



Management Discussion and Analysis

For the 4th quarter and 12-month period ended 31 December 2022

(Audited financial statements)

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Management Discussion and Analysis

Executive summary: Economic review & outlook

Thai economy in 4Q22: Thai economy had continuously recovered but with weaker supports from merchandise exports due to weaker demands from trading partners. However, foreign tourists had been progressively rebounded after easing of border restrictions which can be reflected by the figures of inbound foreign tourists in the fourth quarter at 5.5 million persons respectively, making that of the year 2022 to stand at 11.2 million heads. This had correspondingly supported the steady recovery in tourism-related services sector. Regarding domestic demands, it had steadily improved. Private consumption rebounded in line with purchasing powers' supporting factors, namely employment and incomes. This was except for the high-level of living costs which generally inserted negative pressure on households' purchasing powers and consumers' confidence. Notwithstanding, monthly inflation in the fourth quarter of 2022 was at 5.8%, decelerating from 7.3% in the former quarter which could be attributed to the declines in the prices of raw foods and energy. With respect to private investment, it steadily declined particularly in the investment categories of machine and equipment in accordance with the slowdown in productions and goods exports. The monthly average of merchandise exports values in the fourth quarter were 21.9 billion US dollar, slightly below that of the former quarter at 24 billion US dollar according to the decline in all key export products. As for the year of 2022, merchandise export values expanded 5.5%. With respect to the mentioned economic factors, Thai economy in the fourth quarter expanded 1.4% (YOY), decelerating from 4.6% (YOY) in the previous quarter and making the year of 2022 to grow by 2.6% (YOY).

Financial market & banking industry: As of the last meeting of 2022, the Monetary Policy Committee (MPC) decided to raise the policy rate by 0.25% in November. This was the third consecutive hiking decision since the onset of pandemic crisis, resulting in Thai policy rate standing lately at 1.25%. The committee foresaw Thai economy to recovery stronger than previously estimated according to a significant rebound of foreign tourists. With respect to headline inflation of 2022, even though it decelerated in the last quarter according to the significant drop in energy costs, it remained elevate at high level of 6.08% annually before gradually returning to the target range in 2023 after supply side pressures subside. Medium-term inflation expectation remained within the policy target range. According that the committee assessed Thai economy to continuously expand, extraordinarily accommodative monetary policy is therefore less necessary, and the policy rate should be gradually raised to a level appropriated to long-term economic activities. Since January 1st, 2023, Bank of Thailand has revoked the temporary reduction of bank's periodic FIDF contribution, making the latest contribution rate getting back to a normal rate of 0.46% per annum, causing the deposit rate and the lending rate to rise recently. Regarding Thai baht, it was on an average of 36.33 baht per U.S. dollar in the fourth quarter of 2022, relatively the same as the previous quarter. For 2022, Thai baht was on average of 35.07 baht per US dollar, depreciating 9.6% from last year. Thai Baht would be volatile towards appreciation trend due to capital outflows from the United states' financial markets. This is according to the market's risk perception on Federal reserves' stance of potentially reducing the size of future rate hike in early 2023 since the Fed's tightening course has nearly reached the end of its cycle. Therefore, the gap between the policy rate of the United States and Thailand, including other markets, would be gradually smaller in coming period. The appreciation of Thai baht against the US dollar would be also in line with that of other Asian currencies. Regarding commercial banking, the growth of total loans of 2022 decelerated to 2.1%. Meantime, deposits expanded 3.8% (YoY) mainly attributing to the development of saving deposits.

Economic outlook for 1Q23: Overall, Thailand's economy is projected to steadily improve, mainly supported by the recovery of foreign tourist rebound. ttb analytics has revised up the total foreign tourist figure of 2023 to be at 29.5 million from the previous estimation of 22.4 million persons. This comes with the fact that Chinese government has eased the stringent zero-COVID19 policy earlier than expected, providing strong support to Thai tourism sector's recovery. Meanwhile, inflation has started to decline both in the prices of energy and raw foods, easing pressure on households' purchasing powers. Together with consumption stimulus package, such as a shop and payback scheme, as well as an improvement in labor market conditions, the growth of private consumption would be sustained. Private investment would decline according to a slowdown in merchandise exports and productions. For 2023, the value of merchandise exports in US dollar term is forecasted to grow by 0.5%, corresponding to global economic slowdown. ttb analytics forecasts that Thai economy in 2023 would expand at 3.6% due to the supports from tourism sector and private consumption. About financial market, Thai policy rate is likely to be steadily raised to maintain domestic price stability amid fragile economic recovery and high level of business and household debts. Accordingly, ttb analytics projects that Thai policy rate would reach 1.75% in the end of first quarter of 2023. In the meantime, Thai baht would be in an appreciation trend in line with Thai economic recovery and it would move within the range of 33-34 baht per US dollar in the first quarter of 2023.

Summary of TMBThanachart's operating performance

In the second half of 2022, Thai economic recovery fueled by country reopening and tourism inflow, together with changing environment to interest rate hike cycle, was positive catalyst for the banking sector. Still, TMBThanachart (TTB) is prudent with business operation against economic headwinds as well as puts priority on proactively assisting our customers who are in needed amid rising interest rate condition. Moreover, TTB had proactively prepared initiatives such as post-merger balance sheet optimization, pre-funding long-term deposit strategy, remodeling business operation and creating new ecosystems via digital platform in order to improve both operational efficiency and revenue stream. Such initiatives were well executed and started to yield a result as TTB financial performance consecutively improved throughout the year 2022. For 4Q22, net profit rose with 3.6% QoQ and 37.4% YoY backed by better operating income, improving NIM, and controllable asset quality. In terms of topline growth, NII and NIM continued to increase from better loan mix towards higher yield segment in retail lending and well-managed funding cost and net fees income rebounded QoQ. OPEX increased due to seasonality while recurring expenses were well-contained despite business expansion. With selective loan growth strategy to ensure quality of loan portfolio, the asset quality was under control resulting in well-managed ECL level. In addition, loan portfolio mix was shifting towards retail high-yield segment, supported by new subsidiary like ttb consumer and leveraging post-merger customer base, so this would be a new engine to enhance yield going forward.

Continuously optimizing deposit mix amid interest rate uptrend with pre-funding long-term deposit strategy: The Bank strengthened liquidity position by balancing high-cost deposit and flagship products to optimize deposit structure and ensure well-managed cost of deposit. As of Dec 2022, total deposit increased by 4.5% YTD to THB1,399 billion mainly from the acquisition of retail tactical TD product namely Up and Up as a part of funding management to lock up rate amid rising interest rate trend. In terms of our retail flagship products, All Free continued its growth pace by 4.8% YTD while No-fixed deposit declined by 5.1% YTD because of partly moving to TD Up & Up and alternative investment products during rising rate cycle. Regarding TTB's deposit direction, the Bank will acquire more new-to-banks customers thru our flagship deposit products while retail-TD Up and Up would be a key tactical product during interest rate uptrend that helps retain wealth customers together with ensuring well-balanced deposit mix for better deposit cost going forward.

Conservatively expanding loan as planned with the growth towards retail loan segment: TTB has been selectively growing loans and focusing on quality loan growth strategy during the pandemic. As of Dec 2022, total loan to customers increased by 0.4% YTD to THB1,376 billion largely from retail segments. Corporate lending on consolidated basis decreased by 8.6% YTD, due mainly to the repayment of large corporate loans while SME loans* increased from re-segmentation. As TTB aims to gain more fair share in retail segment especially consumer lending with a clear focus in targeting customers group to ensure quality of new booking loans, retail loans grew as planned in every product. Our flagship retail products like auto loan and mortgage loans continued to rise by 4.3% and 3.2% YTD respectively. Moreover, personal loan and credit card grew at a good pace by 8.4% and 15.7% YTD respectively backed by sales force from the new subsidiary, ttb consumer.

Improving operating income thanks to change in loan mix and rising interest rate environment: TTB's NII regained positive momentum, following policy rate hike and well-managed loan and investment portfolio, and non-NII also grew from better net fees and service income and extra one-time gain from AT1 partial buyback. 4Q22 net interest income was reported at THB13,826 million, increasing 6.6% QoQ due primarily to the loan strategy to improve yield by gearing toward retail loan space and higher investment balances. NIM improved by 18 bps QoQ to 3.10% from better yield on earning asset even the funding cost was rising due to the rate uptrend. Non-NII increased by 18.7% QoQ to THB4,014 million due mainly to net fees and service income and one-time gain from AT1 partial repurchase. Our strategic fees like bancassurance fees still maintained momentum while mutual fund remained challenging from unfavorable market sentiment. Total operating income, therefore, increased by 9.1% QoQ to THB17,840 million in 4Q22.

With topline growth and efficient cost management, PPOP continued to grow: 4Q22 TTB reported OPEX at THB8,256 million, an increase of 10.9% QoQ, due to seasonal selling and marketing expenses and higher staff cost and incentives following growing business volume. However, the cost discipline is a key strategy of expense side to ensure all expenses are well-managed amid business expansion. Thus, cost-to-income ratio was in line with the guidance at 46% in 4Q22, slightly increasing from 45% QoQ. If excluded purchase price allocation (PPA) impact, the ratio registered at 45%. As a result, Pre-provision operating profit (PPOP) increased by 7.5% QoQ which recorded at THB9,636 million in 4Q22.

Prudent risk management and proactive assisting customers resulting in controllable asset quality: TTB tightened ECL model to ensure prudent risk management and closely monitor asset quality of loan portfolio taking potential forward-looking risks into account. In 4Q22, the Bank set aside expected credit loss (ECL) and management overlay of THB4,802 million, equivalent to a credit cost of 138 bps, which increased by 10.1% QoQ. With the market opportunity and extra gain from AT1 partial repurchase, the Bank attempted to proactively clean up loan portfolio through NPL sales as well as de-risking our portfolio by doing qualitative downgrade. Moreover, stage 3 loan totaled to THB41,707 million which decreased from 3Q22, and NPL ratio stood at 2.73% in 4Q22, dropped from the peak level in 3Q21 at 2.98%. However, given such manageable asset quality, asset quality figures were ended below guidance.

After provision and tax, TTB reported THB3,847 million of net profit in 4Q22 which increased by 3.6% QoQ. For the 12-month of 2022, net profit was reported at THB14,195 which rose by 35.5% YoY and represented the ROE of 6.6%.

Note: * SME: Small and medium SME customers with annual sales volume up to THB400 million including owner operators.

Discussion of operating performance

Figure 1: Selected Statement of Comprehensive Income

(THB million)	4Q22	3Q22	% QoQ	4Q21	% YoY	12M22	12M21	% YoY
Interest income	17,546	16,519	6.2%	15,990	9.7%	65,627	64,239	2.2%
Interest expenses	3,720	3,550	4.8%	3,221	15.5%	14,010	13,240	5.8%
Net interest income	13,826	12,968	6.6%	12,769	8.3%	51,617	51,000	1.2%
Fees and service income	3,733	3,438	8.6%	3,657	2.1%	14,025	15,190	-7.7%
Fees and service expenses	982	904	8.6%	665	47.8%	3,634	3,941	-7.8%
Net fees and service income	2,750	2,534	8.5%	2,993	-8.1%	10,391	11,248	-7.6%
Other operating income	1,264	847	49.2%	746	69.3%	3,845	3,288	16.9%
Non-interest income	4,014	3,381	18.7%	3,739	7.4%	14,236	14,537	-2.1%
Total operating income	17,840	16,349	9.1%	16,508	8.1%	65,852	65,537	0.5%
Total other operating expenses	8,256	7,447	10.9%	7,999	3.2%	29,952	31,219	-4.1%
Expected credit loss	4,802	4,361	10.1%	5,017	-4.3%	18,353	21,514	-14.7%
Profit before income tax expense	4,782	4,541	5.3%	3,492	36.9%	17,547	12,804	37.0%
Income tax expense	935	827	13.1%	693	34.9%	3,352	2,327	44.1%
Profit for the period	3,847	3,715	3.6%	2,799	37.4%	14,195	10,477	35.5%
Profit to non-controlling interest of subsidiaries	0.006	0.003	N/A	0.01	-60.0%	0.01	2.63	-99.8%
Profit to equity holders of the Bank	3,847	3,715	3.6%	2,799	37.4%	14,195	10,474	35.5%
Other comprehensive income	459	3	17775.4%	128	257.7%	-550	-274	N/A
Total comprehensive income	4,306	3,717	15.8%	2,928	47.1%	13,645	10,203	33.7%
Basic earnings per share (THB/share)	0.0398	0.0384	3.5%	0.0290	37.3%	0.1469	0.1086	35.3%

Note: Consolidated financial statement

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

For the 4th quarter of 2022: TTB recorded THB13,826 million of net interest income (NII) in 4Q22, relatively improved by 6.6% from previous quarter (QoQ) and 8.3% compared to the previous year (YoY). Details are as follows:

- Interest income increased by 6.2% QoQ and 9.7% YoY to THB17,546 million mainly from the loan strategy to improve yield by gearing toward retail loan space and higher investment balances.
- Interest expenses increased by 4.8% QoQ and 15.5% YoY to THB3,720 million due primarily to higher cost of funds following the interest rate uptrend.

For the 12-month of 2022: net interest income increased 1.2% YoY to THB51,617 million. Details are as follows:

- Interest income rose by 2.2% YoY to THB65,627 million. The rise was primarily due to the recovering yield on earning assets following rising rate environment amidst conservative loan growth.
- Interest expenses increased by 5.8% YoY to THB14,010 million, mainly owing to higher interest on deposit from strategic long-term funding base deposit growth.

NIM stood at 3.10% in 4Q22 and 2.95% in 12M22

NIM was at 3.10% in 4Q22 which improved by 18 bps from 2.92% in 3Q22 and by 12 bps from 2.98% in 4Q21. The QoQ increase was driven by better yield on earning assets as the Bank prepared balance sheet ahead of interest rate hike and benefited from such the rate uptrend in the market against rising cost of funds from our deposit strategy to pre-emptively lock up rate amid rising interest rate environment. However, if excluded

PPA impact, NIM was recorded at 3.17% in 4Q22. For 12M22, NIM lowered by 2 bps to 2.95% from 2.97% in 12M21. If excluded PPA impact, NIM was recorded at 3.01% in 2022. Such YoY decline of NIM was due to the pressure from the pre-funding long-term deposit strategy resulting in higher cost of funds. However, the potential loan growth in the targeted segment like retail high-yield loan supported by interest rate hike cycle and such balance sheet preparations would help improve asset yield sustainably in the long-run.

Figure 2: Net interest income (NII)

(THB million)	4Q22	3Q22	% QoQ	4Q21	% YoY	12M22	12M21	% YoY
Interest income	17,546	16,519	6.2%	15,990	9.7%	65,627	64,239	2.2%
Interest on interbank and money market items	550	368	49.7%	228	141.1%	1,489	1,060	40.4%
Investments and trading transactions	8	7	17.2%	12	-37.0%	27	66	-59.0%
Investments in debt securities	599	498	20.3%	336	78.2%	1,782	1,247	42.9%
Interest on loans	10,627	9,923	7.1%	9,946	6.8%	39,492	39,827	-0.8%
Interest on hire purchase and financial lease	5,761	5,723	0.7%	5,466	5.4%	22,834	22,034	3.6%
Others	0.5	0.6	-12.2%	1.5	-65.9%	2.5	5.1	-51.5%
Interest expenses	3,720	3,550	4.8%	3,221	15.5%	14,010	13,240	5.8%
Interest on deposits	2,046	1,932	5.9%	1,741	17.6%	7,722	7,158	7.9%
Interest on interbank and money market items	195	119	64.2%	69	182.7%	482	277	74.1%
Contributions to the Deposit Protection Agency	824	826	-0.2%	795	3.7%	3,279	3,240	1.2%
Interest on debt issued and borrowings	640	659	-2.8%	603	6.2%	2,469	2,510	-1.6%
Borrowing fee	6	7	-11.9%	6	-6.1%	27	33	-16.8%
Others	8	7	12.4%	7	20.0%	30	23	31.8%
Net interest income (NII)	13,826	12,968	6.6%	12,769	8.3%	51,617	51,000	1.2%

Note. Consolidated financial statements

Figure 3: Yields and cost

(Annualized percentage)	4Q22	3Q22	2Q22	1Q22	4Q21	12M22	12M21
Yield on loans	4.69%	4.46%	4.42%	4.47%	4.48%	4.52%	4.51%
Yield on earning assets	3.94%	3.72%	3.63%	3.68%	3.73%	3.75%	3.74%
Cost of deposit	0.82%	0.79%	0.81%	0.78%	0.75%	0.80%	0.77%
Cost of funds	0.96%	0.91%	0.91%	0.88%	0.86%	0.92%	0.88%
Net interest margin (NIM)	3.10%	2.92%	2.83%	2.91%	2.98%	2.95%	2.97%

Note. Consolidated financial statements

Non-interest income (Non-NII)

For the 4th quarter of 2022: The Bank posted THB4,014 million of non-interest income in 4Q22, which increased by 18.7% QoQ and 7.4% YoY. The QoQ change was due mainly to better net fees and service income and gain from AT1 partial buyback. Details are as follows:

- Net fees and service income was reported at THB2,750 million which increased 8.5% QoQ but contracted by 8.1% YoY. Such QoQ increase was from both commercial and retail fees. For strategic fees, bancassurance fee (BA) still maintain momentum in both auto BA fees that continued to grow followed new booking in HP products and non-auto BA fees from better product mix and sales remodeling. Mutual fund fees remained soft amid unfavorable market condition. As we resumed growth in consumer lending products, credit card fees improved aligned with increasing credit card volume and higher spending. In terms of commercial fees, trade finance started to recover offset with slow loan related fee. The YoY decrease was mainly contributable by sluggish mutual fund fees

amid weak market sentiment, offset with strong growth in BA and commercial fees.

- Gains on financial instrument measured at fair value through profit or loss was THB398 million which dropped by 8.1% QoQ and 3.1% YoY. The FX fee was softened due to Thai Baht appreciation and slow volumes of export and import.
- Share of profit from investment using equity method increased by 28.4% QoQ and 34.1% YoY, recorded at THB60 million.
- For other income, there was one-time gain from the partial repurchase of additional tier 1 capital securities or AT1 approximately THB463 million. The repurchase was a part of funding and capital management, and the Bank still has strong capital position with Tier 1 and CAR ratio well above BOT's minimum requirement for the D-SIBs group.

For the 12-month of 2022: Non-NII declined by 2.1% YoY to THB14,236 million, due mainly to a decrease in net fees and service income and gains on investment. Key items are as follows:

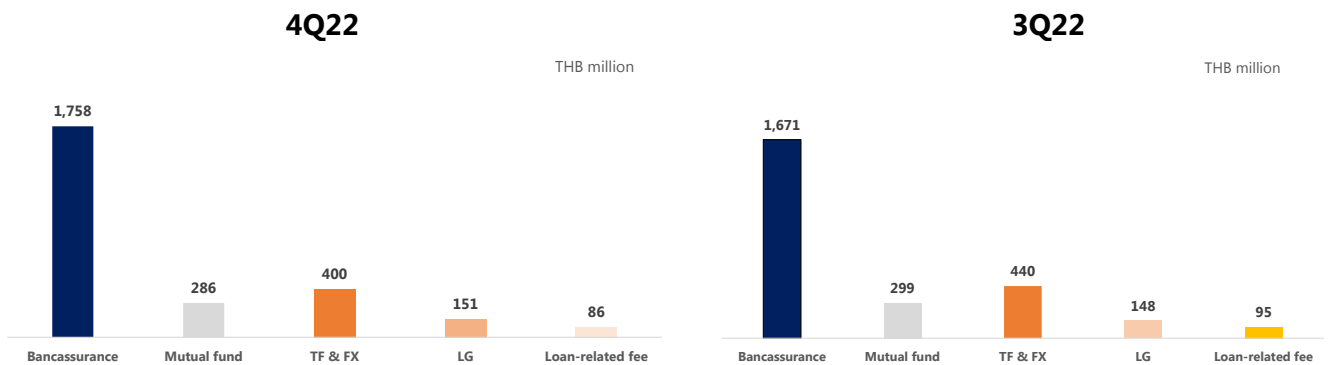
- Net fees and service income decreased by 7.6% YoY to THB10,391 million, mainly attributed to lower mutual fund fee, offset with an increase in auto BA and non-auto BA fees.
- Gain on investments decreased by 96.3% YoY to THB7 million from lower sales of investments aligned with the investment portfolio management amid unfavorable market condition.
- Share of profit from investment using equity method decreased by 24.4% YoY to THB261 million.
- For other income, there was one-time gain from the partial repurchase of additional tier 1 capital securities or AT1 in 3Q22 and 4Q22 approximately THB528 million which was a part of funding and capital management.

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

(THB million)	4Q22	3Q22	% QoQ	4Q21	% YoY	12M22	12M21	% YoY
Fees and service income	3,733	3,438	8.6%	3,657	2.1%	14,025	15,190	-7.7%
Acceptance, Aval & Guarantee	157	154	1.6%	150	4.6%	617	587	5.1%
Other fee and service income	3,576	3,284	8.9%	3,507	1.9%	13,408	14,603	-8.2%
Fees and service expenses	982	904	8.6%	665	47.8%	3,634	3,941	-7.8%
Net fees and service income	2,750	2,534	8.5%	2,993	-8.1%	10,391	11,248	-7.6%
Gains on financial instrument measured at fair value through profit or loss	398	433	-8.1%	411	-3.1%	1,693	1,480	14.3%
Gains on investments, net	3	-9	-133.3%	-5	-158.5%	7	182	-96.3%
Share of profit from investment using equity method	60	47	28.4%	45	34.1%	261	346	-24.4%
Gains on sale of properties foreclosed, assets & other assets	117	107	9.3%	46	157.0%	336	368	-8.6%
Dividend income	27	9	215.6%	5	447.9%	174	91	91.5%
Others	659	260	153.4%	245	168.7%	1,373	821	67.2%
Non-interest income	4,014	3,381	18.7%	3,739	7.4%	14,236	14,537	-2.1%

Note: Consolidated financial statements

Figure 5: Strategic non-interest income



Note: Consolidated financial statements

*Bancassurance is included fees from TMBThanachart Broker, ttb broker, our fully owned subsidiary and operating non-life brokerage business, is becoming an important role to auto car insurance. The plan is to move car insurance renewal to service at ttb broker and improve sale efficiency in branch staff.

Non-interest expenses

For the 4th quarter of 2022: The Bank recorded THB8,256 million of total non-interest expenses which increased by 10.9% QoQ and 3.2% YoY. Key items are as follows:

- Employee expenses increased by 3.2% QoQ and 3.9% YoY to THB4,272 million, largely came from higher staff costs and incentives aligning with growing business volume.
- Premises and equipment expenses increased by 7.8% QoQ but declined by 14.9% YoY to THB1,270 million from repair and maintenance expenses.
- Other expenses increased by 30.2% QoQ and 13.4% YoY to THB2,283 million. Such increase was due mainly to seasonally higher selling and marketing expenses, professional fees and software write-off.

For the 12-month of 2022: Non-interest expenses declined by 4.1% YoY to THB29,952 million. Key factors are as follows:

- Employee expenses contracted by 2.9% YoY to THB16,006 million because of lower employee expense from voluntary ER program in 1Q21.
- Premises and equipment expenses decreased by 13.5% YoY to THB4,864 million, mainly resulted from lower depreciation and utilities expense.
- Other expenses rose by 0.6% YoY to THB7,511 million, mainly owing to higher selling and marketing expenses, offset with lower software expense and professional fee.

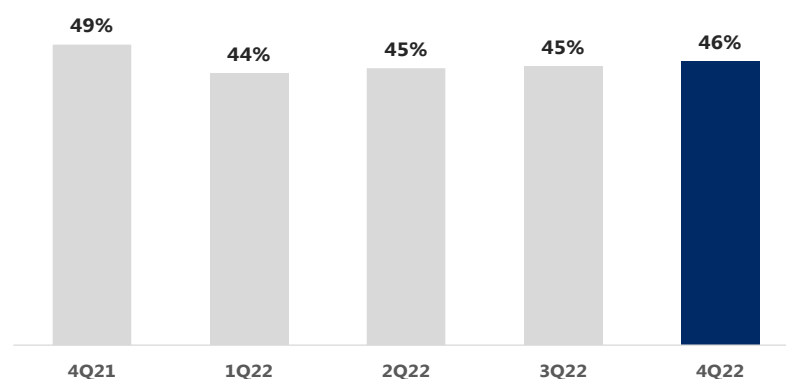
Figure 6: Non-interest expenses

(THB million)	4Q22	3Q22	% QoQ	4Q21	% YoY	12M22	12M21	% YoY
Employee expenses	4,272	4,138	3.2%	4,111	3.9%	16,006	16,480	-2.9%
Directors' remuneration	12	10	20.2%	11	6.4%	60	74	-18.9%
Premises and equipment expenses	1,270	1,177	7.8%	1,492	-14.9%	4,864	5,622	-13.5%
Taxes and duties	419	368	14.0%	371	12.9%	1,510	1,573	-4.0%
Other expenses	2,283	1,754	30.2%	2,013	13.4%	7,511	7,470	0.6%
Non-interest expenses	8,256	7,447	10.9%	7,999	3.2%	29,952	31,219	-4.1%

Note: Consolidated financial statements

4Q22 Cost to income ratio was maintained at 46%, ended within target.

In 4Q22, cost to income ratio was at 46%, up from 45% in 3Q22 but declined from 49% in 4Q21. The cost to income ratio slightly rose as a result of seasonal increase in expense side while C/I ratio excluded PPA impact was 45%. For 12M22, cost to income ratio was 45%, decreased from 48% in 12M21. The C/I ratio ended within the guidance and improved from the previous year thanks to cost saving synergy realization and cost discipline while the topline also started to recover after the prolonged pressures from the pandemic. The key drivers to achieve C/I ratio aspiration in long run is still the cost discipline and revenue boosting from potential growth in our selected business area and leveraging digital capabilities.

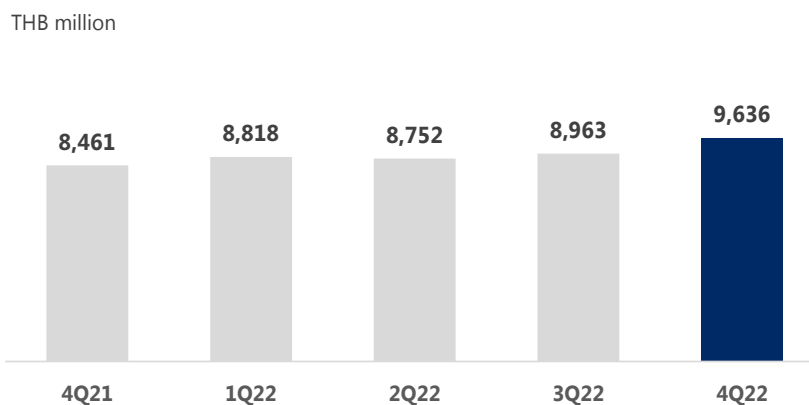
Figure 7: Cost to income ratio

Note: Consolidated financial statements

Operating profit and Expected Credit Loss

Pre-provision operating profit (PPOP): PPOP amounted to THB9,636 million in 4Q22, increased by 7.5% QoQ and 13.9% YoY. PPOP for the 12-month of 2022 was at THB36,169 million, grew by 5.4% YoY.

Figure 8: Pre-provision operating profit (PPOP)



Note: Consolidated financial statements

Setting aside 4Q22 ECL of THB4,802 million under prudent ECL model

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 THB4,802 million, equivalent to a credit cost of 138 bps, which increased by 10.1% QoQ but declined by 4.3% YoY. With the market opportunity and extra gain from AT1 partial repurchase, the Bank attempted to proactively clean up loan portfolio through NPL sales as well as de-risking our portfolio. Thus, the QoQ increase in ECL was attributable to more stringent ECL model based on our strict principle-based relief schemes and qualitative downgrade in 4Q22. For the 12-month of 2022, ECL amounted to THB18,353 million, a decrease of 14.7% YoY. Such ECL level reflected the Bank's prudent risk management model, taken economic headwinds into account and complied with BoT guideline, but the level was not elevated compared to last year because of the proactively front-loaded provision during the COVID-19 pandemic situation and more well-managed asset quality.

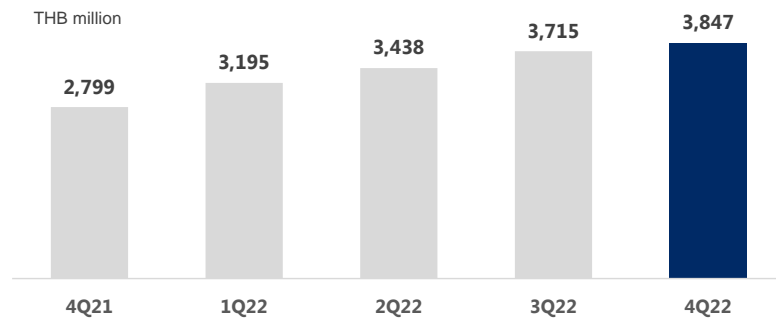
Figure 9: Expected Credit Loss (ECL) and credit cost

(THB million)	4Q22	3Q22	% QoQ	4Q21	% YoY	12M22	12M21	% YoY
Expected credit loss	4,802	4,361	10.1%	5,017	-4.3%	18,353	21,514	-14.7%
Credit cost (bps) - annualized	138	124		146		133	157	

Note: Consolidated financial statements

Net profit: After provision and tax, net profit in 4Q22 was THB3,847 million which increased by 3.6% QoQ and 37.4% from the same period last year. For the 12-month of 2022, net profit was reported at THB14,195 million which rose by 35.5% YoY and represented the ROE of 6.6% improved from 5.1% in 2021.

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



Note. Consolidated financial statements

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

Discussion of financial position

Figure 11: Selected financial position (Consolidated)

(THB million)	Dec-22	Sep-22	%QoQ	Dec-21	%YTD
Cash	15,506	15,153	2.3%	16,011	-3.2%
Interbank and money market items, net	187,563	172,266	8.9%	158,873	18.1%
Financial assets measured at fair value through profit or loss	1,533	1,612	-4.9%	1,421	7.9%
Derivative assets	10,376	17,912	-42.1%	6,913	50.1%
Investments, net	211,432	190,746	10.8%	180,229	17.3%
Investments in subsidiaries and associate, net	8,574	8,669	-1.1%	8,620	-0.54%
Total loans to customers**	1,376,118	1,394,000	-1.3%	1,371,304	0.4%
<i>Add</i> accrued interest receivables and undue interest receivables*	7,777	7,499	3.7%	7,369	5.5%
<i>Less</i> allowance for expected credit loss	57,390	56,603	1.4%	54,472	5.4%
Total loans to customers and accrued interest receivables, net	1,326,505	1,344,895	-1.4%	1,324,201	0.2%
Properties for sale, net	12,152	11,995	1.3%	8,626	40.9%
Premises and equipment, net	19,788	20,153	-1.8%	21,625	-8.5%
Goodwill and other intangible assets, net	22,890	22,877	0.1%	22,819	0.3%
Deferred tax assets	830	605	37.1%	9	9227.6%
Other assets, net	9,131	16,650	-45.2%	8,822	3.5%
Total Assets	1,826,279	1,823,533	0.2%	1,758,170	3.9%
Deposits	1,399,247	1,373,624	1.9%	1,339,195	4.5%
Interbank and money market items	84,770	98,542	-14.0%	84,966	-0.2%
Financial liabilities measured at fair value through profit or loss	438	437	0.3%	437	0.3%
Debts issued and borrowings, net	59,644	73,203	-18.5%	68,398	-12.8%
Deferred revenue	17,950	18,295	-1.9%	19,165	-6.3%
Other liabilities	45,222	44,738	1.1%	35,173	28.6%
Total Liabilities	1,607,271	1,608,839	-0.1%	1,547,334	3.9%
Equity attributable to equity holders of the Bank	219,006	214,693	2.0%	210,835	3.9%
Non-controlling interest	1	1	0.5%	1	0.3%
Total equity	219,008	214,694	2.0%	210,836	3.9%
Total liabilities and equity	1,826,279	1,823,533	0.2%	1,758,170	3.9%
Book value per share (Baht)	2.26	2.22	1.9%	2.18	3.7%

Note. Consolidated financial statements

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

** Reclassified HP subsidy income as part of loans to customer in Dec 2021

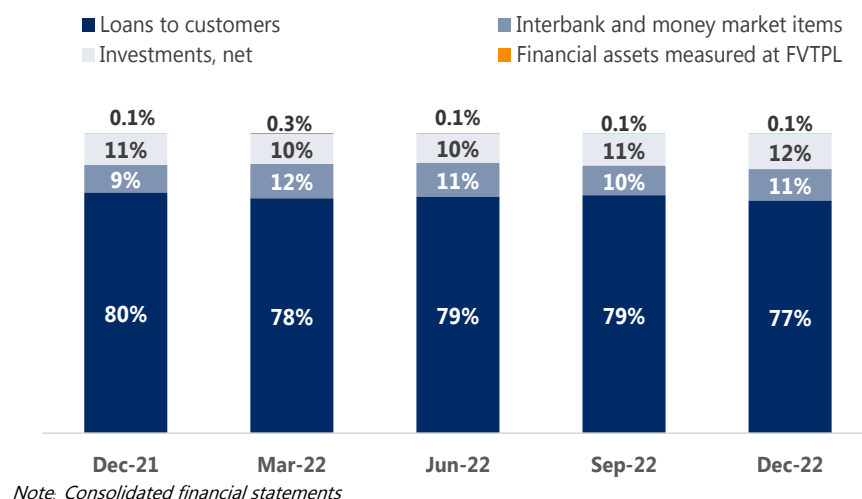
Assets

As of 31 December 2022, total assets on consolidated basis were THB1,826,279 million, increased by 0.2% QoQ and 3.9% YTD. Key items are as follows;

- Total loans to customers and accrued interest receivables net decreased by 1.4% QoQ but increased slightly by 0.2% YTD to THB1,326,505 million. (Details in the following section).
- Net interbank and money market items increased by 8.9% QoQ and 18.1% YTD to THB187,563 million. The QoQ increase was in accordance with liquidity management.
- Net investments and financial asset measured at fair value through profit and loss increased by 10.7% QoQ and 17.2% YTD to THB212,965 million.
- Net properties for sale rose by 1.3% QoQ and 40.9% YTD to THB12,152 million, mainly due to asset warehousing initiative.

After the merger, loans to customers were still the largest portion of earning assets. As of 31 December 2022, loans to customers represented 77.4% of earning assets. This was followed by investment of 11.9%, interbank and money market of 10.6%, and financial assets measured at fair value through profit or loss 0.1%.

Figure 12: Earning assets



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 2022, investments were classified as follows:

(THB million)	31 Dec 2022	30 Sep 2022
Financial assets measured at FVTPL	1,533	1,612
Investments in debt securities measured at amortized cost	49,106	49,103
Investments in debt securities measured at FVOCI	159,470	138,792
Investments in equity securities measured at FVOCI	2,856	2,851
Net Investment*	211,432	190,746
Total Investment	212,965	192,358

Note: Consolidated financial statements

* Net investments comprised of investments measured at amortized cost and measured at FVOCI

Total loans to customers and accrued interest receivables

As of 31 December 2022, TTB recorded total loans to customers and accrued interest receivables-net on consolidated basis of THB1,327 billion, declined by 1.4% from September 2022 but increased slightly by 0.2% from December 2021.

In terms of total loan to customers on consolidated basis (excluded allowance for ECL), the figure amounted to THB1,376 billion, declined by 1.3% QoQ but increased slightly by 0.4% YTD. The conservative loan growth was aligned with the Bank's direction to selectively grow quality loan. Despite corporate loan contraction due to large corporate loan repayment during the quarter, retail segments continued positive momentum especially hire purchase loans and credit card loans which in turns enhancing overall yield on loans. Details are as follows:

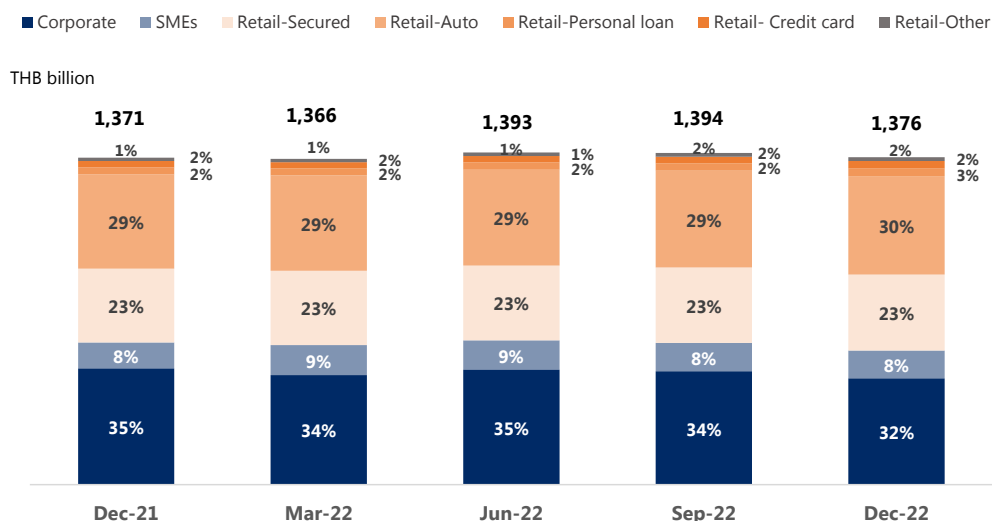
- Retail lending on consolidated basis increased by 1.7% QoQ and 5.0% YTD with growth in every product line. The flagship products namely mortgage loans continued to grow by 0.7% QoQ and 3.2% YTD and hire purchase rose by 1.5% QoQ and 4.3% YTD, as new bookings regained positive momentum following revitalized mobility and economy. Moreover, consumer lending continued to gather steam in consequence of the effort to leveraging post-merger group restructuring, larger existing customer base, and thanks partially to seasonal spending during year-end. As a result, personal loan grew by 4.5% QoQ and 8.4% YTD while credit card rose by 13.2% QoQ and 15.7% YTD.
- Corporate lending on consolidated basis contracted by 6.3% QoQ and 8.6% YTD. Such decline was mainly due to repayment of large corporate loans.
- SME segment (Small and Medium SME) declined by 1.3% QoQ but increased by 7.5% YTD due to re-segmentation since 1Q22. However, the Bank still focuses on de-risking weak loan and improves risk-adjusted return by expanding loan portfolio towards high-yield retail segments in targeting customer segment to enhance asset yields.

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 2022, retail loans accounted for 60% while corporate loans were 32% and SME were 8% of total portfolio.

In terms of key products, 30% of total loan was hire purchase, followed by mortgage of 23%, term loan of 19%, working capital (OD) of 16%, trade finance of 6%, unsecured & credit card of 5%, and others 1%, respectively.

As of 31 December 2022, HP portfolio consisted of new car 70%, used car 16%, cash your car (CYC) 14%, and cash your book (CYB) of 0.1%, respectively.

Figure 13: Total loan to customers breakdown by customer segment



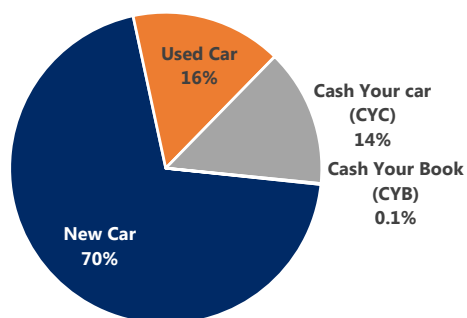
Note: Consolidated financial statements

Segment definition:

Corporate: customers with annual sales volume more than THB400 million

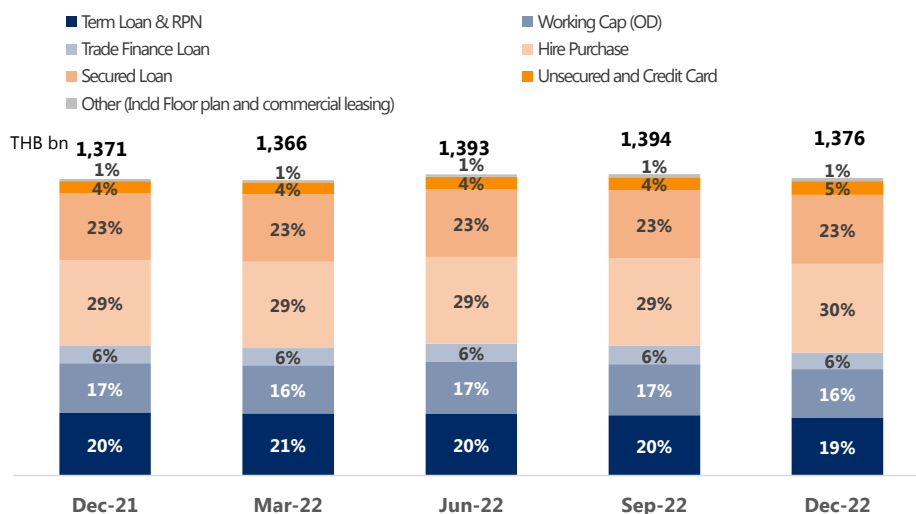
SME: In Mar 2022, new definition of SME represents small and medium SME customers with annual sales volume up to THB400 million, including owner operators changed from small SME customers with annual sales volume up to THB100 million

Figure 14: Hire purchase breakdown



Note: Consolidated financial statements

Figure 15: Total loan to customer breakdown by product



Note: Consolidated financial statements

Total modified loan portfolio

As the Bank's has proactively assisted customers who were affected from Covid-19 situation thru the debt relief program to ensure that they received proper assistance and could sustainably service their debts, the debt relief portfolio has decreased overtime on the expiry schedule. Currently, the debt relief was migrated to a comprehensive debt restructuring program and the Bank continues to give proper aids to customers amidst rising interest rate environment. As of December 2022, TTB's total modified portfolio (which included legacy restructured loans (before Covid-19) and all types of modified loan under debt restructuring program) was at 12% of total loans, slightly increased from 11% as of September 2022 and 16% as of December 2021. The slight QoQ increase was partly due to our tightening exit criteria to ensure prudent asset quality control. Under the modified portfolio, approx. 8% of total loans was light modified terms which comparable to BoT's orange scheme and approx. 4% of total loans in deep modification which comparable to BoT's blue scheme.

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.

As of 31 December 2022, 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 2022		
(THB million)	Loans to customer and accrued interest receivables	Allowance for expected credit Loss
Stage 1 (Performing)	1,225,348	13,325
Stage 2 (Under-performing)	116,840	24,469
Stage 3 (Non-performing)	41,707	19,596
Total	1,383,895	57,390
31 Dec 2021		
(THB million)	Loans to customer and accrued interest receivables	Allowance for expected credit Loss
Stage 1 (Performing)	1,223,662	12,413
Stage 2 (Under-performing)	112,520	22,052
Stage 3 (Non-performing)	42,491	20,007
Total	1,378,673**	54,472

Note: Consolidated financial statement

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

*** Reclassified HP subsidy income as part of loans to customer in Dec 2021*

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 2022, Stage 3 loans (NPLs), excluded accrued interest receivables on consolidated basis, was reported at THB41,707 million which decreased from THB41,889 million at the end of September 2022 and from THB42,120 million as of December 2021. Stage 3 loans (NPLs) on bank-only basis amounted to THB37,208 million, increased from THB37,093 million in September 2022 and THB41,368 million as of 31 December 2021. As the Bank continuously monitored the NPLs situation and managed NPL resolution through stringent risk management together with considering market opportunity, we tried to clean up the NPL portfolio and prepare headroom for any future downside risk. In the 4th quarter, the Bank wrote off NPLs amounting to approximately THB3.3 billion and sold THB4.5 billion of NPLs.

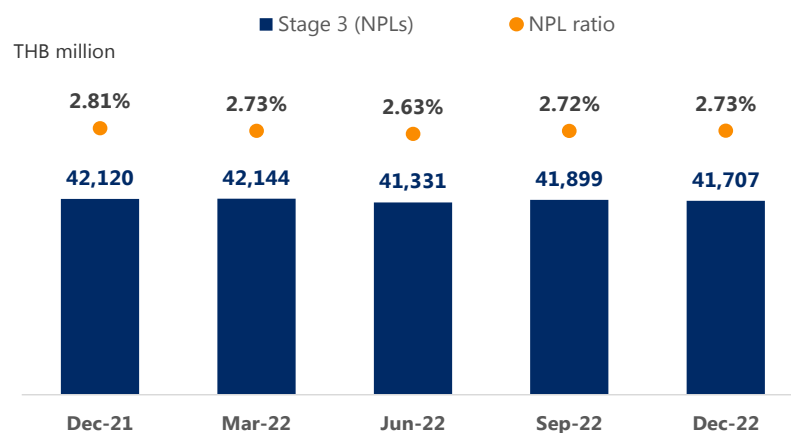
As of 31 December 2022, NPL ratio on consolidated basis was recorded at 2.73%, well-contained and continuously dropped from 2.98%, a Covid-19 peak level in 3Q21, and 2.81% at the end of December 2021. Meanwhile, NPL ratio on bank-only basis stood at 2.44% when compared with 2.42% as of 30 September 2022 and 2.76% at the end of December 2021. Overall, NPL level remained quite flat due to our qualitative downgrade and conservative loan growth as we implemented more tightened loan staging criteria. However, stage 3 ratio was ended below the guidance.

Allowance for expected credit loss

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 payment ability in order to reflect real behavior in ECL model and offers further assistance to those in need in timely manner. The allowance for expected credit loss was set at the prudent level, preparing for the future uncertainties.

As of 31 December 2022, the Bank and its subsidiaries reported the allowance for expected credit loss at THB57,390 million, which increased by 1.4% QoQ and 5.4% YTD. The level of allowance still reflected the Bank's current loan portfolio nature, which 53% are retail secured loan, and more manageable asset quality after the debt relief ended. The Bank continues to manage and de-risk weak loan to enhance quality of loan portfolio, as a result, SME represented only 8% of total portfolio as of December 2022. Therefore, coverage ratio increased to 138% in 4Q22 improved from 135% in 3Q22.

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 2022, total liabilities and equity on consolidated basis was reported at THB1,826,279 million, increased slightly by 0.2% QoQ and 3.9% from the end of December 2021.

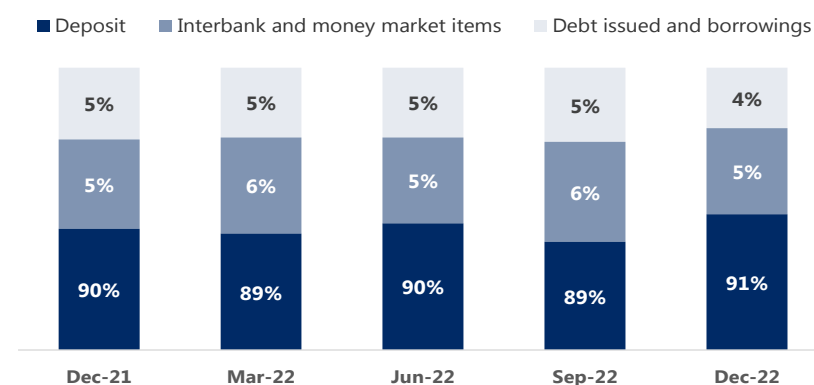
Total consolidated liabilities were THB1,607,271 million, relatively stable QoQ and increased by 3.9% from 31 December 2021. Details of key figures are as follows;

- Total deposits were THB1,399,247 million which rose by 1.9% QoQ and 4.5% YTD. (see details in following section)
- Net interbank and money market items amounted to THB84,770 million which declined by 14.0% QoQ and 0.2% YTD, mainly due to the Bank's liquidity management.
- Borrowings was recorded at THB59,644 million which decreased by 18.5% QoQ and 12.8% YTD. (see details in following section)

The consolidated equity was THB219,008 million, increased by 2.0% QoQ and 3.9% YTD mainly due to the accumulation of the net profit offset with dividend payment in 2Q22 and 3Q22.

Deposit was the largest composition of interest-bearing liabilities. As of 31 December 2022, deposit represented 91% of interest-bearing liabilities. This was followed by interbank and money market items of 5% and debt issued and borrowings of 4%.

Figure 18: Interest-bearing liabilities breakdown



Note: Consolidated financial statement

Deposits

As of 31 December 2022, the Bank and its subsidiaries reported total deposits on consolidated basis of THB1,399,247 million which increased by 1.9% QoQ and 4.5% from the end of 2021. Such QoQ increase was largely thanks to both commercial and retail deposits.

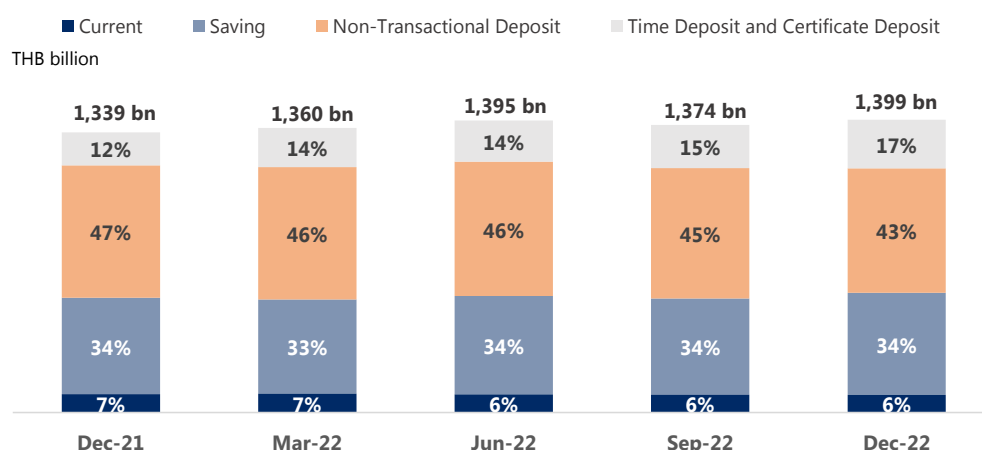
Deposit breakdown by products

TTB continued to optimize the deposit structure to strengthen liquidity position of the Bank, along with balancing high-cost deposit and our flagship products, like No-Fixed and All Free, to ensure well-managed deposit cost. Due to the interest rate uptrend, TTB continued to strategically pre-funding long term funding base thru Time Deposit (TD) product called "Up and Up" to lock up the rate. As a result, TD increased by 12.6% QoQ and 46.8% YTD, accounted for 17% of total deposit.

Retail deposit growth improved by 1.8% QoQ and 2.6% YTD. During rising rate cycle, we continued to see the movement from No-fixed to higher yield products, like TD and alternative investment products. No-Fixed dropped by 4.4% QoQ and 5.1% YTD while All Free increased by 3.8% QoQ and 4.8% YTD. However, All Free and No-fixed deposits remained the key flagship products of TTB with competitive features that help acquire new-to-bank customers and capture cross-selling opportunity while retail-TD up and up would be another key tactical product that helps retain customer relationships especially existing wealth customers by offering competitive interest rate. In terms of commercial deposit, it also increased by 2.0% QoQ and 8.8% YTD thru CASA products.

As of December 2022, retail deposit proportion represented 73% and commercial deposit represented 27% of total deposit. In terms of deposit structure, the ratio of non-transactional deposit to total deposit was reported at 43% while transactional deposit (CASA-excluded No-Fixed and ME Save) accounted for 40%, Time Deposit and Certificate Deposit accounted for 17%, respectively.

Figure 19: Deposit structure by products



Note: Consolidated financial statement

Remark: "TTB No Fixed" and "ME" 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.

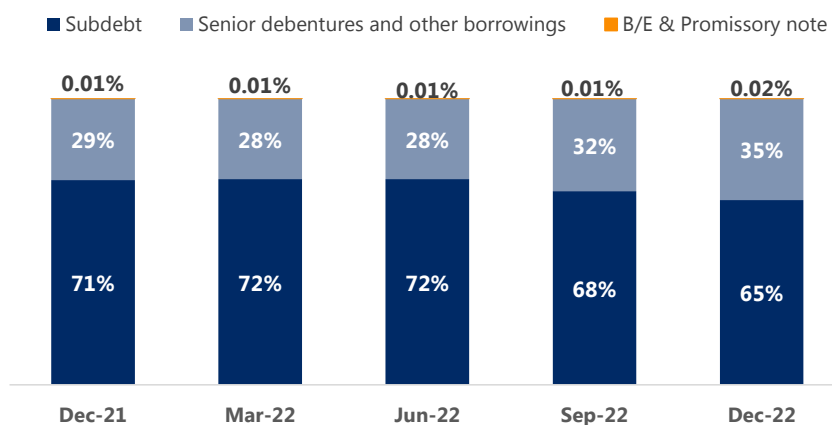
Borrowings

Borrowing declined 18.5% QoQ mainly due to partial repurchase of additional tier 1 capital (AT1) in alignment to the bank's capital management.

As of 31 December 2022, total borrowings of the Bank and its subsidiaries recorded at THB59,644 million which declined by 18.5% QoQ and 12.8% YTD. Such decline was mainly due to partial repurchase of additional tier 1 capital (AT1) in alignment to the bank's capital management.

In terms of borrowing structure, 65% was sub-debt. This was followed by senior debentures of 35% and BE of 0.02%.

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 2022, on consolidated basis, total liquid assets represented 14.8% of the total assets. The liquid assets consisted of cash (0.8%), interbank & money market items (10.3%), short-term investment (3.6%) and short-term financial assets measured at FVTPL (0.1%).

In terms of loan to deposit ratio (LDR), on consolidated basis was at 98%, decreased from 101% as of September 2022 and from 103% as of December 2021.

With the Bank's funding strategy to diversity funding source through debt issued and borrowings, Loan to deposit and debt issue and borrowings was recorded at 94% as of December 2022.

Figure 21: Liquid asset allocation and loan to deposit ratio

Liquid assets	Dec-22	Sep-22	Jun-22	Mar-22	Dec-21
Cash	0.8%	0.8%	0.7%	0.8%	0.9%
Interbank and money market	10.3%	9.4%	11.0%	11.2%	9.0%
Short-term investment	3.6%	3.1%	3.0%	2.6%	1.6%
Short-term financial assets at FVTPL	0.1%	0.1%	0.1%	0.3%	0.1%
Liquid assets/Total assets	14.8%	13.5%	14.8%	14.8%	11.6%
Loan to deposit ratio (LDR)	98%	101%	100%	100%	103%

Note: Consolidated financial statement

Capital Adequacy

Maintain high capital ratios under Basel III

The Bank consistently ensures robust capital base. As of 31 December 2022, Capital Adequacy Ratio (CAR) on consolidated basis under Basel III calculation was at 20.0%, while Tier 1 ratio and CET 1 ratio stayed at 16.3% and 15.7%, respectively. Such levels were well above the Bank of Thailand's minimum requirement (including conservation buffer and the D-SIBs buffer) of 12.0%, 9.5% and 8.0% 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-22	Sep-22	Jun-22	Mar-21	Dec-21
Capital Adequacy Ratio (CAR)	20.0%	20.0%	19.9%	19.4%	19.3%
Tier I Ratio (Tier 1)	16.3%	16.0%	15.8%	15.4%	15.3%
Core Tier 1 Ratio (CET1)	15.7%	15.1%	14.8%	14.4%	14.4%

Note: Consolidated financial statement

TTB's Financial Summary

(THB million)	4Q22	% QoQ	% YoY	12M22	% YoY
Net interest income (NII)	13,826	6.6%	8.3%	51,617	1.2%
Non-interest income (Non-NII)	4,014	18.7%	7.4%	14,236	-2.1%
Non-interest expenses	8,256	10.9%	3.2%	29,952	-4.1%
Pre-provision operating profit (PPOP)	9,636	7.5%	13.9%	36,169	5.4%
Expected credit loss (ECL)	4,802	10.1%	-4.3%	18,353	-14.7%
Net profit to equity holders of the Bank	3,847	3.6%	37.4%	14,195	35.5%

(THB million)	31-Dec-22	30-Sep-22	% QoQ	31-Dec-21	%YTD
Total loan to customers	1,376,118	1,394,000	-1.3%	1,371,304**	0.4%
Total assets	1,826,279	1,823,533	0.2%	1,758,170	3.9%
Deposit	1,399,247	1,373,624	1.9%	1,339,195	4.5%
Debt issued and borrowings, net	59,644	73,203	-18.5%	68,398	-12.8%
Total liabilities	1,607,271	1,608,839	-0.1%	1,547,334	3.9%
Total equity	219,008	214,694	2.0%	210,836	3.9%

Key ratios	4Q22	3Q22	4Q21	12M22	12M21
Net interest margin (NIM)	3.10%	2.92%	2.98%	2.95%	2.97%
Non-interest income to total assets	0.87%	0.74%	0.85%	0.79%	0.82%
Cost to income ratio	46.0%	45.2%	48.8%	45.1%	47.6%
Return on equity (ROE)	7.0%	6.9%	5.3%	6.6%	5.1%
Return on asset (ROA)	0.8%	0.8%	0.6%	0.8%	0.6%
NPL / Stage 3 (THB mn)	41,707	41,899	42,120	41,707	42,120
NPL / Stage 3 ratio	2.73%	2.72%	2.81%	2.73%	2.81%
Credit cost (bps) - annualized	138	124	146	133	157
Loan to deposit ratio (LDR)	98%	101%	103%	98%	103%
LDR + Debt issued & borrowings to deposit	94%	96%	97%	94%	97%
Capital adequacy ratio (CAR)	20.0%	20.0%	19.3%	20.0%	19.3%
Tier 1 capital ratio (Tier 1)	16.3%	16.0%	15.3%	16.3%	15.3%
Core tier 1 capital ratio (CET 1)	15.7%	15.1%	14.4%	15.7%	14.4%
TTB Bank's employees	14,620	14,796	15,102	14,620	15,102
Group's employees	15,556	15,771	15,478	15,556	15,478
Domestic branches	569	589	636	569	636
ATMs, ADMs and All-in-One	3,296	3,379	3,894	3,296	3,894

Note: Consolidated financial statements

** Reclassified HP subsidy income as part of loans to customer in Dec 2021

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-	Stable
Short-Term Counterparty	A-3	
Senior Unsecured	BBB-	
Stand-Alone Credit Profile (SACP)	bb	

Latest Changes: March 2022, Standard & Poor's has downgraded long-term rating and revised outlook to stable.

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	
	National Rating	
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.



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.
