



## **Management Discussion and Analysis**

**For the 4<sup>th</sup> quarter and 12-month period ended 31 December 2021  
(Audited financial statements)**

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# Management Discussion and Analysis

## Executive summary: Economic review & outlook

**Thai economy in 4Q21:** As domestic Covid-19 outbreak improved, Thailand has eased restriction measures and opened the border since 1 November 2021, causing a rebound in overall economic activities. Private consumption gained continuous supports from relief measure, economic stimulus program and tourism stimulus package. At the end of 2021, there had been accumulated budget disbursement under 1 trillion-baht emergency loan decree and 500 billion-baht budget bill with an amount of more than 800 million baht, which helped lessen the strain from fragile labor market. Meantime private investment registered a continuous rebound in line with better business sentiment. Regarding merchandise exports, it steadily recovered according to the recovery of Thailand's trading partners and that industrial productions could resumed operations as normal. This is also the result from the export accelerating of those remained orders from the time of severe restriction measures imposed domestically and internationally. Export values of 2021 (U.S. Dollar term) is accordingly estimated to expand 15.7%. After Thai border reopening, tourism sector showed a sign of improvement with the number of tourists in November being 91 thousand persons, indicating a slight rebound due to the remained restriction measures in several countries, particularly China. The number of Thailand's inbound foreign tourists is therefore estimated to be 300 thousand heads for 2021. Due to greater momentum in several economic growth components, ttb analytics has viewed that Thai economy in the fourth quarter would improve from the previous one which contracted 0.3% yoy, and thus making annual GDP growth of 2021 to be at 1% yoy from the contraction of 6.1% yoy in 2020.

**Financial market & banking industry:** The Monetary Policy Committee (MPC) decided to maintain the policy rate at 0.50% to accommodate Thai economic recovery after the economy was affected by a Covid-19 outbreak. The MPC has positive outlook to the recovery in 2022. The Bank of Thailand extended financial measures throughout 2022 by extending low interest loans and debt restructuring. The Bank of Thailand eased its LTV measure to support the economy through the real estate sector. Overall, financial condition would remain accommodative to support economic recovery throughout 2021. The decision to keep policy rate unchanged in the fourth quarter led to the deposit and lending rate stood at the same rate as in the third quarter. Regarding Thai baht in the fourth quarter, it was on average at 33.37 baht per U.S. dollar, depreciating by 1.3% compared to the average of 32.93 baht per US dollar in the previous quarter. Thai Baht has depreciated due to the appreciation of the U.S. dollar. In the meantime, Thai bath's volatility rose due to FED's monetary policy. Regarding commercial banking, total loans at the end of November 2021 grew by 6.6% compared to the same period last year (YoY) and decreased by 0.6% from the end of year 2020 (YTD). On the other hand, deposits expanded by 4.5% YoY or 3.6% (YTD) mainly from saving deposits.

**Economic outlook for 2022:** ttb analytics forecasts that Thai economy will grow 3.9% yoy in 2022 with the supportive factors from continuous rebounds in domestic economy, export recovery and steadily improvement in tourism sector particularly in the second half of the year. However, the resurgence of Omicron variant outbreak starting at the year end of 2021 will pose negative impact on recovering momentum especially in the first quarter of 2022. Under the circumstance of no strict outbreak controlling measure and no nationwide lockdown, economic condition overall will instantly improve after outbreak resolved. Due to global trade recovery, merchandise export will remain its recovery trend, which ttb analytics expects the annual merchandise export values of 2021 in U.S. dollar term to expand 4.5%. At the same time, private consumption would continuously recover with the supports from remained stimulus budget of more than 300 billion baht under 1 trillion-baht emergency loan decree and 500 billion-baht budget bill as well as improved labor market. Private investment will expand in accordance with the improvement in domestic demands, rebounding merchandise exports as well as greater amount of real investment in targeted industrial sectors within EEC, in which those projects got approval before the onset of pandemic outbreak. Foreign tourists will also revisit Thailand more significantly in the second half of the year, projected to be 7.5 million persons. The great pressure on headline inflation from rising energy costs and supply disruption will lessen in the latter half of the year. For financial market, the policy rate is expected to remain at 0.5% to support the economy under uncertainties regarding inflation and Covid-19. Inflation is expected to be within the target range. Thai baht is forecasted to become volatile and depreciated due to US dollar's appreciation from the tightening FED's monetary policy. Thai baht is estimated to move within the range of 33.0-34.5 baht per US dollar.

## Summary of TTB relief scheme for customers who are affected by COVID-19

TMBThanachart Bank (TTB) has been proactively assisting affected customers in a variety of way with the key focus to provide the sustainable relief program on ensuring customer's long-term survival. 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. Commercial customer under forbearance slightly increased from 9% to 10% of total commercial loans due to the Bank's prudent policy in tightening debt relief exit criteria while retail customers declined from 14% to 13% of total retail loans mainly from HP segment. According to the resurgence of COVID-19, TTB continues to be vigilant and keeps monitoring customers to ensure the Bank's asset quality as well as support affected customers through the various relief measures and pre-emptive debt restructuring to ensure that customers can recover in the long run.

### TTB's relief program "Tang Lak"

<b>Retail: TTB provides sustainable relief program for retail customers as following details</b>	
<b>Auto loan</b>	<ul style="list-style-type: none"> <li>Reduce installment by extending tenure, skip payment or other appropriate measures (for new car, used car and cash your car)</li> <li>Reduce 30% of installment for 6 months and cut interest rate not over 22% (for cash your book)</li> </ul>
<b>Mortgage loan</b>	<ul style="list-style-type: none"> <li>12-month grace period of principle payment (Pay only interest) or</li> <li>Reduce installment based on customer's ability to pay for 12 months or</li> <li>3-month skip payment for the principal and interest payment</li> <li>Debt Consolidation program</li> </ul>
<b>Unsecured loan</b>	<ul style="list-style-type: none"> <li>Reduce installment based on customer's ability to pay for 12 months (cut interest rate not over 22% on case by case basis)</li> <li>Debt Consolidation program</li> <li>Lower interest rate for unsecured loan to 25% from 28% per year, effective from 1 Aug 2020 (for new application)</li> </ul>
<b>Credit card</b>	<ul style="list-style-type: none"> <li>Convert current outstanding balance to term loan or convert to Installment pay plan (IPP) with interest rate 12% and 48 tenors</li> <li>Debt Consolidation program</li> <li>Lower interest rate for credit card to 16% from 18% per year, effective from 1 Aug 2020</li> </ul>
<b>Cash card</b>	<ul style="list-style-type: none"> <li>Convert current outstanding balance to term loan or convert to Installment pay plan (IPP) with interest rate 22% and maximum 48 tenors</li> <li>Debt Consolidation program</li> <li>Lower interest rate for cash card to 25% from 28% per year, effective from 1 Aug 2020</li> </ul>
<b>Commercial: TTB provides the sustainable relief program for customers with effective on Nov 2021 onwards</b>	
<b>SMEs (Juristic and Non-Juristic) / Large corporate</b>	<ul style="list-style-type: none"> <li>Long-term lending: Suspension for the principal up to 12 months from the approval date or reduce installment for 12 months or extend installment for 12 months or 12-month grace period of principle payment (Pay only interest) from the approval date</li> <li>Overdraft/Working Capital Lending: Convert Overdraft or Working Capital lending to Long Term Lending not over 10 years from the approval date</li> <li>Floor Plan lending: 6-month grace period of principle payment from the approval date</li> <li>Additional assistance for all SME and large corporate loans: Cut interest rate not over 0.5% for 12 months, D/A swap</li> </ul>

For further details, please visit [www.ttbbank.com](http://www.ttbbank.com).

## Summary of TMBThanachart's operating performance

2021 was another challenging year from prolonged COVID-19 situation. TMBThanachart (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%.

## Discussion of operating performance

Figure 1. Selected Statement of Comprehensive Income

(THB million)	4Q21	3Q21	% QoQ	4Q20	% YoY	12M21	12M20	% YoY
Interest income	15,990	15,836	1.0%	17,244	-7.3%	64,239	72,321	-11.2%
Interest expenses	3,221	3,259	-1.2%	3,725	-13.5%	13,240	18,515	-28.5%
<b>Net interest income</b>	<b>12,769</b>	<b>12,577</b>	<b>1.5%</b>	<b>13,519</b>	<b>-5.5%</b>	<b>51,000</b>	<b>53,805</b>	<b>-5.2%</b>
Fees and service income	3,657	3,547	3.1%	4,362	-16.2%	15,190	16,139	-5.9%
Fees and service expenses	665	1,089	-39.0%	1,161	-42.7%	3,941	4,791	-17.7%
<b>Net fees and service income</b>	<b>2,993</b>	<b>2,459</b>	<b>21.7%</b>	<b>3,202</b>	<b>-6.5%</b>	<b>11,248</b>	<b>11,348</b>	<b>-0.9%</b>
Other operating income	746	779	-4.2%	1,283	-41.8%	3,288	4,193	-21.6%
<b>Non-interest income</b>	<b>3,739</b>	<b>3,238</b>	<b>15.5%</b>	<b>4,484</b>	<b>-16.6%</b>	<b>14,537</b>	<b>15,541</b>	<b>-6.5%</b>
<b>Total operating income</b>	<b>16,508</b>	<b>15,814</b>	<b>4.4%</b>	<b>18,003</b>	<b>-8.3%</b>	<b>65,537</b>	<b>69,346</b>	<b>-5.5%</b>
<b>Total other operating expenses</b>	<b>7,999</b>	<b>7,419</b>	<b>7.8%</b>	<b>8,274</b>	<b>-3.3%</b>	<b>31,219</b>	<b>32,177</b>	<b>-3.0%</b>
Expected credit loss	5,017	5,527	-9.2%	8,237	-39.1%	21,514	24,831	-13.4%
<b>Profit before income tax expense</b>	<b>3,492</b>	<b>2,868</b>	<b>21.7%</b>	<b>1,493</b>	<b>133.9%</b>	<b>12,804</b>	<b>12,338</b>	<b>3.8%</b>
Income tax expense	693	509	36.2%	258	169.0%	2,327	2,223	4.7%
<b>Profit for the period</b>	<b>2,799</b>	<b>2,360</b>	<b>18.6%</b>	<b>1,236</b>	<b>126.6%</b>	<b>10,477</b>	<b>10,115</b>	<b>3.6%</b>
<b>Profit to non-controlling interest of subsidiaries</b>	<b>0.01</b>	<b>1.00</b>	<b>-98.5%</b>	<b>0.65</b>	<b>-97.7%</b>	<b>2.63</b>	<b>2.63</b>	<b>0.0%</b>
<b>Profit to equity holders of the Bank</b>	<b>2,799</b>	<b>2,359</b>	<b>18.7%</b>	<b>1,235</b>	<b>126.7%</b>	<b>10,474</b>	<b>10,112</b>	<b>3.6%</b>
Other comprehensive income	128	-439	-129.2%	568	-77.4%	-274	310	-213.2%
<b>Total comprehensive income</b>	<b>2,928</b>	<b>1,921</b>	<b>52.4%</b>	<b>1,803</b>	<b>62.4%</b>	<b>10,203</b>	<b>10,424</b>	<b>-2.1%</b>
<b>Basic earnings per share (THB/share)</b>	<b>0.0290</b>	<b>0.0245</b>	<b>18.3%</b>	<b>0.0128</b>	<b>126.7%</b>	<b>0.1086</b>	<b>0.1049</b>	<b>3.5%</b>

Note: 1. Consolidated financial statement

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

### Net interest income (NII) and Net interest margin (NIM)

**For the 4<sup>th</sup> quarter of 2021:** TTB recorded THB12,769 million of net interest income (NII) in 4Q21, 1.5% increase compared to previous quarter (QoQ) but 5.5% decrease from the same period last year (YoY). Details are as follows:

- Interest income increased by 1.0% QoQ but decreased by 7.3% YoY to THB15,990 million. The QoQ increase was a result of loan growth in 4Q21 as the bank resumed growth in key retail secured lending, mainly in mortgage and hire purchase loans.
- Interest expenses dropped by 1.2% QoQ and 13.5% YoY to THB3,221 million. Despite an increase in deposit volume, interest expenses were still lower QoQ thanks to well-executed funding cost management.

**For the 12-month of 2021,** TTB reported net interest income of THB51,000 million, a decrease of 5.2% from the same period last year. Details are as follows:

- Interest income decreased by 11.2% YoY to THB64,239 million, primarily due to the lower interest on loan from multiple rate cut, pressure from adjusted effective interest rate (EIR) approach and loan contraction as a part of loan quality focus strategy amidst unstable economic environment.

- Interest expenses decreased by 28.5% YoY to THB13,240 million, mainly owing to efficient balance sheet optimization resulting in cost of deposits reduction and lower funding cost.

NIM hold up at 2.98% in 4Q21 and 2.97% in 12M21

**NIM** stayed at 2.98% in 4Q21 which increased by 3 bps from 2.95% in 3Q21 but contracted by 8 bps from 3.06% in 4Q20. The QoQ rise was from mainly loan yield improvement and lower cost of funds as a consequence of balance sheet optimization while YoY reduction was mostly due to multiple rate cuts and yield compression. However, if excluded PPA impact, NIM was 3.07% in 4Q21. For 12M21, NIM was record at 2.97% decreased by 3 bps from 3.00% in 12M20. This was driven by lower yield on earning assets, conservative EIR approach and low rate environment alleviated by balance sheet optimization and efficient funding cost management.

**Figure 2: Net interest income (NII)**

(THB million)	4Q21	3Q21	% QoQ	4Q20	% YoY	12M21	12M20	% YoY
<b>Interest income</b>	<b>15,990</b>	<b>15,836</b>	<b>1.0%</b>	<b>17,244</b>	<b>-7.3%</b>	<b>64,239</b>	<b>72,321</b>	<b>-11.2%</b>
Interest on interbank and money market items	228	231	-1.2%	317	-28.1%	1,060	1,922	-44.8%
Investments and trading transactions	12	22	-42.8%	20	-39.0%	66	109	-38.9%
Investments in debt securities	336	300	12.1%	357	-5.7%	1,247	1,920	-35.1%
Interest on loans	9,946	9,817	1.3%	11,054	-10.0%	39,827	45,633	-12.7%
Interest on hire purchase and financial lease	5,466	5,464	0.0%	5,495	-0.5%	22,034	22,734	-3.1%
Others	1.5	1.6	-8.0%	1.1	39.5%	5.1	1.9	169.4%
<b>Interest expenses</b>	<b>3,221</b>	<b>3,259</b>	<b>-1.2%</b>	<b>3,725</b>	<b>-13.5%</b>	<b>13,240</b>	<b>18,515</b>	<b>-28.5%</b>
Interest on deposits	1,741	1,748	-0.4%	2,122	-18.0%	7,158	11,553	-38.0%
Interest on interbank and money market items	69	66	4.0%	70	-0.9%	277	538	-48.6%
Contributions to the Deposit Protection Agency	795	793	0.2%	835	-4.7%	3,240	3,445	-5.9%
Interest on debt issued and borrowings	603	636	-5.2%	685	-12.0%	2,510	2,928	-14.3%
Borrowing fee	6	9	-26.7%	9	-29.0%	33	37	-12.0%
Others	7	7	-4.0%	5	41.3%	23	14	61.0%
<b>Net interest income (NII)</b>	<b>12,769</b>	<b>12,577</b>	<b>1.5%</b>	<b>13,519</b>	<b>-5.5%</b>	<b>51,000</b>	<b>53,805</b>	<b>-5.2%</b>

Note: Consolidated financial statements

**Figure 3: Yields and cost**

(Annualized percentage)	4Q21	3Q21	2Q21	1Q21	4Q20	12M21	12M20
Yield on loans	4.48%	4.46%	4.52%	4.60%	4.78%	4.51%	4.93%
Yield on earning assets	3.73%	3.71%	3.75%	3.81%	3.90%	3.74%	4.04%
Cost of deposit	0.75%	0.76%	0.76%	0.80%	0.84%	0.77%	1.07%
Cost of funds	0.86%	0.87%	0.88%	0.92%	0.95%	0.88%	1.17%
Net interest margin (NIM)	2.98%	2.95%	2.98%	3.00%	3.06%	2.97%	3.00%

Note: Consolidated financial statements

### Non-interest income (Non-NII)

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 this quarter. For comparative purposes, figures in previous period were reclassified in MD&A.

**For the 4<sup>th</sup> quarter of 2021:** The Bank posted THB3,739 million of non-interest income in 4Q21, which rose by 15.5% from the last quarter (QoQ) but decreased by 16.6% from the same period last year (YoY). Details were as follows;

- Net fees and service income was reported at THB2,993 million which rose by 21.7% QoQ but decreased by 6.5% YoY. The QoQ growth was primarily driven by retail fees improvement despite the resurgence of Covid-19 Omicron Variant. Bancassurance fee regained positive momentum QoQ in auto BA fees, in line with HP new booking during 4Q21 while non-auto BA fee declined from the previous quarter. The Bank continues strategic focus on enhancing BA fee products thru product bundling on BA and credit card products (bento concept) while mutual fund fee was slow down from a reduction in front-end fee in high-fee products together with market's volatility from concerns about the rising case of Omicron Variant. Commercial fees continued its positive momentum from the previous quarter, supported by trade finance. The YoY decline was mainly from lower mutual fund and bancassurance fees, given the prolonged COVID-19 pandemic.
- Share of profit from investment using equity method was recorded at THB45 million.

**For the 12-month of 2021**, Non-NII declined by 6.5% to THB14,537 million, due mainly to lower gain on investments and net fees and service income. Key items were as follows;

- Net fees and service income decreased by 0.9% YoY to 11,248 million, mainly attributed 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.

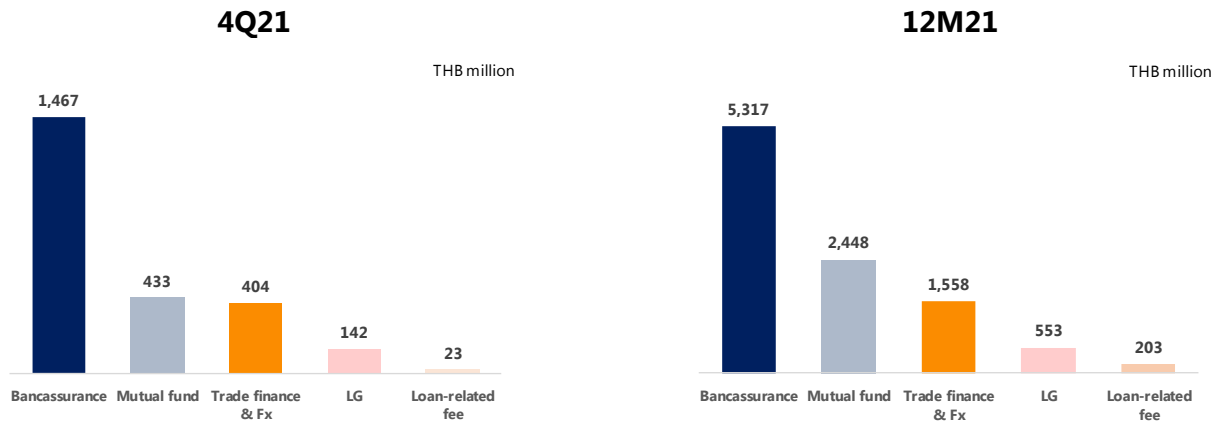
**Figure 4: Non-interest income (Non-NII)**

(THB million)	4Q21	3Q21	% QoQ	4Q20	% YoY	12M21	12M20	% YoY
<b>Fees and service income</b>	<b>3,657</b>	<b>3,547</b>	<b>3.1%</b>	<b>4,362</b>	<b>-16.2%</b>	<b>15,190</b>	<b>16,139</b>	<b>-5.9%</b>
Acceptance, Aval & Guarantee	150	142	6.0%	148	1.2%	587	566	3.8%
Other fee and service income	3,507	3,406	3.0%	4,214	-16.8%	14,603	15,573	-6.2%
<b>Fees and service expenses</b>	<b>665</b>	<b>1,089</b>	<b>-39.0%</b>	<b>1,161</b>	<b>-42.7%</b>	<b>3,941</b>	<b>4,791</b>	<b>-17.7%</b>
<b>Net fees and service income</b>	<b>2,993</b>	<b>2,459</b>	<b>21.7%</b>	<b>3,202</b>	<b>-6.5%</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	411	260	58.0%	582	-29.5%	1,480	1,726	-14.2%
Gains on investments, net	-5	79	-106.1%	221	-102.2%	182	678	-73.2%
Share of profit from investment using equity method	45	96	-53.3%	66	-32.5%	346	363	-4.7%
Gains on sale of properties foreclosed, assets & other assets	46	139	-67.1%	156	-70.7%	368	222	65.5%
Dividend income	5	0.002	308242%	0.070	6932.8%	91	84	8.9%
Others	245	205	19.6%	257	-4.6%	821	1,120	-26.7%
<b>Non-interest income</b>	<b>3,739</b>	<b>3,238</b>	<b>15.5%</b>	<b>4,484</b>	<b>-16.6%</b>	<b>14,537</b>	<b>15,541</b>	<b>-6.5%</b>

Note. 1. Consolidated financial statements

2. In 4Q21, the Bank has reclassified fee service income, service expenses and OPEX to reflect nature of business, therefore figures in previous period are reclassified for comparative purposes

**Figure 5: Strategic non-interest income**



*Note: Consolidated financial statements*

### Non-interest expenses

Corresponding reclassification of bancassurance incentive paid to staff, employee expenses in previous period were reclassified for comparative purposes.

**For the 4<sup>th</sup> quarter of 2021:** The Bank recorded THB7,999 million of total non-interest expenses, increased 7.8% QoQ but decreased 3.3% YoY. Key items are as follows;

- Employee expenses increased by 8.1% QoQ and 0.8% YoY to THB4,111 million, due to higher HR cost in 4Q21.
- Premises and equipment expenses rose by 12.0% QoQ but decreased by 3.0% YoY to THB1,492 million, mainly from integration expenses which related to IT asset write-off.
- Other expenses increased by 7.7% QoQ but decreased by 6.8% YoY to THB2,013 million. Such QoQ increase was a result of higher marketing expenses related to rebranding activities and collection expenses, offsetting lower subrogation and outsource expenses.

**For the 12-month of 2021,** Non-interest expenses declined 3.0% YoY to THB31,219 million. Key factors are as follows;

- Employee expenses contracted by 3.9% YoY to THB16,480 million because of lower employee expenses from the staff reduction thru voluntary ER program which was the Bank's effort to execute merged bank synergies.
- Premises and equipment expenses decreased by 8.9% YoY to THB5,622 million.
- Other expenses rose by 6.7% YoY to THB7,470 million, mainly owing to marketing expenses, collection expenses and subrogation expenses.

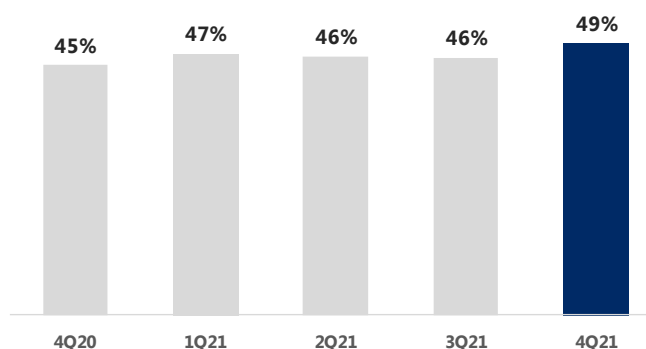
**Figure 6: Non-interest expenses**

(THB million)	4Q21	3Q21	% QoQ	4Q20	% YoY	12M21	12M20	% YoY
Employee expenses	4,111	3,802	8.1%	4,079	0.8%	16,480	17,142	-3.9%
Directors' remuneration	11	13	-13.6%	13	-17.3%	74	66	10.9%
Premises and equipment expenses	1,492	1,332	12.0%	1,539	-3.0%	5,622	6,171	-8.9%
Taxes and duties	371	403	-8.0%	483	-23.1%	1,573	1,799	-12.5%
Other expenses	2,013	1,870	7.7%	2,159	-6.8%	7,470	6,999	6.7%
<b>Non-interest expenses</b>	<b>7,999</b>	<b>7,419</b>	<b>7.8%</b>	<b>8,274</b>	<b>-3.3%</b>	<b>31,219</b>	<b>32,177</b>	<b>-3.0%</b>

Note: Consolidated financial statements

4Q21 Cost to income ratio was maintained at 49%, remained within target

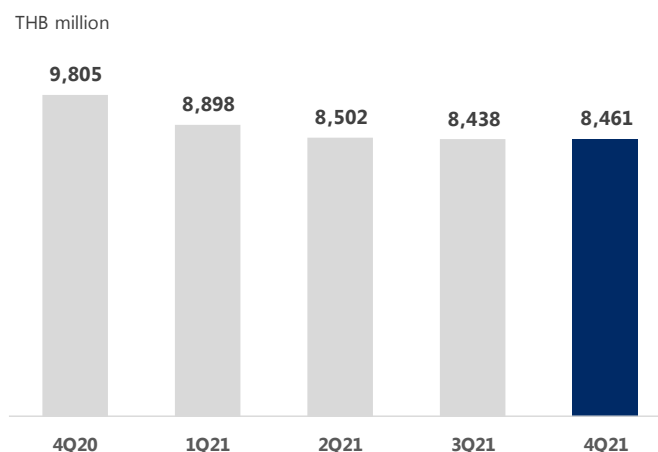
In 4Q21, cost to income ratio was at 49%, increased from 46% in 3Q21 and 45% in 4Q20. The higher cost to income was due mainly to reclassification bancassurance fee expense to employee expenses in this quarter and the final integration expenses such as subrogation expenses and IT asset write-off which booked in 4Q21. Nonetheless, cost to income ratio excluded reclassification impact would be 48% while C/I ratio excluded PPA impact was 47%. Likewise, cost to income ratio for the year 2021 was 48%, increased from 46% in 2020. 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 7: Cost to income ratio**

Note: Consolidated financial statements

### Operating profit and Expected Credit Loss

**Pre-provision operating profit (PPOP):** PPOP amounted to THB8,461 million in 4Q21, relatively stable QoQ but contracted by 13.7% YoY. PPOP for the 12-month of 2021 was at THB34,300 million, declining 8.0% YoY.

**Figure 8: Pre-provision operating profit (PPOP)**

Note: Consolidated financial statements

Setting aside 4Q21 ECL of THB5,017 million for prudent management

**Expected Credit Loss (ECL):** The prolonged economic headwinds from COVID-19 gave a challenge on asset quality management. 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 this quarter, the Bank set aside expected credit loss of THB5,017 million, equivalent to a credit cost of 146 bps, which dropped by 9.2% QoQ and 39.1% YoY. Despite the lower of ECL QoQ and YoY, this level was reflected the Bank's prudent risk management model, complied with BoT guideline and our strict principle-based relief schemes. The decline in ECL YoY was due mainly to higher base of ECL in 4Q20 as the Bank set aside high provisioning under the expectation of prolonged COVID-19 situation. For the 12-month of 2021, ECL amounted to THB21,514, a decrease of 13.4% YoY. 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.

**Figure 9: Expected Credit Loss (ECL) and credit cost**

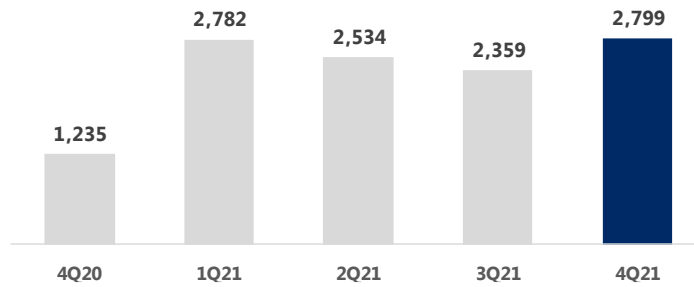
(THB million)	4Q21	3Q21	% QoQ	4Q20	% YoY	12M21	12M20	% YoY
Expected credit loss	5,017	5,527	-9.2%	8,237	-39.1%	21,514	24,831	-13.4%
Credit cost (bps) - annualized	146	161		238		157	179	

Note: Consolidated financial statements

**Net profit:** After provision and tax, net profit in 4Q21 was THB2,799 million which increased by 18.7% QoQ and 126.7% from the same period last year. For the 12-month of 2021, net profit totaled THB10,474 million, rose by 3.6% YoY and represented the ROE of 5.1%

**Figure 10: Net Profit (to equity holder of the Bank)**

THB million



*Note: Consolidated financial statements*

*\*In 4Q20, the Bank set aside the elevated provisioning buffer in preparation for 2021*

Please see the next session for the discussion of financial position.

## Discussion of financial position

**Figure 11: Selected financial position (Consolidated)**

(THB million)	Dec-21	Sep-21	%QoQ	Dec-20	%YTD
Cash	16,011	14,709	8.9%	21,943	-27.0%
Interbank and money market items, net	158,873	153,824	3.3%	211,185	-24.8%
Financial assets measured at fair value through profit or loss	1,421	15,689	-90.9%	3,788	-62.5%
Derivative assets	6,913	14,090	-50.9%	11,959	-42.2%
Investments, net	180,229	159,924	12.7%	134,351	34.1%
Investments in subsidiaries and associate, net	8,620	8,772	-1.7%	8,599	0.2%
<b>Total loans to customers</b>	<b>1,372,315</b>	<b>1,359,454</b>	<b>0.9%</b>	<b>1,392,925</b>	<b>-1.5%</b>
<i>Add</i> accrued interest receivables and undue interest receivables*	7,369	7,232	1.9%	7,522	-2.0%
<i>Less</i> allowance for expected credit loss	54,472	53,923	1.0%	51,967	4.8%
<b>Total loans to customers and accrued interest receivables, net</b>	<b>1,325,212</b>	<b>1,312,762</b>	<b>0.9%</b>	<b>1,348,480</b>	<b>-1.7%</b>
Properties for sale, net	8,626	5,589	54.3%	6,037	42.9%
Premises and equipment, net	21,625	22,276	-2.9%	24,039	-10.0%
Goodwill and other intangible assets, net	22,819	22,668	0.7%	22,546	1.2%
Deferred tax assets	9	143	-93.8%	1,980	-99.6%
Other assets, net	8,822	19,593	-55.0%	13,425	-34.3%
<b>Total Assets</b>	<b>1,759,181</b>	<b>1,750,039</b>	<b>0.5%</b>	<b>1,808,332</b>	<b>-2.7%</b>
Deposits	1,339,195	1,325,187	1.1%	1,373,408	-2.5%
Interbank and money market items	84,966	73,308	15.9%	75,909	11.9%
Financial liabilities designated at fair value through profit or loss	437	437	-0.1%	432	1.2%
Debts issued and borrowings, net	68,398	82,830	-17.4%	88,965	-23.1%
Deferred revenue	20,176	20,445	-1.3%	20,885	-3.4%
Other liabilities	35,173	39,942	-11.9%	43,984	-20.0%
<b>Total Liabilities</b>	<b>1,548,345</b>	<b>1,542,149</b>	<b>0.4%</b>	<b>1,603,582</b>	<b>-3.4%</b>
Equity attributable to equity holders of the Bank	210,835	207,872	1.4%	204,713	3.0%
Non-controlling interest	1	18	-93.5%	37	-96.9%
<b>Total equity</b>	<b>210,836</b>	<b>207,890</b>	<b>1.4%</b>	<b>204,750</b>	<b>3.0%</b>
<b>Total liabilities and equity</b>	<b>1,759,181</b>	<b>1,750,039</b>	<b>0.5%</b>	<b>1,808,332</b>	<b>-2.7%</b>
<b>Book value per share (Baht)</b>	<b>2.18</b>	<b>2.15</b>	<b>1.3%</b>	<b>2.12</b>	<b>2.7%</b>

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 was THB1,759,181 million, slightly increased by 0.5% QoQ but declined by 2.7% YTD. Key items are as follows;

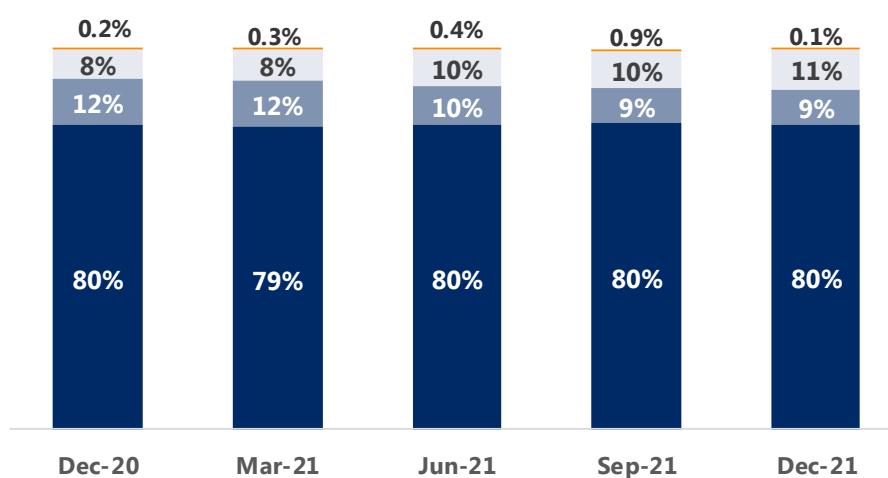
- Total loans to customers and accrued interest receivables net grew by 0.9% QoQ but decreased by 1.7% YTD to THB1,325 billion. (Details in the following section).
- Net interbank and money market items rose by 3.3% QoQ by declined by 24.8% YTD to THB158,873 million. The increase was in accordance to liquidity management.

- Net investments and financial asset designated at fair value through profit and loss increased by 3.4% QoQ and 31.5% YTD to THB181,650 million.
- Net properties for sale rose by 54.3% QoQ and 42.9% YTD to THB8,626 million, due mainly to asset warehousing initiative.

After the merger, loans to customers was still the largest portion of earning assets. As of 31 December 2021, loans to customers represented 80.1% of earning assets. This followed by investment of 10.5%, interbank and money market of 9.3% and financial assets designated at fair value through profit or loss 0.1%.

**Figure 12: Earning assets**

■ Financial assets designated at FVTPL 
 ■ Investments, net  
■ Interbank and money market items 
 ■ Loans to customers



*Note: Consolidated financial statements*

### Investment Classification

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

(THB million)	31 Dec 2021	30 Sep 2021
<b>Financial assets measured at FVTPL</b>	<b>1,421</b>	<b>15,689</b>
Investments in debt securities measured at amortized cost	-	-
Investments in debt securities measured at FVOCI	177,339	159,092
Investments in equity securities measured at FVOCI	2,890**	832
<b>Net Investment*</b>	<b>180,229</b>	<b>159,924</b>
<b>Total Investment</b>	<b>181,650</b>	<b>175,613</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

### **Total loans to customers and accrued interest receivables**

As of 31 December 2021, TTB recorded total loans to customers and accrued interest receivables-net on consolidated basis of THB1,325 billion, an increase of 0.9% from September 2021 but a 1.7% decrease from the end of December 2020.

In terms of total loan to customers on consolidated basis (excluded allowance for ECL), the figure amounted to THB1,372 billion, grew by 0.9% QoQ but decreased by 1.5% YTD. QoQ rise was mainly from both corporate loans and retail loans. Details are as follows;

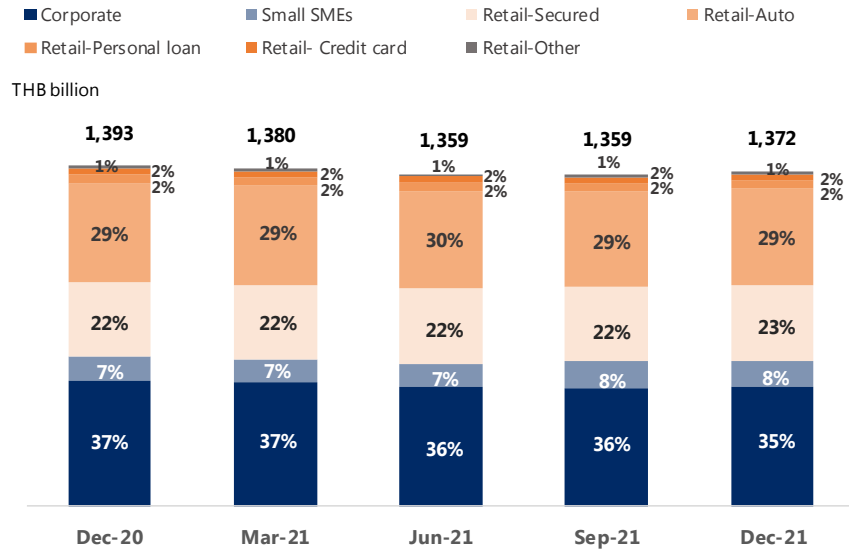
- Retail lending on consolidated basis increased by 1.3% QoQ but contracted by 0.5% YTD. Such QoQ growth was broad-based, covering all key customer segment. Mortgage loans continued its growth by 1.1% QoQ and 2.6% YTD with higher new booking on new home segment against unfavorable business environment. Hire purchase showed recovery of 1.1% QoQ but declined by 2.5% YTD. The Bank saw a recovery sign in auto loan booking especially in new car segment in this quarter. Credit card and unsecured loans also showed a recovery sign from the previous quarter, given the slower economic recovery.
- Corporate lending on consolidated basis increased by 1.0% QoQ but decreased by 5.5% YTD. The rise from the previous quarter was largely attributed in support of working capital requirement in accordance to export recovery trend.
- Small SME still softened because the new booking was moderate and lower than repayment, 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.

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 57% while corporate loans were 35% 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%, unsecured & credit card of 4% and others 1%.

As of 31 December 2021, HP portfolio consisted of new car 69%, used car 17%, cash your car (CYC) 14%, cash your book (CYB) of 0.1% respectively.

**Figure 13: Total loan to customers breakdown by customer segment**



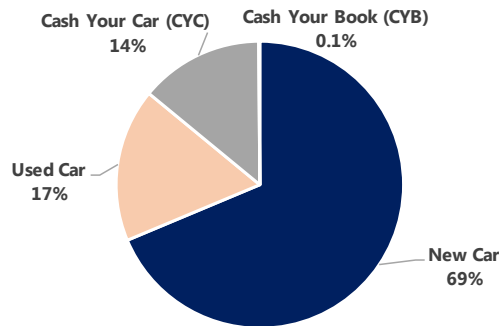
Note: Consolidated financial statements

Segment definition:

Corporate: customers with annual sales volume more than THB100 million

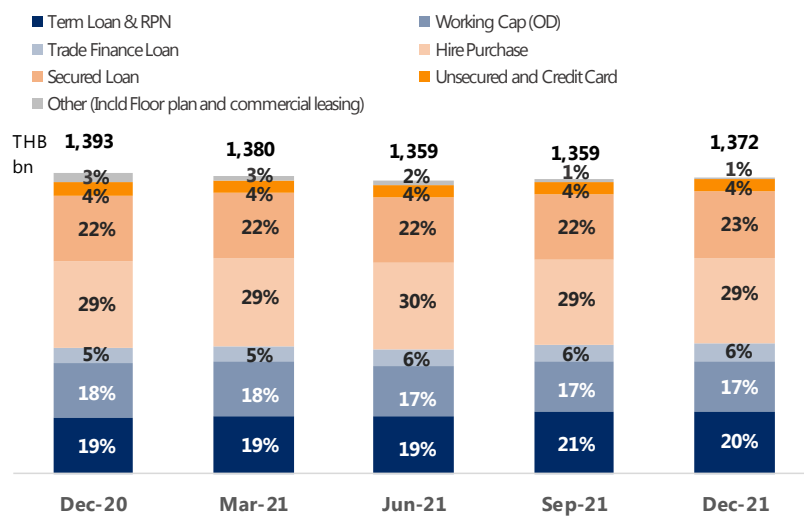
Small SMEs: customers with annual sales volume up to THB100 million, including owner operators

**Figure 14: Hire purchase breakdown**



Note: Consolidated financial statements

**Figure 15: Total loan to customer breakdown by product**



Note: Consolidated financial statements

## Asset Quality

Under TFRS9, loans are classified into 3 stages based on changes in credit quality identified since initial recognition. The expected credit loss (ECL) framework is based on the requirements of the Thai Financial Reporting Standard No. 9 Financial Instruments (TFRS 9) which became effective from January 1, 2020 onwards.

The Bank calculated and reported impairment based on our ECL model-based calculation which is a probability-weighted estimate of credit loss over the expected life of financial instruments, adjusted with forward looking assumptions to take into account the expectation of future macro-economic outlook and potential impacts on our loan portfolio.

The allowance for ECL of TTB reflected the current loan portfolio nature of the Merged Bank which 51% are retail secured loan. The Bank continued to de-risk weak loan, as a result, small SME represented only 8% of total portfolio as of December 2021 after successful EBT.

As of 31 December 2021, Loans and allowance for expected credit loss were classified as follows:

**Figure 16: Loan and accrued interest receivables classification and allowance for expected credit loss\***

31 Dec 2021		
(THB million)	Loans to customer and accrued interest receivables	Allowance for expected credit Loss
Stage 1 (Performing)	1,224,662	12,413
Stage 2 (Under-performing)	112,530	22,052
Stage 3 (Non-performing)	42,492	20,007
<b>Total</b>	<b>1,379,684</b>	<b>54,472</b>

30 Sep 2021		
(THB million)	Loans to customer and accrued interest receivables	Allowance for expected credit Loss
Stage 1 (Performing)	1,201,826	12,450
Stage 2 (Under-performing)	120,010	21,711
Stage 3 (Non-performing)	44,850	19,762
<b>Total</b>	<b>1,366,686</b>	<b>53,923</b>

*Note: Consolidated financial statements*

*\* Loan and accrued interest receivable of stage 3 is presented on a net basis*

### Stage 3 loans (Non-performing loan) 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.

As of 31 December 2021, Stage 3 loans (NPLs), excluded accrued interest receivables on consolidated basis, was reported at THB42,121 million which decreased from THB44,411 million as of September 2021 but increased from THB39,594 million at the end of December 2020. Stage 3 loans (NPLs) on bank-only basis amounted to THB41,369 million, decreased from THB44,382 million as of 30 September 2021 but increased from THB22,005 million in December 2020. The decrease in stage 3 loans was due to better NPL formation, asset warehousing initiative and better-than-planned in NPLs sale. In the 4<sup>th</sup> quarter, the Bank wrote off NPLs amounting to approximately THB3.0 billion and sold THB3.4 billion of NPLs.

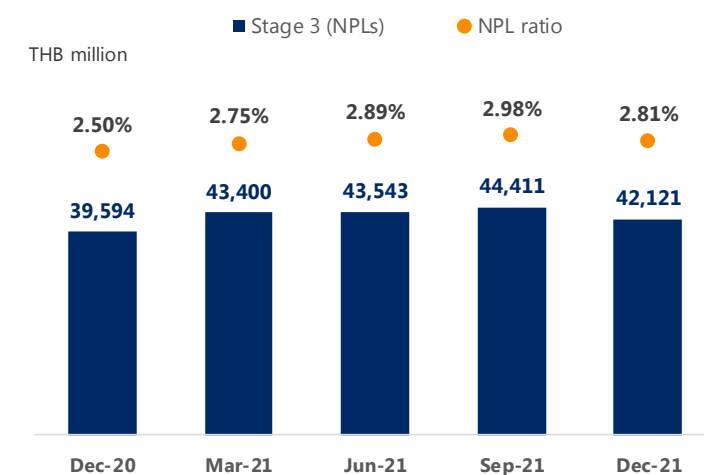
As of 31 December 2021, NPL ratio on consolidated basis was recorded at 2.81%, compared with 2.98% at the end of September 2021 and 2.50% as of 31 December 2020. Meanwhile, NPL ratio on bank-only basis stood at 2.76% when compared with 2.98% at the end of September 2021 and 2.38% as of 31 December 2020. Overall, NPL and asset quality management remained in line with target.

### Allowance for expected credit loss

As of 31 December 2021, the Bank and its subsidiaries reported the allowance for expected credit loss at THB54,472 million, which rose by 1.0% QoQ and 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.

**Figure 17: Stage 3 loan (NPLs) and NPL ratio**



Note: Consolidated financial statement, Non-performing loans classified as stage 3

## **Liabilities and Equity**

As of 31 December 2021, total liabilities and equity on consolidated basis was reported at THB1,759,181 million, slightly increased by 0.5% QoQ and but decreased by 2.7% from the end of December 2020.

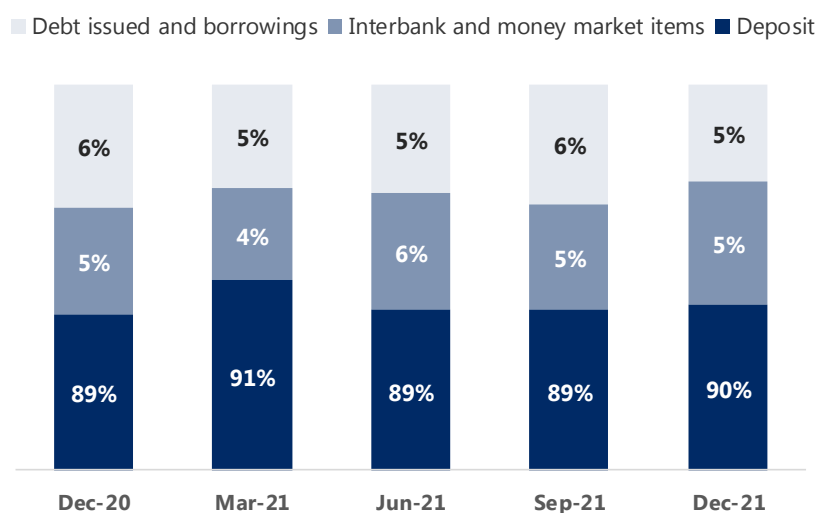
Total consolidated liabilities were THB1,548,345 million, marginally rose by 0.4% QoQ but declined by 3.4% from 31 December 2020. Details of key figures are as follows;

- Total deposits were THB1,339,195 million which grew by 1.1% QoQ but contracted by 2.5% YTD. (see details in following section)
- Net interbank and money market items amounted to THB84,966 million which increased by 15.9% QoQ and 11.9% YTD, mainly due to the Bank's liquidity management.
- Borrowings was recorded at THB68,398 million which dropped by 17.4% QoQ and 23.1% YTD. (see details in following section)

The consolidated equity was THB210,836 million, increased by 1.4% QoQ and 3.0% YTD mainly due to the accumulation of the net profit, offsetting the dividend payment.

Deposit was the largest composition of interest-bearing liabilities. As of 31 December 2021, deposit represented 90% of interest-bearing liabilities. This followed by interbank and money market items of 5% and debt issued and borrowings of 5%.

**Figure 18: Interest-bearing liabilities breakdown**



*Note: Consolidated financial statement*

### **Deposits**

As of 31 December 2021, the Bank and its subsidiaries reported total deposits on consolidated basis of THB1,339,195 million which increased by 1.1% QoQ but contracted by 2.5% from the end of 2020. QoQ rise was due mainly to the increase in retail deposits, offsetting a decrease in commercial deposits from the previous quarter.

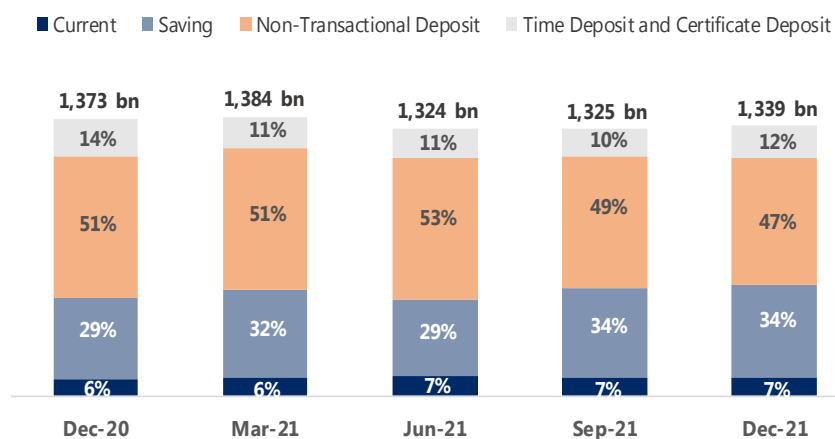
## Deposit breakdown by products

Since the merger, TTB 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. In this 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% QoQ but dropped by 15.5% YTD. The growth in TD from the previous quarter was mainly attributed to up and up product.

All Free, retail transactional deposit, continued its growth momentum by 3.1% QoQ and 39.1% YTD while No-fixed deposit declined by 2.9% QoQ but robustly grew by 49.5% YTD. The reduction in No-fixed from the previous quarter was partly due to the migration of No-fixed deposit to TD up and up. 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

As of December 2021, retail deposit proportion represented 74% and commercial deposit represented 26% of total deposit. In terms of deposit structure, the ratio of non-transactional deposit to total deposit was reported at 47% while transactional deposit (CASA-excluded No-Fixed) accounted for 41%, Time Deposit and Certificate Deposit accounted for 12% respectively.

**Figure 19: Deposit structure by products**



*Note: Consolidated financial statement*

*Remark: "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, presented in this graph as Non-transactional deposit.*

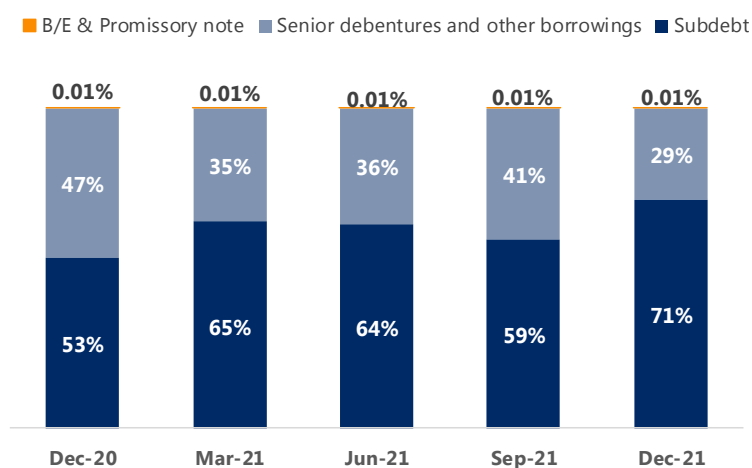
*Borrowing dropped YTD due to the redemption of TTB's EUR bond and USD bond*

## Borrowings

As of 31 December 2021, total borrowings of the Bank and its subsidiaries recorded at THB68,398 million which declined by 17.4% QoQ and 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.

In terms of borrowing structure, 71% was sub-debt. This followed by senior debentures of 29% and BE of 0.01%.

**Figure 20: Borrowings breakdown**



*Note: Consolidated financial statements*

## Liquidity and loan to deposit ratio

TTB has a strong liquidity position and has maintained high proportion of liquid and low-risk assets.

As of 31 December 2021, on consolidated basis, total liquid assets represented 11.6% of the total assets. The liquid assets consisted cash (0.9%), interbank & money market items (9.0%), short-term investment (1.6%) and short-term financial assets designated at FVTPL (0.1%).

In terms of loan to deposit ratio (LDR), on consolidated basis was at 103%, stable from 103% as of September 2021 and increased from 101% as of December 2020.

With the Bank's funding strategy to diversify funding source through debt issued and borrowings, LDR and debt issued and borrowings was recorded at 97% as of December 2021.

**Figure 21: Liquid asset allocation and loan to deposit ratio**

Liquid assets	Dec-21	Sep-21	Jun-21	Mar-21	Dec-20
Cash	0.9%	0.8%	0.9%	1.0%	1.2%
Interbank and money market	9.0%	8.8%	9.7%	11.9%	11.7%
Short-term investment	1.6%	1.1%	2.5%	1.5%	1.5%
Short-term financial assets at FVTPL	0.1%	0.9%	0.4%	0.2%	0.2%
<b>Liquid assets/Total assets</b>	<b>11.6%</b>	11.6%	13.5%	14.6%	14.6%
<b>Loan to deposit ratio (LDR)</b>	<b>103%</b>	103%	103%	100%	101%

*Note: Consolidated financial statement*

## Capital Adequacy

### Maintain high capital ratios under Basel III

The Bank consistently ensures robust capital base. As of 31 December 2021, Capital Adequacy Ratio (CAR) on consolidated basis under Basel III calculation was at 19.3%, while Tier 1 ratio and CET 1 ratio stayed at 15.3% and 14.4% respectively. Such levels were well above the Bank of Thailand's minimum requirement (including conservation buffer) of 11.0%, 8.5% and 7.0% of CAR, Tier 1 ratio and Core Tier 1 ratio respectively.

**Figure 22: Capital adequacy ratio (CAR) and Tier 1 capital under BASEL III**

(as % to risk-weighted assets)	Dec-21	Sep-21	Jun-21	Mar-21	Dec-20
<b>Capital Adequacy Ratio (CAR)</b>	<b>19.3%</b>	19.7%	19.6%	19.5%	19.6%
<b>Tier I Ratio (Tier 1)</b>	<b>15.3%</b>	15.6%	15.5%	15.5%	15.5%
<b>Core Tier 1 Ratio (CET1)</b>	<b>14.4%</b>	14.6%	14.5%	14.5%	14.5%

*Note: Consolidated financial statement*

## TTB's Financial Summary

(THB million)	4Q21	% QoQ	% YoY	12M21	%YoY
Net interest income (NII)	12,769	1.5%	-5.5%	51,000	-5.2%
Non-interest income (Non-NII)	3,739	15.5%	-16.6%	14,537	-6.5%
Non-interest expenses	7,999	7.8%	-3.3%	31,219	-3.0%
<b>Pre-provision operating profit (PPOP)</b>	<b>8,461</b>	<b>0.3%</b>	<b>-13.7%</b>	<b>34,300</b>	<b>-8.0%</b>
Expected credit loss (ECL)	5,017	-9.2%	-39.1%	21,514	-13.4%
<b>Net profit to equity holders of the Bank</b>	<b>2,799</b>	<b>18.7%</b>	<b>126.7%</b>	<b>10,474</b>	<b>3.6%</b>

(THB million)	31-Dec-21	30-Sep-21	% QoQ	31-Dec-20	%YTD
Total loan to customers	1,372,315	1,359,454	0.9%	1,392,925	-1.5%
Total assets	1,759,181	1,750,039	0.5%	1,808,332	-2.7%
Deposit	1,339,195	1,325,187	1.1%	1,373,408	-2.5%
Debt issued and borrowings, net	68,398	82,830	-17.4%	88,965	-23.1%
Total liabilities	1,548,345	1,542,149	0.4%	1,603,582	-3.4%
Total equity	210,836	207,890	1.4%	204,750	3.0%

Key ratios	4Q21	3Q21	4Q20	12M21	12M20
Net interest margin (NIM)	2.98%	2.95%	3.06%	2.97%	3.00%
Non-interest income to total assets	0.85%	0.73%	0.98%	0.82%	0.84%
Cost to income ratio	48.8%	46.2%	44.8%	47.6%	45.8%
Return on equity (ROE)	5.3%	4.5%	2.4%	5.1%	5.1%
Return on asset (ROA)	0.6%	0.5%	0.3%	0.6%	0.5%
NPL / Stage 3 (THB mn)	42,121	44,411	39,594	42,121	39,594
NPL / Stage 3 ratio	2.81%	2.98%	2.50%	2.81%	2.50%
Credit cost (bps) - annualized	146	161	238	157	179
Loan to deposit ratio (LDR)	103%	103%	101%	103%	101%
LDR + Debt issued & borrowings to deposit	97%	97%	95%	97%	95%
Capital adequacy ratio (CAR)	19.3%	19.7%	19.6%	19.3%	19.6%
Tier 1 capital ratio (Tier 1)	15.3%	15.6%	15.5%	15.3%	15.5%
Core tier 1 capital ratio (CET 1)	14.4%	14.6%	14.5%	14.4%	14.5%
Bank's employees	15,102	15,379	17,009	15,102	17,009
Domestic branches	636	652	733	636	733
ATMs, ADMs and All-in-One	3,894	4,012	4,372	3,894	4,372

Note: 1. Consolidated financial statements

2. In 4Q21, the Bank has reclassified fee service income, service expenses and OPEX to reflect nature of business, therefore figures in previous period are reclassified for comparative purposes

## Additional Information: Credit rating profile

Moody's		
	International rating	Outlook
Bank Deposits	Baa1/P-2	Stable
Baseline Credit Assessments (BCAs)	baa3	
Senior Unsecured	(P)Baa1	

**Latest Changes:** June 2020, Moody's has affirmed long-term rating and revised outlook to stable.

Standard & Poor's		
	International rating	Outlook
Long-Term Counterparty	BBB	Negative
Short-Term Counterparty	A-2	
Senior Unsecured	BBB	
Stand-Alone Credit Profile (SACP)	bb+	

**Latest Changes:** August 2020, Standard & Poor's has upgraded long-term rating and revised outlook to negative.

Fitch Ratings		
	International rating	Outlook
Long-Term IDR	BBB	Stable
Short-Term IDR	F2	
Senior Unsecured	BBB	
Viability Rating	bbb-	
Support Rating Floor	BBB	
Support Rating	2	
	<b>National Rating</b>	
Long-Term	AA+ (tha)	
Short-Term	F1+(tha)	
Subordinated Debt	A (tha)	

**Latest Changes:** September 2021, Fitch Ratings has upgraded Long-term IDR and Support rating floor with stable outlook.



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**Disclaimer**

TMBThanachart Bank Public Company Limited provided this report in order to disclose its financial performance for the quarter and the period as mentioned. Some content may contain forward-looking statements, which based on management's view upon the information currently available to us. These statements are subject to certain risks and uncertainties that could cause the actual results materially different from what had been previously stated. The materials in this report shall not, and are not intended to, constitute or contain an offer to sell or the solicitation of an offer to buy, any securities of TMBThanachart Bank Public Company Limited.

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