



ทีเอ็มบีธนชาต
TMBThanachart

Investor Presentation FY2021 Financial Performance

Analyst Meeting
Jan 21st, 2022

Nearly two years into the pandemic, business environment remained fragile. TTB therefore has maintained conservative direction to preserve financial stability for future growth. Throughout 2021, The Bank's key focus was on integration mission as well as providing Covid-19 support to our stakeholders.

TTB's 2021 strategic direction can be highlighted as follows.

- Focused on **quality growth strategy** to ensure the healthiness of balance sheets during the pandemic
- Further **enhanced funding structure** to reduce pressure on NIM from slow asset growth and low yield environment
- Ensured the **quality of revenue recognition** by adjusting accounting estimate to be more conservative in NII recognition
- Maintained **cost discipline** and delivered **cost saving initiatives** during integration activities
- Prudently managed asset quality and set aside **sufficient level of provision** as well as **robust capital** buffer

Although business activities started to resume after the ease of restriction measures during 4Q21, Covid-19 situation remains uncertain and disrupts economic recovery. With that, TTB's will maintain prudent risk management and will conservatively resume growth and focus mainly on our target segments. In addition, we will strengthen our value proposition post-EBT and capture medium-long term revenue synergy by leveraging digital capability we developed during the integration time.

2021 highlights & relief program update

4Q21/FY2021 performance

Strategic roadmap

2022 guidance

Our transformative journey towards the recommended bank of choice by our customers



- Covid-19 / debt relief
- Integration
- Business transformation

The recommended bank of choice by our customers

Dec 2019: Merger transaction closing

2020

- ✔ Supported our customers thru Covid-19 pandemics while monitoring portfolio health
- ✔ Merged the two businesses
- ✔ Harmonized two corp. cultures
- ✔ Captured synergy quick wins (e.g., cost and balance sheet)

Jul 2021: becoming one legal entity thru EBT

2021

- ✔ Continue to support our customers in need of help
- ✔ Proactively manage flow to NPL and enhance recovery from stage 2/3
- ✔ Launch rebrand
- ✔ Complete EBT steps
- ✔ Revamp existing digital platform
- ✔ Double down on capturing short/medium term synergies (e.g., cross-selling)

2022-23

- I Maximize the potential of the merged bank's 10mn customers and capture synergy thru financial well-being proposition via our flagship products
- II Become top tier digital platform and fully under 'Digital first' operating model
 - Sharper proposition addressing banking and beyond banking needs
 - Higher agility and leaner cost base with modernized tech
- III Revamp group structure to unlock value and optimize return

Recap our journey in 2021



- Rebranding of TMBThanachart in May



- Successful entire business transfer (EBT) in July

D-SIBS

- Following by D-SIBS listing to become 6th large Thai bank

Fitch Ratings

- IDR upgrade to BBB
- National long-term rating to AA+(tha)



- 10% shares purchase on TNS and TNI to strengthen group structure

Q1'21

Q2'21

Q3'21

Q4'21



- Support over 750k customers in need of help from the impact of COVID-19 and also provide >3,000 COVID-19 insurance to auto partners



- Relaunch of new credit card proposition incl. ttb reserve to strengthen wealth proposition
- 83% growth in online spending



- New ttb Smartport as flagship product launched for “investing for future” proposition
- All-time-high IPO record in TH at 10bn and achieved 22bn AUM in 2021



- Better-than-target risk cost with LLR remained high at 129% and stage 3 ratio lower than peers at 2.8%, despite the challenging situation from improved collection model, and bad debt management by PAMCO

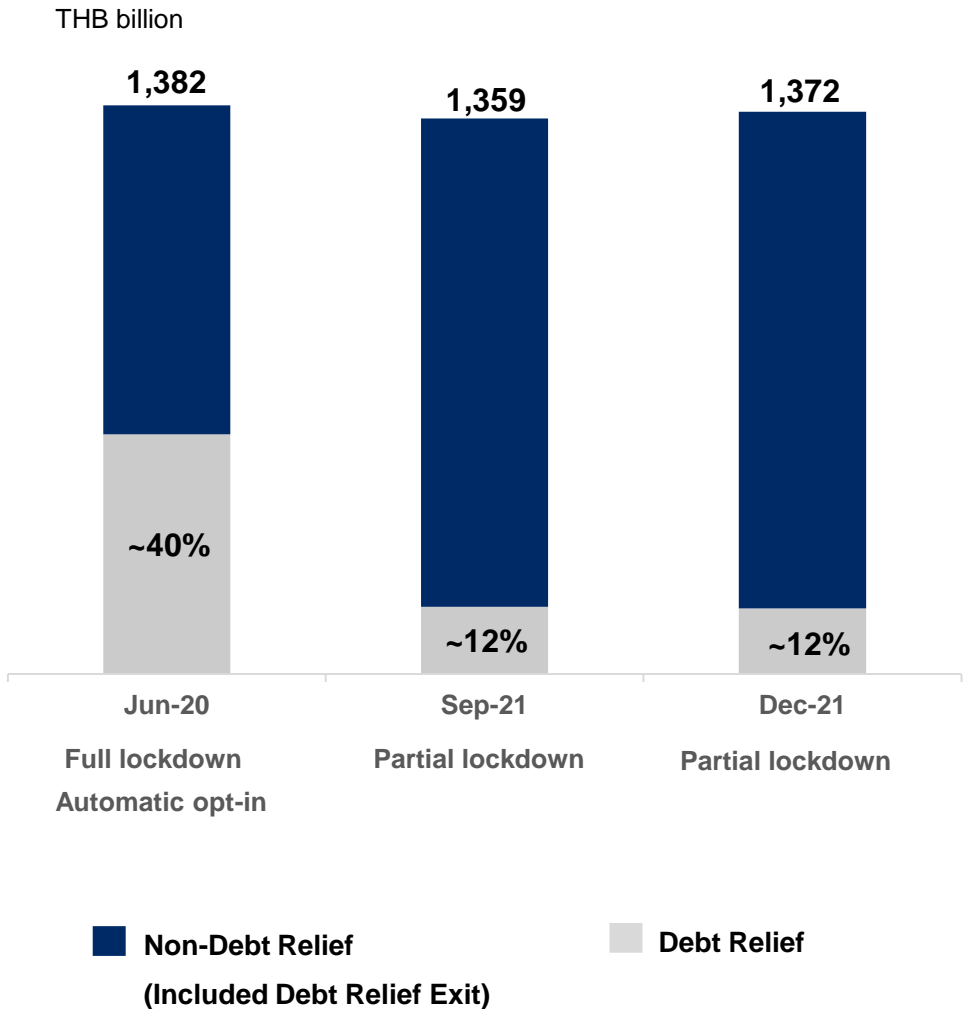
Awards and recognition



Loans under debt relief program remained under control



Loans under Relief Program to Total Loans



- As of Dec-2021, loans under debt relief program represented approximately 12% of total loan portfolio, relatively stable from 12% as of Sep-21 and 40% during a full lockdown in Jun-20.
- Looking at debt relief portfolio quality, we consider it healthy as more than 80% of debt-relief are under light modified terms and customers are able to service their debts with full interest payment.
- Even debt relief portfolio have been relatively stable, we continue to monitor it closely and ensure that our internal approaches are always vigilant. As such, we can understand and capture true risk of customers in order to provide sufficient level of ECL accordingly.
- Overall, we believe a risk to our portfolio and B/S is limited. Firstly, we have small exposure in directly affected industries. Secondly, we have been prudent in providing assistants to potential customers and continue to de-risk weak loans. Lastly, we have been strict to our Guiding Principle of Post Relief Risk Schemes to evaluate customers' behavior and risk profile to ensure sufficient level of ECL.

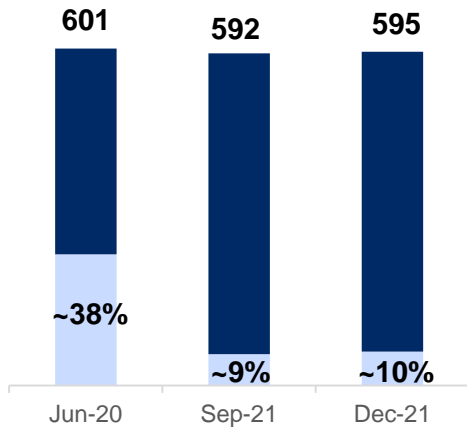
Note: Loans to customers excluded interbank loans

Debt relief profile by customer segments and key products



Commercial Loans

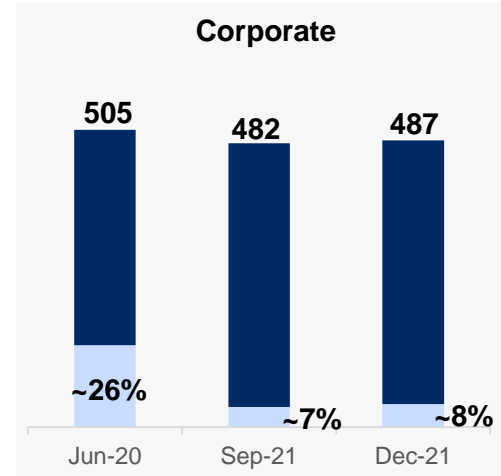
THB billion



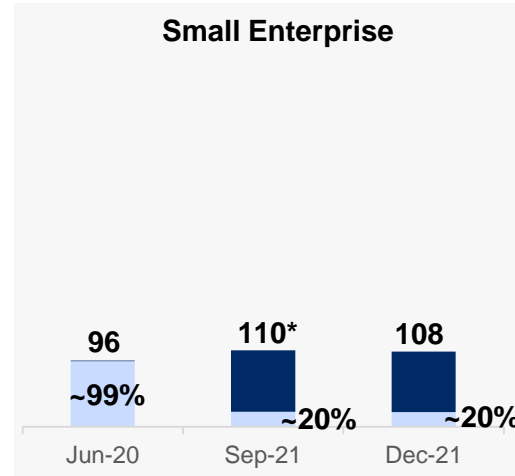
■ Non-Debt Relief (Included Debt Relief Exit)

■ Loans under Relief Program

Corporate



Small Enterprise

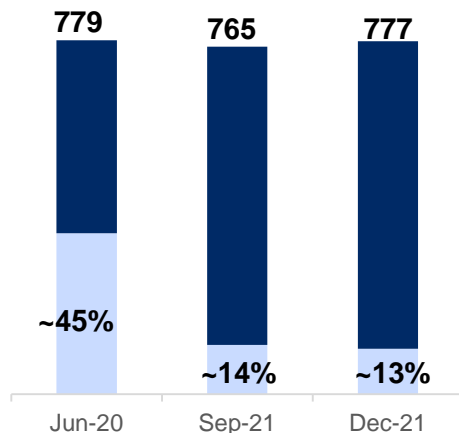


*an increase was due mainly to customer reclassification post-EBT.

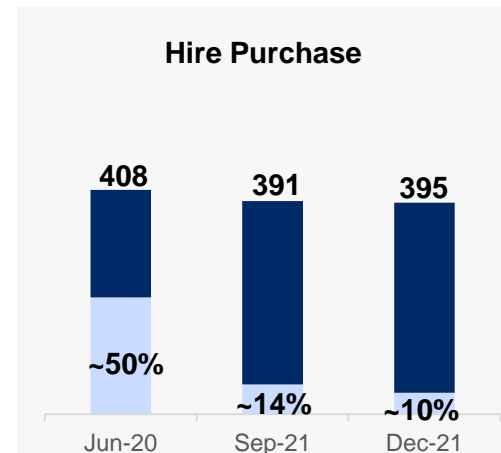
- As of Dec-21, approx. 10% of commercial loans remained in debt relief program.
- To be more prudent, we have tightened debt relief exit criteria in 4Q21 and followed by a reclassification of some customers back into the program for a longer monitoring period. That is the main reason of a slight uptick in debt relief outstanding under Corporate segment, not because of new requests. For debt relief under SE segment, it was relatively stable QoQ.
- For retails, approx. 13% of retail loan remained under debt relief program. The overall outstanding dropped slightly, mainly from HP segment while debt relief balance from Mortgage and Unsecured loans were relatively flat QoQ.

Retail Loans

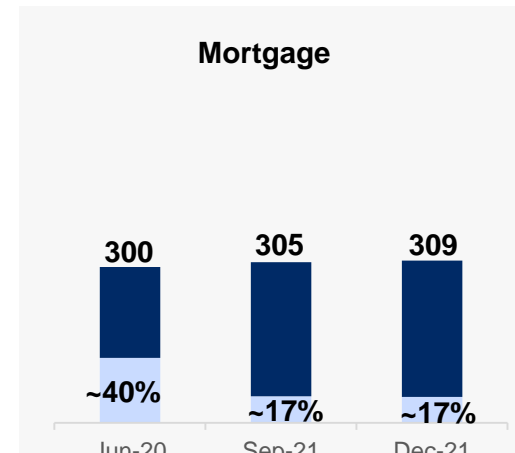
THB billion



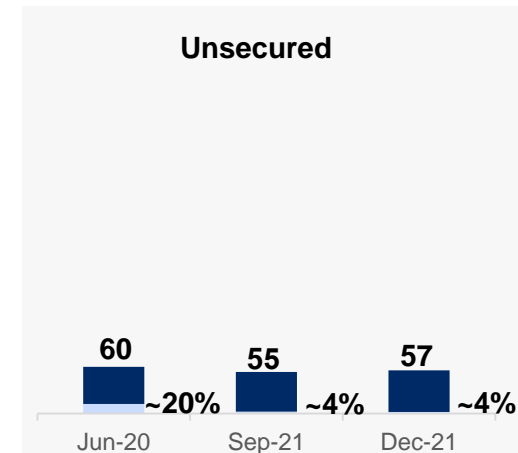
Hire Purchase



Mortgage



Unsecured



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

Ensuring provision adequacy in response to COVID-19 crisis



Guiding Principle of Post Relief Risk Schemes

Scheme	Repayment Schedule		Staging	Minimum PD Level
	Interest	Principal		
SC 1	Full	Full	Mostly 1	Normal
SC 2	Full	Partial	Mostly 1	
SC 3	Full	Postponed	Mostly 1	
SC 4	Partial	Postponed	Approx. 50% in 2&3	
SC 5	Additional skip payment ≤ 6 months		Mostly 2&3	
SC 6	Additional skip payment ≥ 6-12 months		Mostly 2&3	
SC 7	Additional skip payment ≥ 12 months		Mostly 3	

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

- To address the deteriorating quality of portfolios, the Bank developed 7 post relief schemes to track and trace their quality, so that corresponding PDs could be applied and to separate them from customers never ask for relief support. These principles are consistently applied since November 2020.
- The elevated PDs are applied to both principal and accrued interest of these customers group, hence higher ECL to reflect higher risk.
- We pay special attention to Scheme 4 (partial interest payment) customers and have done the followings:
 - 100% Management Overlay is set aside for accrued interest not already covered by PD.
 - Management Overlay is set aside by using lifetime PD, same approach as stage 2 provisioning
- On top of provisioning based on the 7 schemes, the Bank also considered forward looking economic scenarios and applied stress test method in setting up management overlay to specific classification of customers portfolios to ensure sufficient provision.
- With this portfolio management, we understand customers pain, behavior and ability to pay and could manage the flow to stage 2 and stage 3 better
- The Bank simulates ECL and reviews of model assumptions. Hence, we are able to shift specific assumptions MO for PD and LGD in commercial and retail segment
- Additionally, from prudence and persistency in supporting customer with assets warehousing program, proactive portfolio recovery, written off and sales, we believe asset quality is in-control
- Based on the above actions taken, we believe that our provision of THB 54.5 bn was sufficient, with risk costs impact to P&L of THB 21.5 bn. With stage 3 balance down QoQ to THB 42.1 bn, LLR rose to 129%. We believe that Bank has done sufficiently in managing assets quality and maintain enough provision to go through another year of uncertainty.

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4Q21/FY2021 performance

Strategic roadmap

2022 guidance

2021 financial outcomes



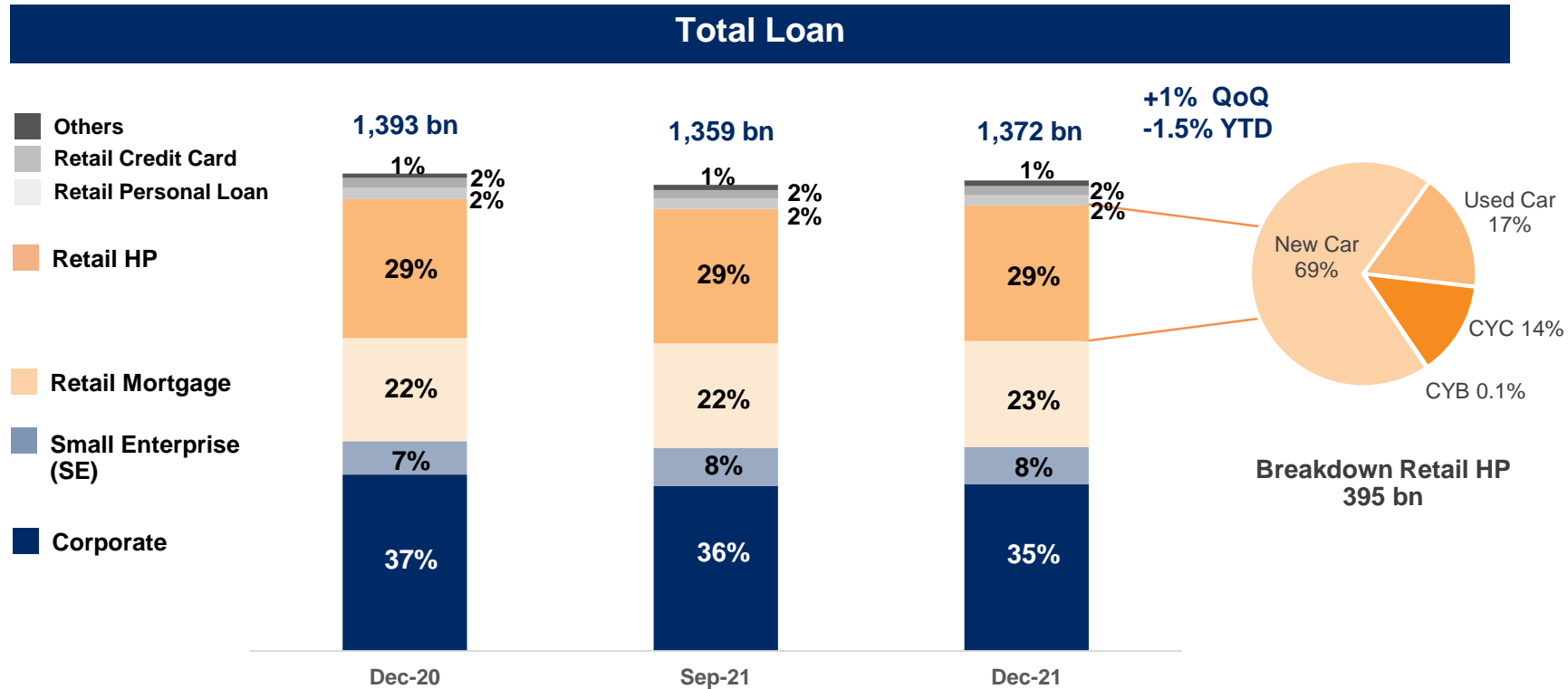
Operating performance

	2021 Targets	Actual 2021
Loan Growth	≤Flat	-1.5% YTD
Deposit Growth	≤Flat	-2.5% YTD
NIM	Stable (3.0% in 2020)	2.97% (3.06%, excluded PPA impact)
Non-NII /Total Asset	0.8%-0.9%	0.82%
C/I Ratio	47%-49%	47.6% (46.1%, excluded PPA impact)
% Stage 3	< 3.6%	2.81%
Credit cost	160-180 bps	157 bps

Asset quality

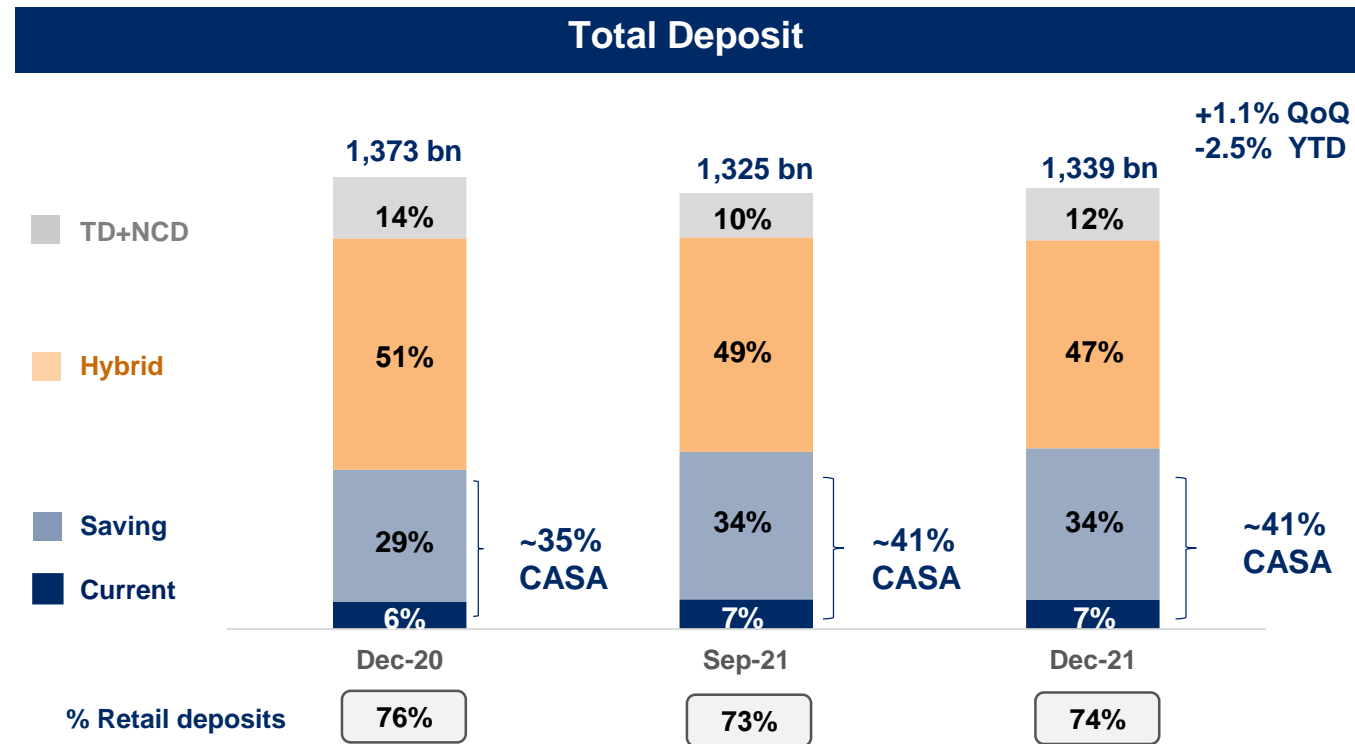
- Year 2021, EBT mission and merger priorities were executed as planned, resulting in significant recurring cost saving and balance sheet optimization benefits.
- Loan growth has been more selective during the pandemic to ensure the quality of our balance sheets. With better business momentum during 4Q21, TTB started to resume key focus areas, namely hire purchase and mortgage loans. However, as economic recovery is uneven and slower than expected due to Covid-19 resurgence, we will continue to de-risk weak loans to mitigate downside risks and improve portfolio quality.
- Balance sheets optimization on deposit side was well-executed. Post-merger deposit structure allows TTB to run down high-cost deposits and replace with flagship products, resulting in improving cost of deposit. Starting in 4Q21, the Bank started to acquire long-term funding, led by retail-TD up and up as part of funding cost strategy and product offering for wealth customers.
- NIM was relative stable YoY, given the Bank's unique position from B/S optimization and funding strategy which helped lessen the impact from yield compression and changing accounting estimates to be more conservative on EIR recognition on mortgage portfolio.
- Non-NII to total assets achieved lower bound of target. Despite reclassification in fee income adopted in 4Q21, overall we saw a recovery in fee income in 2021 when compared to 2020, driven by key products (Insurance fee from auto, mutual fund fee, TF&FX fee and LG fees).
- A strong decline in recurrent expenses was underpinned by cost saving synergies from post-merger position which helped self-funded integration cost in 2021. As a result, C/I ratio was at 47.6%.
- Asset quality was prudently managed, reflected by better percentage of combined stage 2-3 to total loans. This was from three main reasons; 1) better formation in both stage 2-3 and broad-based segments 2) asset warehousing initiatives and 3) better-than-planned NPL sales especially in 4Q21.
- As a result, risk cost ended slightly below 2021 target at 157 bps. Such a level was sufficient and based on forward-looking approach which includes reserve and the preparation for unforeseen circumstance under Covid-19. By way of prudence in risk cost management, allowance coverage was at THB 54.4 bn. LLR ratio was 129% with more than half of loan portfolio is collateral-based.

Resuming key retail loan growth with prudent loan quality selection against resurgence of Covid-19



- Under prolonged Covid-19 situation in 2021, TTB's direction focused on B/S quality preservation for future growth. Therefore, we were conservative on growing new loan book and at the same time continued to de-risk weak loans of the existing portfolio. As a result of such a direction, total loans was reported at THB 1,372 bn at the end Dec-21, down by -1.5% YTD.
- Nonetheless, the Bank started to selectively resume loan growth in target segments in 4Q21 as business continued to pick up after the ease of Covid-19 restriction measures. As a result, loan was +1% QoQ. Key drivers were retail-mortgage (+1%QoQ) and hire purchase (+1%QoQ). Overall, retail loan portfolio grew 1% QoQ and flat YTD. For commercial loan, large corporate loan grew 3% QoQ, driven by term-loan and trade finance.
- Since the merger, TTB's loan portfolio has geared toward retail side as part of B/S synergy initiatives. Currently retails loans accounted for 57% of total loan portfolio and 91% of retail portfolio was secured-lending base.

Deposit mix reflecting funding management and deposit optimization

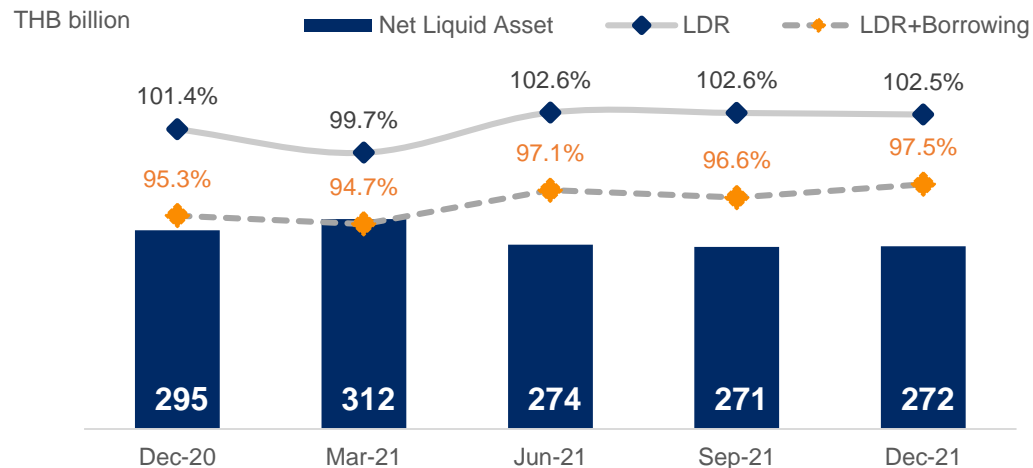


- TTB reported deposit of THB 1,339 bn at the end of Dec-21, -2.5% YTD. This was in line with guidance and reflected our deposit strategy.
- In 2021, TTB continued to optimize deposit structure as per post-merger plan. We also focused on funding management to mitigate pressure from slow loan growth and low-rate environment. Overall, deposit strategy was delivered as planned, reflected by a growth of CASA especially All Free (+39% YTD) and a decrease in a portion of high-cost term deposit.
- In 4Q21, TTB regained growth of deposit portfolio, focusing mainly on retail segment. We continued to grow All Free further by +3% QoQ. We also started to resume term-deposit growth (+17% QoQ) for the first time after the merger, alongside with HP loan momentum.
- Key term-deposit growth driver was Up and UP. It was offered to both existing and newly-acquired customers. Strategically, Up and UP helps extend relationship with customers. Just like No-Fixed which is one of flagship saving products and one of investment solution (Saving, BA, MF) for our retail customers, especially middle-income segment, Up and UP could be an addition to the shelf for wealth customers. It could also be one of strategic products in terms of funding cost optimization.

Optimizing balance sheet with healthy liquidity position

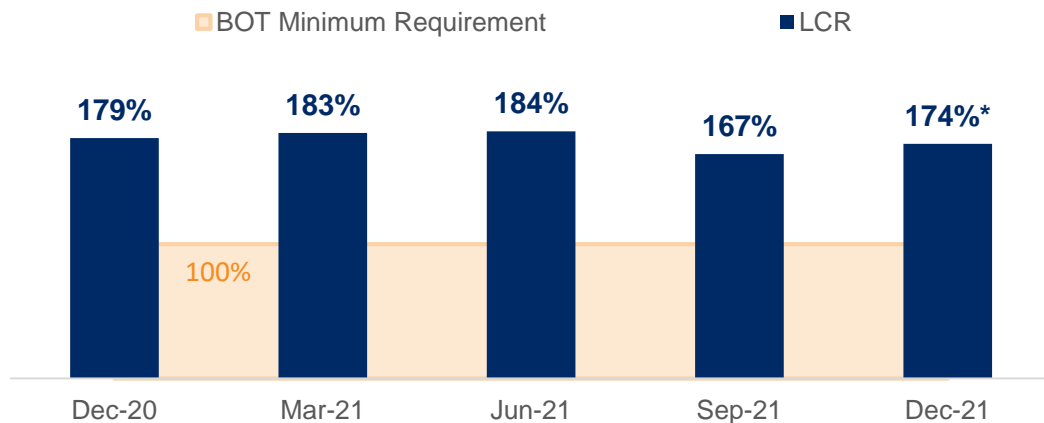


Continue Optimized B/S through Liquid Asset Management



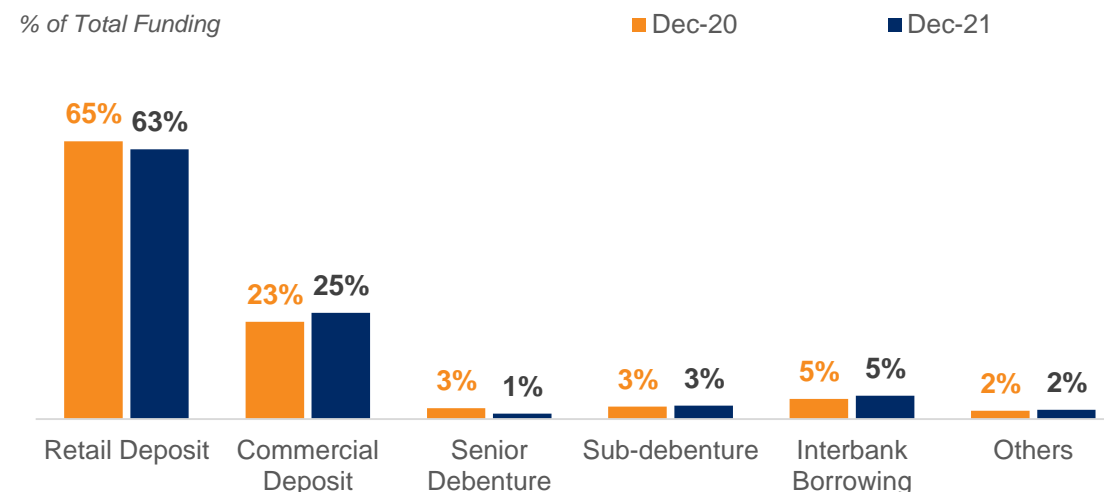
Net Liquid Asset Definition: Cash + Interbank Asset + Investment - Interbank liab.

LCR Well Above Regulatory Requirement



* Preliminary data. Official LCR as of Dec-21 will be reported to BOT end of Jan-22

Retail Deposit is a Major Source of Funds

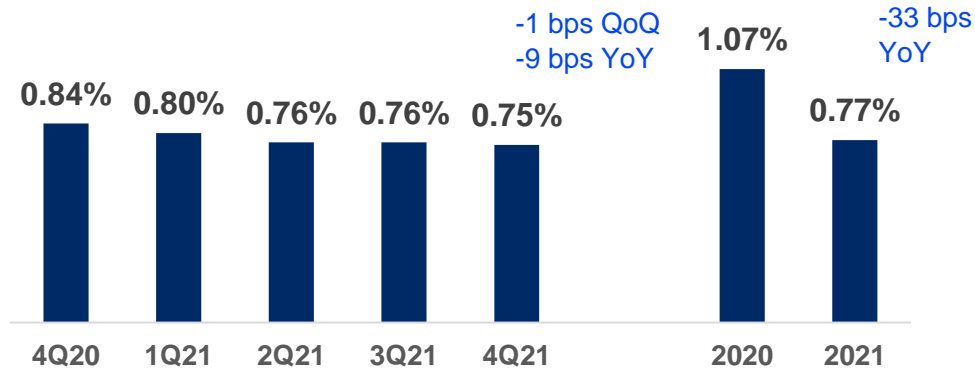


- To optimize B/S, the Bank proactively manages funding cost and enhances return on liquid assets via bond investments.
- Deposit is a major source of funds, and the Bank strategically builds retail deposit base to ensure stable deposit and less reliance on short-term wholesale funding and the Bank expected 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%.

Ability to manage deposit cost lessening the impact from declining in asset yields



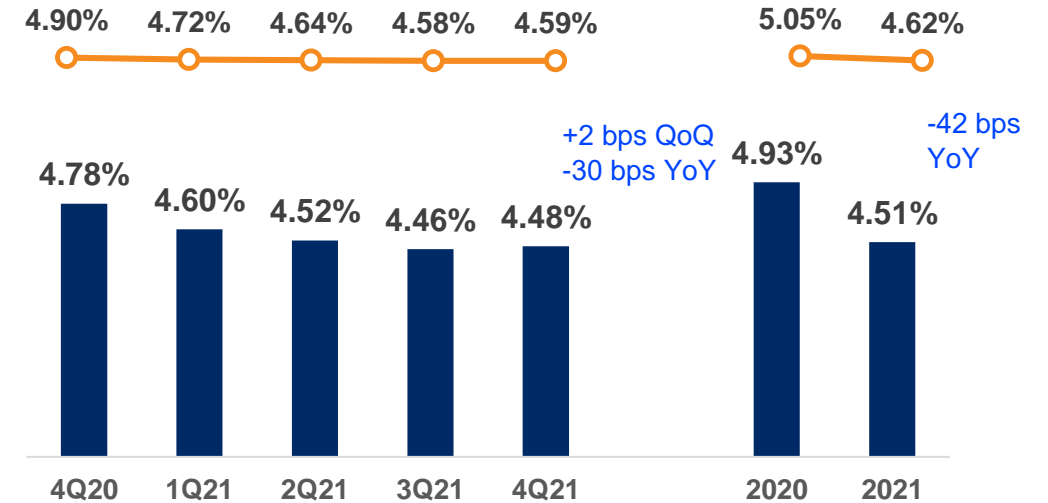
Cost of Deposit



- 2021 cost of deposit was 0.77%, materially down by 33 basis points YoY. This was due to post-merger position which helped bring down deposit cost by replacing high-cost TD, with low-cost flagship products.
- The Bank took effort in repricing strategy to reduce deposit cost further in order to stabilize profitability margin during low rate environment and low yield pressure.

Loan Yield

Loan yield (excluded PPA impact)

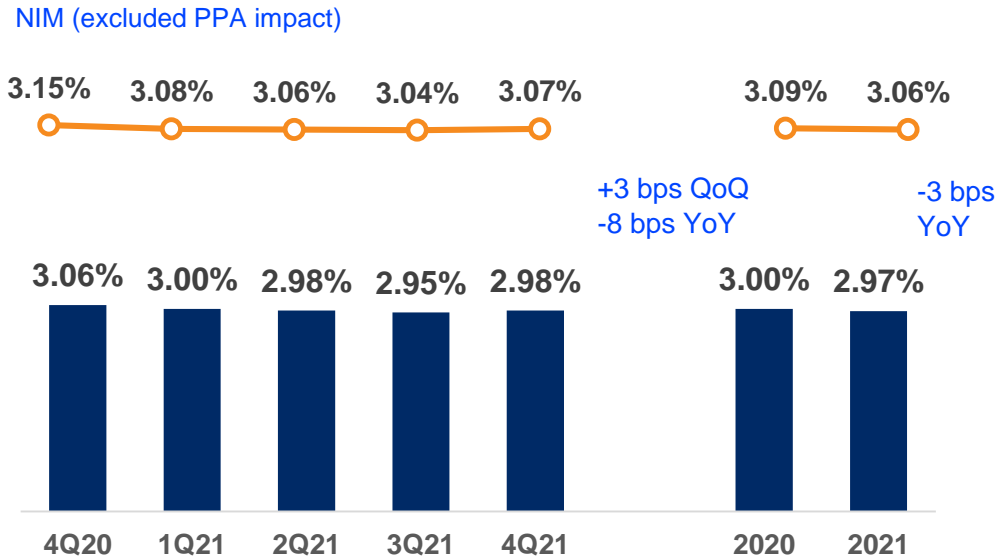


- Loan yield remains under pressure from sluggish economic and low rate environment, following the reduction of market benchmark rate throughout 2020, together with quality loan growth strategy to preserve B/S quality. As a result, loan yield dropped -42 bps YoY.

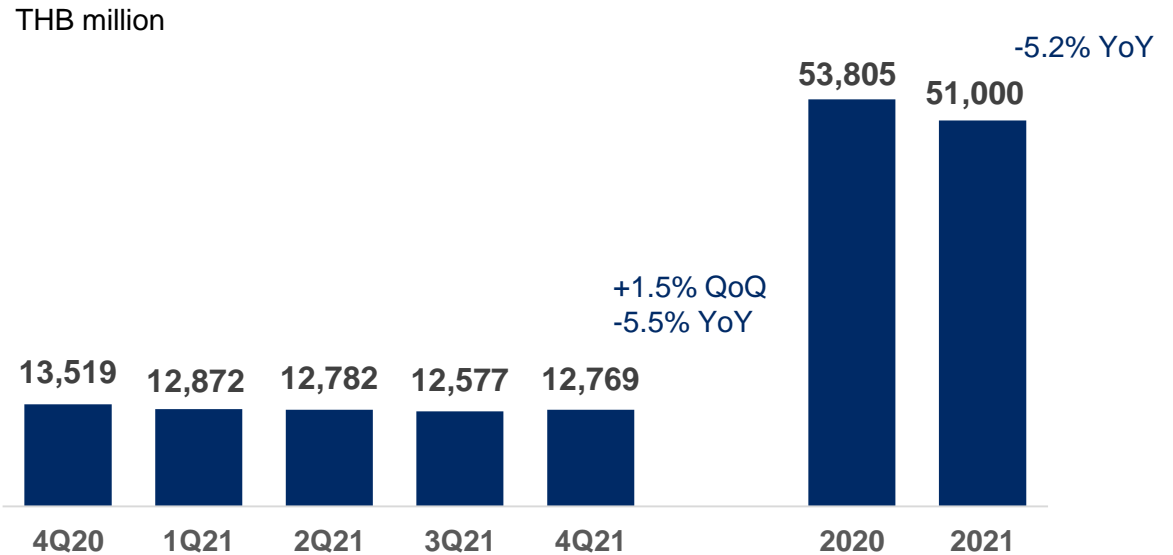
Stabilized NIM from ability to manage deposit cost lower pressure on NII



Net Interest Margin (NIM)



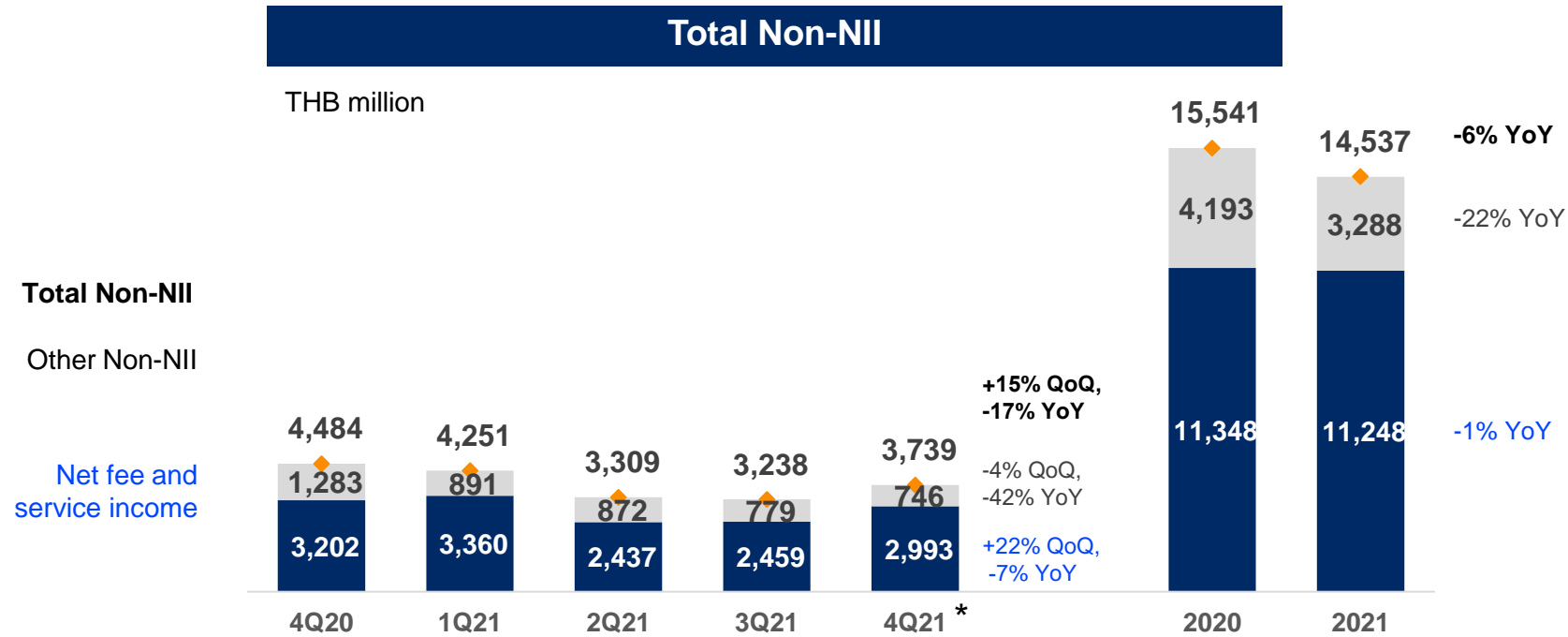
Net Interest Income



- Apart from B/S quality, TTB has also emphasized on P&L quality under TFRS9 adoption. We have adjusted effective interest rate (EIR) recognition to be more conservative. Although this added pressure on interest income, we believe it helps improve P&L quality by mitigating risk of overstated income.
- 2021 NIM dropped 3 bps YoY and recorded at 2.97%. This was driven by balance sheet optimization and effective deposit repricing strategy during low rate environment which helped compensate for yield pressure.

- Balance sheets optimization help lessen the impact of selective asset growth strategy during the pandemic, lower asset yield and pressure from adjusted EIR approach. As a result, NII for 2021 dropped by 5% YoY.
- In 4Q21, the Bank strategically grew loan in focusing areas which helped improve NII QoQ (+2%QoQ, -6%YoY).

Retail fees recovery supporting overall Non-NII

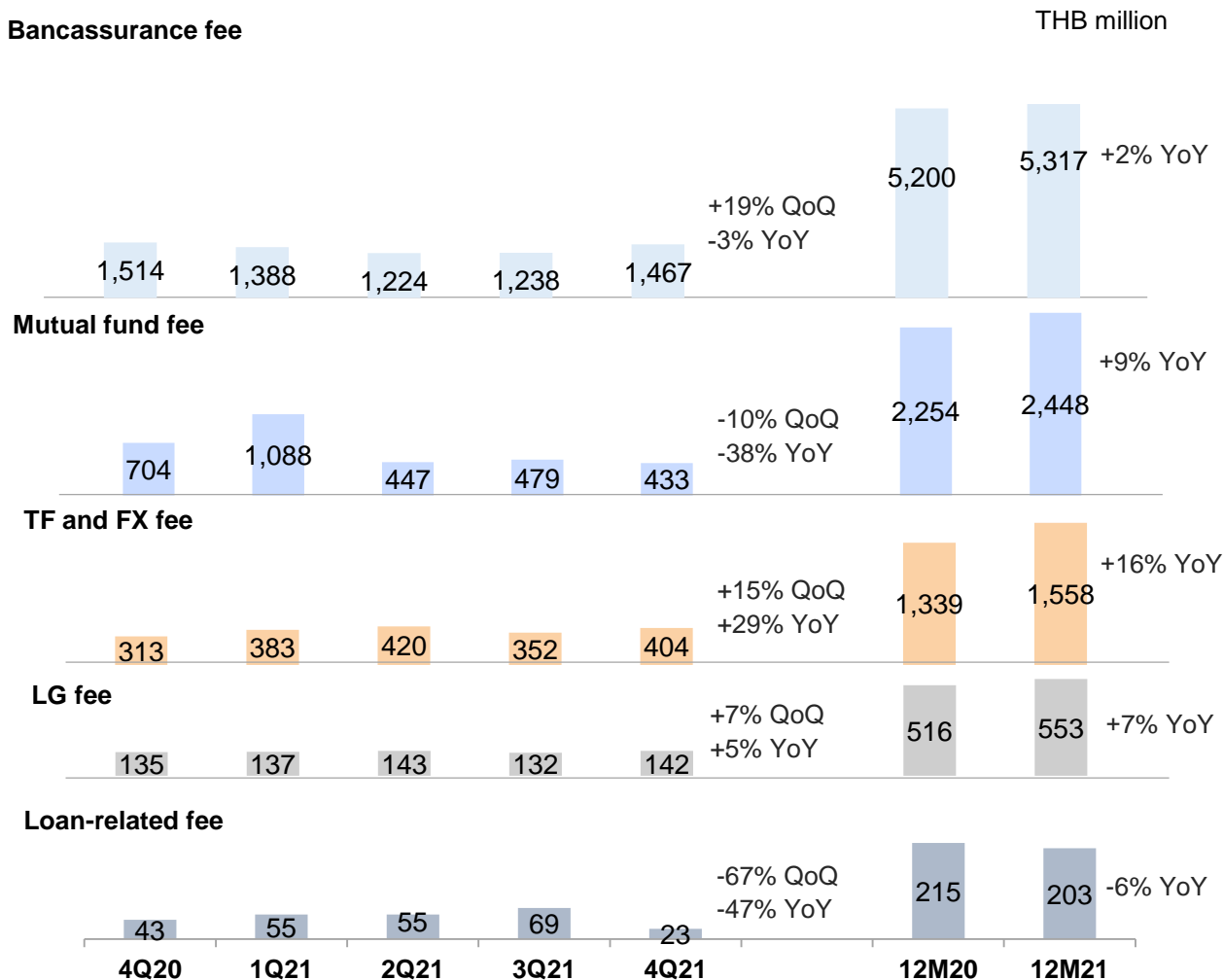


- Non-NII to avg. assets was at 0.82%, achieved lower bound of 2021 guidance.
- In 4Q21, TTB aligned TBANK’s financial statement presentation for bancassurance incentive to be the same. This item will be reclassified from “fee expense” to “HR expense”. Hence, net fee income increased and HR expense increase from this accounting choice effective in this quarter.
- Overall, Non-NII was under pressure due to a slowdown in Thailand’s business and household activities throughout the year, resulted in declining Non-NII by -6% YoY.
 - 4Q21 net fee and service income rose QoQ, boosted by retail fees, which driven by ATM card fee, credit card fee, auto-bancassurance fee in line with an increase in HP loan new booking during the quarter.

Fee gaining positive momentum with higher revenue contribution from auto-bancassurance, following economic recovery in 4Q21



Breakdown Strategic Non-NII Products



FY2021 net fee slightly dropped by -1% YoY. The drop was due mainly to non-recurring fee income while key Non-NII revenue started to recover YoY. The details were as follows;

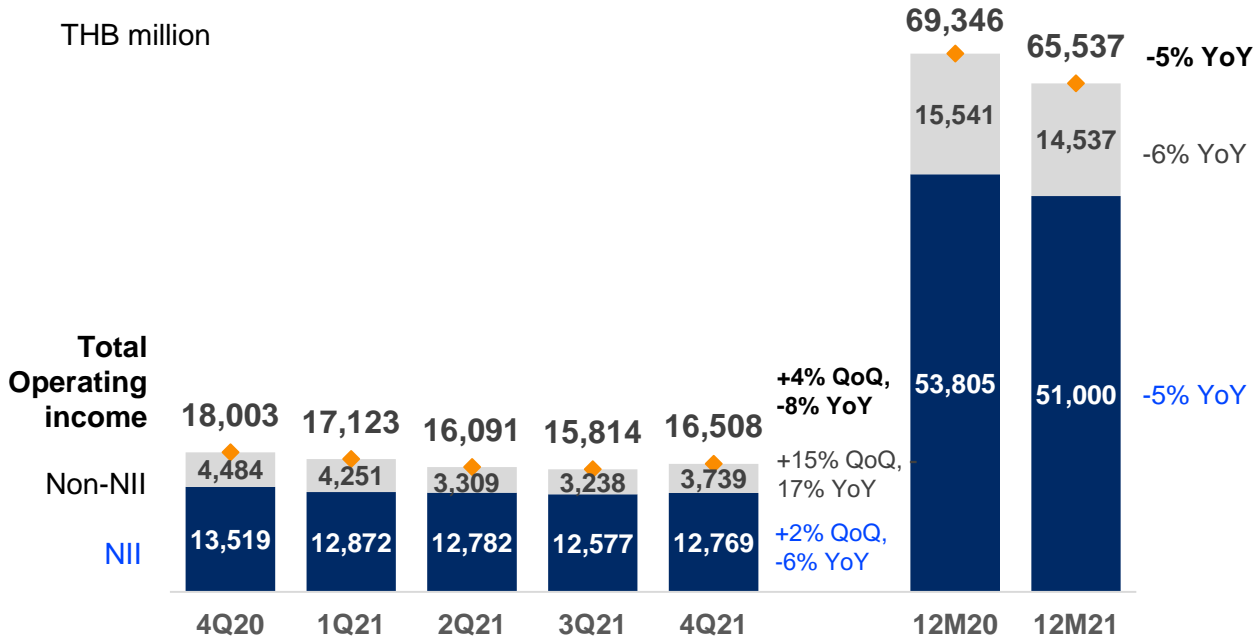
- **Commercial fees:** The increase was due to;
 - Higher fees on the back of TF & FX +16%, LG +5%. Loan related fee however dropped -6% YoY as a result of quality loan growth strategy.
- **Retail fees:** key fee products was in positive trajectory despite the impact from the pandemic and volatility in the capital market.
 - Wealth management fee +9% YoY on the back of positive market momentum at the beginning of 2021 (high fee sale volume in 1st quarter).
 - Bancassurance fee +2%, driven by resuming growth in auto BA in line with HP new booking during 4Q21 (auto BA fee +9% YoY), while non-auto BA was slowdown YoY.
 - The Bank continues strategic focus on enhancing BA fee product thru bento concept (The treasure 88/8 with credit card reserve position/ Promotion TD 2.5% bundle with Happy life protect 99/10) to sustain fee over the long run.

Reduction in recurring expenses, helping self-funded integration cost



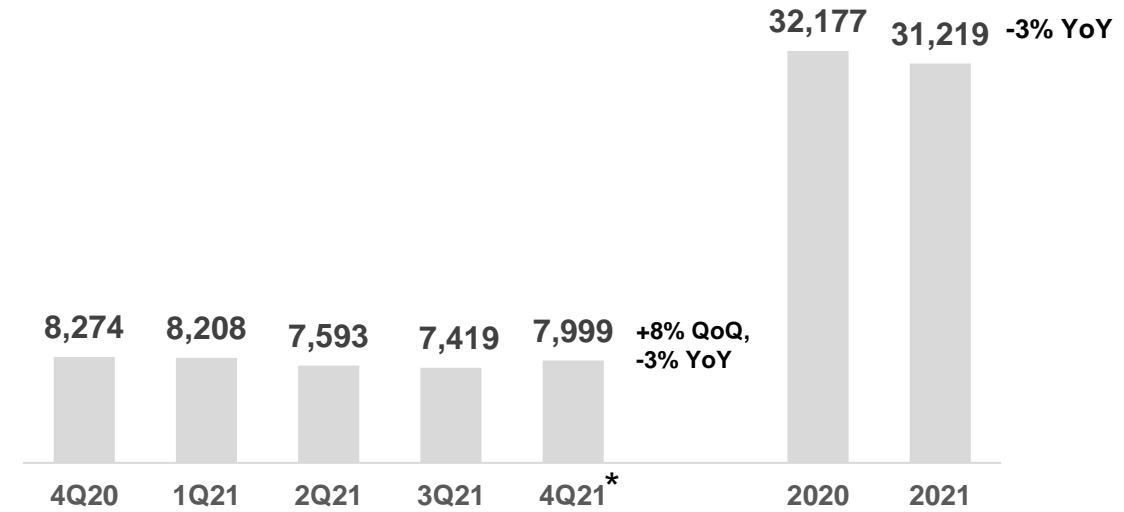
Total Operating Income

THB million



Total Operating Expense

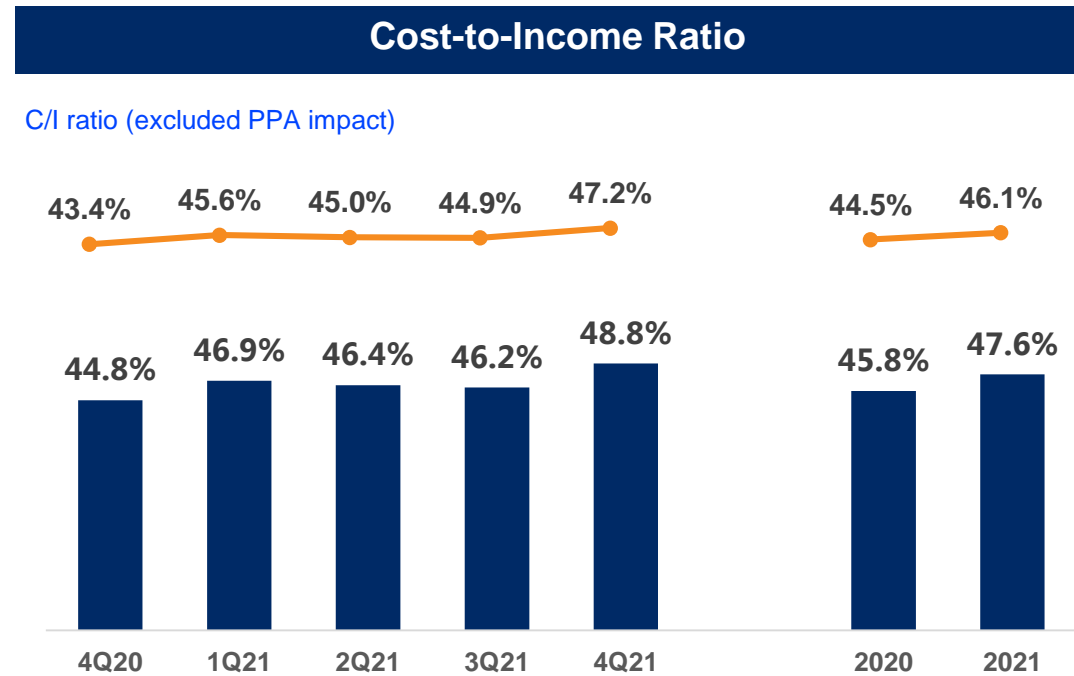
THB million



- Overall, core revenue was impacted from economic slowdown from the pandemic. Total revenue was down by -5% YoY and recorded at THB 65.5 bn.
- Recurring expenses declined from cost-saving initiatives after merger. OPEX recorded at THB 31.2 bn, down by -3% YoY despite one-time integration cost.
- In 2021, there were one-time integration expenses and voluntary retirement package, but overall OPEX was well-contained by cost saving synergy.
 - Bank Headcount went down further to 15,102 personnel (-4.3K after merger), resulting from the Bank's effort to execute merged bank synergies.
 - Branch rationalization continues as plan with total numbers at 636 branches (-16 branches QoQ and -97 branches YoY).
- Uptick in OPEX during 4Q21 was mainly due to marketing expenses and remaining integration expenses (IT asset write-off and subrogation).

Note: * For comparative purposes, previous period figures were reclassified in the presentation for BA fee expense reclassification – refer to page 16

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



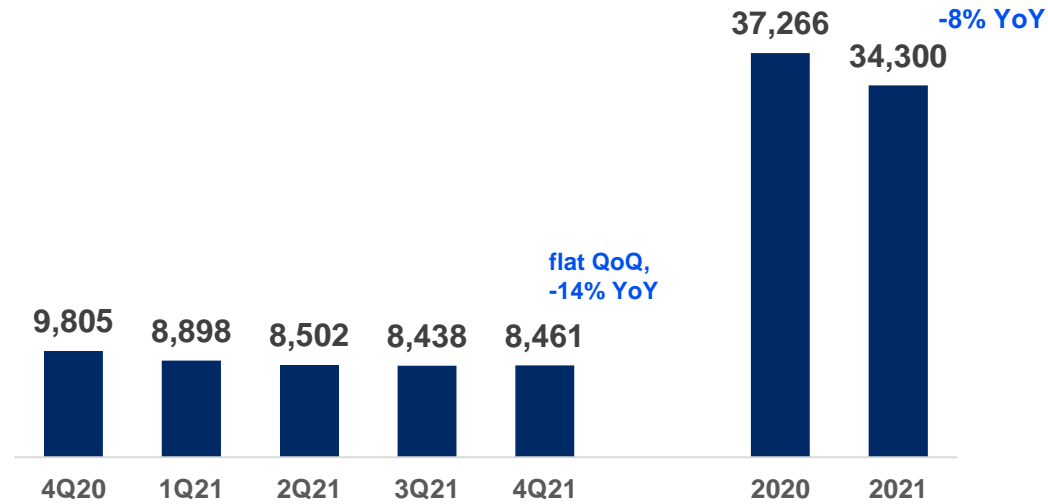
- With the pressure on income affected from Covid-19, C/I ratio was at 47.6% with the effort in accelerating cost saving synergies to self-fund integration expenses. If excluded PPA impact, cost to income ratio would have been at 46%.
- Due to accounting reclassification in 4Q21, TTB aligned financial statement presentation for bancassurance incentive to reflect nature of transaction. This item will be reclassified from “fee expense” to “HR expense”. If exclude reclassification effect, C/I ratio would be at 48.04% in 4Q21 and 46.9% in 2021.

Pre-provision profit reflecting our prudent business direction



Pre-Provision Operating Profit (PPOP)

THB million



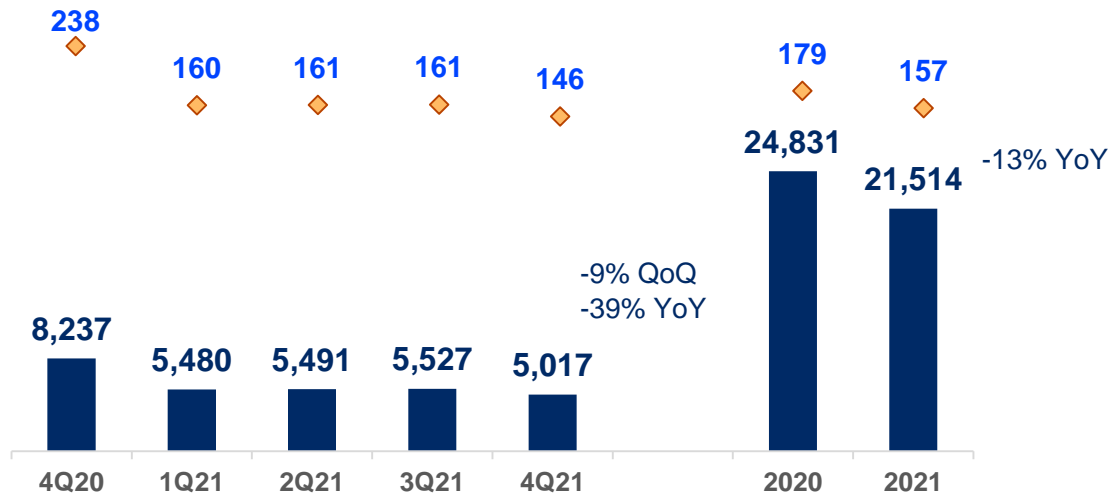
- As a result of our prudent business direction during fragile economic recovery from Covid-19, PPOP was THB 34,300 mn, -8% YoY.

Manageable asset-quality risks with prudent risk management result in lower in provisioning



ECL & Credit Cost

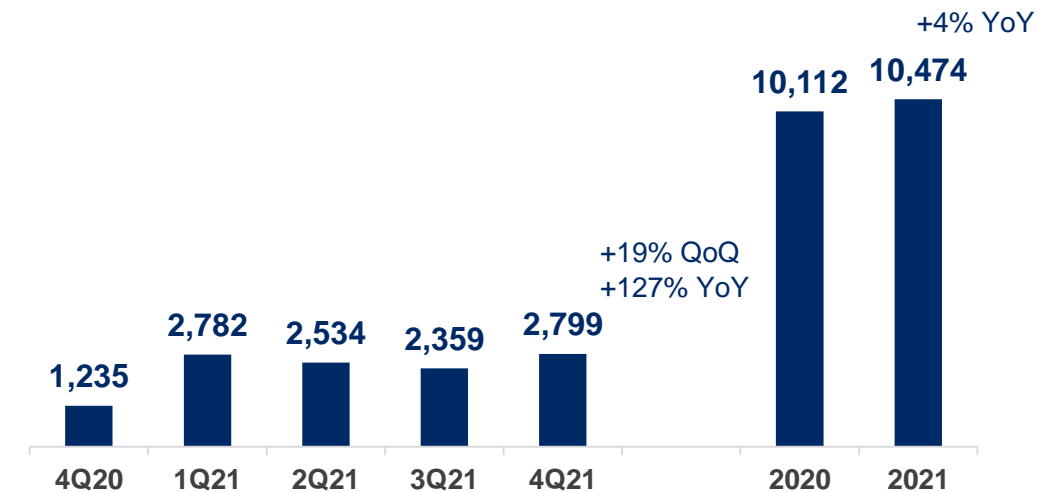
Expected credit loss (ECL) (THB million)
Annualized credit cost (bps)



- Asset quality was well-managed in 2021. Stage 3 ratio was below the guidance (Not exceeding 3.6%) and recorded at 2.81%.
- With that, risk cost ended at 157 bps, slightly lower than 2021 target range. This level of ECL was prudent and included forward-looking approach and the preparation for Covid-19 reserve for unforeseen circumstance.
- Provisioning is expected to remained at elevated level in 2022 but lower compared to the previous year. This is the Bank's direction to be prudent amid Covid-19 uncertainty.

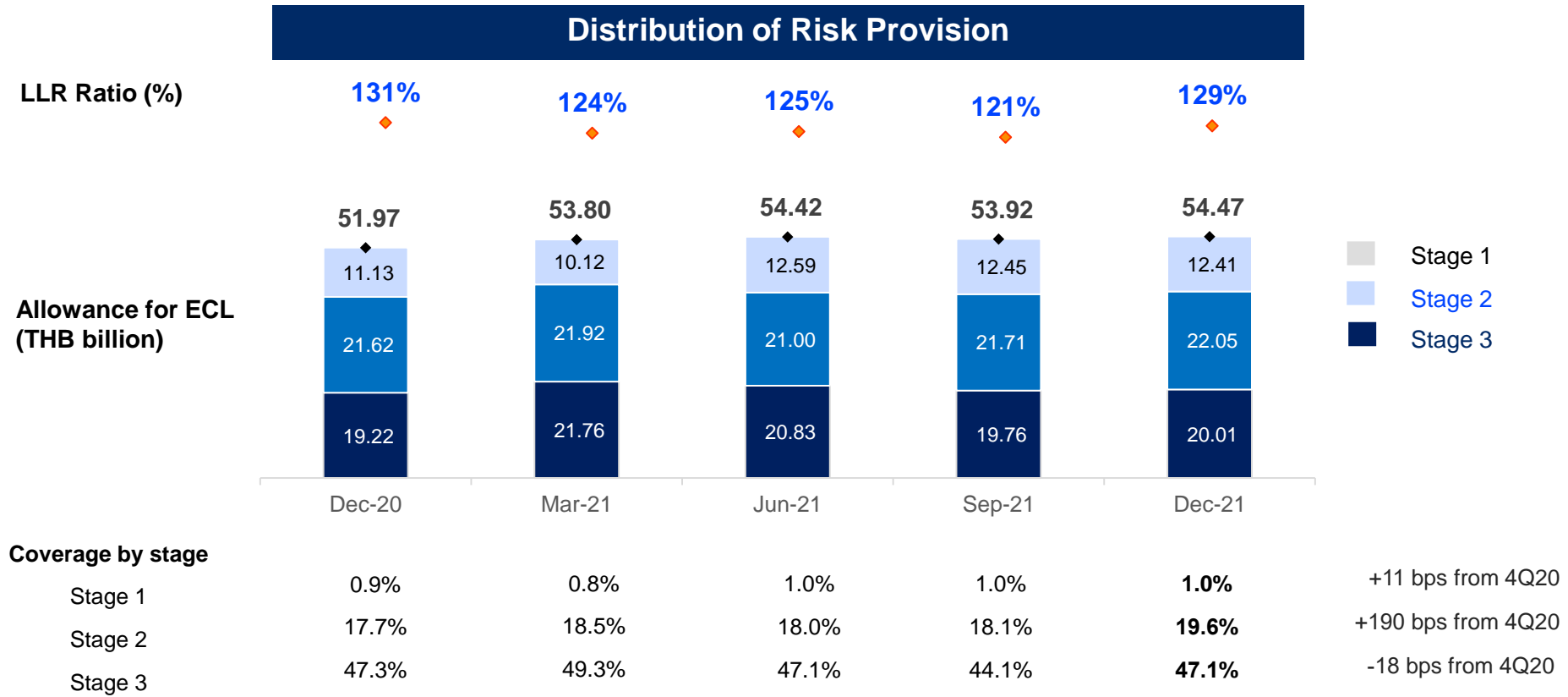
Net Profit

THB million



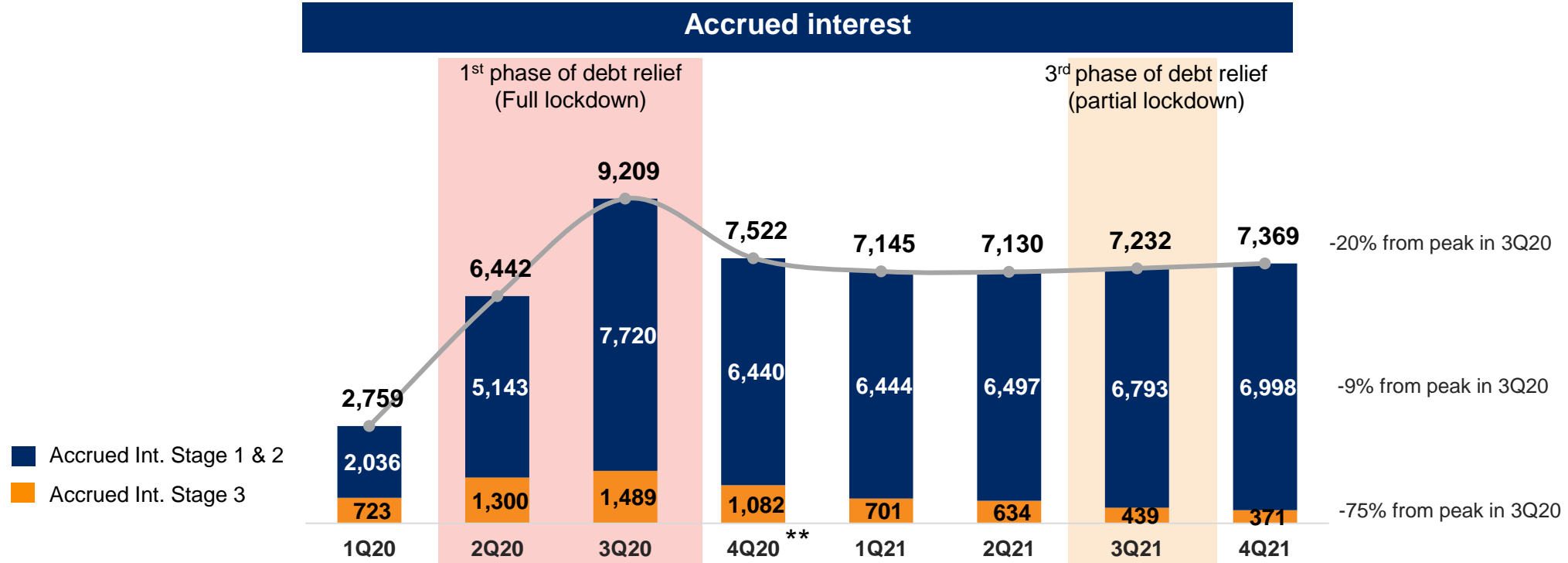
- As a result of stabilized PPOP and risk management, net profit increased by 4% YoY.
- Net profit in 4Q21 up by +19% QoQ due mainly to reduction in ECL and improving in core revenues. The YoY increase +127% was from lower in ECL as in 2H20, TTB had set aside ECL as a preparation ahead of 2021.

Improving LLR Coverage by stage



- TTB remains prudent in asset quality management. We continue to prudently manage and de-risk weak loans in both stage 2 and stage 3.
- Through the year, the Bank was strategically slowdown NPL sales to preserve NPL value. However, situation in 4Q21 was better-than-expected and we sold THB 3.4 mn in NPLs plus written off another THB 3.0 mn.
- Allowance coverage as of Dec-21 increased to THB 54.5 bn.
- Overall, the LLR by stage increased across all stages when compared to pre Covid-19, reflecting the Bank's tightening ECL model and prudent risk management.

Accrued interest reflecting conservative approach



- Given the current unfavorable economic conditions, the Bank took conservative approach in revenue recognition for accrued interest treatment during the pandemic.
 - Since 1Q21, stage 3* accrued interest has been provisioning at full-amount to preemptively limit future downside risk. We believe this will help improve quality of balance sheets and mitigate the risk of overstated net interest income.
- Overall, total accrued interest uptick QoQ was mainly due to 2-month skip payment from BoT's 3rd phase but the trend dropped from the peak in 3Q20 after customers exit 1st phase of relief scheme.

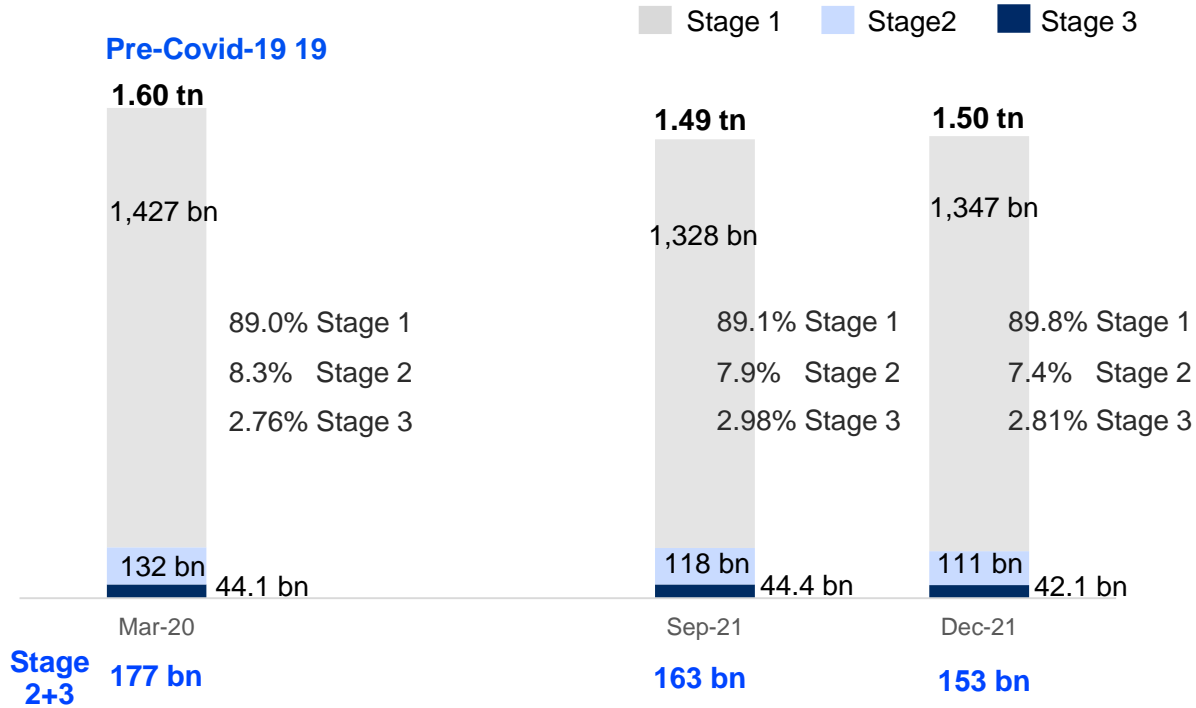
Remark : *Stage 3 originated in 2021

: **4Q20 accrued interest was restated and presented net from allowances for expected credit loss to be comparable with 2021

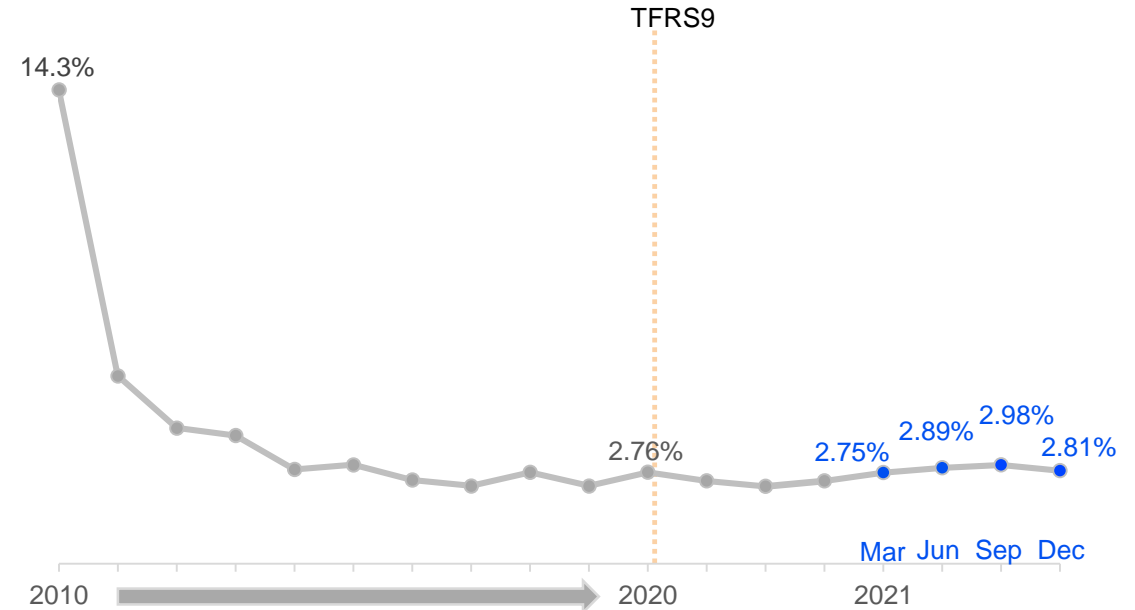
Prudent actions to strengthen portfolio quality



Loan Classification (%)



NPL Ratio/ Stage 3

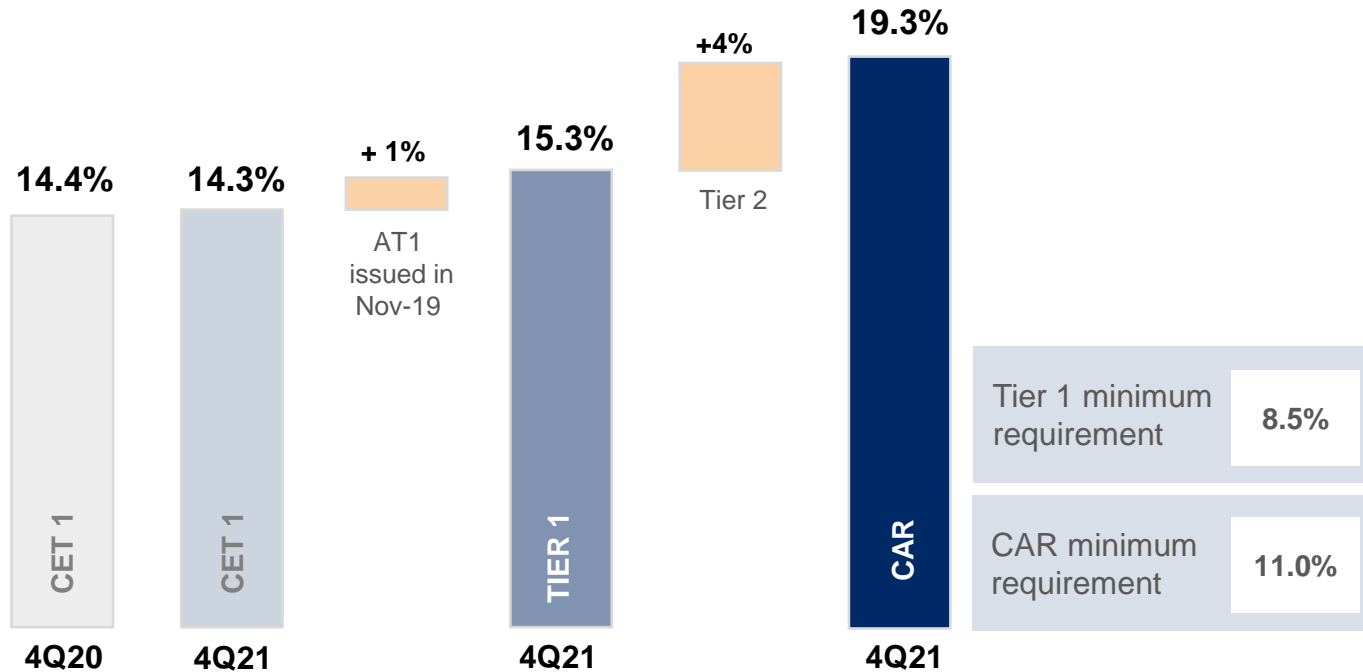


- After the 1st wave of Covid-19 in 2020, TTB proactively resolved NPLs to clear up headroom ahead of 2021. We have also continued to de-risk weak loans in stage 2 to improve portfolio quality. We will continue to do so in 2022 under a prolonged Covid-19 situation.
- As a result of our prudent approach, stage 2 dropped to THB 111 bn or 7.4% of total loans as of Dec-21, compared to THB 132 bn or 8.3% as of Mar-20, a pre-Covid level.
- Stage 3 loan dropped QoQ to THB 42.1 bn as we could accelerate NPL sales better than planned. However, as TTB continued to de-risk weak loans while selectively grew new loan, total loans base dropped when compared to Mar-20. With that, % stage 3 to total loan as of Dec-21 came out at 2.81% higher than 2.76% as of Mar-21.

Reinforce capital position with wider buffer over requirements



Solid Capital with ample buffer over requirement



- 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.
 - If roll in 1H21 profit, total Tier1 would be at 15.6%.

CET1 THB 166 bn	THB 176 bn
TIER1 THB 178 bn	THB 188 bn
RWA THB 1,217 bn	THB 1,228 bn

Note: *prelim data for 4Q21

2021 highlights & relief program update

4Q21/FY2021 performance

Strategic roadmap

2022 guidance

Our transformative journey towards the recommended bank of choice by our customers

- Covid-19 / debt relief
- Integration
- Business transformation

The recommended bank of choice by our customers

Dec 2019: Merger transaction closing

2020

- ✔ Supported our customers thru Covid-19 pandemics while monitoring portfolio health
- ✔ Merged the two businesses
- ✔ Harmonized two corp. cultures
- ✔ Captured synergy quick wins (e.g., cost and balance sheet)

Jul 2021: becoming one legal entity thru EBT

2021

- ✔ Continue to support our customers in need of help
- ✔ Proactively manage flow to NPL and enhance recovery from stage 2/3
- ✔ Launch rebrand
- ✔ Complete EBT steps
- ✔ Revamp existing digital platform
- ✔ Double down on capturing short/medium term synergies (e.g., cross-selling)

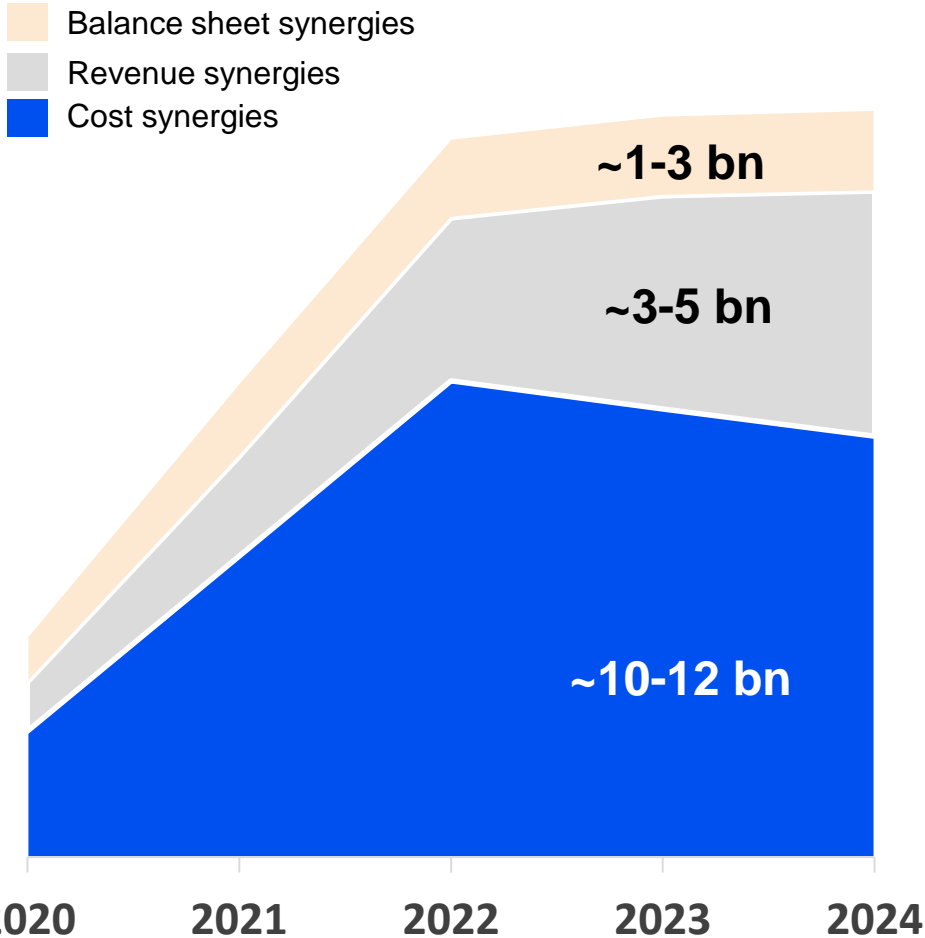
2022-23

- I Maximize the potential of the merged bank's 10mn customers and capture synergy thru financial well-being proposition via our flagship products
- II Become top tier digital platform and fully under 'Digital first' operating model
 - Sharper proposition addressing banking and beyond banking needs
 - Higher agility and leaner cost base with modernized tech
- III Revamp group structure to unlock value and optimize return

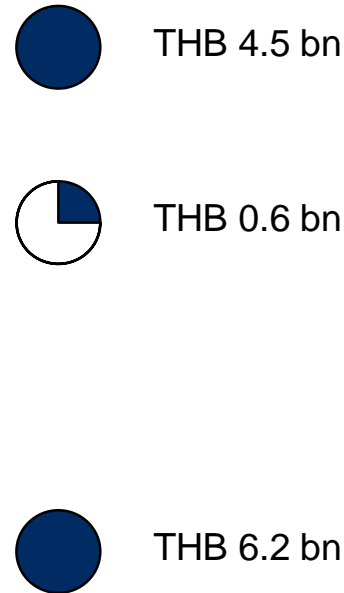
Balance sheet and cost synergies already ahead of plan while revenue synergies expected to pick up in momentum in 2022

5-year synergy value

(shared to investors on 24 Jan 2020)

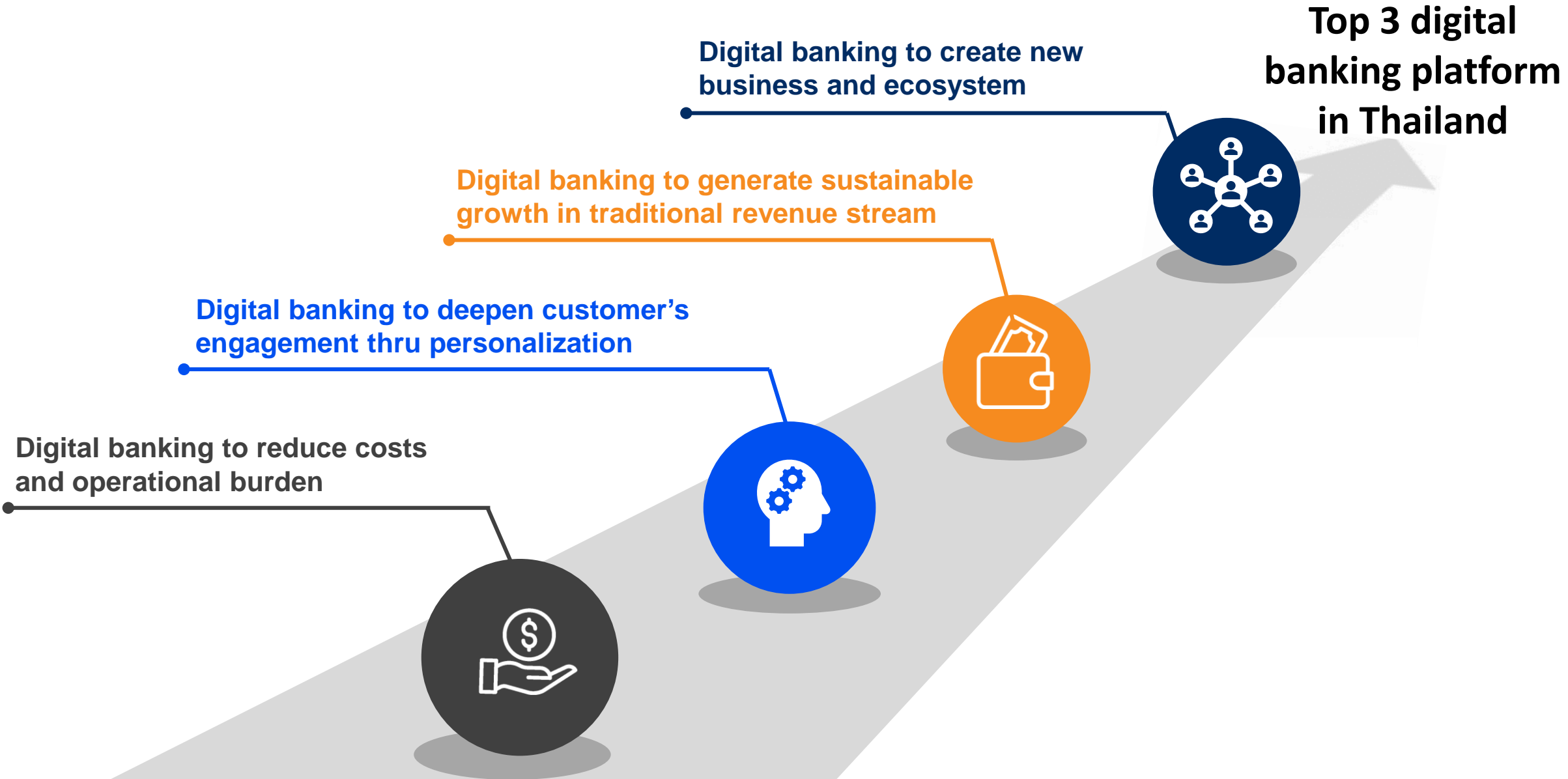


Progress-to-date (accumulated)



- Balance sheet optimization strategy achieved and continue as shown in decline in COD**
 - COD declines from 1.06% in 1Q20 to 0.52% in 4Q21 (vs. -43bps of the industry^{1/}) resulting from high-cost deposit replacement
- Revenue synergy start to kick-in and to be further realized**
 - ~60% achievement against to-date target
 - Realization delayed from covid-19 impact especially social distancing measure
- Cost synergy captured faster than plan through on-going branch optimization, headcount rationalization, and marketing synergy**
 - 259 branches closed
 - 4.3k staff reduction and redeployed
 - 1.6x marketing cost saving

II Digitalization journey to operate under digital first operating model and to capture new revenue stream



BusinessOne and related opportunities from B2B or B2B2C play as showcase of our digital transformation effort in 2020-21

ttb business one

- **Internet banking platform** for corporate clients and SMEs providing seamless experience improving **customer's financial well-being** and **operational efficiency**



THE ASIAN BANKER®
THAILAND AWARDS 2021
 BEST DIGITAL TRANSFORMATION IMPLEMENTATION

Mitr Phol Farmer Solution

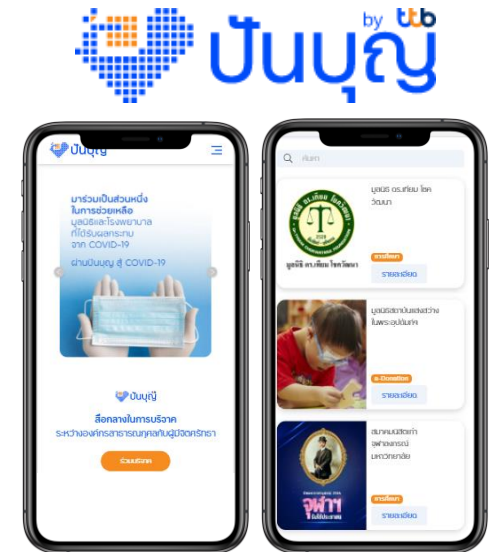
- **Supply chain financing solution** enabling farmer to access finance and fertilizer support
- >23,400 farmers with >18,000 transactions generated



Best Digital Financial Inclusion Project 2020

Punboon.org

- **Donation platform** to connect donor and foundations
- 178 foundations, >49,000 donors and >222k transactions to date



Most Innovative Emerging Digital Technologies Project 2019

II New ttb touch to be launched in Q1'21 to leapfrog our digital capabilities for better experience and customer engagement

ttb touch ใหม่! เปลี่ยนไปแล้ว และเปลี่ยนให้ชีวิตคุณดีขึ้นอย่างไรได้บ้าง



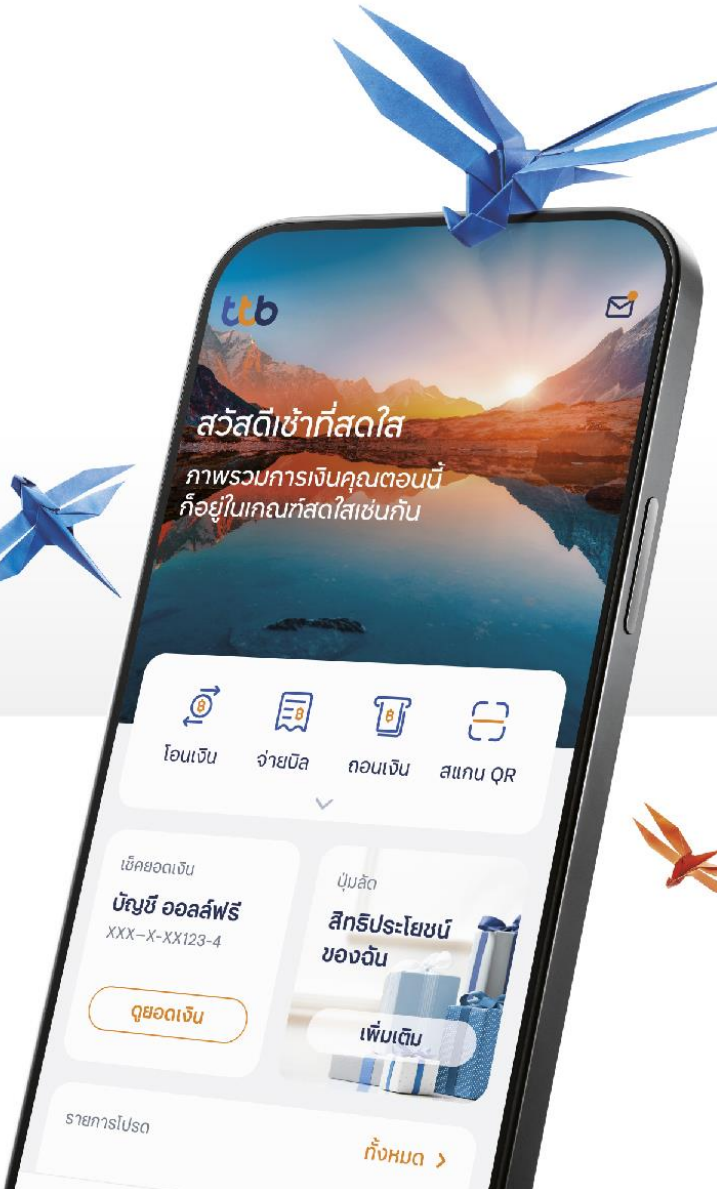
เหมือนมี ผู้ช่วยส่วนตัว ให้คุณไม่พลาด ในทุกธุรกรรมสำคัญ ด้วย AI ที่ช่วยจดจำ เติมนการจัดการ การเงินของคุณแบบ personalize

จัดการทุกเรื่องสำคัญ ได้ครบจบในที่เดียว บนแอป ttb touch ตั้งแต่ สมัคร ชำระ ติดตามผล หรือ สถานะ

สะดวกเหมือนไปสาขา เพราะ ttb touch แทบจะยกทุกอย่างจากสาขา มาอยู่ในนี้ให้แล้ว แม้แต่การ ขอเอกสารที่เมื่อก่อน ต้องขอที่สาขา ก็สามารถขอจากแอปได้เลย

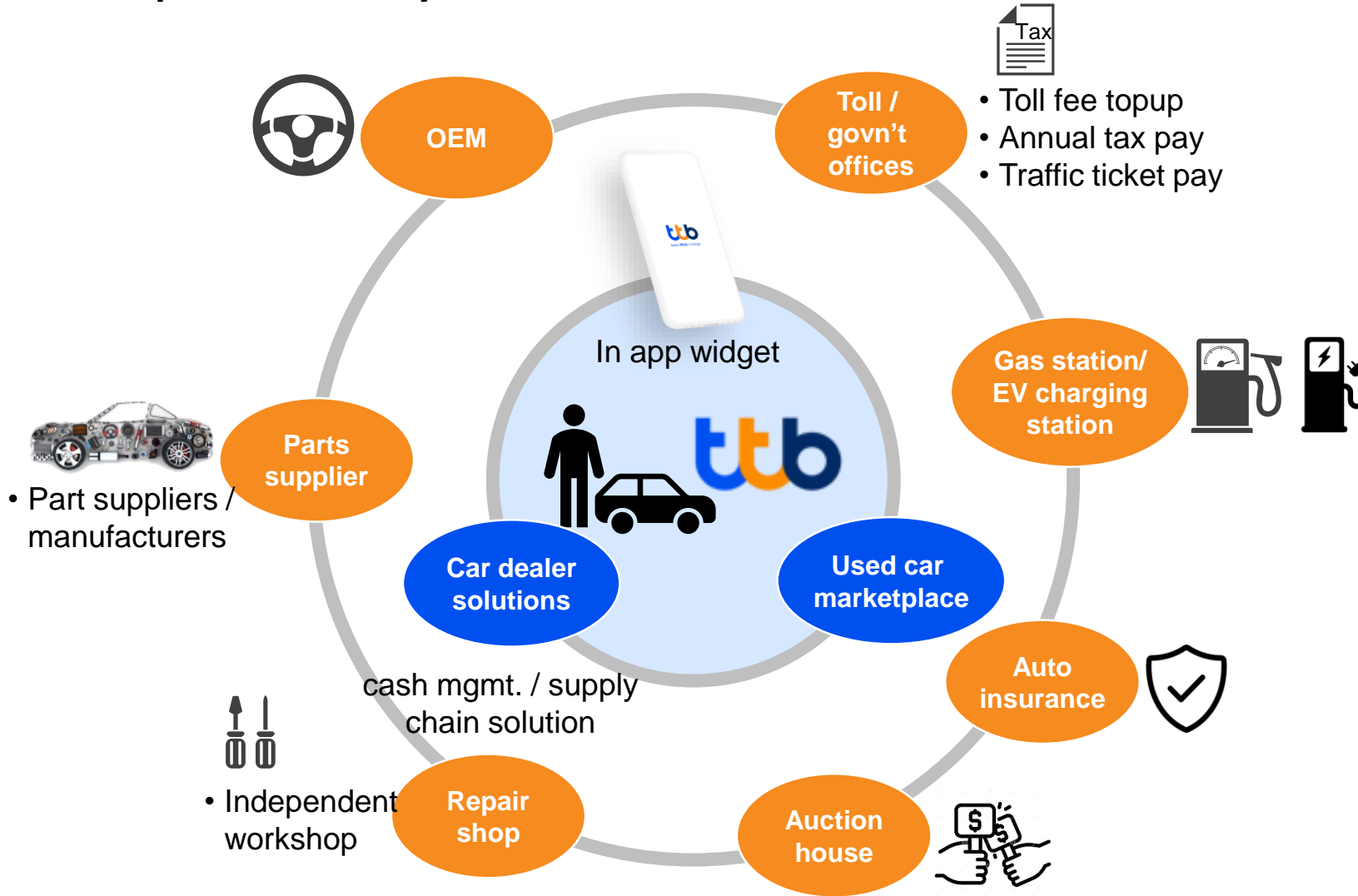
รวมทุก Benefits & Rewards เอาไว้ให้คุณ ในที่เดียวกัน และ Personalize สำหรับคุณโดยเฉพาะ

เตรียมพร้อมเป็นส่วนหนึ่งของการเปลี่ยนแปลงครั้งใหม่ เร็ว ๆ นี้



II Ecosystem play to engage customers beyond banking needs

Example: Auto ecosystem



In app widget

- To address financial and non-financial needs related to car ownership e.g., toll-free topup, traffic ticket pay, car insurance search/apply/reminder, promotions from gas station and repair shop, buy/sell new car, car financing

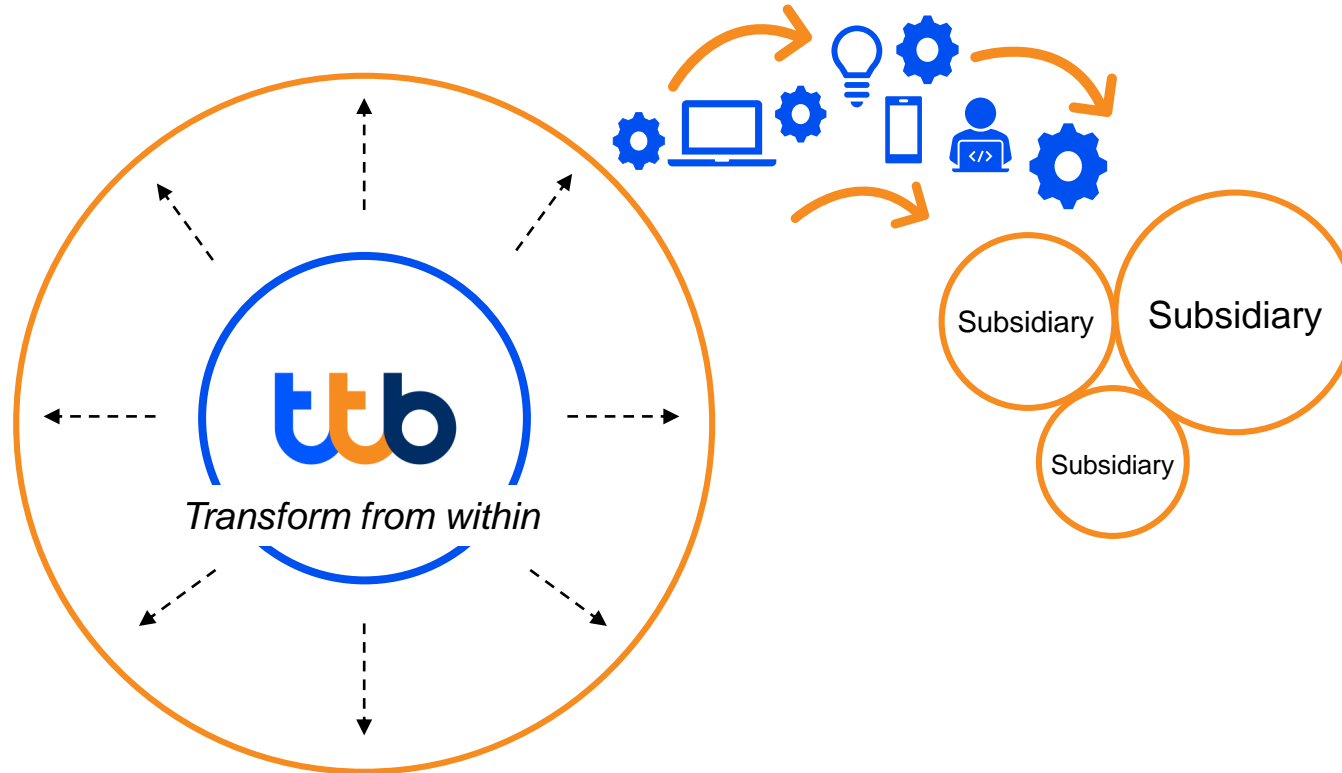
Used car marketplace

- Platform for used car market (buy/sell) including service from auction house

Car dealer solution

- Financial solution for OEM, car dealers, part suppliers, etc.

II Digital transformation from within will create greater impacts than building new digital capabilities at subsidiaries



Key principles



Medium-sized bank mentality with conviction that we can still transform within



End-to-end agile way-of-work with cross functional squads among business, digital and IT to **break siloes and unlock value**



Digital capability to be **extended to subsidiaries** to ensure economy of scale and time to market

ttb spark as new internet unit to ramp up digital resources and ensure focus and discipline on new business development



Spark New Possibilities
จุดไอเดีย ... ให้ทุกสิ่งเป็นจริงได้

Digital hub deliberate to make real change to our customers through digital technology and creative ideas

Focus on agile way of work in developing solutions, services, and innovations in response to rapid change aiming to improve financial well-being

250-300 staffs ramp up in 2022

Organizational setup and nature of work

Traditional banking

- Digital as capabilities embedded in business functions
- Related units have high control over respective areas of the digital channel with blurring line btw. channel and product development with central platform team to ensure governance & consistency

Beyond banking

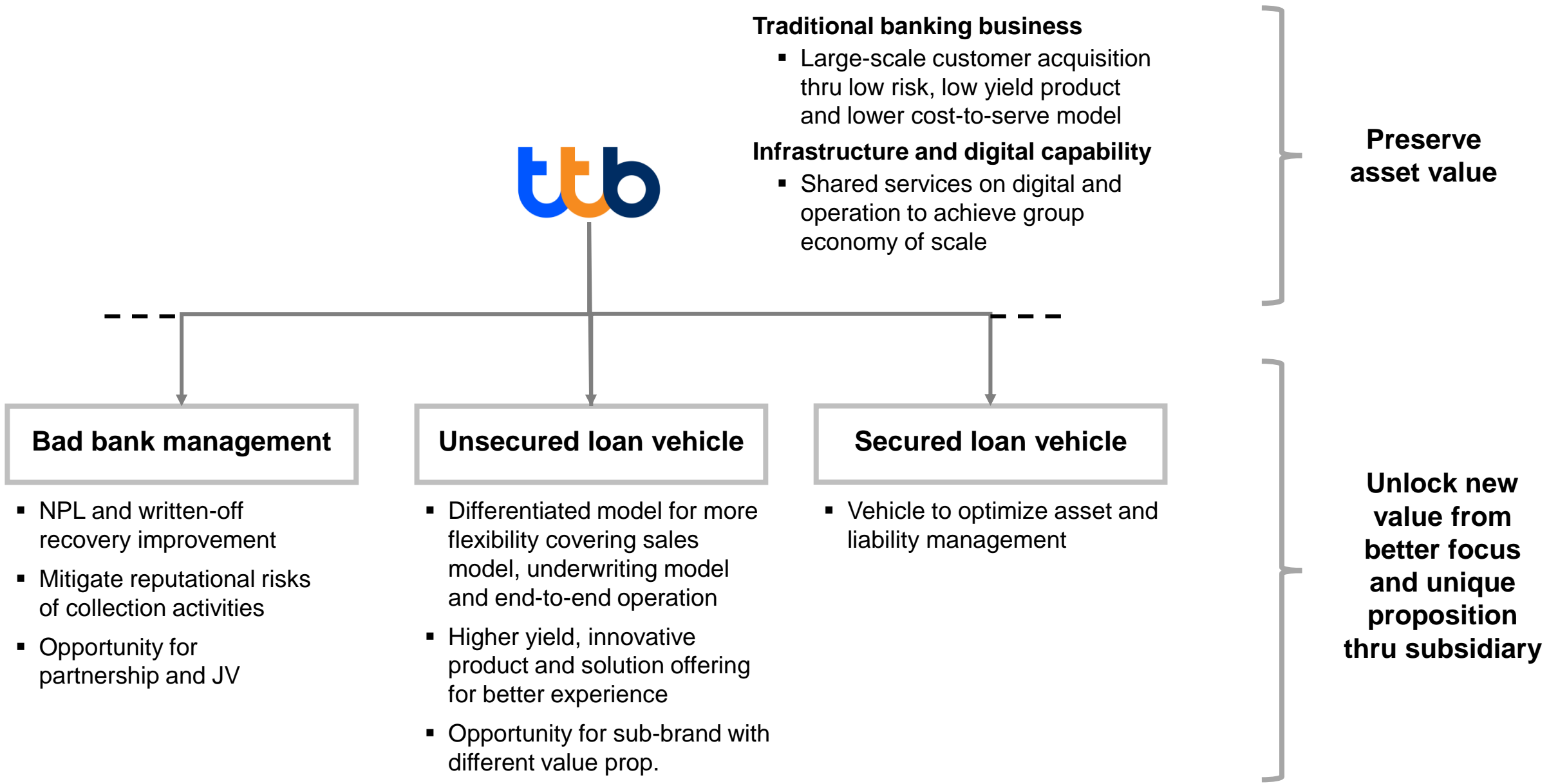
- Do or die mission by dedicated internal startup team with end-to-end capabilities to execute the mandate
- Drive from seed stage to subsequent scale up (and potential spin off / IPO)

Source of execution capacity

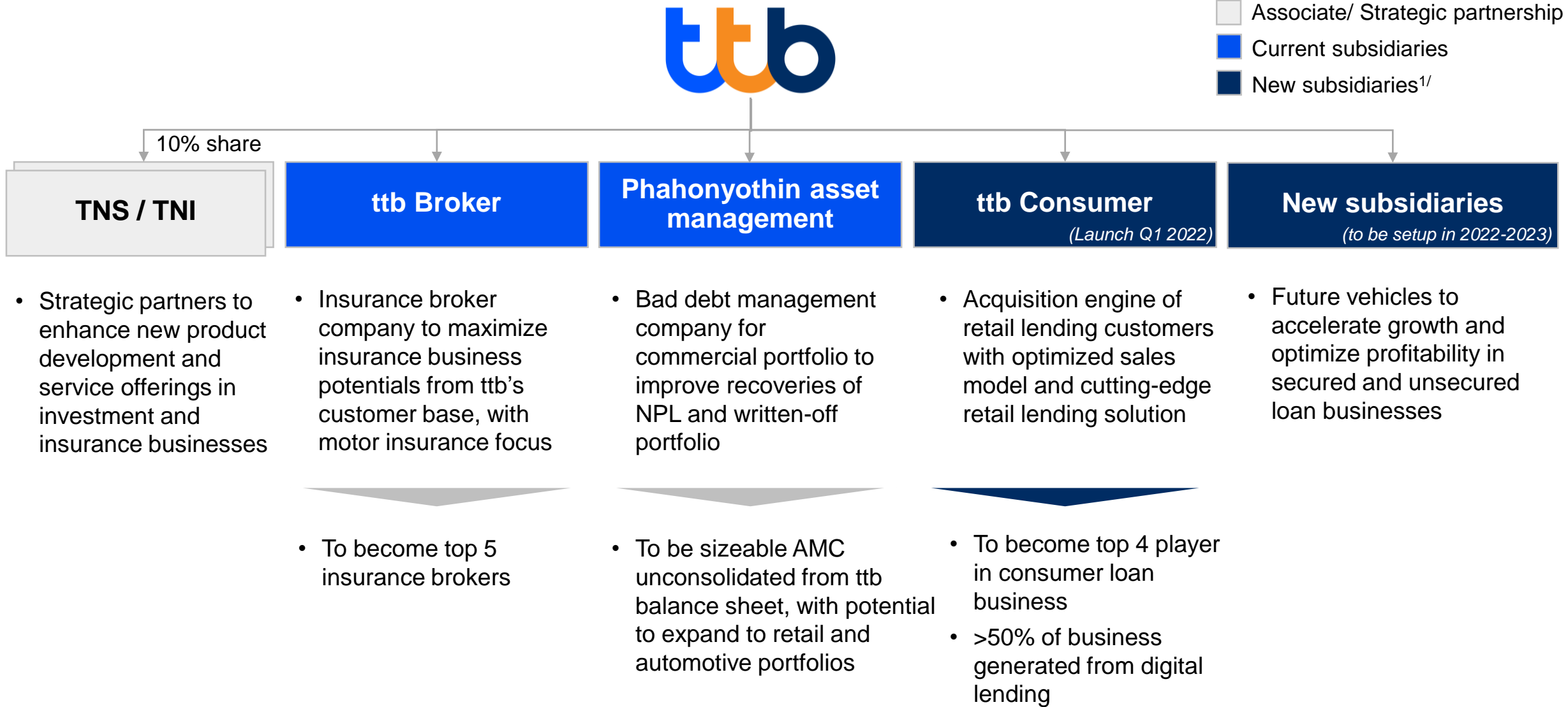


Internal team with occasional leverage of 3rd party to accommodate peak load or to tap onto skillsets not yet available internally

Core business enhancement from group restructuring



ttb Consumer to be set up in Q1 2022 with potentially more subsidiaries in pipeline to enhance core business and unlock new value



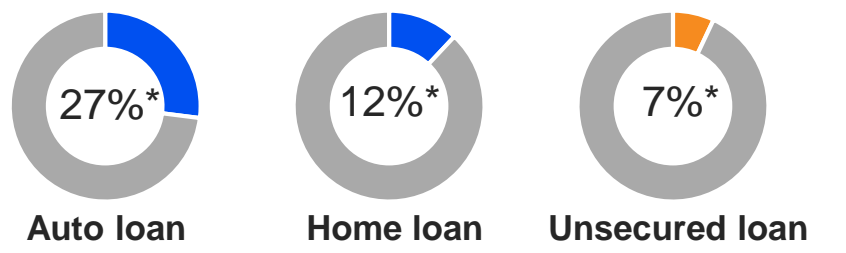
^{1/} new subsidiaries setup will be subject to BOT and related regulatory approvals

ttb Consumer: Acquisition engine for consumer loans with cutting-edge solutions thru digital and data analytics



Rationale

- **Headroom for growth in unsecured loan business** further vs. well-performed secured loan business (over fair share)



- **Customers shifting towards digital channel** resulting in declining opportunities for in-branch sales conversion e.g., 4x growth in unsecured loan via digital

- **Strengthen day-1 acquisition engine** instead of cross-selling product at day later
 - Continued momentum after flagship product launched with good tractions



Aspiration / targets

- Top 4 consumer loan players
- >50% of business generated from digital lending

Business strategy



Dedicated salesforce with different operating model to acquire consumer loan customers



More **advance credit scoring model** and capabilities to incubate new credit products thru alternative scoring and data driven approach



Speed-up and unlock partnership strategy to build more ecosystem and deepen customer engagement




Update on ongoing sustainability initiatives





2021 Sustainability Highlights


2022 Plans


Business Sustainability

 > 23.7 mb of accident protection and life insurance claims for All Free customers


 > 1,076 mb Healthy Borrower Program


 234% increase in AUM of the new TSP since launched


 64% Transactional Net Promoter Score


 Integrating principles of responsible investment in business


Corporate Governance and Business Ethics

 #1 in Fair Finance Thailand for 3 consecutive years


 Improve performance in BOT's market conduct assessment


 100% of 3rd party data processors signed PDPA and DPA


 0 case of significant data breach


 Update human rights risk assessment


Environmental Sustainability

 > 9.8 billion baht green loan outstanding


 > 3.7 million tCO2 saved per year from renewable energy lending

 > 1,900 MW renewable energy lending


 Issue 2nd green bond


 Increase green loan portfolio

Social Sustainability

 228 mb positive social impact loan

 > 20,000 people participated in financial literacy program

 53 mb CSR contribution

 Increase positive social impact loan

2021 highlights & relief program update

4Q21/FY2021 performance

Strategic roadmap

2022 guidance

2022 performance guidance



Operating performance

Loan Growth	Approx. +2%	<ul style="list-style-type: none"> Remain conservative in resuming loan growth. By leveraging digital capability, the Bank targets to maintain a leading position in retail space with key focus on auto loan and mortgage lending. We will also enhance yields in selected areas of high risk-adjusted return portfolio, namely, credit card, CYC and unsecured loan. With recent Covid-19 resurgence, economic recovery is unlikely to come back fast to a pre-Covid strength. The Bank, therefore, will continue to be conservative and to de-risk weak loans to ensure the quality of our balance sheets.
Deposit Growth	Approx. +3%	<ul style="list-style-type: none"> Maintain our strong retail deposit franchise in the market with the focus on offering deposit products as part of investment solution to customers. This is to optimize profitability margin and ensure quality of ALM (maturity matching).
NIM <small>(2.97%, excluded PPA 3.06% in 2021)</small>	Stable	<ul style="list-style-type: none"> NIM in 2022 is expected to remain relatively stable from 2021. Growing high yield portfolio will help stabilize NII and NIM.
Non-NII/ Total assets	0.80%-0.90%	<ul style="list-style-type: none"> Capture potential cross-selling opportunity from Merged Bank's customer base with key strategic products including BA, MF and Credit card. Commercial fees would come from converting acquired loans to fee income to improve fee-to-assets.
C/I Ratio <small>(47.6%, excluded PPA 46.1% in 2021)</small>	45%-47%	<ul style="list-style-type: none"> Cost synergies over the past 2 years were captured faster than plan. In 2022, the Bank will continue to focus on efficiency improvement and digital transformation. With loan expansion and increase in business volume, OPEX will increase. However, C/I is expected to remain at 45%-47% due mainly to digital investment. Our plan is to achieve C/I ratio at low 40% in the next 5 year.

Asset quality

% Stage3 <small>(2.81% in 2021)</small>	≤ 3.2%	<ul style="list-style-type: none"> As the economy struggles to shake off the pandemic effects, recovery continues but is uneven as Thailand is now facing with Omicron resurgence. With this outlook, the Bank will maintain vigilant on asset quality.
Credit Cost <small>(157 bps in 2021)</small>	140-160 bps	<ul style="list-style-type: none"> As we will resume loan growth together with the view of NPL risk once customers exit relief program in 2022, stage 3 ratio higher bound is expected at 3.2% which implies credit cost level at 140 bps -160 bps. In our view, LLR at the level of 120-130% is sufficient and prudence based on our portfolio nature of retail secured-lending base.

Appendix:

ttb's Sustainability

We strive to integrate sustainability into our business and to ensure that our strategic objectives do not only fulfil short-term goals, but also contribute to long-term sustainable growth.



As we go forward on the path of sustainable banking and become the recommended bank of choice, it is imperative for us to always strive to deliver the best-deal personalized solutions relevant to customers' life stage or event to uplift the customers' financial well-being and ultimately become their trusted advisor.

Customers' Financial Well-being



Mindful Spending & Maximizing Savings

Saving

- Continuous growth in All Free where All Free balance grew by 39% and number of accounts grew by 50% (included TBank migration)



Healthy Borrowing

Healthy Borrower Program

- 1,076 mb outstanding amount where bank offers incentive when borrowers display good repayment behavior
- > 750,000 customers in debt relief program, a dedicated program to assist customers financially impacted by Covid-19



Investing for Future

TSP – ttb smart port

- Inclusive investment – minimum only 1 baht to invest
- 1,512% increase in new TSP DCA volume setup in 2021 from 2020
- 234% increase in AUM of the new TSP in 2021 from 2020



Sufficient Protection

Social benefits from All Free

- > 23.7 mb medical and life insurance claims for customers with All Free accounts

Our governance is based on policies and practices that ensure accountability, fairness and transparency. With good corporate governance, risk management and internal control, the Bank is more resilient and prepared for new challenges. It allows the Bank to operate effectively and sustainably.

Corporate Governance



Accountability

- IOD's CGR score improved from 92 to 94 in 2021



Board diversity

- New addition of 1 female board member, total 2 females out of 14 (14.3%)

Business Ethics & Market Conduct



Market conduct

- Established a dedicated function to conduct root cause analysis regarding market conduct complaints, breaches, etc.
- Market conduct is one of bank's key priorities with tone from the top (BOD) and executives. Board reviews monthly report of market conduct performance.
- Improve performance in BOT's market conduct assessment



Training

- All employees completed market conduct, code of conduct and anti-corruption training

Cybersecurity and Data Privacy



Cybersecurity

- Zero significant data breach case
- All employees completed Cybersecurity Risk Awareness



Data privacy

- 100% of 3rd party data processors signed PDPA and DPA
- All employees completed PDPA training

We promote responsible and sustainable financing by assessing clients' long-term environmental, social and governance impacts. At the same time, we manage our direct environmental footprints to improve operational and resource efficiency.

Responsible Lending



Long-term commitment

- The bank will not finance any new coal-fired power plant projects
- The bank will exit from the tobacco industry by 2023*



Exclusion List

- 27 business activities



E&S risk screening

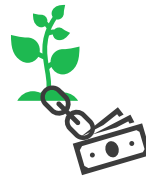
- 100% of commercial lending is in line with ESR policy

Sustainable Finance



Green loan

- 2,309 mb green loan setup
- > 3.75 million tCO2 saving/yr
- Expanded green loan definition from 2 to 7 categories



Sustainability-linked loan

- Client's green cane improved from 50.35% in 2020 to 73.58% in 2021
- 50 mb green cane loan in 2021, accumulated for >200 mb since 2019



ESG funds

- Offering 5 ESG funds



Green bond

- Established ttb Green Bond Framework in lining with ICMA GBP with SPO

Our Environmental Impacts



Electricity consumption

- Electricity intensity reduced by 36%



Water consumption

- Water intensity reduced by 40%

We embrace the diversity of workforce and build the skills and capability of our workforce. Also, we contribute to the sustainable development of youth and community and promote financial inclusion and literacy for those financially vulnerable to have a life-long financial well-being.

Our People



Growth and development

- All employees completed mandatory training



Innovation driven workforce

- 32 projects from 296 employees participated in ttb awards 2021 contest: financial well-being and digital enabled categories



Engaged workforce

- Promoting ICARE culture
- Group-wide employee engagement survey

Financial Inclusion & Literacy



Positive social impact loan

- 228 mb to 56 SMEs for medical services and hospitals, flood relief, and local entrepreneur businesses that promote community's identity



Financial literacy

- >20,000 individuals participated in financial literacy program
- Established platforms for Financial Literacy Program



CSR



fai-fah

- > 1,131 employee volunteers
- 6 fai-fah for communities projects
- > 2,000 people in communities and > 2,000 youths benefited from fai-fah program
- Total CSR contribution of 53 mb

Sustainability Ratings



1st place in Fair Finance Thailand ranking for three consecutive years



Excellent level in IOD's Corporate Governance Report of Thai Listed Companies (CGR)



Inclusion in Thailand Sustainability Investment (THSI) since 2018



Certified as a member of Collective Action Coalition Against Corruption (CAC) since 2014



FTSE4Good

Inclusion in FTSE4Good for 6 consecutive years since 2016

Recognition

- IAA Awards for Listed Companies 2020, BEST CEO 2020 Category by Investment Analysts Association
- Thailand Corporate Excellence Awards 2021 in the category of Financial Management Excellence by Thailand Management Association (TMA) and SASIN
- Best Digital Transformation Implementation in Thailand in Financial Technology & Innovation Awards in Thailand category from The Asian Banker Thailand Awards 2021
- BSA Building Safety Award 2021 by The Building Inspectors Association
- ASEAN Energy Awards 2021 by ASEAN Centre for Energy
- Thailand Energy Awards 2021 Excellence level in the Energy Conservation – Designated Building category by Department of Alternative Energy Development and Efficiency
- Moral Media Awards 2020 by Moral Promotion Center (Public Organization) and Thai Media Fund

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