ทีเอ็มบีธนชาต
TMBThanachart

Investor Presentation
2Q21/1H21 Financial Performance

Analyst Meeting
July 21, 2021

Integration Update

Relief Program Update

2Q21/1H21 Performance & Asset Quality

Executive summary - Successful EBT

Thailand kicked start 2Q21 with the resurgence of Covid-19 epidemic that put even more pressure on business environment throughout the quarter. Nonetheless, with a well-executed integration roadmap, a clear strategic direction to preserve balance sheet quality for future growth and most importantly our TTB people, 2Q21 top priorities were delivered as plan.

- **Successful EBT : Fully integrated as one bank under the name TMBThanachart Bank (TTB)**
  - The successful EBT mission in 18-month timeline on 5th July 2021 reflects the readiness and strength of our organization as well as our harmonized teamwork.
  - Short-term and quick-win synergies were realized as plan especially from Balance Sheet Synergy and Cost Synergy.
  - With a unique position built by the complimentary strengths of the 2 Banks, next step is to capture short and medium term synergy value post-EBT.

Successful entire business transfer (EBT) at a glance

2 separate legal entities under one governance

18-month integration journey

1 legal entity

Customers

100% loans transferred or THB ~620bn from TBANK

100% deposits transferred or THB ~470bn from TBANK

Channel

664 branches operated under one bank, one system

371k of T-Connect users activated Touch in 1st week after EBT

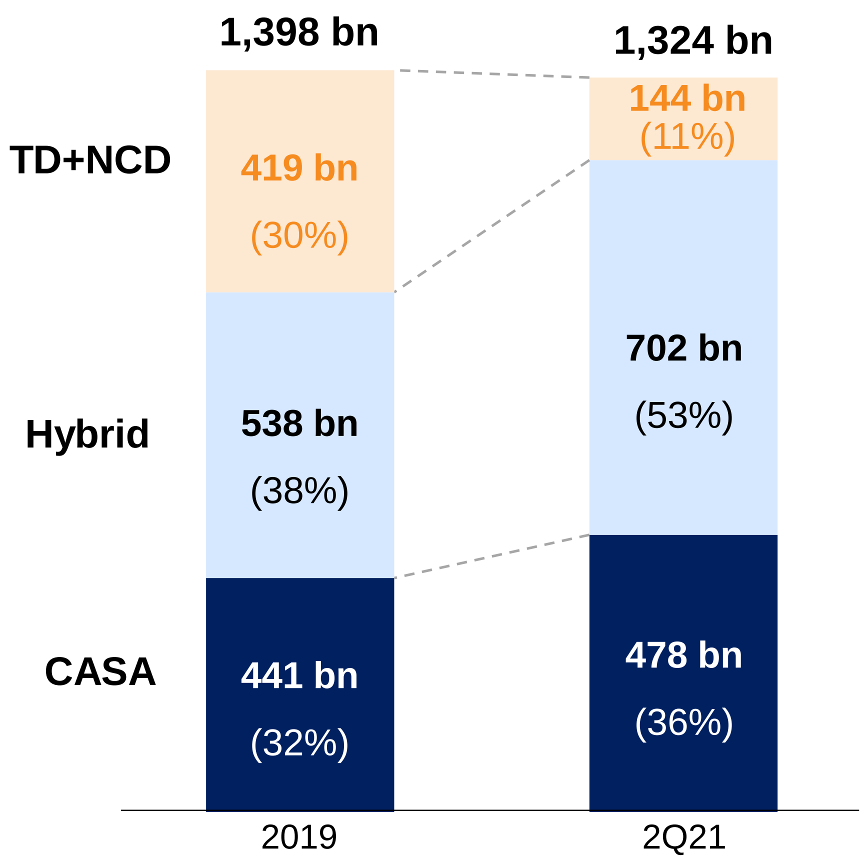
System and Operation

~8k FTEs transferred from TBANK

~290 applications reduced from over 600 applications

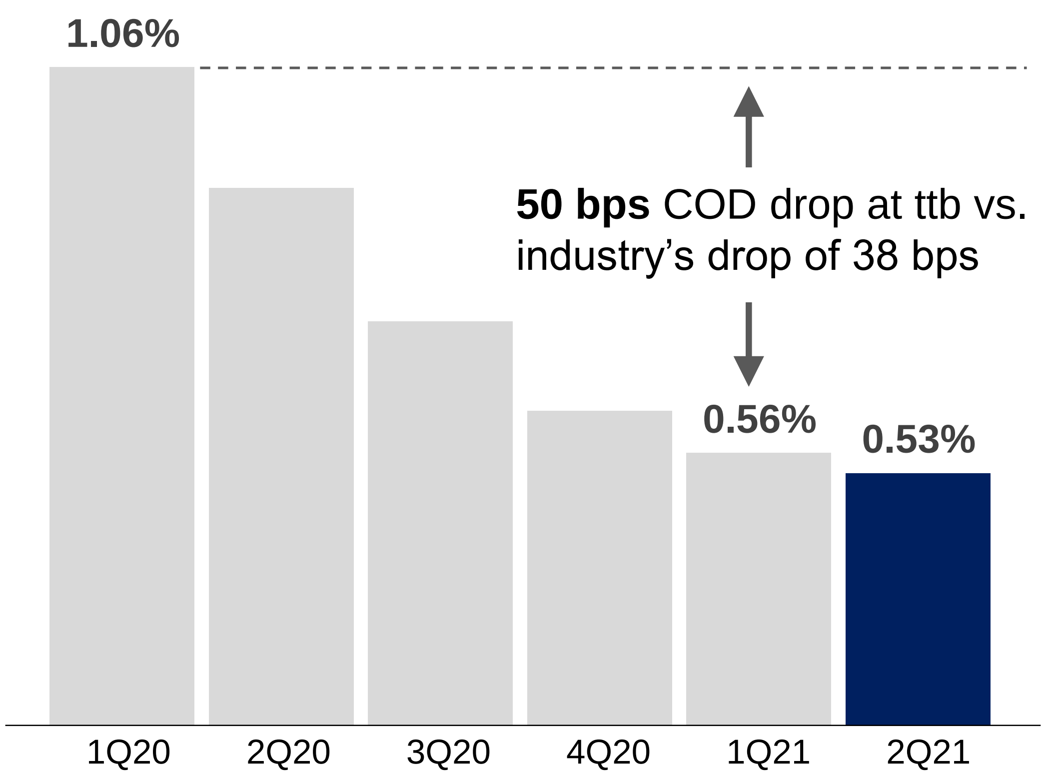
Balance sheet synergy realization already in place

Deposits mix



- High-cost TD+NCD deposit has been replaced with lower cost hybrid & CASA funding

Cost of deposits (excl. FIDF)



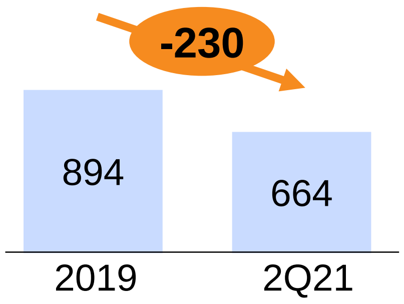
- Balance sheet optimization strategy has resulted in a sharp decline of TTB's COD by 53 bps (from 1Q20 to 2Q21)

Better-than-plan cost synergy realization

Cost synergy drivers

Branch

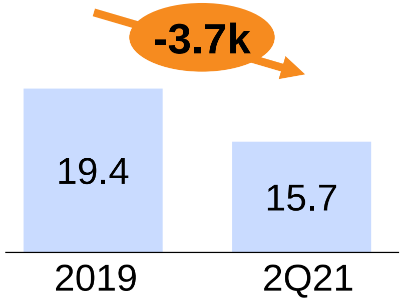
branch



Accelerated branch rationalization thru the launch of co-location format before EBT

HR

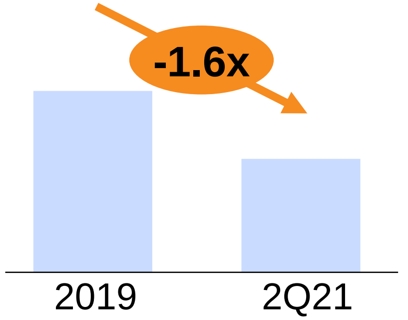
'000 FTEs



Smaller branch footprint, process automation and economy of scale let to lower no. of headcounts

Marketing

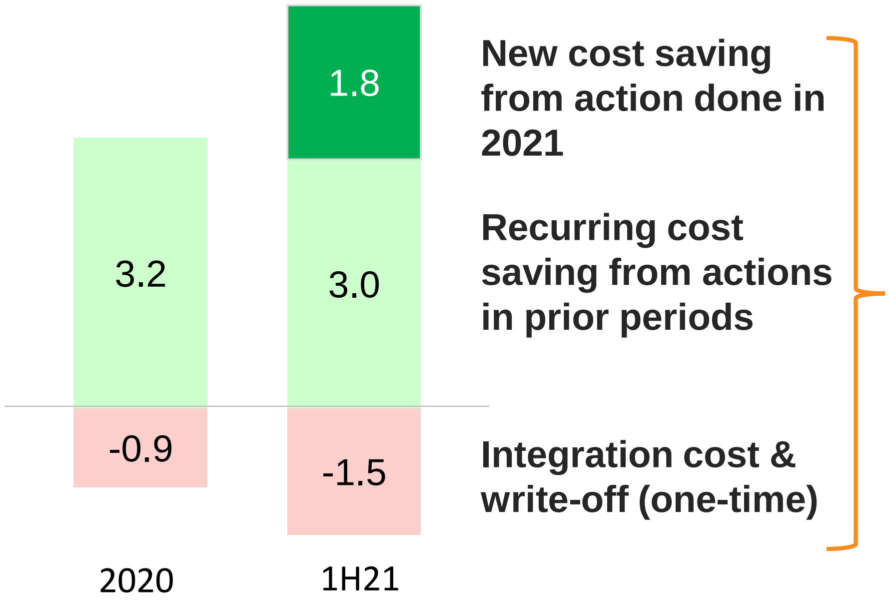
THB bn



Cost saving from less marketing in duplicated products e.g., TBANK's Ultra saving vs. TMB's No Fixed

Cost synergy realization to-date

THB bn



THB 5.6 bn
accumulated net cost synergy Vs. ~10-12 bn 5-year synergy value
(shared to investors on 24 Jan 2020)

- **Accumulated net cost synergy since the merger value at THB 5.6 bn**, well over the initial target as recurring cost savings (e.g., HR and branch rationalization) came early since 2020.
- Cost savings from synergies has well covered one-time integration and written-off expenses.

Post-EBT focus on delivering revenue synergy via flagship products

ttb's flagship

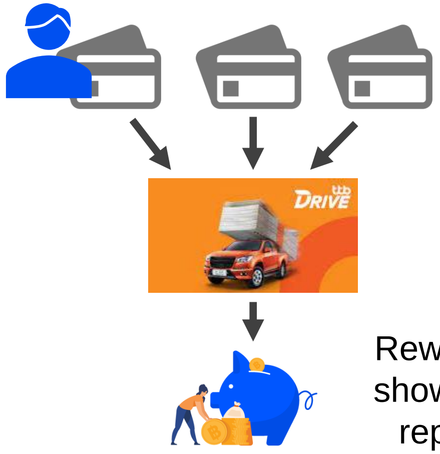
ttb All Free & No Fixed

ttb credit card

ttb smart port

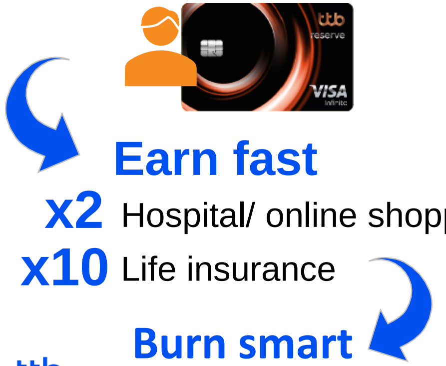
ttb Drive – Cash your car

Debt consolidation program via CYC for unsecured loan customers to promote **healthy borrowing**



Reward when showing good repayment behavior

New "Reserved" card customers can enjoy **"earn fast"** from spending with ability to **"burn smart"** with our products



Earn fast

x2 Hospital/ online shopping

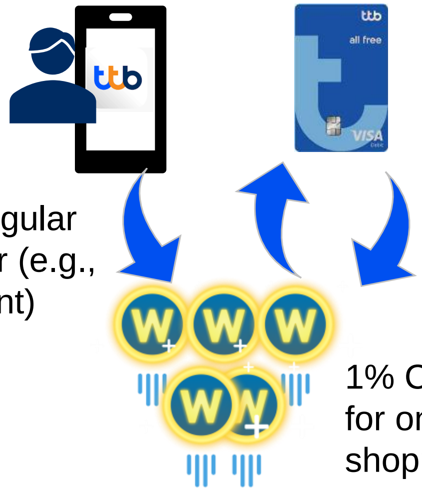
x10 Life insurance

ttb smart port

Burn smart

THB 1,200 credit when purchase 100K fund (10K points redemption)

Transactions via ALL Free/Touch will earn **WoW point**, which can be used to redeem many privileges

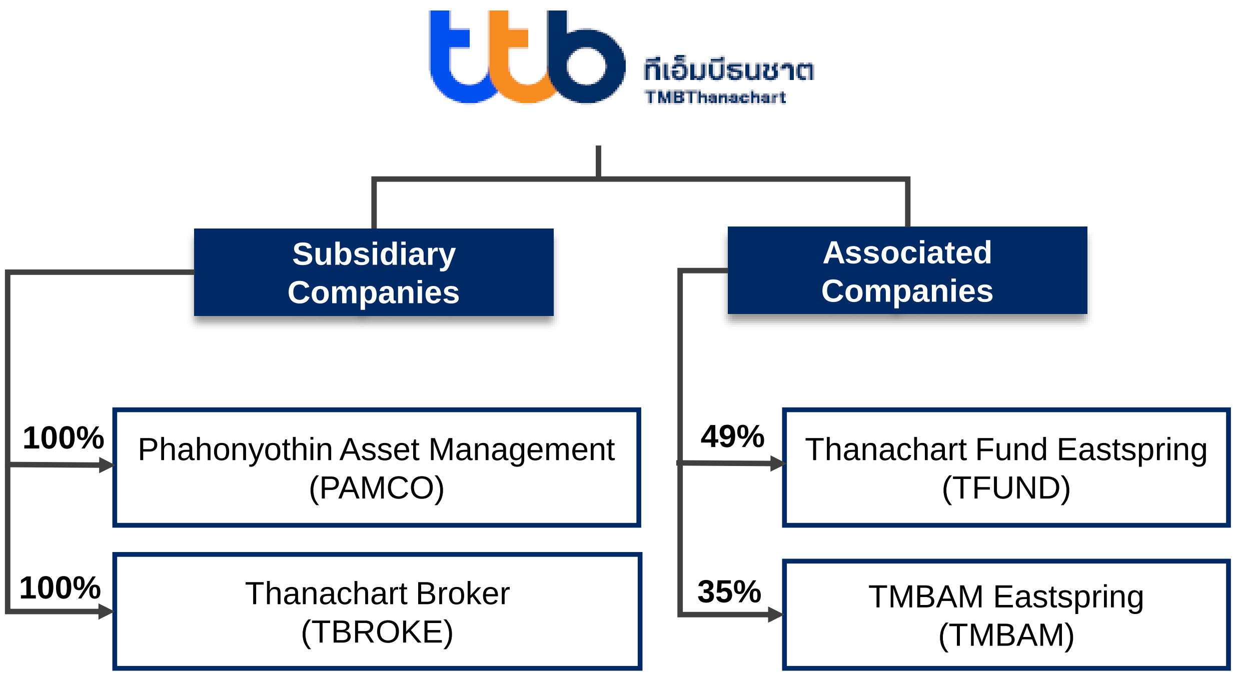


Reward regular digital user (e.g., bill payment)

1% Cash back for online shopping

Leveraging Strength from Group Structure

Group Structure Post-EBT



- The current TTB's group structure is well-balanced and reflects our strategic direction of gearing toward retail banking space.
- While TBROKE, TMBAM Eastspring and TFUND are support businesses to the good bank side, PAMCO has an important role in managing distressed assets for the bad bank area.
- Under the prolonged Covid-19 situation and weakening economy, TTB will continue to leverage our core strengths to seek for opportunities to sustain shareholder returns.
- In our pipeline, we have initiatives both at the Bank level and group level to improve margin as well as to preserve asset values from the deterioration of asset quality across banking industry.
  - As bad asset management has become increasingly important and activities in this market are growing, PAMCO has planned to issue debentures to support TTB's NPL strategy as well as to capture future business potentials in this area.
  - The benefit of low cost funding at a subsidiary level will pass on to TTB's consolidated picture and help improve funding strategy as a whole.
  - PAMCO's bond is expected to be issued in 3Q21.

Integration Update

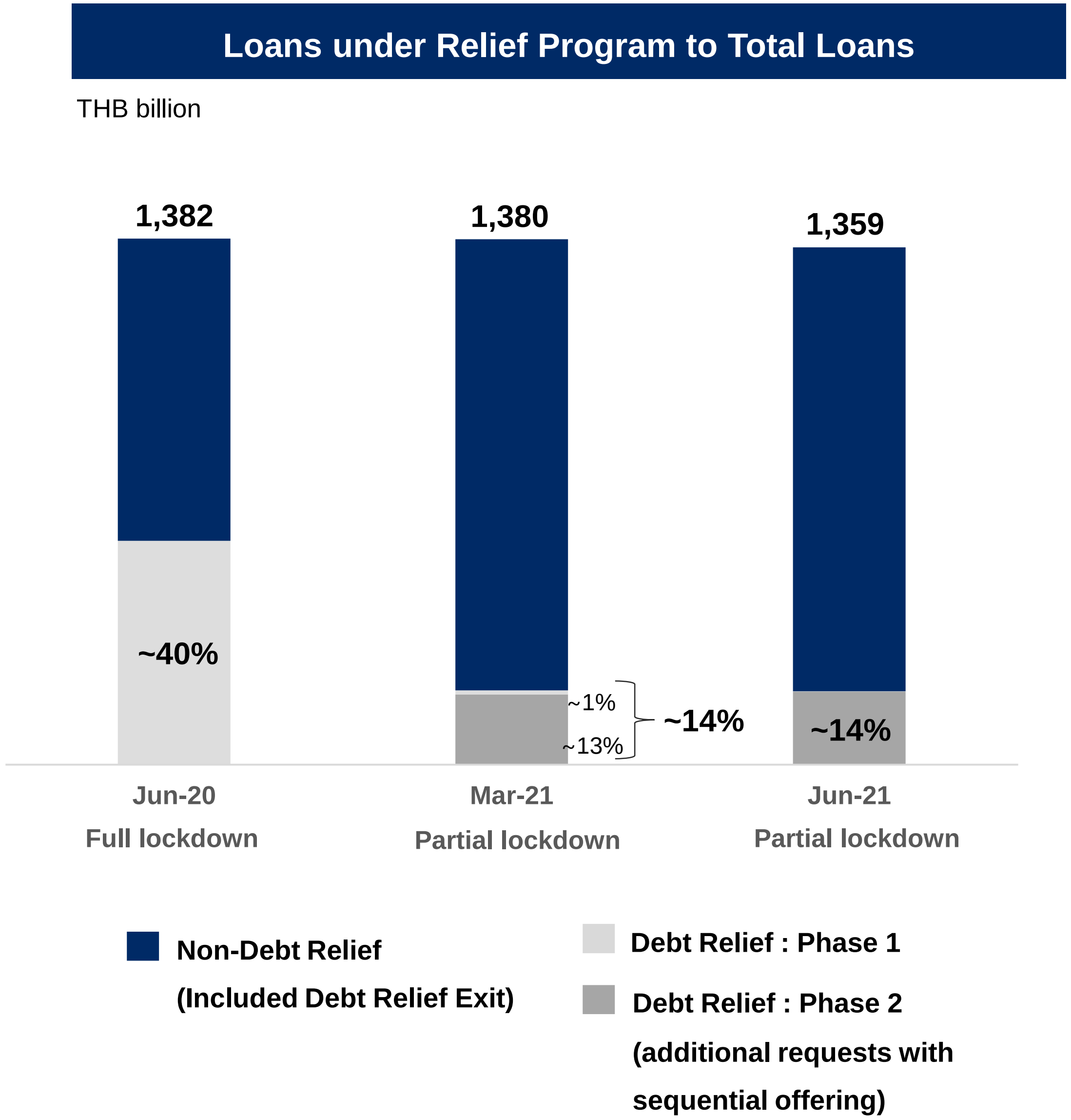
Relief Program Update

2Q21/1H21 Performance & Asset Quality

Executive summary - Preserve B/S quality for future growth

- **2Q21 Performance : Focusing on funding optimization and cost discipline against revenue pressure. Asset quality in line with target.**
  - NII and NIM was fairly stabilized QoQ as funding optimization helped reduce pressure from a slowdown in asset growth and yields. Expecting economic headwinds, our intention is to selectively grow loans to preserve B/S quality and to mitigate risk on NII recognition by adjusting accounting estimates to be more conservative.
  - Non-NII was weighted down by Covid-19 situation and partly by our quality growth strategy. Despite short-term hiccup, we continue to develop our fee-base product and service with an aim to build recurring fee income for the long run.
  - C/I ratio stayed within target as we have been consistent with cost discipline. In 2H21, there will be remaining EBT expenses such as rebranding & marketing activities which were postponed due to Covid-19 and subrogation right expenses. In addition, the Bank has set additional HR expenses related to Covid-19 medical care and health measures such as vaccination, social distancing measures at branches and operation sites and hospitel for our employees. Therefore, C/I ratio is expected to accelerate in the following quarters but still in guidance.
  - Asset quality remained in line with guidance. TTB has emphasized on prudent portfolio management with continued effort to reduce stage 2 and 3 outstanding. We also make sure the ECL model can capture true risk of customers especially those in debt relief program in order to set aside sufficient and rational ECL.

Debt relief profile as % of total loan portfolio



- Under prolonged Covid-19 situation, TTB continues to support our customers in need as it is one of our priorities.
- As expected, after the 3rd wave of Covid-19 resurgence at the beginning of Apr-21 which followed by lifted restriction measures, the Bank started to see requests for financial assistance from customers. Majority was from HP and mortgage.
- The Bank also saw an outflow from the remaining loans under debt relief phase 1 which expired and exited the program in 2Q21.
- As a result, the % of debt relief of total loans as of Jun-21 was at approximately 14% stable QoQ, given that total loans has been slowed due to our quality growth strategy.
- TTB has used our Guiding Principle of Post Relief Risk Schemes to evaluate customers' behavior and risk profile.
- From what we observed, around 85% of customers in the current relief program asked for light modified terms (SC1-SC3), meaning they are able to service their debts with full interest payment.
- Nonetheless, as rising Covid-19 cases led to further restrictions and a partial lockdown, TTB will closely monitor the situation to ensure portfolio quality and prudent risk management.

Note: Loans to customers excluded interbank loans

Principle-based relief schemes and deterioration of asset quality captured by the ECL model

Guiding Principle of Post Relief Risk Schemes

Scheme	Repayment Schedule		Minimum Stage	Minimum PD Level
	Interest	Principal		
SC 1	Full	Full	1	Normal
SC 2	Full	Partial	1	
SC 3	Full	Postponed	1	
SC 4	Partial	Postponed	1	
SC 5	Additional skip payment ≤ 6 months		2	
SC 6	Additional skip payment ≥ 6-12 months		2	
SC 7	Additional skip payment ≥ 12 months		3	100%

Note: For SC 2-4, loan staging could be classified as stage 1 or 2 depending on customer's pre-Covid-19 status (no up-staging took place), to reflect real risk level

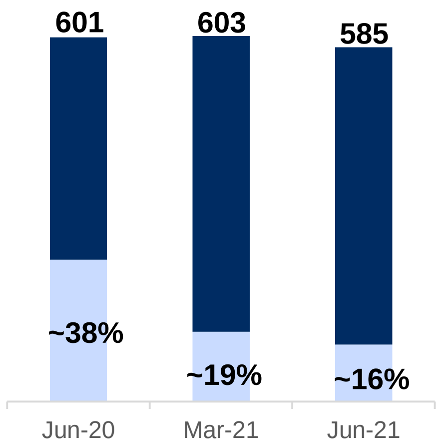
- The Bank has provided relief measures to affected customers, ranging from scheme 1-7 (SC1-SC7), based on customer's debt service ability
- The Bank uses BOT approved and externally validated ECL models consistently throughout 2021, with parameters and behavior assumptions which drive PD and LGD and immediately pick up on any portfolio deteriorations also via SICR method.
- On LGD of auto portfolio, we looked back to 2 crisis cycles, the financial crisis and first car sales crisis, to pick up the worst LGD. On top of that we applied a Covid-19 factor.
- The model picks up days past due within stages and imposes bucket and corresponding PD shifts.
- On top of that, we flag customers that selected one of the 7 schemes to reflect real risk level and assign elevated PDs in accordance with the severity of the program.
- Therefore, by continuously updating the actual customer scheme and stage from the real flow, ECL generates provision requirements that reflect the Covid-19 impact, reducing the necessity to maintain management overlay (MO).
- Nevertheless, we set additional MO for the unpaid accrued interest in SC5-6, on top of using 100% LGD and respective customers' PD for all schemes.
- In addition, looking forward and taking into account the 2nd Covid-19, MO has been set aside based on industry/customers' specific needs.

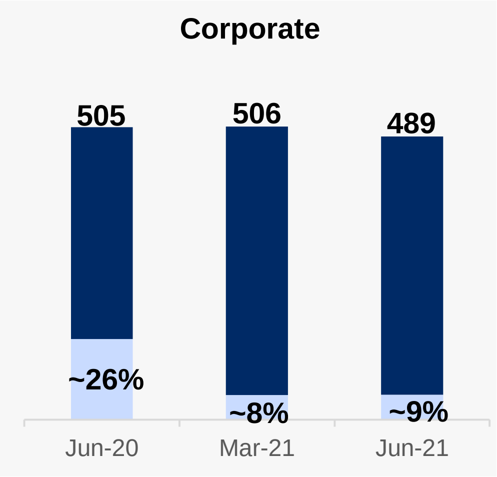
Debt relief profile by customer segments and key products

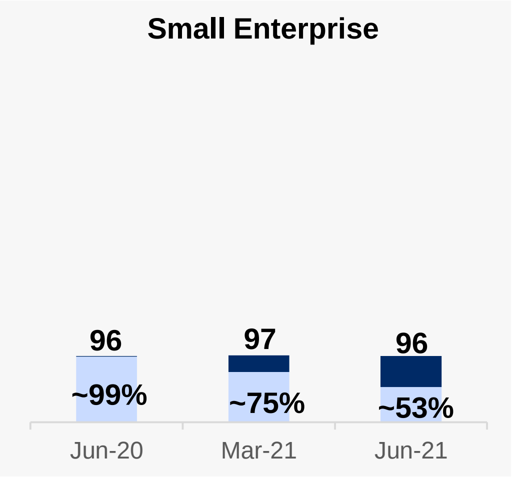
Commercial Loans

THB billion

■ Non-Debt Relief (Included Debt Relief Exit)　　■ Loans under Relief Program



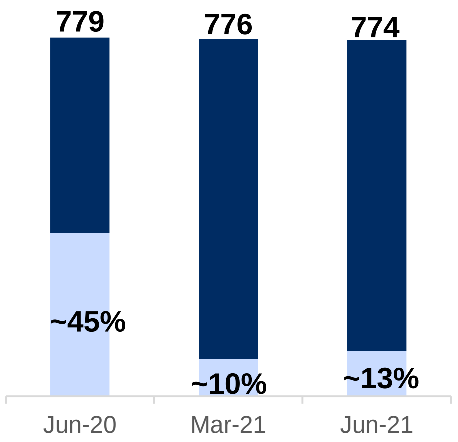


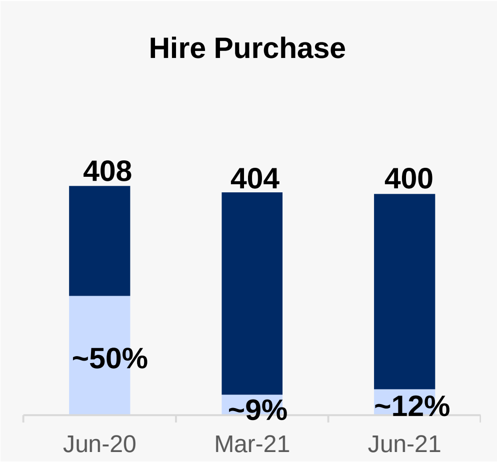


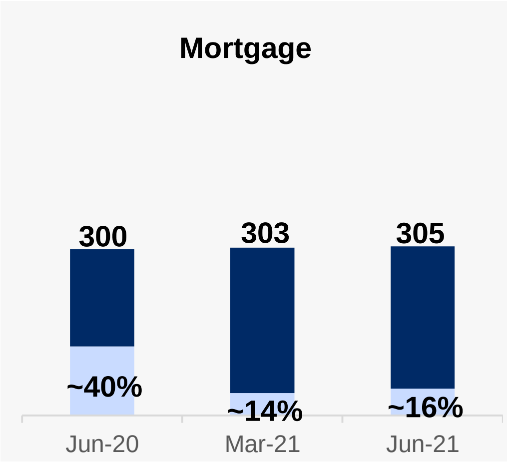
- As of Jun-21, 16% of commercial loans remained in debt relief program, lower QoQ due to an exit of loans under debt relief phase 1.
- For retail segment, loans under relief program rose slightly to 13%, mainly from HP and Mortgage customers as a result of Covid-19 epidemic in the second quarter.
- Following the special loans and asset warehousing measures, the BoT recently announced the extension of relief measures to the end of this year for retail customers.

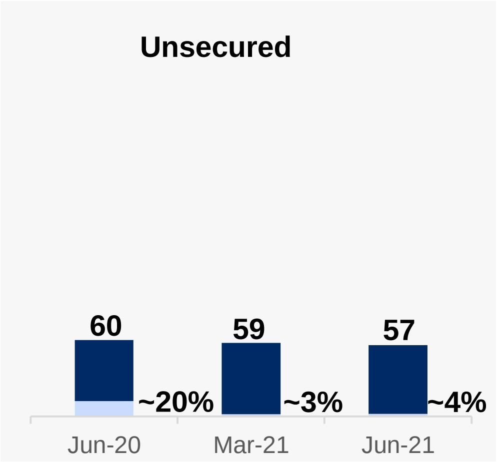
Retail Loans

THB billion





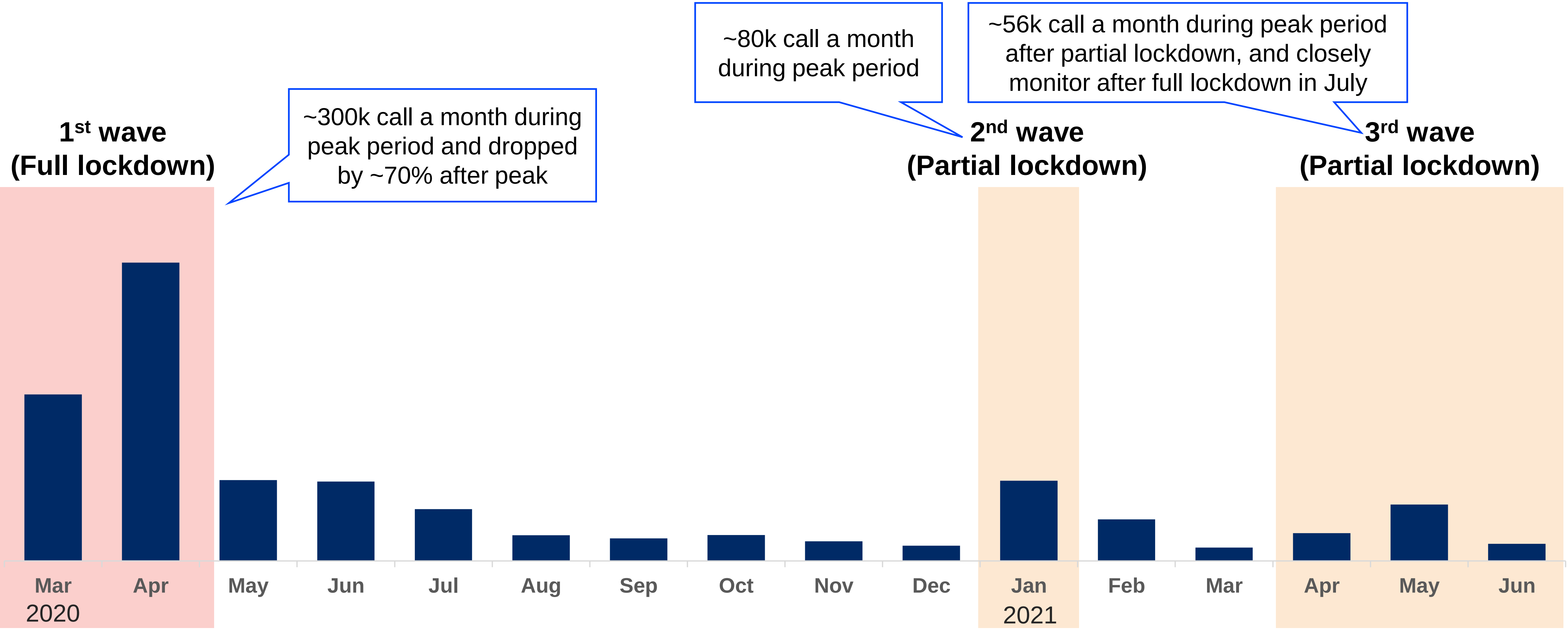




Note: Loans to customers excluded interbank loans / Unsecured : Credit card and personal loans

Covid-19 readiness: Call center and non-voice capacity expansion to support incoming relief requests

Incoming requests from impacted customers



% Loan under relief program (phase 1 & 2) to total loan

~40% ~20% ~15% ~14% ~14%

Covid-19 readiness: Debt relief measure phase 3

Extended period of existing program (7 schemes) until 31 Dec 2021

BOT’s 2-month skip payment program

- **Credit card and revolving loan**
- **Personal loan / Installment loan**
- **Home loan**
- **Auto loan**
- **SME**

Qualification	Non NPL (as of registration date)
Purpose	Relief program to support employers and employee customers that business closure due to lockdown in the controlled area (10 provinces) or other impacted areas
Registration period	19 July 2021 – 15 August 2021
Mechanics	▪ *Skip payment for 2 months* ▪ *Eligible to customer who had to close their businesses to comply with government’s recent lockdown measures* ▪ *Loan tenor will be extended until interest accrued & Principle are paid* ▪ *Accrued interest will be moved to end of contract for installment loan*
Document required	Proof of document from Covid-19 impact
Staging	Maintain current stage

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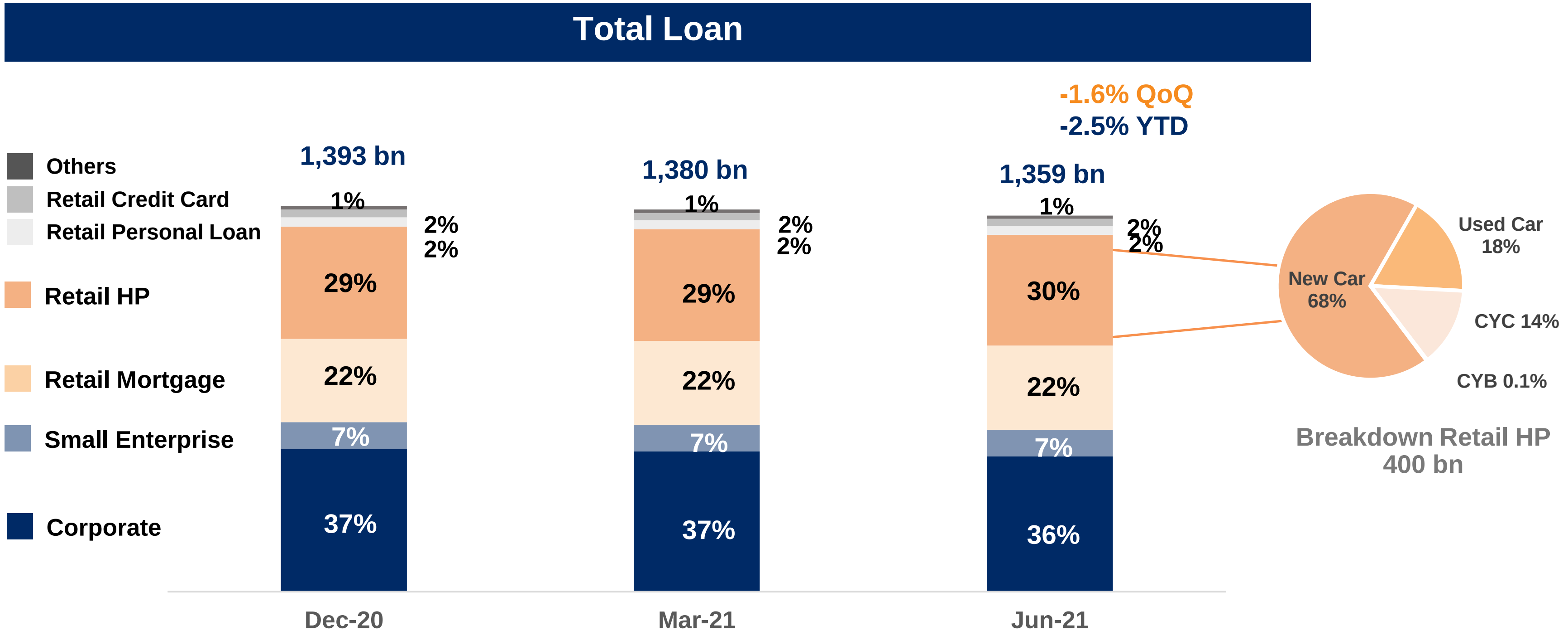
Relief Program Update

2Q21/1H21 Performance & Asset Quality

Summary of 1H21 operating performance

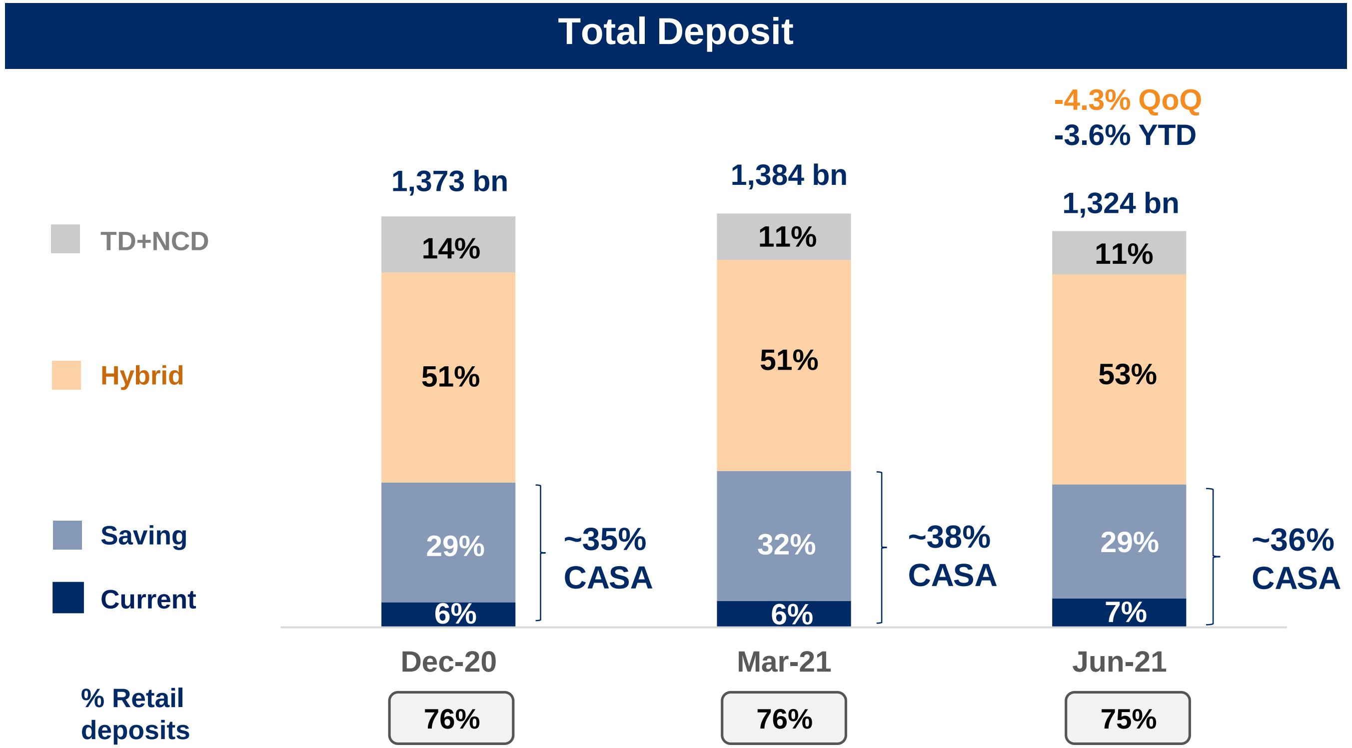
		2021 Targets	Actual 1H21	
Operating performance	Loan Growth	≤Flat	-2.5% YTD	As part of B/S optimization initiatives, TTB strategically shrink low yielding loans and high risk segment with a plan to redeploy them in higher yielding assets. However, due to Covid-19, we have been more selective on growing new loans. NII and yields would temporary be pressured but this is to ensure portfolio quality and readiness to resume growth once the situation allows.
	Deposit Growth	≤Flat	-3.6% YTD	B/S optimization on the deposit side was well-executed. Post-merger deposit structure allowed TTB to run down high cost deposit and replace with our flagship transactional and hybrid products, resulting in improving cost of deposit. Funding volume was also optimized during slow loan growth environment.
	NIM	Stable (3.0% in 2020)	3.00% (3.07%, excluded PPA impact)	As a result of B/S optimization and funding strategy, 1H21 NIM was fairly stabilized at around 3% level. However, NII and NIM is expected to remain under pressure from economic and low rate environment. In addition, the Bank also made adjustment on accounting estimates to be more conservative on EIR recognition and to better reflect competition and payment behavior of customers.
	Non-NII /Total Asset	0.8%-0.9%	0.8%	Recurring retail fee was impacted by lower business activities amid rising Covid-19 cases and partial lockdown. Commercial fee, on the other hand, showed an increase in Trade Finance and FX fees after export/import activities started to resume.
	C/I Ratio	47%-49%	46.6% (45.3%, excluded PPA impact)	Well-contained recurrent expenses in 1H21 reflected cost saving synergy realization which came mainly from HR area, duplicate marketing expenses and branch rationalization. C/I ratio is expected to accelerate in 2H21 due to the remaining EBT expenses together with additional HR expenses for employees' health measures during Covid-19 outbreak.
Asset quality	% Stage 3	< 3.6%	2.89%	The uptick in % stage 3 was mainly a combination of slow loan growth and a slowdown in NPL sales to preserve NPL sale value while stage 3 outstanding was fairly flat as we continued to de-risk weak loans (both stage 2 and 3 loans).
	Credit cost	160-180 bps	161 bps	1H21 credit cost came at the lower bound of our guidance as in 2021 we already built up reserve (THB24.8 bn) under the expectation of prolonged Covid-19 and slow economic recovery in 2021. Current LLR ratio of 125% is sufficient and reflects our portfolio nature of retail and collateral base.

Maintaining loan quality portfolio against a resurgence of Covid-19



- Optimizing loan mix remains the Bank's long-term strategy. However, due to challenging environment, TTB has selectively grown new loans to preserve quality of the portfolio.
- As a result, total loans as of Jun-21 dropped -1.6% QoQ and -2.5% YTD.
  - Commercial loans declined -3.0% QoQ and -4.5% YTD mainly from short-term government loan's repayment while trade finance regained its growth momentum as export and import sector recovered.
  - Retail loans slightly dropped -0.4% QoQ and -0.9%YTD mainly from repayment of unsecured loans and HP port but mortgage loan maintained its moderate growth.
- Current loan structure is well-diversified. Of total loans, 57% was retail segment, of which around 91% is collateralized loans and the rest of 43% was commercial loans.

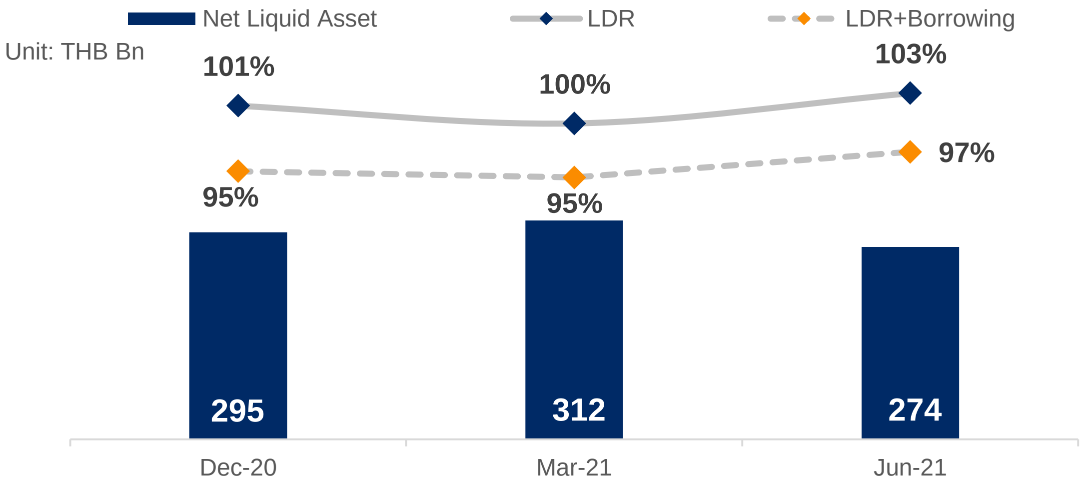
Deposit strategy and structure improving cost of deposit



- Deposit decreased -4.3% QoQ and -3.6% YTD, following the Bank's balance sheet optimization and liquidity management plan. With continuous effort of B/S optimization strategy, high-cost deposit running down further while hybrid product continued to expand.
  - Flagship products still grew; All Free +6.6% YTD and No-Fixed +9.8% YTD despite the interest rate reduction, reflecting the strong value proposition of our flagship products in the market.
  - With proactive funding strategy to grow low-cost CASA, current account increased +15.0% YTD while saving account declined -4.5% YTD especially high-cost saving. Together with the decrease in TD&NCD, it helped the Bank lower down cost of deposit efficiently.
- After EBT, limitations and potentials in many aspects will be unlocked and allow us to start kick-in revenue synergy by offering differentiate fee based products and services to existing deposit customers such as mutual fund and BA, creating opportunities to develop more attractive product suites and bundle to serve different segments, different life stages and ensure sustainable fee income to our shareholders.

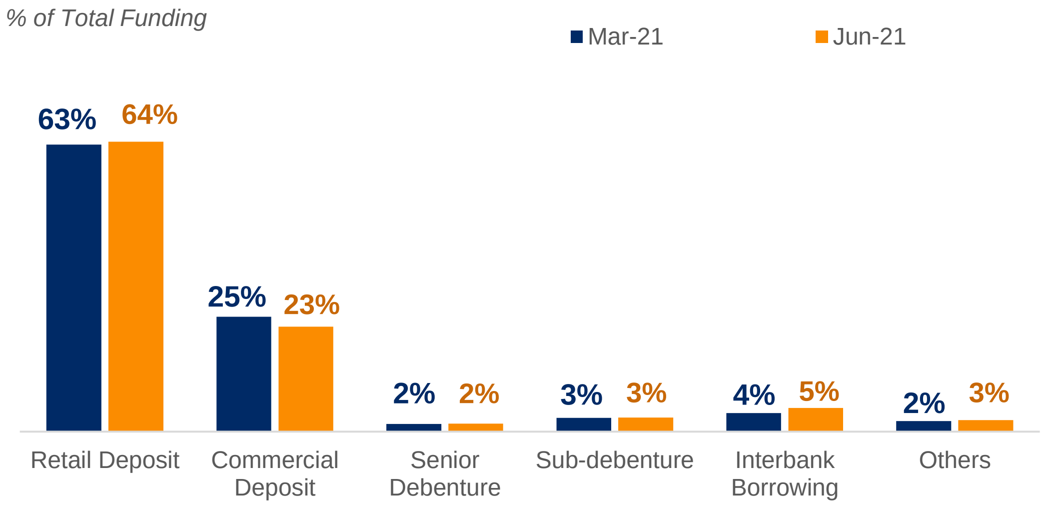
Optimizing balance sheet with healthy liquidity position

Continue Optimized B/S through Liquid Asset Management

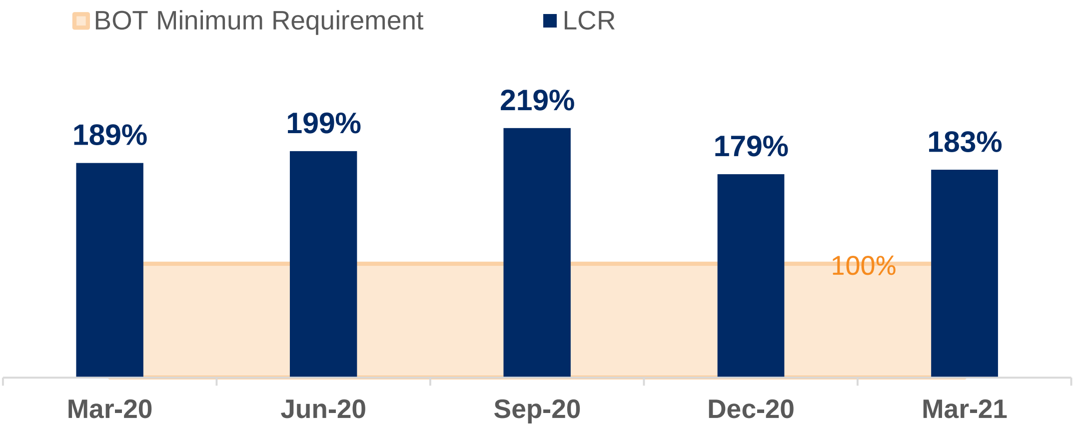


Net Liquid Asset Definition: Cash + Interbank Asset + Investment - Interbank liab.

Retail Deposit is a Major Source of Funds



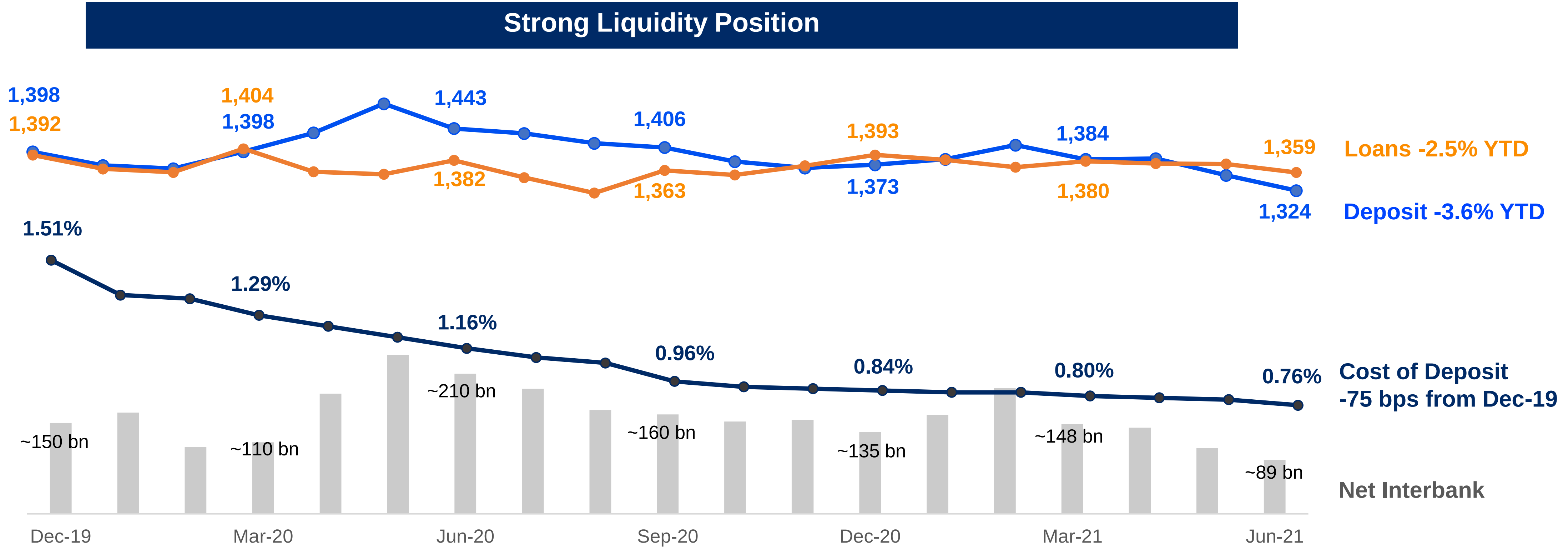
LCR Well Above Regulatory Requirement



Official LCR as of Jun 21 will report to BOT on Aug 21

- To optimize B/S, the Bank proactively manages funding cost and enhances return on liquid assets via other investments.
- Deposit is a major source of funds, and the Bank strategically builds retail deposit base to ensure stable deposit and less reliance on short-term wholesale funding and the Bank expected the trend to continue with deposit-led strategy and creation of a strong deposit franchise.
- LCR was well above the BOT minimum requirement at 100%.

Consistent improvement in cost of deposit with a strong liquidity position

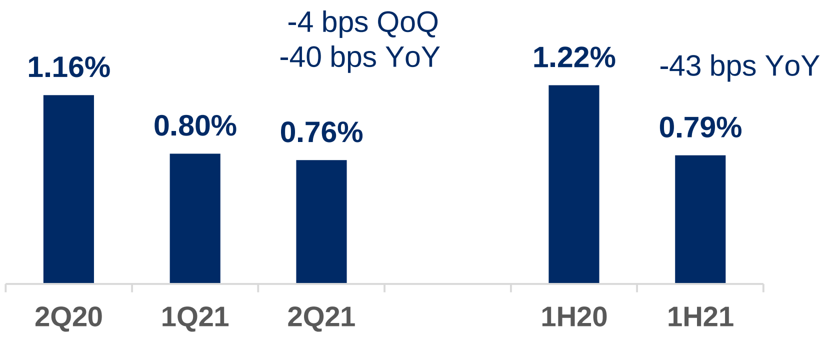


- Leading deposit franchise in retail banking helps TTB bank in managing cost of deposit in this low rate environment by
  - Proactive manage balance sheets by reducing the rate of flagship products and continue to gain deposit volume
  - Optimize balance sheet by running down high cost of deposit from merger position
  - Positive contribution from FIDF cuts
- As a result, a hallmark of this deposit cost reduction continued for 6 consecutive quarters since merger, showing a proven track record in executing our priorities

Note: Hybrid deposits include No-Fixed, ME and Ultra saving

Stabilized NIM from ability to manage deposit cost despite declining in asset yields

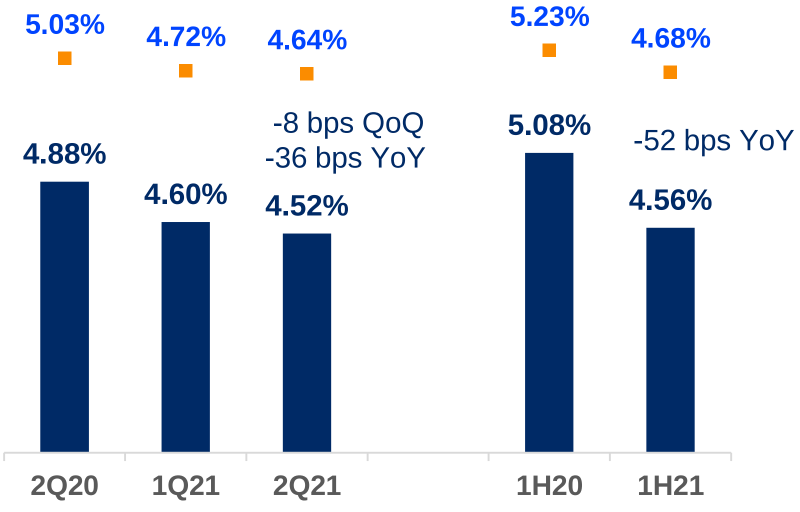
Cost of Deposit



- Balance sheet optimization resulted in lower interest expense for TTB plus deposit repricing strategy on No-Fixed, Ultra Saving and ME Save, therefore, cost of deposit reduced by -4 bps QoQ and -40 bps YoY.
- For half year, cost of deposit was 0.79%, down by 43 basis points YoY.

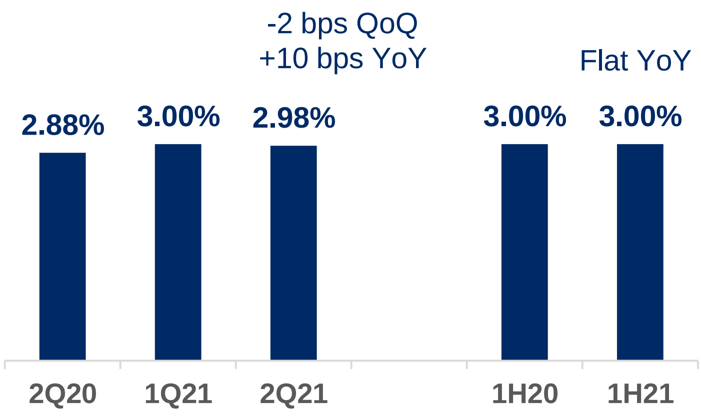
Loan Yield

Loan yield (excluded PPA impact)



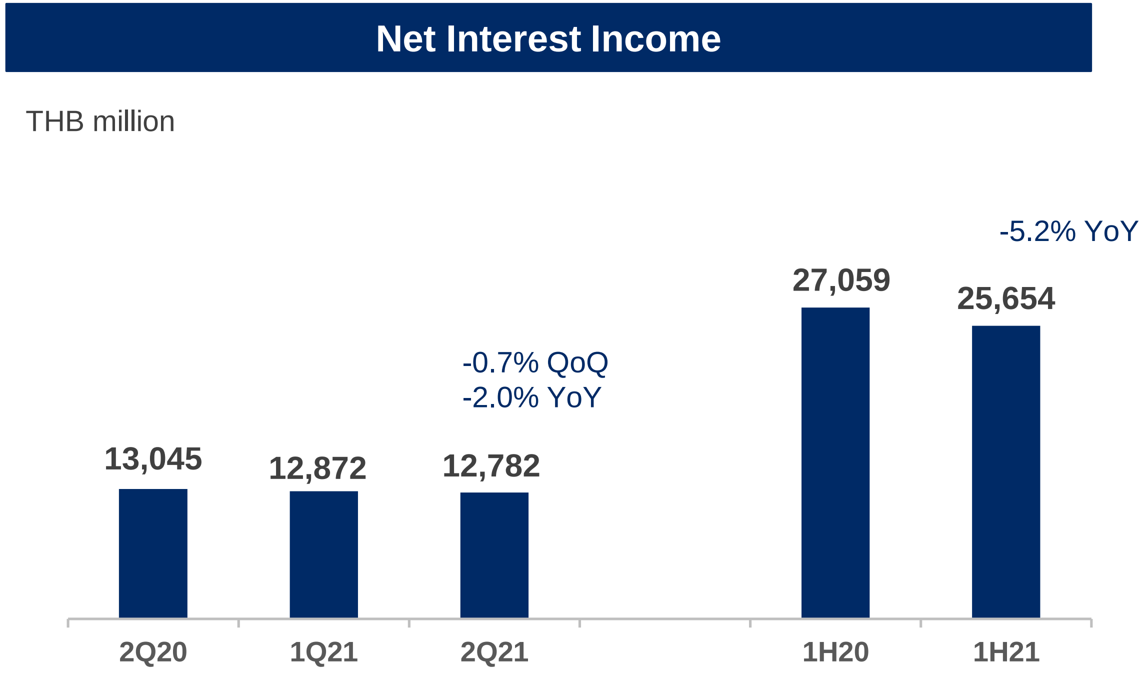
- Loan yield remains under pressure from economic and low rate environment together with quality loan growth strategy to preserve B/S quality. As a result, yield dropped QoQ and YoY.
- Policy rate cuts from 1.25% to 0.5% throughout 2020 as a result, loan yield compressed to 4.56% in 1H21.

Net Interest Margin (NIM)



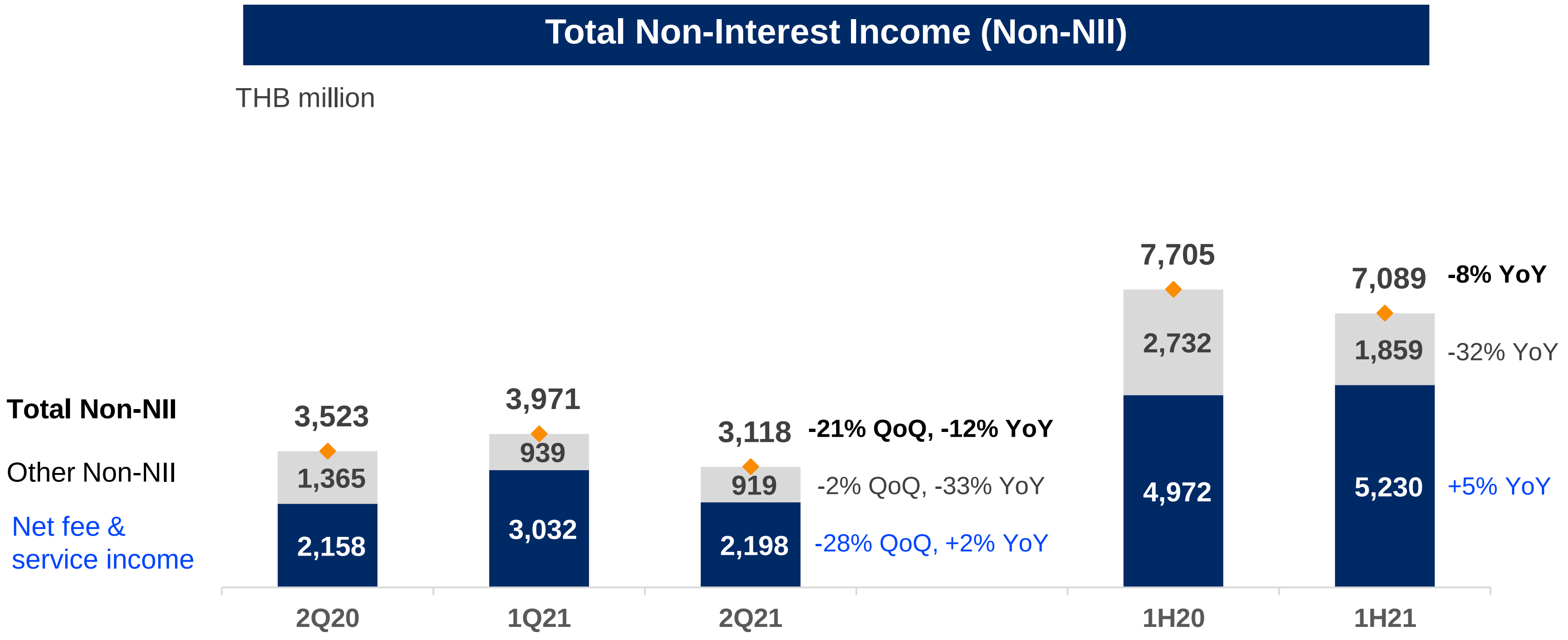
- NIM slightly dropped QoQ with the help on well-managed funding cost. YoY improvement was mainly from shift in loan mix and funding optimization.
- 1H21 NIM was stable YoY at 3% level. This was fully driven by balance sheet optimization and deposit repricing strategy during low rate environment which help compensate for yield pressure.

Under Covid-19 and the focus on loan quality, NII on pressure



- With the support from funding strategy, 2Q21 NII slightly dropped QoQ and YoY despite lower yields and volume as we continued to focus on quality amidst challenging environment. TTB selectively grew new loans and shifted towards lower risk areas, coupled with low interest rate environment and more conservative adjustment on accounting estimates.
- Due to lower interest rate YoY, 1H21 NII declined by 5.2% YoY.

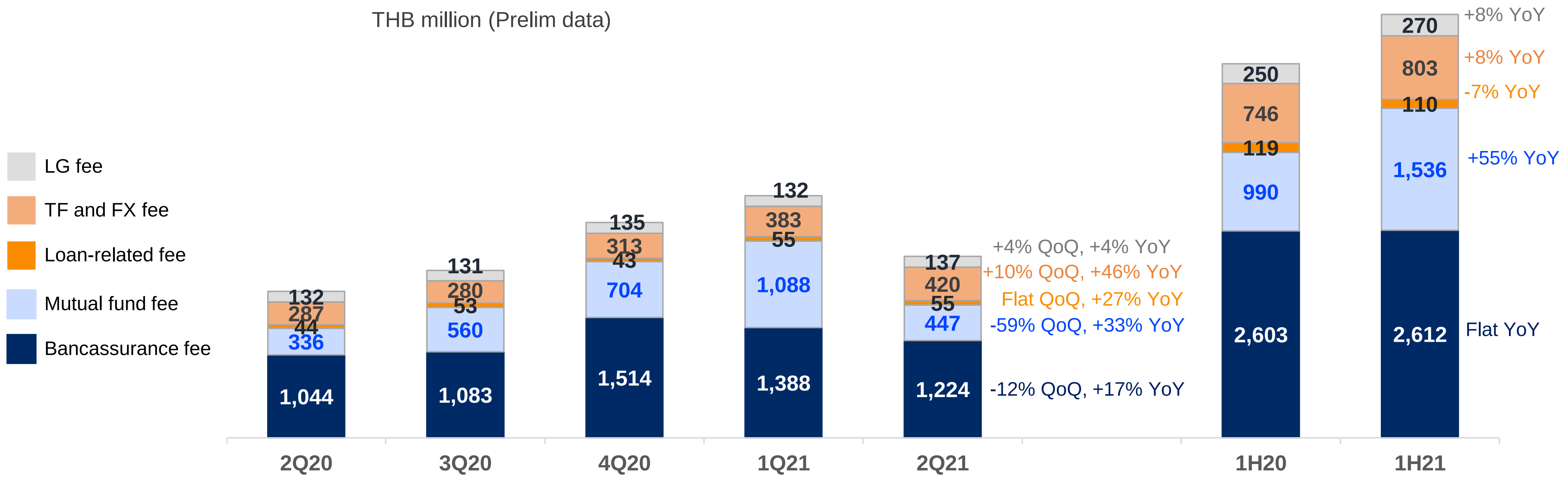
Lower consumer activities during Covid-19 pressuring Non-NII engines



- Non-NII was weighted down by Covid-19 situation and partly by our selective asset growth strategy.
- TTB posted THB3.1 bn of non-interest income in 2Q21 (-21.5% QoQ and -11.5% YoY) due mainly to lower net fees and service income.
  - Retail fees was hit by Covid-19 restriction measures that led to lower business activities and the postpone of some marketing and volume-boosting activates.
  - Commercial fees, on the other hand, Trade Finance and FX fees continued to grow YoY on the back of export/import recovery.
- 1H21 Non-NII declined by 8.0%, due to lower gain on investments while net fee and service income improved from the same period last year.
- Non-NII to avg. assets was at 0.80%, still in line with the guidance. Despite short-term hiccup from the pandemic, TTB continues to enhance our fee-base products and services with an aim to build recurring fee income in the long run.

The 3rd wave disrupting retail fees recovery path

Breakdown Strategic Fee Products

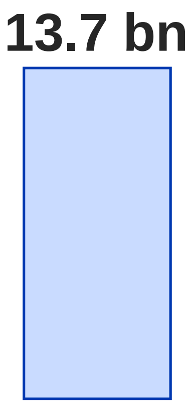


- The QoQ reduction in net fee was due to;
  - Retail fees declined mainly from mutual fund and bancassurance sales due to slowdown business activities during the 3rd wave of Covid-19.
  - Commercial fees maintained growth momentum, supported by credit-related fee and trade finance as export & import activities showed a recovery sign.
- The YoY improvement was mainly from higher business activities compared to full lockdown last year.

- 1H21 fee growth was mainly from mutual fund fee from high fee investment volumes at the beginning of the year.
- In this quarter, we relaunched new TSP (TTB smart portfolio), offering even better solutions than before. This is our aspiration to continue to develop our fee-base product and service with an aim to build sustainable fee base for the long run.

Initial success at relaunching new TSP, building recurring fee for long run

ttb smart port



AUM

Within 2 weeks performance in June

Low **Risk Spectrum** High

Wealth Preservation — Wealth Accumulation

TSP 1 TSP 2 TSP 3 TSP 4 TSP 5

5 portfolios cater for each customer's risk appetite

Portfolios is managed by investment professionals + rebalanced to keep allocation in shape

Why New TSP is Better for Customer

Market differentiation

Everybody can invest
With minimum only 1 baht to invest

Reduce liquidity issue
Able to buy/sell/switching daily even during portfolio adjustment and Settlement is T+5

Easy to track performance and able to display gain/loss
Have NAV to easily track gain/loss and past performance

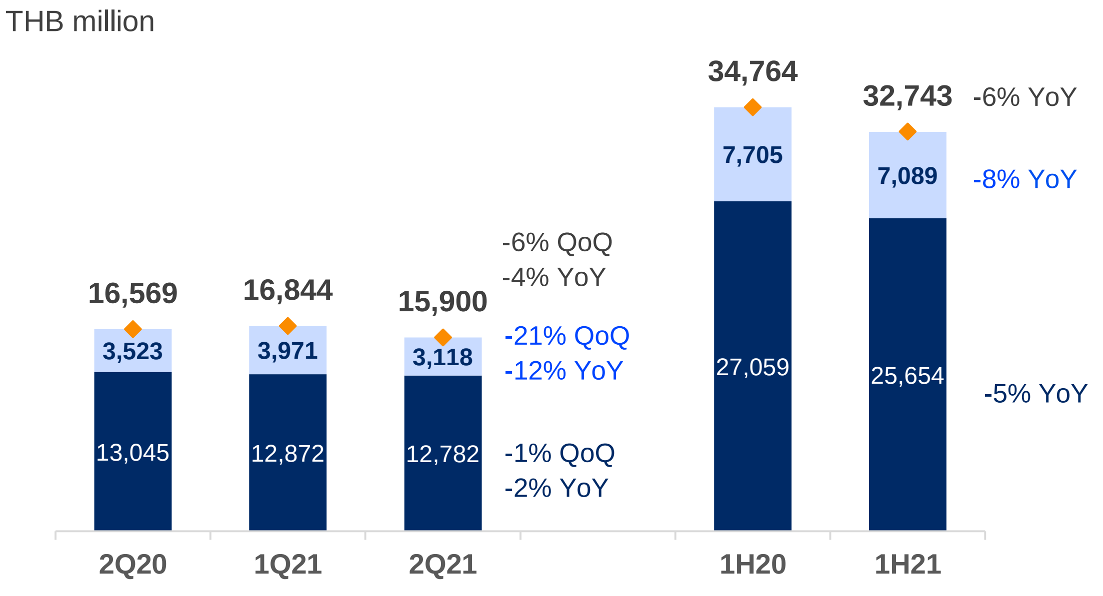
Managed by Global Asset Managers, Amundi Paris and Thanachart Eastspring.
Portfolio can be adjusted anytime to capture the market, plus wider range of fund choices beyond Thai domicile fund and can invest in cash or deposit for liquidity management.

Choices in fund universe
Screening from 30,000 funds globally vs. 2,000 funds available in Thailand

Less cost and more transparency
TSP directly invests in master funds. Hence, cost to serve customers is much lower and more transparent for customers.

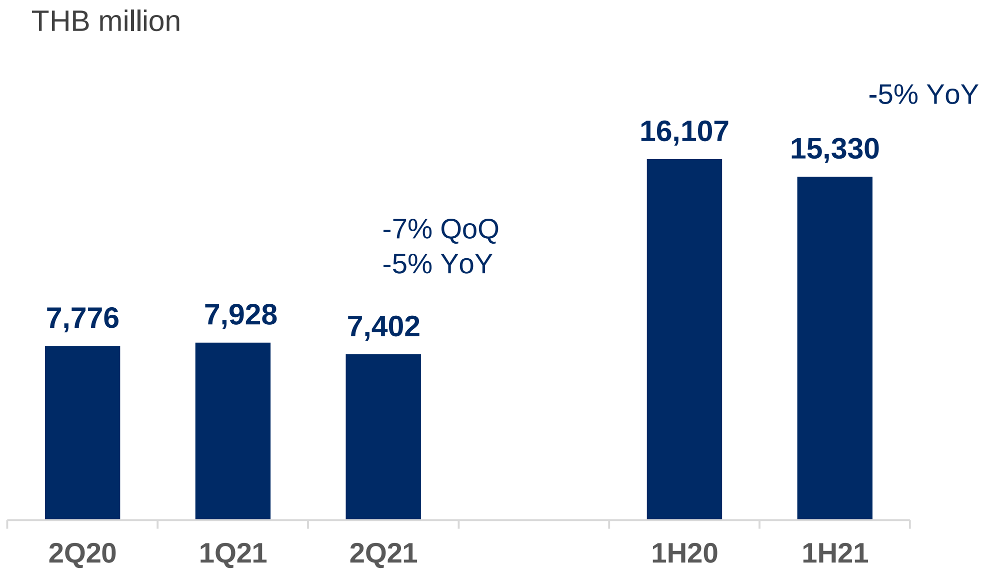
With cost discipline, cost synergy realization going as plan

Total Operating Income



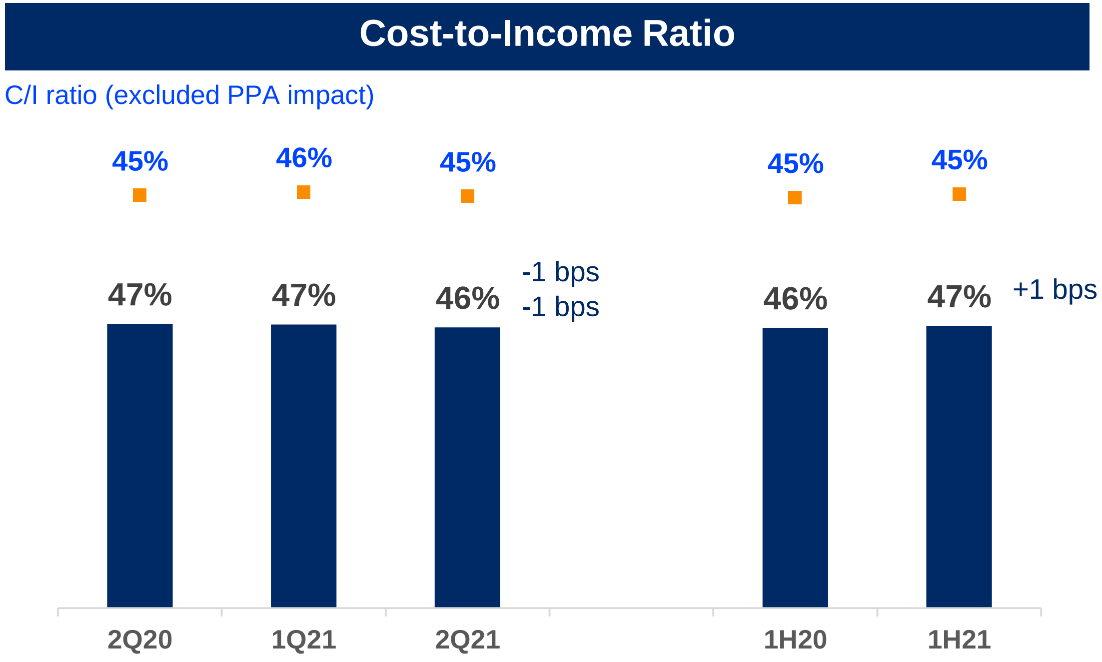
- An economic slowdown from the pandemic resulted in core revenues -6% QoQ and -4% YoY.
- 1H21 total operating income subsided to TH 32.7 bn.

Total Operating Expense



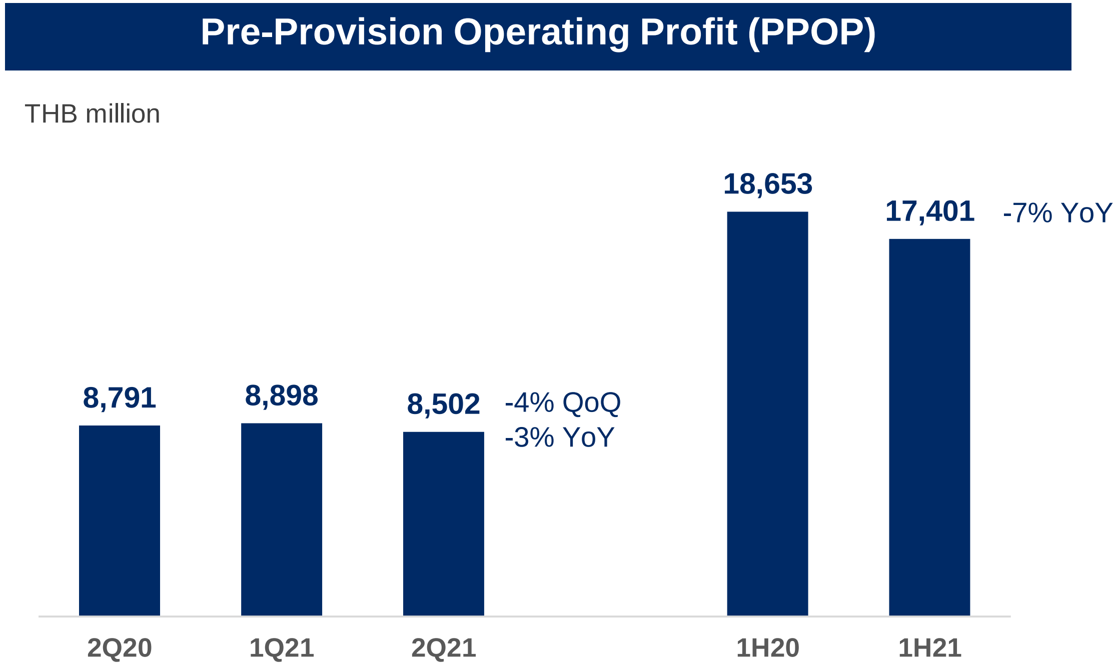
- Recurrent expenses declined on cost-saving initiatives after merger. OPEX recorded at THB 7.4 bn, down by -7% QoQ and -5% YoY. The Bank made sure stringent cost saving initiatives come along as plan during this uncertain time.
- 1H21 total operating expense included one-time separation package and other integration expenses which incurred in the first half.
  - As of Jun-21, the Merged bank's headcount went down to 15,763 personnel (-3.7k after merger), resulting from the Bank's effort to execute merged bank synergies
  - Branch rationalization continues as plan (reduced by -18 branches QoQ, -231 branches YoY).

C/I ratio in line with target, with long-term aspiration to achieve low-40s



- With the pressure on income affected from Covid-19, C/I ratio was at 47% with the effort in accelerating cost saving synergies to self-fund integration expenses. If excluded PPA impact, cost to income ratio would have been at 45.3%.
- C/I ratio is expected to remain at high 40s in the following quarters due to the remaining EBT-related expenses, some postponed marketing and rebranding activities and the additional expenses related-to Covid-19 health care for our employees.

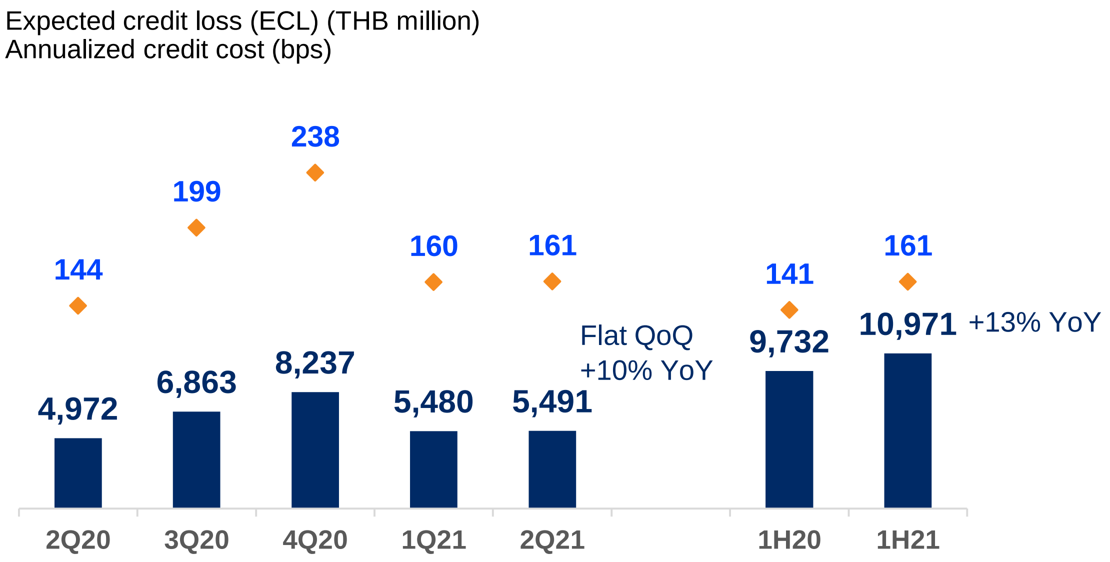
Pre-provision profit reflecting our prudent business direction



- As a result of our prudent business direction during fragile economic recovery from Covid-19, 2Q21 PPOP was THB 8,502 mn, -4% QoQ and -3% YoY.
- 1H21 PPOP recorded at THB 17.4 bn.

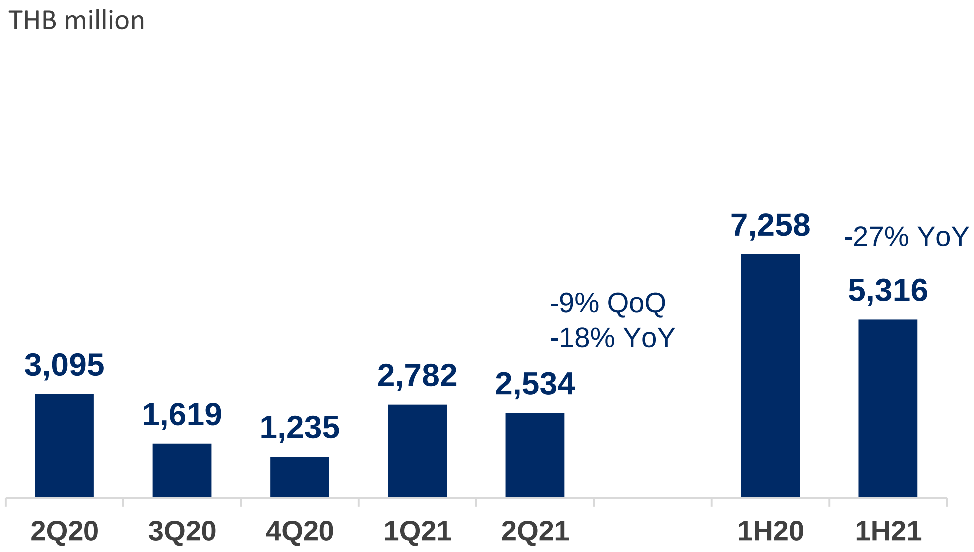
Prudent risk management and prudent level of allowances set aside

ECL & Credit Cost



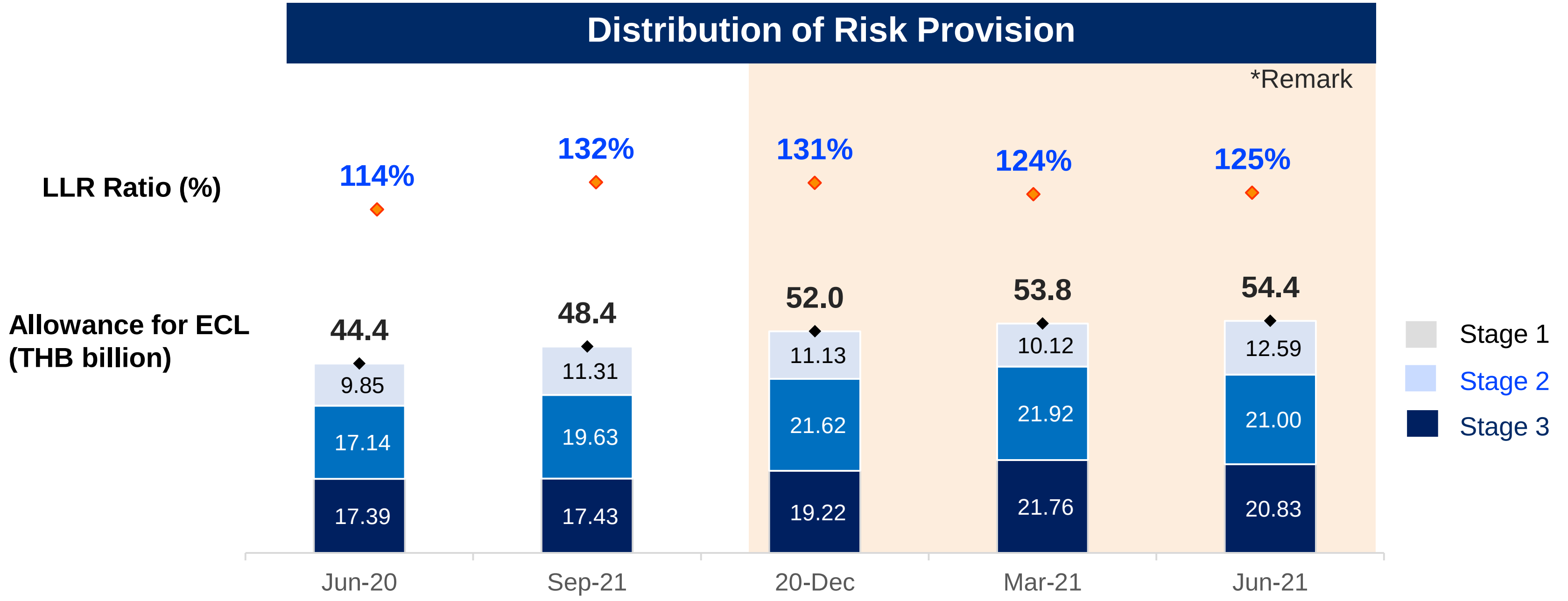
- A growing number of Covid-19 cases and renewed partial lockdown measures are increasing uncertainty. Hence, the Bank has continued to manage down weak loans by written-off and sales to ensure balance sheets quality.
- In 2Q21, the Bank set aside provision for loans and management overlay in total of THB 5.5 bn.
- For the first half, credit cost was 161 bps. We ensure the sufficient ECL by our Principle-based relief schemes.
- Provision is expected to remain elevated in 2021 due to a pressure on asset quality after debt relief program expired and a longer-than expected Covid-19 situation.

Net Profit



- As a result of revenue pressure and prudent risk management, 2Q21 net profit declined by 9% QoQ and 18% YoY.
- Net profit in 1H21 dropped by 27% YoY.

Building provision coverage by stage

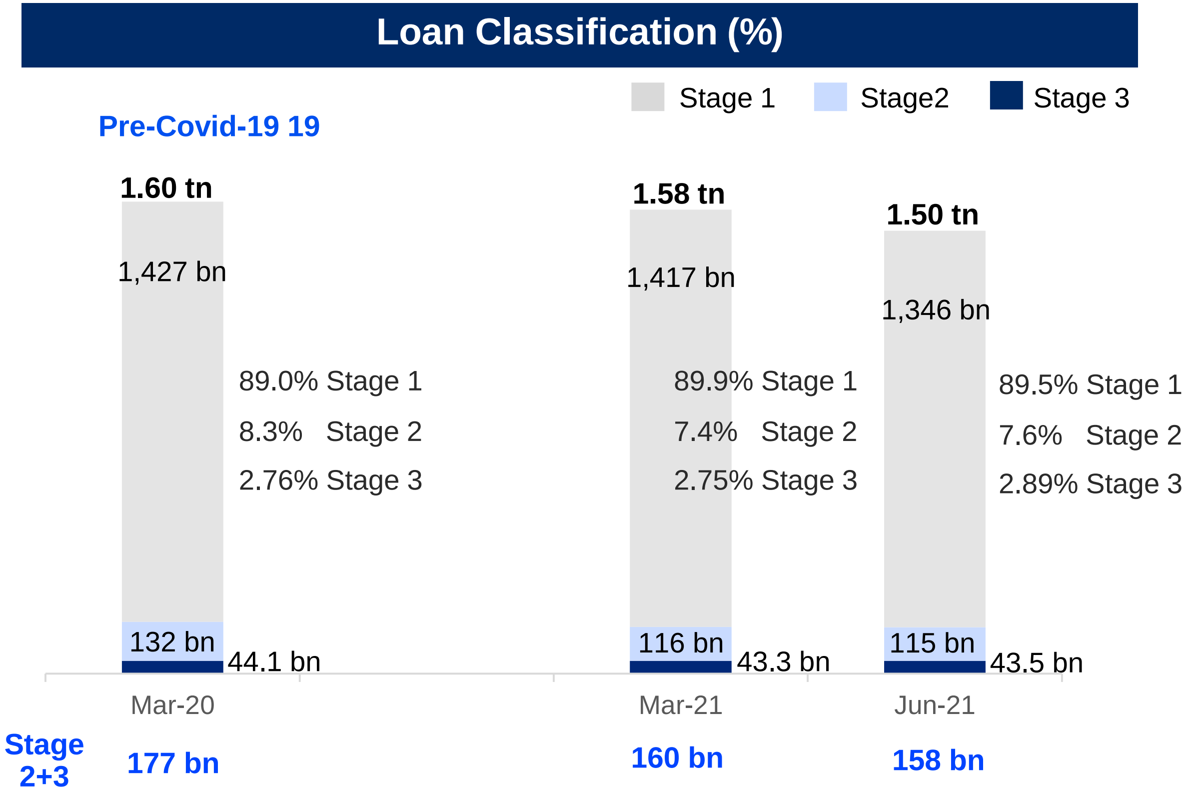


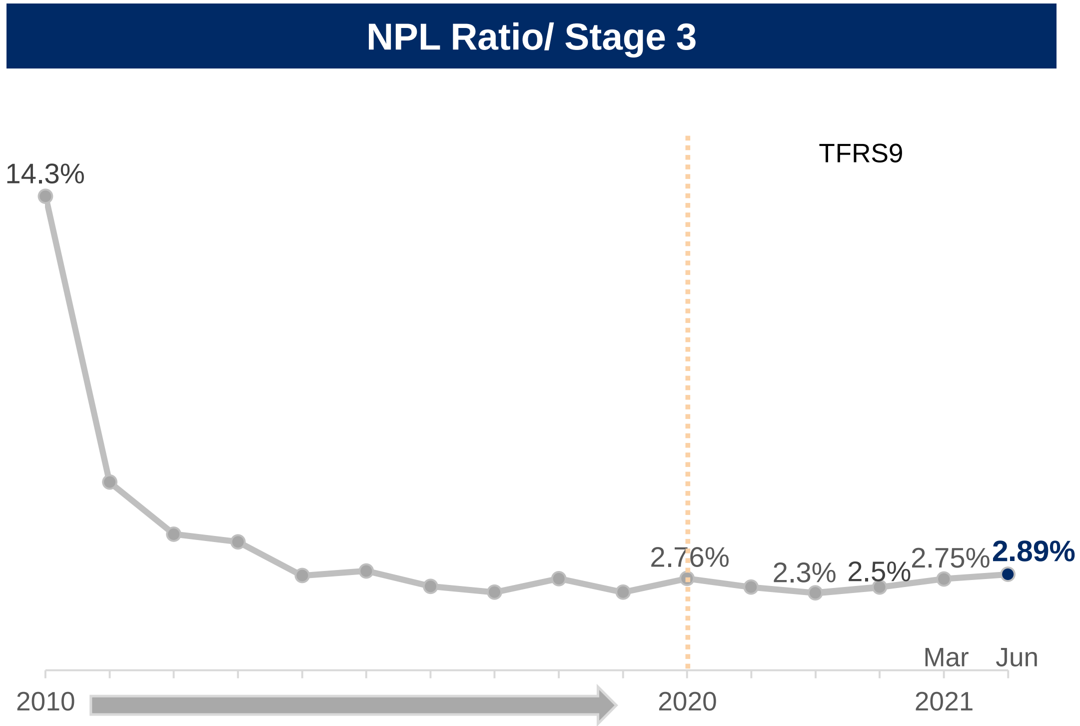
Coverage by stage						
Stage 1	**0.8%**	0.9%	0.9%	0.8%	**1.0%**	**+24 bps from 2Q20**
Stage 2	**13.1%**	14.8%	17.7%	18.5%	**18.0%**	**+481 bps from 2Q20**
Stage 3	**43.4%**	45.6%	47.3%	49.3%	**47.1%**	**+379 bps from 2Q20**

- As of Jun-21, Allowance for ECL rose further to THB 54.4 bn, consisting of ECL plus accumulated Management Overlay against Covid-19 uncertainty
- Overall risk provision by stage increased across all stages when compared to pre Covid-19 period, reflecting the Bank's tightening ECL model and prudent risk management.
- LLR ratio was at 125% in line with our portfolio nature of retail and collateral base loans.

Note: * Allowance of stage 3 is presented on a net basis to be in line with the industry
* LLR as of Dec-20 at 131% represented changed in accounting report from gross basis to net basis to be in line with the industry

Prudent actions to strengthen portfolio quality

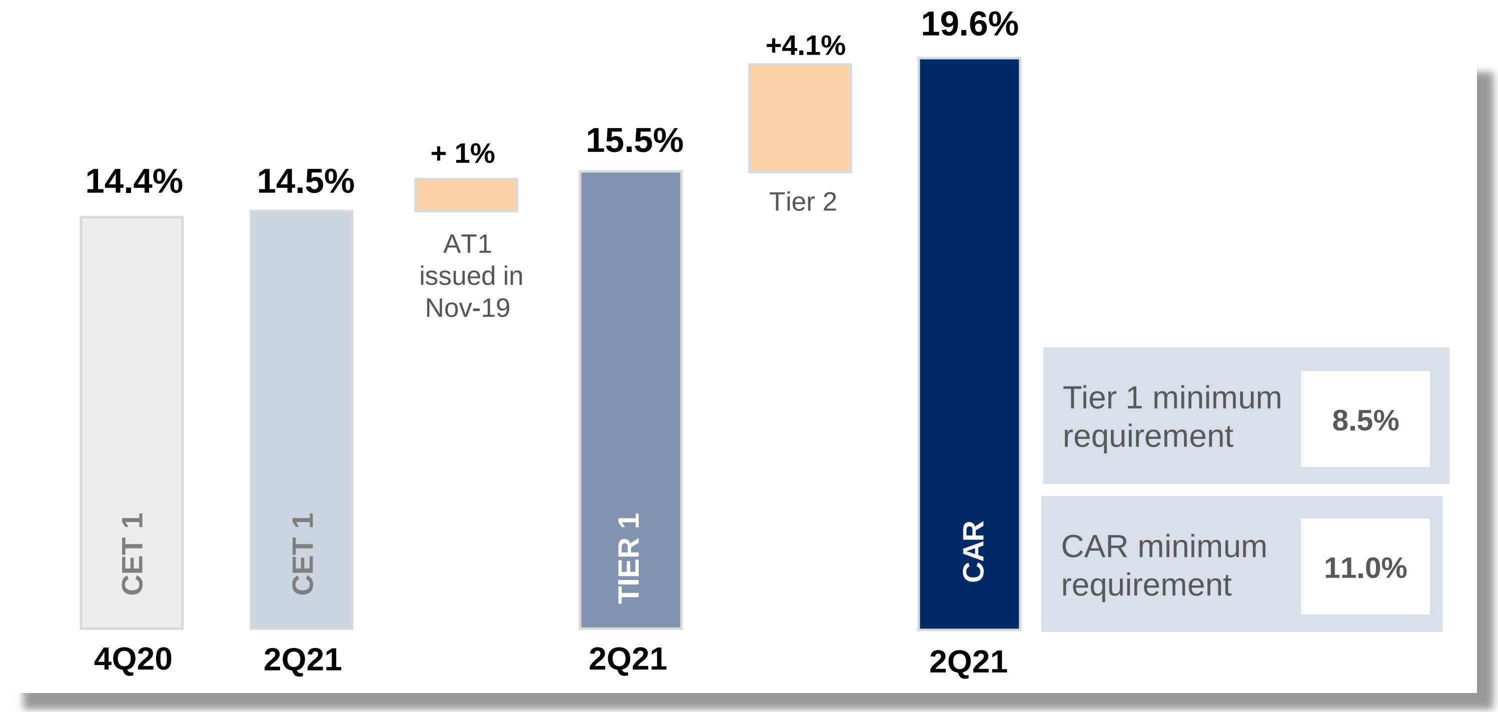




- After the 1st wave of Covid-19 in 2020, TTB proactively resolved NPLs to clear up headroom for headwinds in 2021. We has also continued to de-risk weak loans in stage 2 to improve portfolio quality.
- As a result, stage 2 loan outstanding decreased to THB 115 bn or 7.6% of total loans as of Jun-21, compared to THB 132 bn or 8.3% as of Mar-20, a pre-Covid level.
- Stage 3 loan was at THB 43.5 bn, relatively stable. Stage 3 ratio rose to 2.89% due mainly to lower total loan volume and slow NPL resolution, remain in line with guidance and relatively low when compared to peers.
- For 2H21, TTB will continue to improve stage 2 while stage 3 is expected to persist from both NPL trend and our intention to slow NPL resolution activities to preserve NPL value from higher supply in the market.

Reinforce capital position with wider buffer over requirements

Solid Capital with ample buffer over requirement



CET1 THB 166 bn	THB 173 bn
TIER1 THB 178 bn	THB 185 bn
RWA THB 1,217 bn	THB 1,193 bn

- We remain strongly capitalized, enabling the Bank to withstand the uncertainty ahead.
- Due to Economic headwind impacted from Covid-19 pandemic, the Bank reinforced solvency ratio with organic capital generation and balance sheet optimization, reflecting higher buffer Tier 1 and lower in credit RWA.

*prelim data for 2Q21

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