiveness. The Bank has continued to review and update the information to ensure proper compensation package including the required working tools to be aligned with the scope of work and responsibilities, regardless of the corporate title or ranking. Corporate operational risk is also taken into consideration for total compensation. The overall compensation scheme is designed to drive the "Pay for Performance" culture depending on the performance of the Bank and employees.

In 2021, total compensation for the employees given in the forms of salary, cost of living allowance, other allowance that related to work, variable pay by performance and others accounted for THB 14,584 million.

In 2021, the Bank received approval from the Extraordinary General Meeting of Shareholders No. 1/2019 on 23 September 2019 to issue newly issued ordinary shares for TMB Stock Retention Program, with the aim of talent retention to achieve the integration purpose. The offer for sale of the newly issued shares in this structure would cover the span of 3 years (2020 – 2022). In addition, the Bank received approval of "2021 TMB Stock Retention Program", which is 3-year subscription period (2021-2023) for the purpose of talent retention, from the Annual General Meeting of Shareholders on 23 April 2021.

### **Other subsidies**

The Bank provides other forms of subsidies to employees on several occasions, e.g. grants for staff's wedding, child's birth, ordination, Islamic pilgrimage, and scholarship for staff's children. The Bank also grants gratuity to the employees in case they themselves or any of their family members have passed away.

### **Provident fund**

The Bank and Employees have jointly established The Registered Provident Fund of TMBThanachart Bank Public Company Limited which is managed by The Board of Directors of The Registered Provident Fund that comprised of employers, which come from the appointment and employees which come from the election from the member. The fund is managed with Employee's Choice which contribution at 5% - 10% of the staff's salary is paid by the Bank into the Fund and The Bank's employee may choose to pay their own portion into the Fund at the rate of 2% - 15% of their salary.



## **Other welfares and fringe benefits**

**Medical care** - The Bank provides medical services to staff through health insurance company with efficient and convenient service standards, and cover dental treatment. The Bank also provides annual health checkup for all levels of staffs in term of health preventive care. The medical check-up program was properly provided by considering the range of ages and risk opportunity that might occur from work environment in some functions. The Bank also provides in-house medical clinic at the Head Office and other office of the bank with many employees operating with specialized physicians to give medical treatment and health consultancy, with a few beds for sick staffs and initial medical care during the work hours.

**Group life insurance, severe diseases insurance, personal accident insurance, and medical financial support for accident from work** - The Bank provides options for staffs to choose the health insurance program to suit with their needs. These insurance programs are aimed at strengthening the employees' security while working with the Bank. The insurance is also covered 24 hours for both working hours and over time. Including the preparation of life insurance to staffs who work in areas including four most risky southern provinces namely Yala, Pattani, Narathiwat and Songkhla, as well as the medical financial support in case of accident that might be occurred from work.

**Welfare loans** - The Bank has been providing staff welfare loans that are referred to processes and product which are provided to customers, as well as encourage employees to adhere to the financial discipline. Besides, emergency loan is provided to ease staff's difficulty.

**Canteen** - The Bank has provided the canteen at its Head Office where employees can enjoy quality food and drinks in a low price and nice environment.

**Fitness** - The Bank supports and provides a fitness facility free of charge at Head Office, this will help to improve their health and well-being and promote a healthy workplace.

## **Arrangements for staff during the pandemic of COVID-19**

**COVID-19 Health insurance** - The Bank foresees the benefits of additional coverage from the COVID-19 health insurance, then the Bank has provided the insurance as a top up in the recent year which extends to staff's family members as well.

**Vaccine** - The Bank has provided vaccine to all staff to ensure the safety at the highest level. The Bank also provides vaccine to staff's family members when there are availabilities.

**SAR-COV-2 Antigen Rapid Test Kit** - As a preventive measures, the Bank provides free Antigen Test Kit to all staff to test every 14 days or less according to the necessity. This provision is to prevent and limit the spread as soon as possible.

**Hospitals and hospitels** - During the pandemic, it was difficult for individual to find the hospital or even hospitels by self. Therefore, the Bank has made the deals with hospitals and hospitels to ensure the prompt treatment that our staff will have when they are in need.

**Hybrid Work Model** - Staff's safety and clients information confidentiality are our priorities. Therefore, in the pandemic until now, the Bank has implemented Hybrid Work Model which all necessary tools and equipment have been provided such as computer, note books and systems. The security of system access is at highest level and the access right has been controlled and managed strictly. Thus, our majority of staff (except staff at branches) can work from home that helps managing the infection risk among staff as well as the Bank's operational risk.

**Business Continuity Taskforces** - The Bank has formed a taskforce to monitor the situation, provide critical information to top executives for decision, communicate the related and needed information, deal with authorities and hospitals for medical treatments when needed and check our staff health condition.

**Tools for safety and cleanliness provision** - The Bank has provided all necessary tools such as masks, alcohol gels, temperature monitor to our staff. The cleaning of workstation and public areas have been done more frequently to ensure the hygiene and safety.

**Communication and information** - The Bank has communicated and provided information often that have been guidance and raising awareness among staff and their family members.

#### Total numbers of employees during the past three years

	As of December 31, 2021	As of December 31, 2020	As of December 31, 2019
Bank's employees	15,102 persons	17,012 persons	19,432 persons

#### Key labor disputes (TTB only)

As of December 31, 2021

Type of case	No. of cases	Status
Lawsuit brought by employees against the Bank		
1. Unfair termination of employment		
• Not-finalized case	1	On process of Labor Court Consideration
• Finalized case	1	
2. Pay for annual leave		
• Finalized case	1	

## Human Resources Development with the Business Plan Alignment

Training roadmap for the Bank's staffs has been designed to strengthen Core and Leadership Competency for our people. We customized training contents and topics to fit staff and executive at all levels through analyzing key behaviors and skills required for the Bank's employees at different proficiency levels.

As of December 2021 the Bank provided training courses for staff in various course for developing their knowledge and skill. The training course classified as below.

Overall staff training 2021	Average hour
Men	37
Women	51
<b>Overall training by average hour</b>	<b>46</b>

Overall staff training 2021	Average hour	
	Men	Women
Top management	12	15
Middle management	18	16
First-line management	40	51
Officer	37	51

Overall staff training 2021	Number of courses	Number of training	Number of staff attend
Internal	209	212	38,269
External	26	27	253
E-Learning	158	194	380,789
<b>Total</b>	<b>393</b>	<b>433</b>	<b>419,311</b>

Course	Number of courses	Number of schedule	Number of staff attend
Retail Banking Business	123	129	87,252
Commercial Banking Business	15	25	1,944
Automotive Lending Business	13	13	1,112
License related area (Securities and Bancassurance)	95	97	153,160
Other	147	169	175,843
<b>total</b>	<b>393</b>	<b>433</b>	<b>419,311</b>

Average training hours 46 hours per person.

## 7.6 Other significant information

Other support functions for corporate governance and transparency measure consists of:

1. Accounting oversight
2. Compliance
3. Internal Audit
4. Company Secretary
5. Investor Relations

**The Bank appointed the support functions as follows:**

### 1. Accounting Oversight

- The Bank has appointed Mrs. Prapasiri Kositthanakorn to hold position of Chief Financial Officer.
- The Bank has appointed Mr. Mate Kanokpibool to hold position of Financial Control.  
(see more detail of education, work experience, and training via the Bank's website)

### 2. Head of Compliance

- The Bank has appointed Ms. Panita Chaowpet to hold position of Head of Compliance.
- Compliance is the 2<sup>nd</sup> Line of Defense function, reporting to the CRO, to oversee compliance risk. Compliance develops Compliance Policies to ensure that the compliance risks are properly managed. Compliance also supervises and reviews the adequate implementation of Market Conduct regulation and PDPA. In the context of PDPA, the Head of Compliance acts as Data Protection Officer (DPO).  
(see more detail of education, work experience, and training via the Bank's website).

### 3. Head of Internal Audit

- The Bank has appointed Mrs. Pitimart Saguansook to hold position of Chief Audit Officer.  
(Head of Internal Audit)  
(see more detail of education, work experience, and training via the Bank's website).

#### **4. Company Secretary**

- The Board of Directors has appointed Mr. Naris Aruksakunwong to hold position of Company Secretary. (see more detail of education, work experience, and training via the Bank's website).

The Company Secretary's roles and responsibilities are to perform duty in compliance with laws and follow up activities of the Board of Directors and Board Committees, management, and the Bank's to be in line with relevant laws, regulations, and articles of association of the Bank. The Company Secretary is also to support the Board of Directors, board committee, management, and the Bank to implement operation in line with good corporate governance.

The Company Secretary has roles and responsibilities as follows:

##### **1. For the Bank**

- 1.1 To monitor and supervise the Bank's overall operation to comply with relevant laws and regulatory requirements including resolution of Board of Directors, resolution of annual general meeting of shareholders.
- 1.2 To file and keep the Bank's important documentation such as certificate, memorandum & articles of association, shareholder register, licenses and power of attorney, etc.
- 1.3 To push for guidelines so that the Bank shall formulate policies, comply with good corporate governance and conduct regular review.
- 1.4 To act as contact person of the Bank.

##### **2. For the Board**

- 2.1 To advise the Board of Directors and management on laws and regulations relevant to their duties
- 2.2 To oversee meetings of the Board and board committees established by the Board of Directors to be in line with laws, regulations, articles of association, charters, and best practices
- 2.3 To Manage to serve as the Board's secretary and board committees' secretary as assigned including Chief Executive Committee, record accurate and complete minutes, inform to relevant management the resolution and follow up the resolution implementation
- 2.4 To oversee the changes of directors and examine director's qualifications in case of appointment of new directors and director to replace director who resigned by rotation in line with regulatory requirements and the bank's strategy and business direction, including propose the issue to the Bank of Thailand for endorsement
- 2.5 To review director's qualifications during the directorship period to ensure that the qualifications are always in line with regulatory requirements
- 2.6 To oversee insider information and conflict of interest practices of directors
- 2.7 To facilitate directors' training and development
- 2.8 To provide Board's and Board Committees' performance assessment
- 2.9 To arrange Directors and Officers Liability Insurance (D&O Insurance) for the directors and management.

### **3. For the Shareholders**

- 3.1 To conduct shareholders' meeting to be in line with laws, articles of association and good corporate governance principle, including perform duty of secretary to the shareholders' meeting.
- 3.2 To oversee the right of shareholders and create good relationship with shareholders.

### **5. Investor Relations**

- The Bank has appointed Ms. Dararat Urapanthamat to hold position of Head of Investor Relations, to correspond and communicate with investors, security analysts and etc., as well as to provide them with accurate and complete information of the Bank, both financial and general information, in a timely manner and in accordance with the relevant laws or regulations. This is to support the decision-making, create confidence and enhance good image of the Bank.

The Bank's Investor Relations could be contacted at Floor 30, Head Office, Tel. 02-242-3475, website: <https://www.ttbbank.com/en/ir> Besides, shareholder services can be contacted at Corporate Counselor Floor 28, Head Office Tel. 02-299-2729 Fax. 02-299-2758.

## 8. Corporate Governance Report

### 8.1 Corporate Governance Policy Framework

#### Qualifications of Independent Director and Audit Committee Member

In nomination of directors NRCC has a duty to sort and screen the qualified people according to the regulations and the bank's article of association including the independent directors and audit committee member qualification accordance with the relevant announcements.

#### Independent director and director nomination criteria

##### 1. Recruitment of Independent Director

The Bank has been aware that independent directors take a vital role in safeguarding the interests of the Bank and the minor shareholders. To enhance independence of the Board of Directors and manage conflicts of interest pursuant to the regulatory criteria and the corporate governance principles, the Board has formulated criteria for nomination of independent directors from professionals of diversified fields with proper qualifications and experience who can deliver independent opinions and have fairness in the performance of duty by applying skill matrix as the tools for consideration. The Nomination, Remuneration and Corporate Governance Committee shall make preliminary consideration of the nomination of independent directors before submission to the Board meeting or the shareholders' meeting (as the case may be) for appointment thereof. The basic qualifications of an independent director shall be defined by the Bank which more stringent than that under the criteria set by the Capital Market Supervisory Board.

Board of Director establish the independent director qualification that indicate the term of independent director not longer than 9 years consecutively. Any independent director who has their term for 9 years, could be re-elect for another term of independent director after their resignation for 2 years.

#### Qualification of Independent Directors

1. Not hold shares in excess of 0.5 percent of total voting shares of the Bank, or the Bank's parent company, subsidiary, associated company, major shareholder, or any person with controlling power over the Bank, whilst the number of shares held by any related person of that independent director must also be counted.
2. Not be and have not been a director participating in management role, an employee, an officer, an advisor who receives regular salary, or a person having controlling power over the Bank, the Bank's parent company, subsidiary, associated company, subsidiary at the same level, or major shareholder, unless such independent director has not been a person referred to above for at least two years prior to the date of his/her appointment.



3. Not be a person who having relationship either through bloodline or legal registration as the father, mother, spouse, sibling and child, as well as the spouse of a child of other directors, executives, major shareholders, a person having controlling power, or a person to be nominated as the director and executive or that who has controlling power over the Bank or its subsidiary.
4. Have no or have had no any business relationship with the Bank or its parent company, subsidiary, associated company, major shareholder, or person having controlling power over the Bank, in a manner that may prevent his/her due and independent use of discretion. The independent director shall not be and have not been a shareholder in material respect or a person who has controlling power over the person with business relationship with the Bank, its parent company, subsidiary, associated company, major shareholder, or a person having controlling power over the Bank, unless such independent director has not been a person referred to above for at least two years prior to the date of his/her appointment.

Business relationship in the above paragraph shall cover any ordinary course of business or trade for business engagement purpose, property rent, transaction relevant to asset or service, giving or receiving financial assistance in form of loan or guarantee, offering assets as collateral, and any other similar conduct, which causes the Bank or its counterparty to be liable for debt settlement to another party in an amount equivalent to 3 percent or more of the net tangible assets of the Bank or twenty million baht or more, whichever is lower. The calculation of the said debt is accordance with the calculation of a connected transaction prescribed in the Capital Market Supervisory Board's notification regarding criteria on connected transactions mutatis mutandis. However, consideration of the said debt shall include the debt incurred during the one-year period prior to the date on which such business relationship takes place.

5. Not be and have not been an auditor of the Bank, its parent company, subsidiary, associated company, major shareholder, or a person having controlling power. The independent director shall not be and have not been a shareholder in material respect, a person having controlling power, a partner of an auditing firm for which the auditor of the Bank, or that of its parent company, subsidiary, major shareholder, or a person with controlling power over the Bank has been working, unless such independent director has not been a person referred to above for at least two years prior to the date of his/her appointment.
6. Not be and have not been a professional advisor, including legal or financial advisor, who obtains fee more than two million baht a year from the Bank, its parent company, subsidiary, associated company, major shareholder, or a person having controlling power. The independent director shall not be and have not been a shareholder in material respect, a person with controlling power, or a partner of such professional service provider, unless the independent director has not been a person referred to above for at least two years prior to the date of his/her appointment.

7. Not be a director who has been appointed as a representative of the Bank's director, the major shareholder, or the shareholder related to the Bank's major shareholder.
8. Not engage in the business of the same nature as or competing with that of the Bank or its subsidiary. The independent director shall not be a partner in material respect in a partnership, or director participating in management role, an employee, officer, or advisor obtaining regular salary, or a shareholder holding more than one percent of total voting shares of any other company which engages in the business of the same nature as or competing with that of the Bank or its subsidiary.
9. Not maintain in the independent director position longer than 9 years, unless they have been discharged from such positions or status for no less than 2 years prior to the day the appointment.
10. Not have any characteristics that prevent the director from giving independent opinions on the Bank's operations.

In this regard, any revision/amendment/relaxation of the criteria or qualifications of the independent directors to be announced later on by the Capital Market Supervisory Board, the Securities and Exchange Commission, the Stock Exchange of Thailand or the Bank of Thailand shall be applied accordingly.

## **2. Recruitment of Non-Executive Directors**

The Board of Directors has put in place a definite and transparent director nomination policy and process. The Nomination, Remuneration and Corporate Governance Committee is responsible for the selection, screening, and nomination of qualified persons to the Board of Directors for consideration before proposing to the shareholders' meeting for further election as directors of the Bank. In some case, the Bank recruit directors form considering of Director Pool data base. Apart from the qualifications prescribed in the Bank's Articles of Association and the appropriate personal qualifications, the persons nominated must be competent, knowledgeable and experienced in bank and relevant business operations with the possession of leadership skills, visionary and strategic ideas that can lead the Bank to a strong and long-term sustainable growth and must be able to dedicate their time for the optimum benefits of the Bank.

In case of vacancy due to the resignation of a director before finishing the term, the Board of Directors shall appoint a person to fill the vacant position through the nomination made by the Nomination, Remuneration and Corporate Governance Committee. The said new director shall hold office only for the remaining term of office of the director whom he/she has replaced, unless remaining duration of director's term of office is less than two months.

The shareholders are allowed to vote for the election of directors by individual This voting use the majority votes of the shareholders who attend the meeting and have voting rights.

### **3. Appointment of Member of the Board Committees**

For appointment of board committees' members, the Nomination, Remuneration and Corporate Governance Committee shall consider and endorse the nominees before submission for approval and appointment by the Board of Directors. The selection is based on the expertise specifically required for each particular board committee. Members of the board committees shall have professional skills, specific experience, and free from conflict of interest. In addition, each committee shall have the composition and qualifications as prescribed by the regulatory criteria as well as Board Skills Matrix.

### **4. Recruitment of Executive**

In the appointment process of the executive at "Head of" level and above, the Nomination, Remuneration and Corporate Governance Committee is responsible for consideration to acquire and screen the qualified persons from both internal and external sources as defined by the Bank's rules and regulations. Moreover, criminal and NCB checked are required. Then the nominated persons will be proposed to the Board of Directors for approval as well as other required functions to comply with laws and regulations of government authorities related to financial service business.

The succession plan for key positions has been established and reviewed annually. In this regard, the recruitment process to fill the position of the executive who will soon complete a specific term shall be made by the Nomination, Remuneration and Corporate Governance Committee duly in advance.

### **Performance Appraisal of the Chief Executive Officer**

Nomination, Remuneration and Corporate Governance Committee has been assigned to appraise the CEO's performance as well as year-end 2021 in area of profitability, cost efficiency, ability to generate future income, risk management, digital transformation, people's culture, and sustainability.

### **Assumption of Position in Other Companies by Chief Executive Officer**

The Chief Executive Officer of the Bank shall perform full-time duties for the Bank. An assumption by the Chief Executive Officer of any position in other companies or organization shall require approval by the Board.

### **Terms of Directorship**

The terms of directorship shall be in accordance with Clause 17 of the Bank's Article of Association which states that at each annual general shareholders' meeting, at least one third of the directors shall retire. Should the total number of directors cannot be divided exactly by 3, the number of directors closest to the 1/3 ratio shall apply. Retiring directors may be re-elected term of directorship for independent director was indicated in the bank policy that each independent director shall have term of directorship not longer than 9 consecutive years starting from the appointed date. If any independent director has its term of directorship for 9 consecutive years, he or she is required to retire for at least 2 years prior to be re-elected as independent director.

### Role Assumption of Directorship in Other Companies

To ensure that the directors have adequate time to perform their duties for the Bank, the Board limits directors from assuming a position in other companies as per regulations of the SET, the SEC and the Bank of Thailand, taking into account the effectiveness of the directors assuming position in companies. Details are as follows:

1. A director of the Bank may assume directorship in not more than 5 listed companies \* (both domestic and offshore).
2. Directors of the Bank are able to assume a position or several positions, including chairman of the board, executive director, or an authorized signatory director in other companies in not more than 3 business groups (both domestic and offshore). A company that is not a part of a business group shall be treated as one business group.
3. Directors shall disclose the information regarding assumption of directorship in other companies to the Bank as per regulatory requirements and the Bank's regulation.

**Remark** \* included ttb i.e. ttb and other four listed companies.

### Directors' Performance Assessment

The NRCC had made consideration of the method, scope, criteria of assessment of directors' performance of duties in Board and Board Committees as well as individual director by applying self-evaluation and cross evaluation before submission to the Board meeting for approval. This is to reflect their performance efficiency and problems and obstacles during the year, the recommendation will be gathered for improvement consideration, and will send the approved assessment form to all directors.

Topic	Board of Directors	Sub-committees
1. Assess the efficiency		
1.1 board of director	✓	
1.2 sub-committees		✓
2. Individual self-assessment	✓	
3. Individual peer (cross) assessment	✓	

### Assessment's Criteria

- The criteria for assessment of the Board of Director cover various areas including (1) Structure of the Board, (2) Board meeting, (3) the Board's and Board Committees' performance of duties, (4) Relationship with management, (5) Self-development of directors, and (6) Board's practice of Roles and (7) responsibilities of the Board.

- The criteria for assessment of the Board Committees cover (1) Structure of the Board, (2) Board meeting, (3) the Board Committees' performance of duties, (4) Relationship with management, (5) Self-development of directors, and (6) Board Committees practice of Roles and responsibilities.
- The criteria for individual self-assessment consists of (1) role and responsibilities according to charter, (2) Dedication (3) Independence (4) Meeting Participation (5) Understanding of Banking Business.
- The criteria for the Individual peer (cross-assessment) cover (1) role and responsibilities according to charter, (2) Dedication (3) Independence (4) Meeting Participation (5) Understanding of Banking Business.

### **Assessment's Process**

The self-assessment is undertaken as follows:

1. Assessment of the whole Board of Directors' performance, the performance of each board committee (i.e. Board of Executive Directors, Audit Committee, NRCC, Risk Oversight Committee, Credit Committee, IT Oversight Committee)
2. Self-assessment of individual board member
3. Cross assessment

NRCC shall report the result from the assessment and propose to Board of Director for acknowledgment and report result of Sub-Committee to the Chairman of Sub-Committees to review and adjust the relevant process for the efficient meeting. In 2021, the result of the assessment was rated as "Very Good".

### **New Director Orientation and Director Development Program**

The Bank provides an orientation for new directors whenever there is a change of director. Director's manual, documents and useful information are provided to support the important information and prepare the new directors in performing his/her duty through electronic media. In this regard, the Company Secretary and Corporate Counselor shall have the following responsibilities:

- To provide the Bank's Information such as the Bank's history, important official documents, major shareholders, vision and mission, financial statements, business structure, management structure, term of directorship, directors' remuneration, etc.
- To provide information on the regulations and best practices for directors, e.g. rules and regulations for directors of related regulatory agencies, the Bank's policies and practices for directors, do's and don'ts for Bank directors, director fiduciary duty checklist, directors & officers liability & corporate reimbursement insurance.
- To arrange meeting with the Bank's executives to enquire in-depth information about business operation of the Bank. Bank also inform the new regulations rule and laws for the directors acknowledgement.

Currently, 3 of the existing directors had joined DCP program, 2 director joined DAP program and 5 directors joined both DCP and DAP. Furthermore, the Bank also provides internal training for directors to enhance knowledge about to the Bank's business and director's responsibilities.

Directors	Courses
1. Mr. Ekniti Nitithanprapas	<ul style="list-style-type: none"> <li>• Director Leadership Certification Program (class 0/2021), Thai Institute of Directors Association (IOD)</li> <li>• Risk Management Program for Corporate Leaders (class 25/2021), Thai Institute of Directors Association (IOD)</li> <li>• Security Awareness Training: Cybersecurity and Cyber Resilience, TMBThanachart Bank Plc.</li> </ul>
2. Mr. Suphadej Poonpipat	<ul style="list-style-type: none"> <li>• 2021 Cyber Resilience Leadership: Herd Immunity, BoT</li> <li>• Security Awareness Training: Cybersecurity and Cyber Resilience, TMBThanachart Bank Plc.</li> </ul>
3. Gen. Apinun Kumproh	<ul style="list-style-type: none"> <li>• Director Refreshment Program (DRP 1): Boardroom for Business Breakthrough, Thai Institute of Directors Association (IOD)</li> <li>• Director Refreshment Program (DRP 2): Leading Your Business through Uncertainties, Thai Institute of Directors Association (IOD)</li> <li>• Director Refreshment Program (DRP 3): Lessons Learnt from Financial Cases: How Board should React, Thai Institute of Directors Association (IOD)</li> <li>• 2021 Cyber Resilience Leadership: Herd Immunity, BoT</li> <li>• Security Awareness Training: Cybersecurity and Cyber Resilience, TMBThanachart Bank Plc.</li> </ul>
4. Mr. Philippe G.J.E.O. Damas	<ul style="list-style-type: none"> <li>• Security Awareness Training: Cybersecurity and Cyber Resilience, TMBThanachart Bank Plc.</li> </ul>
5. Mr. Praisun Wongsmith	<ul style="list-style-type: none"> <li>• Director Leadership Certification Program (class 2/2021), Thai Institute of Directors Association (IOD)</li> <li>• Update on impact of climate change to banking industry, KPMG</li> <li>• High impact on Audit area, EY Corporate Services Limited</li> <li>• Financial statements, TMBThanachart Plc.</li> <li>• Security Awareness Training: Cybersecurity and Cyber Resilience, TMBThanachart Bank Plc.</li> </ul>
6. Mr. Willem Frederik Nagel	<ul style="list-style-type: none"> <li>• Security Awareness Training: Cybersecurity and Cyber Resilience, TMBThanachart Bank Plc.</li> </ul>
7. Mr. Yokporn Tantisawetrat	<ul style="list-style-type: none"> <li>• Security Awareness Training: Cybersecurity and Cyber Resilience, TMBThanachart Bank Plc.</li> </ul>

Directors	Courses
8. Mr. Teeranun Srihong	<ul style="list-style-type: none"> <li>Board Nomination &amp; Compensation Program (class 12/2021), Thai Institute of Directors Association (IOD)</li> <li>Security Awareness Training: Cybersecurity and Cyber Resilience, TMBThanachart Bank Plc.</li> </ul>
9. Mr. Somjate Moosirilert	<ul style="list-style-type: none"> <li>2021 Cyber Resilience Leadership: Herd Immunity, BoT</li> <li>Security Awareness Training: Cybersecurity and Cyber Resilience, TMBThanachart Bank Plc.</li> </ul>
10. Mr. Prinya Hom-anek	<ul style="list-style-type: none"> <li>Advance Credit Committee Program (class 41/2021), Thai Institute of Directors Association (IOD)</li> <li>Financial Statements for Directors (class 45/2021), , Thai Institute of Directors Association (IOD)</li> <li>Update on impact of climate change to banking industry, KPMG</li> <li>High impact on Audit area, EY Corporate Services Limited</li> <li>Financial statements, TMBThanachart Plc.</li> <li>Security Awareness Training: Cybersecurity and Cyber Resilience, TMBThanachart Bank Plc.</li> </ul>
11. Mrs. Chananyarak Phetcharat	<ul style="list-style-type: none"> <li>Advance Credit Committee Program (class 41/2021), Thai Institute of Directors Association (IOD)</li> <li>2021 Cyber Resilience Leadership: Herd Immunity, BoT</li> <li>Update on impact of climate change to banking industry, KPMG</li> <li>High impact on Audit area, EY Corporate Services Limited</li> <li>Financial statements, TMBThanachart Plc.</li> <li>Security Awareness Training: Cybersecurity and Cyber Resilience, TMBThanachart Bank Plc.</li> </ul>
12. Mrs. Patricia Mongkhonvanit	<ul style="list-style-type: none"> <li>Ethical Leadership Program (class 11/2021), Thai Institute of Directors Association (IOD)</li> <li>Board Nomination and Compensation Program (class 23/2021), Thai Institute of Directors Association (IOD)</li> <li>Security Awareness Training: Cybersecurity and Cyber Resilience, TMBThanachart Bank Plc.</li> </ul>
13. Mr. Piti Tantakasem	<ul style="list-style-type: none"> <li>Director Leadership Certification Program (class 0/2021), Thai Institute of Directors Association (IOD)</li> <li>Security Awareness Training: Cybersecurity and Cyber Resilience, TMBThanachart Bank Plc.</li> </ul>



### **8.1.2 Meeting Attendance**

#### **Board Meeting**

The Board meeting shall be held at least once a month. In an urgent case, the Board may arrange a special meeting as deemed necessary. The meeting date shall be scheduled in advance so that the Board members are able to plan the attendance of every meeting. The meeting agenda shall be endorsed by the Chief Executive Officer and approved by the Board Chairman.

The Bank sends the meeting documents and invitation letter to directors at least 5 business days in advance so that the directors will have sufficient time to study and consider in advance the information to support their decision making on each agenda. The directors can additionally request necessary information regarding the meeting agenda from the management. The average length of the meeting is approximately 3 hours. The Chairman shall declare the meeting open and proceed with the business on the agenda. The time shall be adequately allocated for the management to present the information and for the Board members to make careful consideration before decision making. The voting of each agenda, the Board almost pass unanimously. The Chairman shall summarize issues as the meeting resolution. Directors who have conflict of interest on that agenda shall leave the meeting and shall have no right to vote.

The Board Secretary is responsible for preparation of written minutes of the meeting, arrangement of systematic filing for inspection and submission of the minutes to the government agencies within the specified period.

In 2021, Directors in Board of Directors had attended the meeting by average at 98.85% of the total meetings arranged during the year. In the meeting, the directors had freely asked questions and provided useful recommendations for the Bank's business, in accordance with the Bank's corporate governance policy.

#### **Board of Directors Meeting**

In 2021, details of the meeting attendance of the Board of Directors and board committee members are as follows:

Name-Last name	Board of Directors	Board of Executive Directors	Audit Committee	Nomination, Remuneration and Corporate Governance Committee	Risk Oversight Committee	Credit Committee	IT Oversight Committee	AGM 2021
Total number of meetings from January – December 2021	19	28	13	12	12	25	10	1
1. Mr. Ekniti Nitithanprapas <sup>(1)</sup>	19/19							1
2. Mr. Suphadej Poonpipat <sup>(2)</sup>	18/19	27/28						1
3. Gen. Apinun Kumproh <sup>(3)</sup>	17/17							1
4. Mr. Philippe G.J.E.O. Damas <sup>(4)</sup>	19/19	28/28		12/12				1
5. Mr. Prinya Hom-anek <sup>(5)</sup>	19/19		13/13		12/12		10/10	1
6. Mr. Teeranun Srihong <sup>(6)</sup>	19/19			12/12	12/12		10/10	1
7. Mr. Chumphol Rimsakorn <sup>(7)</sup>	12/12	21/21		9/9		18/18		1
8. Mr. Michal Jan Szczurek <sup>(8)</sup>	19/19	28/28			0/1		10/10	1
9. Mr. Yokporn Tantisawetrat <sup>(9)</sup>	19/19				12/12	25/25		1
10. Mr. Praisun Wongsmith <sup>(10)</sup>	19/19		13/13					1
11. Mr. Somjate Moosirilert <sup>(11)</sup>	19/19	28/28		10/12		2/3		1
12. Mr. Willem Frederik Nagel <sup>(12)</sup>	17/19			12/12	12/12		10/10	1
13. Ms. Chananyarak Phetcharat <sup>(13)</sup>	19/19		13/13				10/10	1
14. Ms. Patricia Mongkhonvanit <sup>(14)</sup>	4/4	2/2		1/1			-	-
15. Mr. Piti Tantakasem <sup>(15)</sup>	19/19	28/28			12/12	25/25	10/10	1
<b>Average meeting attendance (%)</b>	<b>98.85%</b>	<b>99.39%</b>	<b>100%</b>	<b>96.55%</b>	<b>98.36%</b>	<b>98.59%</b>	<b>100%</b>	<b>100%</b>

**Remarks:** Directors who attended the meetings electronically were as detailed below:

<sup>(1)</sup> Mr. Ekniti Nitithanprapas

- The Board of Directors Meetings No. 1/2021 (Special Session), No. 4/2021, No. 6/2021 - 10/2021, No. 3/2021 (Special Session), No. 4/2021 (Special Session), No. 11/2021, No. 5/2021 (Special Session), and No. 13/2021

<sup>(2)</sup> Mr. Suphadej Poonpipat

- The Board of Directors Meetings No. 2/2021 (Special Session), No. 4/2021 - 10/2021, No. 3/2021 (Special Session), No. 4/2021 (Special Session), No. 11/2021, No. 5/2021 (Special Session), No. 6/2021 (Special Session), and No. 12/2021 - 13/2021
- The Board of Executive Directors Meetings No. 1/2021 - 4/2021, No. 6/2021 - 11/2021, No. 1/2021 (Special Session), No. 12/2021, No. 2/2021 (Special Session), No. 13/2021 - 17/2021, No. 3/2021 (Special Session), No. 18/2021 - 19/2021, No. 4/2021 (Special Session), and No. 20/2021 - 23/2021

<sup>(3)</sup> Gen. Apinun Kumproh (assumed the director position, effective from 8 March 2021, and attended the Board of Directors Meeting No. 1/2021 (Special Session)

- The Board of Directors Meetings No. 2/2021 (Special Session), No. 4/2021 - 10/2021, No. 3/2021 (Special Session), No. 4/2021 (Special Session), No. 11/2021, No. 5/2021 (Special Session), No. 6/2021 (Special Session), and No. 12/2021 - 13/2021

<sup>(4)</sup> Mr. Philippe G.J.E.O. Damas is a director who does not have residence in Thailand.

- The Board of Directors Meetings No. 1/2021 - 2/2021, No. 1/2021 (Special Session), No. 3/2021 - 4/2021, No. 6/2021 - 10/2021, No. 3/2021 (Special Session) - No. 4/2021 (Special Session), No. 11/2021, No. 5/2021 (Special Session), No. 6/2021 (Special Session), and No. 12/2021 - 13/2021
- The Board of Executive Directors Meetings No. 1/2021 - 7/2021, No. 9/2021 - 11/2021, No. 2/2021 (Special Session), No. 13/2021 - 17/2021, No. 3/2021 (Special Session), No. 18/2021 - 19/2021, No. 4/2021 (Special Session), and No. 20/2021 - 22/2021, and No. 24/2021
- The Nomination, Remuneration and Corporate Governance Committee Meetings No. 1/2021 - 3/2021, No. 5/2021, and No. 7/2021 - 12/2021

<sup>(5)</sup> Mr. Prinya Hom-anek

- The Board of Directors Meetings No. 1/2021 (Special Session), No. 2/2021 (Special Session), No. 4/2021 - 10/2021, No. 3/2021 (Special Session), No. 4/2021 (Special Session), No. 11/2021, No. 5/2021 (Special Session), No. 6/2021 (Special Session) and No. 12/2021 - 13/2021
- The Audit Committee Meetings No. 1/2021, and No. 4/2021 - 11/2021
- The Risk Oversight Committee Meetings No. 1/2021, and No. 3/2021 - 12/2021
- The IT Oversight Committee Meetings No. 1/2021, No. 4 - 9/2021, and No. 1/2021 (Special Session)

<sup>(6)</sup> Mr. Teeranun Srihong

- The Board of Directors Meetings No. 1/2021 (Special Session), No. 2/2021 (Special Session), No. 4/2021, No. 5/2021 - 10/2021, No. 3/2021 (Special Session), No. 4/2021 (Special Session), No. 11/2021, No. 5/2021 (Special Session), and No. 12/2021 - 13/2021
- The Nomination, Remuneration and Corporate Governance Committee Meetings No. 1/2021 - 12/2021
- The Risk Oversight Committee Meetings No. 1/2021 and No. 3/2021 - 12/2021
- The IT Oversight Committee Meetings No. 4/2021 - 9/2021, and No. 1/2021 (Special Session)

- <sup>(7)</sup> Mr. Chumphol Rimsakorn (resigned from the director position, effective on 1 October 2021)
- The Board of Directors Meetings No. 2/2021, No. 1/2021 (Special Session), No. 2/2021 (Special Session), No. 4/2021 - 10/2021
  - The Board of Executive Directors Meetings No. 7/2021 - 11/2021, No. 1/2021 (Special Session), No. 12/2021, No. 2/2021 (Special Session), No. 13/2021 - 17/2021, No. 3/2021 (Special Session), and No. 18/2021
  - The Nomination, Remuneration and Corporate Governance Committee Meetings No. 2/2021 - 9/2021
  - The Credit Committee Meetings No. 1/2021, No. 6/2021 - 18/2021
- <sup>(8)</sup> Mr. Michal Jan Szczurek
- The Board of Directors Meetings No. 1/2021 (Special Session), No. 3/2021, No. 2/2021 (Special Session), No. 4/2021 - 10/2021, No. 3/2021 (Special Session), No. 4/2021 (Special Session), No. 11/2021, No. 5/2021 (Special Session), No. 6/2021 (Special Session), and No. 13/2021
  - The Board of Executive Directors Meetings No. 14/2021, No. 6/2021 - 11/2021, No. 1/2021 (Special Session), No. 12/2021, No. 2/2021 (Special Session), No. 13/2021 - 17/2021, No. 3/2021 (Special Session), No. 18/2021 - 19/2021, No. 4/2021 (Special Session), and No. 20/2021 - 22/2021, and No. 24/2021
  - The IT Oversight Committee Meetings No. 1/2021 - 9/2021, and No. 1/2021 (Special Session)
  - The Risk Oversight Committee Meeting (assumed the director position in the Risk Oversight Committee, effective on 25 November 2021)
- <sup>(9)</sup> Mr. Yokporn Tantisawetrat
- The Board of Directors Meetings No. 2/2021, No. 1/2021 (Special Session), No. 2/2021 (Special Session), No. 4/2021 - 10/2021, No. 3/2021 (Special Session), No. 4/2021 (Special Session), No. 11/2021, No. 5/2021 (Special Session), No. 6/2021 (Special Session), and No. 12/2021 - 13/2021
  - The Risk Oversight Committee Meetings No. 1/2021 - 2/2021, and No. 4/2021 - 12/2021
  - The Credit Committee Meetings No. 1/2021, No. 4/2021, and No. 6/2021 - 25/2021
- <sup>(10)</sup> Mr. Praisun Wongsomth
- The Board of Directors Meetings No. 1/2021 (Special Session), No. 4/2021 - 10/2021, No. 3/2021 (Special Session), No. 4/2021 (Special Session), No. 11/2021, No. 5/2021 (Special Session), No. 6/2021 (Special Session), and No. 12/2021 - 13/2021
  - The Audit Committee Meetings No. 4/2021, and No. 6/2021 - 9/2021
- <sup>(11)</sup> Mr. Somjate Moosirilert
- The Board of Directors Meetings No. 2/2021, No. 1/2021 (Special Session), No. 4/2021 - 10/2021, No. 3/2021 (Special Session), No. 4/2021 (Special Session), No. 11/2021, No. 5/2021 (Special Session), No. 6/2021 (Special Session), and No. 12/2021 - 13/2021
  - The Board of Executive Directors Meetings No. 1/2021 - 2/2021, No. 6/2021 - 11/2021, No. 1/2021 (Special Session), No. 12/2021, No. 2/2021 (Special Session), No. 13/2021 - 17/2021, No. 3/2021 (Special Session), No. 18/2021 - 19/2021, No. 4/2021 (Special Session), and No. 20/2021 - 24/2021

- The Nomination, Remuneration and Corporate Governance Committee Meetings No. 1/2021 - 2/2021, No. 4/2021 - 9/2021, and No. 12/2021
- The Credit Committee Meetings No. 23/2021 - 24/2021 (assumed the director position in the Credit Committee, effective on 25 November 2021)

<sup>(12)</sup> Mr. Willem Frederik Nagel

- The Board of Directors Meetings No. 1/2021 - 8/2021, No. 10/2021 - 13/2021, and No. 1/2021 (Special Session) - No. 4/2021 (Special Session), and No. 6/2021 (Special Session)
- The Nomination, Remuneration and Corporate Governance Committee Meetings No. 1/2021 - 12/2021
- The Risk Oversight Committee Meetings No. 1/2021 - 12/2021
- The IT Oversight Committee Meetings No. 1/2021 - 9/2021, and No. 1/2021 (Special Session)

<sup>(13)</sup> Ms. Chananyarak Phetcharat

- The Board of Directors Meetings No. 2/2021, No. 1/2021 (Special Session), No. 4/2021 - 10/2021, No. 3/2021 (Special Session), No. 4/2021 (Special Session), No. 11/2021, No. 5/2021 (Special Session), No. 6/2021 (Special Session), and No. 12/2021 - 13/2021
- The Audit Committee Meetings No. 4/2021, No. 6 - 10/2021
- The IT Oversight Committee Meetings No. 1/2021 - 2/2021, No. 4/2021 - 9/2021, and No. 1/2021 (Special Session)

<sup>(14)</sup> Ms. Patricia Mongkhonvanit (assumed the director position, effective from 2 November 2021, and attended the Board of Directors Meeting No. 5/2021 (Special Session))

- The Board of Directors Meetings No. 5/2021 (Special Session), and No. 12/2021 - 13/2021
- The Board of Executive Directors Meeting No. 24/2021
- The Nomination, Remuneration and Corporate Governance Committee Meeting No. 12/2021
- The IT Oversight Committee Meeting (assumed the Member of the IT Oversight Committee, effective from 25 November 2021)

<sup>(15)</sup> Mr. Piti Tantakasem

- The Board of Directors Meetings No. 4/2021 - 10/2021, No. 3/2021 (Special Session) - No. 4/2021 (Special Session), No. 11/2021, No. 5/2021 (Special Session), and No. 13/2021
- The Board of Executive Directors Meetings No. 7/2021, No. 9/2021 - 11/2021, No. 12/2021 - 17/2021, No. 3/2021 (Special Session), No. 18/2021 - 19/2021, No. 4/2021 (Special Session), No. 20/2021 - 22/2021, and No. 24/2021
- The Risk Oversight Committee Meetings No. 4/2021 - 12/2021
- The Credit Committee Meetings No. 6/2021 - 25/2021

### **Non-Executive Directors and Independent Directors' Meeting (Without Executive Directors)**

Non-executive directors and independent directors had allocated time to meet among themselves without involvement of the executive directors to discuss key issues and to align with the good corporate governance principle. In 2021, there were 4 meetings: No. 1 on 27 January 2021, No. 2 on 25 May 2021, No. 3 on 23 August 2021, and No. 4 on 28 October 2021.

In addition, on 14 July 2021 and 23 December 2021, the Bank arranged meetings between the Chairman of the Risk Oversight Committee and the Chairman of the Audit Committee as an open floor discussion regarding the assessment on the effectiveness and efficiency of the Bank's risk management.

### **Remuneration for Directors**

The Bank has fairly set the directors' remuneration criteria, compositions and amounts based on Fiduciary Duty at appropriate level. In addition, the directors' remuneration shall be in accordance with accountability and responsibility of the directors compared with the companies in the same industry and similar size.

In addition, directors' remuneration must be sufficient and attractive to nominate qualified directors and retain directors who has knowledge and capability to perform their duty and dedicate themselves to contribute to the Bank. The Nomination, Remuneration and Corporate Governance Committee has reviewed the directors' remuneration on an annual basis, and then propose to the Board for endorsement and also put it in agenda of the Annual General Meeting of Shareholders for approval annually.

### **Directors' Remuneration Criteria**

1. Monthly fee consist of
  - 1.1 Retaining fee = Director is entitled to the retaining fee for one position only.
  - 1.2 Committee fee = Director is entitled to the committee fee for every board and committee that he/she sits on.
2. Attendance fee = Director is entitled to the attendance fee for every meeting where he/she is present.

Cash remuneration by committee is as follows;

		Remuneration (baht)		
		Retaining Fee (Per Year)	Committee Fee (Per Year)	Attendance Fee (Per Meeting)
Board of Directors	Chairman	1,800,000	1,800,000	40,000
	Vice Chairman	420,000	420,000	35,000
	Member	384,000	384,000	30,000
Board of Executive Directors	Chairman	1,440,000	1,440,000	40,000
	Vice Chairman	420,000	420,000	35,000
	Member	384,000	384,000	30,000
Audit Committee	Chairman	696,000	696,000	32,400
	Member	374,400	374,400	24,600
Nomination, Remuneration and Corporate Governance Committee	Chairman	696,000	696,000	32,400
	Member	374,400	374,400	24,600
Risk Oversight Committee	Chairman	696,000	696,000	32,400
	Member	374,400	374,400	24,600
Credit Committee	Chairman	696,000	696,000	32,400
	Member	374,400	374,400	24,600
IT Oversight Committee	Chairman	696,000	696,000	32,400
	Member	374,400	374,400	24,600

The directors who are the Bank's executives do not receive the remuneration according to the Bank's regulations. As well as, the representative directors who are the executives of ING Bank N.V. will not receive the remuneration under ING's policy.

In case additional remuneration is required for newly formed committees, the Board of Directors shall provide such remuneration and ensure that the total remuneration for the directors shall not exceed THB 45 million as approved by the shareholders' meeting.

In 2021, the Annual General Meeting of Shareholders has approved the distribution of directors' bonus at the rate 0.5 percent of dividend paid among the directors for 2020 operational performance and the Board



be granted the authority to set up detail of the allocation. In this regard, the director who is the Bank's executive and the representative directors who are the executives of ING Bank N.V. will not receive the directors' bonus.

In 2021, the directors received remuneration for serving on the Board of Directors and other committees in a total amount of THB 41,647,400 and directors' bonus amount of THB 21,691,606.40. The details are as follows:

Name of directors	Details of Directors' Remuneration as TTB (TMB) director	Details of Directors' Remuneration as TBANK (subsidiary) director	Details of Directors' Remuneration as PAMCO (subsidiary) director
1. Mr. Ekniti Nitithanprapas (since Feb 13, 2020)	Received THB 4,360,000 for serving as the Chairman of the Board of Directors. Received THB 2,520,503.56 for directors' bonus.	Received THB 480,000 for serving as the Chairman of the Board of Directors.	Not applicable
2. Mr. Suphadej Poonpipat	Received THB 2,835,000 for serving as a Vice chairman of the Board of Directors and the Vice chairman of Board of Executive Directors. Received THB 1,833,093.50 for directors' bonus.	Received THB 1,015,000 for serving as a Vice chairman of the Board of Directors and the Vice chairman of Board of Executive Directors.	Not applicable
3. Gen. Apinun Kumproh <sup>(1)</sup> (since Mar 8, 2020)	Received THB 1,150,000 for serving on the Board of Directors.	Received THB 300,000 for serving on the Board of Directors.	Not applicable
4. Mr. Philippe G.J.E.O. Damas	Received THB 6,038,800 for serving on the Board of Directors and as Chairman of the Board of Executive Directors and the Nomination, Remuneration and Corporate Governance Committee. Received THB 1,833,093.50 for directors' bonus.	Received THB 1,299,200 for serving on the Board of Directors and as Chairman of the Board of Executive Directors and the Nomination, Remuneration and Corporate Governance Committee.	Not applicable
5. Mr. Praisun Wongsmith	Received THB 2,767,200 for serving on the Board of Directors and as Chairman of the Audit Committee. Received THB 1,833,093.50 for directors' bonus.	Received THB 619,200 for serving on the Board of Directors and as Chairman of the Audit Committee.	Received THB 68,000 for serving on member of the Advisory Board.

Name of directors	Details of Directors' Remuneration as TTB (TMB) director	Details of Directors' Remuneration as TBANK (subsidiary) director	Details of Directors' Remuneration as PAMCO (subsidiary) director
6. Mr. Willem Frederik Nagel (since Apr 23, 2020)	Received THB 3,964,800 for serving on the Board of Directors and as Chairman of the Risk Oversight Committee, member of the Nomination, Remuneration and Corporate Governance Committee, member of IT Oversight Committee. Received THB 1,298,441.23 for directors' bonus.	Received THB 808,800 for serving on the Board of Directors and as Chairman of the Risk Oversight Committee, member of the Nomination, Remuneration and Corporate Governance Committee, member of IT Oversight Committee.	Not applicable
7. Mr. Yokporn Tantisawetrat (Jan - Nov = Member CC) (Dec = Chairman CC)	Received THB 3,099,600 for serving on the Board of Directors and as member of the Risk Oversight Committee and member of the Credit Committee. Received THB 1,833,093.50 for directors' bonus.	Received THB 704,400 for serving on the Board of Directors and as member of the Risk Oversight Committee and member of the Credit Committee.	Received THB 68,000 for serving on member of the Advisory Board.
8. Mr. Teeranun Srihong	Received THB 4,009,200 for serving on the Board of Directors and as Chairman of IT Oversight Committee, member of the Nomination, Remuneration and Corporate Governance Committee and member of the Risk Oversight Committee. Received THB 1,833,093.50 for directors' bonus.	Received THB 898,800 for serving on the Board of Directors and as Chairman of IT Oversight Committee, member of the Nomination, Remuneration and Corporate Governance Committee and member of the Risk Oversight Committee.	Not applicable
9. Mr. Somjate Moosirilert (Nominated to be CC Member since Nov 25, 2021)	Received THB 3,278,400 for serving on the Board of Directors and as member of the Board of Executive Directors and member of the Nomination, Remuneration and Corporate Governance Committee. Received THB 1,833,093.50 for directors' bonus.	Received THB 1,036,800 for serving on the Board of Directors and as member of the Board of Executive Directors and member of the Nomination, Remuneration and Corporate Governance Committee.	Received THB 68,000 for serving on member of the Advisory Board.

Name of directors	Details of Directors' Remuneration as TTB (TMB) director	Details of Directors' Remuneration as TBANK (subsidiary) director	Details of Directors' Remuneration as PAMCO (subsidiary) director
10. Mr. Prinya Hom-anek	Received THB 3,322,200 for serving on the Board of Directors and as member of the Audit Committee, member of the Risk Oversight Committee and member of the IT Oversight Committee. Received THB 1,833,093.50 for directors' bonus.	Received THB 852,000 for serving on the Board of Directors and as member of the Audit Committee, member of the Risk Oversight Committee and member of the IT Oversight Committee.	Not applicable
11. Mr. Michal Jan Szczurek	Not entitled to receive the monetary remuneration and directors' bonus as per the criteria of ING Bank N.V.	Not entitled to receive the monetary remuneration and directors' bonus as per the criteria of ING Bank N.V.	Not applicable
12. Mrs. Chananyarak Phetcharat (since Apr 1, 2020)	Received THB 2,652,600 for serving on the Board of Directors and as member of the Audit Committee and member of the IT Oversight Committee. Received THB 1,374,820.12 for directors' bonus.	Received THB 704,400 for serving on the Board of Directors and as member of the Audit Committee and member of the IT Oversight Committee.	Not applicable
13. Mrs. Patricia Mongkhonvanit <sup>(2)</sup> (since Nov 2, 2021) (Nominated to be BOED, NRCC, ITOC Member since Nov 25, 2021)	Received THB 474,200 for serving on the Board of Directors and member of the Board of Executive Directors and member of the Nomination, Remuneration and Corporate Governance Committee, member of IT oversight committee.	Not applicable	Not applicable
14. Mr. Piti Tantakasem	Not entitled to receive the monetary remuneration and directors' bonus as per the criteria of the Bank.	Not entitled to receive the monetary remuneration and directors' bonus as per the criteria of the Bank.	(not entitled to receive the monetary remuneration)

Name of directors	Details of Directors' Remuneration as TTB (TMB) director	Details of Directors' Remuneration as TBANK (subsidiary) director	Details of Directors' Remuneration as PAMCO (subsidiary) director
15. Mr. Chumpol Rimsakorn <sup>(3)(4)</sup> (until Sep 30, 2021)	Received THB 3,695,400 for serving on the Board of Directors and as Chairman of the Credit Committee, member of the Board of Executive Directors and member of the Nomination, Remuneration and Corporate Governance Committee. Received THB 1,833,093.50 for directors' bonus.	Received THB 1,326,000 for serving on the Board of Directors and as Chairman of the Credit Committee, member of the Board of Executive Directors and member of the Nomination, Remuneration and Corporate Governance Committee.	Not applicable
16. Mr. Singha Nikornpun <sup>(4)</sup> (until Apr 1, 2020)	Received THB 458,273.37 for directors' bonus.	none	Not applicable
17. Gen. Nattaphon Nakphanit <sup>(4)</sup> (until Oct 1, 2020)	Received THB 1,374,820.12 for directors' bonus.	none	Not applicable

**Remark:** <sup>(1)</sup> Gen. Apinun Kumproh was appointed as a director of the Board of Director to replace Gen. Nattaphon Nakphanit, effective from March 8, 2021

<sup>(2)</sup> Mrs. Patricia Mongkhonvanit was appointed as a director of the Board of Director to replace Mr. Chumpol Rimsakorn, effective from November 2, 2021

<sup>(3)</sup> Mr. Chumpol Rimsakorn resigned from directorship, effective from October 1, 2021

<sup>(4)</sup> Not currently a board member

### Other Remuneration and Benefits

In this year, the Bank pay 7,656,398.56 Baht for insurance premium (D&O) included VAT cover both directors and managements of the Bank and the subsidiaries, however this amount could not identified by detail.

### Directors' Bonus

The Board has important role in policy's setting, oversee the Bank's performance, and there are strong and sustain performance. The Board fairly set the directors' bonus in proper rate and consistent with the Bank's performance as well as comparable to that of the industry in which the Bank operates. The Nomination, Remuneration and Corporate Governance shall consider the directors' bonus, and then propose it to the Board for endorsement, and also include it in the agenda of the annual general meeting of shareholders for approval. The Board shall ensure that the Bank discloses the bonus of each individual director in the reports such as one report in compliance with the regulatory requirements.

### 8.1.3 Subsidiaries Supervision

The Bank has considered nominated 11 executives to be representative directors in 2 subsidiaries namely Phaholyothin Asset Management Company Limited and TMBThanachart Broker, which the mentioned executives who have been nominated and approved by the Bank's Board of Directors from time to time. The determined scope of duties and responsibilities of the representative directors and important transactions such as connected transaction, acquisition and disposition of asset, disclosure of information were defined in the Consolidated Supervision Policy which was approved by the Board of Directors.

#### Representative Director Appointment

The objective is to manage and control the subsidiaries carefully under consolidated supervision policy, the Bank sets guideline of representative director appointment as follows:

1. The Bank nominates directors by proportion of the Bank's shareholding.
2. Chairman of the Board must be appointed by the Bank's Board of Directors.
3. Managing Director or Chief Executive Officer's nomination must be endorsed by the Bank's Board of Directors. (The nomination of Managing Director of all companies in Solo Consolidation Group must be approved by the Bank of Thailand).
4. Chief supervising the subsidiaries companies proposes the Bank's executives as representative directors by:
  - Propose to the Board of Directors (BoD) the appointment of new representative directors through Chief Executive Committee (CEC), and Nomination, Remuneration and Corporate Governance Committee (NRCC) respectively or other guidelines that will be set up by the Board of Directors in the future.
  - Review of existing representatives, propose to NRCC for approval with CEC endorsement and BoD acknowledgment.
5. The Bank may consider appointing outside expert to be a director as appropriate.
6. Representatives core qualifications:
  - The person with no conflict of interest with the company business (declared in CG 001-01 (1) form)
  - The person with no prohibited characters (referred to BOT requirements)
  - The person who in relevant function(s) or the company business is in area of expertise
  - The person who complied with specific authority requirement (if any) i.e. SEC and OIC
7. The person who is appointed to be a representative director could be appointed as managing director or authorized director or others. However, such person must not be appointed in aforementioned positions in more than 3 business groups.
8. Bank's representative director has no conflict of interest with the Company to which the Bank will send the representative director.

### **Duty of Representative Directors**

1. All representative directors shall not receive any remuneration in terms of cash and non-cash for being representative directors.
2. Attend all Group Companies' Board meetings to determine the Group Companies' Policies and Strategies to align with the Bank, which a lead director will work with
  - 2.1 Strategy and Transformation to ensure timely communication of direction and strategy from the Bank to representative Directors regarding business matters.
  - 2.2 Related Chief/BU regarding oversight in TTB risk management area shall regularly report the summary of risk issues of the group companies to ROC of the bank every 6 months or as deem appropriate.
3. Supervise the operation of the subsidiaries to be compliance with Bank's policies, plans, rule and regulation efficiently and effectively, as well as ensure no Conflict of Interest issue.
4. Propose policy, strategy, performance and opinion to the Bank.
5. Report performance of the subsidiaries or any material change that may have an impact on the Bank such as capital increase/decrease of the subsidiaries, business sale and purchase/merging, change in financial status, change in business group or change in rules/regulatory bodies/specific laws of each business.
6. Monitor and protect all benefits of the Bank.
7. Other duty as specified by the Bank.

### **Transactions that requires approval by the Bank before Voting in the subsidiaries' Board Meetings**

1. Policy and strategy that will significantly impact on going business operation or nature of business.
2. Increase or decrease of registered capital.
3. Approvals of dividend payout.
4. Investment or divestiture of other business which subsidiary holds more than 10% of paid-up capital.
5. Selling of core asset.
6. Entering into business contract/agreement that is worth more than 15% of net tangible asset (NTA).
7. Liquidation/Debt Moratorium/Bankruptcy.
8. Transactions related to the Bank and connected persons to the company following Compliance Policy.
9. Borrowing transaction over 15% of NTA and Letter of Guarantee to third party with transaction over 15% of NTA.
10. Change of image, business format or brand.
11. Other matters that have significant impacts on the Bank's business and the liability for representative directors.

### **Subsidiaries Supervision**

The Bank has determine the management and control structure of the subsidiaries in aspect of generating strategic plan and nominating representative directors to jointly manage the subsidiaries and reorganize to take responsibility of the subsidiaries as appropriate.

## Mechanism for Supervision

The Bank has mechanism to supervise subsidiaries for controlling the operation of subsidiaries in which to keep benefit covering investment, The Board of Directors has determined “**Consolidated Supervision Policy**”, which includes policies as follows

- **Accounting Policy**

To determine the accounting and financial report policy for the Bank to collect related information from the subsidiaries for generating consolidated financial report correctly, in the same direction and in compliance with the Bank of Thailand’s rule and regulation and analyzing performance and financial status of the subsidiaries correctly and promptly for controlling and following.

- **Corporate Governance Policy and Policy on Confidential & Insider Information and Conflicts of Interest**

Corporate Governance Policy determine the policy for the subsidiaries to conduct under business ethic and the morality and the best practices are concerning in good corporate governance and best practices which should be in line with Good Corporate Governance Policy.

Policy on Confidential & Inside Information and Conflicts of Interest is applied both the bank and the subsidiary companies to prevent conflict of interest issue and misusing the internal information and aligned with the bank’s policy.

- **Anti-Corruption Policy**

Anti-Corruption Policy determine the policy for the subsidiaries to conduct in the same manner of the Bank, as well as applying the relevant laws on such matter. This is to support the bank and subsidiaries’ intention in anti-corruption, anti-bribery dealing with either government or private sector.

- **Risk Management Policy**

To determine the risk management policy of the subsidiaries covering various aspects of risk relating to companies’ performance and impacting the stability of the Group Companies including market risk management, liquidity risk management, operational risk management, credit risk management, market conduct risk management, and recovery plan.

- **Compliance Policy**

To determine the policy for the subsidiaries to conduct under Compliance Policy and relevant Regulatory Policy such as Regulatory Compliance, Bank of Thailand’s Regulatory, Compliance and Know your Customer, Anti-Money Laundering Act, and Counter Terrorism Financing Act.

- **Corporate Communication Policy**

To determine the policy for the subsidiaries to conduct in the same way and promote Bank image in aspect of name and brand and disclose information of the subsidiaries.



- **Audit Policy**

To determine the roles of Internal Audit (AUD) and the Audit Committee's oversight role in conjunction with the roles of the Bank management and external auditor on auditing, controlling and monitoring the Group Companies. The ultimate objective is to ensure sound control culture and good governance throughout the Financial Business Group.

#### **8.1.4 Compliance with the Policies**

##### **8.1.4.1 Confidential and Inside Information Policy**

###### **Protection against abuse of inside information**

The Bank has written policy and guidelines for keeping and preventing abuse of inside information, and information that the Bank not yet disclose to public which significant to change of price or value of share. The Bank has regulation on the use of inside information and also ensure strict compliance to prevent any **director, executive or employee** in the position or status having opportunity to access to the Bank's inside information or related persons which defined by government agencies from exploiting such information for his/her own benefits or for others' benefits such as trading share before insider information are disclosed to public, using details or confidential information of the Bank/customers to operate business competing with the Bank's/customers' businesses or exploit any benefit from his/her authority and responsibility.

**Directors and executives** are required to sign for acknowledgement and compliance with the practice on online reporting the change in the directors and executives securities holding to the Office of Securities and Exchange Commission within 3 days from the date of securities holding change in response to Section 59, Securities and Exchange Act, B.E. 2535 (as amended), In addition, they are responsible for reporting such change to the Company Secretary to record the matter and summarize the shareholding portion of the directors and executives and their spouses and children **before submission to the Board of Directors for acknowledgement monthly**. The Bank also informs them of the penalties given the failure to comply with such requirement.

**Compliance** is responsible for supporting Management with the implementation, enforcement and updating of the aforementioned policy and procedure and also provides for appropriate monitoring mechanism to ensure compliance with the policy, operations procedure as well as relevant laws and regulations.

##### **8.1.4.2 Control on use of inside information**

In addition, the Bank established **Policy on Confidential & Insider Information and Conflict of Interest, and code of conduct** for both executives and employee. This is to operate the bank business according to the banking industry code of conduct and transparency as well as equal treatment of all stakeholder.

### **Policy and procedure on Conflict of Interest and insider information**

The Bank has issued Regulations and guidelines in written in **Code of Conduct, ttb Policy on confidential & Inside information and Conflicts of Interest** including operating manual regarding Conflicts of Interest, Trading & Investment of TTB's Financial Instrument as operating guideline of director, executive, and employee.

The Bank is aware of the importance of monitoring the use of inside information, especially non-public information that may impact its share price. As such, The Bank has assigned **Financial Regulatory Management** to be the only unit responsible for submitting the financial statements and all financial reports to the SET and the SEC after undergoing a correctness and completeness review by the Audit Committee and the Board of Directors respectively to make sure The Bank's inside information is not prematurely disclosed to the public.

Guidelines to prevent inside information the Bank imposed punishment for employees' disciplinary misconduct regarding business code of conduct and ethics to ensure the management and the staff perform duties with transparency and based on professional code of conduct and treat all stakeholders fairly, which is in line with the Securities and Exchange Commission Act regarding the use of inside information. The Bank **prohibited the executives and staffs who have permanent or occasionally potential access to the Bank's inside information to trading securities** until 24 hours after disclosure information to public. The executives and staffs shall not disclose the Bank's inside information to any of their family members and/or other persons even though the staffs and/or their family members do not sell/buy the securities and/or do not gain any benefit in any form and to prevent for personal benefits and whatsoever or the others' benefits. Moreover, if there is any event that may have an effect to The Bank's securities price. Bank will set the additional period to prohibit relevant covered person regarding to trading The Bank securities.

The Bank require that the directors, Chief Executive Officer, Chiefs, Senior Executive Vice President, Executive Vice President or Heads (or equivalent), and Team Heads (or equivalent), in Finance Control, Financial Planning and Analysis, Balance Sheet Management, and other persons defined by Chief Financial Officer shall disclose and report to the Securities and Exchange Commission (SEC) the Bank-issued securities held by them, their spouses and minor children, as well as any changes thereof, such as sale, purchase, transfer or acceptance of transfer of those securities in the report format and within the period of time specified by the SEC.

In addition, the management is required to report on a monthly basis the Bank-issued securities held by **directors, management, their spouses, and minor children** to the Board for acknowledgement, and to prepare a summary report on any changes of the Bank-issued securities held by directors, management, their spouses, and minor children and disclose such information in the annual report.

## **Penalty measures**

The Bank's punishment for the violating of Financial Institution Business Act, using of inside information accords with the provisions of the Securities and Exchange Act, violating of Non-Violation Against Intellectual Property Rights or Copyrights, Anti-Corruption, Anti-bribery for the Bank's benefit or Anti-bribery in business dealing with government and private organization and all other relevant rules and regulations of the authorities. It has also imposed punishment for employees' disciplinary misconduct regarding business code of conduct and ethics to ensure the management and the staff perform duties with transparency and based on professional code of conduct and treat all stakeholders fairly.

### **8.1.4.3 Anti-Corruption Policy**

The Board of Director considered the appropriateness and approved the annual reviewed of The Anti-Corruption Policy. The Bank established the corruption risk management process which is align with guideline of the Private Sector Collective Action Coalition Against Corruption (CAC). The Bank oversees directors and employees to abide by this policy strictly and the Bank has measured to protect and give fairness to employees who deny or inform clue action on corruption from harassment, harm, penalty, demotion or threats. All staff need to attend the Anti-Corruption training on annual basis. The course is classified as the mandatory course for all employees. Audit Committee supervise the adequacy of the internal control for preventing the corruption risk.

### **8.1.4.4 Whistleblowing Policy**

The Bank provide the channel for reporting of whistleblowing, Audit Committee as independent body, consider and supervision the whistleblowing cases which were reported by Compliance. In 2021, there were 10 cases of whistleblowing which 7 cases out of 10 cases were regarding fraud or corruption, and 3 cases out of 10 cases were bleaching the bank's policy. The relevant business units shall report the result of the corrective action to the reporter within required timeline. The reporter's right shall be protected according to the bank's policy. The restricted right to access to whistleblowing cases was granted to proper person.

## **8.2 Performance Result Report of the Audit Committee during the Past Year (AC)**

Performance Result Report of Audit Committee is disclosed via the bank's website regarding Board Committees' reports, detail of meetings and attendance of directors in Audit Committee is disclosed in topic 8.1.2 Board of Director Meetings and Director's Remuneration.

## **8.3 Performance Result Reports of Other Board Committees (NRCC, ROC, BOED, CC, ITOC)**

Performance Result Report of Other Board Committees is disclosed via the bank's website regarding Board Committees' reports, detail of meetings and attendance of directors in Committee is disclosed in topic 8.1.2 Board of Director Meetings and Director's Remuneration.

## 9. Management and Corporate Governance

### 9.1 Internal Control

#### **Opinion of the Board of directors on Internal Control and Risk Management**

Effective Internal control is an important cornerstone of the bank's operating model and strategic direction, both at management and operational levels. The Board of Directors (through the Audit Committee, Risk Oversight Committee, and Nomination, Remuneration and Corporate Governance Committee), Credit Committee, and IT Oversight Committee have been tasked with oversight of internal controls, risk management policies & processes and good corporate governance.

Internal Audit carries out reviews over the Bank's overall operations, related and connected transactions and reports findings to the Audit Committee and the Audit Committee reports to the Board of Directors accordingly. The result of audit report is also a tool for Management to develop process and improve internal controls as deemed appropriate.

The Board of Directors meeting no. 1/2022 held on 26 January 2022, attended by members represented in the Audit Committee, has reviewed the report on the Bank's internal control assessment proposed by Chief Audit Officer. Internal auditors conducted the assessment based on the Internal Control Core Components; (1) Control Environment (2) Risk Assessment (3) Control Activities (4) Information and Communication (5) Monitoring Activities.

Board of Directors has acknowledged the status of the Bank's internal control and risk management based on which are generally at appropriate level. There is continuous monitoring and improvement which is in line with the changing world that is more volatile, uncertain, complex and ambiguous, especially during the pandemic outbreak of the Coronavirus 2019 (COVID-19) resulting in changes in way of life, business model, economic system as well as the financial services. The banking business is relying more heavily on the digital technology leading to enhanced convenience and efficiency at work. Given this paradigm shift, Board of Directors continues to work closely with the management to ensure up-to-date and effective internal control and risk management framework to address emerging cybersecurity risks, such as disruption of basic infrastructure, service delivery, security breaches, or identity theft. In addition, the Board of Directors has monitored development of internal control improvement by management appropriately; which Audit Committee has recommended management and monitored actions in addressing identified deficiencies from the audit with reporting progress to the Audit committee and the Board of Directors on a regular basis.

#### **Statement of the Audit Committee**

Disclosed on the Bank's website regarding Board Committees' reports.

## **9.2 Transactions with related parties which occurred during the year**

Related party disclosures, which comprised of definitions and characteristics of relationship, pricing policy, related parties transactions with key management and other related parties, outstanding balances with related parties, senior management personnel compensation, other benefits payable to the senior management personnel, were disclosed in notes to financial statements for the year ended December 31, 2021.

## **9.3 Measures or procedures to approve the making of related transactions**

In conducting its business, the Bank shall adhere to its principles, integrity, transparency and maximize its interest by emphasizing the prevention of conflicts of interest and also to related party transactions and connected transactions according to the regulatory requirements. To that effect, the Bank requires that its Directors and Senior Management at Head of level and higher to disclose their relations or connections in any business with any conflicts of interest on a quarterly basis. Moreover, the Policy on Confidential & Insider Information and Conflicts of Interest and a Procedure Manual have been issued and enforced in order to eradicate conflicts of interest. Transactions with related parties or connected persons are carried out by the Bank on an arm's length basis. In addition, the Bank's Directors and Executives who may have conflicts of interest in such transactions are neither allowed to participate in the approval thereof, nor to vote in a meeting.

The Bank has no policy to grant any direct loan to Directors or Senior Management. Loans provided to or investments in any entity in which the Bank, its Directors or Senior Management have conflict of interests are subject to the consideration of the project's viability, operational performance or feasibility analysis with terms, conditions and prices to be the same as those approved for other clients in general. The loan or investment amount must be controlled so that it will not exceed an appropriate limit and is subject to unanimous approval of Board of Directors. The concerned Directors or Executives shall not participate in the approval of such transaction and the approval must be consistent with the regulations of related authorities.

The Bank has assigned the Audit Committee to prevent and mitigate the conflicts of interest. Those transactions that have potential conflicts of interest that exceed the set threshold values or limits must be submitted to the Audit Committee for validation and/or approval prior to execution. Related and/or connected transactions will be disclosed on a complete and transparent basis according to the criteria of the relevant regulators.

For future related party transactions, the Bank shall continue to adhere to its principles to maximize the interest of the Bank and our shareholders, whereby at a minimum, pricing and terms and conditions will be on arm's length basis in accordance with the above mentioned Policy and Operational Guidelines. Also, the Policy and the Operational Manual will be updated to be in line with the changes of the regulatory requirements and internal criteria.

## **9.4 Persons who may have conflicts of interest to hold more than a 5% of stake in subsidiary company or associated company instead of direct shareholding by the Bank**

The Bank has not allowed any person who may have conflicts of interest to hold more than a 5% of stake



## **Section 3**

### Financial Statements

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Summary of financial statements

Summary of audit report

Summary of consolidated financial statements over the past three years



## Key Financial Information

Investors are recommended to read the Management discussion and analysis together with the Bank's financial statements which contain a summary of the key accounting policy. In certain cases, the Management has to exercise subjective judgments and estimates on the projected assumption of any such business items for the preparation of the Bank's financial statements in conformity with Thai Financial Reporting Standards.

### 1. Summary of financial statements

The financial statements for the years ended December 31, 2019-2021 were audited by Mr. Chanchai Sakulkoedsin, CPA No. 6827, of KPMG Phoomchai Audit Limited.

### 2. Summary of audit report

#### Summary of audit report for the years ended December 31, 2019-2021

Mr. Chanchai Sakulkoedsin of KPMG Phoomchai Audit Limited audited the consolidated and bank only financial statements for the year ended December 31, 2019-2021 in accordance with Thai Standards on Auditing and expressed an unqualified opinion to financial statements for the year ended December 31, 2019-2020 and expressed an unqualified opinion with an emphasis note on the completion of the entire business transfer of TMBThanachart Bank Public Company Limited to financial statements for the year ended December 31, 2021.

### 3. Summary of consolidated financial statements over the past three years are in the following pages.

## Consolidated statements of financial position

(Unit: THB million)

Assets	2021	2020*	2019
<b>Assets</b>			
Cash	16,011	21,943	23,853
Interbank and money market items, net	158,873	211,185	236,311
Financial assets measured at fair value through profit or loss	1,421	3,788	-
Derivative assets	6,913	11,959	10,399
Investments, net	180,229	134,351	166,265
Investments in subsidiaries and associates, net	8,620	8,599	8,953
Loans to customers	1,372,315	1,392,925	1,392,225
<i>Add</i> accrued interest receivables and undue interest income	7,369	7,522	1,882
<i>Less</i> allowance for expected credit loss	(54,472)	(51,967)	-
<i>Less</i> allowance for doubtful accounts & revaluation allowance for debt restructuring	-	-	(45,477)
Total loans to customers and accrued interest receivables, net	1,325,212	1,348,480	1,348,630
Properties for sale, net	8,626	6,037	4,810
Premises and equipment, net	21,625	24,039	23,642
Goodwill and other intangible assets, net	22,819	22,546	22,363
Deferred tax assets	9	1,980	1,496
Other assets, net	8,823	13,425	11,468
<b>Total assets</b>	<b>1,759,181</b>	<b>1,808,332</b>	<b>1,858,190</b>

## Consolidated statements of financial position (continued)

(Unit: THB million)

Liabilities and equities	2021	2020*	2019
<b>Liabilities</b>			
Deposits	1,339,195	1,373,408	1,398,112
Interbank and money market items	84,966	75,909	86,626
Liabilities payable on demand	5,325	3,895	3,382
Financial liabilities measured at fair value through profit or loss	437	432	418
Derivative liabilities	6,595	9,268	9,719
Debts issued and borrowings, net	68,398	88,965	108,835
Provisions for employee benefits	3,784	4,366	5,150
Provisions for other liabilities	2,026	2,820	1,855
Deferred tax liabilities	922	3,500	4,730
Deferred revenue	20,176	20,885	18,186
Other liabilities	16,521	20,134	26,366
<b>Total liabilities</b>	<b>1,548,345</b>	<b>1,603,582</b>	<b>1,663,379</b>
<b>Equity</b>			
Share capital			
Authorised share capital			
96,864,354,380 ordinary shares of Baht 0.95 each (31 December 2020 and 2019: 106,223,552,373 ordinary shares)	92,021	100,912	100,912
Issued and paid-up share capital			
96,622,874,580 ordinary shares of Baht 0.95 each (31 December 2020: 96,409,416,880 ordinary shares and 31 December 2019: 96,359,354,380 ordinary shares)	91,792	91,589	91,541
Premium on share capital	43,345	43,322	43,217
Other reserves	5,172	5,798	6,042
Retained earnings			
Appropriated - Legal reserve	10,091	10,091	3,360
Unappropriated	60,435	53,913	50,617
Equity attributable to equity holders of the Bank	210,835	204,713	194,777
Non-controlling interest	1	37	34
<b>Total equity</b>	<b>210,836</b>	<b>204,750</b>	<b>194,811</b>
<b>Total liabilities and equity</b>	<b>1,759,181</b>	<b>1,808,332</b>	<b>1,858,190</b>

## Consolidated statements of profit or loss and other comprehensive income

(Unit: THB million)

	2021	2020*	2019
Interest income	64,239	72,320	39,837
Interest expenses	13,239	18,515	12,972
<b>Net interest income</b>	<b>51,000</b>	<b>53,805</b>	<b>26,865</b>
Fees and service income	15,190	16,139	11,343
Fees and service expenses	3,941	4,791	3,245
<b>Net fees and service income</b>	<b>11,249</b>	<b>11,348</b>	<b>8,098</b>
Gains on trading and foreign exchange transactions, net	-	-	1,528
Losses on financial liabilities designated at fair value through profit or loss, net	-	-	(22)
Gains on financial instruments measured at fair value through profit or loss	1,480	1,726	-
Gains on investments, net	182	678	1,956
Share of profit from investment using equity method	346	363	324
Other operating income	1,280	1,426	1,072
<b>Total operating income</b>	<b>65,537</b>	<b>69,346</b>	<b>39,821</b>
<b>Other operating expenses</b>			
Employee expenses	16,480	17,142	9,629
Directors' remuneration	74	66	48
Premises and equipment expenses	5,622	6,171	3,597
Taxes and duties	1,573	1,799	1,358
Others	7,470	6,999	6,042
<b>Total other operating expenses</b>	<b>31,219</b>	<b>32,177</b>	<b>20,674</b>
<b>Profit from operations before expected credit loss, impairment loss on loans and debt securities and income tax</b>	<b>34,318</b>	<b>37,169</b>	<b>19,147</b>
Impairment loss on loans and debt securities	-	-	10,337
Expected credit loss	21,514	24,831	-
<b>Profit from operations before income tax</b>	<b>12,804</b>	<b>12,338</b>	<b>8,810</b>
Income tax	2,327	2,223	1,588
<b>Profit for the year</b>	<b>10,477</b>	<b>10,115</b>	<b>7,222</b>

Consolidated statements of profit or loss and other comprehensive income (continued) (Unit: THB million)

	2021	2020*	2019
<b>Other comprehensive income</b>			
<b>Items that will be reclassified subsequently to profit or loss</b>			
Gains on remeasuring available-for-sale investments	-	-	423
Gains (losses) on investments in debt instruments at fair value through other comprehensive income	(1,038)	114	-
Losses on cash flow hedges	(18)	(21)	-
Losses arising from translating the financial statements of foreign operations	(20)	(21)	(41)
Income tax relating to items that will be reclassified subsequently to profit or loss	215	(14)	(76)
	<b>(861)</b>	<b>58</b>	<b>306</b>
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Change in revaluation surplus on assets	(51)	(179)	1,338
Gains (losses) on investments in equity instruments designated at fair value through other comprehensive income	588	(187)	-
Actuarial gains (losses) on post-employment benefit plan	197	680	(112)
Income tax relating to items that will not be reclassified subsequently to profit or loss	(147)	(63)	(245)
	<b>587</b>	<b>251</b>	<b>981</b>
<b>Total other comprehensive income for the year, net of income tax</b>	<b>(274)</b>	<b>309</b>	<b>1,287</b>
<b>Total comprehensive income for the year</b>	<b>10,203</b>	<b>10,424</b>	<b>8,509</b>

Consolidated statements of profit or loss and other comprehensive income (continued) (Unit: THB million)

	2021	2020*	2019
<b>Profit attributable to:</b>			
Equity holders of the Bank	10,474	10,112	7,222
Non-controlling interest	3	3	-
<b>Profit for the year</b>	<b>10,477</b>	<b>10,115</b>	<b>7,222</b>
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Bank	10,200	10,421	8,509
Non-controlling interest	3	3	-
<b>Total comprehensive income for the year</b>	<b>10,203</b>	<b>10,424</b>	<b>8,509</b>
<b>Earnings per share</b>			
Basic earnings per share (in Baht)	0.1086	0.1049	0.1485
Diluted earnings per share (in Baht)	0.1083	0.1047	0.1485

**Consolidated statements of cash flows**

(Unit: THB million)

<b>Cash flows from operating activities</b>	<b>2021</b>	<b>2020*</b>	<b>2019</b>
Profits from operations before income tax	12,804	12,338	8,810
Adjustments to reconcile profit from operations before income tax to net cash provided by (used in) operating activities			
Depreciation and amortisation	4,802	4,312	1,730
Impairment loss on loans and debt securities	-	-	10,337
Expected credit loss	21,514	24,831	-
Impairment loss on premises and equipment (reversal of)	182	23	(68)
Impairment loss on properties for sale and other assets	282	4	579
Reversal of impairment loss on intangible assets	-	(30)	-
Provisions for liabilities	535	353	661
Losses (gains) on revaluation of investments measured at FVTPL	8	(29)	-
Gains on revaluation of investments	-	-	(5)
Losses on disposal of intangible assets	87	17	14
Losses (gains) on disposal of premises and equipment	15	19	(80)
Gains on disposal of investments	(182)	(678)	(1,956)
Unrealised losses on remeasurement of financial liabilities measured at fair value through profit or loss	-	-	22
Unrealised losses (gains) on exchange rate	3,941	(289)	(289)
Expenses in relation to share-based payments	261	117	-
Share of profit from investments accounted for using the equity method	(346)	(363)	(324)
Deferred revenue	(2,920)	(2,831)	(1,940)
Net interest income	(51,000)	(53,805)	(26,865)
Dividend income	(91)	(84)	(261)
Interest received	61,363	65,775	38,639
Interest paid	(11,473)	(19,955)	(11,078)
Income tax paid	(2,269)	(8,341)	(2,792)
<b>Profits from operations before changes in operating assets and liabilities</b>	<b>37,513</b>	<b>21,384</b>	<b>15,134</b>



## Consolidated statements of cash flows (continued)

(Unit: THB million)

	2021	2020*	2019
<b>Decrease (increase) in operating assets</b>			
Interbank and money market items	52,371	25,540	42,464
Financial assets measured at fair value through profit or loss	2,359	3,505	-
Trading investments	-	-	(3,999)
Loans to customers	(1,446)	(23,733)	(9,525)
Properties for sale	3,875	4,699	778
Other assets	5,475	1,549	(534)
<b>Increase (decrease) in operating liabilities</b>			
Deposits	(34,213)	(24,659)	5,193
Interbank and money market items	9,125	(10,717)	(26,659)
Liabilities payable on demand	1,430	513	(1,857)
Financial liabilities measured at fair value through profit or loss	-	12	(1)
Provisions for liabilities	(1,895)	(2,728)	(1,746)
Other accrued expenses	661	109	(808)
Other liabilities	(3,938)	1,962	1,069
<b>Net cash provided by (used in) operating activities</b>	<b>71,317</b>	<b>(2,564)</b>	<b>19,509</b>

## Consolidated statements of cash flows (continued)

(Unit: THB million)

Cash flows from investing activities	2021	2020*	2019
Interest received	1,166	2,048	1,229
Dividend received	416	801	405
Purchase of investments measured at FVOCI	(479,918)	(160,923)	-
Proceeds from investments measured at FVOCI	433,015	186,172	-
Purchase of available-for-sale investments	-	-	(78,465)
Proceeds from sales of available-for-sale investments	-	-	111,714
Purchase of held to maturity debt securities	-	-	(18,617)
Proceeds from redemption of matured held to maturity debt securities	-	-	7,716
Purchase of general investments	-	-	(34)
Proceeds from sales of general investments	-	-	79
Purchase of investments in subsidiaries	-	(859)	(167,070)
Purchase of premises and equipment	(1,223)	(1,877)	(1,250)
Purchase of intangible assets	(2,255)	(1,804)	(1,171)
Proceeds from disposals of premises and equipment	463	1,917	207
<b>Net cash provided by (used in) investing activities</b>	<b>(48,336)</b>	<b>25,475</b>	<b>(145,257)</b>

## Consolidated statements of cash flows (continued)

(Unit: THB million)

Cash flows from financing activities	2021	2020*	2019
Proceeds from long-term borrowings	-	13	20
Repayments of long-term borrowings	(14)	(10)	(14)
Interest paid on long-term debts issued and borrowings	(1,943)	(2,324)	(1,850)
Cash receipts on debenture issued	9,169	14,945	59,661
Cash paid for redemption of debenture	(31,729)	(36,560)	(19,622)
Increase in issued and fully paid-up - ordinary shares	-	105	92,549
Expenses in relation to issuance of ordinary shares to employees	(1)	(1)	-
Dividend paid to equity holders of the Bank	(4,359)	(968)	(5,207)
Cash paid for capital return to non-controlling interests	(16)	-	-
<b>Net cash provided by (used in) financing activities</b>	<b>(28,893)</b>	<b>(24,800)</b>	<b>125,537</b>
Change in translation adjustments of foreign operations	(20)	(21)	(41)
<b>Net decrease in cash</b>	<b>(5,932)</b>	<b>(1,910)</b>	<b>(252)</b>
Cash at 1 January	21,943	23,853	24,105
<b>Cash at 31 December</b>	<b>16,011</b>	<b>21,943</b>	<b>23,853</b>

Note:

\* Certain accounts in the 2020 financial statement, have been reclassified to conform to the presentation in the 2021 financial statements.



## **Section 4**

### Attachments

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Attachments Available on Website (Attachment 1-5)

Report of the Board of Directors' Responsibilities for Financial Reports

Independent Auditor's Report

Financial Statements and Notes to the Financial Statements

The disclosure of attachments on the Bank's website at [www.ttbank.com](http://www.ttbank.com)

**Attachment 1**

Details of the Bank's Directors, Executive Officers and Company Secretary and Change in TTB Shares held by Directors and Chiefs

**Attachment 2**

Detail of Director and Management who are Nominated in Subsidiaries and Associated Companies

**Attachment 3**

Details of the Bank's Head of Internal Audit and Head of Compliance

**Attachment 4**

Full Corporate Governance Policy and Code of Conduct and Board of Directors' Charter

**Attachment 5**

Performance Result Reports of Board Committees

**The disclosure of attachments in F56-1 One Report (in the following section)**

Report of the Board of Directors' Responsibility for Financial Reports

Independent Auditor's Report

Financial Statements and Notes to the Financial Statements

Please find more details of the Bank's information from the attachments which are on website

Group Structure	<a href="https://www.ttbank.com/en/about-us/corporate-group-structure">https://www.ttbank.com/en/about-us/corporate-group-structure</a>
Board of Directors and Management Team	<a href="https://www.ttbank.com/en/about-us/board-of-directors">https://www.ttbank.com/en/about-us/board-of-directors</a>
Corporate Governance	<a href="https://www.ttbank.com/en/about-us/corporate-governance">https://www.ttbank.com/en/about-us/corporate-governance</a>
Investor Relations	<a href="https://www.ttbank.com/en/ir">https://www.ttbank.com/en/ir</a>

## Report of the Board of Directors' Responsibility for Financial Reports

The Board of Directors is responsible for the Bank's financial statements, the consolidated financial statements of the Bank and its subsidiaries, and all financial information appearing in the Annual Report. The financial statements for the year ended 31 December 2021 have been prepared in accordance with Thai Financial Reporting Standards with appropriate accounting policies applied on a conservative and consistent basis. Judgement and estimates where required have been applied with careful and reasonable considerations, with adequate material information disclosures made available in the notes to the financial statements that is useful to all shareholders and investors. These financial statements have been audited by independent auditors who have given their unqualified opinions with an emphasis note on the completion of the entire business transfer of TMBThanachart Bank Public Company Limited.

The Board of Directors has also adopted and maintained appropriate and effective risk management, internal control, internal audit and compliance, whereby the Bank can assure financial records are accurate, complete and protections are appropriate for the Bank's assets. These controls also serve as preventive measures against any significant operational risk of the Bank. The Board of Directors has appointed the Audit Committee comprising entirely of independent directors responsible for the quality of the Bank's financial reporting, the internal control systems as well as complete and appropriate disclosure of connected transactions. The opinion of the Audit Committee with regard to these matters appears in the Report of the Audit Committee in this Annual Report.

The Board of Directors is of the view that the Bank has maintained an effective internal control system which provides an adequate and appropriate level of protection, and therefore can assure the reliability of the Bank's financial statements and the consolidated financial statements of the Bank and its subsidiaries for the year ended 31 December 2021 to be correct, complete, and accurate according to Thai Financial Reporting Standards, related laws and regulations.



Mr. Piti Tantakasem  
Chief Executive Officer



Mr. Ekniti Nitithanprapas  
Chairman of the Board



**TMBThanachart Bank Public Company Limited  
and its Subsidiaries  
(Formerly TMB Bank Public Company Limited and its Subsidiaries)**

Financial statements for the year ended

31 December 2021

and

Independent Auditor's Report

## Independent Auditor's Report

To the shareholders of TMBThanachart Bank Public Company Limited  
(Formerly TMB Bank Public Company Limited)

### Audit Report

#### *Opinion*

I have audited the consolidated and the Bank only financial statements of TMBThanachart Bank Public Company Limited and its subsidiaries (the "Group"), and of TMBThanachart Bank Public Company Limited (Formerly TMB Bank Public Company limit) (the "Bank"), respectively, which comprise the consolidated and the Bank only statements of financial position as at 31 December 2021, the consolidated and the Bank only statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated and the Bank only financial statements present fairly, in all material respects, the financial position of the Group and the Bank, respectively, as at 31 December 2021 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs) and the regulations of the Bank of Thailand.

#### *Basis for Opinion*

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and the Bank only Financial Statements* section of my report. I am independent of the Group and the Bank in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions that are relevant to my audit of the consolidated and the Bank only financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### *Key Audit Matters*

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated and the Bank only financial statements of the current year. These matters were addressed in the context of my audit of the consolidated and the Bank only financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Allowance for expected credit loss for loans to customers	
For disclosures related to credit risk, loans to customers and allowance for expected credit loss for loans to customers, refer to notes 5, 6, 15 and 16 to the financial statements.	
The key audit matter	How the matter was addressed in the audit
<p>As at 31 December 2021, loans to customers represented 78.43% and 78.59% of the total assets of consolidated and the Bank only, respectively, against which allowances for expected credit losses ("ECL") of Baht 54,472 million and Baht 54,452 million, respectively were provided.</p> <p>Management's estimation of ECL on loans to customers measured at amortised cost is based on credit models which are dependent on significant management judgements and estimates including selection of model, the use of forward-looking macroeconomic forecast, establishing the criteria for determining whether credit risk has increased significantly since initial recognition and consideration for post model adjustments. In particular, the ongoing economic situation and relief program provided to the customers resulting from COVID-19 adds further complexity to management's estimation process especially for consideration of post model adjustments.</p> <p>Accordingly, it is considered a Key Audit Matter.</p>	<p>In planning my audit procedures I performed a risk assessment by considering internal and external factors which could affect the performance of individual customers, industry sectors or customer segments, or other factors which could influence the judgments and estimates.</p> <p>I inspected of the Group and the Bank accounting policies and credit risk policy to determine whether this has been set up in accordance with the requirements of TFRS 9, the relevant Bank of Thailand notification and guidance.</p> <p>My audit procedures included testing the design and operating effectiveness of controls over credit review, model monitoring, forward-looking macroeconomic forecast and, post model adjustments.</p> <p>I sampled loans as identified in my risk assessment to perform credit review procedures, including a detailed review of the individual credit profile and other relevant information, from which I formed my own independent assessment.</p> <p>Selected key technical decisions, assumptions and model methodologies were tested, where appropriate, including involvement of my own credit risk specialists to inspect model documentation, model validation report performed by expert engaged by the Group and the Bank's management and back-testing results. The selected models were also reperformed by the credit risk specialists.</p> <p>I and my credit specialist assessed assumptions and methodology used by the management in the identification and estimation of post model adjustments.</p> <p>I assessed whether the financial statement disclosures are adequate and appropriately reflect the Bank and its subsidiaries' exposures to credit risk.</p>

Valuation of financial instruments in the statements of financial position	
For disclosures related to financial instruments and fair values, refer to notes 7 to the financial statements.	
The key audit matter	How the matter was addressed in the audit
<p>As at 31 December 2021, financial assets measured at fair value in the consolidated and the Bank only financial statements amounted to Baht 188,563 million and Baht 188,563 million, respectively. Financial liabilities measured at fair value in the consolidated and the Bank only financial statements amounted to Baht 7,032 million and Baht 7,032 million, respectively.</p> <p>Of these amounts, as at 31 December 2021, financial assets and liabilities designated at level 2 and 3 fair value in the consolidated financial statements amounted to Baht 188,366 million and Baht 7,032 million respectively, and in the Bank only financial statements, they amounted to Baht 188,366 million and Baht 7,032 million respectively, for which the fair value is based upon inputs other than quoted price in active markets or valuation techniques incorporating those inputs. Therefore, judgment is applied in the estimation of fair values. The use of different valuation techniques and assumptions could produce different estimates of fair value.</p> <p>Accordingly, it is considered a Key Audit Matter.</p>	<p>In planning my audit procedures I performed a risk assessment by considering the factors which could affect the fair value of financial instruments, both in terms of the inputs used for valuation and the appropriateness of valuation techniques applied.</p> <p>For financial instruments, I sampled to check for selected pricing inputs that were externally sourced and were correctly input into pricing models. I and my own valuation specialists assessed that the models and assumptions were appropriate and valued a selection of the Group's and the Bank's equity securities, debt securities, and derivative positions and compared their valuation to the Group's and the Bank's valuation on a sample basis.</p> <p>I assessed the adequacy of the disclosure in accordance with Thai Financial Reporting Standards.</p>

#### *Emphasis of Matter*

I draw attention to Note 4 which describes of the entire business transfer from Thanachart Bank Public Company Limited to TMBThanachart Bank Public Company Limited on 3 July 2021. My conclusion is not modified in respect of this matter.

#### *Other Information*

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and the Bank only financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the consolidated and the Bank only financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated and the Bank only financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and the Bank only financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the correction be made.

*Responsibilities of Management and Those Charged with Governance for the Consolidated and the Bank only Financial Statements*

Management is responsible for the preparation and fair presentation of the consolidated and the Bank only financial statements in accordance with TFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated and the Bank only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and the Bank only financial statements, management is responsible for assessing the Group's and the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Bank's financial reporting process.

*Auditor's Responsibilities for the Audit of the Consolidated and the Bank only Financial Statements*

My objectives are to obtain reasonable assurance about whether the consolidated and the Bank only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and the Bank only financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and the Bank only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Bank's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and the Bank only financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and the Bank only financial statements, including the disclosures, and whether the consolidated and the Bank only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated and the Bank only financial statements of the current year and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



(Chanchai Sakulkoedsin)

Certified Public Accountant

Registration No. 6827

KPMG Phoomchai Audit Ltd.

Bangkok

23 February 2022

TMBThanachart Bank Public Company Limited and its Subsidiaries  
(Formerly TMB Bank Public Company Limited and its Subsidiaries)  
Statements of financial position

Assets	Note	Consolidated		Bank only	
		31 December		31 December	
		2021	2020	2021	2020
(in thousand Baht)					
Cash		16,011,325	21,942,541	16,011,307	12,836,147
Interbank and money market items, net	10, 36.2	158,872,946	211,185,009	158,862,707	221,262,755
Financial assets measured at fair value through					
profit or loss	11	1,420,900	3,787,884	1,420,891	1,125,593
Derivative assets	12	6,913,323	11,959,166	6,913,323	10,012,947
Investments, net	13	180,228,573	134,350,737	180,228,573	73,322,721
Investments in subsidiaries and associates, net	14	8,620,165	8,599,132	5,113,948	158,851,759
Loans to customers and accrued interest receivables, net	15, 16, 36.2	1,325,212,093	1,348,480,119	1,324,478,889	693,774,871
Properties for sale, net	17	8,626,358	6,037,212	8,626,358	3,150,007
Premises and equipment, net	18	21,625,316	24,038,714	21,561,367	13,755,268
Goodwill and other intangible assets, net	19	22,818,660	22,546,343	22,787,237	3,723,844
Deferred tax assets	20	8,986	1,980,185	-	2,818,086
Other assets, net	36.2	8,822,089	13,424,788	8,684,367	10,770,463
Total assets		1,759,180,734	1,808,331,830	1,754,688,967	1,205,404,461
Liabilities and equity					
Liabilities					
Deposits	21, 36.2	1,339,195,173	1,373,407,885	1,343,728,377	815,677,627
Interbank and money market items	22, 36.2	84,966,047	75,908,760	85,317,306	51,148,970
Liabilities payable on demand		5,325,121	3,894,675	5,325,121	2,897,675
Financial liabilities measured at fair value through					
profit or loss	23	436,865	431,884	436,865	431,884
Derivative liabilities	12	6,595,107	9,267,833	6,595,107	8,144,190
Debts issued and borrowings	24, 36.2	68,398,493	88,964,851	63,098,493	88,959,693
Provisions for employee benefits	25	3,783,621	4,366,292	3,739,815	2,517,106
Provisions for other liabilities	26	2,026,446	2,820,668	2,025,812	1,444,693
Deferred tax liabilities	20	922,138	3,500,501	246,901	-
Deferred revenue	27	20,175,632	20,884,682	20,176,634	19,261,556
Other liabilities	28, 36.2	16,520,396	20,134,074	16,201,500	11,468,558
Total liabilities		1,548,345,039	1,603,582,105	1,546,891,931	1,001,951,952

The accompanying notes are an integral part of these financial statements.



TMBThanachart Bank Public Company Limited and its Subsidiaries  
(Formerly TMB Bank Public Company Limited and its Subsidiaries)  
Statements of financial position

		Consolidated		Bank only	
		31 December		31 December	
Liabilities and equity	Note	2021	2020	2021	2020
		(in thousand Baht)			
Equity					
Share capital					
Authorised share capital					
96,864,354,380 ordinary shares of Baht 0.95 each					
(31 December 2020: 106,223,552,373 ordinary shares					
of Baht 0.95 each)	31	92,021,137	100,912,375	92,021,137	100,912,375
Issued and paid-up share capital					
96,622,874,580 ordinary shares of Baht 0.95 each					
(31 December 2020: 96,409,416,880 ordinary shares					
of Baht 0.95 each)	31	91,791,731	91,588,946	91,791,731	91,588,946
Premium on share capital		43,344,840	43,321,601	43,344,840	43,321,601
Other reserves		5,172,257	5,797,791	6,117,180	5,761,304
Retained earnings					
Appropriated					
Legal reserve	32, 33	10,091,000	10,091,000	10,091,000	10,091,000
Unappropriated		60,434,727	53,913,289	56,452,285	52,689,658
Equity attributable to equity holders of the Bank		210,834,555	204,712,627	207,797,036	203,452,509
Non-controlling interest		1,140	37,098	-	-
Total equity		210,835,695	204,749,725	207,797,036	203,452,509
Total liabilities and equity		1,759,180,734	1,808,331,830	1,754,688,967	1,205,404,461

*P. Tantakam .*

Mr. Piti Tantakasem  
Chief Executive Officer

*Ekanti Nitithanprapas*

Mr. Ekanti Nitithanprapas  
Chairman of the Board

The accompanying notes are an integral part of these financial statements.

TMBThanachart Bank Public Company Limited and its Subsidiaries  
(Formerly TMB Bank Public Company Limited and its Subsidiaries)  
Statements of profit or loss and other comprehensive income

	Note	Consolidated		Bank only	
		For the year ended		For the year ended	
		31 December		31 December	
		2021	2020	2021	2020
<i>(in thousand Baht)</i>					
Interest income	36.1, 39	64,239,369	72,320,505	46,560,095	31,900,177
Interest expenses	36.1, 40	13,239,602	18,515,133	11,483,531	10,266,296
<b>Net interest income</b>		<b>50,999,767</b>	<b>53,805,372</b>	<b>35,076,564</b>	<b>21,633,881</b>
Fees and service income	36.1, 41	15,189,834	16,138,973	13,052,907	10,405,452
Fees and service expenses	36.1, 41	3,941,349	4,791,270	2,970,725	2,824,832
<b>Net fees and service income</b>		<b>11,248,485</b>	<b>11,347,703</b>	<b>10,082,182</b>	<b>7,580,620</b>
Gains on financial instruments measured					
at fair value through profit or loss	42	1,480,359	1,726,164	1,259,016	1,396,437
Gains on investments, net	43	181,993	678,023	190,517	582,389
Share of profit from investment using equity method		345,521	362,746	-	-
Other operating income	14.1, 36.1	1,280,592	1,426,132	5,457,505	12,864,204
<b>Total operating income</b>		<b>65,536,717</b>	<b>69,346,140</b>	<b>52,065,784</b>	<b>44,057,531</b>
<b>Other operating expenses</b>					
Employee expenses	36.3, 36.4	16,480,286	17,142,447	14,584,162	8,831,311
Directors' remuneration	36.3	73,596	66,355	63,599	54,228
Premises and equipment expenses		5,622,117	6,170,568	4,504,468	3,621,370
Taxes and duties		1,573,466	1,798,940	1,318,442	1,193,456
Others	36.1	7,469,508	6,998,886	5,860,705	3,859,533
<b>Total other operating expenses</b>		<b>31,218,973</b>	<b>32,177,196</b>	<b>26,331,376</b>	<b>17,559,898</b>
Expected credit loss	44	21,514,212	24,831,331	17,010,786	13,433,601
<b>Profit from operations before income tax</b>		<b>12,803,532</b>	<b>12,337,613</b>	<b>8,723,622</b>	<b>13,064,032</b>
Income tax	20	2,326,860	2,222,805	954,849	209,459
<b>Profit for the year</b>		<b>10,476,672</b>	<b>10,114,808</b>	<b>7,768,773</b>	<b>12,854,573</b>
<b>Other comprehensive income</b>					
<i>Items that will be reclassified subsequently to profit or loss</i>					
Gains (losses) on investments in debt instruments					
at fair value through other comprehensive income		(1,038,368)	113,841	(1,060,666)	14,191
Gains (losses) on cash flow hedges		(17,416)	(20,863)	156,721	(68,422)
Losses arising from translating the financial statements of					
foreign operations		(20,292)	(20,801)	(20,292)	(20,801)
Income tax relating to items that will be reclassified					
subsequently to profit or loss	20	215,215	(14,435)	184,847	15,006
		<b>(860,861)</b>	<b>57,742</b>	<b>(739,390)</b>	<b>(60,026)</b>

The accompanying notes are an integral part of these financial statements.

TMBThanachart Bank Public Company Limited and its Subsidiaries  
(Formerly TMB Bank Public Company Limited and its Subsidiaries)  
Statements of profit or loss and other comprehensive income

	Note	Consolidated		Bank only	
		For the year ended		For the year ended	
		31 December		31 December	
		2021	2020	2021	2020
<i>(in thousand Baht)</i>					
<b>Items that will not be reclassified subsequently to profit or loss</b>					
Change in revaluation surplus on assets		(51,146)	(178,592)	(51,146)	(178,592)
Gains (losses) on investments in equity instruments designated at fair value through other comprehensive income		587,808	(186,862)	491,861	31,653
Actuarial gains on post-employment benefit plan	25	197,454	680,381	195,756	249,336
Income tax relating to items that will not be reclassified subsequently to profit or loss	20	(146,823)	(62,985)	(127,294)	(20,479)
		<u>587,293</u>	<u>251,942</u>	<u>509,177</u>	<u>81,918</u>
<b>Total other comprehensive income for the year, net of income tax</b>		<u>(273,568)</u>	<u>309,684</u>	<u>(230,213)</u>	<u>21,892</u>
<b>Total comprehensive income for the year</b>		<u>10,203,104</u>	<u>10,424,492</u>	<u>7,538,560</u>	<u>12,876,465</u>
<b>Profit attributable to:</b>					
Equity holders of the Bank		10,474,045	10,112,182	7,768,773	12,854,573
Non-controlling interest		2,627	2,626	-	-
<b>Profit for the year</b>		<u>10,476,672</u>	<u>10,114,808</u>	<u>7,768,773</u>	<u>12,854,573</u>
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Bank		10,200,487	10,421,797	7,538,560	12,876,465
Non-controlling interest		2,617	2,695	-	-
<b>Total comprehensive income for the year</b>		<u>10,203,104</u>	<u>10,424,492</u>	<u>7,538,560</u>	<u>12,876,465</u>
<b>Earnings per share</b>					
Basic earnings per share (in Baht)	45	0.1086	0.1049	0.0805	0.1334
Diluted earnings per share (in Baht)		<u>0.1083</u>	<u>0.1047</u>	<u>0.0803</u>	<u>0.1332</u>

*P. Tantakam.*

Mr. Piti Tantakasem  
Chief Executive Officer

*Ekiniti Nitithanprapas*

Mr. Ekiniti Nitithanprapas  
Chairman of the Board

The accompanying notes are an integral part of these financial statements.

Note	Issued and paid-up share capital	Premium on share capital	Other reserve - share-based payments	Revaluation surplus on assets, net	Revaluation surplus (deficit) on investments, net	Cash flow hedge reserve (effective portion)	Translation adjustment arising from translating the financial statements of foreign operations, net	Consolidated			
								Other reserves		Retained earnings	
<b>Year ended 31 December 2020</b>											
	91,541,387	43,217,044	-	5,754,014	492,700	(28,567)	(13,675)	6,204,472	3,360,000	50,714,666	195,037,569
											34,521
											195,072,090
<b>Balance at 1 January 2020 - related</b>											
<b>Transactions with owners, recorded directly in equity</b>											
<b>Contributions by and distribution to owners of the bank</b>											
	-	105,072	-	-	-	-	-	-	-	-	105,072
	-	-	117,122	-	-	-	-	117,122	-	-	117,122
31	47,559	-	(47,559)	-	-	-	-	(47,559)	-	-	-
	-	(515)	-	-	-	-	-	-	-	-	(515)
33	-	-	-	-	-	-	-	-	-	-	(968,418)
	47,559	104,557	69,563	-	-	-	-	69,563	-	(968,418)	(746,739)
<b>Total contributions by and distribution to owners of the bank</b>											
<b>Change in ownership interests in subsidiary</b>											
	-	-	-	-	-	-	-	-	-	-	(118)
<b>Acquisition of non-controlling interests without a change in control</b>											
<b>Total change in ownership interests in subsidiary</b>											
<b>Comprehensive income for the year</b>											
	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	(118)
<b>Profit for the year</b>											
	-	-	-	-	-	-	-	-	-	-	2,626
	-	-	-	-	-	-	-	-	-	-	69
<b>Other comprehensive income</b>											
<b>Total comprehensive income for the year</b>											
	-	-	-	-	-	-	-	-	-	-	2,695
	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
	91,588,946	43,321,601	69,563	5,369,508	434,305	(45,269)	(30,316)	5,797,791	10,091,000	53,913,289	204,712,627
<b>Balance at 31 December 2020</b>											
	91,588,946	43,321,601	69,563	5,369,508	434,305	(45,269)	(30,316)	5,797,791	10,091,000	53,913,289	204,712,627
<b>Year ended 31 December 2021</b>											
											37,098
											204,749,725
<b>Balance at 1 January 2021</b>											
<b>Transactions with owners, recorded directly in equity</b>											
<b>Contributions by and distribution to owners of the bank</b>											
	-	-	260,900	-	-	-	-	260,900	-	-	260,900
30.2	202,785	24,377	(227,162)	-	-	-	-	(227,162)	-	-	-
30.2	-	(1,138)	-	-	-	-	-	-	-	-	(1,138)
33	-	-	-	-	-	-	-	-	-	-	(4,338,321)
	202,785	23,239	33,738	-	-	-	-	33,738	-	(4,338,321)	(4,078,559)
<b>Total contributions by and distribution to owners of the bank</b>											
<b>Change in ownership interests in subsidiary</b>											
	-	-	-	-	-	-	-	-	-	-	(38,575)
<b>Acquisition of non-controlling interests without a change in control</b>											
<b>Total change in ownership interests in subsidiary</b>											
<b>Comprehensive income for the year</b>											
	-	-	-	-	-	-	-	-	-	-	(38,575)
	-	-	-	-	-	-	-	-	-	-	(38,575)
<b>Profit for the year</b>											
	-	-	-	-	-	-	-	-	-	-	2,627
	-	-	-	-	-	-	-	-	-	-	(10)
<b>Other comprehensive income</b>											
<b>Total comprehensive income for the year</b>											
	-	-	-	-	-	-	-	-	-	-	2,617
	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
	91,791,731	43,344,840	103,301	5,181,187	(6,513)	(59,168)	(46,550)	5,172,257	10,091,000	60,434,727	210,835,695
<b>Balance at 31 December 2021</b>											

The accompanying notes are an integral part of these financial statements.

Year ended 31 December 2020										
Balance at 1 January 2020 - restated										
Transactions with owners, recorded directly in equity										
Contributions by and distribution to owners of the bank										
							</			

The accompanying notes are an integral part of these financial statements.

TMBThanachart Bank Public Company Limited and its Subsidiaries  
(Formerly TMB Bank Public Company Limited and its Subsidiaries)  
Statements of cash flows

	Consolidated		Bank only	
	For the year ended		For the year ended	
	31 December		31 December	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
<b><i>Cash flows from operating activities</i></b>				
Profit from operations before income tax	12,803,532	12,337,613	8,723,622	13,064,032
<b><i>Adjustments to reconcile profit from operations before income tax to net cash provided by (used in) operating activities</i></b>				
Depreciation and amortisation	4,802,165	4,311,547	3,579,785	1,997,087
Expected credit loss	21,514,212	24,831,331	17,010,786	13,433,601
Impairment loss on premises and equipment	182,105	22,586	182,105	22,586
Impairment loss on properties for sale and other assets	282,039	3,863	209,615	101,119
Reversal of impairment loss on intangible assets	-	(30,365)	-	-
Provisions for liabilities	534,755	352,612	607,317	223,262
Losses (gains) on revaluation of investments measured at FVTPL	8,161	(28,702)	42	3,377
Impairment losses on investment	-	-	89,700,000	9,300,000
Losses (gains) on disposal of intangible assets	87,321	17,265	(45)	-
Losses (gains) on disposal of premises and equipment	15,068	18,908	(57,524)	(27,608)
Gains on disposal of investments	(181,993)	(678,023)	(190,517)	(582,389)
Unrealised losses (gains) on exchange rate	3,940,844	(288,746)	3,497,846	(228,775)
Expenses in relation to share-based payments	260,900	117,122	260,900	117,122
Share of profit from investments accounted for using the equity method	(345,521)	(362,746)	-	-
Deferred revenue	(2,919,745)	(2,830,754)	(2,919,745)	(1,865,333)
Net interest income	(50,999,767)	(53,805,372)	(35,076,564)	(21,633,881)
Dividend income	(91,048)	(83,608)	(93,045,676)	(20,716,282)
Interest received	61,362,859	65,774,962	42,968,887	26,725,525
Interest paid	(11,473,188)	(19,955,127)	(8,791,630)	(8,710,009)
Income tax paid	(2,269,388)	(8,340,599)	(583,249)	(2,098,367)
<b>Profit from operations before changes in operating assets and liabilities</b>	<b>37,513,311</b>	<b>21,383,767</b>	<b>26,075,955</b>	<b>9,125,067</b>
<b><i>Decrease (increase) in operating assets</i></b>				
Interbank and money market items	52,371,165	25,540,507	71,919,066	(99,635,174)
Financial assets measured at fair value through profit or loss	2,358,823	3,504,828	(66,781)	3,924,190
Loans to customers	(1,445,930)	(23,733,175)	(25,180,413)	(54,952,084)
Properties for sale	3,875,499	4,699,305	(162,130)	(1,352,747)
Other assets	5,474,502	1,548,995	5,265,631	292,559
<b><i>Increase (decrease) in operating liabilities</i></b>				
Deposits	(34,212,712)	(24,659,099)	70,719,414	152,087,006
Interbank and money market items	9,124,969	(10,717,225)	(84,577,951)	(21,601,858)
Liabilities payable on demand	1,430,446	512,595	1,045,440	535,933
Financial liabilities measured at fair value through profit or loss	-	12,398	-	12,398
Provisions for other liabilities	(1,895,220)	(2,727,815)	(77,998)	(1,322,162)
Other accrued expenses	660,824	108,918	1,678,764	(208,626)
Other liabilities	(3,938,352)	1,961,946	(2,005,127)	3,463,844
<b>Net cash provided by (used in) operating activities</b>	<b>71,317,325</b>	<b>(2,564,055)</b>	<b>64,633,870</b>	<b>(9,631,654)</b>

The accompanying notes are an integral part of these financial statements.

TMBThanachart Bank Public Company Limited and its Subsidiaries  
(Formerly TMB Bank Public Company Limited and its Subsidiaries)  
Statements of cash flows

	Consolidated		Bank only	
	For the year ended		For the year ended	
	31 December		31 December	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
<b><i>Cash flows from investing activities</i></b>				
Interest received	1,166,297	2,048,416	817,095	843,392
Dividend received	415,536	800,487	93,045,676	20,716,282
Cash paid for the entire business transfer	-	-	(161,412,133)	-
Cash received from capital return from a subsidiary company	-	-	68,619,379	-
Purchase of investments measured at FVOCI	(479,918,548)	(160,923,125)	(432,094,429)	(92,967,965)
Proceeds from investments measured at FVOCI	433,015,197	186,172,238	406,881,346	75,805,272
Purchase of investments in subsidiaries	-	(859,445)	(273,125)	(859,445)
Purchase of premises and equipment	(1,223,034)	(1,877,279)	(1,105,290)	(1,662,519)
Purchase of intangible assets	(2,255,065)	(1,803,637)	(2,221,155)	(1,598,732)
Proceeds from disposals of premises and equipment	463,320	1,917,135	459,450	1,918,621
<b>Net cash provided by (used in) investing activities</b>	<b>(48,336,297)</b>	<b>25,474,790</b>	<b>(27,283,186)</b>	<b>2,194,906</b>
<b><i>Cash flows from financing activities</i></b>				
Proceeds from long-term borrowings	-	12,741	-	12,741
Repayments of long-term borrowings	(13,582)	(10,223)	(13,582)	(10,223)
Interest paid on long-term debts issued and borrowings	(1,942,725)	(2,324,191)	(1,942,725)	(2,161,887)
Cash receipts on debenture issued	9,169,300	14,945,198	669,300	14,945,198
Cash paid for redemption of debenture	(31,728,766)	(36,559,650)	(28,528,766)	(5,059,650)
Increase in issued and fully paid-up - ordinary shares	-	105,072	-	105,072
Expenses in relation to issuance of ordinary shares to employees	(1,138)	(515)	(1,138)	(515)
Dividend paid to equity holders of the Bank	(4,358,626)	(968,418)	(4,338,321)	(963,575)
Cash paid for capital return to non-controlling interests	(16,415)	-	-	-
<b>Net cash provided by (used in) financing activities</b>	<b>(28,891,952)</b>	<b>(24,799,986)</b>	<b>(34,155,232)</b>	<b>6,867,161</b>
Change in translation adjustments of foreign operations	(20,292)	(20,801)	(20,292)	(20,801)
<b>Net increase (decrease) in cash</b>	<b>(5,931,216)</b>	<b>(1,910,052)</b>	<b>3,175,160</b>	<b>(590,388)</b>
Cash at 1 January	21,942,541	23,852,593	12,836,147	13,426,535
<b>Cash at 31 December</b>	<b>16,011,325</b>	<b>21,942,541</b>	<b>16,011,307</b>	<b>12,836,147</b>

The accompanying notes are an integral part of these financial statements.



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These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements and were approved and authorised for issue by the Board of Directors on 23 February 2022.

## **1 General information**

TMBThanachart Bank Public Company Limited, (the “Bank”), is incorporated in Thailand and has its registered office at 3000 Phahonyothin Road, Chomphon, Chatuchak, Bangkok.

The Bank was listed on the Stock Exchange of Thailand on 23 December 1983.

The principal business of the Bank is operating commercial banking businesses. The subsidiaries are incorporated under Thai laws and have been operating in Thailand, with core businesses being provision of asset management. Details of the Bank’s subsidiaries and associates as at 31 December 2021 and 2020 are given in note 14.

The Bank changed its name from “TMB Bank Public Company Limited” to “TMBThanachart Bank Public Company Limited” with registration to the Department of Business Development, Ministry of Commerce on 6 May 2021.

## **2 Basis of preparation of the financial statements**

The financial statements are prepared in accordance with Thai Financial Reporting Standards; guidelines promulgated by the Federation of Accounting Professions and; applicable rules and regulations of the Thai Securities and Exchange Commission and the Bank of Thailand (“BoT”) notification number Sor Nor Sor 21/2561, regarding to *Preparation and Announcement of Financial Statements of a Commercial Bank and a Holding Company that is the Parent Company of a Financial Group*; and other additional BoT notification including the following BoT circular:

- BoT. For Nor Sor. (23) Wor.276/2563, regarding “Debt relief programs for debtors affected by situations having adverse impacts to Thai economy” which details are given in note 5.
- Sor Nor Sor. 4/2564, regarding “Measurement of asset warehousing for debt repayment” which details are given in note 3.8

The financial statements are prepared and presented in Thai Baht, which is the Bank and its subsidiaries' functional currency. All financial information is presented in Thai Baht and has been rounded to the nearest thousand and in the notes to financial statements to the nearest million unless otherwise stated.

New and revised TFRS are effective for annual accounting periods beginning on or after 1 January 2021 which have no material impact on the financial statements.

In addition, the Bank and its subsidiaries have not early adopted a number of new and revised TFRSs which are not yet effective for the current period in preparing the financial statements. Those new and revised TFRSs that are relevant to the Bank and its subsidiaries' operations are disclosed in Note 48.

Information about assumption and estimation uncertainties at 31 December 2021 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- Note 5 and 6      Impairment of financial instruments: determination of inputs into the ECL measurement model, including key assumptions used in estimating recoverable cash flows and incorporation of forward-looking information;
- Note 7              Measurement of the fair value of financial instruments with significant unobservable inputs.

### 3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

#### 3.1 Basis of consolidation

The consolidated financial statements relate to the Bank and its subsidiaries (together referred to as "the Bank and its subsidiaries")

##### *Business combinations*

The Bank and its subsidiaries's apply the acquisition method for all business combinations when control is transferred to the Bank and its subsidiaries, as described in subsidiaries section, other than those with entities under common control.

The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Goodwill is measured as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. Any gain on bargain purchase is recognised in profit or loss immediately.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Bank and its subsidiaries to the previous owners of the acquiree, and equity interests issued by the Bank and its subsidiaries. Consideration transferred also includes the fair value of any contingent consideration.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

Transaction costs that the Bank and its subsidiaries incur in connection with a business combination, such as legal fees, and other professional and consulting fees are expensed as incurred.

##### *Acquisitions from entities under common control*

Business combination under common control are accounted for using a method similar to the pooling of interest method. Under that method the acquirer recognizes assets and liabilities of the acquired businesses at their carrying amounts in the consolidated financial statements of the ultimate parent company at the moment of the transaction. The difference between the carrying amount of the acquired net assets and the consideration transferred is recognised as surplus or discount from business combinations under common control in equity. The surplus or discount will be transferred to retained earnings upon divestment or dissolution of the businesses acquired.

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The results from operations of the acquired businesses will be included in the consolidated financial statements of the acquirer from the beginning of the comparative period or the moment the businesses came under common control, whichever date is later, until control ceases.

*Subsidiaries*

Subsidiaries are entities controlled by the Bank. The Bank and its subsidiaries control an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The subsidiaries' financial statements are prepared using the same significant accounting policies as the Bank.

*Non-controlling interests*

At the acquisition date, the Bank and its subsidiaries measure any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Changes in the Bank and its subsidiaries interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

*Loss of control*

When the Bank and its subsidiaries lose control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss from loss of control over a subsidiary is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

*Interests in equity-accounted investees*

The Bank and its subsidiaries' interests in equity-accounted investees comprise interests in associates.

Associates are those entities in which the Bank and its subsidiaries have significant influence, but not control or joint control, over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Bank and its subsidiaries' share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

*Transactions eliminated on consolidation*

Significant intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Bank and its subsidiaries' interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

The consolidated financial statements include the accounts of the Head Office, all domestic and overseas branches and the Bank and its subsidiaries. All inter-company transactions and balances within this Group have been eliminated.

**3.2 Foreign currencies**

*Foreign currency transactions*

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the spot exchange rates at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate announced by the Bank of Thailand at the reporting date.

Non-monetary items that are measured based on historical cost in a foreign currency are translated using the spot exchange rate at the date of the transaction.

Foreign currency differences arising on translation are generally recognised in profit or loss. However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- Equity investments that have been elected to be measured at FVOCI
- A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective
- Qualifying cash flow hedges to the extent that the hedge is effective

#### *Foreign operations*

The assets and liabilities of foreign operations are translated into Thai Baht at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Thai Baht at the exchange rates at the dates of the transactions.

The financial statements of overseas branches are translated into Thai Baht at the reference rates announced by the Bank of Thailand at the reporting dates. Foreign exchange differences arising on translation are recognised in other comprehensive income until dissolution of the branch's business.

### **3.3 Cash**

Cash includes cash in hand and cash on collection.

### **3.4 Financial instruments**

#### *3.4.1 Recognition and initial measurement*

The Bank and its subsidiaries initially recognise financial instruments (including regular-way purchases and sales of financial assets) on the trade date, which is the date on which the Bank and its subsidiaries become a party to the contractual provisions of the instrument except for investment in debt instruments which are recognised on the settlement date.

A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

#### *3.4.2 Derecognition*

##### *Derecognition of financial assets*

The Bank and its subsidiaries derecognise a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Bank and its subsidiaries neither transfer nor retain substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

Any cumulative gain or loss recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Bank and its subsidiaries are recognised as a separate asset or liability.

#### *Disposal of investments*

For debt and equity securities, cost of both investments sold and those still held are determined using the weighted average method.

#### *Derecognition of financial liabilities*

The Bank and its subsidiaries derecognise a financial liability when its contractual obligations are discharged or cancelled or expire.

### *3.4.3 Classification and measurement of financial instruments*

#### *Classification of financial assets*

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI or FVTPL.

#### *Financial assets - debt instruments*

Classification of debt instruments included loan and investments in debt securities depend on Business model assessment and assessment of whether contractual cash flows are solely payments of principle and interest.

#### *Business model assessment*

The Bank and its subsidiaries make an assessment of the objective of a business model in which an asset is held. The information considered includes:

- the stated policies and objectives for the financial assets and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the financial asset is evaluated and reported to the Bank and its subsidiaries' management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank and its subsidiaries' stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

#### *Assessment of whether contractual cash flows are solely payments of principle and interest*

In assessing whether the contractual cash flows are SPPI, the Bank and its subsidiaries consider the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Bank and its subsidiaries consider:

- contingent events that would change the amount and timing of cash flows;



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- leverage features;
- terms that limit the Bank and its subsidiaries' claim to cash flows from specified assets (e.g. non-recourse loans); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

Based on business model and the contractual term of cash flows assessment, there are three categories into which the Bank and subsidiaries classify and measure debt instruments:

*Amortised cost*

Debt instruments are measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

Debt instruments measured at amortised cost is initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method adjusted by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

*Fair value through Other Comprehensive income (FVOCI)*

Debt instruments are measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

For debt instruments measured at FVOCI, these assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

*Fair value through Profit or loss (FVTPL)*

Unless debt instruments are classified as measured at amortised cost or FVOCI, debt instruments are classified as measured at FVTPL.

On initial recognition, the Bank and subsidiaries may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

For debt instruments measured at FVTPL, these assets are subsequently measured at fair value. Net gains and losses, including any interest are recognised in profit or loss.

*Financial assets - Equity instruments*

All equity instruments included equity investment measured at fair value.

On initial recognition of an equity investment that is not held for trading, the Bank and subsidiaries may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

Unless equity investments are elected to present subsequent changes in fair value in OCI, equity instruments are classified as measured at FVTPL.

For equity instruments measured at FVTPL, these assets are subsequently measured at fair value. Net gains and losses, including any dividend income are recognised in profit or loss.

For equity instruments measured at FVOCI, these assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

#### *Reclassifications*

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Bank and its subsidiaries change its business model for managing financial assets.

#### *Classification of financial liabilities*

On initial recognition, financial instrument is classified as financial liability in accordance with the substance of the contractual arrangement.

The Bank and its subsidiaries classify its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost or FVTPL.

The Bank and its subsidiaries have designated certain financial liabilities as at FVTPL in either of the following circumstances:

- the liabilities are managed, evaluated and reported internally on a fair value basis; or
- the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial liabilities measured at FVTPL are subsequently measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

For financial liabilities measured at amortised cost, these liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

#### *3.4.4 Interest recognition*

##### *Effective interest rate*

Interest income and expense are recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset or to the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than credit-impaired financial assets, the Bank and its subsidiaries estimate future cash flows considering all contractual terms of the financial instrument, but not ECL.

The calculation of the effective interest rate includes transaction costs and fees that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

##### *Calculation of interest income and expense*

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the

liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest. The effective interest rate is also revised for fair value hedge adjustments at the date amortisation of the hedge adjustment begins.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

3.4.5 *Modifications of financial assets and financial liabilities (see note 5 for application on restructured loans to customers subject to relief programmes)*

*Modifications of financial assets*

If the terms of a financial asset are modified, then the Bank and its subsidiaries evaluate whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value plus any eligible transaction costs.

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Bank and its subsidiaries first recalculate the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is recognised as a part of expected credit loss. In other cases, it is presented as interest income calculated using the effective interest rate method.

3.4.6 *Impairment of financial assets*

The Bank and its subsidiaries recognise loss allowances for expected credit losses (ECL) on the following financial instruments that are not measured at FVTPL and no impairment loss is recognised on equity investments.

*Measurement of ECL*

Expected credit losses are computed as unbiased, probability-weighted amounts which are determined by evaluating a range of reasonably possible outcomes, the time value of money, and considering all reasonable and supportable information. This includes forward-looking information.

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows in accordance with the contract and the cash flows that the Bank and its subsidiaries expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Bank and its subsidiaries if the commitment is drawn down and the cash flows that the Bank and its subsidiaries expects to receive; and
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Bank and its subsidiaries expect to recover.

Estimate of expected cash shortfalls is determined by multiplying the probability of default (PD) with the loss given default (LGD) with the expected exposure at the time of default (EAD).

#### *Staging*

For ECL recognition, financial assets are classified in any of the below 3 stages at each reporting date. A financial asset can move between stages during its lifetime. The stages are based on changes in credit quality since initial recognition and defined as follows:

- Stage 1: Financial assets that have not had a significant increase in credit risk

Financial assets that have not had a significant increase in credit risk (SICR) since initial recognition (i.e. no Stage 2 or 3 triggers apply) or debt investment that considered to have low credit risk at each reporting date with the exception of purchased or originated credit impaired (POCI) assets. The provision for ECL is 12-month ECL. 12-month ECL are the portion of lifetime ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

- Stage 2: Financial assets have a SICR

When financial assets have a SICR since initial recognition, expected credit losses are recognised for possible default events over the lifetime of the financial assets. SICR is assessed by using a number of quantitative and qualitative factors that are significant to the increase in credit risk. (see details in Note 6.1) Financial assets that are 30 or more days past due and not credit-impaired will always be considered to have experienced a significant increase in credit risk.

- Stage 3: Lifetime ECL credit impaired

Financial assets that are credit-impaired or in default represent those that are at least 90 days past due in respect of principal and/or interest. Financial assets are also considered to be credit-impaired where the customers are unlikely to repay on the occurrence of one or more observable events that have a negative impact on the estimated future cash flows of the financial assets.

Expected credit losses of credit-impaired financial assets are determined based on the difference between the present value of the recoverable cash flows under a range of scenarios, including the realisation of any collateral held where appropriate, discounted with the financial assets' original effective interest rate, and the gross carrying value of the financial assets prior to any credit impairments.

#### *Improvement in credit risk*

For financial assets within stage 2, these can only be transferred to stage 1 when they are no longer considered to have experienced a significant increase in credit risk.

Where significant increase in credit risk was determined using quantitative measures, the instruments will automatically transfer back to stage 1 when the original PD based transfer criteria are no longer met. Where instruments were transferred to stage 2 due to an assessment of qualitative factors, the issues that led to the reclassification must be cured before the instruments can be reclassified to stage 1. This includes instances where management actions led to instruments being classified as stage 2, requiring that action to be resolved before loans are reclassified to stage 1.

Financial asset that is in stage 3 will move back to stage 2 when, as at the reporting date, it is no longer considered to be credit-impaired.

#### *Loss allowances for ECL are presented in the statement of financial position*

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;

- loan commitments and financial guarantee contracts: generally, as a provision; and
- financial assets measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, expected credit loss is recognised in profit or loss.

#### 3.4.7 *Derivative held for risk management purposes and hedge accounting*

Derivatives held for risk management purposes include all derivative assets and liabilities that are not classified as trading assets or liabilities. Derivatives held for risk management purposes are measured at fair value in the statement of financial position.

The Bank and its subsidiaries designate certain derivatives held for risk management as well as certain non-derivative financial instruments as hedging instruments in qualifying hedging relationships. On initial designation of the hedge, the Bank and its subsidiaries formally documents the relationship between the hedging instrument(s) and hedged item(s), including the risk management objective and strategy in undertaking the hedge, together with the method that will be used to assess the effectiveness of the hedging relationship. The Bank and its subsidiaries make an assessment, both on inception of the hedging relationship and on an ongoing basis, of whether the hedging instrument(s) is(are) expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged item(s) during the period for which the hedge is designated, and whether the actual results of each hedge are within a specific range. For a cash flow hedge of a forecast transaction, the Bank and its subsidiaries make an assessment of whether the forecast transaction is highly probable to occur and presents an exposure to variations in cash flows that could ultimately affect profit or loss.

These hedging relationships are discussed below.

##### *Fair value hedge*

When a derivative is designated as the hedging instrument in a hedge of the change in fair value of a recognised asset or liability or a firm commitment that could affect profit or loss, changes in the fair value of the derivative are recognised immediately in profit or loss. The change in fair value of the hedged item attributable to the hedged risk is recognised in profit or loss. If the hedged item would otherwise be measured at cost or amortised cost, then its carrying amount is adjusted accordingly.

If the hedging derivative expires or is sold, terminated or exercised, or the hedge no longer meets the criteria for fair value hedge accounting, or the hedge designation is revoked, then hedge accounting is discontinued prospectively.

##### *Cash flow hedges*

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in OCI and presented in the hedging reserve within equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss. The amount recognised in the hedging reserve is reclassified from OCI to profit or loss as a reclassification adjustment in the same period as the hedged cash flows affect profit or loss, and in the same line item in the statement of profit or loss and OCI.

If the hedging derivative expires or is sold, terminated or exercised, or the hedge no longer meets the criteria for cash flow hedge accounting, or the hedge designation is revoked, then hedge accounting is discontinued prospectively.

If the hedged cash flows are no longer expected to occur, then the Bank and its subsidiaries immediately reclassify the amount in the hedging reserve from OCI to profit or loss. For terminated hedging relationships, if

the hedged cash flows are still expected to occur, then the amount accumulated in the hedging reserve is not reclassified until the hedged cash flows affect profit or loss; if the hedged cash flows are expected to affect profit or loss in multiple reporting periods, then the Bank and its subsidiaries reclassify the amount in the hedging reserve from OCI to profit or loss on a straight-line basis.

For derivatives used to dynamic hedge of assets or liabilities, the Bank and its subsidiaries continue using an accrual basis of derivatives.

#### *Embedded derivatives*

Derivatives may be embedded in another contractual arrangement (a host contract). The Bank and its subsidiaries account for an embedded derivative separately from the host contract when:

- the host contract is not an asset in the scope of IFRS 9;
- the host contract is not itself carried at FVTPL;
- the terms of the embedded derivative would meet the definition of a derivative if they were contained in a separate contract; and
- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract.

Separated embedded derivatives are measured at fair value, with all changes in fair value recognised in profit or loss unless they form a part of a qualifying cash flow or net investment hedging relationship.

### **3.5 *Securities purchased under resale agreements/Securities sold under repurchase agreements***

The Bank and its subsidiaries enter into agreements to purchase securities or to sell securities back at certain dates in the future at fixed prices. Amounts paid for securities purchased subject to a resale commitment are presented as assets under the caption of "Interbank and money market items, net (assets)" or "Loans to customers", depending upon the type of its counterparty, in the statements of financial position, and the underlying securities are treated as collateral to such receivables. Securities sold subject to repurchase commitments are presented as liabilities under the caption of "Interbank and money market items (liabilities)" or "Debt issued and borrowings, net", depending upon the type of its counterparty, in the statements of financial position, at the amounts received from the sale of those securities, and the underlying securities are treated as collateral.

The difference between the purchase and sale considerations is recognised as interest income or expenses, as the case may be, over the transaction periods.

### **3.6 *Investments in subsidiaries and associates***

Investments in subsidiaries and associates as stated in the Bank only financial statements are accounted for using the cost method less allowance for impairment losses, (if any). Impairment losses are recorded as expenses in profit or loss. Investment in associates in the consolidated financial statements are accounted for using equity method.

If the Bank and its subsidiaries receive shares as a result of debt restructuring of a borrower, which cause them to hold more than 50% or 20% of the paid-up share capital of such company, they will not treat that investee company as a subsidiary or an associate, respectively.

The Bank and its subsidiaries do not treat investments in any mutual funds in which they hold more than 50% or 20% of the issued units of the fund as investments in a subsidiary or an associate, respectively, because the Bank and its subsidiaries do not have control or influence over the financial and operating policies of these funds, which are independently managed by the fund managers in accordance with the details stipulated in the mutual fund prospectus and under the supervision of the Office of Securities and Exchange Commission.

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**3.7 Bill purchased, trade finance and factoring**

The Bank and its subsidiaries classify bill purchased transactions, trade finance transactions by purchasing, discounting or rediscounting bills under letters of credit, and factoring transactions as assets based on the business type of the counterparty whom the Bank and its subsidiaries have their legal recourses. In case that there is acceptance, aval or guarantee by other financial institutions, the Bank and its subsidiaries will classify the recorded transactions as assets, which are presented under the caption of "Interbank and money market items, net (assets)". In case that there is no acceptance, aval or guarantee by other financial institutions, the Bank will classify the recorded transactions as assets, which are presented under the caption of "Loans to customers" or "Interbank and money market items, net (assets)" depending upon the business type of its counterparty.

The Bank and its subsidiaries recognise the difference between purchase price and the face value of bill as unearned discounts which are presented as deductions against "Loans to customers" or "Interbank and money market items, net (assets)" as the case may be and gradually amortises such unearned discounts as interest income using the effective interest rate over the term of discounting or rediscounting periods.

**3.8 Properties for sale**

Properties for sale are stated at the lower of cost or net realisable value. Impairment losses is recognised as an expense in profit or loss. Gains or losses on disposal is recognised in profit or loss when a disposal is made.

Cost of properties for sale as a result of settlement from a debtor is stated at fair value to the extent that this does not exceed the carrying value of the debt plus non-booked interest receivable to which the Bank and its subsidiaries are legally entitled. Cost of properties for sale through a public auction process is the purchase price plus transfer costs.

The Bank and its subsidiaries consider net realisable value for each unit of properties for sale. Net realisable value is the recoverable value from disposal of properties for sale less estimated selling expenses. The recoverable value from disposal of properties for sale is assessed with reference to the appraisal value of each unit of properties for sale and is adjusted down by varying discount rates, taking into consideration the quality of assets (location, infrastructure and property usage potential), holding period, historical disposal experience and market demand.

In accordance with asset warehousing, the assets are transferred to the Bank for repayment based on agreed price with the buy-back conditions not over 5 years and rent-back conditions for business operation. The Bank derecognises loans to customers and presents transferred assets as properties for sale in accordance with the ownership of the transferred assets. The transferred assets have the same measurement as other properties for sale. Income that the Bank receives is recorded as other income.

**3.9 Premises and equipment**

Land is measured at revalued amount less allowance for impairment losses (if any), buildings are measured at revalued amount less accumulated depreciation and allowance for impairment losses (if any), and equipment is measured at cost less accumulated depreciation and allowance for impairment losses (if any).

The Bank and its subsidiaries initially record premises and equipment at their costs on the acquisition dates. Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of premises and equipment have different useful lives, they are accounted for as separate items (major components) of premises and equipment.

The cost of replacing a part of an item of premises and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Bank and its subsidiaries, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of assets are recognised in profit or loss as incurred.



The Bank and its subsidiaries thereafter, arrange to have the independent valuers appraise the land and buildings on a regular basis and records them at the revalued amount (Revalued amounts are determined by the independent valuer using the market approach for land and the depreciated replacement cost approach for buildings) such that the carrying values of such assets as at the end of the reporting period do not materially differ from their fair values.

The Bank and its subsidiaries recognise surplus/deficit arising as a result of revaluation of their assets as follows:

- (1) When an asset's carrying amount is increased as a result of a revaluation of the assets, the increase is credited directly to other comprehensive income and the cumulative increase is recognised in other reserve under the heading of "Revaluation surplus on assets". However, if the asset is previously devalued and the Bank and its subsidiaries used to recognise such revaluation decrease as an expense in profit or loss, a revaluation increase from this revaluation is then recognised as income to the extent that it reverses a revaluation decrease in respect of the same asset previously recognised as an expense.
- (2) When an asset's carrying amount is decreased as a result of a revaluation of the asset, the decrease is recognised in profit or loss. However, if the asset was previously revalued and an outstanding balance of revaluation surplus remains in other reserve under the heading of "Revaluation surplus on assets", the revaluation decrease is then charged to other comprehensive income to the extent that it does not exceed the amount already held in "Revaluation surplus on assets" in respect of the same asset and the revaluation decrease in excess of the amount already held in "Revaluation surplus on assets" in respect of the same asset is recognised in profit or loss.

Depreciation of buildings and equipment is calculated by reference to their cost or the revalued amounts, on a straight-line basis over the following estimated periods of useful lives. (Depreciation of fixed assets of overseas branches is computed at a rate specified by the applicable laws, which is at the rate of 20% of the cost or the estimated useful life of 5 years.)

Buildings	Appraised by independent professional appraisers (average at 50	years)
Leasehold improvement	6 - 20	years
Equipment	3 - 10	years

Depreciation is charged to profit or loss. No depreciation is determined for land and assets under construction and installation. Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

The revaluation surplus on assets is amortised, using the straight-line method, over the estimated remaining periods of those assets' estimated useful lives and directly charged to retained earnings. The remaining of revaluation surplus on an item of land and buildings, that is derecognised of, is transferred directly to retained earnings when the asset is derecognised of.

An item of premises and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is recognised in profit or loss when the asset is derecognised.

### 3.10 Leases

#### *As a lessee*

At inception of a contract, the Bank and its subsidiaries assess whether a contract is, or contains, a lease. If a contract contains lease and non-lease components, the Bank and its subsidiaries apply TFRS 15 to allocate the consideration in the contract.

The Bank and its subsidiaries recognise a right-of-use asset and a lease liability at the lease commencement date, except for leases of low-value assets and short-term leases which is recognised as an expense on a straight-line basis over the lease term.

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Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use asset includes the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of restoration costs, less any lease incentives received. Depreciation is charged to profit or loss on a straight-line method from the commencement date to the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of premises and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Bank and its subsidiaries' incremental borrowing rate and subsequently at amortised cost using the effective interest method.

The lease liability is remeasured when there is a modification, change in lease term, change in lease payments, change in the estimate of the amount expected to be payable under a residual value guarantee, or a change in the assessment of purchase, extension or termination options. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Bank and its subsidiaries present right-of-use assets in premises and equipment/intangible assets and lease liabilities in 'other liabilities' in the statement of financial position.

*As a lessor*

When the Bank and its subsidiaries acts as a lessor, it determines at lease inception whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

The Bank and its subsidiaries recognise lease payments received under operating leases as rental income on a straight-line basis over the lease term as part of other income.

The Bank and its subsidiaries recognise hire purchase receivables/finance lease receivables at the amount of the Bank and its subsidiaries' net investment in the lease, which comprises the present value of the lease payments and any unguaranteed residual value. Hire purchase/finance lease income is allocated to accounting years to reflect a constant periodic rate of return on the Bank and its subsidiaries net investment outstanding in respect of the leases.

The Bank and its subsidiaries derecognise, modified cashflow of hire purchase/finance lease receivables and determine impairment on the lease receivables as disclosed in note 3.4.2, 3.4.5 and 3.4.6.

**3.11 Goodwill and other intangible assets**

*Goodwill*

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. The measurement of goodwill at initial recognition is described in note 3.1 Subsequent to initial recognition, goodwill is measured at cost less allowance for impairment losses.

*Other intangible assets*

Other intangible assets that are acquired by the Bank and its subsidiaries and have finite useful lives are measured at cost less accumulated amortisation and allowance for impairment losses.

Other intangible assets include car dealer relationship. These intangible assets were acquired in a business combination. These intangible assets are initially measured at their fair value at the date of acquisition and subsequently stated at cost less accumulated amortisation and allowance for impairment losses.

#### *Amortisation*

Amortisation is based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives of computer software and car dealer relationship for the current and comparative years are 3 – 14 years.

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

### **3.12 Impairment**

The carrying amounts of the Bank and its subsidiaries' assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

#### *Calculation of recoverable amount*

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

#### *Reversal of impairment*

An impairment loss in respect of goodwill is not reversed. Impairment losses recognised in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### **3.13 Employee benefits**

#### *Short-term employee benefits*

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

#### *Post employment benefits and other long-term employee benefits*

##### *Defined contribution plan*

The Bank and its subsidiaries and the employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Bank and its subsidiaries. The fund's assets are held in a separate trust fund and the Bank and its subsidiaries' contributions are recognised as expenses when incurred.

#### Defined benefit plans

The Bank and its subsidiaries treat the severance payments they must make to employees upon retirement under labour law and other benefit (if any) as a post-employment benefit plan and the obligation to provide memorable gifts to employees when the employees have worked for the specified length of years in service as other long-term employee benefit plan.

Provisions for post-employment benefit plan and other long-term employee benefit plan are determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method. These actuarial techniques involve assumptions with reference to various variables such as demographic assumptions (e.g. staff turnover rate, mortality rate, etc.) and financial assumptions (e.g. salary incremental rate, discount rate, etc.).

Actuarial gain or loss arising from a post-employment benefit plan is recognised in other comprehensive income and taken as a part of retained earnings.

Actuarial gain or loss arising from other long-term employee benefit plan is recognised in profit or loss.

#### Share-based payments

The cost of the TTB Stock Retention Program is recognised when services are rendered by employees. The cost of the share-based payment plan is measured by reference to the fair value of the issued shares on the grant date (date of offering of new ordinary shares to the employees).

The cost of the share-based payment plan is recognised as expenses in profit or loss with a corresponding increase in "Other reserve - share-based payments" in equity over the periods in which the performance and service conditions are fulfilled. The cumulative expenses, which involve the Bank and its subsidiaries' management best estimate of number or ordinary shares that will ultimately vest, is recognised for the share-based payment plan at each reporting period-end until the vesting date. The expenses or reversal of expenses for a period represented the movement in cumulative expenses recognised as at the beginning and at the end of the reporting year.

### 3.14 Provisions

A provision is recognised if, as a result of a past event, the Bank and its subsidiaries have a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

#### *Provisions for contingent liabilities as a result of obligation having credit risk exposures*

The Bank and its subsidiaries provide provisions for those off-balance sheet items having credit risk exposures, such as loan guarantees, avals or commitments irrevocable by financial institutions, or obligation according to letter of guarantee of which the Bank and its subsidiaries were claimed against, using the same criteria and methods applied to allowance for expected credit loss that are described in note 3.4.6.

### 3.15 Measurement of fair values

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Bank and its subsidiaries has access at that date. The fair value of a liability reflects its non-performance risk.

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The Bank and its subsidiaries have an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Bank and its subsidiaries Audit Committee.

When measuring the fair value of an asset or a liability, the Bank and its subsidiaries use observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the asset or liability that are based on unobservable input.

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Bank and its subsidiaries recognise transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

**3.16 Fee and commission**

Fee and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate.

Fees which are not integral to the effective interest rate on a financial asset or financial liability are recognised as revenue on an accrual basis and service income is recognised as revenue when services are rendered, taking into account the stage of completion of the services provided and conditions in the contract. Fee received in advance is recorded as "Deferred revenue" in the statements of financial position and recognised as revenue when services are rendered. In case that the Bank and its subsidiaries provide customer loyalty programmes, such as award points to redeem goods or services, etc. to their customers to motivate them to become their loyal customers, the Bank and its subsidiaries shall allocate the fair value of the award points earned by customers each time they use services of the Bank and its subsidiaries from considerations received on services they provide each time. The amount is recorded as "Deferred revenue" in the statements of financial position and it will be recognised as revenue in profit or loss when the customers redeem the award points.

*Fees and service expenses*

The Bank and its subsidiaries recognise fees and service expenses which are not integral to the effective interest rate on a financial asset or financial liability on an accrual basis.

**3.17 Dividend income**

Dividend income is recognised when the right to receive income is established. Dividend income is presented in other operating income.

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**3.18 Net trading income and foreign exchange transactions**

Net trading income comprises gains less losses related to trading assets and liabilities, and includes all fair value changes and foreign exchange differences.

Net income on trading and foreign exchange transactions are recognised based on the remeasurement to fair value of the underlying instruments in profit or loss on an accrual basis.

**3.19 Income tax**

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Bank and its subsidiaries expect, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Bank and its subsidiaries take into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Bank and its subsidiaries believe that their accruals for tax liabilities are adequate for all open tax years based on their assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Bank and its subsidiaries to change their judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the year that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Bank and its subsidiaries. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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**3.20 Earnings per share**

The Bank and its subsidiaries present basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted EPS is determined by adjusting the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of potential ordinary shares from TTB Stock Retention Program.

**3.21 Related parties**

A related party is a person or entity that has direct or indirect control or joint control, or has significant influence over the financial and managerial decision-making of the Bank and its subsidiaries; a person or entity that are under common control or under the same significant influence as the Bank and its subsidiaries; or the Bank and its subsidiaries have direct or indirect control or joint control or has significant influence over the financial and managerial decision-making of a person or entity.

**3.22 Segment reporting**

Segment results that are reported to the Bank Executive Committee (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items are not included in reporting segment operating results.

**3.23 Offsetting**

Financial assets and liabilities are offset, and the net amount is reported in the statements of financial position when the Bank and its subsidiaries have a legal, enforceable right to set off the recognised amounts and the transactions are intended to be settled on a net basis.



#### 4 Entire Business Transfer

On 3 July 2021 (“business transfer date”), Thanachart Bank Public Company Limited (“TBANK”) completed the transfer of its entire business (“the Business”) to the Bank. The transaction is considered as business combination under common control. The Business consists of all business undertaking under Thanachart Bank’s umbrella, including commercial banking business and retail banking business, all asset and liabilities, and rights and obligations as of the transferring date. The total price of the Business is determined of Baht 161,412 million. During the year, the bank made full payment to TBANK.

The major classes of the carrying amount of assets acquired and liabilities assumed and surplus on business combination under common control recognised at the transferring date are summarised as follows:

	Amount (Million Baht)
Investments, net	82,717
Loans to customers and accrued interest receivables, net	622,249
Other assets	47,934
Deposits	(457,319)
Interbank and money market items (liability)	(118,746)
Other liabilities	(14,538)
<b>Total net assets</b>	<b>162,297</b>
Surplus on business combination under common control	(885)
<b>Consideration transferred</b>	<b>161,412</b>

#### 5 Impact of COVID-19

At the onset of the COVID-19 pandemic, the Bank and its subsidiaries provided relief measure for all customer segments in the form of payment holiday for principal and interest, a reduction of interest payment, extension of installment period, and special loan facilities. During the year ended 31 December 2021, loans under debt relief since 2020 has exited the program. However, after the 3rd wave of COVID-19 resurgence, there are new requests from affected customers. As at 31 December 2021 and 2020, the Bank and its subsidiaries had customers under the relief program representing approximately 12% and 15%, respectively (Bank only:12% and 15%, respectively) of the total loan portfolio. According to the resurgence of COVID-19, the Bank continues to be vigilant and keeps monitoring customers to ensure the Bank’s asset quality as well as supported affected customers from the 3rd wave through the various relief measures and pre-emptive debt restructuring to ensure that customers can recover in the long run.

In relation to financial reporting, the Bank and its subsidiaries have adopted accounting relief on the use of new effective interest rate (EIR) at the time contracts are changed. This has been applied for all customers under relief program.

As the COVID-19 pandemic is ongoing, management considered the impact of the COVID-19 to the financial assets based on available information and the potential impact on the initial ECL estimates. As at 31 December 2021 and 2020, management provided additional ECL as management overlay especially for the customers under relief programs and impact from economic condition.

## 6 Risk management

### *Risk management approach*

Risk management is an integral part of the Bank and its subsidiaries' business activities and strategic planning with the objective to optimize risks and returns and create sustainable shareholder value whilst remaining in compliance with regulatory requirements. The Bank and its subsidiaries have established a solid risk governance framework which serves as the foundation for consistent and effective risk management. The risk governance framework mainly consists of a clear risk governance structure, risk appetite, risk management policies, consistent risk management processes and an embedded risk culture. All of this translates into a straight-forward risk management strategy in which:

- Products and portfolios are structured, underwritten, priced, approved and managed appropriately and within established risk appetites;
- Compliance with internal and external regulations and guidelines is monitored continuously;
- Our risk profile and risk appetite are transparent and consistent;
- Delegated authorities are consistent with the Bank's overall strategy and risk appetite;
- Communication to internal and external stakeholders on risk management and value creation is transparent.

### 6.1 Credit risk

Credit risk is the risk of potential loss as a result of borrowers and/or counterparties failing to meet their financial and contractual obligations in accordance with agreed terms. It arises primarily from granting loans and undertaking contingent liabilities, and also from certain off-balance sheet items products such as derivatives.

The objective of credit risk management is to optimize the Bank's risk-adjusted return by balancing the risk /return and by building a sustainable competitive advantage by integrating risk management into business activities and strategic planning.

The Bank has established frameworks which set out Credit Risk Appetite, Credit Risk Policies and Guidelines and processes covering the measurement and management of credit risk.

#### Credit Risk Appetite Statement (Credit RAS)

Credit RAS is a formally documented statement of the maximum level of credit risk that the Bank and its subsidiaries are willing to accept in pursuit of its business objectives. The Bank and its subsidiaries develop and review its Credit RAS at Bank-wide level, BU level and Portfolio level, covering all relevant credit risk metrics to monitor the quality of credit portfolio and control obligor concentration.

#### Credit Risk Policies and Guidelines

The Bank has put in place Master Credit Risk Management Policy to govern all key aspects of credit risk management in compliance with the Bank of Thailand's regulatory requirements and the Bank's strategic direction. In addition, credit risk management sub policies, guidelines are established to provide the guidance in each credit risk aspect stated in Master Credit Risk Management Policy. The Board of Directors has the responsibility to review and approve the Bank's Master Credit Risk Management Policy and has delegated the approval authority of underlying credit risk management sub policies, guidelines to Sub-Committees as deemed appropriate. All relevant business units and support units are required to formulate supplementary credit policies, guidelines, framework, standards, criteria, processes and procedures specific to their respective businesses.

#### Credit Risk Management Processes

Credit Risk Management consists of 5 key processes:

- 1) **Risk appetite setting:** The Bank annually sets credit risk appetites which are input for and aligned with the business planning process, are discussed in and endorsed by the relevant Sub-Committees, and ultimately approved by the Board of Directors as part of Master Risk Appetite. Actual credit performance is regularly measured against and reported on the basis of credit risk appetites.
- 2) **Risk Identification:** The Bank identifies and manages credit risk inherent in all products and activities. The risks of new products and activities are subject to adequate risk management procedures and controls before being introduced or undertaken and approved in advance by relevant Committees.
- 3) **Risk Assessment & Measurement:** The Bank uses different methods and tools to measure credit risk in both quantitative and qualitative aspects. In addition, the Bank also conducts credit risk stress testing to measure the quality and resilience of the Bank's credit portfolio and the Bank's capacity to absorb the impact resulting from various stress event scenarios.
- 4) **Risk Monitoring and Control:** The Bank regularly monitors, controls and mitigates credit risk by setting key credit risk indicators, credit risk limits, as well as credit risk appetite at Bank-wide, BU, Portfolio and other levels as deemed appropriate.
- 5) **Risk Reporting & Communication:** The Bank regularly reports the status of credit risk as well as actions taken / to be taken are reported to relevant parties / committees and top management on a regular basis. The risk reports cover product level, portfolio level, functional level, and the bank-wide level.

#### Credit Approval Process

In managing credit risk, the Bank and its subsidiaries segregate the roles and responsibilities of the credit marketing function from the credit granting function to ensure proper checks and balances. Individual credit risk is analyzed and assessed by experienced credit officers and approved by an appropriate authority depending on the size and credit rating of customer.

Where appropriate, the Bank and its subsidiaries demand the placement of adequate collateral by customers in various forms, for example, land and building, bank deposits, securities, and personal/corporate guarantees, etc.

The Bank and its subsidiaries have contingent liabilities by issuing payment and other forms of guarantees, as well as issuing letters of credit and endorsing AVAL on commercial bills and notes for its customers. Such contingent transaction activities require assessment of financial condition of customers in the same manner as done for direct lending. The Bank and its subsidiaries also make a standard practice to set conditions to mitigate the elements of risk in the same manner as for direct lending procedures.

The Bank has established Credit Risk Management Departments in accordance with size of the customers and product offering, comprising of 1) Commercial Credit Risk Management, responsible for risk approval, measurement and management for the commercial clients, which is separated according to size of the business to enhance risk management efficiency, including large, medium and small corporates 2) Retail Credit Risk Management, responsible for risk approval, measurement and management for secured and unsecured lending to individuals and small non-juristic businesses and 3) Automotive Credit Risk Management, responsible for risk approval, measurement and management for Hire Purchase Portfolio.

#### Independent Unit related to Risk Management

Independent Credit Review is an independent unit responsible to review end-to-end credit process to ensure the soundness of the credit process; including risk monitoring control post approval, loan classification, provisioning and write-off, compliance with policy and procedures, appropriate balance and alignment with regulatory requirements

The Audit unit, an independent unit, is responsible for performing the assessments and making recommendations to improve the adequacy and effectiveness of credit-related processes and the credit risk management processes.

#### Internal Rating and External Rating Framework

Risk ratings are typically based on credit analysis factors and/or market condition indicators, considering both the quantitative and qualitative information. The Bank and its subsidiaries developed internal credit risk models for supporting all bank-wide activities starting from setting of risk appetite statements, underwriting process, monitoring/measuring and predicting changes in portfolio quality, early response to deterioration trends, to serving as communication tool within the organization.

The Bank and its subsidiaries have developed credit risk models to consider probability that the debtor will default (PD), the estimate of the exposures when the debtor defaults (EAD), and the percentage of damage that may occur when the debtor defaults on the debt (LGD). All models are based on analytical principles based on quantitative and qualitative data. Qualitative data is collected from historical data or from external service providers. The implementation of these

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credit risk models is in addition to those used in the credit process mentioned above. It is also intended to be used to set an allowance for loss as well as estimation of regulatory capital and economic capital.

The Bank and its subsidiaries set up Risk Rating Guideline to provide the logic and use of creating and verifying model-based Risk Ratings. The Bank and its subsidiaries use different risk rating models according to different borrower segment.

The credit risk level depends on the estimation of the debtor's default risk and risk rating. The Bank and its subsidiaries have designed two types of credit risk assessment models: (1) Internal rating models for Commercial portfolio; Use information based on the latest financial position and quality assessments of borrowers and (2) Internal rating models for small business, Retail and Hire Purchase portfolio which are based on behavioral study and/or credit limit utilization history together with reliable statistical methods to categorize credit risk grade or determine the appropriate probability of default according to the debtor's risk level.

Exposures and the corresponding credit risk grades are subject to review at a frequency stipulated in the Guideline. Risk rating models, and the performance of the models are subject to regular monitoring. This is a process to keep both risk grade and models up to date and qualified.

A credit risk grade is ranked from lowest to highest. The lower the number in the rank, the lower the probability of default. The highest rating represents stage3 loans with probability of default of 100%.

In addition to the internal rating, the Bank and its subsidiaries also use external ratings from an international rating agency as references for credit risk grade of investment related activities/portfolios.

Information related to expected credit loss (ECL)

*Significant increase in credit risk (SICR)*

Quantitative factors include an assessment of whether there has been significant increase in the forward-looking probability of default (PD) since origination. A forward-looking PD is one that is adjusted for future economic conditions to the extent these are correlated to changes in credit risk. If the thresholds are exceeded, the instrument is considered to have experienced a significant increase in credit risk.

Qualitative factors assessed include those linked to current credit risk management processes. Indicators could include weak operating results or observed liquidity issues among various other factors.

*Definition of default*

Financial assets are assessed for credit-impairment at each reporting date and more frequently when circumstances warrant further assessment. Evidence of credit-impairment includes arrears of over 90 days on any material credit obligation, indications that the borrower is experiencing significant financial difficulty, a breach of contract, bankruptcy or distressed restructuring.

*Write-off*

The write off is an internal accounting process to properly reflect the absence/loss of real value of the Bank's assets. The Bank allows both full write-off and partial write-off when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, the Bank still maintains its legal rights, both in terms of debt collection and legal proceeding for loan repayment from borrowers.

*Loan Loss Provisioning, TFRS9, and ECL*

Since 1 January 2020, the Bank and its subsidiaries have recognised loss allowances based on the ECL model of TFRS9, which is designed to be forward-looking. The TFRS9 impairment requirements are applicable to on-balance sheet financial assets measured at amortised cost or fair value through other comprehensive income (FVOCI), such as loans and debt securities, as well as off-balance sheet items such as undrawn loan commitments, certain financial guarantees, and undrawn committed revolving credit facilities. These financial assets are divided into three stages (Staging) based on credit quality. The ECL model is assessed according to statistical techniques and supported by expert judgment.

*Forward-looking factors expected to occur in the future*

TFRS 9 requires consideration of the impact of changes in economic or so-called forward-looking factors to estimate the expected credit loss by including the forecast of the economic condition.

The Bank and its subsidiaries have procedures for foresee data creation. The first step is to prepare macroeconomic projections from external sources such as consensus economic data or forecasts published by government agencies. Then, statistical techniques are applied to transform the different types of simulation data. The final step is to use the simulation scenario as a variable in calculating potential credit losses and in determining the credit quality of the financial assets as described previously.

The Bank and its subsidiaries formulate three forward-looking economic scenarios; a base case, which is the baseline scenario, and two less likely scenarios, one upside and one downside scenario. Macroeconomic variables include economic data and forecasts. Examples of the macro economic variables used in the forward-looking information are Gross Domestic Product (GDP), interest rate, and unemployment rate.

#### Management Overlay

The Bank and its subsidiaries calculated the ECL based on the model. However, management overlays were considered when underlying assumptions or data used to estimate ECLs do not reflect current circumstances, events or conditions of the Bank and its subsidiaries at the reporting date as post-model adjustments.

#### 6.1.1 Credit quality

The following tables set out information about the credit quality as at 31 December 2021 and 2020 of loans to customers without taking into account collateral or other credit enhancement. The Bank and its subsidiaries classified a risk level based on most recent financial position, behaviours and qualitative factors.

Risk level	Consolidated 2021			Total
	Stage 1	Stage 2	Stage 3	
	<i>(in million Baht)</i>			
<b>Loans to customers and accrued interest receivables - net</b>				
Low	845,049	537	-	845,586
Medium	377,937	43,150	11	421,098
High	1,676	68,843	51	70,570
NPLs	-	-	42,430	42,430
Gross carrying amount	1,224,662	112,530	42,492	1,379,684
Less allowance for expected credit loss	(12,413)	(22,052)	(20,007)	(54,472)
Carrying amount	1,212,249	90,478	22,485	1,325,212

Risk level	Consolidated 2020			Total
	Stage 1	Stage 2	Stage 3	
	<i>(in million Baht)</i>			
<b>Loans to customers and accrued interest receivables - net</b>				
Low	905,827	5,269	-	911,096
Medium	330,188	47,415	-	377,603
High	1,623	69,451	-	71,074
NPLs	-	-	40,674	40,674
Gross carrying amount	1,237,638	122,135	40,674	1,400,447
Less allowance for expected credit loss	(11,126)	(21,617)	(19,224)	(51,967)
Carrying amount	1,226,512	100,518	21,450	1,348,480

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Risk level	Stage 1	Bank Only 2021		Total
		Stage 2	Stage 3	
		(in million Baht)		
<b>Loans to customers and accrued interest receivables - net</b>				
Low	845,048	537	-	845,585
Medium	377,937	43,150	11	421,098
High	1,676	68,843	51	70,570
NPLs	-	-	41,678	41,678
<b>Gross carrying amount</b>	<b>1,224,661</b>	<b>112,530</b>	<b>41,740</b>	<b>1,378,931</b>
Less allowance for expected credit loss	(12,413)	(22,052)	(19,987)	(54,452)
<b>Carrying amount</b>	<b>1,212,248</b>	<b>90,478</b>	<b>21,753</b>	<b>1,324,479</b>

Risk level	Stage 1	Bank Only 2020		Total
		Stage 2	Stage 3	
		(in million Baht)		
<b>Loans to customers and accrued interest receivables - net</b>				
Low	459,316	852	-	460,168
Medium	182,197	28,046	-	210,243
High	788	31,449	-	32,237
NPLs	-	-	22,458	22,458
<b>Gross carrying amount</b>	<b>642,301</b>	<b>60,347</b>	<b>22,458</b>	<b>725,106</b>
Less allowance for expected credit loss	(4,904)	(14,495)	(11,932)	(31,331)
<b>Carrying amount</b>	<b>637,397</b>	<b>45,852</b>	<b>10,526</b>	<b>693,775</b>

#### Investment in debt securities

Major investment in debt securities of the Bank are investment in government and state enterprise securities which are considered as low-risk financial assets, except investment in debt securities of a public company approximately Baht 315 million are considered as non-performing financial assets. (2020: Baht 1,563 million)

#### 6.1.2 Collateral held and other credit enhancements

In addition to determining counterparty credit quality through risk rating, the Bank also uses collateral as one type of credit risk mitigation to reduce potential credit losses to the Bank and its subsidiaries. The type of eligible collateral consists of financial and non-financial collaterals which valued primarily based on their quality and liquidity. The value of collateral is primarily assessed on a prudent basis to ensure that the value assigned to the collateral remains current.

The assessment of the suitability of collateral for a specific credit transaction is part of the credit decision making which undertaken in a conservative way, including collateral haircuts that are applied. The Bank and its subsidiaries strives to



avoid “wrong-way” risk characteristics where the borrower’s counterparty risk is positively correlated with the risk of deterioration in the collateral value.

For “guarantee”, the process for the analysis of the guarantor’s creditworthiness is aligned to the credit assessment process for borrowers.

For examples

- Credit evaluation process - different risk levels require different LTVs
- Credit approval process - LTV is one of the factors to determine the level of approval authorities. At present, the Bank defines the approval authority based on business type, industry, the customer’s risk rating as well as LTV criteria whereby LTV criteria is applied for Commercial Banking customer at appropriate level depend on industry. For mortgage Loan, 70% to 110% LTV criteria is applied. For Hire Purchase, 60% to 100% LTV criteria is applied, depending on risk level of customer and collateral.

Collateral Appraisal Approach:

The appraisal shall be conducted by applying one or more of the approaches specified in the codes of professional ethics and standards of appraisal practice stipulated by the Office of the Securities and Exchange Commission (SEC) and is under responsibility of Asset Appraisal Department. The following are example of collateral appraisal approach:

- Immovable property for commercial purpose shall be appraised by the cost approach, or the direct sales comparison approach, or the income approach.
- Immovable property for residential purpose shall be appraised by the direct sales comparison approach, or the cost approach.
- Other immovable properties shall be appraised by the cost approach, or the direct sales comparison approach, or the income approach.
- Machinery and vehicle shall be appraised by the direct sales comparison approach, or the cost approach
- Criteria for appraising marketable equity securities and debt securities collateral shall be established in writing and agreed among the Appraisal Committee members.

The following table sets out the principal types of collateral held against different types of loan to customer and accrued interest receivables as at 31 December 2021 and 2020.

Type of credit exposures	Consolidated		Principal type of collateral held
	2021	2020	
	<i>(in million Baht)</i>		
Loans to customers and accrued interest receivables			
- Loans to corporate customers	596,997	614,749	Properties, plant, equipment and/or guarantee by government unit
- Retail mortgage lending	307,879	296,074	Properties
- Hire purchase	394,877	404,865	Vehicle
- Others	79,931	84,759	None
Type of credit exposures	Bank only		Principal type of collateral held
	2021	2020	
	<i>(in million Baht)</i>		
Loans to customers and accrued interest receivables			
- Loans to corporate customers	596,496	473,667	Properties, plant, equipment and/or guarantee by government unit
- Retail mortgage lending	307,705	193,769	Properties
- Hire purchase	394,877	-	Vehicle
- Others	79,853	57,670	None

### 6.1.3 Concentrations of credit risk

The Bank and its subsidiaries monitor concentration in different dimensions including sector. Concentrations of credit risk from loans to customers and accrued interest receivables as at 31 December 2021 and 2020 is shown below.

	Consolidated	
	2021	2020
	<i>(in million Baht)</i>	
<i>Concentration by sector</i>		
Agricultural and mining	19,070	20,485
Real estate and construction	58,189	59,080
Public utilities and services	125,039	158,489
Retail mortgage lending	307,745	296,074
Manufacturing and commerce	374,796	361,381
Hire purchase	394,877	404,865
Others	99,968	100,073
<b>Total</b>	<b>1,379,684</b>	<b>1,400,447</b>

	Bank only	
	2021	2020
	(in million Baht)	
<i>Concentration by sector</i>		
Agricultural and mining	19,057	14,996
Real estate and construction	58,166	24,927
Public utilities and services	125,020	113,623
Retail mortgage lending	307,705	193,769
Manufacturing and commerce	374,156	311,787
Hire purchase	394,877	-
Others	99,950	66,004
<b>Total</b>	<b>1,378,931</b>	<b>725,106</b>

## 6.2 Market risk

Market risk refers to losses that may happen due to the fluctuations of foreign exchange rates, interest rates, and prices of equity securities, all of which may impact the value of the Bank's assets, liabilities, and off-balance sheet items.

The Bank and its subsidiaries have established various market risk policies, which set standards and guidelines for market risk management. The sub-committee holds the responsibility to assist the BOD and the ROC to ensure that bank-wide market risk management complies with the relevant risk policies and defined levels of risk appetite. The Bank and its subsidiaries classify the overall market risk management into two parts: trading book and banking book. The Bank and its subsidiaries have developed a policy to set standards on the book definitions and transaction classification criteria as well as the treatment of each book.

### *Market risk in the trading book*

Market risk in the trading book consists of market risk from exposures of financial instruments and derivatives that are held with trading intent or for hedging other positions in the trading book. The Bank and its subsidiaries have established the market risk policies for trading book to ensure the proper management of market risks in the trading book as well as impose limits to control the risks to be within the Bank and its subsidiaries' risk appetite.

### *Market risk in the banking book*

Market risk in the banking book consists of market risks incurred from the Bank and its subsidiaries' both on and off-balance sheet items, and derivatives designated to hedge other banking book items.

The Bank and its subsidiaries have established the market risk policies for banking book, which outlines the approach for managing market risks in the banking book and setting the relevant limits appropriate to the positions of the risks in the book and in line with the Bank and its subsidiaries' risk appetite.

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The Bank and its subsidiaries also analyse risks and regularly assess the impact, the results of which are used as tools to manage the Bank's assets and liabilities structure to be in line with the changing market environment.

6.2.1 Interest rate risk

Interest rate risk is the risk from future movements in market interest rates including changes in interest rates of rate sensitive assets and liabilities that will have negative impact to the Bank's and its subsidiaries' operating results, cash flows and economic value.

The Bank and its subsidiaries' principal financial assets, namely loans to customers mostly earn interest at floating rates, based on MRR, MLR, MOR, interest rates of time deposits or other benchmark floating rates such as BIBOR, LIBOR, etc.

As at 31 December 2021 and 2020, significant financial assets and liabilities classified by interest repricing periods were as follows:

	Consolidated 2021					
	Repricing periods			Non- performing assets  (in million Baht)	Non- interest bearing	Total
	Within 3 months	Over 3 months to 1 year	Over 1 year			
<i>Financial assets</i>						
Cash	-	-	-	-	16,011	16,011
Interbank and money market items net of deferred revenue	136,453	171	10	-	22,258	158,892
Financial assets measured at fair value through profit or loss	1,043	-	-	-	378	1,421
Investments, net	28,575	19,904	128,859	-	2,891	180,229
Investments in subsidiaries and associates, net	-	-	-	-	8,620	8,620
Loans to customers net of deferred revenue	777,862	159,301	374,919	42,121	18,112	1,372,315
Other financial assets - net	1,864	-	-	-	5,711	7,575
<b>Total financial assets</b>	<b>945,797</b>	<b>179,376</b>	<b>503,788</b>	<b>42,121</b>	<b>73,981</b>	<b>1,745,063</b>
<i>Financial liabilities</i>						
Deposits	1,192,313	58,467	44,374	-	44,041	1,339,195
Interbank and money market items	60,856	10,344	9,741	-	4,025	84,966
Liabilities payable on demand	-	-	-	-	5,325	5,325
Financial liabilities measured at fair value through profit or loss	437	-	-	-	-	437
Debts issued and borrowings	2,210	16,870	49,299	-	19	68,398
Other financial liabilities	963	9	-	-	15,463	16,435
<b>Total financial liabilities</b>	<b>1,256,779</b>	<b>85,690</b>	<b>103,414</b>	<b>-</b>	<b>68,873</b>	<b>1,514,756</b>

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	Consolidated 2020					
	Repricing periods					
	Within 3 months	Over 3 months to 1 year	Over 1 year (in million Baht)	Non- performing assets	Non- interest bearing	Total
<b>Financial assets</b>						
Cash	-	-	-	-	21,943	21,943
Interbank and money market items net of deferred revenue	192,953	937	-	-	17,349	211,239
Financial assets measured at fair value through profit or loss	979	-	2,435	-	374	3,788
Investments, net	27,444	20,186	83,571	1,563	1,587	134,351
Investments in subsidiaries and associates, net	-	-	-	-	8,599	8,599
Loans to customers net of deferred revenue	586,581	136,906	619,351	39,593	10,494	1,392,925
Other financial assets - net	1,227	-	-	-	11,095	12,322
<b>Total financial assets</b>	<b>809,184</b>	<b>158,029</b>	<b>705,357</b>	<b>41,156</b>	<b>71,441</b>	<b>1,785,167</b>
<b>Financial liabilities</b>						
Deposits	1,256,893	73,084	8,557	-	34,874	1,373,408
Interbank and money market items	62,615	1,425	7,684	-	4,185	75,909
Liabilities payable on demand	-	-	-	-	3,895	3,895
Financial liabilities measured at fair value through profit or loss	432	-	-	-	-	432
Debts issued and borrowings	15,498	17,553	55,804	-	110	88,965
Other financial liabilities	3,859	-	-	-	16,228	20,087
<b>Total financial liabilities</b>	<b>1,339,297</b>	<b>92,062</b>	<b>72,045</b>	<b>-</b>	<b>59,292</b>	<b>1,562,696</b>

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	Bank only 2021					
	Repricing periods					
	Within 3 months	Over 3 months to 1 year	Over 1 year (in million Baht)	Non- performing assets	Non- interest bearing	Total
<b>Financial assets</b>						
Cash	-	-	-	-	16,011	16,011
Interbank and money market items net of deferred revenue	136,453	171	-	-	22,258	158,882
Financial assets measured at fair value through profit or loss	1,043	-	-	-	378	1,421
Investments, net	28,575	19,904	128,859	-	2,891	180,229
Investments in subsidiaries and associates, net	-	-	-	-	5,114	5,114
Loans to customers net of deferred revenue	777,862	159,301	374,917	41,370	18,112	1,371,562
Other financial assets - net	1,864	-	-	-	5,566	7,430
<b>Total financial assets</b>	<b>945,797</b>	<b>179,376</b>	<b>503,776</b>	<b>41,370</b>	<b>70,330</b>	<b>1,740,649</b>
<b>Financial liabilities</b>						
Deposits	1,196,456	58,467	44,374	-	44,431	1,343,728
Interbank and money market items	60,856	10,344	9,741	-	4,376	85,317
Liabilities payable on demand	-	-	-	-	5,325	5,325
Financial liabilities measured at fair value through profit or loss	437	-	-	-	-	437
Debts issued and borrowings	10	13,770	49,299	-	19	63,098
Other financial liabilities	963	-	-	-	15,130	16,093
<b>Total financial liabilities</b>	<b>1,258,722</b>	<b>82,581</b>	<b>103,414</b>	<b>-</b>	<b>69,281</b>	<b>1,513,998</b>

	Bank only 2020					
	Repricing periods					
	Within 3 months	Over 3 months to 1 year	Over 1 year (in million Baht)	Non- performing assets	Non- interest bearing	Total
<b>Financial assets</b>						
Cash	-	-	-	-	12,836	12,836
Interbank and money market items net of deferred revenue	178,357	29,936	-	-	13,000	221,293
Financial assets measured at fair value through profit or loss	979	-	-	-	147	1,126
Investments, net	23,444	6,322	43,028	-	529	73,323
Investments in subsidiaries and associates, net	-	-	-	-	158,852	158,852
Loans to customers net of deferred revenue	544,007	108,313	35,143	22,005	10,494	719,962
Other financial assets - net	800	-	-	-	8,556	9,356
<b>Total financial assets</b>	<b>747,587</b>	<b>144,571</b>	<b>78,171</b>	<b>22,005</b>	<b>204,414</b>	<b>1,196,748</b>
<b>Financial liabilities</b>						
Deposits	753,225	31,011	2,724	-	28,718	815,678
Interbank and money market items	42,140	795	5,207	-	3,007	51,149
Liabilities payable on demand	-	-	-	-	2,898	2,898
Financial liabilities measured at fair value through profit or loss	432	-	-	-	-	432
Debts issued and borrowings	15,493	17,553	55,804	-	110	88,960
Other financial liabilities	3,217	-	-	-	8,153	11,370
<b>Total financial liabilities</b>	<b>814,507</b>	<b>49,359</b>	<b>63,735</b>	<b>-</b>	<b>42,886</b>	<b>970,487</b>

#### 6.2.2 Foreign exchange risk

Foreign exchange risk is the risk that the value of the financial instruments will be affected by changes in foreign exchange rates.

In addition to the financial assets and liabilities denominated in foreign currencies already disclosed in the relevant notes to the financial statements, as at 31 December 2021 and 2020, the Bank and its subsidiaries' net foreign currency positions categorised by major foreign currencies were as follows:

	Consolidated					
	2021			2020		
	USD	Euro <sup>(*)</sup>	Other currencies <sup>(*)</sup> (in USD million)	USD	Euro <sup>(*)</sup>	Other currencies <sup>(*)</sup>
Spot	253	(238)	345	59	(964)	139
Forward	(255)	238	(347)	(47)	963	(134)
<b>Net position</b>	<b>(2)</b>	<b>-</b>	<b>(2)</b>	<b>12</b>	<b>(1)</b>	<b>5</b>

	Bank only					
	2021			2020		
	USD	Euro <sup>(*)</sup>	Other currencies <sup>(*)</sup> (in USD million)	USD	Euro <sup>(*)</sup>	Other currencies <sup>(*)</sup>
Spot	253	(238)	345	(295)	(965)	111
Forward	(255)	238	(347)	292	962	(108)
<b>Net position</b>	<b>(2)</b>	<b>-</b>	<b>(2)</b>	<b>(3)</b>	<b>(3)</b>	<b>3</b>

<sup>(\*)</sup> Balance denominated in Euro and other currencies are stated in USD equivalents.

#### 6.2.3 Equity price risk

Equity price risk is the risk that the Bank and its subsidiaries' earnings or value of financial assets may fluctuate due to changes in the price of equities.

The equity portfolio of the Bank and its subsidiaries are managed by specific units depending on the strategy, the types of business of the issuers of underlying securities, and the objectives for holding such equities. The equity investment management is under the supervision of the Asset and Liability Management Committee (ALCO) and/or the Chief Executive Committee (CEC) and/or Board of Executive Directors (BoED). All equity investments must comply with the bank-wide investment policy and framework, and related risk policies. The Bank and its subsidiaries have a policy to manage market risk by setting manageable limits on transactions, such as position limit and loss limits. The Risk Control Unit, which is separated from front office and back office functions, is responsible for control of risk and reporting on compliance with the various limits to the related business unit and related management, in order to facilitate responsive risk management.

As at 31 December 2021, the Bank had equity investments are listed on Stock Exchange of Thailand at Baht 227 million (2020 : Baht 1,304 million) with the mark to market value at Baht 198 million (2020 : Baht 910 million).

#### 6.2.4 Sensitivity analysis

##### Market risk in the trading book

The Bank and its subsidiaries use a number of sensitivity measurements to monitor the market risk in a trading book. The key measurements are PV01 and FX Delta. PV01 is used to monitor interest rate risk in which it measures the impact on

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portfolio value due to the increase in interest rate of 1 basis point. FX Delta is the rate of change of the portfolio value with respect to changes of foreign currency. FX Delta is used to monitor the foreign exchange risk of each currency. As at 31 December 2021 and 2020, the key sensitivities are as follows:

*At 31 December 2021*

<b>Bank only</b>	
Interest rate sensitivities (PV01)	
<i>(in thousand Baht)</i>	
THB	193
USD	441
Other currencies	(65)
<b>Total</b>	<b>569</b>
<b>Bank only</b>	
Exchange rate sensitivities (FX Delta)	
<i>(in thousand USD)</i>	
USD	(2,463)
SGD	(381)
Other currencies	555
<b>Total</b>	<b>(2,289)</b>

*At 31 December 2020*

<b>Bank only</b>		<b>TBCO (Formerly TBANK)</b>	
Interest rate sensitivities (PV01)		Interest rate sensitivities (PV01)	
<i>(in thousand Baht)</i>		<i>(in thousand Baht)</i>	
THB	410	THB	(890)
USD	(156)	USD	116
Other currencies	14	Other currencies	(4)
<b>Total</b>	<b>268</b>	<b>Total</b>	<b>(778)</b>
<b>Bank only</b>		<b>TBCO (Formerly TBANK)</b>	
Exchange rate sensitivities (FX Delta)		Exchange rate sensitivities (FX Delta)	
<i>(in thousand USD)</i>		<i>(in thousand USD)</i>	
USD	(2,753)	USD	(65)
EUR	845	GBP	67
Other currencies	208	Other currencies	(93)
<b>Total</b>	<b>(1,700)</b>	<b>Total</b>	<b>(91)</b>

*Market risk in the banking book*

The Bank and its subsidiaries use the repricing gap approach to determine the impact of interest rate changes on net interest income and economic value of equity on a monthly basis. The repricing gap uses the remaining term or next repricing date as stipulated in the contract. There are established interest rate risk limits to monitor and control the impact of interest rate changes on the net interest income and economic value. Impacts on the net interest income and economic value are computed assuming different size shocks in interest rate yield curves. As at 31 December 2021 and 2020, the effect of changes in interest rates to earnings (net) by 100 bps parallel shift in the next 1 year were as follows:



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	Consolidated	
	2021	2020
	Upward	Upward
	shift 100 bps	shift 100 bps
	(in million Baht)	
THB	(2,794)	(2,692)
USD	124	148
Others	(7)	2
Total effect of change in interest rate	<u>(2,677)</u>	<u>(2,542)</u>

	Bank only	
	2021	2020
	Upward	Upward
	shift 100 bps	shift 100 bps
	(in million Baht)	
THB	(2,796)	(293)
USD	124	130
Others	(7)	(4)
Total effect of change in interest rate	<u>(2,679)</u>	<u>(167)</u>

### 6.3 Liquidity risk

Liquidity risk refers to the risk that the Bank and its subsidiaries fail to meet its obligations as and when they fall due as a result of an inability to liquidate assets into cash in time or is unable to raise funds necessary for its operations, causing damage to the Bank.

The ALCO is responsible for assisting the BOD and the ROC in supervising the liquidity risk management of the Bank in compliance with the BoT's regulations and ensuring that the Bank has sufficient liquidity for its operations in both normal and crisis situations. In addition, the ALCO is responsible for ensuring that appropriate funding sources are secured in line with the changing market environment.

The Balance Sheet Management unit is responsible for overall liquidity management. The Global Markets and Transaction Banking unit is responsible for day-to-day liquidity management. Additionally, the responsibilities of the Balance Sheet Management unit include liquidity risk measurement and reporting the performance of the liquidity management to the ALCO. The Market Risk Management unit is responsible for identifying, monitoring and controlling the liquidity risk. The Bank has the Liquidity Risk Management Policy, which is reviewed at least once a year or when necessary, to ensure that it is appropriate with the prevailing environment. The Bank and each company in the Bank's financial business group manage their liquidity risk separately.

In order to manage liquidity, the Bank and its subsidiaries continually monitor its funding sources and access to capital markets. Derivatives are used for balance sheet management to hedge the portfolio of loans, deposits and debts issued and borrowings. The Bank and its subsidiaries recognise the importance of holding highly liquid assets that can be quickly converted into cash or used as collateral for raising funds.

Risk indicators are used as tools to measure and monitor liquidity risk. These comprise financial ratios such as Loans to Deposits Ratio (LDR), Liquidity Coverage Ratio (LCR), and Net Stable Funding Ratio (NSFR), as well as cash flow models incorporating Contractual Liquidity Gap and Behavioral Liquidity Gap. The Bank and its subsidiaries set risk limits and indicators in order to maintain its liquidity risk within the Bank and its subsidiaries' approved risk appetite. The liquidity position is monitored and reported on daily and monthly basis to the ALCO.

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Stress tests are performed under various scenarios, in accordance with the BoT's guidelines, in order to assess the Bank and its subsidiaries' ability to withstand a crisis. In addition, the liquidity contingency plan is prepared for various crisis situations, whereby the roles of the relevant responsible units are defined, as well as funding plans and communication plans to customers, etc.

The Bank will disclose Liquidity Coverage Ratio (LCR) information of statements of financial position, as at 31 December 2021 on the Bank's website ([www.tbbank.com/ir/capital\\_funds/basel3](http://www.tbbank.com/ir/capital_funds/basel3)) within April 2022.

The significant financial assets and liabilities classified by remaining periods to maturity, counted from the date of statements of financial position, as at 31 December 2021 and 2020 were summarised as follows:

	Consolidated 2021				No maturity	Total
	At call <sup>(1)</sup>	Within 1 year	1 - 5 year (in million Baht)	Over 5 year		
<b>Financial assets</b>						
Cash	-	-	-	-	16,011	16,011
Interbank and money market items net of deferred revenue	31,168	127,291	433	-	-	158,892
Financial assets measured at fair value through profit or loss	-	-	703	340	378 <sup>(2)</sup>	1,421
Investments, net						
Investments in debt instruments measured at FVOCI	-	27,864	130,793	18,367	315	177,339
Investments in equity instruments designated at FVOCI	-	-	-	-	2,890 <sup>(2)</sup>	2,890
Investments in subsidiaries and associates, net	-	-	-	-	8,620 <sup>(2)</sup>	8,620
Loans to customers net of deferred revenue	133,518	373,194	462,708	361,323	41,572 <sup>(3)</sup>	1,372,315
Other financial assets - net	587	1,479	-	399	5,110	7,575
<b>Total financial assets</b>	<b>165,273</b>	<b>529,828</b>	<b>594,637</b>	<b>380,429</b>	<b>74,896</b>	<b>1,745,063</b>
<b>Financial liabilities</b>						
Deposits	1,185,922	108,856	44,417	-	-	1,339,195
Interbank and money market items	17,455	57,770	9,704	37	-	84,966
Liabilities payable on demand	5,325	-	-	-	-	5,325
Financial liabilities measured at fair value through profit or loss	-	-	300	137	-	437
Debts issued and borrowings	5	14,071	54,291	31	-	68,398
Other financial liabilities	1,124	1,901	-	386	13,024	16,435
<b>Total financial liabilities</b>	<b>1,209,831</b>	<b>182,598</b>	<b>108,712</b>	<b>591</b>	<b>13,024</b>	<b>1,514,756</b>
<b>Net liquidity gap</b>	<b>(1,044,558)</b>	<b>347,230</b>	<b>485,925</b>	<b>379,838</b>	<b>61,872</b>	<b>230,307</b>

<sup>(1)</sup> Including transactions with 1-day term.

<sup>(2)</sup> Investment in equity securities.

<sup>(3)</sup> Non-performing loans.

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	Consolidated 2020				No maturity	Total
	At call <sup>(1)</sup>	Within 1 year	1 - 5 year (in million Baht)	Over 5 year		
<b>Financial assets</b>						
Cash	-	-	-	-	21,943	21,943
Interbank and money market items net of deferred revenue	23,308	187,641	290	-	-	211,239
Financial assets measured at fair value through profit or loss	-	314	2,270	830	374 <sup>(2)</sup>	3,788
Investments, net						
Investments in debt instruments measured at AMC	-	35	569	17	-	621
Investments in debt instruments measured at FVOCI	101	27,806	103,476	830	-	132,213
Investments in equity instruments designated at FVOCI	-	-	-	-	1,517 <sup>(2)</sup>	1,517
Investments in subsidiaries and associates, net	-	-	-	-	8,599 <sup>(2)</sup>	8,599
Loans to customers net of deferred revenue	118,447	423,422	433,288	378,175	39,593 <sup>(3)</sup>	1,392,925
Other financial assets - net	597	1,048	-	208	10,469	12,322
<b>Total financial assets</b>	<b>142,453</b>	<b>640,266</b>	<b>539,893</b>	<b>380,060</b>	<b>82,495</b>	<b>1,785,167</b>
<b>Financial liabilities</b>						
Deposits	1,186,604	177,876	8,928	-	-	1,373,408
Interbank and money market items	31,282	36,942	7,685	-	-	75,909
Liabilities payable on demand	3,895	-	-	-	-	3,895
Financial liabilities measured at fair value through profit or loss	-	-	300	132	-	432
Debts issued and borrowings	10	28,542	60,292	121	-	88,965
Other financial liabilities	925	5,346	901	310	12,605	20,087
<b>Total financial liabilities</b>	<b>1,222,716</b>	<b>248,706</b>	<b>78,106</b>	<b>563</b>	<b>12,605</b>	<b>1,562,696</b>
<b>Net liquidity gap</b>	<b>(1,080,263)</b>	<b>391,560</b>	<b>461,787</b>	<b>379,497</b>	<b>69,890</b>	<b>222,471</b>

<sup>(1)</sup> Including transactions with 1-day term.

<sup>(2)</sup> Investment in equity securities.

<sup>(3)</sup> Non-performing loans.

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	Bank only 2021				No maturity	Total
	At call <sup>(1)</sup>	Within 1 year	1 - 5 year (in million Baht)	Over 5 year		
<b>Financial assets</b>						
Cash	-	-	-	-	16,011	16,011
Interbank and money market items						
net of deferred revenue	31,158	127,291	433	-	-	158,882
Financial assets measured at						
fair value through profit or loss	-	-	703	340	378 <sup>(2)</sup>	1,421
Investments, net						
Investments in debt instruments						
measured at FVOCI	-	27,864	130,793	18,367	315	177,339
Investments in equity instruments						
designated at FVOCI	-	-	-	-	2,890 <sup>(2)</sup>	2,890
Investments in subsidiaries and associates, net	-	-	-	-	5,114 <sup>(2)</sup>	5,114
Loans to customers net of deferred revenue	133,518	372,469	462,708	361,322	41,545 <sup>(3)</sup>	1,371,562
Other financial assets - net	587	1,479	-	399	4,965	7,430
<b>Total financial assets</b>	<b>165,263</b>	<b>529,103</b>	<b>594,637</b>	<b>380,428</b>	<b>71,218</b>	<b>1,740,649</b>
<b>Financial liabilities</b>						
Deposits	1,185,922	113,389	44,417	-	-	1,343,728
Interbank and money market items	17,455	58,121	9,704	37	-	85,317
Liabilities payable on demand	5,325	-	-	-	-	5,325
Financial liabilities measured at						
fair value through profit or loss	-	-	300	137	-	437
Debts issued and borrowings	5	8,771	54,291	31	-	63,098
Other financial liabilities	1,124	1,892	-	386	12,691	16,093
<b>Total financial liabilities</b>	<b>1,209,831</b>	<b>182,173</b>	<b>108,712</b>	<b>591</b>	<b>12,691</b>	<b>1,513,998</b>
<b>Net liquidity gap</b>	<b>(1,044,568)</b>	<b>346,930</b>	<b>485,925</b>	<b>379,837</b>	<b>58,527</b>	<b>226,651</b>

<sup>(1)</sup> Including transactions with 1-day term.

<sup>(2)</sup> Investment in equity securities.

<sup>(3)</sup> Non-performing loans.

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	Bank only 2020					
	At call <sup>(1)</sup>	Within 1 year	1 - 5 year (in million Baht)	Over 5 year	No maturity	Total
<b>Financial assets</b>						
Cash	-	-	-	-	12,836	12,836
Interbank and money market items						
net of deferred revenue	18,236	202,767	290	-	-	221,293
Financial assets measured at						
fair value through profit or loss	-	314	344	321	147 <sup>(2)</sup>	1,126
Investments, net						
Investments in debt instruments						
measured at FVOCI	-	9,785	62,249	830	-	72,864
Investments in equity instruments						
designated at FVOCI	-	-	-	-	459 <sup>(2)</sup>	459
Investments in subsidiaries and						
associates, net	-	-	-	-	158,852 <sup>(2)</sup>	158,852
Loans to customers net of						
deferred revenue	105,414	255,791	133,738	203,014	22,005 <sup>(3)</sup>	719,962
Other financial assets - net	472	621	-	207	8,056	9,356
<b>Total financial assets</b>	<b>124,122</b>	<b>469,278</b>	<b>196,621</b>	<b>204,372</b>	<b>202,355</b>	<b>1,196,748</b>
<b>Financial liabilities</b>						
Deposits	758,249	54,688	2,741	-	-	815,678
Interbank and money market items	10,675	35,267	5,207	-	-	51,149
Liabilities payable on demand	2,898	-	-	-	-	2,898
Financial liabilities measured at						
fair value through profit or loss	-	-	300	132	-	432
Debts issued and borrowings	5	28,542	60,292	121	-	88,960
Other financial liabilities	925	3,798	479	298	5,870	11,370
<b>Total financial liabilities</b>	<b>772,752</b>	<b>122,295</b>	<b>69,019</b>	<b>551</b>	<b>5,870</b>	<b>970,487</b>
<b>Net liquidity gap</b>	<b>(648,630)</b>	<b>346,983</b>	<b>127,602</b>	<b>203,821</b>	<b>196,485</b>	<b>226,261</b>

<sup>(1)</sup> Including transactions with 1-day term.

<sup>(2)</sup> Investment in equity securities.

<sup>(3)</sup> Non-performing loans.

## 7 Fair value of financial assets and financial liabilities

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for the financial instruments measured at fair value as at 31 December 2021 and 2020. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount	Level 1	Consolidated Fair value		Total
			Level 2 (in million Baht)	Level 3	
At 31 December 2021					
Financial assets					
Financial assets measured at FVTPL	1,421	-	1,043	378	1,421
Derivative assets					
Foreign exchange rate	4,503	-	4,503	-	4,503
Interest rate	2,410	-	2,410	-	2,410
Total	6,913	-	6,913	-	6,913
Investments, net					
Investments in debt instruments measured at FVOCI	177,339	-	177,024	315	177,339
Investments in equity instruments designated at FVOCI	2,890	197	-	2,693	2,890
Total	180,229	197	177,024	3,008	180,229
Loans to customers and accrued interest receivables, net					
	1,325,212	-	938,734	390,568	1,329,302
Total financial assets	1,513,775	197	1,123,714	393,954	1,517,865
Financial liabilities					
Deposits	1,339,195	-	1,339,275	-	1,339,275
Financial liabilities measured at FVTPL	437	-	437	-	437
Derivative liabilities					
Foreign exchange rate	4,269	-	4,269	-	4,269
Interest rate	2,326	-	2,326	-	2,326
Total	6,595	-	6,595	-	6,595
Debts issued and borrowings	68,398	-	70,475	-	70,475
Total financial liabilities	1,414,625	-	1,416,782	-	1,416,782

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	Carrying amount		Consolidated Fair value		
		Level 1	Level 2	Level 3	Total
			(in million Baht)		
At 31 December 2020					
Financial assets					
Financial assets measured at FVTPL	3,788	-	3,414	374	3,788
Derivative assets					
Foreign exchange rate	7,402	-	7,402	-	7,402
Interest rate	4,557	-	4,557	-	4,557
Total	11,959	-	11,959	-	11,959
Investments, net					
Investments in debt instruments measured at AMC	621	-	677	-	677
Investments in debt instruments measured at FVOCI	132,213	-	130,650	1,563	132,213
Investments in equity instruments designated at FVOCI	1,517	910	-	607	1,517
Total	134,351	910	131,327	2,170	134,407
Loans to customers and accrued interest receivables, net	1,348,480	-	953,346	397,845	1,351,191
Total financial assets	1,498,578	910	1,100,046	400,389	1,501,345
Financial liabilities					
Deposits	1,373,408	-	1,373,493	-	1,373,493
Financial liabilities measured at FVTPL	432	-	432	-	432
Derivative liabilities					
Foreign exchange rate	4,859	-	4,859	-	4,859
Interest rate	4,409	-	4,409	-	4,409
Total	9,268	-	9,268	-	9,268
Debts issued and borrowings	88,965	-	90,940	-	90,940
Total financial liabilities	1,472,073	-	1,474,133	-	1,474,133

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	Carrying amount	Level 1	Bank only Fair value Level 2 (in million Baht)	Level 3	Total
<i>At 31 December 2021</i>					
<i>Financial assets</i>					
Financial assets measured at FVTPL	1,421	-	1,043	378	1,421
<i>Derivative assets</i>					
Foreign exchange rate	4,503	-	4,503	-	4,503
Interest rate	2,410	-	2,410	-	2,410
<b>Total</b>	<b>6,913</b>	<b>-</b>	<b>6,913</b>	<b>-</b>	<b>6,913</b>
<i>Investments, net</i>					
Investments in debt instruments measured at FVOCI	177,339	-	177,024	315	177,339
Investments in equity instruments designated at FVOCI	2,890	197	-	2,693	2,890
<b>Total</b>	<b>180,229</b>	<b>197</b>	<b>177,024</b>	<b>3,008</b>	<b>180,229</b>
Loans to customers and accrued interest receivables, net	1,324,479	-	938,001	390,568	1,328,569
<b>Total financial assets</b>	<b>1,513,042</b>	<b>197</b>	<b>1,122,981</b>	<b>393,954</b>	<b>1,517,132</b>
<i>Financial liabilities</i>					
Deposits	1,343,728	-	1,343,808	-	1,343,808
Financial liabilities measured at FVTPL	437	-	437	-	437
<i>Derivative liabilities</i>					
Foreign exchange rate	4,269	-	4,269	-	4,269
Interest rate	2,326	-	2,326	-	2,326
<b>Total</b>	<b>6,595</b>	<b>-</b>	<b>6,595</b>	<b>-</b>	<b>6,595</b>
Debt issued and borrowings	63,098	-	65,168	-	65,168
<b>Total financial liabilities</b>	<b>1,413,858</b>	<b>-</b>	<b>1,416,008</b>	<b>-</b>	<b>1,416,008</b>



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	Carrying amount		Bank only Fair value		
		Level 1	Level 2	Level 3	Total
			(in million Baht)		
At 31 December 2020					
Financial assets					
Financial assets measured at FVTPL	1,126	-	979	147	1,126
Derivative assets					
Foreign exchange rate	6,118	-	6,118	-	6,118
Interest rate	3,895	-	3,895	-	3,895
Total	10,013	-	10,013	-	10,013
Investments, net					
Investments in debt instruments measured at FVOCI	72,864	-	72,864	-	72,864
Investments in equity instruments designated at FVOCI	459	-	-	459	459
Total	73,323	-	72,864	459	73,323
Loans to customers and accrued interest receivables, net					
	693,775	-	693,775	-	693,775
Total financial assets	778,237	-	777,631	606	778,237
Financial liabilities					
Deposits	815,678	-	815,693	-	815,693
Financial liabilities measured at FVTPL	432	-	432	-	432
Derivative liabilities					
Foreign exchange rate	4,436	-	4,436	-	4,436
Interest rate	3,708	-	3,708	-	3,708
Total	8,144	-	8,144	-	8,144
Debt issued and borrowings	88,960	-	90,935	-	90,935
Total financial liabilities	913,214	-	915,204	-	915,204

The following methods and assumptions were used by the Bank and its subsidiaries in estimating fair value of financial instruments as disclosed herein.

- Cash:

The fair value is approximated based on its carrying value.

- Interbank and money market items (assets):

The fair value is approximated based on the carrying amount of interbank and money market items, except for the fair value of fixed rate items with remaining maturity period greater than 1 year which is calculated based on the present value of future cash flows of principal and interest, discounted at market interest rates.

- Financial assets measured at FVTPL and investments:

The fair value of investments in government-sector debt securities is determined, using yield rates or prices quoted on the Thai Bond Market Association ("ThaiBMA"). The fair value of investments in other debt securities issued locally is determined based on market value appraised by the reliable institutions, their respective yields, or the ThaiBMA's yield rates adjusted by appropriate risk factors. For defaulted debt securities, the fair value is determined based on estimated recovery by considering the credit risk.

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The fair value of marketable equity securities is determined at the last bid price quoted on the last working day of the Stock Exchange of Thailand of the reporting period. The fair value of an investment unit is determined using the net asset value announced on the reporting period-end date.

The fair value of non-marketable equity securities is determined mainly based on common valuation techniques with price and/or variables from the market as well as dividend discounted model, book value or adjusted book value.

Dividend discounted is calculated from profit under business plan covering 5 years period together with the estimated growth rates of market. Dividend payout ratio is based on entities' policies. The discount rate used is reference to industry cost of capital ( $k_e$ ). The terminal growth rate derived from long-term GDP adjusted with the expectation of the business growth.

- Loans to customers and accrued interest receivable, net:

The fair value is based on the carrying amount except for the fair value of fixed rate hire purchase which is calculated based on the present value of future cash flow of principal and interest, discounted at interest rate currently being offered on similar loans net of allowance for expected credit loss.

- Other financial assets:

The fair value is approximated based on its carrying value.

- Deposits and interbank and money market items (liabilities):

The fair value is approximated based on the carrying amount of deposits or interbank and money market items, except for the fair value of fixed rate items with remaining maturity period greater than 1 year which is calculated based on the present value of future cash flows of principal and interest, discounted at interest rates currently being offered on such deposits or interbank and money market items or similar deposits.

- Financial liabilities measured at fair value through profit or loss:

Fair value is calculated based on a valuation model, using market data obtained from reliable sources.

- Debts issued and borrowings:

The fair value is approximated based on their carrying amount, except for the fair value of fixed rate items with remaining maturity period greater than 1 year which is calculated based on the present value of future cash flows of principal and interest, discounted at the market interest rate at the reporting dates, in cases where there is no active market, and the market value, in cases where there is an active market.

- Other financial liabilities:

The fair value is approximated based on its carrying value.

- Derivatives:

In cases where there is an active market, the Bank and its subsidiaries use the market value as the fair value of derivatives. For simple over-the-counter derivative, fair values are based on inputs which are observable from independent and reliable market data sources, mainly based on exchange-traded prices, broker/dealer quotations, or counterparties' quotations. Those inputs are tested for reasonableness by discounting expected future cash flows using market interest rate for a similar instrument at the measurement date. Fair values of over-the-counter derivative reflect the credit risk of the instrument and include adjustments to take account of the counterparty and own entity credit risk when appropriate.

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The Bank and its subsidiaries recognise transfers between levels of the fair value hierarchy as of the end of the reporting period during which the transfer has occurred. There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the year ended 31 December 2021 and 2020.

**Fair value measurements using significant unobservable inputs (level 3)**

*Investments in debt instruments measured at FVOCI*

During the year ended 31 December 2020, due to changes in market conditions and default status, the quoted yield rate in respect of an investment in debentures of one counterparty was no longer reliable. There was also limited information to measure the fair value with other valuation techniques. Management applied judgement to compare the estimated recovery for fair value measurement including consideration of recovery estimate provided by ThaiBMA. These securities, with a carrying amount of Baht 315 million, were included as Level 3 hierarchy as at 31 December 2021 (2020: Baht 1.6 billion).

*Investments in equity instruments measured at FVOCI*

	Consolidated	Bank only
	2021	
	(in million Baht)	
Beginning balance	607	459
Purchased	1,605	1,605
Disposal during the year	(57)	(56)
Acquisition through Entire Business Transfer	-	164
Gain recognised in other comprehensive income	538	521
Ending balance	<u>2,693</u>	<u>2,693</u>

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## 8 Maintenance of capital fund

The Bank and its subsidiaries maintain its capital fund in accordance with the Financial Institution Business Act B.E. 2551 by maintaining its capital fund as a proportion of risk weighted assets in accordance with the criteria, methodologies, and conditions prescribed by the Bank of Thailand. The Bank and its subsidiaries are required to calculate its Capital Fund in accordance with Basel III. As at 31 December 2021 and 2020, the consolidated supervision and the Bank only's total capital funds could be categorised as follows:

	Consolidated supervision	
	2021	2020
	(in million Baht)	
<b>Tier 1 Capital</b>		
<b>Common Equity Tier 1 Capital (CET1)</b>		
Paid-up share capital	91,792	91,589
Share premium	43,345	43,322
Legal reserve	10,091	10,091
Net profits after appropriation	49,585	47,819
Other comprehensive income	4,673	4,903
Transactions under subsidiary and associated companies only for non-controlling interest and outside the scope that is countable as Common Equity Tier 1 Capital of consolidated financial institutions	-	14
Capital adjustment items on CET1	(30)	(65)
Capital deduction items on CET1	(23,172)	(25,949)
<b>Total Common Equity Tier 1 Capital</b>	<b>176,284</b>	<b>171,724</b>
<b>Addition Tier 1 Capital</b>		
Subordinated debentures classified as additional Tier 1 Capital	12,089	12,089
Transactions under subsidiary and associated companies only for non-controlling interest and outside the scope that is countable as Tier 1 of financial instruments of consolidated financial institutions	-	2
<b>Total Tier 1 Capital</b>	<b>188,373</b>	<b>183,815</b>

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	Consolidated supervision	
	2021	2020
	(in million Baht)	
<b>Tier 2 Capital</b>		
General provision	13,627	13,612
Subordinated debentures classified as additional Tier 2 Capital	35,430	35,430
Transactions under subsidiary and associated companies only for non-controlling interest and outside the scope that is countable as Tier 2 of consolidated financial institutions	-	3
<b>Total Tier 2 Capital</b>	<b>49,057</b>	<b>49,045</b>
<b>Total Capital Fund</b>	<b>237,430</b>	<b>232,860</b>
<b>Total Risk-Weighted Assets</b>	<b>1,228,574</b>	<b>1,188,683</b>

		The BoT's regulatory minimum requirement*	
		2021 (%)	2020
Capital Adequacy Ratio/Total Risk-Weighted Asset	11.0	19.33	19.59
Tier 1 Capital Ratio/Total Risk-Weighted Asset	8.5	15.33	15.46
Common Equity Tier 1 Capital Ratio/Total Risk-Weighted Asset	7.0	14.35	14.45

\* Includes capital conservation buffer as required by the BoT commencing 1 January 2016.

	Bank only	
	2021	2020
	(in million Baht)	
<b>Tier 1 capital</b>		
<b>Common Equity Tier 1 capital (CET1)</b>		
Paid-up share capital	91,792	91,589
Share premium	43,345	43,322
Legal reserve	10,091	10,091
Net profits after appropriation	48,351	45,914
Other comprehensive income	4,733	5,293
Other transaction from changes in equity	885	-
Capital adjustment items on CET1	(29)	(65)
Capital deduction items on CET1	(23,822)	(7,965)
<b>Total Common Equity Tier 1 Capital</b>	<b>175,346</b>	<b>188,179</b>
<b>Addition Tier 1 Capital</b>		
Subordinated debentures classified as additional Tier 1 Capital	12,089	12,089
<b>Total Tier 1 Capital</b>	<b>187,435</b>	<b>200,268</b>
<b>Tier 2 capital</b>		
General provision	13,627	8,146
Subordinated debentures classified as additional Tier 2 Capital	35,430	35,430
<b>Total Tier 2 Capital</b>	<b>49,057</b>	<b>43,576</b>
<b>Total Capital funds</b>	<b>236,492</b>	<b>243,844</b>
<b>Total Risk-Weighted Assets</b>	<b>1,216,927</b>	<b>833,315</b>

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	The BoT's regulatory minimum requirement*	2021 (%)	2020
Capital Adequacy Ratio/Total Risk-Weighted Asset	11.0	19.43	29.26
Tier 1 Capital Ratio/Total Risk-Weighted Asset	8.5	15.40	24.03
Common Equity Tier 1 Capital Ratio/Total Risk-Weighted Asset	7.0	14.41	22.58

\* Includes capital conservation buffer as required by the BoT commencing 1 January 2016.

As at 31 December 2021 and 2020, the Bank and its subsidiaries have no add-on arising from Single Lending Limit.

Disclosures of capital maintenance information under the Bank of Thailand on the Public Disclosures of Capital Maintenance for Commercial Banks, the Public Disclosures of Capital Maintenance for Financial Group, and the Public Disclosures of Liquidity Coverage Ratio, the Bank and its subsidiaries disclose as follows:

Location of disclosure	The Bank's website under Investor Relations section at <a href="http://www.ttbbank.com/ir/capital_funds/basel3">www.ttbbank.com/ir/capital_funds/basel3</a>
Disclosure period requirement	Within 4 months after the year end date as indicated in the BOT notification
Lasted information as of	30 June 2021

The disclosure as at 31 December 2021 will be provided within April 2022 on the Bank's website as noted above.

### ***Capital management***

The Bank and its subsidiaries' capital management approach is driven by its desire to maintain a strong capital base to support the development of its business, to meet regulatory capital requirements and to maintain appropriate credit ratings.

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9 Classification of financial assets and financial liabilities

	Consolidated					
	Financial instruments measured at FVTPL	Financial instruments designated at FVTPL	Financial instruments measured at FVOCI	Financial instruments designated at FVOCI	Financial instruments measured at amortised cost	Total
	(in million Baht)					
At 31 December 2021						
Financial assets						
Cash	-	-	-	-	16,011	16,011
Interbank and money market items - net	-	-	-	-	158,873	158,873
Financial assets measured at FVTPL	1,421	-	-	-	-	1,421
Derivatives assets	5,558	-	1,355	-	-	6,913
Investments - net	-	-	177,339	2,890	-	180,229
Loans to customers and accrued interest receivables - net	-	-	-	-	1,325,212	1,325,212
Other financial assets - net	-	-	-	-	7,575	7,575
Total	6,979	-	178,694	2,890	1,507,671	1,696,234
Financial liabilities						
Deposits	-	-	-	-	1,339,195	1,339,195
Interbank and money market items	-	-	-	-	84,966	84,966
Liabilities payable on demand	-	-	-	-	5,325	5,325
Financial liabilities measured at fair value through profit or loss	437	-	-	-	-	437
Derivatives liabilities	5,609	-	986	-	-	6,595
Debts issued and borrowings	-	-	-	-	68,398	68,398
Other financial liabilities	-	-	-	-	16,435	16,435
Total	6,046	-	986	-	1,514,319	1,521,351

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	Consolidated					
	Financial instruments measured at FVTPL	Financial instruments designated at FVTPL	Financial instruments measured at FVOCI	Financial instruments designated at FVOCI	Financial instruments measured at amortised cost	Total
	(in million Baht)					
<b>At 31 December 2020</b>						
<b>Financial assets</b>						
Cash	-	-	-	-	21,943	21,943
Interbank and money market items - net	-	-	-	-	211,185	211,185
Financial assets measured at FVTPL	3,788	-	-	-	-	3,788
Derivatives assets	9,561	-	2,398	-	-	11,959
Investments - net	-	-	132,213	1,517	621	134,351
Loans to customers and accrued interest receivables - net	-	-	-	-	1,348,480	1,348,480
Other financial assets - net	-	-	-	-	12,322	12,322
<b>Total</b>	<b>13,349</b>	<b>-</b>	<b>134,611</b>	<b>1,517</b>	<b>1,594,551</b>	<b>1,744,028</b>
<b>Financial liabilities</b>						
Deposits	-	-	-	-	1,373,408	1,373,408
Interbank and money market items	-	-	-	-	75,909	75,909
Liabilities payable on demand	-	-	-	-	3,895	3,895
Financial liabilities measured at fair value through profit or loss	432	-	-	-	-	432
Derivatives liabilities	9,268	-	-	-	-	9,268
Debts issued and borrowings	-	-	-	-	88,965	88,965
Other financial liabilities	-	-	-	-	20,087	20,087
<b>Total</b>	<b>9,700</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,562,264</b>	<b>1,571,964</b>



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	Bank only					
	Financial instruments measured at FVTPL	Financial instruments designated at FVTPL	Financial instruments measured at FVOCI	Financial instruments designated at FVOCI	Financial instruments measured at amortised cost	Total
	(in million Baht)					
<b>At 31 December 2021</b>						
<b>Financial assets</b>						
Cash	-	-	-	-	16,011	16,011
Interbank and money market items, net	-	-	-	-	158,863	158,863
Financial assets measured at FVTPL	1,421	-	-	-	-	1,421
Derivatives assets	5,558	-	1,355	-	-	6,913
Investments, net	-	-	177,339	2,890	-	180,229
Loans to customers and accrued interest receivables, net	-	-	-	-	1,324,479	1,324,479
Other financial assets - net	-	-	-	-	7,430	7,430
<b>Total</b>	<b>6,979</b>	<b>-</b>	<b>178,694</b>	<b>2,890</b>	<b>1,506,783</b>	<b>1,695,346</b>
<b>Financial liabilities</b>						
Deposits	-	-	-	-	1,343,728	1,343,728
Interbank and money market items	-	-	-	-	85,317	85,317
Liabilities payable on demand	-	-	-	-	5,325	5,325
Financial liabilities measured at fair value through profit or loss	437	-	-	-	-	437
Derivatives liabilities	5,609	-	986	-	-	6,595
Debts issued and borrowings	-	-	-	-	63,098	63,098
Other financial liabilities	-	-	-	-	16,093	16,093
<b>Total</b>	<b>6,046</b>	<b>-</b>	<b>986</b>	<b>-</b>	<b>1,513,561</b>	<b>1,520,593</b>
<b>At 31 December 2020</b>						
<b>Financial assets</b>						
Cash	-	-	-	-	12,836	12,836
Interbank and money market items, net	-	-	-	-	221,263	221,263
Financial assets measured at FVTPL	1,126	-	-	-	-	1,126
Derivatives assets	8,389	-	1,624	-	-	10,013
Investments, net	-	-	72,864	459	-	73,323
Loans to customers and accrued interest receivables, net	-	-	-	-	693,775	693,775
Other financial assets - net	-	-	-	-	9,356	9,356
<b>Total</b>	<b>9,515</b>	<b>-</b>	<b>74,488</b>	<b>459</b>	<b>937,230</b>	<b>1,021,692</b>

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	Bank only				Financial instruments measured at amortised cost	Total
	Financial instruments measured at FVTPL	Financial instruments designated at FVTPL	Financial instruments measured at FVOCI	Financial instruments designated at FVOCI		
	(in million Baht)					
<b>Financial liabilities</b>						
Deposits	-	-	-	-	815,678	815,678
Interbank and money market items	-	-	-	-	51,149	51,149
Liabilities payable on demand	-	-	-	-	2,898	2,898
Financial liabilities measured at fair value through profit or loss	432	-	-	-	-	432
Derivatives liabilities	8,144	-	-	-	-	8,144
Debts issued and borrowings	-	-	-	-	88,960	88,960
Other financial liabilities	-	-	-	-	11,370	11,370
<b>Total</b>	<b>8,576</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>970,055</b>	<b>978,631</b>

10 Interbank and money market items, net (assets)

	Consolidated	
	2021	2020
	(in million Baht)	
<b>Domestic items</b>		
Bank of Thailand and Financial Institutions Development Fund	122,910	147,651
Commercial banks	80	26,720
Specialised financial institutions	8,711	16,690
Other financial institutions	15,406	10,987
<b>Total</b>	<b>147,107</b>	<b>202,048</b>
Add accrued interest and undue interest income	13	16
Less allowance for expected credit loss	(15)	(72)
<b>Total domestic items</b>	<b>147,105</b>	<b>201,992</b>
<b>Foreign items</b>		
US Dollar	10,452	7,957
Japanese Yen	328	297
Euro	245	177
Other currencies	760	760
<b>Total</b>	<b>11,785</b>	<b>9,191</b>
Add accrued interest and undue interest income	11	12
Less allowance for expected credit loss	(28)	(10)
<b>Total foreign items</b>	<b>11,768</b>	<b>9,193</b>
<b>Total domestic and foreign items</b>	<b>158,873</b>	<b>211,185</b>

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	Bank only	
	2021	2020
	(in million Baht)	
<b>Domestic items</b>		
Bank of Thailand and Financial Institutions Development Fund	122,910	142,778
Commercial banks	70	57,020
Specialised financial institutions	8,711	4,190
Other financial institutions	15,406	9,075
<b>Total</b>	<b>147,097</b>	<b>213,063</b>
Add accrued interest and undue interest income	13	14
Less allowance for expected credit loss	(15)	(47)
<b>Total domestic items</b>	<b>147,095</b>	<b>213,030</b>
<b>Foreign items</b>		
US Dollar	10,452	7,240
Japanese Yen	328	212
Euro	245	133
Other currencies	760	645
<b>Total</b>	<b>11,785</b>	<b>8,230</b>
Add accrued interest and undue interest income	11	12
Less allowance for expected credit loss	(28)	(9)
<b>Total foreign items</b>	<b>11,768</b>	<b>8,233</b>
<b>Total domestic and foreign items</b>	<b>158,863</b>	<b>221,263</b>

11 Financial assets measured at fair value through profit or loss

	Consolidated	
	2021	2020
	(in million Baht)	
Government and state enterprise securities	1,043	3,414
Others	378	374
<b>Total</b>	<b>1,421</b>	<b>3,788</b>

	Bank only	
	2021	2020
	(in million Baht)	
Government and state enterprise securities	1,043	979
Others	378	147
<b>Total</b>	<b>1,421</b>	<b>1,126</b>

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## 12 Derivatives

As at 31 December 2021 and 2020, fair value of derivatives held for trading book, derivatives held for risk management, and hedge derivative with notional amount classified by type of risks were as follows:

Type of risks	Consolidated					
	2021		Notional amount  (in million Baht)	2020		Notional amount
	Fair Value			Fair Value		
	Assets	Liabilities		Assets	Liabilities	
Foreign currency related						
- Trading Book	3,119	3,267	486,496	4,997	4,772	376,568
- Derivative held for risk management	29	16	7,281	7	86	9,377
- Cash flow hedge	1,355	986	29,245	2,398	1	39,106
Interest rate related						
- Trading Book	2,410	2,326	177,578	4,444	4,374	236,396
- Fair value hedge	-	-	-	113	35	8,509
Total	6,913	6,595	700,600	11,959	9,268	669,956

Type of risks	Bank only					
	2021		Notional amount  (in million Baht)	2020		Notional amount
	Fair Value			Fair Value		
	Assets	Liabilities		Assets	Liabilities	
Foreign currency related						
- Trading Book	3,119	3,267	486,496	4,487	4,349	342,815
- Derivative held for risk management	29	16	7,281	7	86	9,377
- Cash flow hedge	1,355	986	29,245	1,624	1	30,095
Interest rate related						
- Trading Book	2,410	2,326	177,578	3,782	3,708	192,481
- Fair value hedge	-	-	-	113	-	7,509
<b>Total</b>	<b>6,913</b>	<b>6,595</b>	<b>700,600</b>	<b>10,013</b>	<b>8,144</b>	<b>582,277</b>

### 12.2 Hedging derivatives

#### 12.2.1 Fair value hedge

The Bank and its subsidiaries use interest rate swaps to exchange fixed rate for floating rates on funding to match floating rates received on asset or exchange fixed rates on assets to match the floating rates paid on funding. For qualifying hedges, the fair value changes of the derivative are substantially matched by corresponding fair value changes of the hedged items, both of which are recognized in profit or loss. For the year ended 31 December 2021, the Bank and its subsidiaries recognized loss on fair value hedges in profit or loss amounted to Baht 35 million, including amount recognised from unwinding hedging instruments in consolidated financial statements and no gain or loss in Bank only financial statements.

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12.2.2 Cash flow hedge

The Bank and its subsidiaries use cross-currency interest rate swaps to manage the variability in future cash flow on its assets and liabilities, mainly investments and borrowings, and cost in foreign currencies. The cross-currency interest rate swaps are contracts which involve the exchange of principal and interest in different currencies with counterparties for a specified period.

Gains or losses arising on the effective portion of the hedges are deferred in other comprehensive income until the variability on the cash flow affects profit and loss, at which time the gains or losses are transferred to profit or loss. For the year ended 31 December 2021, the Bank and its subsidiaries recognised losses on cash flow hedges in other comprehensive income amounting to Baht 17 million and gains amounting to Baht 157 million in consolidated and Bank only financial statements, respectively. For the year ended 31 December 2021, losses reclassified from the hedge reserve to profit or loss were Baht 81 million including amount recognised from unwinding hedging instruments and Baht 209 million in consolidated and Bank only financial statements, respectively.

13 Investments, net

13.1 Classified by type of investments

	2021	2020
	Consolidated (in million Baht)	
<i>Investments in debt securities measured at amortised costs</i>		
Private debt securities	-	622
<b>Total</b>		<b>622</b>
Less allowances for expected credit loss	-	(1)
<b>Net</b>	<b>-</b>	<b>621</b>
<i>Investments in debt securities measured at FVOCI</i>		
Government and state enterprise securities	151,581	108,268
Private debt securities	11,972	11,976
Foreign debt securities	13,786	11,900
Others	-	69
<b>Total</b>	<b>177,339</b>	<b>132,213</b>
<b>Allowances for expected credit loss</b>	<b>(2,953)</b>	<b>(1,767)</b>
<i>Investments in equity securities designated measured at FVOCI</i>		
Marketable equity securities - domestic	-	910
Non-marketable equity securities - domestic	2,884	603
Non-marketable equity securities - overseas	6	4
<b>Total</b>	<b>2,890</b>	<b>1,517</b>
<b>Total investments - net</b>	<b>180,229</b>	<b>134,351</b>

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	Bank only	
	2021	2020
	(in million Baht)	
<i>Investments in debt securities measured at FVOCI</i>		
Government and state enterprise securities	151,581	64,221
Private debt securities	11,972	5,901
Foreign debt securities	13,786	2,673
Others	-	69
<b>Total</b>	<b>177,339</b>	<b>72,864</b>
Allowances for expected credit loss	(2,953)	(83)
<i>Investments in equity securities designated measured at FVOCI</i>		
Non-marketable equity securities - domestic	2,884	456
Non-marketable equity securities - overseas	6	3
<b>Total</b>	<b>2,890</b>	<b>459</b>
<b>Total investments - net</b>	<b>180,229</b>	<b>73,323</b>

The Bank and its subsidiaries have dividend income from investments in equity instruments that are designated at fair value through other comprehensive income for the year ended 31 December 2021 in the amount of Baht 135 million (Bank only: Baht 54 million ) and 31 December 2020 in the amount of Baht 364 million (Bank only: Baht 31 million).

### 13.2 Investments in entities in which the Bank and its subsidiaries hold 10% or more

As at 31 December 2021 and 2020, the Bank and its subsidiaries had investments in entities in which the Bank and its subsidiaries hold 10% or more of the paid-up share capital of the investee companies but such companies are not treated as its subsidiaries and associates. Those investments were summarised below.

	Consolidated		Bank only	
	2021	2020	2021	2020
	(in million Baht)			
Property development and construction	4	4	4	4
Public utilities and services	126	101	126	101
Mutual funds and financial services	266	199	266	198
Others	2,071	3	2,071	3
<b>Total investments</b>	<b>2,467</b>	<b>307</b>	<b>2,467</b>	<b>306</b>

#### *Interest in unconsolidated structured entity arising in the normal business*

The Bank and its subsidiaries may enter into transactions with structured entities in the forms of investment in unit trusts, lending and derivative. Investment in unit trusts is summarised as equity securities. Lending and derivative transactions are provided under normal business terms and are managed the same way as other counterparties.

As at 31 December 2021 and 2020, the Bank and its subsidiaries did not have significant risks and transactions relating to structured entities to disclose in the financial statements.

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13.3 Investments in companies with problems in their financial position and operating results

As at 31 December 2021 and 2020, the Bank and its subsidiaries had the following investments in listed companies which meet the Stock Exchange of Thailand (“SET”)’s criteria for delisting, and are in default on debt securities, or companies whose ability to continue as a going concern is uncertain, or unlisted companies whose financial position and operating results are similar to the listed companies which meet criteria for delisting from the SET. Those investments, which measured either at fair value through profit or loss, or through other comprehensive income, in the statement of financial position were summarised below.

	No. of Com- panies	2021			Consolidated			2020		
		Cost value	Fair value	Allowance for expected credit loss	No. of Com- panies	Cost value	Fair value	Allowance for expected credit loss		
		(in million Baht)			(in million Baht)					
- Listed companies under delisting conditions / defaulted debt securities	2	13	-	-	1	12	-	-		
- Companies whose ability to continues as a going concern is uncertain, or unlisted companies whose financial position and operating results are similar to the listed companies which meet criteria for delisting from the SET*	11	3,843	315	2,835	11	3,854	1,563	1,597		
Total	13	3,856	315	2,835	12	3,866	1,563	1,597		

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	Bank only							
	No. of Com- panies	2021			No. of Com- panies	2020		
		Cost value	Fair value	Allowance for expected credit loss		Cost value	Fair value	Allowance for expected credit loss
		(in million Baht)				(in million Baht)		
- Listed companies under delisting conditions / defaulted debt securities	2	13	-	-	1	12	-	-
- Companies whose ability to continues as a going concern is uncertain, or unlisted companies whose financial position and operating results are similar to the listed companies which meet criteria for delisting from the SET	11	3,843	315	2,835	10	693	-	-
Total	13	3,856	315	2,835	11	705	-	-

During the year ended 31 December 2021, there are contract modification of investments measured at fair value through other comprehensive income amounting to Baht 315 million.



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**14 Investments in subsidiaries and associates, net**

**14.1 Detail of investments in subsidiaries and associates**

Companies	Type of Business	Percentage of ownership interest (%)		Paid-up capital		Equity		Consolidated				Bank only					
		2021	2020	2021	2020	2021	2020	At Equity, net	Cost	2021	2020	Allowance for expected credit loss	2021	2020	At cost, net	Dividend income for the year ended	
(in million Baht)																	
Subsidiaries																	
	Phahonyothin Asset Management Co., Ltd.	Asset management business	100.00	100.00	298	25	-	-	-	298	25	-	-	298	25	-	-
	TBCO Public Company Limited (Formerly Thanachart Bank PCL) <sup>(2),(4)</sup>	Commercial bank	99.98	99.98	-	60,649	-	-	-	99,310	167,930	(99,000)	(9,300)	310	158,630	92,576	20,249
	TMBThanachart Broker Co., Ltd. (Formerly Thanachart Broker Co., Ltd.) <sup>(3)</sup>	Insurance broker business	99.99	99.99	100	100	-	-	-	117	-	-	-	117	-	135	-
Associates																	
TMB Asset Management Co., Ltd. <sup>(1)</sup>	Fund management business	35.00	35.00	100	100	4,479	4,487	4,479	4,487	197	197	-	-	197	197	176	434
Thanachart Fund Management Co., Ltd. <sup>(1),(3)</sup>	Fund management business	49.90	49.90	100	100	4,141	4,112	4,141	4,112	4,192	4,192	-	-	4,192	-	101	-
Total						8,620	8,599	-	-	8,620	8,599	104,114	168,152	(9,300)	158,852	92,988	20,683

<sup>(1)</sup> The remaining investment in TMB Asset Management Co., Ltd. and Thanachart Fund Management Co., Ltd. are subject to call and put options in the future.

<sup>(2)</sup> For 2021, the Bank recorded interim dividend income amounting to Baht 92,576 million (2020: Baht 20,249 million), the investment in subsidiary has been written down by Baht 89,700 million (2020: Baht 9,300 million) as the subsidiary's dissolution plan. The net amount of Baht 2,876 million (2020: Baht 10,949 million) was presented in other operating income and the investment in subsidiary has been decreased by Baht 68,620 million from capital return.

<sup>(3)</sup> Indirect held subsidiary or associate as of 31 December 2020.

<sup>(4)</sup> The Company registered the dissolution with the Ministry of Commerce on 1 November 2021 and is currently in the process of liquidation.

#### 14.2 Disclosure of the statement of cash flows of the asset management company

## Cash at 31 December

## 15 Loans to customers and accrued interest receivables, net

### 15.1 Classified by loan type

	Consolidated		Bank only	
	2021	2020	2021	2020
	<i>(in million Baht)</i>			
Overdrafts	98,656	112,862	98,656	91,511
Loans	679,161	657,615	678,408	441,128
Bills	198,375	216,044	198,375	187,188
Hire purchase receivables	394,867	404,855	394,867	-
Finance lease receivables	997	1,268	997	-
Others	259	281	259	135
Total loans to customers	1,372,315	1,392,925	1,371,562	719,962
Add accrued interest receivables and undue interest income*	7,369	7,522	7,369	5,144
<b>Total loans to customers and accrued interest receivables</b>	<b>1,379,684</b>	<b>1,400,447</b>	<b>1,378,931</b>	<b>725,106</b>
Less allowances for expected credit loss	(54,472)	(51,967)	(54,452)	(31,331)
<b>Total loans to customers and accrued interest receivables - net</b>	<b>1,325,212</b>	<b>1,348,480</b>	<b>1,324,479</b>	<b>693,775</b>

\* Accrued interest receivables and undue interest income of non-performing loans to customers presented net amount after allowances for expected credit loss.

### 15.2 Classified by currency and residency of debtors

	Consolidated					
	2021		2020			
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Baht	1,331,542	6,880	1,338,422	1,369,088	3,298	1,372,386
US Dollars	25,991	6,477	32,468	14,091	4,606	18,697
Other currencies	1,061	364	1,425	1,154	688	1,842
<b>Total*</b>	<b>1,358,594</b>	<b>13,721</b>	<b>1,372,315</b>	<b>1,384,333</b>	<b>8,592</b>	<b>1,392,925</b>

	Bank only					
	2021		2020			
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Baht	1,330,789	6,880	1,337,669	699,232	3,298	702,530
US Dollars	25,991	6,477	32,468	12,474	3,856	16,330
Other currencies	1,061	364	1,425	1,102	-	1,102
<b>Total*</b>	<b>1,357,841</b>	<b>13,721</b>	<b>1,371,562</b>	<b>712,808</b>	<b>7,154</b>	<b>719,962</b>

\* Loans to customers net of deferred revenue.

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15.3 Classified by stage

	Consolidated		Bank only	
	2021	2020	2021	2020
	<i>(in million Baht)</i>			
Loans to customers and accrued interest receivables*				
Stage 1 (Performing)	1,224,662	1,237,638	1,224,661	642,301
Stage 2 (Under-performing)	112,530	122,135	112,530	60,347
Stage 3 (Non-performing)	42,492	40,674	41,740	22,458
<b>Total</b>	<b>1,379,684</b>	<b>1,400,447</b>	<b>1,378,931</b>	<b>725,106</b>

\* Total loans to customers and accrued interest receivables in note 15.1

15.4 Non-performing loans

As at 31 December 2021 and 2020, the Bank and its subsidiaries' NPLs (including interbank and money market items) were summarised as follows:

	2021			
	TMBThanachart Bank Public Company Limited	Phahonyothin Asset Management Co., Ltd.	Elimination	Consolidated
<b>NPLs (principal)</b>				
NPLs <i>(in million Baht)</i>	41,369	1,454	(702)	42,121
Total loans <i>(in million Baht)</i>	1,499,290	1,454	(702)	1,500,042
Percentage of NPLs (%)	2.76	100.00		2.81

	2020			
	TMBThanachart Bank Public Company Limited	Phahonyothin Asset Management Co., Ltd.	Thanachart Bank Public Company Limited	Elimination Consolidated
<b>NPLs (principal)</b>				
NPLs <i>(in million Baht)</i>	22,005	29	17,559	- 39,593
Total loans <i>(in million Baht)</i>	923,021	29	713,846	(56,000) 1,580,896
Percentage of NPLs (%)	2.38	100.00	2.46	2.50

For the year ended 31 December 2021 and 2020, the Bank and its subsidiaries sold non-performing loans, with principal totalling approximately Baht 10,103 million and Baht 10,000 million, respectively (Bank only: approximately Baht 10,103 million and Baht 9,424 million, respectively), to asset management companies. The selling price in excess of the carrying amount of those non-performing loans was presented as a deduction from "Expected credit loss" in the statement of profit or loss and other comprehensive income for the year ended 31 December 2021 and 2020, respectively.

## 15.5 Modified loans to customers

During the year ended 31 December 2021 and 2020, the Bank and its subsidiaries have loans to customers that were modified while they had a loss allowance measured at an amount equal to lifetime ECL as follows:

	<b>Consolidated</b>	
	2021	2020
	<i>(in million Baht)</i>	
<b>Loans to customers modified during the year*</b>		
Amortised cost before modification	8,645	15,821
Net modification loss	195	286
	<b>Bank only</b>	
	2021	2020
	<i>(in million Baht)</i>	
<b>Loans to customers modified during the year*</b>		
Amortised cost before modification	7,729	11,196
Net modification loss	199	281

\* This excluded loans to customers modified under relief program as mentioned in note 5. There is no modification gain (loss) on these groups of customers.

	<b>Consolidated</b>	
	2021	2020
	<i>(in million Baht)</i>	
<b>Loans to customers modified since initial recognition</b>		
Gross carrying amount of loans to customers previously modified for which loss allowance has changed during the year from lifetime ECL to an amount equal to 12-month ECL	1,358	222
	<b>Bank only</b>	
	2021	2020
	<i>(in million Baht)</i>	
<b>Loans to customers modified since initial recognition</b>		
Gross carrying amount of loans to customers previously modified for which loss allowance has changed during the year from lifetime ECL to an amount equal to 12-month ECL	1,093	-

## 15.6 Loans to customers having problems with financial position and operating results

As at 31 December 2021 and 2020, the Bank and its subsidiaries had loans and accrued interest receivables due from listed companies having problems with their financial position and operating results, and set aside allowance for expected credit loss as follows:

	<b>Consolidated and Bank only</b>			
	2021		2020	
	Number of debtors	Loans and accrued interest receivables Collateral <i>(in million Baht)</i>	Number of debtors	Loans and accrued interest receivables Collateral <i>(in million Baht)</i>
		Allowance for expected credit loss		Allowance for expected credit loss
Listed companies under delisting conditions in SET	2	-	1	3
		-		-
		-		1

15.7 Hire purchase and finance lease receivables

	Consolidated and Bank only 2021			Total
	Portion due within one year	Portion due after one year but within five years (in million Baht)	Portion due after five years	
Hire purchase receivables	116,741	303,369	32,320	452,430
Finance lease receivables	419	645	-	1,064
Total gross investment under hire purchase contracts	117,160	304,014	32,320	453,494
Less unearned interest income	(20,514)	(35,618)	(1,498)	(57,630)
<b>Present value of minimum lease payment receivables</b>	<b>96,646</b>	<b>268,396</b>	<b>30,822</b>	<b>395,864</b>
Less allowance for expected credit loss				(9,390)
<b>Lease receivables, net</b>				<b>386,474</b>

	Consolidated 2020			Total
	Portion due within one year	Portion due after one year but within five years (in million Baht)	Portion due after five years	
Hire purchase receivables	117,372	311,698	37,530	466,600
Finance lease receivables	489	871	-	1,360
Total gross investment under hire purchase contracts	117,861	312,569	37,530	467,960
Less unearned interest income	(20,718)	(39,158)	(1,961)	(61,837)
<b>Present value of minimum lease payment receivables</b>	<b>97,143</b>	<b>273,411</b>	<b>35,569</b>	<b>406,123</b>
Less allowance for expected credit loss				(10,989)
<b>Lease receivables, net</b>				<b>395,134</b>

16 Allowance for expected credit loss

The movements in the allowance for expected credit loss during the year were as follows:

	Consolidated 2021			Total
	12-month ECL	Lifetime ECL, not credit impaired	Lifetime ECL, credit impaired	
				(in million Baht)
<b>Investments</b>				
Beginning balance	54	5	1,708	1,767
Changes from remeasurement of ECL	4	(2)	1,177	1,179
Purchased or acquired	67	-	-	67
Derecognition	(57)	(3)	-	(60)
<b>Ending balance</b>	<b>68</b>	<b>-</b>	<b>2,885</b>	<b>2,953</b>

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	Consolidated 2021			Total
	12-month ECL	Lifetime ECL, not credit impaired	Lifetime ECL, credit impaired	
		<i>(in million Baht)</i>		
<b>Loans to customers and accrued interest</b>				
Beginning balance	11,126	21,617	19,224	51,967
Changes from stage reclassification	(1,069)	1,172	13,122	13,225
Changes from remeasurement of ECL	953	126	8,616	9,695
Originated	1,982	219	111	2,312
Derecognition	(579)	(1,082)	(5,232)	(6,893)
Write-off	-	-	(15,834)	(15,834)
<b>Ending balance</b>	<b>12,413</b>	<b>22,052</b>	<b>20,007</b>	<b>54,472</b>

	Consolidated 2020			Total
	12-month ECL	Lifetime ECL, not credit impaired	Lifetime ECL, credit impaired	
		<i>(in million Baht)</i>		
<b>Investments</b>				
Beginning balance - adjusted	61	-	50	111
Changes from stage reclassification	(9)	5	1,658	1,654
Changes from remeasurement of ECL	(4)	-	-	(4)
Purchased or acquired	44	-	-	44
Derecognition	(38)	-	-	(38)
<b>Ending balance</b>	<b>54</b>	<b>5</b>	<b>1,708</b>	<b>1,767</b>

<b>Loans to customers and accrued interest</b>				
Beginning balance - adjusted	9,199	19,047	16,177	44,423
Changes from stage reclassification	(1,722)	441	13,390	12,109
Changes from remeasurement of ECL	2,128	1,886	6,583	10,597
Originated	1,997	896	267	3,160
Derecognition	(476)	(653)	(3,021)	(4,150)
Write-off	-	-	(14,172)	(14,172)
<b>Ending balance</b>	<b>11,126</b>	<b>21,617</b>	<b>19,224</b>	<b>51,967</b>

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	Bank only 2021			
	12-month ECL	Lifetime ECL, not credit impaired	Lifetime ECL, credit impaired	Total
	<i>(in million Baht)</i>			
<b><i>Investments</i></b>				
Beginning balance	33	-	50	83
Acquisition through Entire Business Transfer	24	3	1,890	1,917
Changes from remeasurement of ECL	4	-	945	949
Purchased or acquired	50	-	-	50
Derecognition	(43)	(3)	-	(46)
<b>Ending balance</b>	<b>68</b>	<b>-</b>	<b>2,885</b>	<b>2,953</b>
<b><i>Loans to customers and accrued interest</i></b>				
Beginning balance	4,904	14,495	11,932	31,331
Acquisition through Entire Business Transfer	5,613	7,425	7,829	20,867
Changes from stage reclassification	(432)	257	9,216	9,041
Changes from remeasurement of ECL	1,405	690	8,056	10,151
Originated	1,331	105	70	1,506
Derecognition	(408)	(920)	(4,914)	(6,242)
Write-off	-	-	(12,202)	(12,202)
<b>Ending balance</b>	<b>12,413</b>	<b>22,052</b>	<b>19,987</b>	<b>54,452</b>

	Bank only 2020			
	12-month ECL	Lifetime ECL, not credit impaired	Lifetime ECL, credit impaired	Total
	<i>(in million Baht)</i>			
<b><i>Investments</i></b>				
Beginning balance - adjusted	23	-	50	73
Changes from remeasurement of ECL	(2)	-	-	(2)
Purchased or acquired	29	-	-	29
Derecognition	(17)	-	-	(17)
<b>Ending balance</b>	<b>33</b>	<b>-</b>	<b>50</b>	<b>83</b>
<b><i>Loans to customers and accrued interest</i></b>				
Beginning balance - adjusted	3,544	13,562	7,535	24,641
Changes from stage reclassification	(37)	(331)	7,326	6,958
Changes from remeasurement of ECL	1,090	1,359	4,052	6,501
Originated	536	182	82	800
Derecognition	(229)	(277)	(2,434)	(2,940)
Write-off	-	-	(4,629)	(4,629)
<b>Ending balance</b>	<b>4,904</b>	<b>14,495</b>	<b>11,932</b>	<b>31,331</b>



## 17 Properties for sale, net

As at 31 December 2021 and 2020, changes to the properties for sale, net were as follows:

	Beginning balance	Consolidated 2021		Ending balance
		Additions	Disposals/ Decrease (in million Baht)	
Assets foreclosed in settlement of debts				
- Immovable assets	3,720	3,249	(244)	6,725
- Movable assets	565	6,918	(7,187)	296
Assets for sales	2,066	736	(867)	1,935
Total	6,351	10,903	(8,298)	8,956
Add (less) allowance for impairment losses	(314)	(793)	777	(330)
<b>Net</b>	<b>6,037</b>	<b>10,110</b>	<b>(7,521)</b>	<b>8,626</b>

	Beginning balance	Consolidated 2020		Ending balance
		Additions	Disposals/ Decrease (in million Baht)	
Assets foreclosed in settlement of debts				
- Immovable assets	3,562	419	(261)	3,720
- Movable assets	777	5,819	(6,031)	565
Assets for sales	820	1,706	(460)	2,066
Total	5,159	7,944	(6,752)	6,351
Add (less) allowance for impairment losses	(349)	(898)	933	(314)
<b>Net</b>	<b>4,810</b>	<b>7,046</b>	<b>(5,819)</b>	<b>6,037</b>

	Beginning balance	Bank only 2021			Ending balance
		Acquisition Through Entire Business Transfer	Additions (in million Baht)	Disposals/ Decrease	
Assets foreclosed in settlement of debts					
- Immovable assets	2,372	1,383	3,187	(217)	6,725
- Movable assets	-	453	3,249	(3,406)	296
Assets for sales	942	1,173	419	(599)	1,935
Total	3,314	3,009	6,855	(4,222)	8,956
Add (less) allowance for impairment losses	(164)	(159)	(361)	354	(330)
<b>Net</b>	<b>3,150</b>	<b>2,850</b>	<b>6,494</b>	<b>(3,868)</b>	<b>8,626</b>

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	Bank only 2020			
	Beginning balance	Additions	Disposals/ Decrease	Ending balance
		(in million Baht)		
Assets foreclosed in settlement of debts				
- Immovable assets	2,378	157	(163)	2,372
Assets for sales	494	757	(309)	942
Total	2,872	914	(472)	3,314
Add (less) allowance for impairment losses	(134)	(39)	9	(164)
<b>Net</b>	<b>2,738</b>	<b>875</b>	<b>(463)</b>	<b>3,150</b>

As at 31 December 2021 and 2020, the Bank had properties for sale with debtor's rights to buy back when complied with criteria in the agreement, with net book value amounting to Baht 1 million and Baht 331 million, respectively.

As at 31 December 2021, the Bank had properties for sale transferred under the Bank of Thailand's supportive measure for debt settlement through collateral assets transfers with buy-back options (Asset Warehousing) amounting to Baht 2,853 million.

The value of immovable assets acquired from debt repayment was appraised by external and internal appraisers as at 31 December 2021 and 2020 as follows:

	Consolidated		Bank only	
	2021	2020	2021	2020
	(in million Baht)			
Assets foreclosed in settlement of debts				
Immovable assets				
- Appraised by external appraisers	6,710	3,649	6,710	2,301
- Appraised by internal appraisers	15	71	15	71
<b>Total</b>	<b>6,725</b>	<b>3,720</b>	<b>6,725</b>	<b>2,372</b>

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18 Premises and equipment, net

As at 31 December 2021 and 2020, changes in premises and equipment were as follows:

	Consolidated 2021				Consolidated 2020				Consolidated 2019				Consolidated 2018				Consolidated 2017			
	Net book value as at 1 January 2021	Cost			Reclassified after Disposal/ Entire Business Transfer	Ending balance	Beginning balance	Depreciation	Disposals/ written-off/ adjustments from revaluation	Reclassified after Business Transfer	Accumulated depreciation			Allowance for impairment losses			Net book value as at 31 December 2021			
		Beginning balance	Increase/ transfers in	Disposals/ written-off/							Ending balance	Beginning balance	Disposals/ written-off/ transfers out	Loss on impairment during the year	Beginning balance	Disposals/ written-off/ transfers out		Loss on impairment during the year	Ending balance	
Land																				
- Cost	7,817	7,968	147	(614)	-	7,501	-	-	-	-	-	(151)	(12)	28	(135)			7,366		
- Incremental revaluation*	4,348	4,348	-	(80)	-	4,268	-	-	-	-	-	-	-	-	-	-	-	4,268		
Building under construction	59	59	-	(14)	-	45	-	-	-	-	-	-	-	-	-	-	-	45		
Building																				
- Cost	4,227	7,835	479	(495)	145	7,964	(3,607)	(458)	135	(143)	(4,073)	(1)	(20)	19	(2)			3,889		
- Incremental revaluation*	1,867	4,960	-	(225)	-	4,735	(3,093)	(100)	172	-	(3,021)	-	-	-	-	-	-	1,714		
Right-of-use assets																				
- premise	1,151	1,808	659	(554)	-	1,913	(657)	(650)	483	-	(824)	-	-	-	-	-	-	1,089		
Leasehold																				
Improvements	222	1,169	168	(181)	443	1,599	(947)	(129)	145	(200)	(1,131)	-	(10)	10	-			468		
Equipment under construction and installation	107	107	386	(395)	-	98	-	-	-	-	-	-	-	-	-	-	-	98		
Equipment	3,195	7,078	556	(1,312)	910	7,232	(3,883)	(866)	1,083	(1,151)	(4,817)	-	(125)	-	(125)			2,290		
Right-of-use assets																				
- equipment	1,046	1,816	217	(326)	-	1,707	(770)	(736)	197	-	(1,309)	-	-	-	-	-	-	398		
Total	24,039	37,148	2,612	(4,196)	1,498	37,062	(12,957)	(2,939)	2,215	(1,494)	(15,175)	(152)	(167)	57	(262)			21,625		

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	Consolidated 2020									
	Cost			Accumulated depreciation			Allowance for impairment losses			
	Net book value as at 1 January 2020	Impact of changes in accounting policies	Increase/ transfers in	Disposals/ written-off/ transfers out	Ending balance	Beginning balance	Depreciation from revaluation adjustments	Disposals/ written-off/ transfers out	Loss on impairment during the year	Beginning balance
							(in million Baht)			
Land										
- Cost	8,836	-	-	(1,031)	7,968	-	-	11	-	(162)
- Incremental revaluation*	4,765	-	-	(417)	4,348	-	-	-	-	-
Building under construction	172	-	335	(448)	59	-	-	-	-	-
Building										
- Cost	4,487	-	463	(529)	7,835	(3,413)	(463)	269	(4)	(2)
- Incremental revaluation*	2,155	-	-	(702)	4,960	(3,507)	(109)	523	-	-
Right-of-use assets - premise	-	1,326	644	(162)	1,808	-	(804)	147	-	-
Leasehold improvements	307	-	27	(231)	1,169	(1,066)	(96)	215	(16)	-
Equipment under construction and installation	228	-	1,385	(1,506)	107	-	-	-	-	-
Equipment	2,692	-	1,541	(2,198)	7,078	(5,043)	(1,301)	2,461	-	-
Right-of-use assets - equipment	-	1,819	36	(39)	1,816	-	(783)	13	-	-
<b>Total</b>	<b>23,642</b>	<b>3,145</b>	<b>4,431</b>	<b>(7,263)</b>	<b>37,148</b>	<b>(13,029)</b>	<b>(3,556)</b>	<b>3,628</b>	<b>(20)</b>	<b>(164)</b>
								<b>32</b>		<b>(152)</b>
										<b>24,039</b>

\* The Bank's revaluation has been performed in 2019.

The gross amount of the Bank and its subsidiaries' fully depreciated premises and equipment that were still in use as at 31 December 2021 amounted to Baht 5,849 million (2020: Baht 6,622 million).

Depreciation presented in the consolidated profit or loss for the year ended 31 December 2021 and 2020 amounted to Baht 2,939 million and Baht 3,556 million, respectively.

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Bank only 2021																	
	Net book value as at 1 January 2021	Cost			Accumulated depreciation				Allowance for impairment losses				Net book value as at 31 December 2021				
		Beginning balance	Acquisition through Entire Business Transfer	Increase/ Transfer in	Disposals/ written-off/ Transfer out	Ending balance	Beginning balance	Acquisition through Entire Business Transfer	Depreciation (in million Baht)	Disposals/ written- off/transfers out/from revaluation	Ending balance	Beginning balance		Loss on during the year	Disposals/ written-off/ transfers out	Ending balance	
Land																	
- Cost	1,623	1,777	5,892	147	(315)	7,501	-	-	-	-	-	(154)	(12)	31	(135)	7,366	
- Incremental revaluation*	4,348	4,348	-	-	(80)	4,268	-	-	-	-	-	-	-	-	-	4,268	
Building under construction	59	59	-	-	(14)	45	-	-	-	-	-	-	-	-	-	45	
Building																	
- Cost	2,219	5,574	2,326	479	(415)	7,964	(3,353)	(497)	(347)	124	(4,073)	(2)	(20)	20	(2)	3,889	
- Incremental revaluation*	1,867	4,960	-	-	(225)	4,735	(3,093)	-	(100)	172	(3,021)	-	-	-	-	1,714	
Right-of-use assets																	
- premise	700	1,028	567	565	(325)	1,835	(328)	(277)	(499)	304	(800)	-	-	-	-	1,035	
Leasehold																	
improvements	222	1,169	443	168	(181)	1,599	(947)	(200)	(129)	145	(1,131)	-	(10)	10	-	468	
Equipment under construction																	
and installation	77	77	-	345	(325)	97	-	-	-	-	-	-	-	-	-	97	
Equipment	2,369	6,504	901	514	(707)	7,212	(4,135)	(428)	(680)	437	(4,806)	-	(125)	-	(125)	2,281	
Right-of-use assets																	
- equipment	271	487	1,323	215	(319)	1,706	(216)	(822)	(460)	190	(1,308)	-	-	-	-	398	
Total	13,755	25,983	11,452	2,433	(2,906)	36,962	(12,072)	(2,224)	(2,215)	1,372	(15,139)	(156)	(167)	61	(262)	21,561	

\* The Bank's revaluation has been performed in 2019.

Depreciation presented in the Bank only's profit or loss for the year ended 31 December 2021 and 2020 amounted to Baht 2,215 million and Baht 1,840 million, respectively.



	Consolidated 2020										Net book value as at 31 December 2020
	Net book value as at 1 January 2020	Impact of changes in accounting policies	Acquisition through business combination	Cost		Transfers in/ (out) (in million Baht)			Accumulated amortisation		
	Beginning balance			Additions	Written-off		Ending balance	Beginning balance	Amortisation during the year	Accumulated amortisation on transfer out	Ending balance
Goodwill	14,015	-	90	-	-	-	14,105	-	-	-	-
Computer software	3,541	-	-	172	166	1,367	10,615	(5,369)	(1,310)	30	(6,649)
Computer software under development	843	-	-	1,433	(7)	(1,523)	746	-	-	-	-
Right-of-use assets - software	-	112	-	-	-	-	112	-	(64)	-	(64)
Other intangible assets	3,964	-	-	-	-	-	3,964	-	(283)	-	(283)
Total	22,363	112	90	1,605	159	(156)	29,542	(5,369)	(1,657)	30	(6,996)

The gross amount of the Bank and its subsidiaries' fully amortised intangible assets that were still in use as at 31 December 2021 amounted to Bant 3,845 million (2020: Bant 4,797 million).

Amortisation presented in the consolidated profit or loss for the year ended 31 December 2021 and 2020 amounted to Baht 1,841 million and Baht 1,657 million, respectively.



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	Cost				Bank only 2021					Accumulated amortisation			Net book value as at 31 December 2021
	Net book value as at 1 January 2021	Beginning balance	Acquisition through Entire Business Transfer	Additions	Written-off	Transfers in/ (out)	Ending balance <i>(in million Baht)</i>	Beginning balance	Acquisition through Entire Business Transfer	Amortisation during the year	Accumulated amortisation on transfer out	Ending balance	
Goodwill	-	-	14,105	-	-	-	14,105	-	-	-	-	-	14,105
Computer software	3,085	9,243	1,437	1	(3,615)	1,503	8,569	(6,158)	(856)	(1,085)	3,600	(4,499)	4,070
Computer software under development	592	592	-	1,738	(4)	(1,518)	808	-	-	-	-	-	808
Right-of-use assets - software	47	112	-	482	(69)	-	525	(65)	-	(122)	69	(118)	407
Other intangible assets	-	-	3,964	-	-	-	3,964	-	(425)	(142)	-	(567)	3,397
Total	3,724	9,947	19,506	2,221	(3,688)	(15)	27,971	(6,223)	(1,281)	(1,349)	3,669	(5,184)	22,787

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	Net book value as at 1 January 2020	Beginning balance	Impact of changes in accounting policies	Bank only 31 December 2020		Transfers in/ (out) (in million Baht)	Ending balance	Accumulated amortisation		Ending balance	Net book value as at 31 December 2020
				Cost				Beginning balance	Amortisation during the year		
Computer software	2,511	7,845	-	56	171	1,171	9,243	(5,334)	(824)	(6,158)	3,085
Computer software under development	490	490	-	1,430	-	(1,328)	592	-	-	-	592
Right-of-use assets - software	-	-	112	-	-	-	112	-	(65)	(65)	47
<b>Total</b>	<b>3,001</b>	<b>8,335</b>	<b>112</b>	<b>1,486</b>	<b>171</b>	<b>(157)</b>	<b>9,947</b>	<b>(5,334)</b>	<b>(889)</b>	<b>(6,223)</b>	<b>3,724</b>

The gross amount of the Bank only's fully amortised intangible assets that were still in use as at 31 December 2021 amounted to Baht 3,839 million (2020: Baht 4,094 million).

Amortisation presented in the Bank only's profit or loss for the year ended 31 December 2021 and 2020 amounted to Baht 1,349 million and Baht 889 million, respectively.

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*Impairment testing for goodwill*

For the purposes of impairment testing, goodwill has been allocated to Retail Banking segment which is identified as Cash Generating Unit (CGU).

The recoverable amount of goodwill is determined based on a value-in-use calculation, using discounted cash flow from business plan approved by the Board of Director covering 5 years period. The discount rate used for the computation of the net present value is reference to industry cost of capital (ke). The terminal growth rate derived from long term GDP is applied for cash flow beyond 5 years period.

The Bank conducts a review at each reporting date if there is any indication for impairment of goodwill.

As at 31 December 2021, the recoverable amount was greater than the carrying value of goodwill; hence, no impairment loss on goodwill was required.

## 20 Deferred tax and income tax

### 20.1 Deferred tax

Deferred tax assets and liabilities presented net by entity were as follows:

	Consolidated		Bank only	
	2021	2020	2021	2020
	<i>(in million Baht)</i>			
Deferred tax assets	9	1,980	-	2,818
Deferred tax liabilities	922	3,501	247	-
<b>Net</b>	<b>(913)</b>	<b>(1,521)</b>	<b>(247)</b>	<b>2,818</b>

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Movements in deferred tax assets and liabilities during the year ended 31 December 2021 and 2020 were as follows:

		Consolidated (Charged) / Credited to:			
	At 1 January 2021	Profit or loss	Other comprehensive income (note 20.2) (in million Baht)	Others	At 31 December 2021
<i>Deferred tax assets</i>					
Interbank and money market items	40	(33)	-	(3)	4
Financial assets measured at fair value					
through profit or loss	139	(34)	-	-	105
Investments	407	168	124	-	699
Loans to customers and accrued					
interest receivables	2,581	(857)	-	-	1,724
Properties for sale	82	-	-	-	82
Premises and equipment	35	97	-	-	132
Provisions for employee benefits	681	(309)	(40)	-	332
Provisions for other liabilities	564	(50)	-	(108)	406
Deferred revenue and other liabilities	1,273	310	-	-	1,583
Others	353	67	(14)	(16)	390
<b>Total</b>	<b>6,155</b>	<b>(641)</b>	<b>70</b>	<b>(127)</b>	<b>5,457</b>
<i>Deferred tax liabilities</i>					
Financial assets measured at fair value					
through profit or loss	34	(34)	-	-	-
Investments	1,816	(82)	34	-	1,768
Loans to customers and accrued					
interest receivables	-	563	-	-	563
Properties for sale	37	77	-	-	114
Premises and equipment	3,334	(255)	(10)	-	3,069
Others	2,455	(1,576)	(23)	-	856
<b>Total</b>	<b>7,676</b>	<b>(1,307)</b>	<b>1</b>	<b>-</b>	<b>6,370</b>
<b>Net</b>	<b>(1,521)</b>	<b>666</b>	<b>69</b>	<b>(127)</b>	<b>(913)</b>

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		Consolidated			
		(Charged) / Credited to:			
	At 1 January 2020 *	Profit or loss	Other comprehensive income (note 20.2) (in million Baht)	Others	At 31 December 2020
<b>Deferred tax assets</b>					
Interbank and money market items	50	(10)	-	-	40
Financial assets measured at fair value					
through profit or loss	137	2	-	-	139
Investments	156	207	44	-	407
Loans to customers and accrued					
interest receivables	3,024	332	-	(775)	2,581
Properties for sale	86	(4)	-	-	82
Premises and equipment	42	(7)	-	-	35
Provisions for employee benefits	1,030	(213)	(136)	-	681
Provisions for other liabilities	602	(38)	-	-	564
Deferred revenue and other liabilities	1,220	53	-	-	1,273
Others	411	(84)	21	5	353
<b>Total</b>	<b>6,758</b>	<b>238</b>	<b>(71)</b>	<b>(770)</b>	<b>6,155</b>
<b>Deferred tax liabilities</b>					
Financial assets measured at fair value					
through profit or loss	33	1	-	-	34
Investments	1,898	(111)	29	-	1,816
Properties for sale	1	36	-	-	37
Premises and equipment	3,581	(211)	(36)	-	3,334
Others	3,540	(1,098)	13	-	2,455
<b>Total</b>	<b>9,053</b>	<b>(1,383)</b>	<b>6</b>	<b>-</b>	<b>7,676</b>
<b>Net</b>	<b>(2,295)</b>	<b>1,621</b>	<b>(77)</b>	<b>(770)</b>	<b>(1,521)</b>

\* The balance at 1 January 2020 includes the effect of initially applying TFRS - Financial instruments standards and TFRS 16 Leases

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	At 1 January 2021	Acquisition through Entire Business Transfer	Bank only (Charged) / Credited to:			At 31 December 2021
			Profit or loss	Other comprehensive income	Other	
			(note 20.2)			
			(in million Baht)			
<b>Deferred tax assets</b>						
Interbank and money market items	8	1	(2)	-	(3)	4
Financial assets measured at fair value through profit or loss	139	(34)	-	-	-	105
Investments	6	324	226	143	-	699
Loans to customers and accrued interest receivables	2,385	273	(934)	-	-	1,724
Properties for sale	52	32	(2)	-	-	82
Premises and equipment	32	51	49	-	-	132
Provisions for employee benefits	313	-	52	(39)	-	326
Provisions for other liabilities	289	269	(45)	-	(108)	405
Deferred revenue and other liabilities	912	307	363	-	-	1,582
Others	208	180	44	(27)	(16)	389
<b>Total</b>	<b>4,344</b>	<b>1,403</b>	<b>(249)</b>	<b>77</b>	<b>(127)</b>	<b>5,448</b>
<b>Deferred tax liabilities</b>						
Investments	121	828	-	29	-	978
Loans to customers and accrued interest receivables	-	840	(162)	-	-	678
Properties for sale	-	139	(25)	-	-	114
Premises and equipment	1,350	1,797	(68)	(10)	-	3,069
Others	55	1,058	(257)	-	-	856
<b>Total</b>	<b>1,526</b>	<b>4,662</b>	<b>(512)</b>	<b>19</b>	<b>-</b>	<b>5,695</b>
<b>Net</b>	<b>2,818</b>	<b>(3,259)</b>	<b>263</b>	<b>58</b>	<b>(127)</b>	<b>(247)</b>

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		Bank only (Charged) / Credited to:			
	At 1 January 2020 *	Profit or loss	Other comprehensive income <i>(note 20.2)</i> <i>(in million Baht)</i>	Others	At 31 December 2020
<b>Deferred tax assets</b>					
Interbank and money market items	3	5	-	-	8
Financial assets measured at fair value through profit or loss	137	2	-	-	139
Investments	134	(128)	-	-	6
Loans to customers and accrued interest receivables	2,911	249	-	(775)	2,385
Properties for sale	43	9	-	-	52
Premises and equipment	33	(1)	-	-	32
Provisions for employee benefits	346	17	(50)	-	313
Provisions for other liabilities	285	4	-	-	289
Deferred revenue and other liabilities	753	159	-	-	912
Others	170	17	21	-	208
<b>Total</b>	<b>4,815</b>	<b>333</b>	<b>(29)</b>	<b>(775)</b>	<b>4,344</b>
<b>Deferred tax liabilities</b>					
Financial assets measured at fair value through profit or loss	1	(1)	-	-	-
Investments	112	-	9	-	121
Premises and equipment	1,451	(65)	(36)	-	1,350
Others	35	17	3	-	55
<b>Total</b>	<b>1,599</b>	<b>(49)</b>	<b>(24)</b>	<b>-</b>	<b>1,526</b>
<b>Net</b>	<b>3,216</b>	<b>382</b>	<b>(5)</b>	<b>(775)</b>	<b>2,818</b>

\* The balance at 1 January 2020 includes the effect of initially applying TFRS - Financial instruments standards and TFRS 16 Leases.

As at 31 December 2021 and 2020, the Bank had tax-deductible temporary differences in relation to investments in subsidiaries totalling Baht 19,800 million and Baht 1,860 million, respectively, for which deferred tax assets have not yet been recognised because certain recognition criteria were not met.

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20.2 Income tax

*Income tax recognised in profit or loss*

		Consolidated		Bank only	
	Note	2021	2020	2021	2020
		<i>(in million Baht)</i>			
<b>Current tax expenses</b>					
Current year		2,962	3,850	1,233	598
Under (over) provided in prior years		31	(6)	(15)	(7)
		<u>2,993</u>	<u>3,844</u>	<u>1,218</u>	<u>591</u>
<b>Deferred tax expenses</b>					
Movements in temporary differences	20.1	(666)	(1,621)	(263)	(382)
		<u>(666)</u>	<u>(1,621)</u>	<u>(263)</u>	<u>(382)</u>
<b>Total</b>		<u>2,327</u>	<u>2,223</u>	<u>955</u>	<u>209</u>

*Income tax recognised in other comprehensive income*

	Consolidated					
	2021			2020		
	Before tax	Tax (expenses) benefit	Net of tax	Before tax	Tax (expenses) benefit	Net of tax
	<i>(in million Baht)</i>					
Investments	(450)	90	(360)	(73)	15	(58)
Premises and equipment	(51)	10	(41)	(179)	36	(143)
Provisions for employee benefits	197	(40)	157	680	(136)	544
Others	(39)	9	(30)	(41)	8	(33)
<b>Total</b>	<u>(343)</u>	<u>69</u>	<u>(274)</u>	<u>387</u>	<u>(77)</u>	<u>310</u>

	Bank only					
	2021			2020		
	Before tax	Tax (expenses) benefit	Net of tax	Before tax	Tax (expenses) benefit	Net of tax
	<i>(in million Baht)</i>					
Investments	(569)	114	(455)	46	(9)	37
Premises and equipment	(51)	10	(41)	(179)	36	(143)
Provisions for employee benefits	196	(39)	157	249	(50)	199
Others	136	(27)	109	(89)	18	(71)
<b>Total</b>	<u>(288)</u>	<u>58</u>	<u>(230)</u>	<u>27</u>	<u>(5)</u>	<u>22</u>



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*Reconciliation of effective tax rate*

	Consolidated			
	2021		2020	
	Rate (%)	(in million Baht)	Rate (%)	(in million Baht)
Profit before income tax		12,804		12,338
Income tax using the Thai corporation tax rate	20	2,561	20	2,468
Deferred tax expenses which previously unrecognised deductible temporary difference had been met the recognition criteria and utilised during the year	-	(45)	(1)	(119)
Deferred tax expenses which deductible temporary difference had not been met the recognition criteria during the year	151	19,328	15	1,861
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net	(153)	(19,548)	(16)	(1,981)
Under (over) provided in prior year	-	31	-	(6)
<b>Total</b>	<b>18</b>	<b>2,327</b>	<b>18</b>	<b>2,223</b>

	Bank only			
	2021		2020	
	Rate (%)	(in million Baht)	Rate (%)	(in million Baht)
Profit before income tax		8,724		13,064
Income tax using the Thai corporation tax rate	20	1,745	20	2,613
Deferred tax expenses which previously unrecognised deductible temporary difference had been met the recognition criteria and utilised during the year	(1)	(45)	-	(1)
Deferred tax expenses which deductible temporary difference had not been met the recognition criteria during the year	206	17,940	14	1,861
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net	(214)	(18,670)	(33)	(4,257)
Over provided in prior year	-	(15)	-	(7)
<b>Total</b>	<b>11</b>	<b>955</b>	<b>1</b>	<b>209</b>

21 Deposits

21.1 Classified by type of deposits

	Consolidated		Bank only	
	2021	2020	2021	2020
		(in million Baht)		
Current	88,194	83,291	88,584	70,895
Savings	1,093,116	1,103,241	1,097,159	687,298
Term	157,927	186,930	158,027	57,539
<b>Total</b>	<b>1,339,237</b>	<b>1,373,462</b>	<b>1,343,770</b>	<b>815,732</b>
Less prepaid interest expenses	(42)	(54)	(42)	(54)
<b>Total</b>	<b>1,339,195</b>	<b>1,373,408</b>	<b>1,343,728</b>	<b>815,678</b>

## 21.2 Classified by currency and residency of depositors

	Consolidated					
	Domestic	2021 Foreign	Total	Domestic	2020 Foreign	Total
			<i>(in million Baht)</i>			
Thai Baht	1,311,073	13,285	1,324,358	1,358,581	6,765	1,365,346
US Dollar	13,840	281	14,121	7,093	275	7,368
Other currencies	705	11	716	683	11	694
<b>Total</b>	<b>1,325,618</b>	<b>13,577</b>	<b>1,339,195</b>	<b>1,366,357</b>	<b>7,051</b>	<b>1,373,408</b>

	Bank only					
	Domestic	2021 Foreign	Total	Domestic	2020 Foreign	Total
			<i>(in million Baht)</i>			
Thai Baht	1,315,606	13,286	1,328,892	801,839	6,763	808,602
US Dollar	13,840	280	14,120	6,207	255	6,462
Other currencies	705	11	716	605	9	614
<b>Total</b>	<b>1,330,151</b>	<b>13,577</b>	<b>1,343,728</b>	<b>808,651</b>	<b>7,027</b>	<b>815,678</b>

## 22 Interbank and money market items (liabilities)

Interbank and money market (liabilities) as at 31 December 2021 and 2020 were as follows:

	Consolidated		Bank only	
	2021	2020	2021	2020
	<i>(in million Baht)</i>			
<b>Domestic items</b>				
Bank of Thailand and Financial Institutions Development Fund	16,120	7,124	16,120	5,101
Commercial banks	35,485	26,147	35,836	26,184
Specialised financial institutions	13,507	11,725	13,507	9,750
Other financial institutions	15,212	29,245	15,212	9,575
<b>Total domestic items</b>	<b>80,324</b>	<b>74,241</b>	<b>80,675</b>	<b>50,610</b>
<b>Foreign items</b>				
US Dollar	3,554	341	3,554	177
Other currencies	1,088	1,327	1,088	362
<b>Total foreign items</b>	<b>4,642</b>	<b>1,668</b>	<b>4,642</b>	<b>539</b>
<b>Total domestic and foreign items</b>	<b>84,966</b>	<b>75,909</b>	<b>85,317</b>	<b>51,149</b>

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23 Financial liabilities measured at fair value through profit or loss

	Consolidated and Bank only	
	2021	2020
	(in million Baht)	
Debt issued	437	432
<b>Total</b>	<b>437</b>	<b>432</b>

The effects of changes in that liability's all risk in profit or loss consisted of:

	Consolidated and Bank only	
	2021	2020
	(in million Baht)	
The difference between the carrying amount and the amount would be contractually required to pay at maturity	137	133

24 Debts issued and borrowings, net

Consolidated								
	Interest rates as at 31 December 2021 (%)	Maturities	Domestic	2021 Foreign	Total	Domestic	2020 Foreign	Total
					(in million Baht)			
Subordinated debentures <sup>(1)</sup>	3.50, 4.00 and 4.90	2022 <sup>(2)</sup> - 2024 <sup>(2)</sup>	35,430	13,368	48,798	35,430	12,099	47,529
Senior debentures	6mLibor+1.05 and 0.48-0.85	2022 - 2025	5,300	14,207	19,507	-	41,331	41,331
Bills of exchange <sup>(3)</sup> and promissory notes	2.15 and 0.05-2.50	At call and 2012	10	-	10	10	-	10
Other borrowings	0.00-0.75	2022 - 2031	19	64	83	27	68	95
<b>Total</b>			<b>40,759</b>	<b>27,639</b>	<b>68,398</b>	<b>35,467</b>	<b>53,498</b>	<b>88,965</b>

Bank only								
	Interest rates as at 31 December 2021 (%)	Maturities	Domestic	2021 Foreign	Total	Domestic	2020 Foreign	Total
					(in million Baht)			
Subordinated debentures <sup>(1)</sup>	3.50, 4.00 and 4.90	2022 <sup>(2)</sup> - 2024 <sup>(2)</sup>	35,430	13,368	48,798	35,430	12,099	47,529
Senior debentures	6mLibor+1.05 and 0.48-0.85	2022 - 2025	-	14,207	14,207	-	41,331	41,331
Bills of exchange <sup>(3)</sup> and promissory notes	2.15 และ 0.05 – 2.50	At call and 2012	10	-	10	5	-	5
Other borrowings	0.00-0.75	2022 - 2031	19	64	83	27	68	95
<b>Total</b>			<b>35,459</b>	<b>27,639</b>	<b>63,098</b>	<b>35,462</b>	<b>53,498</b>	<b>88,960</b>

<sup>(1)</sup> Counted as a part of Tier 2 capital, which is determined under the conditions as specified in the BoT's Notification (note 8)

<sup>(2)</sup> The year in which call option exercise periods start

<sup>(3)</sup> The outstanding balance of bills of exchange maturing during the year 2012 were waiting for redeem by the holders.

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**24.1 Subordinated debentures**

- 24.1.1 On 11 May 2015, Thanachart Bank Public Company Limited (TBANK) issued the Subordinated Debenture No.1/2015 to be counted as Tier 2 capital, amounting to Baht 7,000 million, which has a 10-year 6 month maturity period and carries a fixed interest rate of 4.65% per annum, payable quarterly in February, May, August and November of every year. TBANK can early redeem the Subordinated Debenture No.1/2015 after 5 years from the issue date or according to certain specified conditions. TBANK has to get the Bank of Thailand's approval before early redemption of the Subordinated Debenture. The Subordinated Debenture are name-registered, unsecured instruments with no instrument holder's representative. The Subordinated Debenture will be fully converted to ordinary shares of TBANK in the event that a Point of Non-Viability is triggered requiring financial assistance from the regulators. TBANK has a call option to early redeem these instruments at par if the conditions specified are met.

On 11 May 2020, TBANK early redeemed its entire Subordinated Debenture No.1/2558, amounting to Baht 7,000 million. Such early redemption has already been approved by the Bank of Thailand.

- 24.1.2 On 29 May 2017, the Bank issued the Subordinated Debenture No.1/2560 to be counted as Tier 2 capital under Basel III requirement, amounting to Baht 5,430 million, which has a 10.5-year maturity period and carries a fixed interest rate of 3.50% per annum, payable quarterly in February, May, August and November of every year. The Bank can early redeem the Subordinated Debenture No.1/2560 after 5.5 years from the issue date or according to certain specified conditions. The Bank has to get the Bank of Thailand's approval before early redemption of the Subordinated Debenture.
- 24.1.3 On 28 June 2019, the Bank issued the Subordinated Debenture No.1/2562 to be counted as Tier 2 capital under Basel III requirement, amounting to Baht 30,000 million, which has a 10-year maturity period and carries a fixed interest rate of 4.00% per annum, payable quarterly in March, June, September and December of every year. The Bank can early redeem the Subordinated Debenture No.1/2562 after 5 years from the issue date or according to certain specified conditions. The Bank has to get the Bank of Thailand's approval before early redemption of the Subordinated Debenture.
- 24.1.4 On 2 December 2019, the Bank issued the Perpetual Additional Tier 1 Capital Securities amounting to USD 400 million, which has no expiration date and carries a fixed interest rate of 4.90% per annum, payable semi-annually in June and December of every year. The Bank can early redeem the Perpetual Additional Tier 1 Capital Securities after 5 years from the issue date or according to certain specified conditions. The Bank has to get the Bank of Thailand's approval before proceeding an early redemption. The Securities have been issued under the Bank's Euro Medium Term Note Programme.

**24.2 Senior debentures**

- 24.2.1 On 1 April 2016, the Bank issued unsecured Senior Debentures of USD 300 million, with a 5.5-year maturity and carrying a fixed interest rate of 3.108% per annum, payable semi-annually in April and October of every year. The debentures have been issued under the Bank's Euro Medium Term Note Programme.

On 7 October 2019, the Bank bought back these debentures from investors amounting to USD 50 million. Remaining balance is USD 250 million.

The debenture was matured on 1 October 2021, which has already fully paid with the total amount of USD 250 million.

- 24.2.2 On 5 June 2018, the Bank issued unsecured Senior Debentures (Green Bond) of USD 60 million, with a 7-year maturity and carrying a floating interest rate of 6M Libor + 1.05% per annum, payable semi-annually in June and December of every year. The proceeds from Green Bond issuance will be used to finance the loan to private sector on its investment in sustainable environment.

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24.2.3 On 17 December 2018, the Bank issued unsecured Senior Debentures (SME Bond) of USD 90 million, with a 7-year maturity and carrying a floating interest rate of 6M Libor + 1.05% per annum, payable semi-annually in June and December of every year. The proceeds from SME Bond issuance will be used to support small and medium sized enterprises.

24.2.4 During 11 - 13 November 2019, the Bank issued unsecured Senior Debentures (Euro Bond) of EUR 525 million, with 1 - 5 years maturity and carrying a fixed interest rate of 0.10% - 0.85% per annum, payable semi-annually in May and November of every year.

The debentures were matured on 12 November 2020 and 11 November 2021, which have already fully paid with the total amount of EUR 300 million. Remaining balance is EUR 225 million

24.2.5 During 24 - 25 March 2020, the Bank issued unsecured Senior Debentures (Euro Bond) of EUR 420 million, with a 1-year maturity and carrying a fixed interest rate of 0.25% per annum, payable semi-annually in March and September of every year.

The debentures were matured on 24 - 25 March 2021, which has already fully paid with the total amount of EUR 420 million.

24.2.6 On 27 August 2021, A subsidiary issued unsecured Senior Debentures of Baht 5,400 million which was fully guaranteed by the Bank as follows:

1. Unsecured Senior Debentures of Baht 1,200 million with a 91-day maturity and carrying a fixed interest rate of 0.60% per annum, payable at the maturity.

The debentures were matured on 26 November 2021, which has already fully paid.

2. Unsecured Senior Debentures of Baht 2,000 million with a 111-day maturity and carrying a fixed interest rate of 0.61% per annum, payable at the maturity.

The debentures were matured on 16 December 2021, which has already fully paid

3. Unsecured Senior Debentures of Baht 2,200 million with a 185-day maturity and carrying a fixed interest rate of 0.69% per annum, payable at the maturity

24.2.7 On 26 November 2021, A subsidiary issued secured Senior Debentures of Baht 3,100 million with a 181-day maturity and carrying a fixed interest rate of 0.75% per annum, payable at the maturity which was fully guaranteed by the Bank.

24.2.8 On 8 December 2021, the Bank issued unsecured Senior Debentures of USD 20 million, with 10-month maturity and carrying a fixed interest rate of 0.85%. The Debenture has been issued under the Bank's Medium Term Note Programme.

**24.3 Other borrowings**

Borrowings with specific uses (other borrowings) as at 31 December 2021 and 2020 were as follows:

Borrowings from	Objectives of borrowings	Consolidated and Bank only			
		2021		2020	
		Outstanding balances	Baht equivalent (in million Baht)	Outstanding balances	Baht equivalent (in million Baht)
National Science and Technology Development Agency	For enterprises involving in research and development activities	Baht 19 million	19	Baht 27 million	27
KfW Bankengruppe (KfW)	For small industry businesses	EUR 2 million	64	EUR 2 million	68
<b>Total</b>			<b>83</b>		<b>95</b>

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25 Provisions for employee benefits

25.1 Defined contribution plan

The Bank, its subsidiaries and their employees have jointly established provident fund schemes under the Provident Fund Act B.E. 2530. The employees contribute to the funds at rates ranging from 2 - 15% of their basic salaries and the Bank and its subsidiaries contribute at rates ranging from 3 - 10%, depending on the number of years of service of each employee. The funds will be paid to the employees upon death, termination or dissolution of the business, in accordance with the rules of the funds. The fund assets are held separately from those of the Bank and its subsidiaries, under the management of the fund manager.

For the year ended 31 December 2021 and 2020, the Bank and its subsidiaries contributed Baht 778 million and Baht 793 million, respectively, to the funds (Bank only: Baht 725 million and Baht 499 million, respectively).

25.2 Defined benefit plans

25.2.1 Detail of defined benefit plans

	Consolidated		Bank only	
	2021	2020	2021	2020
	<i>(in million Baht)</i>			
Post-employment benefit plans	3,784	4,356	3,740	2,507
Other long-term employee benefit plans	-	10	-	10
<b>Total</b>	<b>3,784</b>	<b>4,366</b>	<b>3,740</b>	<b>2,517</b>

25.2.2 Movement in post-employment benefit obligations

	Consolidated		Bank only	
	2021	2020	2021	2020
	<i>(in million Baht)</i>			
At 1 January	4,356	5,142	2,507	1,720
Employee benefits obligations transferred in/ (out)	(4)	(14)	1,300	970
<b>Included in profit or loss</b>				
Current service cost	707	435	408	261
Past service cost	(323)	(195)	148	93
Interest on obligation	63	94	60	46
	<b>447</b>	<b>334</b>	<b>616</b>	<b>400</b>
<b>Included in other comprehensive income</b>				
Actuarial gain	(197)	(683)	(196)	(252)
<b>Others</b>				
Benefits paid	(818)	(423)	(487)	(331)
	<b>(818)</b>	<b>(423)</b>	<b>(487)</b>	<b>(331)</b>
<b>At 31 December</b>	<b>3,784</b>	<b>4,356</b>	<b>3,740</b>	<b>2,507</b>

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Actuarial gains recognised in other comprehensive income arising from:

	Consolidated		Bank only	
	2021	2020	2021	2020
		(in million Baht)		
Demographic assumptions	96	(80)	94	102
Financial assumptions	(213)	(282)	(210)	(27)
Experience adjustments	(80)	(321)	(80)	(327)
Total	<u>(197)</u>	<u>(683)</u>	<u>(196)</u>	<u>(252)</u>

25.2.3 Actuarial assumptions of post-employment benefit obligations

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	Consolidated		Bank only	
	2021	2020	2021	2020
		(%)		
Discount rate	1.80 – 2.14	1.21, 1.46	1.80	1.21
Future salary growth	3.00	3.00	3.00	3.00
Staff turnover rates	0.00 – 25.00	0.00 - 26.00	0.00 – 25.00	0.00 - 26.00

Assumptions regarding future mortality have been based on published statistics and mortality tables.

25.2.4 Sensitivity analysis of post-employment benefit obligations

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligations by the amounts shown below.

	Change (+) in assumption	Consolidated 2021		Post-employment benefit obligations increase (decrease) (in million Baht)
		Post-employment benefit obligations increase (decrease) (in million Baht)	Change (-) in assumption	Post-employment benefit obligations increase (decrease) (in million Baht)
Discount rate	+1%	(332)	-1%	381
Future salary growth	+1%	364	-1%	(324)
Turnover rate	+1%	(349)	-1%	228
Future mortality	+1 year	18	-1 year	(18)

	Change (+) in assumption	Consolidated 2020		Post-employment benefit obligations increase (decrease) (in million Baht)
		Post-employment benefit obligations increase (decrease) (in million Baht)	Change (-) in assumption	Post-employment benefit obligations increase (decrease) (in million Baht)
Discount rate	+1%	(380)	-1%	436
Future salary growth	+1%	419	-1%	(373)
Turnover rate	+1%	(399)	-1%	259
Future mortality	+1 year	21	-1 year	(21)

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Bank only 2021				
	Change (+) in assumption	Post-employment benefit obligations increase (decrease) (in million Baht)	Change (-) in assumption	Post-employment benefit obligations increase (decrease) (in million Baht)
Discount rate	+1%	(327)	-1%	375
Future salary growth	+1%	359	-1%	(319)
Turnover rate	+1%	(344)	-1%	225
Future mortality	+1 year	18	-1 year	(18)

Bank only 2020				
	Change (+) in assumption	Post-employment benefit obligations increase (decrease) (in million Baht)	Change (-) in assumption	Post-employment benefit obligations increase (decrease) (in million Baht)
Discount rate	+1%	(214)	-1%	246
Future salary growth	+1%	234	-1%	(209)
Turnover rate	+1%	(225)	-1%	145
Future mortality	+1 year	12	-1 year	(12)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

## 26 Provisions for other liabilities

The movement in provision for other liabilities during the year was as follows:

	Commitment from letters of guarantee issued, avals and other guarantees	Obligation for litigation cases (note 35.2)	Consolidated Allowance for expected loss of credit commitments and financial guarantee contracts	Others	Total
			(in million Baht)		
Beginning balance	127	854	1,489	536	3,006
Provisions increase (decrease)	12	(71)	114	137	192
Paid during the year	(7)	(45)	-	(326)	(378)
<b>At 31 December 2020</b>	<b>132</b>	<b>738</b>	<b>1,603</b>	<b>347</b>	<b>2,820</b>
Reclassified after Entire Business Transfer	(150)	82	148	(80)	-
Provision increase (decrease)	18	5	(413)	104	(286)
Paid during the year	-	(253)	-	(255)	(508)
<b>At 31 December 2021</b>	<b>-</b>	<b>572</b>	<b>1,338</b>	<b>116</b>	<b>2,026</b>



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	Commitment from letters of guarantee issued, avals and other guarantees	Obligation for litigation cases (note 35.2)	Bank only Allowance for expected loss of credit commitments and financial guarantee contracts	Others	Total
			(in million Baht)		
Beginning balance	-	12	1,103	309	1,424
Provisions increase	-	49	186	302	537
Paid during the year	-	(45)	-	(471)	(516)
<b>At 31 December 2020</b>	<b>-</b>	<b>16</b>	<b>1,289</b>	<b>140</b>	<b>1,445</b>
Acquisition through Entire Business					
Transfer	-	822	520	5	1,347
Provision increase (decrease)	-	(12)	(471)	49	(434)
Paid during the year	-	(254)	-	(78)	(332)
<b>At 31 December 2021</b>	<b>-</b>	<b>572</b>	<b>1,338</b>	<b>116</b>	<b>2,026</b>

27 Deferred revenue

	Consolidated	
	2021	2020
	(in million Baht)	
Deferred revenue		
- Funds and Bancassurance	18,472	19,785
- Credit card	405	168
- Hire purchase	1,011	702
- Others	288	230
<b>Total</b>	<b>20,176</b>	<b>20,885</b>

	Bank only	
	2021	2020
	(in million Baht)	
Deferred revenue		
- Funds and Bancassurance	18,472	18,865
- Credit card	405	168
- Hire purchase	1,011	-
- Others	289	229
<b>Total</b>	<b>20,177</b>	<b>19,262</b>

After negotiations between FWD Life Insurance Public Company Limited (FWD), the previous bancassurance partner of the Bank, and Prudential Life Assurance (Thailand) Public Company Limited (Prudential), the previous bancassurance partner of TBCO Public Company Limited (TBCO) (Formerly Thanachart Bank PCL), a mutual conclusion was reached that Prudential would acquire the rights to sell life insurance products through the Bank from FWD and the original bancassurance agreement between the Bank and FWD would be revised to reflect the new partnership.

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Key components of the agreements entered into between the parties can be summarised as follows:

- Prudential will have the exclusive rights to sell the life insurance products through the network of the Bank, TBCO Public Company Limited (TBCO) (Formerly Thanachart Bank PCL) and subsequently the merged bank for an initial term of 15 years, with effect on and from 1 January 2021.
- To facilitate customer services of both banks during the transition period in 2020, the Bank continued to sell the life insurance products of FWD until the end of 2020 and also onboarded the products of Prudential through the various channels operated by the Bank. The transition period lasted between 1 April 2020 and 31 December 2020.

Revenue of Baht 1.3 billion was recognised in 2020 from Prudential's acquisition of rights under the original bancassurance agreement between the Bank and FWD. Revenue to be gradually recognised throughout the combined initial contractual term and transition period (15 years 9 months) is Baht 20.8 billion, starting 1 April 2020.

## 28 Other liabilities

	Consolidated		Bank only	
	2021	2020	2021	2020
	<i>(in million Baht)</i>			
Accrued expenses	5,938	5,566	5,899	3,587
Accrued interest expenses	394	762	386	282
Deposits and guarantees received	309	287	309	231
Collateral on derivative transactions	871	3,846	871	3,205
Suspense accounts electronic money and money transferred	272	512	272	212
Suspense accounts - others	2,713	2,511	2,711	1,827
Other payables	509	829	509	180
Corporate income tax payable	851	1,758	851	268
Others	4,663	4,063	4,394	1,677
<b>Total</b>	<b>16,520</b>	<b>20,134</b>	<b>16,202</b>	<b>11,469</b>

## 29 Offsetting of financial assets and financial liabilities

The Bank and its subsidiaries currently hold agreements including derivatives and sale -and- repurchase agreements which do not meet the criteria for offsetting in the Consolidated and Bank only's statement of financial position because such agreements are created in the way that the parties have to agree a right of set-off the agreed amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Bank or the counterparties or following other predetermined events. For derivatives, the rights to call are agreed by both parties with specific call frequency and threshold. According to the agreements, the Bank and its subsidiaries receive and give collateral in form of cash and marketable securities. The details are as follow:

Consolidated					
	Gross Amount	Amount offset in statements of financial position	Amount presented in statements of financial position (in million Baht)	Amounts not offset in financial statements - Amount eligible for offsetting per contracts	Net amount
<b>At 31 December 2021</b>					
<b>Financial assets</b>					
Reverse sale-and-repurchase	65,853	-	65,853	(65,853)	-
Derivatives assets	4,243	-	4,243	(871)	3,372
<b>Total</b>	<b>70,096</b>	<b>-</b>	<b>70,096</b>	<b>(66,724)</b>	<b>3,372</b>
<b>Financial liabilities</b>					
Sale-and-repurchase	32,100	-	32,100	(32,100)	-
Derivatives liabilities	4,904	-	4,904	(1,849)	3,055
<b>Total</b>	<b>37,004</b>	<b>-</b>	<b>37,004</b>	<b>(33,949)</b>	<b>3,055</b>
Bank only					
	Gross Amount	Amount offset in statements of financial position	Amount presented in statements of financial position (in million Baht)	Amounts not offset in financial statements - Amount eligible for offsetting per contracts	Net amount
<b>At 31 December 2021</b>					
<b>Financial assets</b>					
Reverse sale-and-repurchase	65,853	-	65,853	(65,853)	-
Derivatives assets	4,243	-	4,243	(871)	3,372
<b>Total</b>	<b>70,096</b>	<b>-</b>	<b>70,096</b>	<b>(66,724)</b>	<b>3,372</b>
<b>Financial liabilities</b>					
Sale-and-repurchase	32,100	-	32,100	(32,100)	-
Derivatives liabilities	4,904	-	4,904	(1,849)	3,055
<b>Total</b>	<b>37,004</b>	<b>-</b>	<b>37,004</b>	<b>(33,949)</b>	<b>3,055</b>

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Reconciliation to the net amounts of financial assets and financial liabilities presented in the statement of financial position are as follow:

Consolidated					
Type of financial instruments	Amount presented in statement of financial position (in million Baht)	Items in statement of financial position	Note	Carrying amount in statement of financial position (in million Baht)	Carrying amount in statement of financial position that are not qualify for offsetting
At 31 December 2021					
Financial assets					
Reverse sale-and-repurchase	65,853	Interbank and money market items (Assets)	10	158,873	93,020
Derivatives assets	4,243	Derivatives assets	12	6,913	2,670
Total	70,096			165,786	95,690
Financial liabilities					
Sale-and-repurchase	32,100	Interbank and money market items (Liabilities)	22	84,966	52,866
Derivatives liabilities	4,904	Derivatives liabilities	12	6,595	1,691
Total	37,004			91,561	54,557
Bank only					
Type of financial instruments	Amount presented in statement of financial position (in million Baht)	Items in statement of financial position	Note	Carrying amount in statement of financial position (in million Baht)	Carrying amount in statement of financial position that are not qualify for offsetting
At 31 December 2021					
Financial assets					
Reverse sale-and-repurchase	65,853	Interbank and money market items (Assets)	10	158,863	93,010
Derivatives assets	4,243	Derivatives assets	12	6,913	2,670
Total	70,096			165,776	95,680
Financial liabilities					
Sale-and-repurchase	32,100	Interbank and money market items (Liabilities)	22	85,317	53,217
Derivatives liabilities	4,904	Derivatives liabilities	12	6,595	1,691
Total	37,004			91,912	54,908

The gross amounts of financial assets and financial liabilities and their net amounts disclosed in the above tables have been measured in the statement of financial position on the following bases:

- derivative assets and liabilities: fair value;
- assets and liabilities resulting from sale-and-repurchase agreements and reverse sale-and-repurchase agreements: amortised cost.

### 30 Share-based payments - TMBThanachart Stock Retention Program

#### Information of TMBThanachart Stock Retention Program

##### *TMBThanachart Stock Retention Program 2021 (TTB Stock Retention Program 2021)*

On 24 February 2021, the Board of Directors Meeting No.2/2564 approved the TTB Stock Retention Program 2021 (TTB TSRP 2021) which will offer newly issued ordinary shares of the Bank to the executives and employees of the Bank and Thanachart Bank who have qualifications under TTB TSRP 2021. The executives and employees under TTB TSRP 2021 shall be entitled to subscribe for the newly issued shares according to the conditions specified in TTB TSRP 2021. Summary of the program is detail below.

Term of continuing scheme:	3 years from the date on which the shareholders' meeting approves the TTB Stock Retention Program 2021
Number of ordinary shares to be offered:	Up to 305,000,000 shares in total at a par value of Baht 0.95 where such newly issued ordinary shares will be offered as a continuing program
Offering price per share:	The offering price per share to be offered to the executives and employees under TTB Stock Retention program 2021 is equivalent to Baht 1.15. Such offering price, which was not lower than the weighted average closing price of the Bank's shares traded on the Stock Exchange of Thailand during the period of 15 consecutive days before the date on which the Board of Directors' Meeting No. 2/2021 held on February 24, 2021 resolved to propose the TTB Stock Retention Program 2021 for the shareholders' meeting's consideration and approval.
Condition of subscription for the newly issued shares:	The executives and employees under TTB TSRP 2021 who will subscribe for the newly issued shares shall be executives or employees of the Bank or Thanachart Bank as of the subscription date of such newly issued shares (the rights for employees who retire pursuant to the Bank's regulation or death are still retained).

##### *TMBThanachart Stock Retention Program 2019 (TTB Stock Retention Program 2019) (formerly TMB Stock Retention Program 2019)*

On 18 December 2019, the Board of Directors Meeting No.11/2562 approved the TTB Stock Retention Program 2019 (TTB TSRP 2019) which offered newly issued ordinary shares of the Bank to employees of the Bank and Thanachart Bank who have qualifications under TTB TSRP 2019. The employees under TTB TSRP 2019 shall be entitled to subscribe for the newly issued shares according to the conditions specified in TTB TSRP 2019. Summary of the program is detail below.

Term of continuing scheme:	3 years starting from the first offering date.
Number of ordinary shares to be offered:	Not exceeding the total of 200,000,000 newly issued ordinary shares with the par value of Baht 0.95 each, which will be offered pursuant to the continuing scheme.
Offering price per share:	The offering price per share to be offered to the employees under TTB TSRP 2019 is equivalent to the average closing price of ordinary shares of the Bank on the Stock Exchange of Thailand ("SET") on each trading day for the period of 7 calendar days prior to the first offering date of the newly issued shares.

The offering price may be lower than 90% of the market price as prescribed in the notification of the Securities and Exchange Commission relating to the calculation of the offering price and the determination of the offering price for issuance of the newly issued shares.

In the case that the calculation of the offering price in any offering is lower than the par value of the ordinary shares of the Bank, the Bank is required to offer newly issued shares to the employees under TTB TSRP 2019 at the price equivalent to the par value of the ordinary shares of the Bank.

Condition of subscription for the newly issued shares:

The employees under TTB TSRP 2019 who will subscribe for the newly issued shares shall be employees of the Bank's or Thanachart Bank as of the subscription date of such newly issued shares (the rights for employees who retire pursuant to the Bank's regulation or death are still retained).

### 30.1 The offering of new ordinary shares

The Bank made the offering of ordinary shares with a par value of Baht 0.95 per share to its employees and executives, at a price of Baht 0.95 and Baht 1.15 per share, for TSRP 2019 and TSRP 2021 respectively. Details were as follows:

The offering of new ordinary shares	Par value	Offering Price	The offering of new ordinary shares	Ordinary shares issued to employees <sup>(1)</sup>	Balance of new ordinary shares unissued as at 31 December 2021
	(Baht/ shares)			(shares)	
TSRP 2019	0.95	0.95	200,000,000	(141,637,500)	58,362,500
TSRP 2021	0.95	1.15	305,000,000	(121,882,700)	183,117,300

On 14 September 2021, the Bank additionally issued TSRP 2019 of 91,575,000 ordinary shares with a par value of Baht 0.95 per share to its employees, at a price of Baht 0.95 per share.

On 1 October 2021, the Bank issued TSRP 2021 of 121,882,700 ordinary shares with a par value of Baht 0.95 per share to its employees, at a price of Baht 1.15 per share.

<sup>(1)</sup> The shares will be gradually issued on an annual basis over three years since the offering of such ordinary shares.

30.2 Reconciliation of issued and paid-up ordinary share capital, share premium and other reserve - shared-based payments

Consolidated and Bank only				
2021				
	Issued and paid-up ordinary share capital		Share premium	Other reserve - share-based payments
	(No. of shares)	(Baht)	(Baht)	
Balance - beginning of the year	96,409,416,880	91,588,946,036	43,321,601,048	69,562,996
Expenses in relation shares-base payment	-	-	-	260,900,067
Issued ordinary shares to employees	213,457,700	202,784,815	24,376,540	(227,161,355)
Expenses in relation to issuance of ordinary shares to employees	-	-	(1,138,056)	-
Balance - end of the year	<u>96,622,874,580</u>	<u>91,791,730,851</u>	<u>43,344,839,532</u>	<u>103,301,708</u>

31 Share capital

	Par value per share (in Baht)	2021		2020	
		Number	Amount (million shares / million Baht)	Number	Amount
Authorised shares at 31 December	0.95	<u>96,864</u>	<u>92,021</u>	<u>106,224</u>	<u>100,912</u>
<i>Issued and paid-up</i>					
At 1 January					
- ordinary shares	0.95	96,409	91,589	96,359	91,541
Issue of new shares	0.95	<u>214</u>	<u>203</u>	<u>50</u>	<u>48</u>
At 31 December					
- ordinary shares	0.95	<u>96,623</u>	<u>91,792</u>	<u>96,409</u>	<u>91,589</u>

On 23 April 2021, the 2021 Annual General Meeting of the Bank's shareholders passed resolutions approving as follows:

- The reduction of the registered capital by Baht 9,323 million from Baht 100,912 million to Baht 91,589 million by writing off 9,814 million unissued and paid-up share capital at a par value of Baht 0.95 each.
- The increase of the registered capital by Baht 432 million from Baht 91,589 million to Baht 92,021 million by issuing 455 million newly ordinary shares at a par value of Baht 0.95 each and allocate the newly issued ordinary shares as follows:
  - Not exceeding 305 million shares at a par value of Baht 0.95 each under the TTB Stock Retention Program 2021.
  - Not exceeding 150 million shares at a par value of Baht 0.95 each under the TTB Stock Retention Program 2019.

The reduction and increase of the registered capital were registered with the Department of Business Development, Ministry of Commerce on 6 May 2021 and 14 June 2021 respectively.

The Bank issued ordinary shares under the TTB Stock Retention Program 2019 of 91,575,000 ordinary shares with a par value of Baht 0.95 per share to its employees. The increase of the issued ordinary share was registered with the Department of Business Development, Ministry of Commerce on 15 September 2021.

The Bank issued ordinary shares under the TTB Stock Retention Program 2021 of 121,882,700 ordinary shares with a par value of Baht 0.95 per share to its employees. The increase of the issued ordinary share was registered with the Department of Business Development, Ministry of Commerce on 4 October 2021.

### 32 Legal reserve

Pursuant to section 116 of the Public Limited Company Act B.E. 2535 and under the Bank's Articles of Association, the Bank and its subsidiaries is required to set aside a statutory reserve at least 5 percent of its net earnings after deducting accumulated deficit brought forward (if any) until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

### 33 Appropriation of profit and dividend payment

(a) On 23 April 2021, the 2021 Annual General Meeting of the Bank's shareholders passed a resolution approving the appropriation of the 2020 operating profit and dividend payment

(1) Not allocating net profit from 2020 operating results to the legal reserve as the Bank's legal reserve is sufficient as required by laws and the Bank's Articles of Association.

(2) Payment of a dividend of Baht 0.045 per share from the 2020 operating profit to the shareholders for a totalling of Baht 4,338 million. The Bank paid such dividend to its shareholders on 20 May 2021.

(b) On 20 August 2020, the Board of Directors' Meeting of the Bank passed a resolution approving as follows:

(1) Appropriation of net profit of Baht 6,731 million to be legal reserve.

(2) The inclusion of a part of net profit for the Bank only for the six-month period ended 30 June 2020 amounting to Baht 9,078 million to be counted as Tier 1 Capital of the Bank.



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(c) On 26 March 2020, the Board of Directors Meeting of the Bank passed a resolution approving the appropriation of the 2019 operating profit and dividend payment:

(1) Appropriation of net profit of Baht 360 million to be legal reserve.

(2) Payment of an interim dividend of Baht 0.01 per share to the Bank's ordinary shareholders from its second half year 2019 operating results for a total of Baht 964 million. The Bank paid such dividend to its shareholders on 24 April 2020.

### 34 Assets pledged as collateral and under restriction

Assets pledged as collateral and under restriction as at 31 December 2021 and 2020 were as follows:

	Consolidated		Bank only	
	2021	2020	2021	2020
	<i>(in million Baht)</i>			
Interbank and money market items				
- Placed at insurance registrar	-	1	-	-
Investments in securities				
- Investments used to guarantee electricity usage	-	5	-	-
- Placed at court	-	2	-	-
- Pledged as collateral against repurchase transactions	30,694	16,058	30,694	16,058
Property foreclosed under restriction	2,923	35	2,923	-
<b>Total</b>	<b>33,617</b>	<b>16,101</b>	<b>33,617</b>	<b>16,058</b>

### 35 Commitments and contingent liabilities

#### 35.1 Commitments

	Consolidated		Bank only	
	2021	2020	2021	2020
	<i>(in million Baht)</i>			
Avals to bills	205	240	205	159
Guarantees of loans/bond	5,366	2,382	5,366	38
Liability under unmatured import bills	4,081	1,935	4,081	1,878
Letters of credit	15,608	13,358	15,608	13,042
Other commitments				
- Other guarantees	85,821	63,324	85,821	63,324
- Amount of unused bank overdrafts	117,029	105,942	117,029	86,104
- Committed line	7,958	42,892	7,958	78,239
- Others <sup>(1)</sup>	14,117	29,236	14,117	17,029
<b>Total</b>	<b>250,185</b>	<b>259,309</b>	<b>250,185</b>	<b>259,813</b>

<sup>(1)</sup> As at 31 December 2021, this included the financial assets accepted as collateral that had been sold or pledged amounting to Baht 13,226 million (2020: 15,924 million). The Bank and its subsidiaries is obliged to return those securities in equivalent amount.

As at 31 December 2021 and 2020, the Bank and its subsidiaries had no commitments from providing other guarantees to listed companies, which meet criteria for delisting conditions from the Stock Exchange of Thailand.

As at 31 December 2021 and 2020, the Bank and its subsidiaries had purchase and sales of investment in debt securities with net sales amounting to Baht 208 million and *net purchase amounting to* Baht 551 million respectively (*Bank only: net sales amounting to Baht 208 million and net purchase amounting to Baht 551 million, respectively*), for which the settlement was not due at the reporting date.

### 35.2 Litigation

- (a) As at 31 December 2021 and 2020, the Bank and its subsidiaries were claimed pursuant to obligations under the letters of guarantee and other claims for 125 cases and 120 cases, respectively (Bank only: claims for 125 cases and 45 cases, respectively). The said claims were made against the Bank and its subsidiaries for the approximate liability amounts of Baht 2,241 million <sup>(1)</sup> and Baht 3,010 million <sup>(1)</sup>, respectively (Bank only: Baht 2,241 million <sup>(1)</sup> and Baht 89 million <sup>(1)</sup>, respectively).
- (b) As at 31 December 2021 and 2020, the Bank and its subsidiaries have recognised provisions for possible losses from the litigation cases totalling Baht 572 million and Baht 738 million, respectively (Bank only: Baht 572 million and Baht 16 million, respectively). The management considers that the provision established for such potential losses due to the said litigation cases is adequate.

<sup>(1)</sup> Excluding the liabilities of the Bank and its subsidiaries as at 31 December 2021 and 2020 of Baht 77 million and Baht 1,090 million, respectively (Bank only: Baht 77 million and Baht 994 million, respectively), which the Court of First Instance and the Appeals Court dismissed the cases.

### 36 Related parties

For the purposes of these financial statements, parties are considered to be related to the Bank and its subsidiaries if the Bank and its subsidiaries have the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Bank and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

#### Definitions and characteristics of relationships

Related parties are as follows:

1. Major shareholders are the shareholders who own over 10% of the Bank's paid-up share capital.
2. Subsidiaries
3. Associates
4. Key management personnel of the Bank and its subsidiaries
5. Other related parties are
  - 5.1 Close family members of key management personnel
  - 5.2 Entities in which key management personnel and their close family members hold over 10% of paid-up share capital
  - 5.3 Entities of which key management personnel and their close family members are directors exercising control or having significant influence

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5.4 Related companies of major shareholders

5.5 Entities in which related companies of major shareholders hold over 10% of paid-up share capital

5.6 Entities in which the Bank and its subsidiaries hold over 10% of paid-up share capital (excluding subsidiaries and associates)

The additional information on investments in subsidiaries and associates is disclosed in note 14.

Relationships with key management and other related parties were as follows:

<b>Name of entity/Personnel</b>	<b>Country of incorporation/ Nationality</b>	<b>Nature of relationship</b>
Key management personnel	Thailand and other countries	Persons having authority and responsibility for planning, directing and controlling the activities of the Bank, directly or indirectly, including any director (whether executive or otherwise) of the Bank and its subsidiaries
Ministry of Finance	Thailand	The major shareholder of the Bank owning over 10% of the Bank's paid-up share capital
ING Bank N.V.	The Netherlands	The major shareholder of the Bank owning over 10% of the Bank's paid-up share capital
Thanachart Capital PCL	Thailand	The major shareholder of the Bank owning over 10% of the Bank's paid-up share capital
Entities whose shares have been owned or have been controlled by the Ministry of Finance	Thailand	Related through the major shareholder of the Bank, owning over 10% of the Bank's paid-up share capital
Phahonyothin Asset Management Co., Ltd.	Thailand	Subsidiary, 100% shareholding, more than 50% of directors are representatives of the Bank
TBCO Public Company Limited (Formerly Thanachart Bank PCL)	Thailand	Subsidiary, liquidator is a representative of the Bank
TMBThanachart Broker Co., Ltd. (Formerly Thanachart Broker Co., Ltd.)	Thailand	Subsidiary, 99.99% shareholding, more than 50% of directors are representatives of the Bank (before 3 July 2021, subsidiary, 99.99% shareholding)
Thanachart Fund Management Co., Ltd.	Thailand	Associated, 49.9% shareholding, less than 50% of directors are representatives of the Bank (before 3 July 2021, Subsidiary, 49.9% shareholding, less than 50% of directors are representatives of Subsidiary)
TMB Asset Management Co., Ltd.	Thailand	Associated, 35% shareholding, less than 50% of directors are representatives of the Bank

The pricing policies for particular types of transactions are explained further below:

<b>Transactions</b>	<b>Pricing policies</b>
Interest rates of loans	Based on market rate and the collateral consideration process, the same as the Bank's normal course of business, except for the interest rates of staff welfare loans which are in accordance with the Bank's regulation.
Fee and service income	Registrar and related services, money transfer services for unit holders, agents and support services for funds managed by its associates are charged by the Bank at the rate based on conditions specified in contracts negotiated in the normal course of business, taking into account the size of funds and the purchase and sale volumes of investment units.

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Transactions	Pricing policies
Interest rate on deposits and borrowings	Based on market rate
Fee and services income for other types of services	Based on market price
Branch office rental and related service	Based on market rate
Sale of non-performing assets to a subsidiary	Based on market price
Entire Business Transfer	Based on market price
Dividend income	At declared

36.1 Significant related parties transactions with key management and other related parties

Significant related parties transactions for the year ended 31 December 2021 and 2020 with key management and other related parties were as follows:

	Consolidated 2021					
	Interest income	Interest expenses	Fees and service income	Fees and service expenses	Other operating income	Other operating expenses
	(in million Baht)					
1. Major shareholders	114	15	1	-	1	25
2. Subsidiaries	-	-	-	-	-	-
3. Associates	-	-	1,998	-	387	-
4. Key management personnel of the Bank	2	6	-	-	-	-
5. Other related parties	730	192	1,283	-	134	635

	Consolidated 2020					
	Interest income	Interest expenses	Fees and service income	Fees and service expenses	Other operating income	Other operating expenses
	(in million Baht)					
1. Major shareholders	30	44	-	-	14	57
2. Subsidiaries	-	-	-	-	-	-
3. Associates	-	-	2,016	-	11	-
4. Key management personnel of the Bank	3	12	-	-	-	-
5. Other related parties	3,188	1,354	2,332	-	287	1,676

	Bank only 2021					
	Interest income	Interest expenses	Fees and service income	Fees and service expenses	Other operating income	Other operating expenses
	(in million Baht)					
1. Major shareholders	114	4	1	-	-	22
2. Subsidiaries	282	218	426	172	94,042	37
3. Associates	-	-	1,463	-	335	-
4. Key management personnel of the Bank	1	5	-	-	-	-
5. Other related parties	520	135	969	-	54	408

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	Bank only 2020					
	Interest income	Interest expenses	Fees and service income	Fees and service expenses	Other operating income	Other operating expenses
	<i>(in million Baht)</i>					
1. Major shareholders	30	-	-	-	-	27
2. Subsidiaries	232	68	838	105	21,034	131
3. Associates	-	-	1,169	-	435	-
4. Key management personnel of the Bank	1	4	-	-	-	-
5. Other related parties	525	206	29	-	33	235

During the year ended 31 December 2021

- The Bank sold written-off non-performing loans to a subsidiary at selling price of Baht 763 million which presented as a deduction from "Expected credit loss" in the Bank only statement of profit or loss for the year ended 31 December 2021.
- The Bank sold non-performing loans, with principal totalling approximately Baht 2,291 million to a subsidiary. The selling price in lower of the carrying amount of those non-performing loans was presented as "Expected credit loss" in the Bank only statement of profit or loss for the year ended 31 December 2021.

### 36.2 Outstanding balances with related parties

As at 31 December 2021 and 2020, significant outstanding balances with related persons or parties were as follows:

- 36.2.1 Significant balances between the Bank and its subsidiaries and their major shareholders as at 31 December 2021 and 2020 were as follows:

	Consolidated		Bank only	
	2021	2020	2021	2020
	<i>(in million Baht)</i>			
<b>Loans to customers and accrued interest receivables, net</b>				
Ministry of Finance	4,266	39,030	4,266	39,030
<b>Other assets</b>				
Ministry of Finance	-	1	-	-
Thanachart Capital PCL.	-	2	-	-
<b>Deposits (including interbank and money market items - liabilities)</b>				
ING Bank N.V.	4	4	4	4
Thanachart Capital PCL.	1,353	177	1,353	-
<b>Commitments - Derivatives <sup>(1)</sup></b>				
ING Bank N.V.	-	4,506	-	4,506

<sup>(1)</sup> Presented in notional amount

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36.2.2 Significant balances between the Bank and its subsidiaries and associates as at 31 December 2021 and 2020 were as follows:

	Consolidated		Bank only	
	2021	2020	2021	2020
	(in million Baht)			
<b>Loans to customers and accrued interest receivables, net (including interbank and money market items - assets)</b>				
TBCO Public Company Limited (Formerly Thanachart Bank PCL)	-	-	-	56,000
<b>Other assets</b>				
TBCO Public Company Limited (Formerly Thanachart Bank PCL)	-	-	-	412
TMBThanachart Broker Co., Ltd. (Formerly Thanachart Broker Co., Ltd.)	-	-	29	-
TMB Asset Management Co., Ltd.	70	125	70	125
Thanachart Asset Management Co., Ltd.	-	127	-	-
<b>Total</b>	<b>70</b>	<b>252</b>	<b>99</b>	<b>537</b>
<b>Interbank and market items - assets</b>				
TBCO Public Company Limited (Formerly Thanachart Bank PCL)	-	-	-	1,241
<b>Deposits (including interbank and money market items - liabilities)</b>				
TBCO Public Company Limited (Formerly Thanachart Bank PCL)	-	-	352	304
TMBThanachart Broker Co., Ltd. (Formerly Thanachart Broker Co., Ltd.)	-	-	295	7
Phahonyothin Asset Management Co., Ltd.	-	-	4,239	31
TMB Asset Management Co., Ltd.	63	155	63	155
Thanachart Asset Management Co., Ltd.	449	524	449	419
<b>Total</b>	<b>512</b>	<b>679</b>	<b>5,398</b>	<b>916</b>
<b>Other liabilities</b>				
TBCO Public Company Limited (Formerly Thanachart Bank PCL)	-	-	1	217
Phahonyothin Asset Management Co., Ltd.	-	-	4	-
<b>Commitments - Derivatives <sup>(1)</sup></b>				
TBCO Public Company Limited (Formerly Thanachart Bank PCL)	-	-	-	1,085
TMB Asset Management Co., Ltd.	431	297	431	297
<sup>(1)</sup> Presented in notional amount				
<b>Commitments – Guarantee of bond issuance</b>				
Phahonyothin Asset Management Co., Ltd.	5,321	-	5,321	-

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36.2.3 Significant balances between the Bank and its subsidiaries, and their key management personnel as at 31 December 2021 and 2020 were as follows:

	Consolidated		Bank only	
	2021	2020	2021	2020
	<i>(in million Baht)</i>			
Loans to customers and accrued interest receivables, net	55	91	55	31
Deposits	507	692	507	418

36.2.4 Significant balances between the Bank and its subsidiaries, and other related parties as at 31 December 2021 and 2020 were as follows:

	Consolidated		Bank only	
	2021	2020	2021	2020
	<i>(in million Baht)</i>			
Interbank and money market items - assets and loans to customers and accrued interest receivables, net	33,973	73,794	33,970	24,192
Investments	2,069	-	2,069	-
Other assets	25	79	-	-
Deposits (including interbank and money market items - liabilities)	21,732	34,670	21,732	9,865
Debts issued and borrowings (including interbank and money market items - liabilities)	13,582	9,741	13,582	9,741
Other liabilities	26	83	1	2
Commitments - Derivatives <sup>(1)</sup>	88,523	57,006	88,523	57,006
<sup>(1)</sup> Presented in notional amount				
Other commitments	1,403	2,284	1,403	1,957

### 36.3 Senior management personnel compensation

For the year ended 31 December 2021 and 2020, senior management personnel compensation, included in profit or loss, was classified as follows:

	Consolidated		Bank only	
	2021	2020	2021	2020
	<i>(in million Baht)</i>			
Short-term employee benefits - directors	74	64	64	52
Short-term employee benefits - management	758	962	730	896
Post-employment benefits	90	86	89	84
Share-based payments	146	36	146	36
<b>Total</b>	<b>1,068</b>	<b>1,148</b>	<b>1,029</b>	<b>1,068</b>

Senior management personnel of the Bank are directors, management personnel at the level "Head of" or executive vice president and above, and related management personnel of Accounting or Finance. Senior management personnel of the subsidiaries are those at the level of director and executive officer upwards.

#### 36.4 Other benefits payable to the senior management personnel

The Bank's senior management personnel do not receive other benefits both in terms of monetary and non-monetary items, except for the benefits that are normally received as mentioned in note 36.3 such as monthly director remuneration, meeting allowance, salary and bonus. Directors who are the Bank's executives and the representative directors who are the executives of ING Bank N.V. shall not receive director remuneration as per the criteria of the Bank and ING Bank N.V. Nevertheless, directors with permanent residence abroad can reimburse travelling and accommodation expenses in connection with the operation of the Bank's business as actually incurred. Foreign executives are eligible for additional benefits, which are housing allowances, including utilities, telephone and home trip expenses in accordance with the established criteria.

### 37 Segment information

For management purposes, the Bank's businesses are divided into the following core segments, based on customer segmentation:

#### 1. Commercial Banking

1.1 Wholesale Banking: This serves large-sized and medium-sized business customer. The main products and services are corporate loans, letters of guarantee, deposits, trade finance and foreign exchange, supply chain solution, financial management, and other financial services.

1.2 Small Enterprise: This serves small-size business customer. The main products and services are corporate loans, deposits and bancassurance.

2. Retail Banking: This represents individual persons. The main products and services are deposits, housing loans, hire purchase, finance lease, personal loans, cards services, bancassurance and mutual funds, and foreign currency services.

The Bank evaluates segment performance based on profit from operation, using the same accounting policies as those used in its preparation of the financial statements.

In the second quarter of 2020, there was certain customers transferring from Small Enterprise to Retail banking in accordance with Bank's business direction.

The inter-segment transfer pricing policy is to set prices with reference to market rates. Direct operating expenses are recorded as expenses for each operating segment and certain expenses are allocated to each operating segments based on relevant variables e.g. number of transactions, asset based and liabilities based, etc.

The operating segment information, as reported below, is reported in a manner consistent with the Bank's internal reports that are regularly reviewed by the Chief Operating Decision Maker in order to make decisions on the allocation of resources to the operating segments and assess their performance. The Chief Operating Decision Maker has been identified as the Chief Executive Committee.



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*Information about reportable segments:*

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**31 December 2021**

	Commercial Banking	Retail Banking	Consolidated Other segments (in million Baht)	Elimination	Total
Net interest income	12,643	34,239	4,130	(12)	51,000
Net non-interest income	8,290	8,773	5,882	(8,414)	14,531
Total operating income	20,933	43,012	10,012	(8,426)	65,531
Operating expenses	(3,208)	(13,254)	(16,064)	1,348	(31,178)
Profits from operation	17,725	29,758	(6,052)	(7,078)	34,353
Expected credit loss					(21,549)
<b>Profit before income tax</b>					<b>12,804</b>
Income tax					(2,327)
<b>Profit for the year</b>					<b>10,477</b>

*For the year ended*

**31 December 2020**

	Commercial Banking	Retail Banking	Consolidated Other segments (in million Baht)	Elimination	Total
Net interest income	14,158	40,153	972	(1,478)	53,805
Net non-interest income	4,498	9,504	15,170	(13,628)	15,544
Total operating income	18,656	49,657	16,142	(15,106)	69,349
Operating expenses	(3,605)	(18,238)	(10,809)	652	(32,000)
Profits from operation	15,051	31,419	5,333	(14,454)	37,349
Expected credit loss					(25,011)
<b>Profit before income tax</b>					<b>12,338</b>
Income tax					(2,223)
<b>Profit for the year</b>					<b>10,115</b>

*Reconciliation of reportable segment profit or loss*

*For the year ended*

**31 December 2021**

	Net interest income	Net non- interest income	Consolidated Operating expenses (in million Baht)	Expected credit loss
Segment reporting	51,000	14,531	(31,178)	(21,549)
Expected credit loss	-	-	(66)	66
Others	-	6	25	(31)
<b>Consolidated financial statements</b>	<b>51,000</b>	<b>14,537</b>	<b>(31,219)</b>	<b>(21,514)</b>

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For the year ended

31 December 2020

	Net interest income	Net non-interest income	Operating expenses	Expected credit loss
			(in million Baht)	
Segment reporting	53,805	15,544	(32,000)	(25,011)
Expected credit loss	-	-	(180)	180
Others	-	(3)	3	-
Consolidated financial statements	<u>53,805</u>	<u>15,541</u>	<u>(32,177)</u>	<u>(24,831)</u>

	Commercial Banking	Retail Banking	Other segments	Elimination	Total
			(in million Baht)		
Loan to customers	<u>529,960</u>	<u>803,337</u>	<u>39,720</u>	<u>(702)</u>	<u>1,372,315</u>
Deposits	<u>367,072</u>	<u>976,657</u>	<u>-</u>	<u>(4,534)</u>	<u>1,339,195</u>

	Commercial Banking	Retail Banking	Other segments	Elimination	Total
			(in million Baht)		
Loan to customers	<u>524,476</u>	<u>838,624</u>	<u>24,814</u>	<u>5,011</u>	<u>1,392,925</u>
Deposits	<u>195,494</u>	<u>1,178,140</u>	<u>-</u>	<u>(226)</u>	<u>1,373,408</u>

### 38 Financial position and results of operations classified by domestic and foreign business

38.1 As at 31 December 2021 and 2020, the financial position classified by domestic and foreign business was as follows:

	Domestic business	2021 Foreign business	Consolidated Total	Domestic business	2020 Foreign business	Consolidated Total
			(in million Baht)			
Total assets	1,758,817	364	1,759,181	1,807,914	418	1,808,332
Interbank and money market items, net (assets)	158,534	339	158,873	210,809	376	211,185
Financial assets measured at fair value through profit or loss	1,421	-	1,421	3,788	-	3,788
Investments, net	180,229	-	180,229	134,351	-	134,351
Investments in subsidiaries and associates, net	8,620	-	8,620	8,599	-	8,599
Loans to customers and accrued interest receivables, net	1,325,212	-	1,325,212	1,348,480	-	1,348,480
Deposits	1,339,195	-	1,339,195	1,373,405	3	1,373,408
Interbank and money market items (liabilities)	84,966	-	84,966	75,909	-	75,909
Debts issued and borrowings, net	55,031	13,367	68,398	69,441	19,524	88,965

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38.2 The results of operations classified by domestic and foreign business for the year ended 31 December 2021 and 2020 were as follows:

*For the year ended*

*31 December 2021*

	Consolidated	
	Domestic business	Foreign business
		Total
	<i>(in million Baht)</i>	
Interest income	64,239	-
Interest expenses	(12,415)	(824)
Net interest income (expenses)	51,824	(824)
Net fees and service income	11,249	(1)
Total other operating income	3,377	(88)
Total other operating expenses	(31,214)	(5)
Profit (loss) from operations before expected credit loss and income tax	35,236	(918)

*For the year ended*

*31 December 2020*

	Consolidated	
	Domestic business	Foreign business
		Total
	<i>(in million Baht)</i>	
Interest income	72,315	5
Interest expenses	(17,634)	(881)
Net interest income (expenses)	54,681	(876)
Net fees and service income	11,349	(1)
Total other operating income	4,172	21
Total other operating expenses	(32,156)	(21)
Profit (loss) from operations before expected credit loss and income tax	38,046	(877)

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39 Interest income

<i>For the year ended 31 December</i>	Consolidated		Bank only	
	2021	2020	2021	2020
	<i>(in million Baht)</i>			
Interbank and money market items	1,060	1,922	1,214	1,449
Investments and trading transactions	66	109	56	77
Investments in debt securities	1,247	1,920	949	737
Loans to customers	39,827	45,633	33,517	29,635
Hire purchase and finance leases	22,034	22,734	10,819	-
Others	5	2	5	2
<b>Total</b>	<b>64,239</b>	<b>72,320</b>	<b>46,560</b>	<b>31,900</b>

40 Interest expenses

<i>For the year ended 31 December</i>	Consolidated		Bank only	
	2021	2020	2021	2020
	<i>(in million Baht)</i>			
Deposits	7,158	11,553	5,877	5,274
Interbank and money market items	276	538	248	356
Contribution to Deposits Protection Agency and BoT	3,240	3,445	2,596	1,797
Debt issued				
- Debentures and subordinated debentures	1,948	1,976	1,934	1,918
- Others	562	951	562	869
Borrowings	33	38	33	38
Others	22	14	234	14
<b>Total</b>	<b>13,239</b>	<b>18,515</b>	<b>11,484</b>	<b>10,266</b>

41 Net fees and service income

<i>For the year ended 31 December</i>	Consolidated		Bank only	
	2021	2020	2021	2020
	<i>(in million Baht)</i>			
<b>Fees and service income</b>				
- Acceptance, avals and guarantees	587	566	526	455
- ATM, Debit card, Credit card and other banking electronic	3,881	4,204	3,283	2,607
- Funds and Bancassurance	8,292	8,603	7,229	5,439
- Others	2,430	2,766	2,015	1,905
<b>Total</b>	<b>15,190</b>	<b>16,139</b>	<b>13,053</b>	<b>10,406</b>
<b>Fees and service expenses</b>				
- ATM, Debit card, Credit card and other banking electronic	(2,740)	(3,360)	(2,242)	(2,137)
- Others	(1,202)	(1,431)	(729)	(688)
<b>Total</b>	<b>(3,942)</b>	<b>(4,791)</b>	<b>(2,971)</b>	<b>(2,825)</b>
<b>Net</b>	<b>11,248</b>	<b>11,348</b>	<b>10,082</b>	<b>7,581</b>

42 Net gain (loss) on financial instruments measured at fair value through profit or loss

<i>For the year ended 31 December</i>	Consolidated		Bank only	
	2021	2020	2021	2020
	<i>(in million Baht)</i>			
Gains (losses) on trading and foreign exchange transactions				
- Foreign currencies and foreign exchange derivatives	1,451	1,285	1,326	1,092
- Interest rates derivatives	36	230	30	234
- Debt securities	(99)	199	(94)	83
- Equity securities	2	1	2	1
- Others	1	25	-	-
Losses on financial instruments designated at FVTPL				
- Borrowings	(5)	(14)	(5)	(14)
Gains on hedge accounting	94	-	-	-
Total	1,480	1,726	1,259	1,396

43 Net gain on investments

Net gain on investments included in profit or loss for the year ended 31 December 2021 and 2020 were as follows:

<i>For the year ended 31 December</i>	Consolidated		Bank only	
	2021	2020	2021	2020
	<i>(in million Baht)</i>			
Gains on sales				
- Investment in debt instruments measured at FVOCI	182	678	191	582
Total	182	678	191	582

44 Expected credit loss

Expected credit loss for the year ended 31 December 2021 and 2020 were as follows:

<i>For the year ended 31 December</i>	Consolidated		Bank only	
	2021	2020	2021	2020
	<i>(in million Baht)</i>			
Interbank and money market items	(31)	(110)	(12)	19
Investment in debt instruments measured at FVOCI	1,289	1,626	958	10
Investments in debt securities measured at amortised costs	(1)	-	-	-
Loans to customers and accrued interest receivables	20,671	23,202	16,536	13,219
Loan commitments and financial guarantee contracts	(414)	113	(471)	186
Total	21,514	24,831	17,011	13,434

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45 Earnings per share

*Basic earnings per share*

The calculations of basic earnings per share for the year ended 31 December 2021 and 2020 were based on the profit for the year attributable to equity holders of the Bank and the weighted average number of ordinary shares outstanding during the year as follows:

<i>For the year ended 31 December</i>	Consolidated		Bank only	
	2021	2020	2021	2020
Profit for the year attributable to equity holders of the Bank <i>(in million Baht)</i>	<u>10,474</u>	<u>10,112</u>	<u>7,769</u>	<u>12,855</u>
Weighted average number of ordinary shares outstanding <i>(in million shares)</i>	<u>96,464</u>	<u>96,374</u>	<u>96,464</u>	<u>96,374</u>
Basic earnings per share <i>(in Baht)</i>	<u>0.1086</u>	<u>0.1049</u>	<u>0.0805</u>	<u>0.1334</u>

*Diluted earnings per share*

The calculations of diluted earnings per share for the year ended 31 December 2021 and 2020 were based on the profit for the year attributable to equity holders of the Bank and the weighted average number of ordinary shares outstanding during the year after adjusting for the effects of all dilutive potential ordinary shares as follows:

<i>For the year ended 31 December</i>	Consolidated		Bank only	
	2021	2020	2021	2020
Profit for the year attributable to equity holders of the Bank <i>(in million Baht)</i>	<u>10,474</u>	<u>10,112</u>	<u>7,769</u>	<u>12,855</u>
Weighted average number of ordinary shares outstanding <i>(in million shares)</i>	<u>96,464</u>	<u>96,374</u>	<u>96,464</u>	<u>96,374</u>
Effect of dilutive potential ordinary shares from TTB TSRP 2019 and TTB TSRP 2021 <i>(in million shares)</i>	<u>278</u>	<u>167</u>	<u>278</u>	<u>167</u>
Weighted average number of diluted ordinary shares outstanding <i>(in million shares)</i>	<u>96,742</u>	<u>96,541</u>	<u>96,742</u>	<u>96,541</u>
Diluted earnings per share <i>(in Baht)</i>	<u>0.1083</u>	<u>0.1047</u>	<u>0.0803</u>	<u>0.1332</u>

#### 46 Reclassification of accounts

Certain accounts in the 2020 financial statement, have been reclassified to conform to the presentation in the 2021 financial statements. The reclassifications were as follows:

	Before reclassification	Consolidated Reclassification (in million Baht)	After reclassification
<b>Statement of income</b>			
Fees and service income	15,921	218	16,139
Fees and service expenses	5,346	(555)	4,791
Other operating income	1,644	(218)	1,426
Other operating expenses -Employee expenses	16,535	607	17,142
Other operating expenses -Others	7,051	(52)	6,999
		-	

The reclassifications have been made because, in the opinion of management, the new classification is more appropriate to the Bank's business.

#### 47 Thai Financial Reporting Standards (TFRS) not yet adopted

##### 47.1 Interbank Rate Benchmark Reform - Phase 2

Revised TFRS due to Interbank Offer Rate (IBOR) reform - Phase 2, which are relevant to the Bank and its subsidiaries' operations, expected to have material impact on the consolidated and Bank only's financial statements when initially adopted, and will become effective for the financial statements in annual reporting periods beginning on or after 1 January 2022, are as follows:

TFRS	Topic
TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

The amendments are applicable when an existing interest rate benchmark is replaced by another interest rate benchmark. The amendments provide a practical expedient that modifications to asset and liability values as a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis (i.e. the basis immediately preceding the change), can be accounted for by only updating the effective interest rate.

The Bank and its subsidiaries expect that no significant modification gain or loss will arise as a result of applying the amendments to these changes.

The amendments will require the Bank and its subsidiaries to disclose additional information about the entity's exposure to risks arising from interest rate benchmark reform and related risk management activities.

The Bank and its subsidiaries is in the process of preparing to amend contractual terms in response to IBOR reform according to ISDA IBOR Fallback Protocol 2020. The timing and method of transition has been performing in accordance with the Bank of Thailand and ISDA's transition milestones. The main risk to which the Bank and its subsidiaries is exposed as a result of IBOR reform is mainly due to the renegotiation of THBFX loan contracts through bilateral negotiation with customers. Financial risk is predominantly limited to interest rate risk.

As at 31 December 2021, the outstanding financial instruments which have yet to transition to alternative benchmark rates are mainly in USD LIBOR and THBFX which will be available until mid-2023.

#### *47.2 Accounting guidance: Guideline for entities that provide support to COVID-19 affected debtors*

This accounting guidance is optional for all entities that provide support to debtors under BoT's minimum supporting measures. This accounting guidance is applicable for support provided to debtors who were affected from COVID-19 during the period from 1 January 2022 to 31 December 2023 or as further updated by BoT. For debt restructuring under specified criteria from 1 January 2021 to 31 December 2021, the Bank and its subsidiaries can apply the relevant concept of staging and allowance under this accounting guidance to the debtors from 1 January 2022 to 31 December 2023.

Under this accounting guidance, the Bank and its subsidiaries can elect to apply the BoT optional treatments which are in line with BoT circular letter number For Nor Sor 2 Wor 802/2564 dated 3 September 2021, regarding to Guidelines regarding the provision of financial assistance to the debtors affected by the COVID-19 (sustainable debt resolution). The optional treatments are classified into 2 groups according to the nature of the debt restructuring which are as follows:

- Debt restructuring which aims to reduce the repayment other than term extension: Under this restructuring, the Bank and its subsidiaries will have an option to apply temporary accounting relief measure for classification and provisioning. (1st form of financial assistance)
- Debt restructuring by term extension only: Under this restructuring, the Bank and its subsidiaries are required to classify loan's staging and provisioning in accordance with relevant financial reporting standards. (2nd form of financial assistance)



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The Bank and its subsidiaries have chosen to apply temporary relief measures for the 1st form of financial assistance in accordance with the classification of loan's staging for some relief measures and using new effective interest rate to calculate the present value.

The Bank and its subsidiaries will disclose the facts as well as the application of the related BoT requirements in the notes to the financial statements, comply with the disclosure requirements under related TFRS and guidance on risk management and impact on measurement of expected credit loss once it becomes effective for the financial statements in annual reporting periods beginning on or after 1 January 2022.







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