



Management Discussion and Analysis

For the 3rd quarter and 9-month period ended 30 September 2022

(Reviewed financial statements)

TMBThanachart Bank Public Company Limited

3000 Phahon Yothin Road
Chom Pon, Chatuchak, Bangkok 10900
Website: www.ttbank.com

Investor Relations

Email: ir.ttb@ttbank.com

Management Discussion and Analysis

Executive summary: Economic review & outlook

Thai economy in 3Q22: Thai economy has continuously recovered particularly in tourism sector which gained supports from the removal of Thailand pass registration scheme. This helped facilitate foreign tourists entering Thai border as can be seen by the jumps of foreign tourist figures to be greater than 1 million per month for July and August. For the first 8 months of 2022, total foreign tourists to Thailand reached 4.4 million persons, which help reviving economic activities in services-related sector. Considering google mobility data and real economic data, they indicated a steady improvement in domestic economic activities. Private consumption rebounded in accordance with labor market recovery; however, rising living cost has dragged the recovering momentum to be at a moderate pace. This was reflected by headline inflation of August standing at 7.9%, being attributed to a rise in fresh food price and a decelerating rate of increase in energy cost, albeit remaining at high level. Private investment rebounded in line with the recovery of private consumption and merchandise exports. As of August, the value of merchandise exports expanded for 18 straight months, making the dollar-based export values for the first 8 months of 2022 to expand 11% from the same period last year. The main supports came from the exports of agricultural products, agro-industrial products and industrial goods, especially electrical appliances and electronics. With respect to export market, the US and the ASEAN both expressed a steady rebound, whereas European market, even being one of key export destinations of Thailand and directly hit by Russia-Ukraine war, could expand 8%. This is however excepting for Chinese market which contracted 5% recently. Against the backdrop of continuous improvement in both external and internal economic sectors, Thai economy in the third quarter increased by 4.7% from the same period last year.

Financial market & banking industry: In September, the Monetary Policy Committee (MPC) decided to raise the policy rate by 0.25% to stand at 1.00%, being the second straight hiking since the onset of pandemic crisis. The committee foresaw Thai economy and inflation to continuously rise in line with former expectation mainly due to the steady rebound in foreign tourists. Meantime, Thai economic recovery has become more broad-based. On the price front, headline inflation has remained elevated for 2022 before gradually falling back into the target range in 2023 as supply-side pressures subside. Meantime, anchored inflation expectation in medium term has not risen significantly. The committee assessed that Thai economy is projected to further recover and thus it is less necessary to rely on extraordinarily accommodative monetary policy. Therefore, monetary policy should be gradually raised to a level appropriated to long-term economic activities, hinting the deposit rate and the lending rate to rise in the coming future in the same direction with policy rate. Regarding Thai baht, it was on an average of 36.43 baht per U.S. dollar in the third quarter, depreciating by 6.0% from the previous quarter of 34.38 baht per US dollar, or dropped by 9.1% from the previous year end (YTD). Thai Baht has been volatile towards depreciation due to capital flows back into the US market due to the aggressive tightening stance of Federal Reserves (Fed) to curb rising inflation. This caused a widening gap between the policy rate of the United States and Thailand including other markets, triggered the depreciation of Thai baht against the US dollar in line with that of other regional Asian currencies. Regarding commercial banking, total loans at the end of July 2022 grew by 3.3% from the same period last year (YoY) and increased by 2.6% from the end of year 2021 (YTD). Meantime, deposits expanded by 4.5% (YoY) or 2.5% (YTD), mainly attributing to saving deposits.

Economic outlook for 4Q22: Overall, Thailand's economy is projected to steadily improve in all components, mainly supported by tourism sector in holiday season. For the year of 2022, ttb analytics revised up total foreign tourist figure to be at 9.5 million from 7 million persons, led by ASEAN, Europe and Middle East. Meanwhile, Chinese tourists is expected to start recovery in the middle of 2023. Regarding domestic economy, private consumption would persistently get pressure from rising inflation, which is projected to stand at 6.1% in 2022. However, there are positive factors from labor market recovery and raising national minimum wage, helping to sustain the recovery momentum of private consumption. Private investment gradually rebounded in accordance with the recovery in manufacturing production and trading activities. For merchandise export, it is projected to expand with a softer momentum due to global economic slowdown after a hit of ballooning global inflation. However, there are supportive factors from high demands and elevated price level in agricultural products, foods, petroleum-related production materials and industrial goods, especially electrical appliances and automobiles. For 2022, the value of merchandise exports is therefore forecasted to grow by 8%. Against the backdrop of an improvement in all economic growth drivers, ttb analytics forecasts that Thai economy would expand 3.3% in Q4 and 3.2% for the whole year of 2022, revised upward from 2.8% in previous annual growth estimation. About financial market, Thai policy rate is likely to be steadily raised to maintain domestic price stability amid fragile economic recovery due to high level of business and household debts. Accordingly, ttb analytics expects Thai policy rate to reach 1.25% at the end of this year. Thai baht in the fourth quarter is forecasted to continue in a depreciation trend due to the strong US dollar's value and is expected to appreciate again in the future after further BOT's consecutive rate hike and apparent recovery in foreign tourism sector which would help reviving Thai current account to the surplus territory. Thai baht in 4Q is accordingly estimated to move within the range of 37.0-38.0 baht per US dollar.

Summary of TMBThanachart's operating performance

Recovering economic environment and rising interest rate cycle were positive factors for the banking sector amid the headwinds like cost-push inflation and high household debt. TMBThanachart (TTB) has prepared balance sheet ahead thru post-merger balance sheet optimization and pre-funding long term deposit strategy since the beginning of the year 2022 as well as remodeled business operations to enhance efficiency and to be ready for new opportunity once the market recovers. Such preparation started to yield a result as TTB 3Q22 financial performance continued to show the positive momentum supported by better NII, improving NIM, well-contained costs and manageable asset quality. Therefore, 3Q22 net profit increased by 8% QoQ and 58% YoY. In terms of topline growth, NII and NIM benefited from rising interest rate. Net fees income remained challenging while OPEX increased from business expansion. The asset quality was still under control resulting in stable ECL. In addition, loan portfolio grew as planned with selective growth strategy to ensure risk-adjusted return. TTB also resumes the growth in high-yield consumer lending targeting existing customer base to enhance yield going forward.

Continuing to pre-fund long-term funding base against interest rate hike environment: The balance sheet optimization by balancing low-cost deposit, like CASA & hybrid products, and high-cost Time Deposit resulted in well-managed deposit mix. As of Sep 2022, total deposit increased by 2.6% YTD to THB1,374 billion mainly from retail-TD product acquisition namely Up and Up as a part of funding management to build long-term funding to lock up rate amid rising interest rate trend. In terms of our retail flagship products, All Free continued its moderate growth pace by 0.9% YTD while No-fixed deposit slightly declined by 0.7% YTD because of the movement to higher yield products during rising rate cycle like TD and alternative investment products. In regard to TTB's deposit direction, retail-TD Up and Up would be another key tactical product during interest rate uptrend that also helps retain existing wealth customers by offering competitive interest rate, together with well-balanced with our flagship products deposit, ensuring efficiently-managed deposit cost going forward.

Prudently growing loan in selected areas as planned with aim to gain more fair shares in consumer lending: TTB has been selectively growing loans and focusing on quality growth strategy during the pandemic. As of Sep 2022, total loan to customers increased by 1.7% YTD to THB1,394 billion largely from retail segments. Corporate lending on consolidated basis decreased by 2.5% YTD, due mainly to the repayment of large corporate loans while SME loans* increased from re-segmentation. As TTB gears towards retail segment with a clear focus in targeting customers group to ensure quality of new booking loans, retail loans grew as planned in every product especially in targeted segments like hire purchase and mortgage loans which continued to rise by 2.8% and 2.4% YTD respectively. Moreover, the Bank tries to expand consumer lending segment so unsecured loan and credit card grew 3.7% and 2.2% YTD respectively backed by sales force from the new subsidiary, ttb consumer.

Recovering core operating profit benefited from interest rate hike environment: TTB's NII gradually improved following policy rate hike and loan growth momentum while net fees and service income remained challenging due to market condition. 3Q22 net interest income was reported at THB12,968 million, increasing 4.5% QoQ due primarily to interest rate hike cycle and higher loan and investment balances. The Bank prepared balance sheet ahead of interest rate rise, and the effort started to yield the result. NIM improved by 9 bps QoQ to 2.92% from better yield on earning asset while funding cost was stable. Non-NII contracted by 2.7% QoQ to THB3,381 million due mainly to lower net fees and service income as mutual fund remained softened from unfavorable market sentiment, offset with positive recovery in bancassurance fees from previous quarter. Total operating income, therefore, increased by 2.9% QoQ to THB16,349 million in 3Q22.

Moderately resuming growth pace of PPOP due to topline improvement and cost discipline: Due to workforce expansion to support business growth in selected areas offset with lower marketing expenses, operating expenses increased by 2.6% QoQ to THB7,447 million. However, TTB still has cost discipline to ensure all expenses are well-managed. Thus, cost-to-income ratio was 45% stable QoQ. If excluded purchase price allocation (PPA) impact, the ratio registered at 44%. As a result, Pre-provision operating profit (PPOP) increased by 2.4% QoQ which recorded at THB8,963 million in 3Q22.

Well-managed asset quality under prudent risk management against economic headwinds: TTB has maintained a prudent risk management and closely monitored asset quality with stringent ECL model as well as considered potential forward-looking risks through Management Overlay. In 3Q22, the Bank set aside expected credit loss (ECL) and management overlay of THB4,361 million, dropped by 0.5% QoQ and equaled to a credit cost of 124 bps. This ECL level reflected the Bank's tightening risk management and customers' repayment capability of the current loan portfolio. Moreover, stage 3 loan totaled to THB41,899 million increased from 2Q22 and NPL ratio stood at 2.72% in 3Q22, rose from 2.63% in 2Q22. However, given such manageable asset quality and the improvement in economic activities after the COVID-19 situation easing down, the provision is expected to end at the lower bound of 2022 guidance which lower than the previous year.

After provision and tax, TTB reported THB3,715 million of net profit in 3Q22 which increased by 8.0% QoQ and 57.5% YoY and represented the ROE of 6.9%.

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)	3Q22	2Q22	% QoQ	3Q21	% YoY	9M22	9M21	% YoY
Interest income	16,519	15,885	4.0%	15,836	4.3%	48,081	48,250	-0.3%
Interest expenses	3,550	3,471	2.3%	3,259	8.9%	10,290	10,018	2.7%
Net interest income	12,968	12,414	4.5%	12,577	3.1%	37,791	38,231	-1.2%
Fees and service income	3,438	3,527	-2.5%	3,547	-3.1%	10,293	11,532	-10.7%
Fees and service expenses	904	883	2.4%	1,089	-16.9%	2,652	3,277	-19.1%
Net fees and service income	2,534	2,645	-4.2%	2,459	3.1%	7,641	8,256	-7.4%
Other operating income	847	830	2.0%	779	8.8%	2,581	2,542	1.5%
Non-interest income	3,381	3,475	-2.7%	3,238	4.4%	10,221	10,798	-5.3%
Total operating income	16,349	15,889	2.9%	15,814	3.4%	48,012	49,029	-2.1%
Total other operating expenses	7,447	7,262	2.6%	7,419	0.4%	21,696	23,220	-6.6%
Expected credit loss	4,361	4,382	-0.5%	5,527	-21.1%	13,551	16,497	-17.9%
Profit before income tax expense	4,541	4,245	7.0%	2,868	58.3%	12,765	9,311	37.1%
Income tax expense	827	807	2.5%	509	62.5%	2,417	1,634	47.9%
Profit for the period	3,715	3,438	8.0%	2,360	57.4%	10,348	7,677	34.8%
Profit to non-controlling interest of subsidiaries	0.003	0.000	N/A	1.00	-99.7%	0.00	2.61	-100.0%
Profit to equity holders of the Bank	3,715	3,438	8.0%	2,359	57.5%	10,348	7,675	34.8%
Other comprehensive income	3	-171	-101.5%	-439	N/A	-1,009	-402	N/A
Total comprehensive income	3,717	3,268	13.8%	1,921	93.5%	9,339	7,275	28.4%
Basic earnings per share (THB/share)	0.0384	0.0356	8.0%	0.0245	56.9%	0.1071	0.0796	34.6%

Note: 1. Consolidated financial statement

2. In 3Q21 and 9M21, the Bank has reclassified fee service income, service expenses, other operating income and OPEX to reflect nature of business, therefore, figures in 2021 period are reclassified for comparative purposes

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

For the 3rd quarter of 2022: TTB recorded THB12,968 million of net interest income (NII) in 3Q22, relatively improved by 4.5% from previous quarter (QoQ) and 3.1% compared to the previous year (YoY). Details are as follows:

- Interest income increased by 4.0% QoQ and 4.3% YoY to THB16,519 million. The QoQ increase was supported by interest rate hike cycle and higher loan and investment balances, aligned with our selective loan growth and balance sheet optimization plan.
- Interest expenses increased by 2.3% QoQ and 8.9% YoY to THB3,550 million due primarily to interest on interbank as a part of liquidity management and new issuance of bond.

For the 9-month of 2022, net interest income decreased 1.2% YoY to THB37,791 million. Details are as follows:

- Interest income slightly decreased by 0.3% YoY to THB48,081 million, primarily due to the lower yield on loan amidst unstable economic environment, offsetting an increase in interest on hire purchase.
- Interest expenses rose by 2.7% YoY to THB10,290 million, mainly owing to the higher interest on deposit from strategic long-term funding base deposit growth.

NIM stood at 2.92% in 3Q22 and 2.89% in 9M22

NIM was at 2.92% in 3Q22 which improved by 9 bps from 2.83% in 2Q22 but slightly decreased by 3 bps from 2.95% in 3Q21. The QoQ increase was mainly from 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 while cost of fund was quite stable from our deposit strategy to pre-emptively lock up rate amid rising interest rate environment. However, if excluded PPA impact, NIM was recorded at 2.98% in 3Q22. For 9M22, NIM lowered by 9 bps to 2.89% from 2.98% in 9M21. This was driven by lower loan yield and yielding assets from selective growth strategy during the pandemic as well as the pre-funding term deposit strategy that put pressure on cost of deposit during the first half of 2022. However, with changing environment toward interest rate hike cycle, the potential loan growth in the targeted segment, high-yield loans, and such preparations would help improve asset yield sustainably in the long-run.

Figure 2: Net interest income (NII)

(THB million)	3Q22	2Q22	% QoQ	3Q21	% YoY	9M22	9M21	% YoY
Interest income	16,519	15,885	4.0%	15,836	4.3%	48,081	48,250	-0.3%
Interest on interbank and money market items	368	317	15.8%	231	59.0%	939	832	12.8%
Investments and trading transactions	7	6	19.6%	22	-69.3%	20	54	-64.0%
Investments in debt securities	498	345	44.4%	300	66.0%	1,183	910	29.9%
Interest on loans	9,923	9,575	3.6%	9,817	1.1%	28,865	29,881	-3.4%
Interest on hire purchase and financial lease	5,723	5,641	1.4%	5,464	4.7%	17,073	16,568	3.0%
Others	0.6	0.7	-9.8%	1.6	-64.3%	1.9	3.6	-45.3%
Interest expenses	3,550	3,471	2.3%	3,259	8.9%	10,290	10,018	2.7%
Interest on deposits	1,932	1,945	-0.7%	1,748	10.6%	5,676	5,417	4.8%
Interest on interbank and money market items	119	88	34.4%	66	79.0%	287	208	38.1%
Contributions to the Deposit Protection Agency	826	833	-0.8%	793	4.1%	2,455	2,445	0.4%
Interest on debt issued and borrowings	659	590	11.8%	636	3.6%	1,829	1,907	-4.1%
Borrowing fee	7	8	-10.5%	9	-21.9%	21	27	-19.5%
Others	7	7	-1.4%	7	2.5%	22	16	36.9%
Net interest income (NII)	12,968	12,414	4.5%	12,577	3.1%	37,791	38,231	-1.2%

Note: Consolidated financial statements

Figure 3: Yields and cost

(Annualized percentage)	3Q22	2Q22	1Q22	4Q21	3Q21	9M22	9M21
Yield on loans	4.46%	4.42%	4.47%	4.48%	4.46%	4.45%	4.52%
Yield on earning assets	3.72%	3.63%	3.68%	3.73%	3.71%	3.68%	3.76%
Cost of deposit	0.79%	0.81%	0.78%	0.75%	0.76%	0.79%	0.78%
Cost of funds	0.91%	0.91%	0.88%	0.86%	0.87%	0.90%	0.89%
Net interest margin (NIM)	2.92%	2.83%	2.91%	2.98%	2.95%	2.89%	2.98%

Note: Consolidated financial statements

Non-interest income (Non-NII)

For the 3rd quarter of 2022: The Bank posted THB3,381 million of non-interest income in 3Q22, which decreased by 2.7% QoQ but increased 4.4% YoY. The QoQ change was due mainly to soft net fees and service income. Details are as follows:

- Net fees and service income was reported at THB2,534 million which contracted by 4.2% QoQ but increased 3.1% YoY. Such QoQ decrease was largely from slow mutual fund fees amid unfavorable market condition offset by the growth in bancassurance fee (BA). Both Non-auto BA fees and auto BA continued to show positive momentum from the previous quarter, supported by variety of product

mix and sales and service model reformation as well as higher new booking in HP products. In terms of commercial fees, loan related fee continued to grow from the previous quarter offset by soft trade finance. The YoY increase was mainly contributable by strong growth in BA and commercial fees.

- Gains on financial instrument measured at fair value through profit or loss was THB433 million which rose by 24.7% QoQ and 66.6% YoY. In terms of FX, one of strategic non-NII fees, maintained positive momentum.
- Share of profit from investment using equity method dropped by 25.2% QoQ and 51.2% YoY, recorded at THB47 million.

For the 9-month of 2022, Non-NII declined by 5.3% YoY to THB10,221 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 7.4% YoY to THB7,641 million, mainly attributed to lower mutual fund fee, offsetting an increase in auto BA and non-auto BA fees.
- Gain on investments decreased by 97.9% YoY to THB4 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 33.1% YoY to THB201 million.

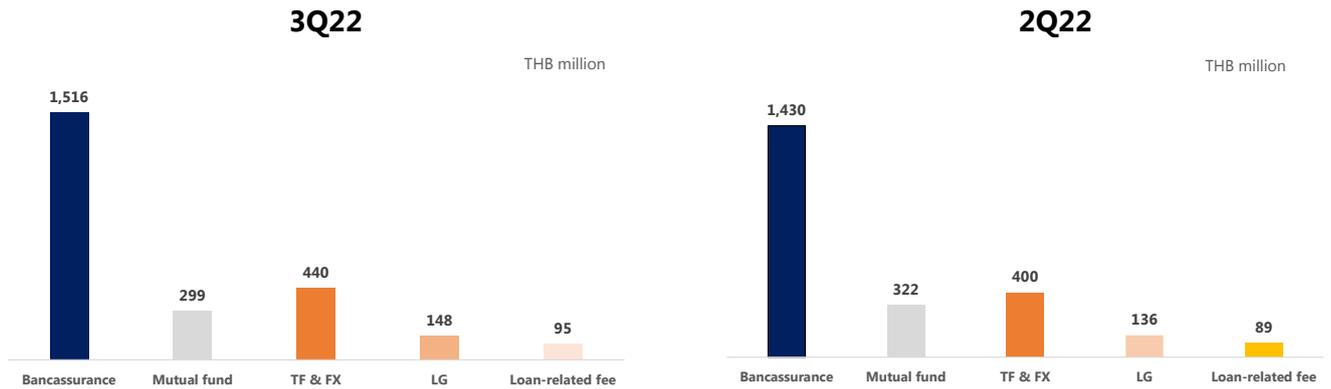
Figure 4: Non-interest income (Non-NII)

(THB million)	3Q22	2Q22	% QoQ	3Q21	% YoY	9M22	9M21	% YoY
Fees and service income	3,438	3,527	-2.5%	3,547	-3.1%	10,293	11,532	-10.7%
Acceptance, Aval & Guarantee	154	155	-0.3%	142	9.1%	460	437	5.3%
Other fee and service income	3,284	3,372	-2.6%	3,406	-3.6%	9,832	11,095	-11.4%
Fees and service expenses	904	883	2.4%	1,089	-16.9%	2,652	3,277	-19.1%
Net fees and service income	2,534	2,645	-4.2%	2,459	3.1%	7,641	8,256	-7.4%
Gains on financial instrument designated at fair value through profit or loss	433	347	24.7%	260	66.6%	1,295	1,070	21.0%
Gains on investments, net	-9	1	-704.4%	79	-110.7%	4	187	-97.9%
Share of profit from investment using equity method	47	62	-25.2%	96	-51.2%	201	301	-33.1%
Gains on sale of properties foreclosed, assets & other assets	107	63	71.1%	139	-22.6%	219	323	-32.1%
Dividend income	9	139	-93.8%	0.002	535212.5%	147	86	71.1%
Others	260	218	19.5%	205	26.8%	714	576	24.0%
Non-interest income	3,381	3,475	-2.7%	3,238	4.4%	10,221	10,798	-5.3%

Note. 1. Consolidated financial statements

2. In 3Q21 and 9M21, the Bank has reclassified fee service income, service expenses, other operating income and OPEX to reflect nature of business, therefore, figures in 2021 period are reclassified for comparative purposes

Figure 5: Strategic non-interest income



Note. Consolidated financial statements

Non-interest expenses

For the 3rd quarter of 2022: The Bank recorded THB7,447 million of total non-interest expenses which increased by 2.6% QoQ and 0.4% YoY. Key items are as follows:

- Employee expenses increased by 6.5% QoQ and 8.9% YoY to THB4,138 million, largely came from higher staff headcounts to support focus business areas and higher incentives aligning with growing business volume.
- Premises and equipment expenses increased by 4.5% QoQ but declined by 11.6% YoY to THB1,177 million from low base in 2Q22 due to reversal impairment loss of IT asset from TBANK.
- Other expenses decreased by 5.3% QoQ and 6.2% YoY to THB1,754 million. The QoQ contraction was due mainly to lower selling and marketing expenses and impairment loss of NPA from 2Q22.

For the 9-month of 2022, Non- interest expenses declined by 6.6% YoY to THB21,696 million. Key factors are as follows:

- Employee expenses contracted by 5.1% YoY to THB11,734 million because of lower employee expense from voluntary ER program in 1Q21.
- Premises and equipment expenses decreased by 13.0% YoY to THB3,594 million, mainly resulted from lower depreciation and utilities expense.
- Other expenses fell by 4.2% YoY to THB5,228 million, mainly owing to lower software expense and professional fee, offset with higher marketing expenses.

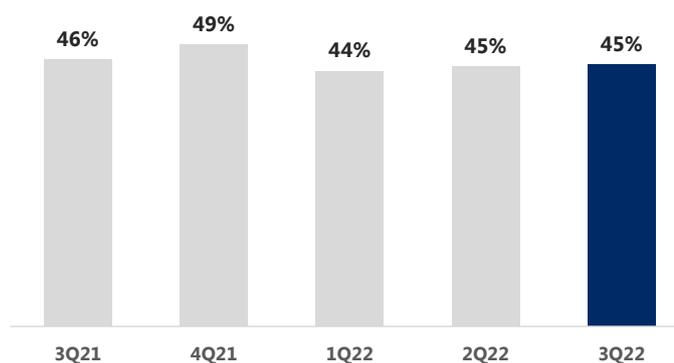
Figure 6: Non-interest expenses

(THB million)	3Q22	2Q22	% QoQ	3Q21	% YoY	9M22	9M21	% YoY
Employee expenses	4,138	3,885	6.5%	3,802	8.9%	11,734	12,370	-5.1%
Directors' remuneration	10	29	-66.1%	13	-23.6%	48	62	-23.4%
Premises and equipment expenses	1,177	1,126	4.5%	1,332	-11.6%	3,594	4,130	-13.0%
Taxes and duties	368	369	-0.4%	403	-8.9%	1,091	1,202	-9.2%
Other expenses	1,754	1,852	-5.3%	1,870	-6.2%	5,228	5,456	-4.2%
Non-interest expenses	7,447	7,262	2.6%	7,419	0.4%	21,696	23,220	-6.6%

Note: Consolidated financial statements

3Q22 Cost to income ratio was maintained at 45%, remained within target

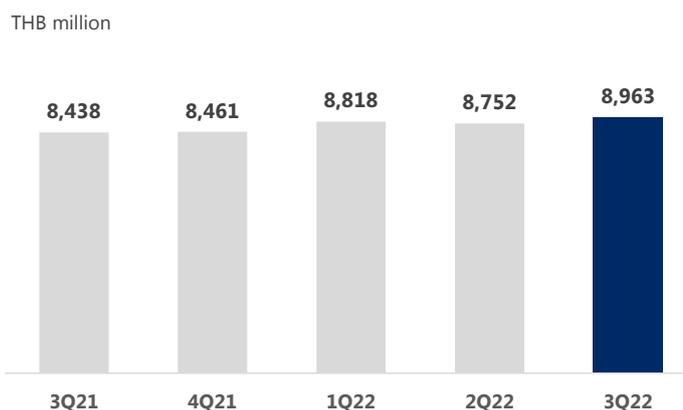
In 3Q22, cost to income ratio was at 45%, stable from 2Q22 but decreased from 46% in 3Q21. The cost to income ratio was flat as a result of revenue recovery and cost discipline while C/I ratio excluded PPA impact was 44%. For 9M22, cost to income ratio was 45%, decreased from 46% in 9M21. Cost saving synergy realization helped maintain level of C/I ratio in 9-month period even with the pressure on income side, digital investment plan and the Bank's workforce expansion to achieve business goals. Nonetheless, C/I ratio in 2022 is expected to be within financial target at 45%-47% despite the expected back-load expenses in the second half.

Figure 7: Cost to income ratio

Note: Consolidated financial statements

Operating profit and Expected Credit Loss

Pre-provision operating profit (PPOP): PPOP amounted to THB8,963 million in 3Q22, increased by 2.4% QoQ and 6.2% YoY. PPOP for the 9-month of 2022 was at THB26,533 million, grew by 2.7% YoY.

Figure 8: Pre-provision operating profit (PPOP)

Note: Consolidated financial statements

Setting aside 3Q22 ECL of THB4,361 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 THB4,361 million, equivalent to a credit cost of 124 bps, which dropped by 0.5% QoQ and 21.1% YoY. This was attributable to the proactively front-loaded provision during the COVID-19 pandemic situation and well-managed asset quality. For the 9-month of 2022, ECL amounted to THB13,551 million, a decrease of 17.9% YoY. Such ECL level reflected the Bank's prudent risk management model, taken economic headwinds into account and complied with BoT guideline and our strict principle-based relief schemes. Given such manageable asset quality and the improvement in economic activities after the COVID-19 situation easing down, the provision is expected to end at the lower bound of 2022 guidance which lower than the previous year.

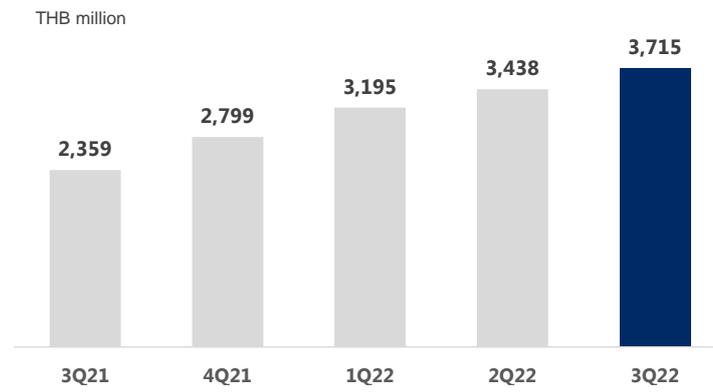
Figure 9: Expected Credit Loss (ECL) and credit cost

(THB million)	3Q22	2Q22	% QoQ	3Q21	% YoY	9M22	9M21	% YoY
Expected credit loss	4,361	4,382	-0.5%	5,527	-21.1%	13,551	16,497	-17.9%
Credit cost (bps) - annualized	124	127		161		131	161	

Note: Consolidated financial statements

Net profit: After provision and tax, net profit in 3Q22 was THB3,715 million which increased by 8.0% QoQ and 57.5% from the same period last year while the ROE was recorded at 6.9% improved from 6.5% in 2Q22.

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)	Sep-22	Jun-22	%QoQ	Dec-21	%YTD
Cash	15,153	12,949	17.0%	16,011	-5.4%
Interbank and money market items, net	172,266	199,947	-13.8%	158,873	8.4%
Financial assets measured at fair value through profit or loss	1,612	1,734	-7.1%	1,421	13.4%
Derivative assets	17,912	12,004	49.2%	6,913	159.1%
Investments, net	190,746	174,516	9.3%	180,229	5.8%
Investments in subsidiaries and associate, net	8,669	8,622	0.5%	8,620	0.57%
Total loans to customers**	1,394,000	1,392,608	0.1%	1,371,304	1.7%
<i>Add</i> accrued interest receivables and undue interest receivables*	7,499	7,351	2.0%	7,369	1.8%
<i>Less</i> allowance for expected credit loss	56,603	55,022	2.9%	54,472	3.9%
Total loans to customers and accrued interest receivables, net	1,344,895	1,344,937	0.0%	1,324,201	1.6%
Properties for sale, net	11,995	10,912	9.9%	8,626	39.1%
Premises and equipment, net	20,153	20,727	-2.8%	21,625	-6.8%
Goodwill and other intangible assets, net	22,877	23,017	-0.6%	22,819	0.3%
Deferred tax assets	605	55	1000.9%	9	6701.9%
Other assets, net	16,650	12,542	32.8%	8,822	88.7%
Total Assets	1,823,533	1,821,963	0.1%	1,758,170	3.7%
Deposits	1,373,624	1,394,947	-1.5%	1,339,195	2.6%
Interbank and money market items	98,542	84,806	16.2%	84,966	16.0%
Financial liabilities designated at fair value through profit or loss	437	434	0.7%	437	0.0%
Debts issued and borrowings, net	73,203	68,948	6.2%	68,398	7.0%
Deferred revenue	18,295	18,524	-1.2%	19,165	-4.5%
Other liabilities	44,738	41,439	8.0%	35,173	27.2%
Total Liabilities	1,608,839	1,609,099	0.0%	1,547,334	4.0%
Equity attributable to equity holders of the Bank	214,693	212,862	0.9%	210,835	1.8%
Non-controlling interest	1	1	0.2%	1	-0.3%
Total equity	214,694	212,864	0.9%	210,836	1.8%
Total liabilities and equity	1,823,533	1,821,963	0.1%	1,758,170	3.7%
Book value per share (Baht)	2.22	2.20	0.8%	2.18	1.8%

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

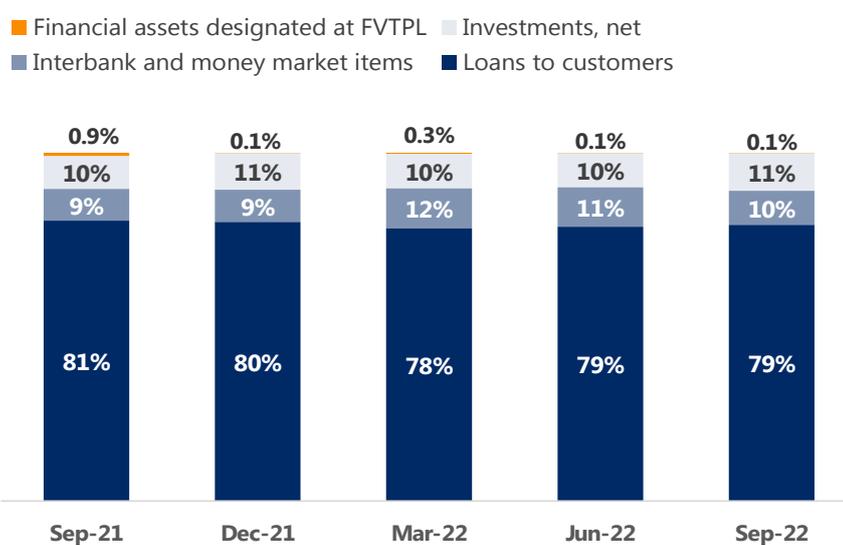
As of 30 September 2022, total assets on consolidated basis were THB1,823,533 million, increased by 0.1% QoQ and 3.7% YTD. Key items are as follows;

- Total loans to customers and accrued interest receivables net were relatively flat QoQ and increased 1.6% YTD to THB1,344,895 million. (Details in the following section).

- Net interbank and money market items declined 13.8% QoQ but increased by 8.4% YTD to THB172,266 million. The QoQ decrease was in accordance with liquidity management.
- Net investments and financial asset designated at fair value through profit and loss increased by 9.1% QoQ and 5.9% YTD to THB192,358 million.
- Net properties for sale rose by 9.9% QoQ and 39.1% YTD to THB11,995 million, due mainly to asset warehousing initiative.

After the merger, loans to customers was still the largest portion of earning assets. As of 30 September 2022, loans to customers represented 79.3% of earning assets. This was followed by investment of 10.8%, interbank and money market of 9.8%, and financial assets designated at fair value through profit or loss 0.1%.

Figure 12: Earning assets



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 30 September 2022, investments were classified as follows:

(THB million)	30 Sep 2022	30 Jun 2022
Financial assets measured at FVTPL	1,612	1,734
Investments in debt securities measured at amortized cost	49,103	25,021
Investments in debt securities measured at FVOCI	138,792	146,621
Investments in equity securities measured at FVOCI	2,851	2,874
Net Investment*	190,746	174,516
Total Investment	192,358	176,250

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 30 September 2022, TTB recorded total loans to customers and accrued interest receivables-net on consolidated basis of THB1,345 billion, relatively stable from June 2022 and increased by 1.6% from December 2021.

In terms of total loan to customers on consolidated basis (excluded allowance for ECL), the figure amounted to THB1,394 billion, slightly increased by 0.1% QoQ and 1.7% YTD. The loan growth was aligned with the Bank's direction to selective grow quality loan. Despite corporate loan contraction from government and large corporate loans repayment during the quarter, retail segments continued positive momentum especially mortgage and hire purchase loans which continued to be the key drivers. Details are as follows;

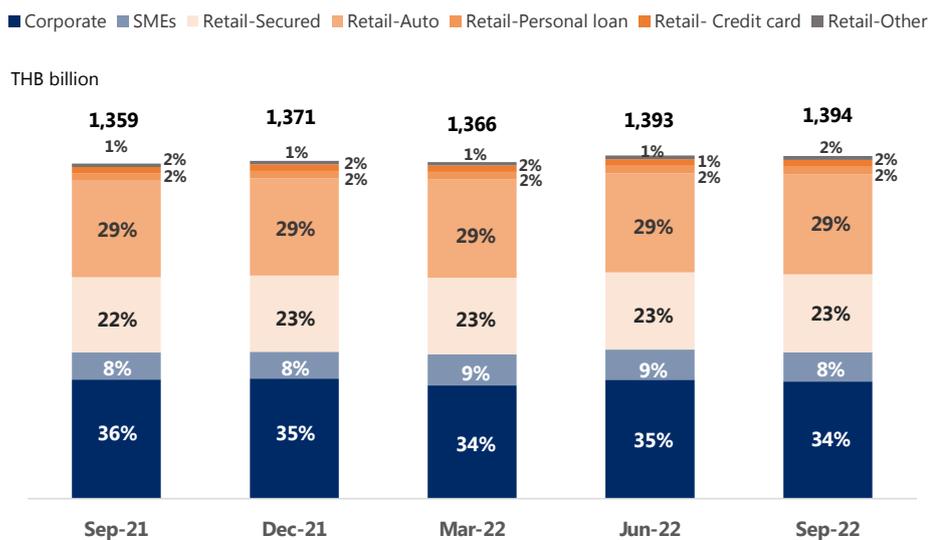
- Retail lending on consolidated basis increased by 1.6% QoQ and 3.2% YTD with growth in every product line. The flagship products namely mortgage loans continued to grow by 0.8% QoQ and 2.4% YTD and hire purchase rose by 1.1% QoQ and 2.8% YTD, as new bookings regained positive momentum following revitalized mobility and economy. Moreover, consumer lending continued to gain more stream in consequence of the effort to leveraging post-merger group restructuring and larger existing customer base. As a result, unsecured loan grew by 2.9% QoQ and 3.7% YTD while credit card rose by 1.5% QoQ and 2.2% YTD.
- Corporate lending on consolidated basis contracted by 1.3% QoQ and 2.5% YTD. The QoQ decline was mainly due to repayment of short-term government loans while YTD decline was mainly from repayment of large corporate loan.
- SME segment (Small and Medium SME) declined 3.7% QoQ but increased by 9.0% YTD due to re-segmentation since 1Q22. However, the Bank still focuses on de-risking weak loan and improved 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 30 September 2022, retail loans accounted for 58% while corporate loans were 34% and SME 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%, respectively.

As of 30 September 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



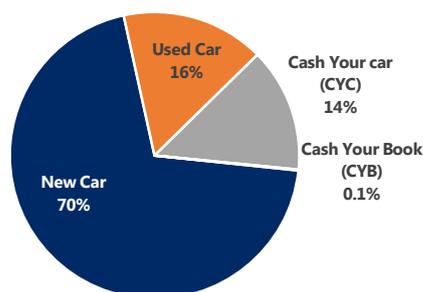
Note: Consolidated financial statements

Segment definition:

Corporate: customers with annual sales volume more than THB400 million

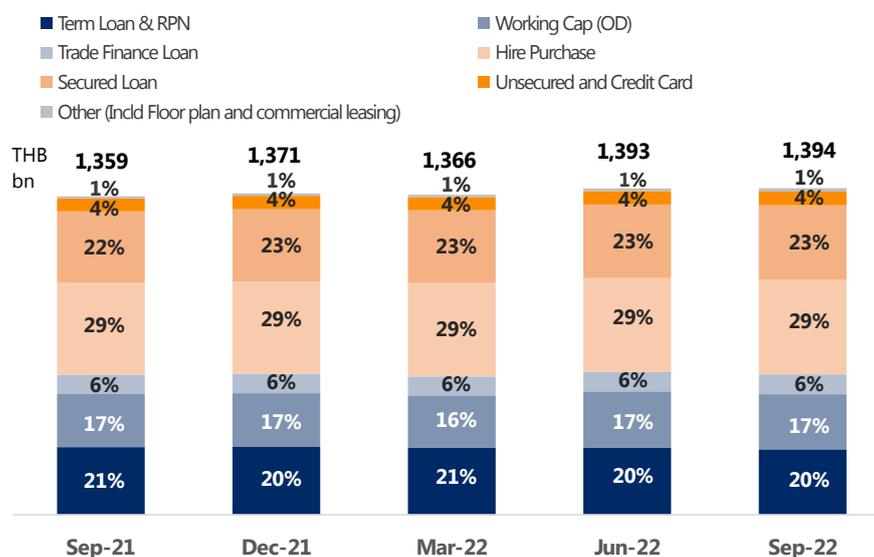
SME: In Mar 2022, new definition of SME represents small and medium SME customers with annual sales volume up to THB400 million, including owner operators changed from small SME customers with annual sales volume up to THB100 million

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. As of September 2022, TTB's modified portfolio (which included legacy restructured loans (before Covid-19) and all types of modified loan under debt restructuring program) was at 11% of total loans, slightly decreased from 12% as of June 2022 and 16% as of December 2021. Under the modified portfolio, approx. 8% of total loans was light modified terms which comparable to BoT's orange scheme and approx. 3% 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 30 September 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*

30 Sep 2022		
(THB million)	Loans to customer and accrued interest receivables	Allowance for expected credit Loss
Stage 1 (Performing)	1,239,481	12,535
Stage 2 (Under-performing)	120,119	25,213
Stage 3 (Non-performing)	41,899	18,855
Total	1,401,499	56,603
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 statements

** 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 30 September 2022, Stage 3 loans (NPLs), excluded accrued interest receivables on consolidated basis, was reported at THB41,889 million which increased from THB41,331 million at the end of June 2022 and from THB42,120 million as of December 2021. Stage 3 loans (NPLs) on bank-only basis amounted to THB37,093 million, declined from THB40,584 million in June 2022 and THB41,368 million as of 31 December 2021. As the Bank continuously managed quality of loan portfolio through stringent risk management together with proactive NPL resolution, asset quality was under control to help limit future downside risk. In the 3rd quarter, the Bank wrote off NPLs amounting to approximately THB3.2 billion and sold THB0.9 billion of NPLs.

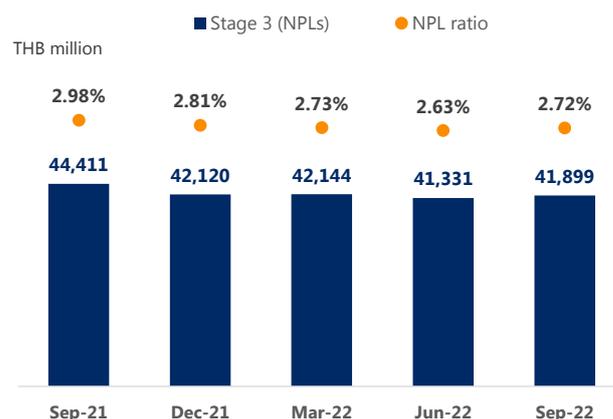
As of 30 September 2022, NPL ratio on consolidated basis was recorded at 2.72%, compared with 2.63% as of 30 June 2022 and 2.81% at the end of December 2021. Meanwhile, NPL ratio on bank-only basis stood at 2.42% when compared with 2.58% as of 30 June 2022 and 2.76% at the end of December 2021. Overall, NPL and asset quality management remained in line with target.

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 30 September 2022, the Bank and its subsidiaries reported the allowance for expected credit loss at THB56,603 million, which increased by 2.9% QoQ and 3.9% YTD. The level of allowance still reflected the Bank's current loan portfolio nature, which 52% 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 September 2022. Therefore, coverage ratio slightly increased to 135% in 3Q22 improved from 133% in 2Q22.

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 30 September 2022, total liabilities and equity on consolidated basis was reported at THB1,823,533 million, slightly increased by 0.1% QoQ and 3.7% from the end of December 2021.

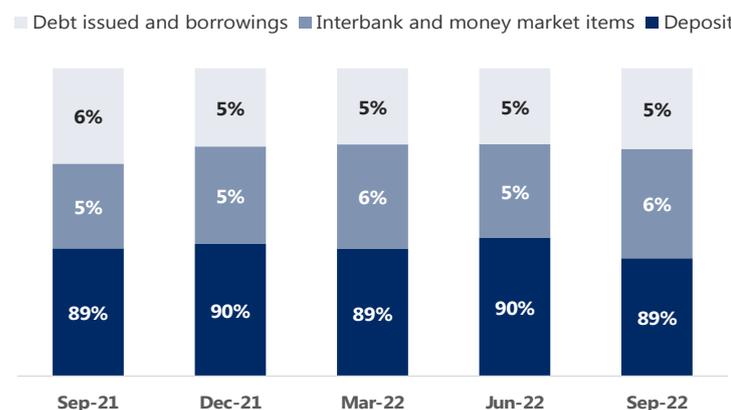
Total consolidated liabilities were THB1,608,839 million, relatively stable QoQ and increased by 4.0% from 31 December 2021. Details of key figures are as follows;

- Total deposits were THB1,373,624 million which declined by 1.5% QoQ but rose 2.6% YTD. (see details in following section)
- Net interbank and money market items amounted to THB98,542 million which increased by 16.2% QoQ and 16.0% YTD, mainly due to the Bank's liquidity management.
- Borrowings was recorded at THB73,203 million which increased by 6.2% QoQ and 7.0% YTD. (see details in following section)

The consolidated equity was THB214,694 million, slightly increased by 0.9% QoQ and 1.8% 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 30 September 2022, deposit represented 89% of interest-bearing liabilities. This followed by interbank and money market items of 6% and debt issued and borrowings of 5%.

Figure 18: Interest-bearing liabilities breakdown



Note: Consolidated financial statement

Deposits

As of 30 September 2022, the Bank and its subsidiaries reported total deposits on consolidated basis of THB1,373,624 million which decreased by 1.5% QoQ but increased 2.6% from the end of 2021. The QoQ reduction was largely due to both commercial and retail deposits.

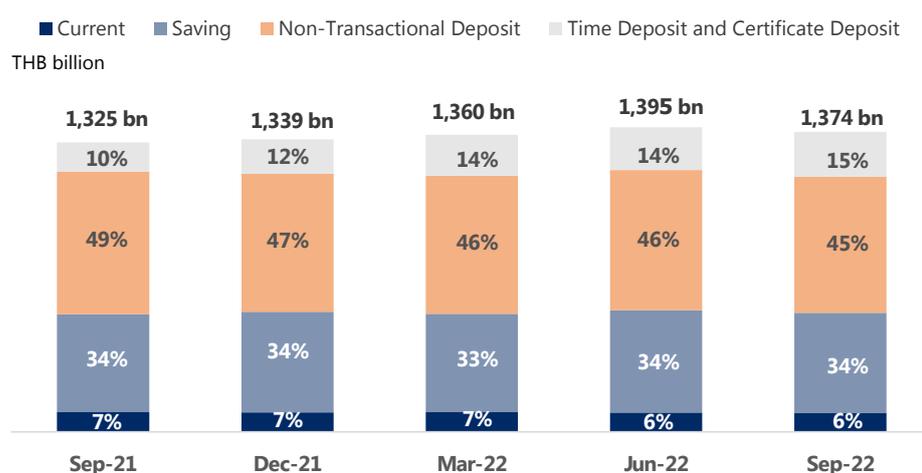
Deposit breakdown by products

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-fund long term funding base thru Time Deposit (TD) product called "Up and Up" to lock up the rate. As a result, TD increased by 4.8% QoQ and 30.3% YTD, accounted for 15% of total deposit.

Retail deposit growth softened by 2.0% QoQ but slightly increased by 0.8% YTD. During rising rate cycle, we saw the movement from No-fixed to higher yield products, like TD and alternative investment products. No-Fixed dropped 2.8% QoQ and 0.7% YTD while All Free declined by 3.2% QoQ but still increased 0.9% YTD. However, All Free and No-fixed deposits remained 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 decreased by 1.2% QoQ but increased 6.7% YTD thru CASA products.

As of September 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 45% while transactional deposit (CASA-excluded No-Fixed) accounted for 40%, Time Deposit and Certificate Deposit accounted for 15% 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.

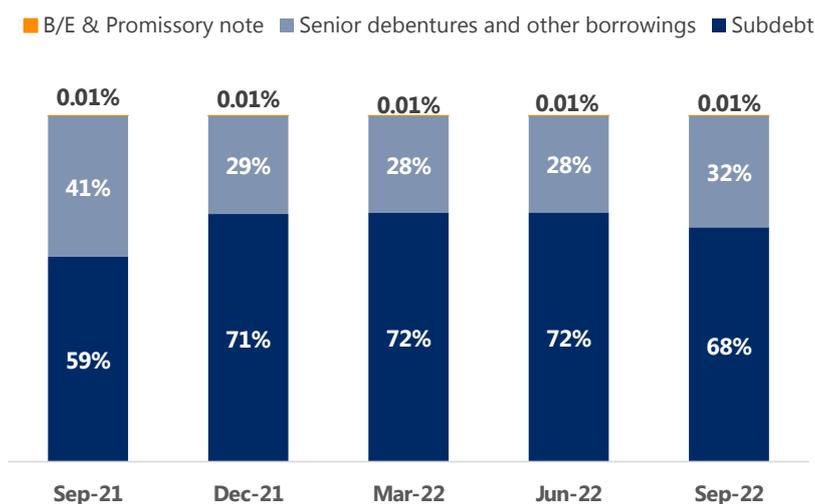
Borrowing rose 6.2% QoQ mainly from USD100 million of green bond issuance in alignment to the bank's Sustainability Framework.

Borrowings

As of 30 September 2022, total borrowings of the Bank and its subsidiaries recorded at THB73,203 million which rose by 6.2% QoQ and 7.0% YTD. Such increase was mainly due to USD100 million of green bond issuance in alignment to the bank's Sustainability Framework.

In terms of borrowing structure, 68% was sub-debt. This was followed by senior debentures of 32% 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 30 September 2022, on consolidated basis, total liquid assets represented 13.5% of the total assets. The liquid assets consisted of cash (0.8%), interbank & money market items (9.4%), short-term investment (3.1%) and short-term financial assets designated at FVTPL (0.1%).

In terms of loan to deposit ratio (LDR), on consolidated basis was at 101%, slightly increased from 100% as of June 2022 but decreased from 103% as of September 2021.

With the Bank's funding strategy to diversify funding source through debt issued and borrowings, Loan to deposit and debt issue and borrowings was recorded at 96% as of September 2022.

Figure 21: Liquid asset allocation and loan to deposit ratio

Liquid assets	Sep-22	Jun-22	Mar-22	Dec-21	Sep-21
Cash	0.8%	0.7%	0.8%	0.9%	0.8%
Interbank and money market	9.4%	11.0%	11.2%	9.0%	8.8%
Short-term investment	3.1%	3.0%	2.6%	1.6%	1.1%
Short-term financial assets at FVTPL	0.1%	0.1%	0.3%	0.1%	0.9%
Liquid assets/Total assets	13.5%	14.8%	14.8%	11.6%	11.6%
Loan to deposit ratio (LDR)	101%	100%	100%	103%	103%

Note: Consolidated financial statement

Capital Adequacy

Maintain high capital ratios under Basel III

The Bank consistently ensures robust capital base. As of 30 September 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 16.0% and 15.1%, 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)	Sep-22	Jun-22	Mar-21	Dec-21	Sep-21
Capital Adequacy Ratio (CAR)	20.0%	19.9%	19.4%	19.3%	19.7%
Tier I Ratio (Tier 1)	16.0%	15.8%	15.4%	15.3%	15.6%
Core Tier 1 Ratio (CET1)	15.1%	14.8%	14.4%	14.4%	14.6%

Note: Consolidated financial statement

TTB's Financial Summary

(THB million)	3Q22	% QoQ	% YoY	9M22	% YoY
Net interest income (NII)	12,968	4.5%	3.1%	37,791	-1.2%
Non-interest income (Non-NII)	3,381	-2.7%	4.4%	10,221	-5.3%
Non-interest expenses	7,447	2.6%	0.4%	21,696	-6.6%
Pre-provision operating profit (PPOP)	8,963	2.4%	6.2%	26,533	2.7%
Expected credit loss (ECL)	4,361	-0.5%	-21.1%	13,551	-17.9%
Net profit to equity holders of the Bank	3,715	8.0%	57.5%	10,348	34.8%

(THB million)	30-Sep-22	30-Jun-22	% QoQ	31-Dec-21	%YTD
Total loan to customers	1,394,000	1,392,608	0.1%	1,371,304**	1.7%
Total assets	1,823,533	1,821,963	0.1%	1,758,170	3.7%
Deposit	1,373,624	1,394,947	-1.5%	1,339,195	2.6%
Debt issued and borrowings, net	73,203	68,948	6.2%	68,398	7.0%
Total liabilities	1,608,839	1,609,099	0.0%	1,547,334	4.0%
Total equity	214,694	212,864	0.9%	210,836	1.8%

Key ratios	3Q22	2Q22	3Q21	9M22	9M21
Net interest margin (NIM)	2.92%	2.83%	2.95%	2.89%	2.98%
Non-interest income to total assets	0.74%	0.77%	0.73%	0.76%	0.81%
Cost to income ratio	45.2%	44.9%	46.2%	44.7%	46.5%
Return on equity (ROE)	6.9%	6.5%	4.5%	6.5%	5.0%
Return on asset (ROA)	0.8%	0.8%	0.5%	0.8%	0.6%
NPL / Stage 3 (THB mn)	41,899	41,331	44,411	41,899	44,411
NPL / Stage 3 ratio	2.72%	2.63%	2.98%	2.72%	2.98%
Credit cost (bps) - annualized	124	127	161	131	161
Loan to deposit ratio (LDR)	101%	100%	103%	101%	103%
LDR + Debt issued & borrowings to deposit	96%	95%	97%	96%	97%
Capital adequacy ratio (CAR)	20.0%	19.9%	19.7%	20.0%	19.7%
Tier 1 capital ratio (Tier 1)	16.0%	15.8%	15.6%	16.0%	15.6%
Core tier 1 capital ratio (CET 1)	15.1%	14.8%	14.6%	15.1%	14.6%
TTB Bank's employees	14,796	14,884	15,379	14,796	15,379
Group's employees	15,771	15,742	15,749	15,771	15,749
Domestic branches	589	603	652	589	652
ATMs, ADMs and All-in-One	3,379	3,474	4,012	3,379	4,012

Note: 1. Consolidated financial statements

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

2. In 3Q21 and 9M21, the Bank has reclassified fee service income, service expenses, other operating income and OPEX to reflect nature of business, therefore, figures in 2021 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-	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.
